

8.0 PREVIOUS WORK by CANASIL

In late March to early April 2004, a field crew of four helpers supervised by a Canasil geologist concentrated on rock chip sampling at least 4 separate vein structures within the property boundary (Tahuehueto, Rosario, Tres Marias, and Las Minillas veins) and the neighboring Santa Cruz showing. All prospects have had varying degrees of development work although none had been drill tested or systematically explored. A total of 135 rock samples were taken and analyzed by Chemex Labs in Vancouver. The results of this work and work completed in 2003 by Luismin geologists are interpreted and discussed by the author in internal reports to Canasil titled 'Summary Report on the Tres Marias – Cebollas Gold and Silver Property, Durango State, Mexico, and dated May 27, 2004 and 'Attachment to Summary Report on the Tres Marias – Cebollas Gold and Silver Property, Durango State, México', dated July 12, 2004. In addition two fluid inclusion studies were completed for Canasil Resources in 2004 by Enriquez, identifying specific alteration signatures and minerals consistent with an adularia - sericite low sulphidation epithermal vein system.

9.0 2004-2005 DRILLING PROGRAM

9.1 Program overview

From November 2004 through to January 2005 Canasil Resources contracted Tecmin Servicios to complete eight NQ size core holes for a total of 1218.15 metres. These holes were all cored in two specific areas on the Tres Marias and Cebollas property. At Tres Marias, two holes (Lau-1&2) were completed for a total of 388.10 metres testing for gold and silver mineralization below the old workings on the Los Laureles structure. In the Cebollas area just south of the small community of El Duraznito four drill holes (Tah-1 to 4) were completed on the Tahuehueto structure (460.80 metres) and two drill holes (Ros-1&2) were completed on the Rosario structure (369.25 metres). Similarly all holes here tested for gold and silver mineralization above and below known mine workings. In general the rock cored well and all drill holes reached their planned depth. Drill core recoveries were in excess of 90% for all holes.

Drill cores were logged in detail by Roberto Pulido and Salvador Tejera of Exploración Geológica del Guadiana, S.A. Selected core samples from each hole were split and bagged securely on site and sent directly from Durango, México, to Chemex Laboratories in Vancouver, B.C. Here the samples were prepared by crushing and pulverizing to less than 75 micron, then analyzed for gold by fire assay with an ICP-AES finish. Silver and 26 other elements were digested with four acids and finished with ICP-AES. Any gold and silver analysis greater than 2.0 ppm and 100 ppm