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President's Update

Fourth Quarter 2011:

Throughout the fourth quarter of 2011 the Company continued to be active on all projects including Mill Village Nova Scotia, Stephens County Texas and southern Ecuador. I am also pleased to report that the Company raised \$ 600,000 in flow through financing for its Mill Village project in Nova Scotia.

Mill Village, Nova Scotia

At Mill Village, ground work continued on the property throughout the fall in preparation for a drill program in 2012. Soil sampling, ground geophysics (VLF-EM, magnetics), till sampling, geological mapping and prospecting were conducted throughout the western and northern portions of the property. Results to date have been successful in outlining conductive and magnetic horizons, potential structural breaks along these horizons and zones of increased quartz veining and host rock mineralization. To assist with ground control and the interpretation of the underlying structure and stratigraphy, a Lidar survey with high resolution imagery was completed in late November. The initial results have been received and ground follow up has shown this tool to have excellent resolution especially in regards to detecting subtle features related to previous mining, prospecting, geological structures and glacial features. We also anticipate using this data to better reference the historic diamond drill hole locations and the extensive geochemical and geophysical data collected by previous operators.

In conjunction with the current ground work, the historic data continues to be analyzed and compiled. As part of this data review, some limited examination of historic drill core stored at the government's core library facility in Stellarton, N.S. has been completed. Sections from both the Gold Eagle and Thompson vein structures were examined in order to identify broad intervals of pelitic rock or altered, mineralized zones for re-sampling. To date, the results of historic drill core examination have confirmed the presence of gold in numerous drill holes including drill hole S5 which was located along the Thompson structure and originally assayed 4.4 oz /ton gold over 0.35 meters. Adjacent to the Gold Eagle mine, drill hole S19 intersected the Gold Eagle vein approximately 25 meters northeast of the ventilation shaft, returning 5.73 oz /ton. This drill hole was examined and anomalous results were also identified from two previously un-sampled intervals of drill core located in the hanging wall above the Gold Eagle vein. Although the un-sampled intervals were of limited length, when included with the previous results it would appear there is a 5.21 meter anomalous zone in the hanging wall of the Gold Eagle vein. Additional re-sampling of the available historic drill core will be undertaken to better determine the geometry and significance of this potential zone and others.

Prior to finalizing drill plans, pit sampling of tills and additional prospecting and geological work will be conducted in January 2012.

As mentioned in the Company's December 22, 2011 press release, the potential to host significant gold deposits in the Meguma terrane has already been demonstrated by both Atlantic Gold NL and Acadian Mining Corporation north of Halifax. We believe the same potential exists in the southern portion of the province and we will be focusing our exploration efforts at Mill Village and elsewhere in the southern Meguma terrane to demonstrate this model.



Boulder Field, Goddard Zone, Mill Village, Nova Scotia

Oil and Gas, Stephens County, Texas

In Stephens County Texas, a sand pump was utilized in Mid-November to remove loose frac sand that was inhibiting production of the second Coody Morales gas well. This technique was successful and the gas flow has stabilized at 65 McF per day. On the Thompson lease, the operator, Marjac Oil and Gas, has been negotiating land access agreements for laying a connecting pipeline. Surveying and trenching for this pipeline commenced in November in preparation for a mid to late January start date for production. This well is estimated to commence production at a rate of 400 – 450 McF per day. It is important to note that the first well on the Thompson lease appears to have intersected a significant new gas field in the loosely consolidated Iona Hickey Conglomerate, a cherty horizon that is not widely distributed in this area of Texas. Although not common, the Iona Hickey conglomerate is historically a very prolific producer with a long life span with most fields averaging 1.0 – 1.5 (BcF) billion cubic feet of gas. Due to the initial success of the first well, an additional well is planned to be drilled in the Spring and if successful, a third well will be spudded later in the year. In addition to the Iona Hickey formation, a second formation located up the hole is also gas bearing with the potential to host an additional 0.7 BcF of gas. This formation can be accessed when the Iona Hickey is depleted.

In all wells to date, the gas produced is of excellent quality and contains condensates for which we are paid a premium over posted natural gas prices.



Low Pressure pipeline, Coody Morales lease

Ecuador

On November 17, 2011, the Ecuadorian Vice Minister of Mines, Dr. Federico Aquilla hosted a breakfast meeting in Toronto to discuss the country's new development model for the mining industry. Key drivers in the presentation were that mining in Ecuador must be approached in an ethical and environmentally responsible manner to ensure sustainable development. State participation in the benefits of mineral resource exploitation were also outlined as was the governments message that they are going to provide clear and stable rules for investment. All of this was very positive along with the announcement that the contracts with the first of their strategic partners, Kinross and Ecuacorriente S.A., were nearly complete and ready for signature.

Important for Canuc, the Deputy Minister also discussed the country's commitment to revitalizing the mining industry. With less than 5% of the country presently explored, the government has made a preliminary assessment of the geology and has identified 28 areas throughout the country that they will open up for acquisition. Once additional details are provided from the government, our staff will review the concessions and make the necessary recommendations.

I look forward to keeping you informed as we build shareholder value.

Sincerely,

G. Lohman
President and CEO
Canuc Resources Corporation