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NEWS RELEASE

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**Canasil Reports Start of 3,000-Metre Drill Program
at the Sandra-Escobar Project in Durango State, Mexico**

Vancouver, July 12, 2016 - Canasil Resources Inc. ([TSX-V: CLZ](http://www.canasil.com), DB Frankfurt: 3CC, “Canasil” or the “Company”) is pleased to announce that **Orex Minerals Inc. (TSX-V: REX, “Orex”)** has commenced the Phase-3 core drilling program in the southeastern region of the Sandra-Escobar project in Durango State, Mexico. The Phase-3 program is planned for approximately 3,000 metres in 20 to 25 drill holes. The project is being advanced by Orex under an option agreement with Canasil announced on September 15, 2015. Phase-1 and Phase-2 drill programs for a total of 4,357 metres in 38 drill holes have been completed to date with all results already announced in news releases from January to May 2016. As also previously announced, an initial resource estimate and a metallurgical testing study are currently in progress.

Canasil President & CEO, Bahman Yamini, commented: *“The start of the Phase-3 core drilling program is a further positive step in advancing the project and adding to the information gained from completion of the first two phases of drilling in the southeastern area of the Sandra-Escobar project. We are looking forward to results from this drill program as well as from the initial resource estimate and initial metallurgical testing over the coming months.”*

Drilling of silver-bearing mineralization to date has been focused on the north side of a rhyolite volcanic dome in the southeastern region of the Sandra-Escobar project. In this area an altered and highly permeable volcanoclastic unit contains disseminations of silver bearing minerals and broadly spaced stockwork veinlets. The current working model has a porphyritic rhyolite unit as an impermeable cap, which may have focused mineralizing fluids into the host volcanoclastic unit.

The technical information in this news release is based on data supplied by Orex. The technical information herein has been reviewed and approved by J. Blackwell (P. Geo.), a Qualified Person as defined by National Instrument 43-101. Mr. Blackwell is a technical advisor to Canasil.

Sandra-Escobar Silver-Gold Project, Durango, Mexico:

The Sandra-Escobar project is located 200 km northwest of the City of Durango, Mexico, in the heart of the “Mexican Silver Trend”, with excellent access and infrastructure. This prolific trend hosts some of the world’s largest silver camps and deposits with many past and present producing mines and significant silver-gold deposits. The Sandra-Escobar project area covers over 6,976 hectares of mineral concessions with multiple mineralized epithermal veins and breccia structures. These veins formed in high level silver-gold-base metals systems, hosted in andesitic and rhyolitic rocks, and are centered on a large rhyolite dome complex in the north with silver-dominant systems around smaller rhyolite dome complexes to the southeast. Under the terms of the agreement dated September 15, 2015, Orex has an option to earn up to 65% interest in the

project through total cash and share payments of \$1,000,000 and exploration expenditures of US\$4,000,000 over five years.

About Canasil:

Canasil is a Canadian mineral exploration company with a strong portfolio of 100% owned silver-gold-copper-lead-zinc projects in Durango and Zacatecas States, Mexico, and in British Columbia, Canada. The Company's directors and management include industry professionals with a track record of identifying and advancing successful mineral exploration projects through to discovery and further development. The Company is actively engaged in the exploration of its mineral properties, and maintains an operating subsidiary in Durango, Mexico, with full time geological and support staff for its operations in Mexico.

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This release includes certain statements that may be deemed to be "forward-looking statements". All statements in this release, other than statements of historical facts are forward looking statements, including statements that address future mineral production, reserve potential, exploration drilling, exploitation activities and events or developments. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, changes in commodities prices, exploration successes, continued availability of capital and financing, and general economic, market or business conditions. The reader is referred to the Company's filings with the Canadian securities regulators for disclosure regarding these and other risk factors. There is no certainty that any forward looking statement will come to pass and investors should not place undue reliance upon forward-looking statements.