



Suite 1760 – 750 West Pender Street
Vancouver, BC
Canada V6C 2T8

Tel: 604-708 3788
Fax: 604-708 3728
Email: admin@canasil.com

NEWS RELEASE

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www.canasil.com

Pan American Silver, Canasil and Orex Sign Letter of Intent to Advance the Sandra-Escobar Project

Vancouver, December 19, 2017 - Canasil Resources Inc. (TSX-V: CLZ, DB Frankfurt: 3CC, “Canasil” or the “Company”) announces that the Company, Orex Minerals Inc. (TSX-V: REX, OTCQX: ORMNF, “Orex”) and Pan American Silver Corp. (TSX: PAAS, NASDAQ: PAAS) through its subsidiary Plata Panamericana SA de CV (“Pan American”), have signed a non-binding Letter of Intent (“LOI”) for cooperation to advance exploration on the Sandra-Escobar project in Durango, Mexico. The LOI provides for the parties to enter into a Definitive Agreement covering total optional expenditures of US\$ 6 million (US\$ 5 million by Pan American and US\$ 1 million jointly by Canasil and Orex) over a period of four years. Following completion of these expenditures, Pan American will have earned a 51% interest in the Sandra Property and Orex and Canasil will have increased their interest in the Escobar property to 49%, so that Pan American will hold a 51% interest and Canasil and Orex will jointly hold a 49% interest in the combined Sandra and Escobar properties as detailed below. Pan American will have a further option to increase its interest to 60% in the combined properties by advancing the project to pre-feasibility.

Canasil CEO, Bahman Yamini, commented: *“We are very pleased to have reached agreement with Pan American and Orex providing for significant investments to advance the Sandra-Escobar project. Results to date suggest that the project area hosts a large mineral rich endowment with multiple silver, gold and base metal targets which remain open for exploration. We are looking forward to working together with both our partners to investigate these targets and to unlock future value for our shareholders.”*

The interests of the parties in the Sandra and Escobar properties are governed by two separate agreements: Pan American and Canasil entered into an option agreement dated March 24, 2009, pursuant to which Canasil earned a 40% interest in the Escobar property, with the remaining 60% interest held by Pan American. On September 15, 2015, Canasil and Orex entered into an option agreement, under which Orex completed the required conditions to earn a 55% interest in Canasil’s interest in the Sandra and Escobar properties, such that Orex and Canasil have agreed to proceed as a joint venture, of which Orex will have a 55% interest and Canasil will have the remaining 45% interest (the “Orex-Canasil JV”).

The obligations of the parties under the LOI are subject to the parties entering into a Definitive Agreement, with the following provisions:

1. The Orex-Canasil JV will grant to Pan American an undivided 10% interest in the Sandra Property.
2. During the four years after the effective date of the Definitive Agreement (the “Earn-In Period”), Pan American will have the right to earn an additional 41% undivided interest in the Sandra Property by contributing an aggregate amount of US\$5 million toward the operations on both properties, of which US\$2 million will be required within the initial two years of the Earn-In Period. All dollar amounts are expressed in US dollars.
3. Should Pan American choose not to continue during the Earn-In Period, the initial 10% interest in the Sandra Property granted to Pan American would revert back to the Orex-Canasil JV.

4. Also during the Earn-In Period, the Orex-Canasil JV will have the right to earn an additional 9% undivided interest in the Escobar Property by contributing an aggregate amount of US\$1 million toward the operations on both properties. Transfer of this 9% interest in the Escobar Property will only take place once both the Pan American contribution and the Orex-Canasil JV contribution are made in full.
5. Upon completion of all required financial contributions by all parties, Pan American will hold an undivided 51% interest and the Orex-Canasil JV will hold an undivided 49% interest in the Escobar and Sandra properties.
6. If Pan American elects to further advance the properties by completing a pre-feasibility study, each party's respective interest will be adjusted at the completion of the pre-feasibility study, such that Pan American will hold an undivided 60% interest and the Orex-Canasil JV will hold the remaining 40% interest in the Escobar and Sandra properties.
7. During the term of the Definitive Agreement, a "Technical Committee" will be formed consisting of representatives from each party. This committee will review and recommend exploration programs. The Orex-Canasil JV will be the operator under the agreement.

Sandra and Escobar Silver-Gold Properties, Durango, Mexico

The Sandra and Escobar Properties are 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 combined properties cover over 6,970 hectares (the Sandra property 6,335 hectares and the Escobar property 635 hectares) of mineral concessions hosting multiple mineralized structures that control zones of disseminated silver mineralization in volcanic tuffs as well as quartz veins and breccia structures. The veins and structures form a high level silver-gold-base metal system, hosted in andesitic and rhyolitic rocks, and are centered on a large rhyolite dome complex in the north and silver-dominant systems around smaller rhyolite dome complexes to the southeast. Intense alteration zones and fluid flooding in permeable formations indicate the possible presence of additional large disseminated targets. Excellent infrastructure exists in the Sandra Escobar area, including paved road access, electrical power, water and manpower from nearby communities.

The technical information contained in this news release is based upon the technical information provided by Orex and has been reviewed and approved by J. Blackwell (P. Geo.), a technical advisor to Canasil and a "Qualified Person" as defined by National Instrument 43-101.

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.

For further information please contact:

Bahman Yamini
President and C.E.O.
Canasil Resources Inc.
Tel: (604) 709-0109
www.canasil.com

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