TESLA EXPLORATION LTD.

Tesla Provides Update to Credit Facility Negotiations

Calgary, Alberta **Symbol: TXL**

July 12, 2016 **Stock Exchange: TSX**

Tesla Exploration Ltd. ("**Tesla**" or the "**Company**") reports that it continues to negotiate with its UK and Canadian lenders to reach an agreement to allow the Company to continue to function as a going concern. The Company has received notification that the current agreement has been extended to July 13, 2016. A failure to reach an agreement would have a material adverse effect on the Company.

Forward-looking Statements

Certain information set forth in this press release, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "intends", "continues", "estimates", "objective", "ongoing", "may", "will", "should", "might", "plans" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements are based on current expectations, estimates and projections that involve a number of known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These include, but are not limited to, the risks outlined in the "Business Risks" section of the Company's MD&A for the three months ended March 31, 2016.

The information contained in this press release should not be considered all-inclusive as it excludes changes that may occur in general economic, political and environmental conditions. The Company cautions that actual performance will be affected by a number of factors, many of which are beyond its control. Investors are cautioned against attributing undue certainty to forward-looking statements. The forward-looking information and statements contained in this press release speak only as of the date hereof and, subject to its obligations under applicable law, the Company does not intend, and does not assume any obligation, to update these forward-looking statements if conditions or opinions should change.

About Tesla

Tesla provides seismic land data acquisition in a multitude of environments in Canada through Tesla Exploration Partnership, in the U.S.A. through Tesla Exploration Inc., in South and Central America through Tesla Exploration Trinidad Ltd., Tesla Exploration Colombia S.A.S. and Tesla Do Brasil Geotecnia Ltda., which was incorporated in 2014 to explore offshore opportunities off the coast of Brazil. Tesla serves other markets in Europe and Africa mainly through Tesla Exploration International Limited and Tesla Exploration Tunisia SARL. Tesla also has an international data processing office in the United Kingdom. Tesla Offshore LLC operates geophysical hazard surveys and provides positioning services for construction and diving operations in the Gulf of Mexico and internationally using its own vessel and other chartered vessels. Tesla trades on the TSX under the symbol “TXL”.

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