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NEWS RELEASE

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TSX-V: CLZ

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**Canasil Reports 41 Metres of 108 g/t Silver
at the Sandra-Escobar Project in Durango State, Mexico**

Vancouver, October 19, 2016 - Canasil Resources Inc. (TSX-V: CLZ, DB Frankfurt: 3CC, “Canasil” or the “Company”) is pleased to announce that **Orex Minerals Inc. (TSX-V: REX, “Orex”)** has reported that the Phase-III core drilling program at the Sandra-Escobar Project in Durango, Mexico, has been completed at hole SA-16-062. Results for holes SA-16-054 to SA-16-060, drilled in the Main and Cerro Chato Zones in the southeastern region of the project, are presented in the table below. Drilling for Phase-IV is planned to start in early November. The project is being advanced by Orex under an option agreement with Canasil announced on September 15, 2015.

A highlight for this batch of holes is SA-16-057 in the south side of the Main Zone, which yielded **41.00 metres core length (33.58 metres true thickness) grading 108 g/t silver**, starting 45 metres below surface. This includes **11.00 metres core length (9.01 metres true thickness) grading 237 g/t silver**.

Holes SA-16-054 and 055 are reconnaissance holes on the eastern side of the Cerro Chato Zone, located on a separate hill on the northwestern extension of the Main Zone. While these returned generally thinner and lower grade silver intercepts than seen in the Main Zone, they confirm that the favourable horizon in this area is mineralized and the structure is similar including both the upper and lower mineralized intervals. Further exploration is warranted in this area.

Drill hole SA-16-056 was drilled from the same collar location as SA-16-057 but was lost just short of the target depth. Holes SA-16-057 to 060 were the furthest step-outs to date on the southern side of the Main Zone to test continuity of mineralization towards the south of this zone.

Additional activities reported by Orex on the Sandra-Escobar exploration program include an airborne magnetic and radiometric survey being flown by Geotech Ltd. this week and an initial Resource Estimate being prepared by Mining Plus, reported to be due for completion around the end of October. Metallurgical work is also currently in progress.

Silver mineralization is hosted in a rhyolite volcanic dome. In this area an altered and highly permeable crystal lithic tuff 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 permeable volcanoclastic unit.

Sandra-Escobar Project – 2015-2016 Diamond Drilling Program – Holes SA-16-054 to 060					
<i>Hole</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Core Length (m)</i>	<i>True Thick. (m)</i>	<i>Ag (g/t)</i>
CERRO CHATO ZONE					
SA-16-054	5.00	21.00	16.00	12.26	36
Includes	9.00	13.00	4.00	3.06	48
Includes	10.00	11.00	1.00	0.77	65
(Lower Interval 1)	89.00	98.00	9.00	6.89	46
Includes	92.00	97.00	5.00	3.83	53
Includes	93.00	94.00	1.00	0.77	75
(Lower Interval 2)	128.00	131.00	3.00	2.30	31
SA-16-055	7.00	17.00	10.00	7.66	32
Includes	10.00	13.00	3.00	2.30	52
Includes	10.00	11.00	1.00	0.77	63
MAIN ZONE					
SA-16-056	Hole Lost Short of Target Depth				
SA-16-057	62.00	103.00	41.00	33.58	108
Includes	69.00	92.00	23.00	18.84	152
Includes	69.00	80.00	11.00	9.01	237
Includes	71.00	74.00	3.00	2.46	394
SA-16-058	101.00	115.00	14.00	11.47	28
Includes	106.00	113.00	7.00	5.73	39
Includes	108.00	112.00	4.00	3.28	50
Includes	110.00	111.00	1.00	0.82	62
(Lower Interval)	151.50	162.00	10.50	8.60	18
Includes	157.50	159.00	1.50	1.23	24
SA-16-059	52.50	55.00	2.50	2.05	24
Includes	52.50	54.00	1.50	1.23	30
(Lower Interval)	72.00	85.00	13.00	10.65	16
Includes	77.00	81.00	4.00	3.28	22
Includes	77.00	78.00	1.00	0.82	29
SA-16-060	72.00	112.00	40.00	32.76	55
Includes	78.00	101.00	23.00	18.84	69
Includes	79.00	83.00	4.00	3.29	122
Includes	80.00	81.00	1.00	0.82	185

True thicknesses are estimated based on structural and stratigraphic interpretations. An updated drill-hole location map is available on the Canasil website.

The drill program is being managed by Orex and the above results were prepared by and provided by Orex. Orex maintains a QA/QC sampling protocol for the diamond drilling program, including the insertion of commercial analytical standards and blank samples. Analytical testing was performed by Bureau Veritas. Silver was determined by fire assay with a gravimetric finish. Multi-element analyses are also determined using a 4-acid digestion and ICP-MS (Inductively Coupled Plasma Mass Spectrometry).

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 and structures form a high level silver-gold-base metals system, 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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