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Canasil Signs Letter of Intent Providing for Pan American to Acquire Canasil's Interest in the Sandra-Escobar Project for CDN \$2 Million and 2% NSR

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Canasil Resources Inc. (TSX-V: CLZ, DB Frankfurt: 3CC, "Canasil" or the "Company") announces that the Company and Pan American Silver Corp. (TSX: PAAS, NASDAQ: PAAS), through its subsidiary Plata Panamericana SA de CV ("Pan American"), have signed a non-b

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Vancouver, October 24, 2018 - Canasil Resources Inc. (TSX-V: CLZ, DB Frankfurt: 3CC, "Canasil" or the "Company") announces that the Company 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") providing for Pan American to acquire Canasil's interest in the Sandra-Escobar project in Durango, Mexico. The LOI provides for the parties to enter into a Definitive Agreement covering the acquisition of Canasil's interest by Pan American for a payment of CDN \$2 million and grant of a 2% net smelter returns royalty on Pan American's interest in the project ("NSR Royalty"). Pan American will have the right to reduce the NSR Royalty to 1% at any time by paying the Company CDN \$4 million. The parties anticipate completing the Definitive Agreement by the end of November 2018. The Definitive Agreement will supersede all prior agreements and arrangements between Canasil and Pan American with respect to the Sandra-Escobar project.

Canasil CEO, Bahman Yamini, commented: *"We look forward to finalizing the Definitive Agreement with Pan American for the sale of Canasil's interest in Sandra-Escobar, which will provide a source of significant non-dilutive funding to maintain and advance our current project portfolio. In addition to the cash payment Canasil will retain exposure to the upside potential of the Sandra-Escobar project through the retained NSR."*

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 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.

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 news 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.