VANCOUVER, July 26, 2017 /CNW/ - Canasil Resources Inc. (TSX-V: CLZ, DB Frankfurt: 3CC, "Canasil" or the "Company") announces that its Board of Directors has unanimously approved a proposal to undertake a spin-out transaction to segregate its British Columbia properties into a separate company, Canmine Minerals Inc. ("Canmine"). Shareholders of Canasil will receive shares of Canmine in proportion to their shareholdings of Canasil, and Canasil will continue to hold its Mexican assets. It is proposed that the transaction will be carried out as a Plan of Arrangement under the Business Corporations Act (British Columbia).

The transaction is intended to unlock value for Canasil shareholders by allowing the market to independently value the British Columbia properties, and by providing greater flexibility to further advance the properties, including exploration programs with the proceeds of "flow-through" share financings. Complete details of the proposed transaction will be set out in the information circular to be sent to shareholders of Canasil prior to the Special Meeting to be convened to approve the transaction.

Bahman Yamini, President and CEO of Canasil, commented: "The spin-out of the British Columbia properties to create a new publicly listed Company is intended to be beneficial for our shareholders by recognizing unrealized value in our BC projects. We believe there is significant potential value in the Company's large BC land holdings which are located in strategic locations with excellent access and infrastructure. Two of the projects are close to past producing mines and major deposits, and exploration work to date indicates they are particularly prospective for hosting Copper-Gold porphyry mineralization with multiple targets. We anticipate that this transaction will also allow greater access to funding for more active exploration to advance these projects without diluting the Company's interests in its Mexican project portfolio."

The British Columbia Properties
Under the terms of the proposed transaction, Canasil will transfer to Canmine a 100% interest in each of the following properties (the "BC Properties"):

1. Brenda Copper-Gold project, comprising 4,450 hectares in the Kemess-Toodoggone gold-copper district;
2. Vega Copper-Gold project, comprising 9,100 hectares in the Omineca Mining Division;
3. Lil Silver prospect, comprising 820 hectares in the Omineca Mining Division, and;
4. Granite Gold prospect, comprising 1,270 hectares in the Omineca Mining Division.

Further information on the BC Properties is available on Canasil's website, and will also be set out in the information circular to be prepared for the Canasil shareholder meeting.

The consideration for the transfer of the BC Properties is proposed to be 50,948,686 common shares (the "Consideration Shares") of Canmine, which will be distributed to Canasil shareholders as a return of capital following approval of the transaction and other required procedures. Canasil may retain part (anticipated to be less than 10%) of the Consideration Shares, as will be further set out in the information circular. Over the past 23 years of continuous ownership by Canasil, an aggregate of over $7.4 million in expenditures is attributed to the BC Properties, including $3.2 million in direct exploration expenditures by Canasil, $875,000 expenditures by third parties under option agreements, and $3.3 million of indirect expenditures.

Details of the Proposed Transaction
Canasil's current shareholders will receive shares of Canmine by way of a return of capital transaction through issuance of one share of Canmine for each two shares of Canasil held. Warrantholders and Optionholders of Canasil will receive warrants or options of Canmine which are proportionate to, and commensurate with the terms of, their existing Canasil warrants or options.

Canasil shareholders will be asked to vote on the plan of arrangement proposal at a Special Meeting of its shareholders, expected to be convened in October 2017. The Canmine shares will be distributed pro-rata to persons who are Canasil shareholders on the "Share Distribution Record Date", which will be the day that is four business days after the date of the Special Meeting of Canasil's shareholders (or such other day as agreed to by Canasil and Canmine).

Management of Canmine
It is proposed that the Board of Directors of Canmine will comprise certain members of the current Canasil Board and additional independent Directors who can assist in advancing the BC Properties. The current Board and management of Canasil will remain unchanged.

Conditions Precedent
Conditions precedent to the completion of the proposed transaction include:

- Approval by the shareholders of Canasil by special resolution;
- Acceptance of the transaction by the TSX Venture Exchange;
- The issuance of interim and final Orders by the Supreme Court of British Columbia; and
- The conditional listing of the shares of Canmine on the TSX Venture Exchange.

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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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.

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