

Telson Issues Tahuehueto Q1 2018 Preproduction Results for Mining, Concentrate Production & Metallurgical Balances

Q1 2018 Combined Estimated Cash Sale Value of Produced Concentrates from Tahuehueto and Campo Morado total US \$10.7 million.

Vancouver, British Columbia, May 03, 2018

Highlights:

- Tahuehueto Toll Milling processed 9,503 tonnes of ore during first three months 2018, "Q1",
- Average Head Grade of ore milled in Q1 2018 was 5.44 g/t gold, 61.59 g/t silver, 4.54% zinc, 2.25% lead.
- Average payable recoveries of ore processed in Q1 2018 – 79.4% gold, 85.7% silver, 84.4% lead, 76.4% zinc.
- Produced 360.29 tonnes of lead concentrate and 712.71 tonnes of zinc concentrate in Q1 2018
- Shipped and invoiced for sale 348 tonnes lead and 548 tonnes zinc concentrates during Q1 with estimated unit value of US \$5,825 per tonne for lead concentrate and US \$1,320 for Zinc concentrate as calculated under Offtake sale terms with Trafigura. (see note 1)
- Average grade of Q1 lead concentrate - 50.18% Pb, 99.25 g/t Au, 1,185 g/t Ag, 12.19 % Zn.
- Average grade of Q1 zinc concentrate – 46.28% Zn, 7.41 g/t Au, 105 g/t Ag, 0.93% Pb.
- Estimated total cash sale value of Tahuehueto concentrates produced during Q1 - US\$3,039,487

Telson Mining Corporation ("Telson" or the "Company") (TSX Venture – TSN.V) is pleased to announce the results of first quarter 2018 pre-production toll milling at its 100% owned Tahuehueto Mine Development Project located in Durango, Mexico. Pre-production toll milling from Tahuehueto processed 9,503 tonnes of ore at the Atocha Mill during the Q1 2018 for an average of 106 tonnes per day.

Mining and milling daily average preproduction rate reduced by approximately 20% during Q1 from the previous 2017 preproduction as the Company directed production equipment from the preproduction mining to commence its Tahuehueto mine construction





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phase. Additional mining equipment has been sourced and purchased and when delivered to the mine site the Company expects to increase its daily preproduction rate to former levels.

During Q1 2018 toll milling at the Atocha Processing Plant milled approximately 9,503 tonnes of ore. The average head grade of the total pre-production ore processed was 5.44 g/t gold, 61.59 g/t silver, 4.54% zinc, 2.25% lead.

[Click here for a video of the flotation process at Atocha Mill](#)

This toll milling produced 360.29 tonnes of lead concentrate with average grades of 50.18 % lead, 99.25 g/t gold, 1,185 g/t silver, 12.19 % zinc and 712.71 tonnes of zinc concentrate with average grades of 46.28 % zinc, 7.41 g/t gold, 105 g/t silver, 0.93 % lead.

The estimated total cash sale value of the lead and zinc concentrates produced during Q1 was approximately US \$3,039,487 based upon those concentrates delivered to Trafigura and invoiced by the Company to date.

Note1: Shipped concentrates are paid at 90% estimated metal content as determined by preliminary assaying, less deductions upon delivery to Trafigura warehouse in Manzanillo. The estimated 100% cash selling price is subject to minor changes once final assaying results are agreed to by the Company and Trafigura at which time the final approximate 10% is paid.

Antonio Berlanga, CEO of Telson, states "Tahuehueto concentrate preproduction continues to impress Telson's management, capturing premium sale values with excellent concentrate quality and payable metal grade with only very minimal penalizing impurities. The Q1 2018 toll milling campaign has, more or less, duplicated previous preproduction toll milling results obtained during 2017. Payable metal recoveries for total Q1 2018 preproduction are once again excellent, averaging 79.4% gold, 85.7% silver, 84.4% lead, 76.4% zinc. During the quarter we redirected equipment from mining to mine construction activities which resulted in the production rate being reduced approximately 20%. We have acquired and are shipping additional new equipment to the mine site so anticipate increasing our preproduction rates to previous 2017 averages or better, in the near future. I'd like to point out to our shareholders that when you combine Q1 preproduction sales from Campo Morado (see News Release dated April 18, 2018) and Tahuehueto, Telson generated approximately US \$10,743,609 or CAD \$13,751,819 (using 1.28 exchange rate from US to CAD) in Q1, 2018 which is very impressive considering we are still in the development stage. I'd like to thank all our employees for the great progress we have made so far in 2018."

Readers should be cautioned that cash sales should not be equated with revenues, as until commercial production is achieved at Tahuehueto, which is not expected until early 2019, once Telson completes construction of its proposed onsite mineral processing facility, any proceeds from the sale of concentrates are considered under IFRS to be applied as an offset to development costs and not counted as revenues on Telson's



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income statement. Furthermore, Telson is not, during the pre-production stage, able to disclose the costs/expenses associated with generating such cash sales or provide guidance on profitability (if any).

[Click here for a video of Tahuehueto concentrate leaving the Atocha Mill on it way to Trafigura.](#)

About Telson Mining Corporation

Telson Mining Corporation is a Canadian based junior resource mining company currently in pre-production at two Mexican gold, silver and base metal mining projects and is advancing both towards commercial production over the coming months of 2018. At the Campo Morado Mine in Guerrero, Mexico, Telson has re-commenced mining and processing operations with pre-production from mine development on a trial basis at an average 1,500 tonnes per day during the recommissioning stage and intends to advance towards commercial production at a rate of over 2,000 tonnes per day and thereafter advance towards full capacity of approximately 2,500 tonnes per day during 2018. Telson's Tahuehueto Project, located in north-western Durango State, Mexico is currently in pre-production utilizing a toll mill for processing and has entered a construction phase with a timeline to be producing on site in its own mineral processing plant capable of milling at least 1,000 tonnes per day towards the end of 2018. Regular metal concentrate delivery and sales are underway from both projects.

Visit: www.telsonmining.com

On behalf of the board of directors

(signed) "Ralph Shearing"

Ralph Shearing, P.Geol, President and Director

Qualified Person

This press release was prepared under the supervision and review of Ralph Shearing, P.Geol., President and Director of Telson Resources Inc., a Professional Geologist registered in Alberta as a member of the professional association APEGA, and a Qualified Person as defined by NI 43-101. Data verification by Mr. Shearing includes personal inspection of the Tahuehueto mine site, reviewing mining facilities, drill core, underground development and discussing work programs and results with geology and mining personnel.

Cautionary Note Regarding Production Decisions and Forward-Looking Statements

It should be noted that Telson has commenced pre-production mining at both projects. At Tahuehueto, Telson is mining reserves supported by a pre-feasibility published early 2017 while at Campo Morado pre-production mining is proceeding without the benefit of pre-feasibility or feasibility studies that outline mineral reserves.



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Statements contained in this news release that are not historical facts are “forward-looking information” or “forward-looking statements” (collectively, “Forward-Looking Information”) within the meaning of applicable Canadian securities laws. Forward Looking Information includes, but is not limited to, disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action; the timing and costs of future activities on the Company’s properties, such as production rates and increases; success of exploration, development and bulk sample processing activities; timing for the restart of continuous mining operations at the Campo Morado Mine, and timing for processing at its own mineral processing facility on the Tahuehueto project site. In certain cases, Forward-Looking Information can be identified by the use of words and phrases such as “plans”, “expects”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or variations of such words and phrases. In preparing the Forward-Looking Information in this news release, the Company has applied several material assumptions, including, but not limited to, that the current exploration, development, environmental and other objectives concerning the Campo Morado Mine and the Tahuehueto Project can be achieved, the continuity of the price of gold and other metals, economic and political conditions and operations. Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information. Except as required by law, the Company does not assume any obligation to release publicly any revisions to Forward-Looking Information contained in this news release to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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