

November 14, 2017



## CORPORATE PROFILE

Telson Resources Inc. is a Canadian based resource development company advancing two gold, silver and base metal projects towards production over the coming months of 2017 and early 2018.

Telson's Tahuehueto Project, located in north-western Durango State, Mexico and its recently acquired Campo Morado Mine in Guerrero, Mexico purchased from Nyrstar Mining are both polymetallic deposits containing significant gold, silver, lead, zinc and copper. Telson is currently mining ore at Tahuehueto at a rate of approximately 150 tonnes per day and direct shipping to a toll mill for processing off-site.

On October 23, 2017, Telson announced that mineral processing had been restarted at the Campo Morado Mine at an initial throughput of approximately 1,400 tonnes per day. The Company plans on increasing the mine's production rate toward the mill's current capacity of 2,500 tonnes per day over the next six to twelve months.

On October 30, 2017 the Company announced that it had signed a term sheet of a Loan Facility and Offtake Agreement with Trafigura Mexico S.A. de C.V. to sell 100% of the lead and zinc concentrate produced at the Tahuehueto Mine. Trafigura will provide Telson with a credit facility of US\$ 15 million thereby securing the bulk of the capital requirements to construct and operate an ongoing 1,000 tonne per day mining operation at Tahuehueto. Telson will initiate construction of a commercial mining operation on its Tahuehueto project, with an expected timeline to be completed and operational during the summer of 2018.

## INVESTMENT HIGHLIGHTS

- ◆ Two producing projects (Tahuehueto & Campo Morado)
- ◆ Tahuehueto PFS at 550 tonnes/day with an after-tax NPV (8% discount) of US\$77 million, an IRR of 36% and a 21 year mine life
- ◆ Expected Tahuehueto expansion to 1000 tonnes/day in first year
- ◆ Tahuehueto Probable Mineral Reserves of 3.26 million tonnes with grades of 3.40 g/t Au, 41.80 g/t Ag, 0.35% Cu, 1.19% Pb and 2.24% Zn
- ◆ Tahuehueto Total M&I Resources of 6.1 million tonnes contains 486,000 ounces gold .
- ◆ Purchase of Campo Morado with full infrastructure, surface and underground mining equipment for 2500 tonnes/day production
- ◆ Campo Morado M&I Resource of 16.7 million tonnes with estimated grades of 1.79 g/t Au, 165 g/t Ag, 0.81% Cu, 0.93% Pb, 4.00% Zn.
- ◆ Campo Morado M&I Resources contain 960,580 oz Au, 88+ million ounces Ag equating to 2.2 million AuEq ounces (gold & silver only)
- ◆ October 23, 2017 restarted mineral processing at Campo Morado
- ◆ Tightly held share structure—Management and Insiders hold 52% of shares.
- ◆ Management team with over 200 years of combined experience in the mining and capital markets industries and significant insight and hands on experience in the Mexico mining industry

**TAHUEHUETO PROJECT—DURANGO, MEXICO**



**CAMPO MORADO MINE— GUERRERO, MEXICO**





## CAMPO MORADO MINE

The Campo Morado Mine is an underground multi-metal mine located in Guerrero State, Mexico, with infrastructure, installations and equipment capable of processing 2,500 tonnes of ore per day. The property area comprises approximately 12,045 hectares in six mining concessions that are some 160 kilometers south- southwest of Mexico City.

The Campo Morado Mine was commissioned and commenced operations in 2009. Production was suspended in January 2015 and the mine was placed on care and maintenance due to deteriorating industry conditions. During 2014, the mine processed 657,000 tons of ore with an average grade of 1.2g/t Au, 115.7 g/t Ag, 4.6% Zn, 1.2% Cu and 0.9% Pb. The concentrates produced in the same year were 48,000 tons of Zn concentrate at 47% Zn and 29,000 tons of Cu concentrate at 13%, including 6 koz of Au and 0.9mm of Ag.

On October 23, 2017 the Company announced that processing at the mine had officially been restarted at an initial throughput start-up rate of 1,400 tonnes per day with plans to increase the mines production rate towards the mill's current capacity of 2,500 tonnes per day over the next six to twelve months.



ZnEq (%)	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
<b>Measured</b>						
9.47	9,321,000	1.84	137	.082	0.95	4.56
<b>Indicated</b>						
8.79	7,399,000	1.72	200	0.79	0.92	3.30
<b>Measured &amp; Indicated</b>						
<b>9.17</b>	<b>16,720,000</b>	<b>1.79</b>	<b>165</b>	<b>0.81</b>	<b>0.93</b>	<b>4.00</b>
<b>Inferred</b>						
7.64	997,000	1.33	150	0.67	0.92	3.20

This resource estimate has been prepared by Eric Tittle, P.Geo., a Professional Geologist registered in British Columbia as a member of the Association of Professional Engineers and Geoscientists BC. Mr. Tittle is the independent qualified person, as defined in NI 43-101, who is responsible for the preparation of the technical information contained in the chart above in accordance with NI 43-101 and the CIM Definition Standards. Inferred mineral resources are considered to be too speculative to allow the application of technical and economic parameters to support mine planning and evaluation of the economic viability of the project. Under Canadian rules, estimates of Inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, or economic studies, except for Preliminary Economic Assessments as defined under 43-101. It cannot be assumed that all or any part of the Inferred resources will ever be upgraded to a higher category.

The mineral resources were depleted to December 2014, the last phase of mining, by removing all material from the tabulation as found in the excavation solids models.

Zinc equivalent calculations used metal prices of US\$ 1.20/lb for zinc, US\$ 2.80 for copper, US\$ 17/oz for silver, US\$ 1150/oz for gold and US\$ 0.90/lb for lead, and metallurgical recoveries of 70% for zinc, 68% for copper, 38% for silver, 25% for gold and 60% for lead.

A 5.5% ZnEq cut-off is considered to be appropriate for underground mining operations in Mexico. All mineral resource estimates, cut-offs and metallurgical recoveries are subject to change as a consequence of more detailed economic analyses that would be required in pre-feasibility and feasibility studies.

Some figures may not sum exactly due to rounding.



## TAHUEHUETO PROJECT

This 7,492-hectare property covers at least 12 mineralized zones hosted within a structurally controlled epithermal system that has been traced for more than 6 km. Exploration programs have defined significant gold-silver and base metal reserves and resources along the explored structural zone. Mineralization of gold, silver, copper, lead, and zinc has been outlined within reserves and resources along the length of the explored structural zone which have allowed Telson to determine excellent economics for a potential mining operation at Tahuehueto.

On July 6, 2017, Telson announced that it had begun a program of continuous pre-production during the Tahuehueto mine development and construction phase, and completed a concentrate purchase arrangement with Mercuria Commodities Trading for the concentrate produced during the pre-production program. Ore is being mined from the El Creston zone at Level 10 and shipped to the Atocha Toll Mill near Tepehuanes for processing. On September 26, 2017 the Company announced that it had completed the sale of 471 tonnes of lead and zinc concentrates as per the above mentioned agreement, resulting in cash proceeds of US \$1,584,902.

Telson's plan is to advance into production with the reserves outlined in the core 500 ha area, continue to expand the reserves on structures where there are defined reserves and resources, and start to look at less explored structures within this core 500 ha area. A Greenfields type of exploration program will also be designed and implemented after production is achieved to explore the regional District potential within Telson's concession area.



### TAHUEHUETO PROJECT—MINERAL RESERVES AND RESOURCES (Source: Metal Mining Consultants Inc.—PFS January 20, 2017)

Category	Mass (kt)	Au (g/t)	Contained Au (koz)	Ag (g/t)	Contained Ag (koz)	Cu (%)	Contained Cu (lb x 1000)	Pb (%)	Contained Pb (lb x 1000)	Zn (%)	Contained Zn (lb x 1000)
<b>Probable</b>	3,264	3.40	356	41.80	4,387	0.35	25,028	1.19	85,762	2.24	161,314

*Note: Mineral Reserves were defined as mineralized material that occurred within the stope shapes that were based on and NSR value of \$62/t. Measured and Indicated resources within the defined mining shapes (stopes) were used to estimate Probable Reserves. No Proven Reserves were defined due to the limited definition resource drilling, limited definition by exploratory mining and the lack of geotechnical data that addresses underground mining. Probable Mineral Reserves include the effects of mining dilution assumptions which average 15% and extraction ratio assumptions which averaged 94%. Mining dilution was assumed to have zero (0) grade.*

*Canadian Institute of Mining, Metallurgy and Petroleum standards were followed in the estimation of the Mineral Reserves. Mineral Reserves were estimated using metal price forecasts of \$0.60/lb for lead, \$0.75/lb for zinc, \$2.10/lb for copper, \$1,000/oz for gold and \$19.12/oz for silver. The low metal prices were selected to drive the mine plan towards mineralization with the highest confidence in the prospects of economic extraction. These metal prices were not used for the economic analysis of the mineral deposit. Totals may not add due to rounding. The foregoing mineral reserves are included within the current Mineral Resource Estimate for the Project.*

Category	Mass (kt)	Au (g/t)	Contained Au (koz)	Ag (g/t)	Contained Ag (koz)	Cu (%)	Contained Cu (lb x 1000)	Pb (%)	Contained Pb (lb x 1000)	Zn (%)	Contained Zn (lb x 1000)
<b>Measured</b>	3,254	2.40	251	36.30	3,798	0.28	20,439	1.10	79,228	2.07	148,759
<b>Indicated</b>	4,123	1.87	248	33.92	4,496	0.27	24,900	1.03	93,511	1.96	177,894
<b>Total M&amp;I</b>	7,377	2.10	498	34.97	8,294	0.28	45,339	1.06	172,738	2.01	326,653
<b>Inferred</b>	4,868	1.06	166	31.77	4,971	0.23	24,935	1.23	132,417	2.26	242,241

*Note: The above mineral resources have been calculated using a cut-off of 2.5 g/t AuEq. These resource numbers are preliminary in nature. They include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. This document was prepared under the supervision and review of Ralph Shearing, President & Director of Telson Resources Inc., a Professional Geologist registered in Alberta as a member of the professional organization APEGA, and a Qualified Person as defined by NI 43-101.*



### CORPORATE AND CAPITAL STRUCTURE (as of November 14, 2017)

TSX Venture Trading Symbol	TSN
OTCBB Trading Symbol	SOHFF
Share price	Cdn\$ 0.67
Shares Issued	122,707,384
Stock Options Outstanding	6,663,100
Warrants Outstanding	6,780,768
Fully Diluted	136,151,252
Market Capitalization	Cdn\$ 82,213,947
90-day daily avg. trading volume	36,110
52 week trading range	Cdn \$0.16 - \$0.89
Cash Position	~Cdn\$ 9 million

### DIRECTORS AND OFFICERS

Jose Antonio Berlanga Balderas	CEO and Director
Ralph Shearing	President and Director
Enrique Margalef	VP Corp Development and Director
Arturo Bonillas	Independent Director
Rory Godinho	Independent Director
Remigio Martinez Muller	Independent Director
Yao Sun	Independent Director
Omar Garcia Abrego	Chief Financial Officer

### CONTACT INFORMATION

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