



**Telson Resources Inc.**  
**(TSX.V: TSN, OTCBB: SOHFF)**  
**Shares Issued: 92,885,578**

## **TELSON RESOURCES INC. SECURES \$150,000,000 MEXICAN PESOS LINE OF CREDIT**

**VANCOUVER, BRITISH COLUMBIA, July 27, 2016** – Telson Resources Inc. (TSX Venture - **TSN**) (“**Telson**” or the “**Company**”) is pleased to announce that its 99% owned Mexican Subsidiary has entered into an agreement (the “**LOC Agreement**”) with the Company’s largest shareholder, Estratégica Corporativa en Finanzas, S.A.P.I. de C.V. (the “**Lender**”) that provides Telson access to a line of credit over a period of five years commencing on Jul 22, 2016.

Pursuant to the terms of the LOC Agreement, the Lender has made available to the Company a line of credit of up to \$150,000,000 Mexican Pesos (approximately \$10,500,000 Canadian dollars at current exchange rates).

Cash draws under the LOC Agreement may be used pursuant to the terms of the LOC Agreement and are to be applied towards the Company’s investment plan established in its recently completed Internal Scoping Study (the “**ISS**”). As disclosed in the Company’s news release dated June 20, 2016, the Company has retained Metal Mining Consultants Inc. of Denver to complete a Pre-Feasibility Study technical report (“**PFS**”), which is to be written to the specifications of National Instrument 43-101 Standards of Disclosure for Mineral Projects. The PFS is taking major components of the Company’s ISS and bringing it to NI 43-101 pre-feasibility disclosure requirements for a 500 tonne/day underground mining operation. The PFS is expected to be completed near the end of September 2016.

“The loan funding strategy being adopted in this significant financing avoids further equity dilution to Telson’s current shareholders, seeking to give greater value to investors.” states Antonio Berlanga, CEO and Director of the Company, “Furthermore, the funds available to the Company in the LOC Agreement will allow us to make significant advancement towards the Company’s goal of reaching commercial production at Tahuehueto and the LOC Agreement has the flexibility of full repayment without penalty, allowing the Company to potentially access new loans and/or future equity capital under more favorable market conditions.”

The Company has requested to make its first draw down on the LOC Agreement for an amount of \$25,000,000 Mexican Pesos (approximately \$1,800,000 Canadian dollars) effective July 29, 2016. These funds will be used primarily to commence underground development to collect a minimum 2,000 tonne bulk sample from the El Creston Zone in order to conduct an industrial scale production test of Tahuehueto mineralization. Bulk sample materials will be transported and processed at a mill located about 120 km from the mine and concentrates obtained will be marketed and sold to interested concentrate buyers.

This industrial scale test is designed to confirm metal recoveries, grinding parameters and concentrate quality to determine terms of concentrates sales and to verify costing and revenue estimates used within the ISS and the PFS. The Company anticipates that the cost of collecting and processing the industrial scale bulk sample will be fully recovered by the income generated from the sale of the concentrates produced.

Pursuant to the terms of the LOC Agreement, the Company will pay interest on cash dispositions at a rate of 15% per annum starting after a 12-month grace period. Interest generated during the grace period is subsequently payable in 12 consecutive monthly instalments. Additionally, the Company is required to pay back any cash disbursements in 24 equal consecutive monthly principal instalments following a 36-month grace period and no

later than July 28, 2022. The Company may repay any outstanding balance of the LOC Agreement at any time without penalty. In case of default of any payment under the LOC Agreement, the Company will pay a moratorium interest rate of 30% per annum. The obligations of the Company under the LOC Agreement are secured by substantially all of the Company's assets.

The LOC Agreement was negotiated on an arms' length basis with the Lender and it was considered and approved by the Board of Directors of the Company.

The Lender is an "Insider" (as defined in applicable securities laws) of the Company. Pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), the LOC Agreement and related transactions, including advances under the LOC Agreement, is considered a "related party transaction". The LOC Agreement is exempt from the requirements to obtain a formal valuation pursuant to the exemption in section 5.5(b) of MI 61-101, as the Company is not listed on a specified market, and is exempt from minority shareholder approval pursuant to section 5.7(f) of MI 61-101, as the LOC Agreement is not convertible into equity or voting securities of the Company and is on reasonable commercial terms that are not less advantageous to the Company than if the LOC Agreement were obtained from an arm's length party.

### **Qualified Person**

Technical information in 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 organization APEGA, and a Qualified Person as defined by NI 43-101.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) "Ralph Shearing"

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**Ralph Shearing, President**

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*WARNING: The Company relies upon litigation protection for "forward-looking" statements. This News Release may contain forward-looking statements including but not limited to comments regarding the timing and content of up-coming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.*

### **Contact**

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