



## **Telson Resources Inc. Announces Pre-Feasibility Study Completed for the Tahuehueto Gold-Silver-Lead-Zinc Project, Mineral Resource and Mineral Reserve Estimates**

**Vancouver, British Columbia, December 6, 2016** – Telson Resources Inc. (“Telson” or the “Company”) (TSX Venture – TSN.V) today announced the positive results of a Pre-Feasibility Study (the “PFS”) for its 100% owned Tahuehueto (the “Project”) located in Northern Durango State, Mexico. The PFS was completed by Metal Mining Consultants Inc. (“MMC”) of Highlands Ranch, Colorado. Updated Mineral Resources and a new Mineral Reserve estimate have been independently estimated for the Project.

### **Highlights of the Tahuehueto Project Pre-Feasibility Study**

(All costs \$USD, t-tonne, M-million, k-thousand, g-gram, oz-troy ounces, lbs-pounds, tpd-tonnes per day, intended level of accuracy of capital cost estimates are +/- 20%)

- Post-tax Net Present Value (“NPV”), using an 8% discount, of \$70M, with an internal rate of return (“IRR”) of 33% and a payback period of three years.
- Pre-tax NPV, using an 8% discount, of 126M with an IRR of 50%.
- Financial Analysis completed on base case metal price forecasts of \$0.87/lb for lead, \$0.92/lb for zinc, \$2.65/lb for copper, \$1,180/oz for gold and \$16.70/oz for silver.
- Metal Prices lower than 3-year averages.
- Average annual earnings before interest, taxes, depreciation, and amortization (“EBITDA”) of \$16.6M per year and \$334M over the life of the Project.
- Probable Mineral Reserves of 3.3 million tonnes, grading 3.4 g/t gold, 41.8 g/t silver, 0.31% copper, 1.1% lead and 2.0% zinc.
- 21-year mine life with average annual production of 16,000 oz of gold, 177,000 oz of silver, 991 k-lbs of copper, 3,755 k-lbs of lead and 7,558 k-lbs of zinc.
- Underground mining operations with mining rates of 790 tpd, primarily using the cut and fill mining method.
- Pre-production capital costs of \$32.2M including \$17.2M surface site development including mill construction and \$14.9M of mining equipment and preliminary underground development.

The Project configuration evaluated in the PFS is an owner-operated 790 tpd underground mine that will utilize overhand cut and fill mining with conventional mining equipment in a blast/load/haul operation. Mill feed will be processed in a 550 tpd comminution circuit consisting of primary and secondary crushing, grinding in a single ball mill followed by three floatation circuits producing lead, copper, and zinc concentrates. The concentrates will be trucked from site for smelting and refining.

### **Pre-Feasibility Study Summary**

The PFS was prepared by MMC and provides information on the updated resource estimate as well as Project capital and operating cost estimates. The final version of the NI 43-101 technical report containing the PFS will be filed on SEDAR within the next 45 days and investors are urged to review this report in its entirety. As a result of the changes to the Project as evaluated in the PFS, including differences in the economic parameters applied to the geologic block model that resulted in a change in resources (metal prices, recovery, CAPEX, and OPEX), the original project as evaluated in the PEA (Snowden 2010) is no longer considered a current resource estimate and the PEA should therefore no longer be relied upon by investors.

The Company cautions that the PFS is preliminary in nature, and is based on technical and economic assumptions which would be further refined and evaluated in a full feasibility study if determined to be required for the Project.

The PFS is based on an updated Project resource estimate effective as of November 16, 2016. The engineering design to estimate capital costs used in the PFS are within a -20%/+20% accuracy.

The following is a summary of the material aspects and assumptions of the PFS. Investors are urged to review the complete 43-101 report following its filing on SEDAR for all details of the PFS.

### Operating Summary

Key operating metrics for the Project over the life of mine.

Operating Metrics	Units	Value
Mill Throughput	t/year	155,000
Mine Life	Years	21
Pre-Production/Development Period	Years	2
Ore Mining Rate	t/year	155,000
Development Rate	t/year	77,000
Total Mining Rate	t/year	232,000
Development to Ore Ratio	w/o	0.5

Rounding of some figures may lead to minor discrepancies in totals.

LOM Metal Production	Units	Value
Gold	k oz	338
Silver	k oz	3,720
Copper	k lbs	20,819
Lead	k lbs	78,845
Zinc	k lbs	158,711

Rounding of some figures may lead to minor discrepancies in totals.

### Capital Costs

Key capital expenditures for initial and sustaining capital requirements are identified in the following table.

Capital Category	Initial (\$M)	Sustaining (\$M)	Total (\$M)
Mine Mobile Equipment	8.8	4.4	<b>13.2</b>
Mine Fixed Equipment	1.1	0.3	<b>1.4</b>
Mine Development	5.1	0.7	<b>5.8</b>
Processing	16.1	-	<b>16.1</b>
Infrastructure	1.1	-	<b>1.1</b>
<b>Total CAPEX</b>	<b>32.2</b>	<b>5.4</b>	<b>37.6</b>

Rounding of some figures may lead to minor discrepancies in totals.

### Operating Costs

The tables below highlight the all-in operating cost of production over the life of the Project.

Operating Costs	Cost \$M
Mining	69.4
Processing	100.5
G&A	22.2
<b>Total OPEX</b>	<b>192.2</b>
Smelter	76.5

Freight & Marketing	15.7
Royalties	9.2
<b>Total Operating Cash Cost</b>	<b>293.5</b>

Mining OPEX excludes \$5.8M capital development.

<b>Operation Unit Costs</b>	<b>\$/t Mineralized</b>
Mining	21.62
Processing	30.80
G&A	6.82
<b>Total Unit OPEX</b>	<b>59.24</b>
Smelter	23.45
Freight & Marketing	4.80
Royalties	2.81
<b>Total Unit Cost</b>	<b>90.30</b>

Mining OPEX excludes \$5.8M capital development.

### Summary of Economic Results

The economic evaluation used close to current precious metal prices that are below the historical three-year trailing averages. Base metal prices are based on historical three-year trailing averages.

<b>Economic Metrics</b>	<b>Units</b>	<b>LOM Value</b>
Total Ore Processed	k t	3,264
Payable Gold Produced	k oz	338
Payable Silver Produced	k oz	3,720
Payable Copper Produced	k lbs	20,819
Payable Lead Produced	k lbs	78,845
Payable Zinc Produced	k lbs	158,711
Gold Price	\$/oz	1,180
Silver Price	\$/oz	16.70
Copper Price	\$/lb	2.65
Lead Price	\$/lb	0.87
Zinc Price	\$/lb	0.92
Gross Revenue	\$M	563.9
Refining and Freight Costs	\$M	92.2
Royalty (1.6%)	\$M	9.2
Operating Costs	\$M	192.2
Capital Costs	\$M	37.6
LOM Pre-Tax Cash Flow	\$M	334.1
Special Mexico Mining Tax (7.5%)	\$M	34.9
Special Mexico Mining Royalty (0.5%)	\$M	2.1
LOM Income Tax (30%)	\$M	99.6
LOM Post-Tax Cash Flow	\$M	197.5

Pre-tax NPV (8%)	\$M	126.1
IRR	%	50%
Post-tax NPV (8%)	\$M	69.9
IRR	%	33%

Rounding of some figures may lead to minor discrepancies in totals.

"On behalf of Telson's management and Board of Directors I am very pleased and excited to deliver these robust PFS numbers to our shareholders. The PFS now gives us a clear, focused and attainable path towards production and subject to securing mine build financing, management intends to construct the mining operation envisioned in the PFS during the upcoming year 2017." States Antonio Berlanga, CEO of Telson Resources Inc., "Furthermore we are nearing the completion of the processing of our industrial scale bulk sample which we have increased from 2000 tonnes to 3500 tonnes and have sold our first lead and zinc concentrates. Management will be updating shareholders on the grades and purchase prices as soon as final settlement occurs."

### Mineral Reserves

The table below provides a new mineral reserve estimate for the Project (effective as of November 16, 2016.). 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.

**Tahuehueto Project Mineral Reserve Estimate**

Classification	Tonnes	Au Grade (gpt)	Contained Au k-oz	Ag Grade (gpt)	Contained Ag k-oz	Cu Grade (%)	Contained Cu k-lbs	Pb Grade (%)	Contained Pb k-lbs	Zn Grade (%)	Contained Zn k-lbs
Probable Reserves	3,264	3.40	356	41.80	4,387	0.35	25,028	1.19	85,762	2.24	161,314

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.

### Mineral Resources

Mineral Resources for the Project are based on the statistical analysis of data from 248 drill holes totaling 47,276 m and 1,788 underground samples within a model area covering of 2,672 square km. A three dimensional geology model combining structural and stratigraphic units was used to constrain the Mineral Resource Estimates. Four resource models were built to encompass the six mining areas (El Creston, El Perdido, El Catorce, Cinco de Mayo, El Rey, and Santiago). The resource model uses block sizes ranging from 0.5 x 0.5 x 0.5 meter to 2 x 5 x 2 meter blocks depending on geologic continuity and geometry. Resource classification into measured, indicated, and inferred categories was based on estimation variance, distances to nearest drill holes and visually.

The mineral resource has been limited to mineralized material that occurs within the mineralized blocks and which could be scheduled to be processed based on the defined cut-off grade. All other material was reported as non-mineralized material.

The table below lists the current mineral resource estimate for the Project at cut-off grade of 2.5 g/t of gold equivalent (AuEq). The current mineral resource block models remain unchanged from the 2009 mineral resource estimate.

**Tahuehueto Project Mineral Resource Estimate**

Classification	Tonnes	Au Grade (gpt)	Contained Au kOz	Ag Grade (gpt)	Contained Ag kOz	Cu Grade (%)	Contained Cu klbs	Pb Grade (%)	Contained Pb klbs	Zn Grade (%)	Contained Zn klbs
Total Measured	2,771	2.28	247	51.34	3,982	0.41	18,914	1.43	77,827	2.34	139,821
Total Indicated	3,343	1.95	240	44.67	4,435	0.34	22,466	1.29	84,455	2.17	155,687
<b>Total Measured and Indicated</b>	<b>6,114</b>	<b>2.10</b>	<b>487</b>	<b>48.05</b>	<b>8,417</b>	<b>0.37</b>	<b>41,380</b>	<b>1.36</b>	<b>162,282</b>	<b>2.25</b>	<b>295,508</b>
Total Inferred	3,501	1.51	147	41.63	4,230	0.32	20,469	1.33	103,080	2.21	188,409

Mineral resources are inclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to either Measured or Indicated categories through further drilling, or into mineral reserves, once economic considerations are applied. AuEq based on the financial model metal price of \$1,180 / oz.

**Detailed Report**

An NI 43-101 Technical Report that summarizes the results of the PFS will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) within 45 days of this news release and will be available on the Company's website [www.telsonresources.com](http://www.telsonresources.com) at that time.

**About Telson Resources Inc.**

Telson Resources Inc. is a Canadian based resource company focused on the development of its advanced stage Tahuehueto gold-silver project in northwestern Durango State, Mexico. The 7,492-hectare property consists of 28 mining concessions covering at least 12 mineralized zones hosted within a structurally controlled epithermal system that has been traced for more than 6 km. Tahuehueto lies within the prolific Sierra Madre Mineral Belt, which hosts a series of historic and producing mines and most of Mexico's active exploration and development projects. Some of these mining operations near to Tahuehueto are noted as follows; Fresnillo gold mine La Cienega - 49 km southeast, Great Panther's Topia silver mine - 25 km south, Chesapeake gold project Metates - 60 km southeast, Basis silver mine - 122 km southeast, Primero's historic Tayoltita gold mine - 160 km southeast, and Endeavour silver mine in Guanacevi - 88 km northeast. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

**Qualified Persons**

The PFS was prepared by MMC under the supervision of Scott E. Wilson. Relevant sections of the PFS were authored by Qualified Persons under NI 43-101, each of whom is independent of the Company under NI 43-101. Scientific and technical information in this press release has been reviewed and approved by Mr. Wilson, CPG, of Metal Mining Consultants Inc, a "qualified person" within the meaning of NI 43-101. Mr. Wilson is independent of Telson Resources Inc. and has verified the data disclosed in this news release to be in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and in accordance with National Instrument 43-101.

**On behalf of the board of directors**

*(signed) "Ralph Shearing"*

**Ralph Shearing, President**

### **Cautionary Note Regarding Forward-Looking Statements**

*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; success of exploration, development and bulk sample processing activities; anticipated results of check assay results; and the timing of receipt of the PFS. 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 Tahuehueto Project can be achieved; that the implementation of the selective mining method will prove feasible based on the results of the bulk sample; 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.*

### **Cautionary Note Regarding References to Resources and Reserves**

*This news release uses the terms “measured and indicated resources” and “inferred resources”. We advise U.S. investors that while these terms are defined in, and permitted by, Canadian regulations, these terms are not defined terms under SEC Industry Guide 7 and not normally permitted to be used in reports and registration statements filed with the SEC. “Inferred resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or prefeasibility studies, except in rare cases. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant “reserves”, as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of mineral deposits in this category will ever be converted into reserves. U.S. investors are cautioned not to assume that any part or all of an inferred resource exists or is economically or legally minable.*

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