



Telson Resources Inc.
TSX.V: TSN OTCBB: SOHFF
Shares Issued: 102,416,314

Telson Resources Inc. Commences Tahuehueto Pre-Production Mining With Ore Milling/Processing at Atocha Toll Mill and Secures USD \$1,000,000 concentrate pre-payment.

Vancouver, British Columbia, July 6, 2017 – Telson Resources Inc. (“**Telson**” or the “**Company**”) (TSX Venture – TSN.V) is pleased to announce that it has entered into a mineral processing agreement with Compañía Minera de Atocha, S.A. de C.V., the owner of the Atocha mineral processing plant (the “Atocha Mill”) for the processing during 2017 of at least 21,000 tonnes of Tahuehueto ore.

Ore is being mined from the El Creston zone at Level 10, the same location as the previous 3,500 tonne industrial scale bulk sample (the “Initial Bulk Sample”) that yielded an average head grade of 9.5 g/t gold, 63.9 g/t silver, 3.54% lead and 6.24% zinc and after processing produced lead and zinc concentrates that were sold by Telson for USD \$1.47 million cash receipts. (see news release dated [February 23, 2017](#) for details)

Based upon the successful results of the Initial Bulk Sample, Telson’s management has elected to start a program of continuous pre-production during the Tahuehueto mine development and construction phase currently underway. Telson is now mining ore underground at an average rate of 200 tonnes per day from an ore shoot estimated to contain at least 50,000 tonnes. Access to this ore shoot is gained from the Level 10 portal. Mining commenced early June 2017 and to date the Company has mined approximately 5,800 tons of ore and shipped approximately 1000 tonnes from Tahuehueto to the Atocha Mill to begin mineral processing and recovery of metals within concentrates on a continuous basis.

The Atocha Mill has 300 tonnes per day mill capacity with more favorable equipment and infrastructure than the Andes Mill where the Initial Bulk Sample was processed. The Atocha Mill is located near Tepehuanes, approximately 110km from Tahuehueto, less than half the distance that the Initial Bulk Sample was transported to the Andes Toll Mill near Guanacevi, earlier this year.

To assist in supporting the above pre-production mining initiative Telson has concluded a concentrate purchase arrangement with Mercuria Commodities Trading, S.A. de C.V. (“**Mercuria**”) who has agreed to purchase all concentrates produced from this pre-production mining activity. Under the purchase arrangement Mercuria has advanced Telson a USD \$1,000,000 prepayment against the purchase of concentrates to be produced.

The Company will use the excess cash generated during these continuous mining activities to supplement and reduce the amount of capital required to fully fund the Tahuehueto Mine construction. Discussions with potential offtake prepayment loan funders are in an advanced stage and as soon as such an arrangement is concluded successfully, the Company will immediately accelerate mill processing plant construction and mine development activities at Tahuehueto.

Other development work at Tahuehueto has seen underground drifting advancing approximately 300 m within the 5 x 5 m haulage level portal which has accessed the main El Creston mineralized zone and advanced the mine plan within that zone to ready the mine for future production after installation of the Tahuehueto Mineral Processing Plant which is currently located in a staging area in Tepehuanes (see news release dated [February 16, 2017](#) and [March 6, 2017](#)).

Telson has also stockpiled approximately 8,000 tonnes of ore at the haulage level portal entrance. This ore was collected during the haulage level development drifting from the El Creston Zone. Telson had originally planned on performing industrial scale bulk sample recovery testing on this ore zone but management has

postponed this test, preferring to focus efforts on pre-production mining at the Level 10 area. The ore stockpiled at haulage level will be scheduled for future processing on site once the Tahuehueto Mineral Processing Plant has been installed and is operational.

On behalf of the board of directors

(signed) "Ralph Shearing"

Ralph Shearing, President

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

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 processing plans at the Atocha mineral processing plant for mineralized material from the Company's Tahuehueto project. 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; that the mineral processing plant recently acquired by the Company will be successfully installed and commissioned, 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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