



## **Telson Announces Campo Morado Mine 2017 Startup Operational Results of 2.4 Months of Development, Preproduction and Initial Concentrate Sales**

Vancouver, British Columbia, February 12<sup>th</sup>, 2018

### **Highlights:**

- Mill processed 106,655 tonnes of mineralized development material over 71 operational days averaging 1,502 tonnes per day reaching 96% operational efficiency 24x7.
- Produced 5,021 tonnes of zinc concentrate averaging 44% zinc. 1.04 g/tonne Au and 502 g/tonne Ag
- Shipped for sale approximately 4,530 tonnes zinc and 578 tonnes of lead concentrate representing approximately 73% of total 2017 concentrate production to Trafigura, Manzanillo warehouse.
- Preliminary payment totaling approximately USD \$4.8 million received by Telson for shipped concentrates equating to approximately 90% of final estimated sale price.

Telson Resources Inc. ("Telson" or the "Company") (TSX Venture – TSN.V) is very pleased to announce the successful startup of pre-production development mining and processing at its 100% owned Campo Morado mine located in Guerrero, Mexico. Pre-production test milling operations started on October 14, 2017 and the mill has run continuously on a 24 x 7 basis, 71 out of 74 available days through to December 31, 2017, for a 96% operational efficiency. Mining and milling pre-production operations have continued from January 1, 2018 and currently remain in continuous 24 x 7 operations.

During the 2 ½ months of pre-production operations in 2017, underground development mining at Campo Morado produced 110,414 tonnes of mineralized development material and the test milling processed 106,655 tonnes of this material at an average rate of 1,502 tonnes per day. The processing rate started at approximately 1,400 tonnes per day and ramped up to approximately 1,800 tonnes per day by the end of the period. The average head grade of this development pre-production material was 3.57% zinc, 0.38% copper, 0.85% lead, 0.83 g/t gold and 103 g/t silver.

From the above milled material, the Company produced 5,021 tonnes of zinc concentrate grading: 44.09% zinc, 1.18% copper, 1.67% lead, 1.04 g/t gold, 502 g/t silver and 2,013 tonnes of lead concentrate grading: 12.86% lead, 6.44% zinc, 2.55% copper, 4.21 g/t gold, 500 g/t silver.

Telson advises that the results achieved to date are within management's expectations, noting that mining development material is dilutive resulting in lower head grades than will be targeted for stope mining upon completion of mine development work. Additionally, test milling and processing results are steadily improving during the Campo Morado mill re-commissioning and startup phase.

Current average metal recoveries achieved for the produced pre-production concentrates outlined above are as follows: 58.2% zinc, 14.8% copper, 9.2% lead, 5.9% gold, 22.9% silver recovered within the zinc concentrate and 28.6% lead, 12.8% copper, 3.4% zinc, 9.6% gold, 9.2% silver recovered within the lead concentrate. The top recoveries over the period reported were over 75% zinc and 60% lead.

Of the total 7,034 tonnes of lead and zinc concentrate produced during 2017, the Company has shipped approximately 5,108 tonnes of lead and zinc concentrates and has preliminarily invoiced the buyer and received payment for a total of US \$4.8 million representing 90% of Company assayed metal content under the terms of an



**Telson Resources Inc.**  
**TSX.V: TSN OTCBB: SOHFF**  
**Frankfurt: SQ82**  
**Shares Issued: 124,235,120**

Offtake Agreement, (see press release dated Sept 18<sup>th</sup>, 2017 for details). Final invoicing for the remaining 10% will be rendered upon final closing of the sale by comparing assay results obtained by the Company, the buyer and an independent third-party assayer.

Antonio Berlanga, CEO of Telson, states “We are thrilled to have realized the first successful US \$4.8 million sales of lead and zinc concentrates produced during our 2017 initial startup testing phase of the Campo Morado mineral processing facility as we work through the mill recommissioning process. Considering we only completed the acquisition of the Campo Morado mine in June 2017, we believe our mining and mineral processing teams have done an exceptional job in recommissioning and tuning up the mill and related facilities. The startup process has proceeded exactly as we envisioned and we appreciate the support of the local communities and governments in this effort. We are nearing the completion of our underground development work on the El Largo zone and expect to soon be able to deliver a less diluted and more consistent higher head grade material to the mill. At the mill our process engineers have been steadily improving the processing and are achieving better base metal recoveries and producing higher grade lead and zinc concentrates through January and the early days of February 2018.”

#### **About Telson Resources Inc.**

Telson Resources Inc. 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 recently acquired Campo Morado Mine in Guerrero, Mexico, Telson has recommenced 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 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 at approximately 150 tonnes per day 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.telsonresources.com](http://www.telsonresources.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 Campo Morado 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 studie that outline mineral reserves. Furthermore,*



**Telson Resources Inc.**  
**TSX.V: TSN OTCBB: SOHFF**  
**Frankfurt: SQ82**  
**Shares Issued: 124,235,120**

*it is likely that Telson will declare commercial production at Campo Morado prior to completing a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, readers should be cautioned that Telson's production decision will likely be made without a comprehensive feasibility study of established reserves such that there is greater risk and uncertainty as to future economic results from the Campo Morado mine and a higher technical risk of failure than would be the case if a feasibility study was completed and relied upon to make a production decision. Telson is currently completing a preliminary economic assessment ("PEA") mining study on the Campo Morado mine that will provide a conceptual life of mine plan and a preliminary economic analysis based on the previously identified mineral resources (see News Release dated November 8, 2017). This will soon be replaced by a pre-feasibility study ("PFS") that will allow the application of modifying factors to the mineral resources to allow a portion of them to be converted to mineral reserves; and will support the pre-production activities to bring the Campo Morado mine into commercial production. Telson expects that the PEA will be completed and published in March 2018 and that the PFS should follow within 6 months thereafter.*

*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*

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

**For further information about Telson Resources Inc., please contact:**

Glen Sandwell

Corporate Communications Manager

[ir@telsonresources.com](mailto:ir@telsonresources.com)

Tel: +1 (604) 684-8071