



Telson Mining Corporation
TSX.V: TSN OTCBB: SOHFF
Frankfurt: TSGN.F
Shares Issued: 139,569,152

Telson Provides Full Year 2018 Operational Update for its Campo Morado Mine and Reports Concentrate Theft

Vancouver, British Columbia, February 11, 2019

Telson Mining Corporation ("Telson" or the "Company") (TSX Venture – TSN.V) is pleased to present an operational and financial update for full year 2018 for its 100% owned Campo Morado Mine ("Campo Morado") located in Guerrero State, Mexico.

Campo Morado 2018 Pre-Production and Commercial Production Highlights

- Mill processed 585,601 Tonnes of mineralized resources during 2018, (231,757 tonnes of pre-production to May 15, 2018 and 353,844 of commercial production since May 16, 2018) Average head grade of 4.26% Zinc, 0.37% Copper, 1.10% Lead, 1.02 g/t Gold, 118 g/t Silver
- Sold on a combined basis an estimated total of 39,333 tonnes of Zinc concentrate with estimated average grades of 41.82% Zn, 363 g/t Ag and 1.27 g/t Au for estimated total gross proceeds of US \$35.17 million. *
- Sold on a combined basis an estimated total of 7,666 tonnes of lead concentrate with estimated average grades of 23.93% Pb, 662 g/t Ag, 5.15 g/t, Au and 2.21% Cu for estimated gross proceeds of US \$5.58 million. *
- Combined estimated total all in operating costs, including mining, milling, freight, royalties, smelter costs, etc. were US \$32.46 million, resulting on an estimated cost per ton of US \$55/tonne.
- Combined estimated total metal sold – 36.26 million lbs (16,449 tonnes) zinc, 4.03 million lbs (1,834 tonnes) lead, 373,333 lbs (169 tonnes) copper, 2,870 oz gold and 622,309 oz silver. *
- Mill throughput processing rate increased from 1,500 tonnes/day in January to an average of 1,800+ tonnes per day by year end, achieving maximum daily rates of over 2,200 tonnes/day.
- Total estimated mineralized resources mined was 582,521 tonnes during the year. Mine development totaled 2,659 meters: 1,682 meters developed in mineralized resources and 977 meters in waste (access ramps and auxiliary workings).

José Antonio Berlanga, CEO and Director, states: "Telson's growth in the past three years has been remarkable. After Telson's restructuring in November 2015, the Company has grown significantly from having one advanced exploration project, Tahuehueto at the PEA stage, to having acquired the Campo Morado mine, advancing it back into full commercial production and advancing its Tahuehueto project through pre-feasibility studies into pre-production by toll milling. At Tahuehueto we are now in late stage



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mine construction of an on-site 1,000 tonne per day milling and underground mining operation which we expect to commission in 2019.

2018 marked a significant milestone in the history of the Company. It was the first time since its foundation that the Company recorded revenues from concentrate sales on its financial statements, after declaring commercial production at Campo Morado. Revenues produced during commercial production from Campo Morado and pre-production cash sales from both Campo Morado and Tahuehueto mines during 2018 resulted in estimated gross concentrate sales of US \$45.56 million (US \$40.75 from Campo Morado and US \$4.81 million from Tahuehueto) We believe we are in the right track to become a mid-size mining operator in Mexico with 2 mines soon to be full operation, once Tahuehueto construction is completed during 2019.

Unfortunately, the theft of concentrates (explained below) plus some increase in costs, such as electricity which increased by 110% since year end 2017, affected the expected profitability of the Campo Morado Mine. Management is taking proper measures to correct this situation for 2019.

Telson is fully confident of its capability to advance into a mid-tier successful producer by continuing to advance its success story with operational improvements at Campo Morado and with initiation of on-site processing at Tahuehueto upon completion of mine construction. Shareholder value is sure to increase as Telson's management delivers on its goals towards becoming a significant producer in Mexico."

Campo Morado Concentrate Thefts

Management has determined from inconsistent assay results between sampling of concentrate loaded on trucks at the mine site and check assaying completed at the point of sale in Manzanillo, that Campo Morado concentrates were subjected to dilution by theft while in transit. The Company has identified that some of the concentrate trucks were received in Trafigura warehouses with lower concentrate grades than reported by the Campo Morado mine site laboratory. After considerable analysis with the various labs and with security contractors, Telson has concluded that there was a sophisticated criminal operation to intercept certain concentrate trucks in transit, remove some part of the Campo Morado concentrate load from the trailer and replace same with lower quality concentrates. For additional information view an interview with Ralph Shearing, President at <https://youtu.be/ZJY9xngY5D8>

Once the Company received the preliminary findings of its investigation into the theft, it has taken various measures to eliminate this issue with increased security including performing monitored and guarded concentrate transport from the mine to point of sale, 24X7 GPS tracking, having all transport trucks now travel together in a convey non-stop to point of sale, increasing assay monitoring on a truck by truck basis at point of sale with more rapid turn-around of results to quickly compare results at delivery to assays from mine site at truck departure. Furthermore, Telson immediately had all drivers compromised in the theft process employment terminated. Telson is considering all available legal remedies in conjunction with ongoing investigations by the appropriate authorities and based on recent results believes it has substantially eliminated the concentrate transit theft.

The estimated impact in the yearly cash selling value, although difficult to determine accurate numbers has been estimated by management through a rigorous statistical analysis to range between US\$2 million to US\$3 million, to a maximum of approximately 7% of total annual sales from Campo Morado.



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*Management points out that if not for the above noted concentrate theft, concentrate gross sales from the Campo Morado mine would have increased by the value of the concentrate stolen. In addition, the average grade of zinc concentrates sold, as quoted above, would have been higher by approximately 2%.

Non-IFRS (international financial reporting standards) performance measures - This news release refers to total direct site costs, which are non-IFRS performance measures. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable with other issuers.

For accounting purposes, any sale proceeds from preproduction prior to the Company declaring commercial production at the Campo Morado and or Tahuehueto Mines are considered directly attributable toward advancing those assets to the condition necessary for them to be capable of operating in the manner intended by management, therefore these are recorded as a reductions of development expenses.

Direct site costs - Telson is reporting direct site costs on per tonne of mineral processed. Sale proceeds reported are inclusive of preproduction during the mine's commissioning period. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management also uses this metric as an important tool to monitor operating performance. Direct site costs are calculated using costs such as costs incurred in mining, processing and site administration divided by total tonnages processed. Costs are exclusive of depreciation and other non-cash items. Other companies may calculate this measure differently.

About Telson Mining Corporation

Telson Mining Corporation is a Canadian based mining company with two Mexican gold, silver and base metal mining projects. Effective May 15, 2018 Telson declared commercial production at its 100% owned Campo Morado Mine. Telson is currently producing zinc and lead concentrates with gold, silver and copper as by-products.

Telson's 100% owned Tahuehueto Project, located in north-western Durango State, Mexico is currently in construction development. Pre-production commenced at Tahuehueto in August 2017, currently mining at a rate averaging approximately 200 tonnes per day and shipping ore to a third-party toll mill for processing. Management has a targeted timeline at Tahuehueto to be producing with its own on-site mineral processing plant, with a designed capacity of at least 1,000 tonnes per day, in 2019.

Regular metal concentrate deliveries and sales are well underway from both projects.

Visit: www.telsonmining.com

On behalf of the board of directors

(signed) "Ralph Shearing"

Ralph Shearing, P.Geol, President and Director



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Qualified Persons

This press release was prepared under the supervision and review of Ralph Shearing, P.Geol., President and Director of Telson Mining Corporation, 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 Campo Morado without the benefit of pre-feasibility or feasibility studies that outline mineral reserves. Furthermore, Telson declared 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 was 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 has completed a preliminary economic assessment ("PEA") mining study on the Campo Morado mine that provides 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 and April 4, 2018).

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



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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.

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