



Telson Mining Corporation
1000 – 1111 Melville Street
Vancouver, BC, V6E 3V6,
Canada
TSX.V: TSN

Telson Receives Initial US\$2 Million from Empress Royalty and Releases 2020 Financial Results

Vancouver, British Columbia, May 3, 2021

Silver Stream Agreement

Telson Mining Corporation (“**Telson**” or the “**Company**” (TSX-V: TSN; OTC Pink: SOHFF; Frankfurt: TSGN) is pleased to announce that the Company has received the initial US\$2M proceeds from the total US\$5M silver stream agreement (the “**Stream**”) with Empress Royalty Corp (“**Empress**”) for its Tahuehueto project in Durango, Mexico, as first announced in its [February 23, 2021](#) news release.

The Stream is part of a US\$25M full financing solution being provided by Empress, Accendo Banco (“Accendo”) and Endeavour Financial (“Endeavour”). The US\$25M included a US\$8M equity private placement which closed on March 30, 2021, a US\$5M Empress silver stream and a US\$12M debt facility from Accendo. With proceeds from the first initial tranche of the Stream received, the remaining US\$3M second tranche will be funded on the closing of the Accendo debt facility and re-structuring of existing loans. The Accendo debt facility is in the process of finalizing documentation and is expected to close during the month of May 2021.

2020 Financial Results

On April 30, 2021, the Company released its consolidated financial and operating results for the year ended December 31, 2020. The audited financial statements and management discussion & analysis have been filed on SEDAR and are also available on the Company’s web site. A summary is provided below.

Consolidated revenues increased by approximately 30% to \$44.4M, mining operating loss decreased by almost 43% to \$0.5M and the net loss for the year decreased by 60% to \$11.6M for the year ended December 31, 2020.

During the year 2020 the Company had an excellent operating year in which mine production increased at an average rate quarter over quarter of about 50%, plant production increased at an average rate of 30% on the same basis and zinc concentrate sales also increased on average quarter over quarter at about 30%.

Metal content on concentrates sold remain stable at almost 46% zinc and 491 g/t of silver on average during the year 2020. However, realized zinc prices increased by almost 2% on average month over month and went from US\$1,970 per tonne in the month of January 2020 to US\$2,333 per tonne in the month of December 2020. Realized silver prices also increased by over 4% on average month over month during the year 2020 starting the year at US\$16.59/oz to US\$21.85/oz by the end of the year.

General expenses during the year not including impairment charges, decreased by about 17% due to cost reduction initiative well underway. Other expenses increased from \$2.1M to \$6.4M for the year ended December 31, 2020, mainly due to non-cash transactions recorded such as fair value revaluation of the contingent consideration, fair value of common shares for debt settlement and fair value of warrants issued.



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Highlights of Campo Morado Mine

- Gross sales during the year ended December 31, 2020, were \$44.4M
- Approximately 27,864 tonnes of zinc and 5,926 tonnes of lead concentrates were sold with an average grade of 46% and 22% respectively.
- Ore processed during year ended December 31, 2020 was 454,624 tonnes and recovery of 70% from ore into zinc concentrate and 28% from ore into lead concentrate.
- Mined 343,141 tonnes of ore grading 4.50% zinc, 1.04% lead, 119 g/t silver and 1.03 g/t gold.
- The Company produced 28,031 tonnes of zinc concentrate and 5,794 of lead concentrate,

About Telson Mining Corporation

Telson Mining Corporation is a Canadian based mining company with two 100% owned Mexican gold, silver, and base metal mining projects.

Telson's Tahuehueto mining project is in north-western Durango State, Mexico where construction has been advanced to an estimated 60% of completion. Upon closing of the recently announced US\$25 million funding package, Telson will have funding available to finish construction of its 1,000 tonne per day processing facility and related mine infrastructure to initiate production of gold, silver, lead, and zinc in concentrates at Tahuehueto. The Company is targeting to start pre-production by the end of 2021 and ramping up to full production capacity during Q1 2022.

Campo Morado is an operating polymetallic base metal mine with mining and milling equipment currently producing at an average of 2,150 tonnes per day and is currently estimated to be Mexico's 6th largest zinc producer.

Visit: www.telsonmining.com

On Behalf of the Board of Directors

(signed) "Ralph Shearing"

Ralph Shearing, P. Geol, President and Director

Cautionary Note Regarding Production Decisions and Forward-Looking Statements

It should be noted that 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 has been 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 were 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 the planned recommencement of mining operations at Campo Morado; and other possible events, conditions or financial performance that are based on assumptions about future



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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, and timing for processing at its own mineral processing facility on the Tahuehueto project site. In certain cases, Forward-Looking Information can be identified using 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; that recommencement of operations at Campo Morado will proceed as planned; 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.

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