



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

# Telson Arranges US\$25 Million to Complete Tahuehueto Gold Mine Construction

Vancouver, British Columbia, February 23, 2021

Telson Mining Corporation (“**Telson**” or the “**Company**”) (TSX-V – TSN, OTC Pink – SOHFF, Frankfurt – TSGN) is very pleased to announce that it has executed a Letter of Intent with Accendo Banco S.A. de C.V., Empress Royalty Corp., & Endeavour Financial (the “**Accendo Syndicate**”) to provide up to US\$25 million of financing (collectively the “**Financing**”) to complete the construction and ramp-up of Telson’s 100% owned Tahuehueto Gold Mine project (“**Tahuehueto**” and/or “**Mine**” ), meet debt service obligations and for working capital purposes. Also, Telson, Accendo Syndicate and Trafigura Mexico S.A. de C.V. (“**Trafigura**”) have executed a MOU that provides a non-binding framework with terms to be used by the Parties to negotiate the potential entry into the Definitive Agreements of the proposed transactions including, the potential restructuring of Telson’s debt obligations to Trafigura and Nyrstar Canada (Holdings) Ltd (“**Nyrstar**”). The MOU includes an exclusivity period of 45 days after which if Definitive Agreements are not finalized it shall, unless mutually extended, be terminated and remain with no effect (the “**Termination Date**”).

Tahuehueto capital expenditure (“**CAPEX**”) investment required to complete mine construction and commissioning of the project is estimated at US\$15.4 million. This includes US\$12.6 million for equipment and construction including a 15% contingency, plus US\$2.8 million of working capital to support the operations until the Mine has achieved positive cash flow. Work on the project will begin immediately upon closing the non-brokered private placement that forms part of the Financing. Further, the Accendo Syndicate members are investing by way of debt, a silver stream, and equity as described below:

- Accendo Banco S.A. de C.V. - US\$12 million Loan Facility as previously announced June 16, 2020 expected to close March 2021.
  - US\$500,000 advanced to date, with the balance of the funds to be made available, net of fees, within six business days from the date of this announcement in an acceptable financial institution in an escrow or similar structure.
- Empress Royalty Corp. – US\$5 million Silver Stream
  - Telson is to deliver 100% the payable silver production (“**Silver Stream**”) from the Mine for the first 1,250,000 payable ounces; thereafter, the Silver Stream Percentage delivery will step-down to 20% of the payable silver production.
  - All Streaming obligations fully terminate after 10 years.
  - The signing of the Stream agreement and the initial deposit of US\$2 million is expected to be paid first week of March, subject to standard conditions precedent, with the balance paid upon closing of formal agreements, including the Accendo Banco Loan.



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- The US\$5 million Silver Stream to be fully secured with a third-place ranking over Tahuehueto assets.
- US\$8 million Equity Private Placement (“PP”)
  - Endeavour Financial and Affiliates, Accendo Banco and Affiliates, and third parties will arrange a non-brokered unit private placement consisting of up to US\$8 million which is expected to close first week of March.
  - Terms of the private placement will result in the issuance of up to 50.4 million units where each unit is priced at C\$0.20 per unit with half a warrant at C\$0.30/share strike price for total proceeds of up to C\$10.08 million.
  - The PP is part and parcel of the overall Financing and a necessary component of this transaction.

This funding package allows Telson to now negotiate a potential restructuring of the Company’s loan debt with Trafigura and Nyrstar as contemplated within previously announced Waiver Agreements (see April 17 and June 18, 2020 news releases). As part of this debt restructuring Telson and Nyrstar have agreed to the exercise of the US\$4million option to purchase the Campo Morado Variable Purchase Price (Royalty) (see news release dated April 27, 2017) in exchange for 14,600,000 Telson shares. This exercise price at current exchange rates is equivalent to approximate C\$0.345/share, roughly a 64% premium to current TSN.V trading prices. Additionally, Telson will make payment in cash of US\$838,935.85 of past due royalty. which cash payment forms part of the overall debt restructuring at closing of the Financing. Trafigura’s and Nyrstar’s loan restructuring remains subject to final negotiations and is conditional to certain conditions precedent being met.

### **Strengthening of Telson Management Team**

The Accendo Syndicate and Telson have further agreed to restructure Telson’s Board where the Accendo Syndicate will appoint three new directors to the Company’s Board of Directors which will consist of a total of seven persons. The Accendo Syndicate will also have the right to appoint a Chief Operating Officer (“COO”) to Telson’s management. On closing of the PP, David Rhodes will be appointed as Director and Chairman and Armando Alexandri as Chief Operating Officer (“COO”) of the Company.

David Rhodes is the Managing Director of Endeavour Financial. His experience in the natural resource business spans more than thirty years, having arranged, structured, and advised on over US\$10 billion of resource related projects around the world. Mr. Rhodes career prior to joining Endeavour was at Standard Bank, Barclays Capital, and Royal Bank of Scotland. Mr. Rhodes has a BSc (Hons) in Financial Services. Endeavour is one of the top global mining financial investment banks, with an award-winning track record of success in the mining industry, specializing in arranging multi-sourced funding solutions for development companies. Endeavour additionally has an asset management and insurance business.

Mr. Alexandri is a Mining Engineer with over 40 years of experience in the mining industry, mostly in Mexico but also in Peru, Ecuador, and Chile. He has designed, built, and operated mines and mills in Chihuahua, Guerrero, Guanajuato, Nuevo Leon, Coahuila, Sonora, Oaxaca and elsewhere. He was responsible for growing operations from 500 tpd to 2,000 tpd at the Bolivar mine in Chihuahua, from 4000 tpm to 16,000 tpm at the Impact Silver



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operations in Guerrero, and from nil to 800 tpd at the Nukay operations (renamed Los Filos and currently operated by Equinox Gold) in Guerrero. He has served as the Chief Operating Officer for several companies, responsible for the design and optimization of processes and operations at various mines and mills throughout Mexico. He currently serves as COO of Impact Silver Corp (TSX-V) and was the President of the American Institute of Mining Engineers (Mexico) in 1999-2000.

*"After many months of extensive hard work and negotiation, I am delighted on behalf of the Telson Team to deliver to Telson shareholders and investors this excellent news," states Ralph Shearing, President and CEO. "This funding package now allows Telson to immediately reinstate construction at the Tahuehueto mine site after which we expect to rapidly advance construction targeting to commence initial pre-production within 10 to 12 months and full-scale production 12 to 14 months after funding. I welcome the appointment of Mr. Rhodes to our Board of Directors which will further strengthen our Board and am excited to gain the vast mill building and operating experience of Mr. Alexandri as the Company's new COO."*

The financing was led by Accendo Syndicate, an existing strategic investor and lender to Telson. Accendo is the leading mining bank in Mexico and has a proven track-record in offering financial services and solutions in the Mexican mining sector. *"We truly appreciate the continued support and confidence that Accendo has shown in Telson and are confident that this will prove to be well-founded as we execute on our strategic plans for the future."* Ralph Shearing commented.

*"Over the past several months, we have partnered with Telson and been able to witness and validate first-hand that Tahuehueto is one of the premier gold assets in Mexico with an excellent exploration upside,"* commented Javier Reyes, CEO & Chairman of Accendo. *"We are excited to be able to provide this full package of growth capital to Telson and look forward to supporting the team as the business grows."* added Javier Reyes.

In addition, Telson Mining is pleased to announce the retention of Peak Investor Marketing Corp., a boutique firm which provides full-service marketing and consulting services focused on the junior mining sector. Peak is an independent arms-length entity that will assist Telson with marketing strategy and planning, corporate communications and public relations, with the goal of increasing market awareness for the Company. The contract is for a 12-month term, with a fee of \$12,000 per month. Peak will also receive 300,000 stock options vested over 12 months (as to one-quarter every 3 months), in accordance with the terms of the Company's stock option plan, at the time of the Company's next option grants, at a price to be determined.

All transactions described in this news release are subject to TSX Venture Exchange approval.

### **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, located in north-western Durango State, Mexico where construction has been advanced to an estimated 60% of completion. With final funding in place Telson expects to finish construction of a 1,000 tonne per day processing facility and related assets to produce gold, silver, lead and zinc in concentrates within its own on-site mineral processing facility. The Company is targeting completion of construction late 2021, within 10 to 12 months.



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Campo Morado is a polymetallic base metal mine with mining and milling equipment currently producing at an average of approximately 2,150 tonnes per day. Four months after purchasing Campo Morado, Telson brought the mine back into operation initiating preproduction in October 2017 and declared commercial production in May 2018, operating the mine continuously for 22 months until August 2019 when the project was put on care and maintenance. Telson brought the mine out of care and maintenance and reinitiated mining and milling operations during January 2020.

Visit: [www.telsonmining.com](http://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 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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