



TELSON MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

UNAUDITED

(Expressed in thousands of Canadian dollars)

TELSON MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2019 and 2018

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by the entity's auditor.

August 29, 2019

Telson Mining Corporation

Condensed Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash	\$ 47	\$ 116
Marketable securities (note 4)	4,945	5,296
Accounts receivable (note 5)	5,159	4,487
Prepaid expenses and deposits	239	787
Inventories (note 6)	7,272	7,643
	17,662	18,329
Non-current assets:		
Mineral interest and development assets (note 7)	31,850	30,222
Property, plant and equipment (note 8)	20,161	19,157
Other assets	329	-
	52,340	49,379
Total assets	\$ 70,002	\$ 67,708
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 25,716	\$ 19,004
Obligation under share purchase agreement (note 7(a))	261	273
Current portion of finance lease obligations (note 11)	540	512
Current portion of the long-term debt (note 10)	21,854	22,481
Due to Nyrstar Mining Ltd. short-term (note 7(b) and 9)	8,675	8,685
	57,046	50,955
Non-current liabilities:		
Long-term debt (note 10)	2,110	2,922
Finance lease obligation (note 11)	738	1,035
Provision for site reclamation and closure	5,738	5,015
Due to Nyrstar Mining Ltd. (note 7(b) and 9)	2,845	2,965
	11,431	11,937
Total liabilities	\$ 68,477	\$ 62,892
Equity		
Share capital (note 12)	\$ 59,744	\$ 59,740
Equity reserves (note 13)	6,422	6,379
Currency translation reserve	(2,936)	(1,532)
Deficit	(61,705)	(59,771)
Total equity	1,525	4,816
Total liabilities and equity	\$ 70,002	\$ 67,708

Subsequent events (note 20)

Approved by the Board of Directors on August 29, 2019, and signed on the Company's behalf by:

"José Antonio Berlanga Balderas"
Director

"Ralph Shearing"
Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Telson Mining Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in thousands of Canadian dollars, except shares and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenues				
Gross sales	\$ 13,043	\$ 8,977	\$ 28,378	\$ 8,977
Treatment and selling costs	(5,539)	(1,471)	(10,090)	(1,471)
	7,504	7,506	18,288	7,506
Cost of Sales				
Production cost	\$ 6,982	\$ 5,928	\$ 13,577	\$ 5,928
Royalties	310	491	620	491
Accretion of provision for site reclamation and closure	402	61	801	61
Depletion, depreciation and amortization	311	39	738	39
	8,005	6,519	15,736	6,519
Mine operating (loss) earnings	(501)	987	2,552	987
General Expenses:				
Consulting fees, wages and benefits (note 16)	\$ 1,880	\$ 481	\$ 3,350	\$ 925
Legal and professional fees	110	281	176	325
Office, rent and administration	575	121	1,030	295
Regulatory, transfer agent and shareholder information	17	15	28	51
Travel, promotion and investor relations	106	373	194	612
Share-based compensation (note 13(a) and 16)	22	895	45	1,256
	2,710	2,166	4,823	3,464
Other (income) expense:				
Interest income and other income	\$ (54)	\$ (346)	\$ (57)	\$ (347)
Recovery of expenses	–	149	–	–
Accretion of provision for site reclamation and closure	9	61	18	187
Change in value of marketable securities (note 4)	(145)	–	(340)	–
Interest expenses and other expenses	376	78	987	105
Foreign exchange (gain) loss	(782)	1,349	(945)	266
	(596)	1,291	(337)	211
Net loss for the period	\$ (2,615)	\$ (2,470)	\$ (1,934)	\$ (2,688)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or (loss)				
Foreign currency translation adjustment	(955)	1,615	(1,404)	37
Total items that may be reclassified subsequently to profit or (loss)	(955)	1,615	(1,404)	37
Total comprehensive loss for the period	\$ (3,570)	\$ (855)	\$ (3,338)	\$ (2,651)
Weighted average number of common shares outstanding				
Basic and diluted	139,571,307	129,119,809	139,571,141	126,934,227
Loss per share (note 15)				
Basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.02)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Telson Mining Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in thousands of Canadian dollars, except for number of common shares)

	Number of common shares	Share capital	Equity reserves	Currency translation reserve	Deficit	Total
Balance at December 31, 2017	124,218,120	\$ 54,757	\$ 1,942	\$ (1,339)	\$ (53,530)	1,830
Share purchase warrants exercised	5,510,294	661	-	-	-	661
Stock options exercised	455,934	59	-	-	-	59
Fair value of stock options allocated to share capital issued on exercise	-	55	(55)	-	-	-
Share-based compensation (note 13)	-	-	1,256	-	-	1,256
Loss and comprehensive loss for the period	-	-	-	38	(2,688)	(2,650)
Balance as at June 30, 2018	130,184,348	\$ 55,532	\$ 3,143	\$ (1,301)	\$ (56,218)	1,156
Balance as at December 31, 2018	139,559,152	\$ 59,740	\$ 6,379	\$ (1,532)	\$ (59,771)	4,816
Stock options exercised	20,000	2	-	-	-	2
Fair value of stock options allocated to share capital issued on exercise	-	2	(2)	-	-	-
Share-based compensation (note 13)	-	-	45	-	-	45
Loss and comprehensive loss for the period	-	-	-	(1,404)	(1,934)	(3,338)
Balance as at June 30, 2019	139,579,152	\$ 59,744	\$ 6,422	\$ (2,936)	\$ (61,705)	1,525

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Telson Mining Corporation

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Cash (used in) provided by:				
Operating activities:				
Loss for the period	\$ (2,615)	\$ (2,470)	\$ (1,934)	\$ (2,688)
Items not involving cash:				
Depletion and depreciation	311	39	738	39
Accretion and change of provision for site reclamation and closure	402	122	801	247
Unrealized foreign exchange	–	1,348		266
Share-based compensation (note 13)	22	895	45	1,256
Accrued interest on debt net of interest paid	353	(182)	562	(182)
Revaluation of marketable securities	(145)	–	(340)	–
Changes in non-cash working capital:				
Accounts receivable	2,723	4,160	(779)	2,200
Prepaid expenses and deposits	45	(2,503)	544	(2,684)
Inventories	567	(3,093)	242	(3,585)
Accounts payable and accrued liabilities	2,164	(196)	5,999	255
Cash provided by (used in) operating activities	3,827	(1,880)	5,878	(4,876)
Investing activities:				
Plant and equipment additions	(1,238)	(1,761)	(2,333)	(2,592)
Mineral interest and development assets additions	(1,531)	8,538	(1,792)	9,016
Redeemed of marketable securities	2	–	610	–
Cash (provided by) used in investing activities	(2,767)	6,777	(3,515)	6,424
Financing activities:				
Proceeds in connection to warrants and/or stock options exercised	1	550	2	721
Repayment Nyrstar Mining Ltd	–	(10,621)	–	(10,827)
Repayment of leases	(80)	–	(199)	–
Repayment of debt	(1)	(588)	(907)	(2,179)
Cash used in financing activities	(80)	(10,659)	(1,104)	(12,285)
Effect of foreign exchange rate changes on cash	(1,049)	293	(1,328)	(50)
Decrease in cash	(69)	(5,469)	(69)	(10,787)
Cash, beginning of the period	116	6,679	116	11,997
Cash, end of the period	\$ 47	\$ 1,210	\$ 47	\$ 1,210

Supplemental cash flow information (note 14)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Telson Mining Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – (Expressed in thousands of Canadian dollars, unless otherwise stated)

For the six months ended June 30, 2019 and 2018

1. NATURE OF OPERATIONS

Telson Mining Corporation, (the “Company” or “Telson”) was incorporated on April 11, 1986, under the laws of British Columbia, Canada. The Company’s head office address is Suite 1000 - 1111 Melville Street, Vancouver, British Columbia, V6E 3V6, Canada. The registered and records office address is 725 Granville Street, Suite 400, Vancouver, British Columbia, Canada, V7Y 1G5. The Company is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “TSN”.

The Company’s principal business activity is the acquisition, exploration and development of resource properties in Mexico, with a focus on the mine operation of Campo Morado and the development of Tahuehueto project (Note 7 and 20). Effective May 15, 2018 the Company completed commissioning of Campo Morado mine and declared commercial production. There can be no assurances that the Company will meet its production targets and that realized metal prices will be sufficient to cover the cost of operations. In addition, the business of mineral development involves a high degree of risk and there can be no assurance that the Company’s current operations, including development programs, will result in profitable mining operations. The recoverability of the carrying value of mineral interests, and the Company’s continued ongoing existence is dependent upon the preservation of its interest in the underlying properties, the achievement of profitable operations, the ability of the Company to raise additional sources of funding, and/or, alternatively, upon the Company’s ability to dispose of some or all of its interests on an advantageous basis. These conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company has a working capital deficit as at June 30, 2019 of \$39,384 (December 31, 2018 - \$32,626) and an accumulated deficit of \$61,706 (December 31, 2018 - \$59,771).

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements, except as disclosed in Note 3. These condensed interim consolidated financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2018, which were filed under the Company’s profile on SEDAR at www.sedar.com.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 29, 2019.

(b) Basis of presentation and consolidation

Certain prior year’s figures and line items have been reclassified to conform to the current year’s presentation.

These condensed interim consolidated financial statements include the financial statements of Telson Mining Corporation, and entities controlled by the Company (its subsidiaries). The following is a list of subsidiaries:

Telson Mining Corporation

Notes to the Condensed Interim Consolidated Financial Statements
Unaudited – (Expressed in thousands of Canadian dollars, unless otherwise stated)

For the six months ended June 30, 2019 and 2018

2. BASIS OF PRESENTATION (continued)

(b) Basis of presentation and consolidation (continued)

Subsidiary	Place of Incorporation	Beneficial Interest
Samarkand de Mexico, S.A. de C.V.	Mexico	100%
Sierra Soleada S.A. de C.V.	Mexico	100%
Real de la Bufa S.A. de C.V.	Mexico	99%
Minas de Campo Morado, S.A. de C.V.	Mexico	100%
Prestadora de Servicios Arcelia, S.A. de C.V.	Mexico	100%
Minas de Arcelia, S.A. de C.V.	Mexico	100%
Grupo Minero Mexicano Nyrstar, S.A. de C.V.	Mexico	100%
Grupo Minero HD, S.A. de C.V.	Mexico	100%

Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns. All intercompany balances and transactions have been eliminated upon consolidation.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

(c) Functional and presentation currency

The presentation currency of the Company's financial statements is the Canadian dollar; therefore, references to \$ means Canadian dollars, US\$ are to US dollars and MXN\$ to Mexican pesos. All monetary amounts presented throughout these condensed interim consolidated financial statements, independently from the currency, are presented in thousands except for per tonne amounts, share amounts and per share values.

(d) Critical accounting estimates and judgments

In preparing these condensed interim consolidated financial statements in conformity with IFRS, management requires to select accounting policies and make estimates and judgments that may have a significant impact on the condensed interim consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements were the same as those applied to the consolidated financial statements as at the year ended December 31, 2018.

Telson Mining Corporation

Notes to the Condensed Interim Consolidated Financial Statements
Unaudited – (Expressed in thousands of Canadian dollars, unless otherwise stated)

For the six months ended June 30, 2019 and 2018

3. CHANGES IN ACCOUNTING POLICIES

The Company has applied the following revised or new IFRS that were issued and effective January 1, 2019:

In January 2016, the IASB issued IFRS 16 – Leases (“IFRS 16”) which replaces IAS 17 – Leases (“IAS 17”) and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset (“ROU asset”) and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the consolidated interim balance sheet, initially measured at the present value of future lease payments; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated interim statement of income (loss); and (iii) separates the total amount of cash paid into a principal portion and interest (included within financing activities) in the consolidated interim statement of cash flows. For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis.

In transitioning to IFRS 16, the Company reviewed its contracts to identify whether they are or contain a lease arrangement. The review identified contracts containing leases that have an equivalent increase to both, the Company’s ROU assets and lease liabilities. The cumulative effect of the changes made to the condensed interim consolidated statement of financial position at January 1, 2019 for the adoption of IFRS 16 was a recognition of the right of use asset within other assets, property plant and equipment and lease liabilities by \$535. The weighted average discount rate for lease liabilities initially recognized on adoption of IFRS 16 was 11%.

New accounting policy in respect to leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the exception of short-term and low value leases, which are recognized in the consolidated interim statement of income (loss) on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset and is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Telson Mining Corporation

Notes to the Condensed Interim Consolidated Financial Statements
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4. MARKETABLE SECURITIES

	June 30, 2019 Fair value	December 31, 2018 Fair Value
Opening balance	\$ 5,296	\$ -
Purchase of marketable securities	-	5,180
Redemption of marketable securities	(610)	(166)
Realized and unrealized gain	340	126
Foreign exchange adjustment	(81)	156
Total marketable securities	\$ 4,945	\$ 5,296

The Company holds money market investment funds which are classified as fair value through profit and loss (FVTPL) and are recorded at fair value using the quoted market prices as at June 30, 2019 and December 31, 2018; therefore, they are classified as level 1 within the fair value hierarchy.

5. ACCOUNTS RECEIVABLE

	June 30, 2019	December 31, 2018
Trade receivables	\$ 630	\$ 700
Value added taxes and other taxes receivable	3,975	3,490
Other receivables	554	297
Total accounts receivable	\$ 5,159	\$ 4,487

The Company has a concentrate off-take agreement where the customer will purchase 100% of the metals concentrate produced at the Campo Morado (effective September 11, 2017) and Tahuehueto (effective December 7, 2017) mining properties.

6. INVENTORIES

	June 30, 2019	December 31, 2018
Ore in-process	\$ 1,431	\$ 995
Concentrates	900	1,182
Materials and supplies	4,941	5,466
Total inventories	\$ 7,272	\$ 7,643

7. MINERAL INTEREST AND DEVELOPMENT ASSETS

a) Tahuehueto project

In 1997, the Company through a wholly owned subsidiary entered into a share purchase agreement (the "Real Agreement") to purchase 90% of the issued and outstanding shares of Real de la Bufa, which holds a 100% interest in the Tahuehueto mineral property, located in the state of Durango, Mexico. In 2007, the Company converted into equity a portion of its inter-company debt with Real de la Bufa, thereby increasing its ownership to 99%. A portion of the Tahuehueto mineral property is subject to a 1.6% net smelter return royalty ("NSR").

Pursuant to the Real Agreement, the Company is obligated to make final payments in the amount of \$261 (December 31, 2018 - \$273 (US\$200)) to some of the Real de la Bufa's shareholders.

Based upon regional reconnaissance work in and around Tahuehueto, Telson staked additional concessions to encompass most of the prospective ground in the Tahuehueto district.

Telson Mining Corporation

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7. MINERAL INTEREST AND DEVELOPMENT ASSETS (continued)

a) Tahuehueto project (continued)

On April 26, 2016, the Company signed an agreement with the local community and extended the surface access rights for 30 years. Under the terms of the agreement, the Company made an initial payment of US\$47 and will subsequently make equal recurring yearly payments that will increase by a rate of 5% compounded annually.

b) Campo Morado project

On June 13, 2017, the Company purchased all the shares of the Mexican subsidiary companies of Nyrstar Mining Ltd. and Nyrstar Mexico Resources Corp. (collectively Nyrstar), including Nyrstar Campo Morado, S.A. de C.V. (Nyrstar México), such subsidiary companies are now wholly owned subsidiaries of Telson. After the Company purchased the Campo Morado Project, the name of subsidiary company Nyrstar Campo Morado, S.A. de C.V. was changed to Minas de Campo Morado, de S.A. de C.V.

The Campo Morado property comprises seven mineral concessions located in Guerrero state, Mexico. The Campo Morado project is subject to a royalty between 2% and 3% of the net value of liquidation over the minerals extracted during the term of existence of the mining concession to the Servicio Geológico Mexicano ("SGM").

As part of the Campo Morado acquisition, the seller retained the right to receive a variable purchase price on future zinc production on the first 10 million tonnes of ore processed by the Company at the Campo Morado mine when the price of zinc is at or above US\$2.1 per tonne. Telson shall pay Nyrstar the greater of either:

- a) US\$0.02 per tonne of zinc sold if the zinc price received is over US\$2.1 per tonne; or
- b) a percentage that ranges between 0.5% and 4.25% of the net smelter revenues received from zinc when the price of zinc ranges between US\$1.2 and US\$2.5 from the Campo Morado mine.

The Company maintains the right under the Campo Morado Agreement to purchase 100% of the variable purchase price at any time for US\$4,000.

As at June 30, 2019 (as described in note 9), the Company has recorded \$11,520 (US\$8,803), (December 31, 2018 \$11,650 (US\$8,500) due to Nyrstar Mining Ltd. on the statement of financial position, representing the balance of Campo Morado's loan agreement of US\$5,500 (December 31, 2018 - US\$5,500); the balance of the contingent consideration of US\$2,974 (December 31, 2018 - US\$2,900) and interest payable of US\$329 (December 31, 2018 – US\$100).

Telson Mining Corporation

Notes to the Condensed Interim Consolidated Financial Statements
Unaudited – (Expressed in thousands of Canadian dollars, unless otherwise stated)

For the six months ended June 30, 2019 and 2018

7. MINERAL INTEREST AND DEVELOPMENT ASSETS (continued)

c) Costs capitalized as mineral interest and development assets

For the period ended June 30, 2019 and the year ended December 31, 2018, the Company capitalized the following acquisition and developments costs:

	Tahuehueto	Campo Morado	Total
Balance as at December 31, 2018	\$6,393	\$23,829	\$30,222
Costs incurred:			
Assaying, data and maps	37	-	37
Camp cost, equipment and field supplies	957	-	957
Development costs	1,566	-	1,566
Freight and related costs	72	-	72
Fuel and consumables	448	-	448
Supplies, lubricants and other	273	-	273
Project general and office expenses	233	-	233
Salaries and wages	614	-	614
Travel and accommodation	71	-	71
Depreciation capitalized	541	-	541
Interest capitalized, net	993	-	993
Pre - commercial sales, net	(2,295)	-	(2,295)
Total additions for the period	3,510	-	3,510
Depletion for the period	-	(648)	(648)
Foreign currency adjustment	(252)	(982)	(1,234)
Balance as at June 30, 2019	\$9,651	\$22,199	\$31,850

Telson Mining Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – (Expressed in thousands of Canadian dollars, unless otherwise stated)

For the six months ended June 30, 2019 and 2018

7. MINERAL INTEREST AND DEVELOPMENT ASSETS (continued)

c) Costs capitalized as mineral interest and development assets (continued)

	Tahuehueto	Campo Morado	Total
Balance as at December 31, 2017	\$ -	\$32,415	\$32,415
Costs incurred:			
Assaying, data and maps	39	-	39
Camp cost, equipment and field supplies	1,372	725	2,097
Development costs	1,285	-	1,285
Ore processing	1,718	-	1,718
Freight and related costs	2,148	1,570	3,718
Fuel and consumables	574	647	1,221
Supplies, lubricants and other	-	2,775	2,775
Electricity	-	947	947
Project general and office expenses	289	1,342	1,631
Geological consulting services	-	232	232
Permitting, environmental and community costs	386	(6)	380
Salaries and wages	1,496	2,590	4,086
Travel and accommodation	89	(6)	83
Depreciation capitalized	634	108	742
Royalties	157	360	517
Interest capitalized, net	1,167	163	1,330
Pre - commercial sales	(5,653)	(19,055)	(24,708)
Total additions for the year	5,701	(7,608)	(1,907)
Depletion for the year	-	(494)	(494)
Change of provision for site reclamation and closure	287	(1,675)	(1,388)
Foreign currency adjustment	405	1,191	1,596
Balance as at December 31, 2018	\$6,393	\$23,829	\$30,222

Effective May 15, 2018 the Company declared commercial production at Campo Morado mine; therefore, the Company stopped capitalizing costs and expenses related to mineral interest and development assets for this project and since then, all sales and cost of sales are now presented in the statement of loss and comprehensive loss.

Included in mineral interest and development assets there are \$993 (December 31, 2018 - \$1,330) of capitalized borrowing costs based on a capitalization rate of 100%.

Telson Mining Corporation

Notes to the Condensed Interim Consolidated Financial Statements
Unaudited – (Expressed in thousands of Canadian dollars, unless otherwise stated)

For the six months ended June 30, 2019 and 2018

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Mine plant & infrastructure	Machinery & equipment	Construction in progress	Finance leases (Note 11)	Total
Cost						
Balance, December 31, 2017	\$ 3,300	\$ 2,228	\$ 4,009	\$ -	\$ 2,315	\$ 11,852
Additions	-	-	6,251	1,851	-	8,102
Balance, December 31, 2018	\$ 3,300	\$ 2,228	\$ 10,260	\$ 1,851	\$ 2,315	\$ 19,954
Additions	-	-	795	1,559	-	2,354
Balance, June 30, 2019	\$ 3,300	\$ 2,228	\$ 11,055	\$ 3,410	\$ 2,315	\$ 22,308
Accumulated amortization						
Balance, December 31, 2017	\$ -	\$ 36	\$ 96	\$ -	\$ -	\$ 132
Amortization for the year	-	47	565	-	240	852
Balance, December 31, 2018	\$ -	\$ 83	\$ 661	\$ -	\$ 240	\$ 984
Amortization for the period	-	94	417	-	117	628
Balance, June 30, 2019	\$ -	\$ 177	\$ 1,078	\$ -	\$ 357	\$ 1,612
Foreign currency movement						
Balance, December 31, 2018	\$ 53	\$ 34	\$ 63	\$ -	\$ 37	\$ 187
Balance, June 30, 2019	\$ (94)	\$ (61)	\$ (270)	\$ (51)	\$ (59)	\$ (535)
Net book value						
Balance, December 31, 2018	\$ 3,353	\$ 2,179	\$ 9,662	\$ 1,851	\$ 2,112	\$ 19,157
Balance, June 30, 2019	\$ 3,206	\$ 1,990	\$ 9,707	\$ 3,359	\$ 1,899	\$ 20,161

9. DUE TO NYRSTAR MINING LTD.

As at June 30, 2019 and December 31, 2018, the Company has recorded the following amounts due to Nyrstar Mining Ltd.:

	Consideration payable due to acquisition	Contingent consideration	Total
Balance, December 31, 2017	\$ 20,743	\$ 5,021	\$ 25,764
Consideration repayment (US\$8M)	(10,653)	-	(10,653)
Loan principal repayment (US\$2M)	(3,948)	-	(3,948)
Contingent consideration repayment	-	(1,331)	(1,331)
Accrued interest	550	-	550
Interest paid	(445)	-	(445)
Foreign exchange adjustment	1,346	367	1,713
Balance, December 31, 2018	7,593	4,057	11,650
Accrued interest	395	-	395
Interest paid	(36)	-	(36)
Foreign exchange adjustment	(324)	(165)	(489)
Balance, June 30, 2019	\$ 7,628	\$ 3,892	\$ 11,520

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9. DUE TO NYRSTAR MINING LTD. (continued)

On June 12, 2018, the Company renegotiated the terms for the remaining balance of the Campo Morado Agreement and entered into a loan agreement with Nyrstar (“Campo Morado Loan Agreement”). On November 19, 2018, the Company reached an agreement with Nyrstar to amend the terms of the Campo Morado Loan Agreement to mainly reduce the monthly principal repayment from US\$1,000 to US\$500, which also effectively extends the repayment period of the balance owing.

The main terms of the amended Campo Morado Loan Agreement are as follows:

- a) Telson agreed to pay on or before November 23, 2018 an amount of US\$500 as principal repayment plus any accrued interest (paid)
- b) Telson will make monthly principal repayments of US\$500 on the 13th day of each month starting on December 13, 2018 and up until October 2019, plus any accrued interest
- c) The interest rate did not change and was kept at a fixed rate of 10% per annum
- d) Along with the monthly principal repayments mentioned above, Telson will also pay:
 - 70% of any monthly free cash flow generated by Telson; plus, any monthly excess cash balance above US\$500; plus
 - 50% of the monthly free cash flow generated by Telson on the Tahuehueto Project once Telson declares commercial production.

Telson has agreed to repay in full the balance of the Campo Morado Loan Agreement no later than October 31, 2019.

	Consideration payable due to acquisition	Contingent consideration	Total
Current portion	\$ 7,628	\$ 1,047	\$ 8,675
Long term portion	-	2,845	2,845
Balance, June 30, 2019	\$ 7,628	\$ 3,892	\$ 11,520
Current portion	\$ 7,594	\$ 1,091	\$ 8,685
Long term portion	-	2,965	2,965
Balance, December 31, 2018	\$ 7,594	\$ 4,056	\$ 11,650

Under the Campo Morado Loan Agreement, at the option of the lender any outstanding balance and accrued interest will become immediately due and payable if the Company does not pay, within three days of the due date any amount payable, or in the event the Company falls into insolvency. As at June 30, 2019 the Company has missed six subsequent monthly payments and interests. Therefore, the outstanding owing balance is due and payable immediately; however, the Company is currently working on negotiating with Nyrstar new terms on the loan agreement but there is no assurance the Company will be successful in reaching new terms on this loan.

10. LONG-TERM DEBT

a) Line of Credit

On July 22, 2016, the Company entered into an agreement with Estrategica Corporativa en Finanzas, S.A.P.I. de C.V. (“Escorfin”), for a line of credit for up to MXN\$150,000 (the “LOC”). The funds drawn down under the LOC accrue interest at a rate of 15% per year, payable monthly after a grace period of 12 months. Interest generated during the grace period will be subsequently paid in 12 consecutive monthly installments. Furthermore, the Company is required to pay back any cash disbursements in 24 equal consecutive monthly installments following a 36-month grace period and no later than July 28, 2022. The Company may repay any outstanding balance of the LOC at any time without penalty. In case of default

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10. LONG-TERM DEBT (continued)

a) Line of Credit (continued)

of any payment under the LOC, the Company will pay a moratorium interest rate of 30% per annum. The funds from the LOC are to be applied towards the Company's investment plan established in its completed Internal Scoping Study. The obligations of the Company under the LOC are secured by substantially all the Real de la Bufa's assets, including certain mining concessions.

The Company has drawn down from its LOC a total amount of MXN\$65 million primarily to further its Tahuehueto project. The continuity of the outstanding long-term debt is as follows:

	Amount
Balance, December 31, 2017	\$ 4,659
Principal repayments	(1,327)
Interest paid	(870)
Accrued interest	467
Foreign exchange adjustment	451
Balance, December 31, 2018	\$ 3,380
Accrued interest	234
Foreign exchange adjustment	(22)
Balance, June 30, 2019	\$ 3,592

	June 30, 2019	December 31, 2018
Current portion	\$ 1,482	\$ 458
Long term portion	2,110	2,922
Balance	\$ 3,592	\$ 3,380

Year of repayment	Amount
2019	\$ 719
2020	1,527
2021	1,346

b) Loan Facility Campo

On September 11, 2017, the Company entered into a loan agreement ("Loan Agreement Campo") with Trafigura Mexico, S.A. de C.V. ("Trafigura") in the amount of US\$5,000 for financing working capital to initiate the restart of continuous mining operations at the Campo Morado mining facility. The loan bears interest at an effective annual rate equivalent to LIBOR (3M) plus 5%, it has a three-year term with nine months grace period followed by thirty monthly repayments. In connection to the loan agreement the Company also entered into an Offtake agreement with Minas de Campo Morado, S.A. de C.V., ("Offtake Agreement Campo") in which the Company will sell all its zinc and lead concentrates for a fifty-one-month term starting October 2017.

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10. LONG-TERM DEBT (continued)

b) Loan Facility Campo (continued)

Under the terms of the Loan Agreement Campo, the Company is subject to certain covenants, including the Company must maintain a minimum current ratio of 1:1 without taking into consideration amounts due to Nyrstar Mining Ltd. The Company is not in compliance with the covenants as at June 30, 2019 and December 31, 2018, therefore the outstanding balances are presented within current liabilities. The loan is secured by all of the outstanding shares of Minas de Campo Morado, S.A. de C.V. The continuity of the loan is as follows:

	Amount
Balance, December 31, 2017	\$ 6,427
Principal repayments	(1,944)
Interest paid	(396)
Accrued interest	428
Foreign exchange adjustment	298
Balance, December 31, 2018	\$ 4,813
Principal repayments	(222)
Interest paid	(238)
Accrued interest	268
Foreign exchange adjustment	(192)
Balance, June 30, 2019	\$ 4,429

	June 30, 2019	December 31, 2018
Current portion	\$ 4,429	\$ 4,813
Long term portion	-	-
Balance	\$ 4,429	\$ 4,813

c) Facility Real

On December 7, 2017, the Company entered into a loan agreement (“Loan Agreement Real”) with Trafigura Mexico, S.A. de C.V. in the amount of US\$15,000 for financing working capital, rehabilitation and operation of the Tahuehueto mining project. The Loan Facility is available in three tranches, the first tranche equivalent to US\$7,500 was received upon signing of the agreement. The second tranche equal to US\$5,000 was received on November 6, 2018. The third tranche for US\$2,500 was available in nine months after the signing of the agreement but shall not pass nine months after the signing of the agreement subject to securing additional funding of US\$2,500 in the form of equity and/or a loan and at least US\$2,000 of these funds are invested on capital expenditures. The loan bears interest at an effective annual rate equivalent to LIBOR (1Y) plus 6%, it has a three-year term with a twelve-month grace period followed by twenty-four repayments. In connection to the loan agreement the Company also entered into an Offtake agreement with Real de la Bufo, S.A. de C.V., (“Offtake Agreement Real”) in which the Company will sell all its zinc and lead concentrates for a sixty-month term, starting January 2018.

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10. LONG-TERM DEBT (continued)

c) Facility Real (continued)

Under the terms of the Loan Agreement Real, the Company is subject to certain covenants, including the Company must maintain a minimum current ratio of 1:1 without taking into consideration amounts due to Nyrstar Mining Ltd. The Company is not in compliance with the covenants as at June 30, 2019, therefore the outstanding balance is presented within current liabilities. The loan is secured by the Tahuehueto mining concessions and certain property plant and equipment. The continuity of the loan is as follows:

	Amount	
Balance, December 31, 2017		\$ 9,461
Interest paid		(861)
Cash advance second tranche		6,600
Accrued interest		1,043
Foreign exchange adjustment		967
Balance, December 31, 2018		\$ 17,210
Interest paid		(708)
Principal repayment		(685)
Accrued interest		712
Foreign exchange adjustment		(586)
Balance, June 30, 2019		\$ 15,943
	June 30, 2019	December 31, 2018
Current portion	\$ 15,943	\$ 17,210
Long term portion	-	-
Balance	\$ 15,943	\$ 17,210

11. FINANCE LEASES

During the year ended December 31, 2017, the Company entered into three equipment lease contracts which formed part of a US\$2 million Equipment Lease Line of Credit. These equipment lease contracts are accounted for as finance leasing contracts and were included as a non-cash addition to property, plant and equipment, with a corresponding amount recognized as a finance lease obligation. Direct transaction costs have been added to the cost base of the leased assets. Lease payments under the Equipment Lease Facility are payable monthly and comprise principal payments and interest, interest being at a fixed rate between 7.5% and 8.10%. Total finance expenses incurred are capitalized to property, plant and equipment. As at June 30, 2019, the Company recognized \$1,278 (December 31, 2018 - \$1,547) as a finance lease obligation and \$2,040 (December 31, 2018 - \$2,129) as property, plant and equipment which included \$461,521 paid in deposits at the time the Company entered into these contracts. The continuity of the leases is as follows:

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11. FINANCE LEASES (continued)

	Amount
Balance, December 31, 2017	\$ 1,785
Lease repayments	(381)
Foreign exchange adjustment	143
Balance, December 31, 2018	\$ 1,547
Lease repayments	(199)
Foreign exchange adjustment	(70)
Balance, June 30, 2019	\$ 1,278

	June 30, 2019	December 31, 2018
Current portion	\$540	\$ 512
Long term portion	738	1,035
Balance	\$ 1,278	\$ 1,547

Future minimum lease payments pursuant to the Company's finance leases remain as follows, despite the classification of the lease obligation as current:

	Up to 1 year	1 – 5 Years	Total
Minimum lease payments	\$ 539	\$ 738	\$ 1,277

12. SHARE CAPITAL

Common share transactions:

Six months ended June 30, 2018

- i. During the period ended June 30, 2019, the Company issued 20,000 common shares for gross proceeds of \$2 in connection with stock options exercised. The fair value of the options exercised was \$2 and was transferred from the equity reserves and recorded against share capital.

Six months ended June 30, 2018

- i. During the period ended June 30, 2018, the Company issued 5,510,294 common shares for gross proceeds of \$661 in connection the exercise of warrants.
- ii. During the period ended June 30, 2018, the Company issued 455,934 common shares for gross proceeds of \$59 in connection with stock options exercised. The fair value of the options exercised was \$55 and was transferred from the equity reserves and recorded against share capital.

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For the six months ended June 30, 2019 and 2018

13. EQUITY RESERVES

a) Share-based compensation

The Company has a stock option plan (the “Plan”) providing for the issuance of stock options to directors, officers, employees and other service providers enabling them to acquire up to 10% of the issued and outstanding common stocks of the Company, on a rolling basis. Options may be granted at an exercise price of not less than a 25% discount of the market price on the date of the grant, or such higher price as determined by the Board of Directors. Stock options can be granted for a maximum term of 10 years. Vesting is not required but may be set on an individual basis as determined by the Board of Directors. The stock options granted vest as to 33.33% on the date of the grant and 33.33% every six months thereafter for a total vesting period of 12 months.

The continuity of the number of stock options issued and outstanding is as follows:

	Number of stock options	Weighted average exercise price
Outstanding, December 31, 2017	9,993,100	\$ 0.35
Granted	1,450,000	0.79
Exercised	(705,934)	0.13
Outstanding, December 31, 2018	10,737,166	0.43
Exercised	(20,000)	0.13
Expired	(1,050,000)	0.80
Outstanding, June 30, 2019	9,667,166	\$ 0.39

As at June 30, 2019, the number of stock options outstanding and exercisable was:

Expiry date	Outstanding			Exercisable
	Number of options	Exercise price	Remaining contractual life (years)	Number of options
March 22, 2021	5,437,166	\$ 0.13	1.73	5,437,166
November 11, 2022	3,780,000	\$ 0.71	3.37	3,780,000
April 16, 2023	400,000	\$ 0.77	3.80	400,000
April 23, 2023	50,000	\$ 0.72	3.82	50,000
	9,667,166			9,667,166

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the six months ended June 30, 2019 and 2018 an amount of \$45 (2018 - \$1,256) was expensed as share-based compensation. The portion of share-based compensation recorded is based on the vesting schedule of the options.

During the six months ended June 30, 2019 the Company did not grant stock options (2018 - 1,450,000).

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13. EQUITY RESERVES (continued)

b) Share purchase warrants

The continuity of the number of share purchase warrants outstanding is as follows:

	Warrants outstanding	Exercise price
Outstanding, December 31, 2017	5,520,035	\$ 0.12
Exercised	(5,510,294)	0.12
Issued	4,562,401	1.25
Expired	(9,741)	0.12
Outstanding, December 31, 2018 and June 30, 2019	4,562,401	\$ 1.25

Outstanding			
Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
October 9, 2020	4,562,401	\$ 1.25	1.28

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Accounts payable and accrued liabilities included in mineral interest and development assets	\$ 175	\$ 1,359	\$ 1,177	\$ 1,836
Interest of long term debt capitalized as mineral interest and development assets	503	398	993	909
Depreciation capitalized as mineral interest and development assets	272	120	541	281
Fair value of stock options exercised	1	-	2	-

	Three months ended June 30, 2019	Three months ended June 30, 2018
Interest paid (note 9 and 10)	\$ 392	\$ 597
Income taxes paid	-	-

Telson Mining Corporation

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15. LOSS PER SHARE

For the three months ended June 30, 2019 and 2018, the calculation of basic and diluted earnings per share is based on the following data:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Net loss attributable to common shareholders	\$ (2,616)	\$ (2,470)	\$ (1,935)	\$ (2,688)
Weighted average number of shares – Basic and diluted	139,571,307	129,119,809	139,571,141	126,934,227
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.02)

The Company incurred a net loss for the six months ended June 30, 2019 and 2018, therefore all outstanding stock options and share purchase warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive.

16. RELATED PARTY BALANCES AND TRANSACTIONS

a) Compensation of key management personnel:

Key management personnel include members of the Board, the Chief Executive Officer, President, Chief Financial Officer and the Vice President, Corporate Development. The net aggregate compensation paid or payable and related party transactions are shown as follows:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Short-term benefits	\$ 221	\$ 214	\$ 448	\$ 423
Share-based compensation	19	348	40	651
	\$ 240	\$ 562	\$ 468	\$ 1,074

b) Related party balances:

As at June 30, 2019, directors and officers or their related companies were owed \$132 (December 31, 2018 – \$100) included in accounts payable and accrued liabilities mainly in respect to reimbursement of expenses and labour obligations. These amounts are unsecured, non-interest bearing and have no specific terms of settlement.

As at June 30, 2019, directors and officers or their related companies owed the Company \$15 (December 31, 2018 – \$10) included in prepaid expenses and deposits.

c) Estrategica Corporativa en Finanzas, S.A.P.I. DE C.V. (“Escorfin”)

Effective November 6, 2018, the Company appointed Roberto Guzman to the Board of Directors. Roberto is also the president, director and shareholder of Escorfin (Note 10a). Escorfin is a private equity fund that specializes in real estate development, energy innovations, and tourism investment in Mexico.

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16. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

c) Estrategica Corporativa en Finanzas, S.A.P.I. DE C.V. (“Escorfin”) (continued)

The following summarizes the transactions and balances owing to Escorfin as at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Debt balance	\$ 3,592	\$ 3,381
Interest incurred	234	467
Interest paid	-	(870)

17. FINANCIAL INSTRUMENTS

Fair value of financial instruments:

Financial instruments recorded at fair value on the condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Marketable securities are classified as level one and recorded at fair value using quoted market prices. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, obligation under share purchase agreement, and due to Nyrstar Mining Ltd. approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's long-term debt and finance lease obligations approximated their carrying value as their interest rates are comparable to market interest rates.

Trade receivables from provisional sales of metals concentrates include provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected zinc and lead prices, and foreign exchange rates. The trade receivables from sales of concentrate are derivative instruments and are valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, liquidity risk, currency risk, interest rate risk and commodity price risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and marketable securities are held through large Canadian, international and foreign national financial institutions. The Company's accounts receivable consists of trade receivables from concentrate sales and taxes receivable from federal government agencies. Trade receivables are held with one large international metals trading company. The Company mitigates this risk by transacting only with reputable financial institutions and requiring provisional payments of 90% of the value of the concentrate shipped to a single well-known buyer. The carrying amount of

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17. FINANCIAL INSTRUMENTS (continued)

financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from equity offerings or debt financings to meet its operating requirements, after taking into account existing cash and expected exercise of stock options and share purchase warrants. See Note 1 for further discussion.

c) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Significant market risks to which the Company is exposed are as follows:

i) Foreign currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency. The Company operates in foreign jurisdictions, which use both the Mexican Peso (MXN\$) and United States Dollar (US\$). The Company does not use derivative instruments to reduce upward and downward risk associated with foreign currency fluctuations.

	Amounts denominated in	
	US Dollars	Mexican Peso
Financial assets denominated in foreign currencies	\$ 821	\$ 9,520
Financial liabilities denominated in foreign currencies	(39,993)	(27,384)
Net exposure	\$ (39,172)	\$ (17,864)

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$3,917.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$1,786.

ii) Interest rate risk

Interest rate risk is the risk arising from the effect of changes in floating interest rates applicable to the Company's financial instruments. At June 30, 2019 and 2018, the Company's long-term debt are at fixed and floating rates and the Company has not entered, into any financial derivatives or other financial instruments to hedge against this risk. The Company's loan agreements bear interest at variable and fixed rates. Interest risk exposure is in relation to variable rates which are lined to LIBOR (3M) and (1Y) rates and a variation of 1% on the interest rate would change comprehensive loss by approximately \$204. Also, the Company is exposed to interest rate fluctuations on the interest rate offered on cash balances held at chartered financial institutions, however this risk is considered to be minimal.

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17. FINANCIAL INSTRUMENTS (continued)

d) Commodity and equity price risk

The Company is exposed to commodity and equity price risk given as its revenue is derived from the sale of metal concentrates, the prices for which have been historically volatile. Consequently, the economic viability of the Company's mineral interest and development assets may be adversely affected by fluctuations in metals prices. For concentrate shipped and provisionally invoiced during the period ended June 30, 2018, a 1% change in zinc and lead prices would result in an increase/decrease of approximately \$50 and \$13 respectively in revenues and pre-production sales (note 7).

18. SEGMENTED INFORMATION

The Company is engaged in mining, exploration, and development of mineral properties in Mexico. The Company operates in one industry and has two reportable segments. The operating segments are managed separately based on the nature of operations. Mining operations consists of the Campo Morado mine, which is currently operational and producing, and development stage asset for the Tahuehueto project.

Information by geographical areas is as follows:

	Canada	Mexico	Total
Current assets	\$ 47	\$ 17,615	\$ 17,662
Non-current assets			
Mineral interest and development assets	-	31,850	31,850
Property, plant and equipment	-	20,161	20,161
Other assets	-	329	329
Total assets, June 30, 2019	\$ 47	\$ 69,955	\$ 70,002
Current liabilities	\$ 12,246	\$ 44,800	\$ 57,046
Non-current liabilities	-	11,431	11,431
Total liabilities, June 30, 2019	\$ 12,246	\$ 56,231	\$ 68,477
	Canada	Mexico	Total
Current assets	\$ 36	\$ 18,293	\$ 18,329
Non-current assets			
Mineral interest and development assets	-	30,222	30,222
Property, plant and equipment	-	19,157	19,157
Total assets, December 31, 2018	\$ 36	\$ 67,672	\$ 67,708
Current liabilities	\$ 9,305	\$ 41,650	\$ 50,955
Non-current liabilities	2,965	8,972	11,937
Total liabilities, December 31, 2018	\$ 12,270	\$ 50,622	\$ 62,892

During the six months ended June 30, 2019 and 2018, the Company sold its commercial and pre-commercial production to one customer accounting for 100% of pre and post - commercial sales. As at June 30, 2019 trade receivables of \$630 were receivable entirely from this one customer. Pre and post - commercial sales all were earned within Mexico.

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18. SEGMENTED INFORMATION (continued)

Operating segments are as follows:

	Telson Mining	Campo Morado	Real de la Bufa	Other	Total June 30, 2019
	Canada	Mexico	Mexico	Mexico	
Revenue	\$ -	\$18,288	\$ -	\$ -	\$18,288
Net loss for the period	(\$333)	(\$1,186)	(\$613)	\$197	\$(1,935)

Pre-commercial production revenues are capitalized to mineral interest and development assets up to the total of operating costs and expenses.

19. COMMITMENTS

At June 30, 2019, the Company has the following commitments:

	Within 1 year	Between 1 and 5 years	More than 5 years	Total June 30, 2019
Lease payments offices	\$ 116	\$ 264	\$ -	\$ 380
Lease payments machinery and equipment	580	813	-	1,393
Loans	30,528	4,955	-	35,483
Provision for site reclamation and closure	-	-	5,738	5,738
	\$ 31,224	\$ 6,032	\$ 5,738	\$ 42,994

20. SUBSEQUENT EVENTS

On August 14, 2019, the Company announced it has indefinitely curtailed operations at Campo Morado mine placing the mining project into care and maintenance. This decision was the result of Company's concerns about the health and welfare of its general workforce and trucking companies, including their drivers whom offered concentrate freight services; as all of them claimed concerns with the relationships with the local Community and its leaders. This has resulted in workers resigning their current operating positions at the mine making it difficult to continue mining operations. Transportation issues also, make it very difficult to move concentrates out of the mine to the point of sale. Additionally, substantial decline in zinc prices has negatively affected Campo Morado mine's profitability.

Neither of these issues alone would have necessarily led to the decision to curtail operation at Campo Morado, however, Telson's management and Board of Directors believe that the Company's focus in an improving gold market should be to complete construction of the Company's Tahuehueto gold mining project.