



Telson Mining Corporation
TSX.V: TSN OTC Pink: SOHFF
Frankfurt: TSGN.F
Shares Issued: 159,037,594

Telson & Nyrstar Canada Execute Conditional Waiver Removing Loan from Default Status

Vancouver, British Columbia, June 18, 2020

Telson Mining Corporation (“**Telson**” or the “**Company**” (TSX Venture Exchange-TSN, OTC Pink-SOHFF, Frankfurt-TSGN (formerly SQ82)) is pleased to announce that it has entered into a letter agreement (the “Nyrstar Letter Agreement”) with Nyrstar Canada (Holdings) Ltd., (“**Nyrstar**”) in which Nyrstar has provided Telson a conditional waiver to Telson’s default status of the June 12, 2018 Loan Agreement, entered into between the companies, as amended (the “Nyrstar Loan Agreement”).

In a press release dated [April 17, 2020](#), Telson announced that it had entered into a waiver request letter agreement with Trafigura Mexico SA de CV, (the “Trafigura Letter Agreement”) where Telson agreed to transfer all its assets in the Campo Morado project and its assets in the Tahuehueto project to the trustee of the Trust Agreement (the “Trust”) so as to secure all of its Trafigura loan obligation and Trafigura waived past and forgoing defaults under Trafigura’s loan agreement with Telson, deferring interest and principal payments until June 30, 2021. This Trust is in the process of being established.

Under the terms of the Nyrstar Letter Agreement, Telson acknowledges that it is in default of its obligations under the Nyrstar Loan Agreement and as an inducement for Nyrstar to enter into the Nyrstar Letter Agreement granting the waivers, Telson, with Trafigura consent, has agreed to accept Nyrstar into the Trust thereby granting full security to Nyrstar subordinate to Trafigura and new secured lender(s) that may provide debt funding that fund the final Tahuehueto mine construction costs.

The Nyrstar Letter Agreement further provides,

- Nyrstar’s conditional approval and consent to allow Telson to avoid a cause for default by granting Telson a waiver, forgoing defaults under the Nyrstar Loan Agreement, and deferring interests and principal payments until June 30, 2021.
- This waiver eliminates the Nyrstar Loan Agreements restriction on Telson for disposition of assets, if necessary, to generate cash to allow Telson to repay its loan obligations to Nyrstar.
- Nyrstar agrees to restructure Telson’s entire loan debt obligation under terms and conditions to be negotiated on good faith by both parties based on market conditions and updated cash flow projections which confirm either of Telson’s projects financial viability if,
 - a. the Tahuehueto Project is ramped up or,
 - b. the Campo Morado project successfully operates and shows monthly repayment of due obligations to Nyrstar and Trafigura on at least 6 consecutive months in amounts not less to an aggregate of \$300,000 per month, on a pro rata basis based on outstanding amounts due under the Loan Agreement with Nyrstar and the Campo Morado Loan Agreement with Trafigura.



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- c. If Telson successfully raises funding in a sufficient amount to fully fund the final construction and ramp up of the Tahuehueto Project, which funding amount and requirements for effective ramp up to be independently verified by a mutually acceptable independent engineering consultant.

If Telson repays the total debt due to Nyrstar under the Nyrstar Loan Agreement, Nyrstar shall no longer be a beneficiary of the Trust.

"Telson Management is very pleased to have successfully negotiated and executed both the Nyrstar Letter Agreement and the Trafigura Letter Agreement to bring the Company out of its respective loan default status and conditionally defer interest and principle payments to June 30, 2021." states Mr. Ralph Shearing, President and CEO of the Company, "With Telson's [June 16, 2020 news release](#) disclosing the execution of the US\$12 million Medium Term Loan Facility with Accendo Banco all efforts are being made to assist Accendo's due diligence to allow this loan to close and restart construction at our Tahuehueto Gold Mine while we continue to operate the Campo Morado Mine in as efficient manner as possible to maximize its revenue."

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. Construction at Tahuehueto has been advanced to an estimated 60-70% of completion and waiting for final funding to finish construction of the processing plant and related assets to produce gold, silver, lead and zinc in concentrates within its own on-site mineral processing facility, with a designed capacity of at least 1,000 tonnes per day. The Company is targeting completion of construction during 2021, six to eight months after securing final funding.

Campo Morado is a polymetallic base metal mine with mining and milling equipment capable of producing up to 2,500 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 late January 2020, temporarily suspended operations during April and May 2020 as mandated by the Mexican Government for COVID-19 precautions, and re-initiated Mining operations June 4, 2020 after mining was declared an essential service within Mexico .

Visit: www.telsonmining.com

On Behalf of the Board of Directors

(signed) "Ralph Shearing"

Ralph Shearing, President, CEO and Director



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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 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 the planned recommencement of mining operations at Campo Morado; the ability to recommence outstanding payments to Nyrstar; 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 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; that recommencement of operations at Campo Morado will proceed as planned; that discussions with Nyrstar and the abeyance of any potential default proceedings will be completed in a timely manner and on reasonable terms, the continuity of the price of gold and other metals, economic and political conditions and operations. Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information. Except as required by law, the Company does not assume any obligation to release publicly any revisions to Forward-Looking Information contained in this news release to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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

For further information about Telson Mining Corporation, please contact:

Glen Sandwell

Corporate Communications Manager

ir@telsonmining.com

Tel: +1 (604) 684-8071