EXCELLON

Management's Discussion & Analysis of Financial Results
For the three month period ended March 31, 2017
May 10, 2017

Excellon Resources Inc. (the "Company" or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ("MD&A") for the three month period ended March 31, 2017 in accordance with the requirements of National Instrument 51-102 ("NI 51-102").

This MD&A contains information as at May 10, 2017 and provides information on the operations of the Company for the three month period ended March 31, 2017 and 2016 and subsequent to the period end, and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2017 and the audited consolidated financial statements for the year end December 31, 2016 and the related notes for the year then ended filed on SEDAR. The audited consolidated financial statements for the year ended December 31, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures in this MD&A are in United States dollars unless otherwise noted.

This MD&A also makes reference to Production Cost per Tonne, Cash Cost per Silver Ounce Payable, All-in Sustaining Cost per Silver Ounce Payable ("AISC"), Adjusted AISC and Adjusted Net Income (Loss), all of which are Non-IFRS Measures. Please refer to the sections of this MD&A entitled "Production Cost per Tonne", "Total Cash Cost per Silver Ounce Payable" and "All-in Sustaining Cost per Silver Ounce Payable" for an explanation of these measures and reconciliation to the Company's reported financial results.

COMPANY PROFILE

Excellon is a primary silver mining and exploration company listed on the Toronto Stock Exchange trading under the symbol EXN. The Company is focused on optimizing the Platosa Mine's cost and production profile, discovering further high-grade silver and carbonate replacement deposit ("CRD") mineralization on its 20,947-hectare Platosa Property located in northeastern Durango State, Mexico and capitalizing on the opportunity in current market conditions to acquire undervalued projects in Latin America.

The ore mined is processed at the Company's mill located in Miguel Auza in Zacatecas State, Mexico. At Miguel Auza, the Company produces a silver-lead concentrate and a silver-zinc concentrate. The concentrates are shipped to the port of Manzanillo where they are purchased by Trafigura Mexico, S.A. de C.V., a subsidiary within the Trafigura group of companies and MK Metal Trading Mexico, S.A. de C.V., a subsidiary within the Ocean Partners group of companies.

COMMON SHARE DATA (as at May 10, 2017)

Common shares issued and outstanding	76,155,287
Stock options	1,804,998
DSUs	2,209,347
RSUs	1,855,354
Warrants ($0.50)	1,851,046
Warrants ($0.65)	3,333,333
Warrants ($1.75)	6,625,000
Convertible Debentures ($0.50)	10,525,000
Fully diluted common shares	104,359,365

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FIRST QUARTER HIGHLIGHTS

(in 000's except amounts per share, cost per tonne, ounces and per ounce)	Q1 2017	Q4 2016	Q1 2016
Revenues (1)	$ 3,413	$ 3,354	$ 4,261
Earnings/(loss) from mining operations	$ (1,158)	$ (962)	$ 387
Net loss	$ (835)	$ (56)	$ (2,626)
Adjusted net loss (2)	$ (1,917)	$ (2,489)	$ (736)
Loss per share - basic	$ (0.01)	$ (0.00)	$ (0.05)
Adjusted loss per share - basic	$ (0.03)	$ (0.03)	$ (0.01)
Silver ounces produced	108,118	159,524	211,557
Silver ounces payable	116,128	126,773	193,514
Silver equivalent ounces produced	205,314	305,934	363,552
Silver equivalent ounces payable (3)	215,922	241,867	329,200
Production cost per tonne (4)	$ 337	$ 251	$ 222
Total cash cost per silver ounce payable	$ 22.44	$ 18.48	$ 10.38
All-in sustaining cost per silver ounce payable	$ 61.96	$ 71.17	$ 16.98
Adjusted All-in sustaining cost per silver ounce payable (5)	$ 42.48	$ 48.49	$ 16.98
Average realized silver price per ounce sold (6)	$ 17.99	$ 16.70	$ 15.48

(1) Revenues are net of treatment and refining charges. A reconciliation of revenues can be found in the section "Summary of Financial Quarterly Results" of this MD&A.

(2) Adjusted net loss reflect results before fair value adjustments on embedded derivatives and warrants related to the convertible debentures issued in November 2015 (the "Debentures", as further discussed) (Q1 2017 – $1.1 million gain; Q4 2016 – $2.4 million gain; Q1 2016 – $1.9 million loss. The fair value adjustment derives from the performance of the Company's stock during each period (Q1 2017 – $1.64 to $1.60; Q4 2016 – $1.88 to $1.64; Q1 2016 - $0.31 to $0.61), resulting in significant variances in valuation/cost upon the potential conversion or exercise of the debentures or warrants, respectively.

(3) Silver equivalent ounces established using average realized metal prices during the period indicated applied to the recovered metal content of the concentrates.

(4) Production cost per tonne includes mining and milling costs, excluding depletion and amortization.

(5) Adjusted AISC per payable silver ounce excludes the relatively one-time sustaining capital expenditures associated with the Optimization Plan, described below (associated cash expenditures were $2.3 million in Q1 2017, $2.8 million in Q4 2016).

(6) Average realized silver price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period.

MINE OPERATION

Production

Platosa Mine production statistics for the periods indicated were as follows:

		Q1 2017[(1)]	Q4 2016[(1)]	Q1 2016[(1)]
Tonnes of ore produced		12,064	15,320	12,778
Tonnes of ore processed		11,934	14,417	14,720
Ore grades:				
	Silver (g/t)	317	375	483
	Lead (%)	2.89	3.52	4.80
	Zinc (%)	4.12	4.80	6.15
Recoveries:				
	Silver (%)	89.8	90.0	91.6
	Lead (%)	81.3	81.1	83.6
	Zinc (%)	81.8	81.3	79.3
Production:				
	Silver – (oz)	108,118	159,524	211,557
	Silver equivalent (oz) [(2)]	205,314	305,934	363,552
	Lead – (lb)	610,033	903,763	1,318,916
	Zinc – (lb)	872,976	1,248,022	1,588,778
Payable: [(3)]				
	Silver – (oz)	116,128	126,773	193,514
	Silver equivalent (oz) [(2)]	215,922	241,867	329,200
	Lead – (lb)	698,023	740,812	1,251,340
	Zinc – (lb)	837,733	955,415	1,345,013
Realized prices: [(4)]				
	Silver – ($US/oz)	17.99	16.70	15.48
	Lead – ($US/lb)	1.04	1.03	0.81
	Zinc – ($US/lb)	1.28	1.22	0.81

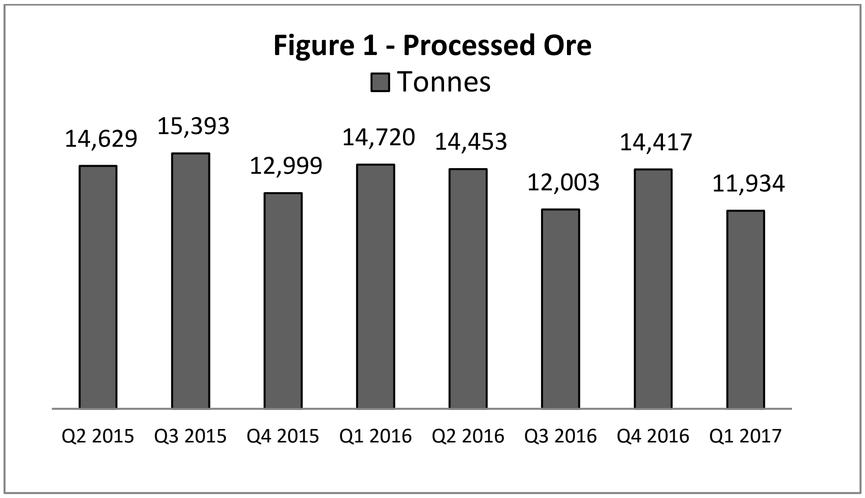
(1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser. Data has been adjusted to reflect final assay and price adjustments for prior period deliveries settled during the period.

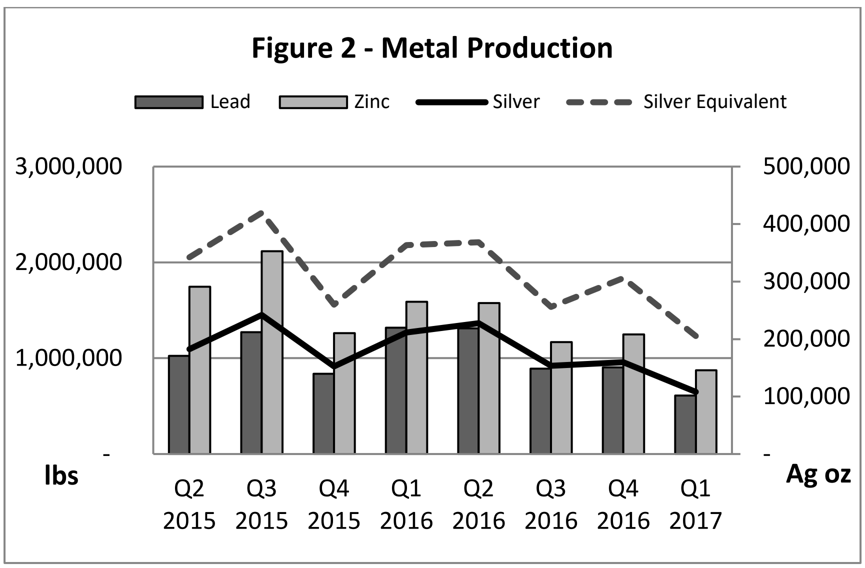
(2) Silver equivalent ounces established using average realized metal prices during the period indicated applied to the recovered metal content of the concentrates.

(3) Payable metal is based on the metals shipped and sold during the period and may differ from production due to these reasons.

(4) Average realized price is calculated on current period sale deliveries and does not include the impact of prior period provisional adjustments in the period.

The previous eight quarters of production at Platosa are summarized below:





Analysis of the components of mine operating results is as follows:

Q1 2017	Q1 2016	Analysis
11,934t	14,720t	**Tonnes Milled** Ore production during Q1 2017 was primarily from the Rodilla Manto, with minimal tonnage from the Guadalupe North and South Mantos. In Rodilla, primary working faces are in the deepest parts of the mine and ore is below the water table, which restricted production levels during the first quarter. Almost 90% of production from the Rodilla area during the first quarter came from the 674 heading, outside of the Rodilla resource area. During the prior period, production was realized from multiple faces in the 6A, N1, Guadalupe North and South and Rodilla mantos.
317 g/t Ag 2.8 % Pb 4.1 % Zn	483 g/t Ag 4.80 % Pb 6.15 % Zn	**Grade** The Company extracted high-grade, though narrow mineralization on the 674 heading outside of the Rodilla Manto through much of the quarter with dry mining conditions. The narrow and somewhat erratic nature of the mineralization led to increased dilution on the heading, which negatively impacted grades. Development progressed to the next levels of the Rodilla and other mantos. During the prior period, a higher proportion of mineralization was mined from the Platosa resource, as well as high grade mineralization being encountered during development into the Rodilla manto.
Ag: 89.8% Pb: 81.3% Zn: 81.8%	Ag: 91.6% Pb: 83.6% Zn: 79.3%	**Recoveries** Silver (-2%), lead (-3%) and zinc (+3%) recoveries were generally in line with expectations for the period.
108,118 Ag oz 0.6m lb Pb 0.9m lb Zn 205,314 AgEq oz	211,557 Ag oz 1.3m lb Pb 1.6m lb Zn 363,552 AgEq oz	**Metal Produced** As discussed above, silver (-49%), lead (-54%) zinc (-45%) production decreased as a result of lower tonnes milled, lower grades mined, increased dilution on the fringes and outside of the Rodilla Manto resource area and lower recoveries in comparison to Q1 2016. Silver equivalent ounce production decreased by 44% compared to Q1 2016 due to lower production for all metals, somewhat offset by higher lead and zinc prices.

During the quarter, development focused on accessing ore faces within the Rodilla block model and, by early April, operations were again accessing higher grade ore on multiple faces from Rodilla in increasingly drier conditions. During the second quarter, the Company expects production will continue from Rodilla on multiple headings, access to the Guadalupe South Manto will be regained from the 892 heading in May and development will access the 623 Manto during June from the 892 heading.

The Company is implementing an optimization program to comprehensively manage water at Platosa through an enhanced pumping system as further discussed under "Mine Optimization". Mining conditions are expected to improve in the coming months as the pending increase in water drawdown rate more rapidly closes the gap between the water table and operating elevations.

Mine Optimization

The Platosa deposit comprises several high-grade massive sulphide mantos hosted in permeable limestone, and has been mined by Excellon since 2005. In 2007, as mine workings extended below the local water table, the Company began an intensive program of reactive grouting and pumping to control and prevent water inflows. This program has been effective in managing inflows, but has been time, labour and cost intensive, which has historically limited production to less than 200 tonnes per day.

In late 2014, the Company engaged Hydro-Ressources Inc. and Technosub Inc. of Quebec, Canada to investigate alternative water management solutions through which mine operations could achieve consistent, increased production rates and lower costs. In April 2015, the Company released the results of a hydrogeological study prepared by Hydro-Ressources and Technosub (the "Optimization Plan"), which confirmed that dry mining conditions are achievable at Platosa and which proposes to replace the current grouting and pumping process with a more efficient and permanent dewatering system. The Optimization Plan was further revised in November 2015, with the primary revision being a decrease in the initial capital required to implement the program.

Description of the Optimization Plan

The Optimization Plan, as revised, aims to maintain and increase a localized "cone of depression" of the water table below mine workings. Historical data and field observations have already identified that pumping began creating a localized drawdown as pumping operations exceeded ~9,000 gpm at Platosa in 2009. The drawdown trend subsequently increased with increased rates of pumping.

The water table is relatively flat throughout the mine site area, indicating a highly permeable local rock formation, particularly near the orebody. Water levels in nearby monitoring and private wells are over 60-70 metres higher than at the mine. Therefore, drawdown trends indicate that lateral influx into the mine area is limited by lower permeability (i.e., fewer water-bearing faults) in the surrounding area and indicative of the restricted recharge rate of water into the mine area. Conservatively, the drawdown rate should increase to 3.8 metres per month when the Optimization Plan is fully implemented, in due course allowing access to, and production from, dry mineralization more rapidly.

Previously, pumping operations were primarily conducted directly from the mining face. This water contained solids, resulting in increased pumping costs and wear-and-tear on pumping and piping equipment, decreased pump efficiency and regular movement of pumps as mining faces advance.

The operation is currently transitioning to the Optimization Plan, whereby pumping is conducted directly from strategically drilled large-diameter drain wells targeting high flow zones below mine workings, thus allowing high-efficiency pumps to pump clean water directly from faults below the mine. Approximately 75% of current pumping is now from the optimized system, with 25% from previous pumping infrastructure.

Each drain well is equipped with a high-efficiency submersible pump to increase flow and maintain consistent pumping in advance of development. Booster pumps are being used to efficiently transfer water out of the mine via existing Robbins raises.

Since the beginning of 2017, the Company has completed the drilling of dewatering wells, completed the installation and commissioning of the primary and secondary booster stations and installed six of a planned 12 submersible pumps. Currently, the primary booster station is at full capacity, while the secondary booster station is at 66% capacity. The secondary booster station will reach full capacity as additional flow is directed to the station and additional submersible pumps come on line. Well cleaning and submersible pump installation is ongoing and the implementation phase is nearing completion. The Company expects to achieve dry mining conditions during Q2 2017.

Drawdown rates continue to exceed the Company's forecasts, with a local drawdown of the water table of 2.83 metres since April 1st at an average pumping rate of 18,500 gpm, with the Company's original forecast expecting a drawdown of 2.31 metres over such period at that pumping rate. Pumping rates will increase significantly as additional submersibles are installed. The deepest development heading (730 ramp at level 958) is now less than nine metres below the water table, with production headings now less than five metres below the water table.

Continued Optimization of Platosa Operations

The goal of the Optimization Plan is to increase production rates and lower costs. The advantages of dry mining including:

- increased development rates;
- increased production volume;
- elimination of grouting activities;
- increased machine hour availability and reduced maintenance costs; and
- reduced pumping costs in the longer term.

Platosa has no significant capacity constraints on increasing production beyond current rates, with spare mill, ramp, personnel and equipment capacity of 50% or more.

The Optimization Plan will also allow mining of any new mineral resources discovered and delineated relatively near the current deposit. Additionally, the project is modular, in that additional wells may be constructed in the future to influence the cone of depression towards mineralization delineated further from the current deposit.

Refer to the Company's Annual Information Form dated March 22, 2017 (the "AIF") for further discussion of the Optimization Plan, including project economics.

Mineral Resources

For a summary of the key economic metrics disclosed in the report titled Technical Report on the Preliminary Economic Assessment of the Platosa Mine, Durango State, Mexico (the "PEA") prepared for the Company by Roscoe Postle Inc. and dated July 9, 2015, in respect of the Optimization Plan, refer to the AIF. Both the PEA and AIF have been filed under the Company's profile on SEDAR (www.sedar.com).

In July 2015, the Company filed the NI 43-101 compliant PEA technical report, which included an updated mineral resource estimate as at December 31, 2014 for the La Platosa Mine. There was no diamond drilling conducted on the property during 2015 or in the first half of 2016. Mine production in 2015 was 54,485 tonnes, less than 10% of which was from within the December 31, 2014 resource block model. Mine production during 2016 was 8,890 tonnes from within and 43,344 tonnes outside of the resource block model. Based on the foregoing, the Company estimates resource depletion of less than 5% from the Mineral Resource of the La Platosa Mine as of the December 31, 2014 estimate, which the Company does not consider material and for which that Mineral Resource estimate remains current. A summary of the December 31, 2014 estimate is shown in the table below.

Platosa Project – Mineral Resource Estimate (as at December 31, 2014)

Category	Tonnes (t)	Ag (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	Contained Ag (oz)	Contained Pb (lb)	Contained Zn (lb)	Contained AgEq (oz)
Measured	28,000	781	7.85	11.52	1,305	711,000	4,896,000	7,188,000	1,187,000
Indicated	400,000	758	8.31	9.77	1,248	9,747,000	73,214,000	86,098,000	16,046,000
M + I	**428,000**	**760**	**8.28**	**9.88**	**1,252**	**10,457,000**	**78,110,000**	**93,286,000**	**17,233,000**
Inferred	4,000	2,027	14.65	2.20	2,492	260,000	1,288,000	193,000	320,000

1. CIM definitions were followed for the classification of Mineral Resources.
2. Mineral Resources are estimated at an incremental net smelter return ("NSR") cut-off value of US$146 per tonne.
3. NSR metal price assumptions: Ag US$17.00/oz, Pb US$0.90/lb, Zn US$1.00/lb.
4. Metal recovery assumptions for NSR cut-off value purposes: 89% Ag, 76% Pb, 81% Zn.
5. The silver equivalent (AgEq) is estimated from metallurgical recoveries, metal price assumptions, and smelter terms, which include payable factors, treatment charges, penalties, and refining charges.
6. The estimate is of Mineral Resources only and, because these do not constitute Mineral Reserves, they do not have any demonstrated economic viability.
7. Mineral Resource estimate prepared by David Ross, P.Geo., of Roscoe Postle Associates Inc., independent geological and mining consultants of Toronto, Ontario. Prepared as at December 31, 2014.
8. Totals may not add or multiply accurately due to rounding.

The Platosa Property is subject to a NSR royalty payable semi-annually of (a) 1.25% in respect of manto mineralization other than skarn mineralization or (b) 0.5% in respect of skarn or "Source" mineralization (as described further below).

Corporate Responsibility

During the period, the Company enhanced its Corporate Responsibility ("CR") commitment by appointing an industry leader as Vice President Corporate Responsibility and recognizing that CR performance builds privilege to operate, enhances reputation and drives business value.

The Company is currently developing a CR management framework that formalizes the relationship between the Company's Mission and Values statements and the various CR-related elements. The framework was reviewed and approved by the Company's executive team and provided to the Board of Directors. It integrates all of the functional elements comprising CR – health, safety and security, environmental affairs, community relations and development, human rights and government relations.

A CR Policy has been developed and is undergoing internal review before review and approval by the Company's Board. Concurrently, management developed the elements of a management system comprising 51 standards designed to reflect all of the aspects of the Company's current business, with flexibility for enhancement as the business grows.

The development and implementation of the 51 standards has been prioritized to reflect current business risks and opportunities in conjunction with the Platosa and Miguel Auza operations. Improved internal reporting and investigation of CR incidents has been implemented, along with enhanced Life Saving Rules and associated standards that address high consequence work tasks. Platosa and Miguel Auza are working to incorporate these new requirements into their existing procedures and practices, with all applicable standards to be implemented over the next three years.

CR Performance at Platosa and Miguel Auza

At both operations, enhancement of legal requirement registers is underway to further ensure compliance requirements. Improving performance requires an understanding of past performance by establishing metrics with common definitions. Additionally, the Company developed a common set of key performance indicators and associated definitions, reviewed past performance relative to industry benchmarks and identified barriers to improving performance.

The Company is committed to improving its safety performance, using industry-accepted metrics such as total recordable injury frequency, lost time injury frequency and injury severity, relative to industry benchmarks. The development and implementation of the management system is designed to improve the culture, oversight and outcomes of CR performance over time.

Environmental performance has been satisfactory and the Company is working to improve waste handling practices, following an inspection by PROFEPA.

Approval of new tailings management facility

The existing tailings management facility (TMF) at Miguel Auza will reach capacity during Q4 2017. The Company submitted an Environmental and Social Impact Assessment to SEMARNAT in 2016 for the construction of a new TMF. Approval of the ESIA was granted in March 2017, along with the permits required for construction. The approvals contain a number of requirements, including establishment of financial assurance. Construction is underway and the Company expects commissioning in September 2017.

Closure Plans and Cost Estimates

Our Platosa Mine and Miguel Auza Mill are both required to prepare closure plans and cost estimates that describe the actions and performance requirements when these facilities are decommissioned. The plans and cost estimates are prepared by third-party consultants, and consider the removal and stabilization of facilities, revegetation and post-closure monitoring to ensure that performance requirements are met. Our most recent closure plans and cost estimates were prepared in 2015 and anticipate costs of $0.9 million for Platosa and $0.5 M for Miguel Auza. These costs are incorporated into an Asset Retirement Obligation, which appears on the EXN balance sheet.

Outlook

During the second quarter, the Company expects production will continue from Rodilla on multiple headings, access to the Guadalupe South Manto will be regained from the 892 heading in May and allow development to access the 623 Manto in June.

COMMODITY PRICES AND MARKET CONDITIONS

While relatively low silver prices continue to impact the Company's revenues and operating profits, lead and zinc accounted in the aggregate for 45% of the Company's cash inflows from metals sold in Q1 2017 compared to 41% for the year 2016.

Silver closed Q1 2017 relatively flat for the period, though strengthened compared to Q1 2016. The silver:gold ratio improved during the period to below 70:1, though weakened following the French elections of late April. Net buying is expected to remain in the silver market through 2017, with mine supply decreasing due to reduced output from lead/zinc and gold mines, industrial demand reaching a record high and silver ETFs near record highs.

Lead prices were much improved relative to Q1 2016, though weakened somewhat over the course of Q1 2017. Offtake remains strong, with little evidence of seasonal weakness, and LME stocks falling below the yearly range during April 2017. Chinese battery demand has demonstrated some weakness, but a significant supply deficit for 2017 is forecast as a shortage of new lead mines reaching production remains an issue.

While much strengthened relative to Q1 2016, zinc prices retreated somewhat during the period as expected supply deficits were not as material expected, made up in part by increased mine production, particularly from China. Industry benchmark standards have been set for 2017, declining approximately 36% year-over-year when escalators are included; however, the apparent tightness in the concentrate market has not translated into continuing price accretion.

Average Commodity Prices	Q1 2017	Q1 2016	Change
Silver ($/oz) (1)	17.42	14.84	17%
Lead ($/lb) (2)	1.03	0.79	31%
Zinc ($/lbs) (2)	1.26	0.76	65%

Historical Average Prices		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Silver ($/oz)(1)	**2017**	**16.81**	**17.87**	**17.59**									
	2016	14.02	15.07	15.42	16.26	16.89	17.18	19.93	19.64	19.28	17.74	17.42	16.38
	2015	17.10	16.84	16.22	16.32	16.80	16.10	15.07	14.94	14.72	15.71	14.51	14.05
Lead ($/lb)(2)	**2017**	**1.01**	**1.05**	**1.03**									
	2016	0.75	0.80	0.82	0.78	0.78	0.78	0.83	0.85	0.88	0.93	0.99	1.01
	2015	0.84	0.82	0.81	0.96	0.90	0.83	0.80	0.77	0.76	0.78	0.73	0.77

Zinc ($/lb)(2)	**2017**	**1.23**	**1.29**	**1.26**									
	2016	**0.69**	**0.78**	**0.82**	**0.84**	**0.85**	**0.92**	**0.99**	**1.04**	**1.04**	**1.05**	**1.17**	**1.21**
	2015	0.96	0.96	0.92	1.00	1.04	0.94	0.91	0.82	0.78	0.78	0.72	0.69

(1) Source: Kitco
(2) Source: LME

SUMMARY OF FINANCIAL QUARTERLY RESULTS

Financial statement highlights for the quarter ended March 31, 2017 and 2016 and last eight quarters are as follows:

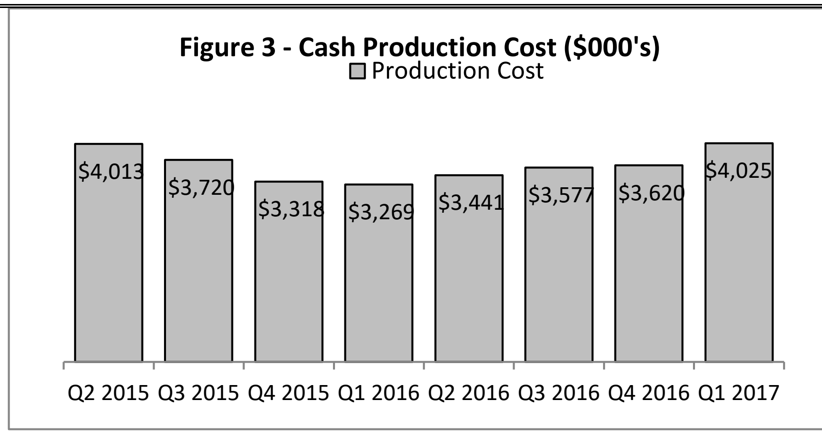
	Q1 2017(1) $	Q4 2016(2) $	Q3 2016(3) $	Q2 2016(4) $	Q1 2016(5) $	Q4 2015(6) $	Q3 2015 $	Q2 2015 $
Revenues	3,413	3,354	4,009	5,370	4,261	2,477	4,599	4,036
Production costs	(4,025)	(3,620)	(3,577)	(3,441)	(3,269)	(3,318)	(3,720)	(4,013)
Depletion and amortization	(546)	(696)	(525)	(609)	(605)	(675)	(743)	(815)
Cost of Sales	(4,571)	(4,316)	(4,102)	(4,050)	(3,874)	(3,993)	(4,463)	(4,828)
Earnings (loss) from mining operations	(1,158)	(962)	(93)	1,320	387	(1,516)	136	(792)
Expenses:								
Corporate administration	(1,335)	(1,214)	(944)	(665)	(654)	(976)	(679)	(862)
Exploration	(564)	(809)	(228)	(171)	(137)	(123)	(148)	(188)
Other	1,713	(1,112)	440	68	(367)	424	(606)	(722)
Recovery (Impairment)	-	-	-	156	-	(662)	-	-
Royalty income	-	-	-	-	-	726	-	
Net Finance Cost	1,263	2,367	(6,100)	(5,575)	(1,980)	(381)	(21)	(18)
Income tax (expense) recovery	(754)	1,674	(87)	489	125	831	13	761
Net loss for the period	(835)	(56)	(7,012)	(4,378)	(2,626)	(1,677)	(1,305)	(1,821)
Adjusted net income (loss)	(1,917)	(2,489)	(1,035)	852	(736)	(676)	(1,305)	(1,821)
Earnings (loss) per share – basic	(0.01)	(0.00)	(0.10)	(0.07)	(0.05)	(0.03)	(0.02)	(0.03)
– diluted	(0.01)	(0.00)	(0.09)	(0.07)	(0.05)	(0.03)	(0.02)	(0.03)
Cash flow from (used in) operations before changes in working capital	(1,437)	(3,147)	(887)	482	261	(1,492)	382	(1,187)

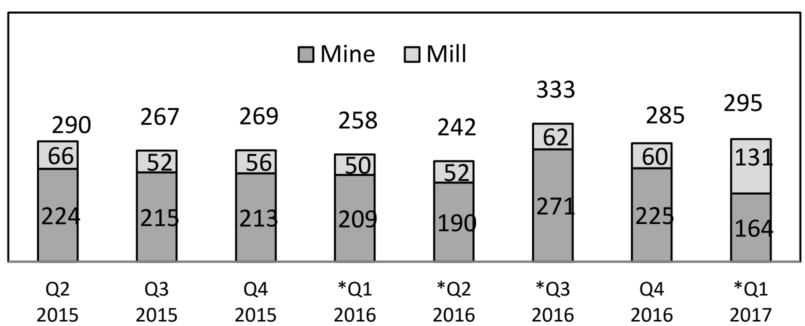
(1) Net Income includes fair value adjustment gain of $1.1 million for embedded derivative liability and warrants related to the Debentures.
(2) Net Income includes fair value adjustment gain of $2.4 million for embedded derivative liability and warrants related to the Debentures.
(3) Net Income includes fair value adjustment loss of $6.0 million for embedded derivative liability and warrants related to the Debentures.
(4) Net Income includes fair value adjustment loss of $5.4 million for embedded derivative liability and warrants related to the Debentures and $0.16 million reversal of impairment on DeSantis exploration property sold in the period.
(5) Net Income includes fair value adjustment loss of $1.9 million for embedded derivative liability and warrants related to the Debentures.
(6) Net income includes recognition of impairment charges of $0.7 million on the DeSantis exploration property in Canada.

Quarterly revenue fluctuations are a function of metal prices and the volume of ore mined as well as ore grades. The Company currently expenses all exploration costs, which may create volatility in earnings from period.

Analysis of the components of financial results is as follows:

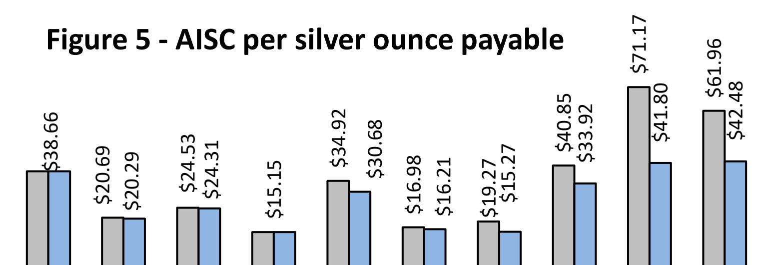
Q1 2017	Q1 2016	Analysis
($000's, except where noted)		
($835) ($1,917)	($2,626) ($736)	**Net Loss** **Adjusted Net Loss** The Company's adjusted net loss reflects income before recording a $1.1 million (Q1 2016 – $1.9 million gain) fair value adjustment gain on embedded derivatives and warrants related to the Debentures in accordance with IFRS, which is included in Net Financing Cost, discussed below. Adjusted net loss during the period derived from (i) 34% lower silver equivalent ounces payable sold in the quarter, resulting in a 20% decrease in revenues, (ii) an 18% increase in cost of sales, (iii) a 104% increase in corporate G&A, primarily relating to non-cash stock compensation granted during the period, with no similar grant in the comparable period, and (iv) increased exploration costs as drilling resumed at Platosa. Stock based compensation granted during the quarter comprised restricted share units subject to performance vesting conditions granted to officers and employees and deferred share units granted to directors. See Cost of Sales, below.
$3,413	$4,261	**Revenue** Net revenues decreased by 20% during the quarter primarily due to 34% lower silver equivalent ounces payable of 215,922 oz compared to 329,200 oz in Q1 2016, somewhat offset by a 16% improvement in silver prices and improved offtake terms. For further discussion, see "Provisionally Priced Sales", below.
($4,571)	($3,874)	**Cost of Sales** Cost of sales, including depletion and amortization, increased by 18% compared to Q1 2016, or 23% excluding depletion and amortization. A primary contributor to increased costs of sale was an electricity cost from $0.06/kWh to $0.09/kWh. Additionally, inventory adjustments were made for concentrate produced in December 2016 and delivered in Q1 2017. The Company also increased electrical installation and supportive development more generally during the period compared to prior quarters as a new electrical line allowed increased electrical installation at the project. Figure 3 below reflects production costs for the last eight quarters. The Company expects production costs to be further reduced upon completion of the Optimization Plan. Overall unit costs continue to improve despite lower production, and should further be reflected in total cash costs when normal and increased operational run rates are achieved.

Q1 2017 ($000's, except where noted)	Q1 2016	Analysis
		 **Figure 3 - Cash Production Cost ($000's)**
($1,335)	($654)	**Cash General and Administrative Expense** General and administrative expenses increased by 104% during Q1 2017 compared to $0.6 million in Q1 2016, primarily resulting from the grant and vesting of stock based compensation to officers, directors and consultants. The cash component of general and administrative expenses of $0.7 million in Q1 2017 increased compared to $0.5 million Q1 2016 primarily due to (i) the appointment of three new officers and two new directors in the second half of 2016 and early 2017, (ii) increased cash board compensation and (iii) enhancements to the Company's IT network and communication.
($564)	($137)	**Exploration** Exploration cost increased relative to the comparable period as the Company continued its surface and underground drilling program at Platosa, with an additional 1,206 metres drilled from surface and 1,130 metres from underground in the quarter for a total of approximately 6,900 metres drilled since commencement of the drill program in 2016.
$1,713	($367)	**Other Income (Expenses)** Other expenses include unrealized and realized foreign exchange gains and losses, unrealized gains and losses on marketable securities and provisional adjustments. Other income during Q1 2017 included (i) a $1.5 million unrealized gain on marketable securities from the increased value of the Company's holding of common shares ("Osisko Shares") of Osisko Mining Corp. ("Osisko"), (ii) $0.2 million of foreign exchange gains. During Q1 2016, net other expenses comprised $0.4 million of foreign exchange losses.
$1,263	($1,980)	**Net Financing Cost** Net financing cost consists primarily of fair value adjustments on embedded derivatives and warrants related to outstanding Debentures, accretion and interest expense related to the Debentures and accretion of the rehabilitation provision for the mine and mill. The fair

Q1 2017	Q1 2016	Analysis
($000's, except where noted)		
		value adjustment derives primarily from the performance of the Company's stock during the applicable period. During Q1 2017, a decrease in the stock price from $1.64 to $1.60, resulted in a $1.1 million fair value adjustment gain on embedded derivative and warrants related to the Debentures, while during Q1 2016, an increase from $0.31 to $0.61 resulted in a $1.9 million fair value adjustment loss from these instruments.
$337/t	$222/t	**Production Cost per Tonne** (see "Non-IFRS Measures" for reconciliation table) Production costs in Q1 2017 of $337/t reflects increased production due to increased electricity costs, inventory adjustments and increased electrical installation, as further discussed above. A 19% decrease in tonnes milled further increased costs per tonne during the period relative to Q1 2016. The previous eight quarters of production cost per tonne mined and milled are summarized below: **Figure 4 - Production Cash Cost per tonne Mined and Milled ($/t)**  (1) Cost per tonne mined is based on mining cost in the period for produced tonnes at Platosa, excluding depletion and amortization. (2) Cost per tonne milled is based on milling cost in the period for processed tonnes at the mill, excluding depletion and amortization. (3) Variation between Figure 4 and the Production Cost per Tonne table below, derives from the difference between consolidated accounts using monthly averages (in the table) versus using daily transaction amounts in U.S. dollars in Figure 4. *Q1 2016, Q2 2016, Q3 2016 and Q1 2017 production cost per tonne does not include the positive impact of 2,300, 1,870, 760 and 643 tonnes respectively, of milled stockpiles to accurately reflect comparable production costs between periods.
$22.44/oz	$10.38/oz	**Total Cash Cost Per Silver Ounce Payable** (see "Non-IFRS Measures" for reconciliation table) Total cash cost per silver ounce payable increased due to increased cost of sales, as

Q1 2017	Q1 2016	Analysis
($000's, except where noted)		
		discussed above, and a 22% decrease in byproduct credits resulting from lower lead and zinc production. These factors were somewhat offset by lower TC/RC charges resulting from lower delivered tonnes and improved offtake terms relative to Q1 2016.
		AISC Per Silver Ounce Payable **Adjusted AISC Per Silver Ounce Payable** (see "Non-IFRS Measures" for reconciliation table)
$61.96/oz $42.48/oz	$16.98/oz $16.98/oz	The Company's adjusted AISC per silver ounce payable of $42.48 in Q1 2017 (excluding the one-time costs associated with the Optimization Plan) resulted from (i) lower metal grades and, consequently, metal produced (ii) an increase in share based payments of $0.6 million, reflecting non-cash share based compensation issued to officers, directors and consultants in the period, and (iii) increased exploration expenses. Non-adjusted AISC of $61.96 in Q1 2017 included significant one-time capital and development costs of $2.3 million associated with the Optimization Plan, primarily relating to the purchase of pumping equipment along with well-drilling and engineering costs. Over the coming periods, the Company expects to eliminate the "Adjusted AISC" metric as expenditures on the Optimization Plan are completed. Additionally, AISC is expected to decrease as drier mining conditions will allow for increased production at lower costs. AISC and Adjusted AISC per silver ounce payable over the preceding eight quarters are summarized below:

Figure 5 - AISC per silver ounce payable



	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
AISC	$38.66	$20.69	$24.53	$15.15	$34.92	$16.98	$19.27	$40.85	$71.17	$61.96
ADJ AISC	$38.66	$20.29	$24.31	$15.10	$30.68	$16.21	$15.27	$33.92	$41.80	$42.48
Ag oz payable	176,492	204,224	163,778	217,138	135,928	193,514	209,422	138,472	126,773	116,128

Provisionally Priced Sales

Sales are recorded using the metal price received for sales that settle during the reporting period. For sales that have not been settled, an estimate is used based on the expected month of settlement and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting sales in the period in which the sale is settled (i.e. finalization adjustment). The finalization adjustment recorded for these sales depends on the actual price when the sale settles, which occurs either one or two months after shipment under the terms of the current concentrate purchase agreements.

In Q1 2017, the Company recognized negative adjustment to revenues of $17, primarily relating to the reversal of the mark to market taken at the end of 2016 as receivables were ultimately settled at lower values in 2017 (2016 – positive adjustment of $244).

As at March 31, 2017, provisionally priced sales totaled $3.6 million, which are expected to settle during the second quarter of 2017. A 10% increase or decrease in the prices of silver, lead and zinc will result in a corresponding increase or decrease in revenues of $0.4 million during the second quarter of 2017.

Revenues recognized in the comparable periods are reconciled below (in thousands of US dollars):

	Q1 2017			
	Silver	**Lead**	**Zinc**	**Total**
	$	**$**	**$**	**$**
Current period sales (1)	1,973	685	1,013	3,671
Prior period provisional adjustments (2)	44	(5)	(56)	(17)
Sales before TC/RC (3)	2,017	680	957	3,654
Less: TC/RC (3)				(241)
Total Sales				**3,413**

	Q1 2016			
	Silver	**Lead**	**Zinc**	**Total**
	$	**$**	**$**	**$**
Current period sales (1)	2,910	987	1,053	4,950
Prior period provisional adjustments (2)	188	45	11	244
Sales before TC/RC (3)	3,098	1,032	1,064	5,194
Less: TC/RC (3)				(933)
Total Sales				**4,261**

(1) Includes provisional price adjustments on current period sales.
(2) Prior period sales that settled at amounts different from prior period's estimate or were unsettled and marked to market at provisional amounts at year-end.
(3) TC/RC (Treatment Charges/Refining Charges).

Non-IFRS Measures

Production Cost Per Tonne, Total Cash Cost Net of By-Product Credits Per Silver Ounce Payable and All-In Sustaining Cost Per Silver Ounce Payable are non-IFRS measures that do not have a standardized meaning. The calculation of these measures may differ from that used by other companies in the industry. The Company uses these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles and is not necessarily indicative of operating expenses as determined under generally accepted accounting principles. Management believes that these measures are key performance indicators of the Company's operational efficiency. These measures are increasingly widely used in the mining industry and are intended to provide investors with information about the cash generating capabilities of the Company's operations.

Production Cost Per Tonne

The Company's ability to control production costs per tonne is a key performance indicator in managing and evaluating operating performance. This measure provides investors and analysts with useful information about the underlying cost of operations and how management controls those costs.

A reconciliation between production cost per tonne (including mining and milling costs, excluding depreciation) and the Company's cost of sales as reported in the Company's financial statements is provided below.

	Q1 2017	**Q4 2016**	**Q1 2016**
	$ 000's	**$ 000's**	**$ 000's**
Cost of Sales	4,571	4,316	3,874
Depletion and amortization	(546)	(696)	(605)
Production Costs (includes mining and milling)	4,025	3,620	3,269
Tonnes milled	11,934	14,417	14,720
Production cost per tonne milled ($/tonne)	337	251	222

Total Cash Cost Per Silver Ounce Payable

The calculation of total cash cost per silver ounce payable reflects the cost of production adjusted for by-product and various non-cash costs included in cost of sales. Changes in inventory have not been adjusted from cost of sales, as these costs are associated with the payable silver ounces sold in the period. The Company expects total cash costs net of by-product revenues to vary from period to period as planned production and development access different areas of the mine with different ore grades and characteristics.

Reconciliation of total cash cost per silver ounce payable, net of by-product credits:

	Q1 2017	**Q4 2016**	**Q1 2016**
	$ 000's	**$ 000's**	**$ 000's**
Cost of sales	4,571	4,316	3,874
Adjustments - increase/(decrease):			
Depletion and amortization	(546)	(696)	(605)
Third party smelting and refining charges (1)	241	798	933
Royalties (2)	(23)	(23)	(97)
By-product credits (3)	(1,637)	(2,052)	(2,096)
Total cash cost net of by-product credits	**2,606**	**2,343**	2,009
Silver ounces payable	116,128	126,773	193,514
Total cash cost per silver ounce payable ($/oz)	**22.44**	**18.48**	**10.38**

(1) Treatment and refining charges recorded in net revenues.
(2) Advance royalty payments on the Miguel Auza property unrelated to production from Platosa.
(3) By-product credits comprise revenues from sales of lead and zinc.

AISC Per Silver Ounce Payable

Excellon has adopted the AISC measure to provide further transparency on the costs associated with producing silver and to assist stakeholders of the Company in assessing operating performance, ability to generate free cash flow from current operations and overall value. The AISC measure is a non-GAAP measure based on guidance announced by the World Gold Council in June 2013.

Excellon defines AISC per silver ounce as the sum of total cash costs (including treatment charges and net of by-product credits), capital expenditures that are sustaining in nature, corporate general and administrative costs (including non-cash share-based compensation), capitalized and expensed exploration that is sustaining in nature, and environmental reclamation costs (non-cash), all divided by the total payable silver ounces sold during the period to arrive at a per ounce figure.

Capital expenditures to develop new operations or capital expenditures related to major projects at existing operations where these projects will materially increase production are classified as non-sustaining and are excluded. The definition of sustaining versus non-sustaining is similarly applied to capitalized and expensed exploration costs. Exploration costs to develop new operations or that relate to major projects at existing operations where these projects are expected to materially increase production are classified as non-sustaining and are excluded.

Costs excluded from AISC are non-sustaining capital expenditures and exploration costs (as described above), financing costs, tax expense, and any items that are deducted for the purposes of adjusted earnings.

The table below presents details of the AISC per silver ounce payable calculation.

	Q1 2017	**Q4 2016**	**Q1 2016**
	$ 000's	**$ 000's**	**$ 000's**
Total cash costs net of by-product credits	2,606	2,343	2,009
General and administrative costs (cash)	725	844	505
Share based payments (non-cash)	569	319	108
Accretion and amortization of reclamation costs (non-cash)	32	5	23
Sustaining exploration (manto resource exploration/drilling)	489	765	126
Sustaining capital expenditures (1)	2,774	4,747	514
Total sustaining costs	4,589	6,680	1,276
All-in sustaining costs	7,195	9,023	3,285
Silver ounces payable	116,128	126,773	*193,514*
All-in Sustaining cost per silver ounce payable ($/oz) (2)	**61.96**	**71.17**	**16.98**
Adjusted All-in Sustaining cost per silver ounce payable ($/oz) (3)	**42.48**	**41.80**	**16.98**
Realized silver price per ounce sold (4)	**17.99**	**16.70**	**15.48**

(1) Capital expenditure includes sustaining capital expenditures and capitalized development costs.
(2) Excluding non-cash items, AISC per silver ounce payable was $56.78 (Q1 2017), $68.61 (Q4 2016), and $16.30 (Q1 2016).
(3) Adjusted AISC per silver ounce payable excludes the relatively one-time sustaining capital expenditures associated with the "Platosa Optimization Plan", described below (associated costs were $2.3 million in Q1 2017 and $2.9 million in Q4 2016).
(4) Average realized silver price is calculated on current period sale deliveries and does not include the impact of prior period provisional adjustments in the period.

LIQUIDITY AND CAPITAL RESOURCES

The primary source of funds available to the Company has historically been cash flow generated by the Platosa Mine. In today's commodity price environment, being able to produce at reduced cost and generate positive cash flows required the Company to finance the implementation of the Optimization Plan. While the Optimization Plan continues to be implemented in 2017, a continuous review of capital expenditure programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash during ongoing periods of low commodity prices.

March 31, 2017 ($000's)	Dec 31, 2016	Analysis
$4,625	$6,930	**Cash, Cash Equivalents and Marketable Securities** Cash decreased during the period with $1.3 million used in operations and $2.8 million invested in the Optimization Plan. The Company's holding of Osisko Shares increased in value from $1.5 million to $3.0 million during the quarter. The Company sold this position in April 2017 for net proceeds of $3.3 million (CAD$4.4 million) at a price per share of $5.29.
$1,085	$738	**Trade Receivables** Trade receivables increased by $0.4 million due to the timing of concentrate deliveries at the end of each quarter. The Company had delivered all concentrates at the end of Q1 2017, whereas at the end of Q4 2016 undelivered concentrate stockpiles remained at the mill due to seasonal closures at the receiving facility.
$5,884	$4,514	**Trade Payables** Trade payables increased by $1.4 million at the end of Q1 2017 as significant investments were made in the Optimization Plan ($2.3 million).
$6,155	$8,554	**Working Capital** Working capital decreased by $2.4 million in the quarter to $6.2 million as cash flows were used in operations due to lower production and sales and increased investment in capital expenditures for the Optimization Plan. The Company expects working capital to improve as the Optimization Plan is implemented in Q2 and Q3 2017.

Q1 2017 ($000's)	Q1 2016	Analysis
		Cash from (used in) operations before changes in working capital
($1,437)	$261	Cash used in operations during Q1 2017 primarily resulted from lower revenues during the period, which were impacted by lower tonnages and grades resulting in lower metal production, and higher production costs due to higher electricity costs and increased electrical installation, as further discussed above.
		Investing Activities
($2,845)	($603)	The Company continued to incur elevated capital expenditures during the period, with $2.3 million relating to the Optimization Plan and $0.5 million relating to mine development and mining equipment. The Company expects capital expenditures relating to the Optimization Plan to decrease in the current quarter and in future quarters as the initial implementation is completed.
		Financing Activities
$7	-	No significant financing activities occurred during the quarter.

In recent quarters, the Company's operations have not been cash flow positive and the Company has drawn down on cash reserves raised from equity and debt issuances since 2015. As described above, the Optimization Plan is designed to improve mining conditions at Platosa, allowing for higher production rates, lower costs and greater cash flow from operations. The Company currently expects that operating cash flows will become positive in late Q2 2017. The Company additionally has in-the-money warrants totaling $2.3 million.

In the event of unexpected delays in realizing the benefits of the Optimization Plan, the Company may not have adequate resources to maintain its operations or advance its projects as currently anticipated. In such circumstances, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing, strategically disposing of assets or pursuing joint-venture partnerships, equipment financings or other receivables financing arrangements. The Company may experience difficulty in obtaining satisfactory financing terms or adequate project financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

Commitments

The following table summarizes the Company's significant commitments as at March 31, 2017:

	2017	2018	2019	2020	2021	Total
	$	$	$	$	$	$
Accounts payable and accrued liabilities	5,884	-	-	-	-	5,884
Capital Expenditure	783	-	-	-	-	783
Mine restoration provision	-	-	-	-	1,405	1,405
Employee future benefits	-	-	-	-	1,414	1,414
Concession holding fees	257	524	530	538	538	2,386
Office leases	110	189	47	-	-	347
	7,035	713	577	538	3,358	12,220

Not included above is an NSR royalty payable semi-annually on the Platosa Property of (a) 1.25% in respect of manto mineralization other than skarn mineralization or (b) 0.5% in respect of skarn or "Source" mineralization (as described further below). Such payments vary period to period based on production results and commodity prices.

Contingencies

During Q3 2012, the Company sued the Ejido La Sierrita (the "**Ejido**") to terminate a 30-year surface rights agreement ("**SRA**") in respect of 1,100 hectares of exploration ground west and northwest of the Platosa Mine and for various damages relating to an illegal blockade of the mine during Q3 2012. The Ejido also sued for termination of the SRA after being advised of Excellon's suit.

During Q4 2016, the Company received a resolution (the "**Resolution**") from the Tribunal Unitario Agrario del Distrito Sexto in Torreón, Coahuila (the "**Agrarian Tribunal**") on the legal action. The Agrarian Tribunal ruled favourably on the Company's application to rescind the SRA. The Resolution also included (i) an award to Excellon of 5.6 million pesos payable by the Ejido for losses and damages related to the illegal blockade and (ii) an award to the Ejido of 5.5 million pesos payable by Excellon as indemnity for not building a water treatment plant under the terms of the SRA. The two awards effectively set-off against each other. The Company has filed an appeal in respect of the award against it, as the construction of this plant was contingent upon certain conditions precedent that the Ejido never satisfied, including the acquisition of a water use permit by the Ejido. The Ejido has also appealed against the Resolution.

Excellon holds 20,947 hectares of mineral concessions at La Platosa. These rights entitle the Company to explore for and mine minerals at La Platosa and in an extensive surrounding area. Excellon also owns all surface rights needed to produce silver from the La Platosa Mine and conduct further surface and underground exploration for further high-grade manto mineralization and the skarn/source of the La Platosa mantos.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

EXPLORATION

Platosa Property

The Company's Platosa Property is approximately 50 km north of the city of Torreon in the state of Durango and comprises a total of 20,947 hectares of mineral concessions. The Company initially acquired the property in 1996 and 1997, and high-grade massive sulphides were discovered on the property in 1998. An initial resource estimate was published in 2002 and test mining commenced in 2005 from the Platosa Mine.

The Platosa mineral resource sits under approximately 56 hectares of the Platosa Property and comprises a series of linked high-grade massive sulphide, silver-lead-zinc manto deposits on the periphery of an under-explored Carbonate Replacement Deposit ("CRD") system. CRDs are epigenetic, intrusion-related, high-temperature, sulphide-dominant, lead-zinc-silver-copper-gold-rich deposits that commonly occur in clusters associated with major regional geologic features. The Mexican CRD Belt is perhaps the world's best-developed CRD cluster and Platosa lies in the centre of the northwest-southeast-trending axis of the largest deposits of the belt.

Several features make CRDs highly desirable exploration and mining targets. These include:

- **Size** – Proximal CRDs average 10 to 15 million tonnes of ore and the largest range up to 50 million tonnes;
- **Grade** – Ores are typically polymetallic with metal contents ranging from 60-600 g/t silver, 2-12% lead, 2-18% zinc, up to 2% copper and 6 g/t gold; and
- **Mineability** – Individual CRD bodies within the overall deposit are continuous and average 0.5 to 2 million tonnes in size, with some up to 20 million tonnes. They are typically coarse-grained and metallurgically simple.

CRD orebodies take the form of lenses or elongate to elongated-tabular bodies referred to as mantos or chimneys depending on whether they are horizontal or steeply inclined. A spectrum of CRD orebodies exists, ranging from distal manto and medial chimney massive sulphide bodies to proximal sulphide-rich skarns associated with unmineralized or porphyry-type intrusive bodies. Transitions of orebody morphology and mineralogy, and alteration zoning can be used as tools to trace mantos into chimneys, sulphides into skarn, or skarn into intrusive contact deposits.

Targets/Upside

Exploration at Platosa is focussed on (i) high grade, massive sulphide, manto deposits, generally found distal to CRD systems and (ii) skarn-style deposits, generally found proximal or associated with the "source" of CRD systems.

(i) Massive Sulphide Manto Deposits

Manto exploration has focused on areas within 1.5 km of the Platosa Mine. This exploration follows up on the success in adding mineralization to the 6A Manto in 2010 and 2012 and the discovery of the Pierna Manto during 2010. Additional massive sulphide mineralization continues to be encountered in ongoing drilling, as further discussed below.

Outside of the immediate area of the Platosa Mine drilling has been limited, but has consistently encountered the favourable heterolithic fragmental limestone unit that hosts all the high-grade massive sulphide mineralization discovered to date at Platosa. There is excellent potential to continue to discover mantos beyond the periphery of those that have already been defined.

The Company believes that significant potential remains for further new manto discoveries as the deposit area is open to the north, northeast, east and southeast of the known mantos and there are also smaller areas closer to the known mantos that could host additional massive sulphides within easy reach of existing underground infrastructure. Holes have also been planned to expand the NE-1 Manto to the east where it has been drilled off deep under cover in excess of 80 metres. Potential exists on other parts of the permit too where deep seated mineralized structures intersect the limestone packages to the north, south and west of Platosa.

(ii) Skarn/Source Mineralization

The vast majority of the Platosa Property is prospective for skarn or "Source"-style mineralization. Geological evidence of this potential has been found in a number of drill holes completed since 2008 in particular in the Rincon del Caido ("Rincon") area approximately 1.0 km NW of the Guadalupe Manto. Drilling in 2012/2013 intersected significant Source-style skarn silver-lead-zinc sulphide mineralization hosted by marble beneath the contact with a relatively impermeable hornfels unit. The consistent presence of anomalous gold is another important characteristic of the Rincon mineralization and gold content may increase as drilling approaches the heart of the system and would have an important positive impact on the economics of a proximal CRD deposit in the Rincon area. Significant intersections cut to date at Rincon include:

DDH No.	Interval From (m)	Interval To (m)	Interval (m)*	Silver (g/t)	Lead (%)	Zinc (%)	Gold (g/t)
LP1019	**516.70**	**572.16**	**55.46**	**132**	**3.13**	**1.74**	**0.075**
incl.	546.83	549.80	2.97	236	7.18	5.46	0.146
and	562.73	566.00	3.27	264	10.41	7.59	0.041
LP1023A	513.00	515.00	2.00	610	3.08	0.11	0.571
and	**525.65**	**569.05**	**43.40**	**146**	**2.76**	**1.85**	**0.216**
incl.	530.60	536.40	5.80	381	10.63	11.51	0.354
LP1030	**498.90**	**509.23**	**10.33**	**185**	**5.22**	**5.58**	**0.478**
and	579.27	581.02	1.75	444	8.81	5.97	0.067
and	**590.04**	**596.72**	**6.68**	**409**	**10.23**	**8.37**	**0.114**
LP1038	**491.80**	**499.05**	**7.25**	**21**	**0.74**	**3.57**	**13.066**
incl.	497.10	499.05	1.95	72	2.40	11.74	39.430

* All intervals are core widths. Further geologic information is required in order to estimate true thicknesses.

The mineralization at Rincon may be traceable to a skarn/Source-style deposit and will be investigated with further exploration in the future.

Other potentially interesting mineralization has been observed in drilling at a target on the western side of the Sierra Bermejillo where skarn mineralization has been identified in structures within the hornfels that are indicative of strong mineral bearing fluid pathways. These can possibly be traced to further skarn mineralization below the hornfels and closer to a heat source or into the limestone packages in this area where replacement deposits may be formed.

Geophysical methods have also proven variably effective in locating both manto and skarn-style mineralization at Platosa. Natural Source and Controlled Source Audio Magnetotelluric (“NSAMT” and “CSAMT,” or generally “MT”) ground geophysical surveys and airborne electromagnetic (“AEM”) surveys and led to the discovery of the Guadalupe and Guadalupe South mantos. During a re-examination of a 2007 AEM survey a subtle anomaly was noted in the Rincon area, which led to follow-up drilling and its discovery in 2012.

The Company has also tested the applicability of seismic surveying for both manto and skarn/Source mineralization. In recent years seismic surveying, traditionally associated with petroleum exploration, has successfully generated new targets have been generated on various mineral exploration projects. In 2014 the Company carried out a 2D seismic reflection survey along a 2.1 km test-line laid out to pass over the high-grade Pierna and NE-1 mantos, neither of which has been mined to date. Several strong, sub-vertical structures were outlined as were the contacts between the various carbonate, hornfels and marble units. Further seismic surveying may be utilized in the future to develop additional structural understanding on the property.

During 2016, the Company engaged Geotech Ltd. to carry out reprocessing and reinterpretation of the Company’s geophysical data to enhance structural interpretation of the property. This data was received in Q3 2016 and will be used going forward in enhancing the understanding of geology in the area as well as integrated into targeting for the current drill program.

Plans

During 2016, the Company commenced a 25,000 metre surface and underground drilling program at Platosa with three objectives:

- Short term: Define and delineate additional high-grade mineralization around existing mine infrastructure by drilling around the edges of the defined resource, upgrading parts of the inferred resource and testing new exploration theories around the current footprint of the mine.
- Medium term: Continue to grow and explore the resource base, particularly where it remains open, such as on the NE-1 corridor with the aim of discovering new independent massive sulphide deposits.
- Long term: Improve regional understanding of the Platosa concessions and define and delineate additional targets with the intention of defining a second resource on the property.

Recent Results

At the end of the year the Company had completed approximately 3,500 metres of the program. Initial results from this program and results of drilling from surface and underground include:

DDH No.	Interval(1)		Interval(2)	Au	Ag	Pb	Zn	AgEq(3)
	From (m)	To (m)	metres	g/t	g/t	%	%	g/t
EX16UG274	23.00	36.00	13.00	0.57	662	4.92	25.53	1,886
PH16-13	7.16	9.93	2.77	-	773	11.77	6.27	1,438
PH15-03	23.23	23.60	0.37	-	2991	5.01	4.81	3,357
PH15-04	29.47	29.80	0.33	-	2272	18.60	1.55	2,992
PH16-19 A	22.12	22.54	0.42	-	1751	6.73	3.32	2,132
EX16LP1100	90.75	92.90	2.15	-	167	1.18	1.92	276
EX16LP1101	94.66	96.49	1.83	-	115	1.01	1.90	226

(1) From-to intervals are measured from the drill collar, with drill holes marked UG or PH drilled from underground stations.
(2) All intervals are reported as core length. Further geologic information is required to estimate true thicknesses.
(3) AgEq in drill results assumes $17.50 Ag, $1,265 Au, $0.90 Pb and $1.01 Zn with 100% metallurgical recovery.

Results of the program to date are indicative of the near mine potential at La Platosa, with EX16UG274 extending the edges of known mineralization at the 623 Manto by approximately 25 metres. In addition, drilling from surface (EX16LP1100 & 1101) continued to define mineralization that could be related to nearby high-grade mantos, which are the target of the initial part of the drill program.

Exploration through Q1 2017 continued to focus on expansion of the current manto footprint at Platosa. Regional compilation work continued with new targeting and resampling conducted at regional targets such as Saltierra, which lies to the north west of the Platosa Mine. The Company is also applying for additional drill pad permits on the Platosa property to support evolving exploration plans.

The Company has initiated structural studies to improve the structural framework and understanding of the Platosa Mine and regional exploration targets. Company geologists are also relogging and better defining controls on structures bearing sulphide mineralization property-wide to improve integration of historical results with revised geological work and update geophysical interpretations and targeting carried out by the Company in H2 2016 and Q1 2017.

Results of the Platosa exploration programs can be viewed on the Company's website or under the Company's profile on SEDAR at www.sedar.com.

Miguel Auza Property

The Company's 14,000 ha Miguel Auza property lies on the eastern flank of the Fresnillo Mexican Silver Trend some 150-200 km north of Fresnillo and Zacatecas City, both of which areas have been and continue to be the source of a large percentage of Mexican silver, lead and zinc production. The property covers numerous high- and low-sulphide epithermal veins carrying silver, gold, lead, and zinc. The property has been the site of a large amount of historic mining since Colonial times and as recently as 2008 when Silver Eagle Mines Inc. carried out mining and milling on the Calvario Vein system.

The Company carried out a modest exploration program at Miguel Auza in 2009 and 2010 and while certain areas were highlighted as meriting further early-stage exploration work, a decision was made to concentrate the Company's exploration activities at Platosa. The Company periodically reviews the potential of Miguel Auza, including the potential of the Miguel Auza Mine, which has been closed since December 2008.

The Company is currently re-evaluating the exploration potential at Miguel Auza where a historical endowment of 23 million ounces of indicated resource as well as a further 11 million ounces of inferred resource were defined. A technical report and subsequent mining operation were completed and commenced in 2008. The Company believes that most of the mineralization encountered to date have occurred on conjugate structures to the main Fresnillo trend and that further exploration potential exists deeper down below the existing resource where dilutional features have been observed in modelling and along under explored north west trending structures which are the preferred dilutional orientation for deposits within this trend.

Exploration Outlook

Drilling throughout 2017 will look to further define high-grade mantos at Platosa and structural targets in the NE-1 and 6A areas, both of which exhibit potential for vertical feeder zones. These targets are currently being evaluated and planned as part of a larger data compilation and integration effort with particular focus on mineral and metal zonation and structural indicators of feeder zones.

Qualified Person

Mr. Ben Pullinger, BSc., PGeo., Excellon's Vice President of Geology has acted as the Qualified Person, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information contained in this MD&A.

Mr. Pullinger is an economic geologist who was appointed by the Company during Q3 2016. Prior to joining Excellon, he worked as Vice President, Exploration at Roxgold Inc., where he made a significant contribution to the growth of the company from resource stage through to production, which was reached in Q2 2016. Before Roxgold, Mr. Pullinger was engaged as a sell side analyst providing analysis and insight to buy side clients across North America. Additionally, Mr. Pullinger has worked on projects in North and South America, Africa and Asia and has made contributions to enhancing value through discovery, development and efficient operations on various projects in these regions.

RELATED PARTY TRANSACTIONS

The corporate secretary of the Company is a partner in a firm that provides legal services to the Company. During Q1 2017, the Company incurred legal services of $10,000 (Q1 2016 – $20,000). As at March 31, 2017, the Company had an outstanding payable balance of $7,000 (March 31, 2016 – $150,000).

RISK AND UNCERTAINITIES

The Company's business entails exposure to certain risks, including but not limited to: metal price risk since the Company derives its revenues from the sale of silver, lead and zinc; foreign exchange risk since the Company reports in United States dollars but operates in jurisdictions that use other currencies; the inherent risk of uncertainties in estimating Mineral Resources; political risk associated with operating in foreign jurisdictions; environmental risks and risks associated with labour relations issues. The current or future operations of Excellon including ongoing commercial production are or will be governed by and subject to federal, state and municipal laws and regulations regarding mineral taxation, mineral royalties and other governmental charges. Any change to the mineral taxation and royalty regimes in the jurisdictions in which Excellon operates or plans to operate could have an adverse financial impact on the Company's current and planned operations and the overall financial results of the Company, the extent of which cannot be predicted. Further factors affecting the Company are described in the AIF.

SUBSIDIARY CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The Company has implemented a system of corporate governance, internal controls over financial reporting, and disclosure controls and procedures that apply at all levels of the Company and its subsidiaries. These systems are overseen by the board of directors of the Company, and implemented by the Company's senior management. The relevant features of these systems include:

Control Over Subsidiaries

The Company's corporate structure has been designed to ensure that the Company controls, or has a measure of direct oversight over, the operations of its subsidiaries. The Company's subsidiaries are 100% beneficially owned, controlled or directed, directly or indirectly, by the Company. The Company, as the ultimate shareholder, has internal policies and systems in place which provide it with visibility into the operations of its subsidiaries, including its subsidiaries operating in emerging markets, and the Company's management team is responsible for monitoring the activities of the subsidiaries.

In addition, the Company directly controls the appointments of the directors and officers of its subsidiaries. The directors of the Company's subsidiaries are ultimately accountable to the Company as the shareholder appointing him or her, and the board of directors of the Company and its senior management. Further, the annual budget, capital investment and exploration program in respect of the Company's mineral properties are established by the Company.

Further, the authorized signing officers for the bank accounts of the foreign subsidiaries are either employees of the Company or employees of the subsidiaries, as the case may be.

All of the minute books and corporate records of the Company's subsidiaries are kept at the offices of local corporate secretarial services in the respective jurisdictions in which such subsidiaries exist. All disbursements of corporate funds and operating capital to subsidiaries of the Company are reviewed and approved by the Chief Executive Officer and the Chief Financial Officer of the Company and are based upon pre-approved budgeted expenditures.

In connection with the acquisition, ownership and disposition of material property interests in Mexico, including mining concessions and real property interests, the Company engages a reputable law firm located in Mexico to periodically conduct a review of the Company's ownership of its material property interests. In respect of other assets, such as equipment or materials purchased by its foreign subsidiaries, the Company has enacted internal control procedures to ensure that all appropriate documentation is obtained for the legal transfer of assets to the Company (or its applicable subsidiary). The Company and its local legal counsel are familiar with the nature of transactions customary in the Mexican mining industry which allows them to identify and ensure that ownership of property interests and other assets is legally valid.

Strategic Direction

While the mining operations of each of the Company's subsidiaries are managed locally, the board of directors of the Company is responsible for the overall stewardship of the Company and, as such, supervises the management of the business and affairs of the Company (and its subsidiaries). More specifically, the board of directors of the Company is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are material to the Company including those of its material subsidiaries.

The Company has ensured that only the Chief Executive Officer and the Chief Financial Officer of the Company have the authority to authorize the sale or disposition of the property of the Company's foreign subsidiaries in order to protect the Company's interests and to ensure that appropriate authorization of material asset transactions has been provided. In addition, the Company has established a series of internal control procedures to govern the operation of the foreign subsidiaries and has granted certain limited powers of attorney to employees who are involved with the management of the foreign subsidiaries in order to allow such individuals to operate the day-to-day operations of the foreign subsidiaries.

Internal Control Over Financial Reporting

The Company prepares its consolidated financial statements and management's discussion and analysis on a quarterly and annual basis, using International Financial Reporting Standards, which require financial information and disclosures from its subsidiaries. The Company implements internal controls over the preparation of its financial statements and other financial disclosures to provide reasonable assurance that its financial reporting is reliable and that the quarterly and annual financial statements and management's discussion and analysis are being prepared in accordance with International Financial Reporting Standards and applicable Canadian securities laws.

All public documents and statements relating to the Company and its subsidiaries containing material information (including financial information) are reviewed by senior management, including the Chief Executive Officer and the Chief Financial Officer before such material information is disclosed, to make sure that all material information has been considered by management of the Company and properly disclosed.

The Company currently sells its metal concentrates to two purchasers, both global commodities traders. Upon completion of the sale of such metal concentrates, the purchasers deposits the proceeds into an account in Mexico that is controlled from Toronto by the Chief Executive Officer and Chief Financial Officer of the Company. In order to allow the utilization of the funds when appropriate, the Company has granted certain members of management located in Mexico powers of attorney. Notwithstanding the foregoing, upon the receipt of funds from the purchaser, the majority of such funds received by the foreign subsidiaries are immediately transferred to the Company's Canadian bank accounts, with only sufficient funds required to fund day-to-day operations of the foreign subsidiaries retained in the foreign subsidiaries' bank accounts.

These systems of corporate governance, internal control over financial reporting and disclosure controls and procedures are designed to ensure that, among other things, the Company has access to all material information about its subsidiaries, including those operating in emerging markets.

Local Laws and Government Relations

The Company hires and engages local experts and professionals (i.e. legal and tax consultants) to advise the Company with respect to current and new regulations in Mexico in respect of banking, financial, tax, permitting and operational matters. The Company utilizes large, established and well recognized financial institutions in both Canada and Mexico. There are no material differences between day-to-day banking operations in Mexico and those in Canada. The government of Mexico regulates mining activities through the Ministry (Secretariat) of Mining. The Company uses local counsel and local consultants to assist it with its government and community relations.

Enforcement of Judgments

All of the Company's material assets (i.e. permits, land, equipment, etc.), other than its unallocated cash (which is maintained with Canadian chartered bank) are located in Mexico. An investor's cause of action under Canadian securities laws would be against the Company, not against any of its subsidiaries outside of Canada. Accordingly, any investor with jurisdiction to do so is entitled to file suit against the Company in order to exercise its statutory rights and remedies under Canadian securities laws. The location of the assets does not affect this right, although the presence of the Company's cash resources in Canada would, if any suit were ever successful, provide an investor with the potential option to enforce against a material pool of assets in Canada. That said, to the extent the Company's cash resources are advanced to the Company's foreign subsidiaries, investors may have difficulty collecting from and enforcing against the Company and its foreign subsidiaries any judgments obtained in Canada.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Management has designed and implemented internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO", 2013).

Management has designed disclosure controls and procedures ("DC&P") to provide a reasonable assurance that (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. There were no changes in ICFR during the first quarter of 2017.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39, "Financial instruments: recognition and measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, Revenue from contracts with Customers ("IFRS 15") was issued by the IASB in May 2014. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 16, Leases ("IFRS 16") was issued on January 13, 2016. The new standard brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

The Company plans to adopt these IFRS accounting standards when these standards become effective, if applicable.

ADDITIONAL SOURCES OF INFORMATION

Additional disclosures pertaining to the Company, including its most recent audited and unaudited interim financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedar.com or on the Company's website at www.excellonresources.com.

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation and applicable U.S. securities laws. Except for statements of historical fact relating to the Company, such forward-looking statements include, without limitation, statements regarding the future results of operations, performance and achievements of the Company, including potential property acquisitions, the timing, content, cost and results of proposed work programs, the discovery and delineation of mineral deposits/resources/reserves, geological interpretations, the potential of the Company's properties, proposed production rates, potential mineral recovery processes and rates, business plans and future operating revenues. Forward-looking statements are made based on management's beliefs, estimates, assumptions and opinions on the date the statements are made. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct and the Company undertakes no obligation to update forward-looking statements. Forward-looking statements are typically identified by words such as: believes, expects, anticipates, intends, estimates, targets, plans, postulates, and similar expressions, or are those which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward-looking statements as a result of various risk factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, significant downward variations in the market price of any minerals produced (particularly silver), the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies. A description of the risk factors applicable to the Company can be *found in the AIF under "Description of the Business – Risk Factors." All of the Company's public disclosure filings may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties, and particularly the latest NI 43-101-compliant technical report, dated July 9, 2015, prepared by Roscoe Postle Associates Inc. with respect to the Platosa Property. This document is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.*

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

The terms "Measured," "Indicated" and "Inferred" Mineral Resources used or referenced in this MD&A are defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves. The CIM standards differ significantly from standards in the United States. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category or that Mineral Resources will ever be upgraded to Mineral Reserves. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies other than a Preliminary Economic Assessment ("PEA"). United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable, or that a Measured or Indicated Mineral Resource is economically or legally mineable.

Cautionary Note to United States Investors regarding Adjacent or Similar Properties

This MD&A may also contain information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises United States investors that the United States Securities and Exchange Commission's mining guidelines strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company's properties.