

# EXCELLON

## **EXCELLON RESOURCES INC.**

20 Victoria Street, Suite 900, Toronto, Ontario Canada M5C 2N8

### **Notice of Annual Meeting of Shareholders & Management Information Circular**

April 29, 2014

4:00 p.m. (Toronto time)

330 Bay Street  
Toronto, Ontario

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# EXCELLON RESOURCES INC.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual meeting (the “**Meeting**”) of shareholders of Excellon Resources Inc. (“**Excellon**” or the “**Corporation**”) will be held at 330 Bay Street, Toronto, Ontario, on Tuesday, the 29<sup>th</sup> day of April, 2014 at the hour of 4:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2013 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. to elect directors;
3. to re-appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration;
4. to consider, and if thought advisable, to approve an ordinary resolution ratifying, confirming and approving the deferred share unit plan approved by the Board of Directors of the Corporation (the “**Board**”) on December 11, 2013, as amended and restated on March 25, 2014;
5. to consider, and if thought advisable, to approve an ordinary resolution ratifying, confirming and approving the restricted share unit plan approved by the Board on December 11, 2013, as amended and restated on March 25, 2014;
6. to consider, and if thought advisable, to approve an ordinary resolution ratifying, confirming and approving the advance notice by-law of the Corporation; and
7. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice is a Management Information Circular (the “**Circular**”), a form of proxy and a request form to receive annual and interim financial statements and management discussion and analysis. The accompanying Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy in accordance with the procedures described in the Circular accompanying this Notice. Those who are unable to attend the meeting are requested to read, complete, sign and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular accompanying this Notice.

DATED at Toronto, Ontario, this 26<sup>th</sup> day of March, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed)* “Peter A. Crossgrove”

Peter A. Crossgrove  
Executive Chairman

# EXCELLON RESOURCES INC.

## MANAGEMENT INFORMATION CIRCULAR

(Containing information as at March 26, 2014 unless indicated otherwise)

### SOLICITATION OF PROXIES

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Excellon Resources Inc. (“**Excellon**” or the “**Corporation**”) for use at the Annual Meeting of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation and any adjournment thereof to be held at 4:00 p.m. (Toronto time) on Tuesday, April 29, 2014 (the “**Meeting**”) at the place and for the purposes set forth in the accompanying notice of Meeting. The enclosed proxy is being solicited by the management of the Corporation. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by facsimile or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from Shareholders.

The contents and the sending of this Circular have been approved by the directors of the Corporation. All dollar amounts referenced are expressed in Canadian dollars. All references to the Corporation shall include its subsidiaries as the context may require.

### APPOINTMENT OF PROXYHOLDER

The individuals named as proxyholders in the accompanying form of proxy are directors and/or officers of the Corporation. **A REGISTERED SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND SIGNING AND DATING THE PROXY, OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by COMPUTERSHARE INVESTOR SERVICES INC. (“**Computershare**”), Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not less than forty eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or, with respect to any matters to be dealt with at any adjournment of the Meeting, before the time of the commencement of the adjourned Meeting. Proxies delivered after such time(s) will not be accepted.

### REVOCAION OF PROXIES

A Shareholder who has given a proxy may revoke it prior to its use by an instrument in writing executed by the Shareholder or by his attorney duly authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of such corporation, and delivered to the registered office of the Corporation, at 20 Victoria Street, Suite 900, Toronto, Ontario, Canada, M5C 2N8 (Attention: Chief Financial Officer) at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, preceding any reconvening thereof, or to the Chairman of the Meeting on the day of the meeting or, if adjourned, any reconvening thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### VOTING OF PROXIES

The Common Shares represented by a properly executed proxy in favour of persons designated as proxyholders in the enclosed form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be called for; and

- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specifications made on such proxy.

SUCH SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED, OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED, AS DIRECTED BY THE SHAREHOLDER.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxyholder thereunder to vote with respect to amendments or variations of matters identified in the notice of Meeting, and with respect to any other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated by management as proxyholders in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, the management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

### INFORMATION FOR NON-REGISTERED SHAREHOLDERS

**Only registered Shareholders or proxyholders duly appointed by registered Shareholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their Common Shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered Shareholders are entitled to vote at the Meeting.** If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in such shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depositary Services Inc., which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the brokers’ clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate the responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge well in advance of the Meeting) in order to have the Common Shares voted.**

This Circular and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBO’s**”) and those who do

not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBO’s**”). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers*, issuers may request and obtain a list of their NOBO’s from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

The Corporation’s OBO’s can expect to be contacted by Broadridge or their broker or their broker’s agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the proxy or voting instruction card provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in this Circular and the accompanying form of proxy and notice of Meeting are to registered Shareholders unless specifically stated otherwise.

#### INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, no person who has been a director or executive officer of the Corporation at any time since January 1, 2013, being the beginning of the Corporation’s last completed financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has or has had any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

#### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As at March 26, 2014, the Corporation had 54,984,197 issued and outstanding Common Shares. Only Shareholders of record at the close of business (Toronto time) on March 11, 2014 (the “**Record Date**”) who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Common Shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a Shareholder or as a representative of one or more corporate Shareholders will have one vote, and on a poll every Shareholder present in person or represented by a valid proxy and every person who is a representative of one or more corporate Shareholders will have one vote for each share registered in that Shareholder’s name on the list of Shareholders, which is available for inspection during normal business hours at Computershare and will be available at the Meeting. Shareholders represented by proxyholders are not entitled to vote on a show of hands.

To the knowledge of the directors and executive officers of the Corporation, the following are the only persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying more than ten percent (10%) of the voting rights attached to all outstanding Common Shares:

Name of the Holder	Number of Shares <sup>(1)</sup>	Percentage
Sprott Asset Management Inc.	7,077,784	12.87

Note:

<sup>(1)</sup> As confirmed by Sprott Asset Management Inc. to the Corporation on February 28, 2014.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### GENERAL

Unless otherwise directed, it is the intention of management's proxyholders to vote proxies in favour of the resolutions set forth herein. **All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the Shareholders. Special resolutions require, for the passing of same, a two-thirds majority of votes cast at the Meeting by the Shareholders.**

### 1. RECEIPT OF FINANCIAL STATEMENTS AND AUDITORS REPORT

The consolidated Financial Statements of the Corporation for the financial year ended December 31, 2013 and the accompanying auditors' report thereon will be presented to the Shareholders at the Meeting. A copy of the consolidated Financial Statements has been mailed to each Shareholder of record as of the Record Date who has requested to receive such materials. A copy is also available online at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

### 2. ELECTION OF DIRECTORS

There are eight (8) directors to be elected at the Meeting.

The term of office of each of the present directors expires immediately prior to the election of directors at the Meeting. **The persons named below will be presented for election at the Meeting as management's nominees and management's proxyholders will vote FOR the election of these nominees, unless otherwise instructed on the proxy form.** Management does not contemplate that any of these nominees will be unable to serve as a director and all proposed directors have confirmed their willingness to continue to serve as directors. Each director elected will hold office until the next annual general meeting of the Corporation or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Corporation or the provisions of the *Business Corporations Act* (Ontario) ("OBCA").

The following table and notes thereto sets out the name of each person proposed to be nominated by management for election as a director, the province or state and country in which he or she is ordinarily resident, all offices of the Corporation now held by him or her, his or her principal occupation, the period of time for which he or she has been a director of the Corporation and the number of Common Shares beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at March 26, 2014:

Name, Position, and Province/State & Country of Residence <sup>(1)</sup>	Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>	Director Since	Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup>
<b>PETER A. CROSSGROVE</b> Executive Chairman, Director Ontario, Canada	Chairman and Chief Executive Officer of the Corporation from April 2008 to July 2011 and from June 2012 to March 2013; Director of Lake Shore Gold Corp. since 2009; Co-Chairman and Lead Director of Detour Gold Corporation since 2009; Director of Pelangio Exploration Inc. since 2008; Trustee of Dundee Real Estate Investment Trust since 2003 and Dundee Industrial REIT since October 2012; Director of Nordex Explosives Inc. since June 2012; Director of Orbite Aluminae Inc. since May 2013. Former director of	January 25, 2005	739,213 Common/ 38,158 DSUs

Name, Position, and Province/State & Country of Residence <sup>(1)</sup>	Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>	Director Since	Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup>
	Barrick Gold Corporation (from 1993 to 2012), QLT Inc. (from 1990 to 2012), Lateegra Gold Corp. (from 2010 to 2011); Former Chairman of the Canadian Association of Provincial Cancer Agencies.		
<b>THOR E. EATON</b> <sup>(4)(5)</sup> Director Ontario, Canada	Businessman; Chairman of Notae Investments Ltd. since 1998; Trustee of The Thor E. & Nicole Eaton Family Charitable Foundation since 1999; Director of Metaris Inc. since 1993; Director of Nordex Explosives Ltd. since June 2012; Director of Pelangio Exploration Inc. since May 2013; Director of Lateegra Gold Corp. from 2010 to 2011; Director of Attwell Capital Inc. from June 2009 to September 2010; Director of West Timmins Mining Inc. from September 2006 to November 2009; Director of Fralex Therapeutics from March 2005 to June 2009.	August 8, 2011	1,169,347 Common/ 18,860 DSUs
<b>ANDRÉ Y. FORTIER</b> <sup>(2)(4)(5)</sup> Director Québec, Canada	Corporate Director. Former SVP of Noranda and CEO of Kerr Addison Mines Inc. Former President & Chief Executive Officer, Campbell Resources Inc. June 2001 until December 2009.	March 16, 2005	185,600 Common/ 21,271 DSUs
<b>ALAN R. MCFARLAND</b> <sup>(2)(3)(5)</sup> Director New York, U.S.A.	Businessman; Managing Member of McFarland Dewey Company, LLC since 1989. Former director of Placer Dome Inc. and Masonic International Inc. Founding Director of the World Resources Institute.	November 23, 2006	75,000 Common/ 19,298 DSUs
<b>TIMOTHY J. RYAN</b> <sup>(2)(3)(4)</sup> Director British Columbia, Canada	Businessman; Founder and President of First General Securities Inc. since 1982. Director of Lateegra Gold Corp. from 2010 to 2011.	March 27, 2006	250,835 Common/ 22,807 DSUs
<b>OLIVER FERNÁNDEZ</b> <sup>(5)</sup> Director Mexico City, Mexico	Businessman; Founder and President of Grupo Empresarial Maestro, S.A. de C.V. (Crédito Maestro).	October 25, 2012	18,500 Common/ 16,667 DSUs
<b>JOANNE FERSTMAN</b> <sup>(2)(3)</sup> Director Ontario, Canada	Businesswoman; Chair of Dundee Industrial REIT; Chair of Dundee REIT; Director of Osisko Mining Corporation and Aimia Inc.; Former President and CEO of Dundee Capital Markets Inc. (until June 2012), Vice-Chair and Head of Capital Markets of DundeeWealth Inc.; and, prior to 2009, Executive Vice President and CFO of DundeeWealth Inc. and Executive Vice President, CFO and Corporate Secretary of Dundee Corporation.	April 30, 2013	60,000 Common/ 19,298 DSUs

Name, Position, and Province/State & Country of Residence <sup>(1)</sup>	Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>	Director Since	Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup>
<b>BRENDAN CAHILL</b> President, Chief Executive Officer and Director Ontario, Canada	President of the Corporation since November 2012 and Chief Executive Officer since March 2013; previously Executive Vice President from July 2012; former Vice President Corporate Development and Corporate Secretary of Pelangio Exploration Inc. (until July 2012), Corporate Secretary of Pelangio Mines Inc. (until Mar. 2009); director of Lateegra Gold Corp. (until Aug. 2011). Member of the Young Presidents Organization.	April 30, 2013	68,230 Common/ 87,719 RSUs

**Notes:**

- (1) The information, not being within the knowledge of the Corporation, has been furnished by the respective director
- (2) Member of the Audit Committee
- (3) Member of the Nominating and Corporate Governance Committee
- (4) Member of the Compensation Committee
- (5) Member of the Health, Safety & Environmental Committee

**Majority Voting Policy**

On March 25, 2014, the Board adopted a majority voting policy (the “**Majority Voting Policy**”) with immediate effect. A copy of the Majority Voting Policy is also available on the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com).

The Majority Voting Policy requires that any nominee for director who receives a greater number of votes “withheld” than “for” his or her election, in an uncontested election, shall immediately tender his or her resignation to the Chairman of the Board for consideration by the Nominating and Corporate Governance Committee (the “**NCGC**”). The NCGC shall consider the resignation in accordance with the Majority Voting Policy and shall recommend to the Board whether or not it should be accepted. The Board shall act on the recommendations of the NCGC within 90 days following the Shareholders’ meeting and disclose its decision by way of press release. No director who, in accordance with the Majority Voting Policy, is required to tender his or her resignation, shall participate in the NCGC’s deliberations or recommendation. However, such director shall remain active and engaged in all other Board and committee activities, deliberations and decisions during the NCGC process. If a majority of the members of the NCGC received votes “withheld” in the same election, or the number of NCGC members who received a vote “withheld” in the same election is greater than quorum of the NCGC, the independent directors then serving on the Board who received a greater number of votes “for” their election than votes “withheld” will appoint an *ad hoc* Board committee from amongst themselves to consider the resignations. If a resignation is accepted, the Board may, in accordance with the provisions of the OBCA, (i) leave the vacancy in the Board unfilled until the next annual meeting of Shareholders, (ii) reduce the size of the Board, (iii) fill the vacancy created by the resignation by appointing a new director whom the Board considers to merit the confidence of Shareholders, or (iv) call a special meeting of Shareholders to consider new board nominee(s) to fill the vacant position(s).

Each of the current directors has agreed to abide by the provisions of the Majority Voting Policy and any subsequent candidate nominated by management will, as a condition of such nomination, be required to abide by the Majority Voting Policy. In the event that any director who received a majority of votes “withheld” does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by the Board.

**Corporate Cease Trade Orders or Bankruptcies**

To the best of the Corporation’s knowledge, none of the nominees is, as at the date of this Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that: (i) was subject to a cease trade or similar order or an order that

denied the relevant company access to any exemption under securities legislation, in any case that was in effect for more than 30 consecutive days (an “**order**”) that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

### **Personal Bankruptcies**

To the best of the Corporation’s knowledge, except as noted below, none of the nominees is, as at the date of this Circular, or has been within the 10 years before the date hereof, (i) a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the nominee.

André Y. Fortier was the President and Chief Executive Officer of Campbell Resources Inc., which made application under the Companies’ Creditors Arrangements Act in January 2009. Mr. Fortier was also President of Campbell’s subsidiary, Meston Resources Inc., which made a petition for bankruptcy in October 2008.

### **Penalties and Sanctions**

To the best of the Corporation’s knowledge, none of the nominees has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **3. RE-APPOINTMENT OF AUDITORS**

PricewaterhouseCoopers LLP were first appointed auditors of the Corporation on October 22, 2009. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote **FOR** the re-appointment of PricewaterhouseCoopers LLP, as the auditors of the Corporation to hold office until its successor is appointed and to authorize the directors to fix their remuneration.

## **4. DSU PLAN**

The Board of Directors of the Corporation (the “**Board**”) adopted a deferred share unit plan (the “**DSU Plan**”) dated effective December 11, 2013, as amended on March 25, 2014, the particulars of which are described below. The Board is seeking Shareholder ratification of the DSU Plan, as amended.

The purpose of the DSU Plan is to provide directors, officers and employees of the Corporation (a “**DSU Participant**”) with the opportunity to acquire deferred share units (“**DSUs**”) with a view to enabling them to participate in the long-term success of the Corporation by promoting a greater alignment of interests between the DSU Participants and the Shareholders. The DSU Plan, as amended, will be available for inspection and placed before the Shareholders for approval at the Meeting. The DSU Plan will also be posted on the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com).

The DSU Plan is administered by the compensation committee of the Board (the “**Compensation Committee**”) under the supervision of the Board. Under the DSU Plan, the Compensation Committee grants DSUs (a “**DSU Award**”) to DSU Participants based on its assessment of the anticipated contribution of such DSU Participant to the success of the Corporation. The Compensation Committee also determines the effective date of the DSU Award, the number of DSUs to be allocated, the terms and conditions of vesting, and such other terms and conditions which the Compensation Committee considers appropriate, subject to confirmation by the Board.

Each DSU Award entitles the DSU Participant to receive, subject to adjustment as provided for in the DSU Plan, a lump sum cash payment or, at the Corporation's discretion, Common Shares equal to the whole number of DSUs credited to the DSU Participant plus a cash settlement for any fraction of a DSU. DSU Awards vest upon the dates selected by the DSU Participant following the date the DSU Participant ceases to be a director, officer or employee of the Corporation (the "**Settlement Date**"). Subject to any conditions imposed by the Compensation Committee, each Settlement Date shall not be: (a) before the later of: (i) 15 days after the date on which an election for Settlement Date is filed with the Corporation, and (ii) 30 days after the date on which for any reason a DSU Participant ceases to be a director, officer or employee of the Corporation; and (b) later than December 15th of the calendar year commencing immediately after the DSU Participant ceases to be a director, officer or employee of the Corporation. Unless the Board determines otherwise, if the employment of a DSU Participant with the Corporation is terminated, with or without cause, or such DSU Participant resigns before a DSU has vested, the DSU Participant shall have no right to any cash payment or Common Shares in respect of such DSU.

DSUs are akin to phantom shares that track the value of the underlying Common Share, but do not entitle the DSU Participant to the underlying Common Shares, nor do they entitle a DSU Participant to exercise voting rights or any other rights attaching to ownership or control of the Common Shares, until the DSU vests and the DSU Participant receives Common Shares. DSUs and all other rights, benefits or interests in the DSU Plan are non-transferrable (other than to the DSU Participant's beneficiary or estate, as the case may be, upon the death of the DSU Participant).

For the purposes of the DSU Plan, the value of the DSU on the Settlement Date is the market price, being the volume-weighted average price of the Common Shares on the Toronto Stock Exchange ("**TSX**") for the five trading days immediately preceding such Settlement Date, but if the Common Shares did not trade on such trading days, the market price shall be average of the bid and ask prices in respect of the Common Shares at the close of trading on such trading day.

At the time of adoption of the DSU Plan, DSU Awards were designed to be settled by a cash payment or the delivery of Common Shares obtained through the facilities of the TSX. The Board determined that it was beneficial to amend the DSU Plan to provide the Corporation with the option of settling DSU Awards through the treasury issuance of Common Shares. In the opinion of the Board, this has the benefit of enabling the Corporation to better manage cash flow upon DSU settlements. In the case of settlement of a DSU Award for Common Shares, the Corporation has now the option to issue from treasury one Common Share for each DSU held by the DSU Participant eligible to redeem a DSU.

The Corporation may from time to time impose trading blackouts during which some or all DSU Participants may not trade in the securities of the Corporation. In the event that a trading blackout is imposed by management or the Board, DSU Participants are prohibited from buying, selling or otherwise trading in securities of the Corporation until such time as notice is formally given by the Corporation that trading may resume. If the Settlement Date of any Award of DSUs falls within such a blackout period, it shall be automatically extended to the date which is five business days following the end of such blackout period.

The Board may, at any time and from time to time, without the consent of any DSU Participant, amend or terminate the DSU Plan; provided, however, that no such amendment may, unless required by law, adversely affect the rights of any DSU Participant. Without limiting the generality of the foregoing, the Board may make the following amendments to the DSU Plan without obtaining shareholder approval:

- a) amendments to the terms and conditions of the DSU Plan necessary to ensure that the DSU Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the TSX in place from time to time;
- b) amendments to the provisions of the DSU Plan respecting administration of the DSU Plan and eligibility for participation under the DSU Plan;

- c) amendments to the provisions of the DSU Plan respecting the terms and conditions on which DSU Awards may be made pursuant to the DSU Plan;
- d) amendments to the DSU Plan that are of a "housekeeping" nature; and
- e) any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX.

The Board may not, without the approval of the Corporation's shareholders, make the following amendments to the DSU Plan:

- a) an increase to the DSU Plan maximum or the number of Common Shares reserved for issuance under the DSU Plan;
- b) amendment provisions granting additional powers to the Board to amend the DSU Plan or entitlements thereunder;
- c) extension of the termination or expiry of an DSU Award or the removal or increase of insider participation limits; and
- d) a change to the definition of "Eligible Participant".

The Board has determined that the maximum number of Common Shares available for issuance upon the vesting of DSUs, combined with the number of Common Shares issuable under all security-based compensation arrangements of the Corporation (including the Corporation's Stock Option Plan, DSU Plan and RSU Plan), will not exceed 10% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares issuable at any time and issued within any one-year period to insiders of the Corporation under all security-based compensation arrangements, including the DSU Plan and the RSU Plan, cannot exceed 10% of the issued and outstanding Common Shares although the number of Common Shares then available for grant under the Corporation's Stock Option Plan would increase.

The maximum aggregate value of DSU Awards granted under the DSU Plan to any non-employee director in a one-year period combined with the value of all grants under other security-based compensation arrangements of the Corporation in such one-year period shall not exceed \$150,000, provided the value of options granted under any stock option plan of the Corporation shall not exceed \$100,000. The foregoing limitations do not apply to grants made in lieu of directors' fees.

At the time of the adoption of the DSU Plan, the Board granted an aggregate of 172,587 DSUs to directors of the Corporation. As of the date hereof, there are 172,587 DSUs outstanding and the 172,587 Common Shares issuable on settlement of the outstanding DSUs represent approximately 0.31% of the currently issued and outstanding Common Shares.

***Prior Grants Under DSU Plan***

Name	Dollar Value	Number of DSUs <sup>(1)</sup>
Peter A. Crossgrove	43,500	38,158
Timothy J. Ryan	26,000	22,807
Thor E. Eaton	21,500	18,860
Ned Goodman	18,500	16,228
Oliver Fernandez	19,000	16,667
Joanne Fertman	22,000	19,298
Alan R. McFarland	22,000	19,298
Andre Y. Fortier	24,249	21,271

**Notes:**

- <sup>(1)</sup> The number of DSUs was calculated based on the \$1.14 closing price of the Common Shares on the TSX on December 10, 2013, the day prior to the date of the grant.

The DSU Plan, as amended, must be approved by at least a majority of the votes cast at the Meeting by Shareholders who vote in respect of approval of the DSU Plan (present in person or by proxy).

Based on the foregoing, Shareholders are being requested to consider and, if thought advisable, to pass the following ordinary resolution approving the DSU Plan, with or without variation:

“WHEREAS the Board of Directors has approved a deferred share unit plan dated December 11, 2013, as amended and restated on March 25, 2014, (the “**DSU Plan**”) as described in the Corporation’s management information circular for the Meeting held on April 29, 2014 (the “**Circular**”), subject to the approval of the Toronto Stock Exchange and the holders of Common Shares;

NOW BE IT RESOLVED that:

1. the DSU Plan, as approved by the Board of Directors, is hereby ratified, confirmed and approved;
2. the amendment to the DSU Plan providing for the treasury issuance of common shares of the Corporation upon redemption of deferred share units (“**DSUs**”) that are granted after the date hereof, substantially as incorporated in the form of the DSU Plan presented to the shareholders of the Corporation, is hereby approved, subject to such revisions as may be required by any stock exchange upon which the Corporation is listed from time to time, and any director or officer of the Corporation is hereby authorized and directed to settle the terms thereof and to execute and deliver for and on behalf of and in the name of the Corporation the DSU Plan and any other documents in relation thereto as may be approved by such director or officer (the “**DSU Plan Documents**”), and the DSU Plan Documents so executed shall be conclusively deemed to be the DSU Plan Documents authorized and approved by this resolution and the Corporation is authorized to perform its obligations under the DSU Plan and any associated DSU Plan Documents;
3. the prior issuances of DSUs in accordance with the DSU Plan, as disclosed in the Circular, are hereby ratified, confirmed and approved;
4. the unallocated entitlements under the DSU Plan are hereby approved and the Corporation will have the ability to grant DSUs under the DSU Plan until April 29, 2017;
5. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions; and
6. the directors be authorized in their sole discretion not to proceed with the DSU Plan, or to terminate the DSU Plan, without further approval from the shareholders.”

The Board has concluded that the DSU Plan, as amended, is in the best interests of the Corporation and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders approve the DSU Plan, as amended, by voting FOR this resolution at the Meeting.

**Proxies received in favour of management will be voted FOR the DSU Plan unless the Shareholder has specified in the proxy that his or her Common Shares are to be voted against such resolution. Where no choice is specified by a Shareholder, the proxy will confer discretionary authority and will be voted FOR the DSU Plan Resolution ratifying, confirming and approving the adoption of the DSU Plan and the amendments thereto.**

## 5. RSU PLAN

The Board adopted a restricted share unit plan (the “**RSU Plan**”) dated effective December 11, 2013, as amended on March 25, 2014, the particulars of which are described below. The Board is seeking Shareholder ratification of the RSU Plan, as amended.

The purpose of the RSU Plan is to allow the Corporation to attract and retain individuals with experience and exceptional skill, and to allow selected executives, key employees and consultants of the Corporation (an “**RSU Participant**”) to acquire restricted share units (the “**RSUs**”) with a view to enabling them to participate in the long-term success of the Corporation by promoting a greater alignment of interests between the Shareholders and the RSU Participants. The RSU Plan, as amended, will be available for inspection and placed before the Shareholders for approval at the Meeting. The RSU Plan will also be posted on the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com).

The RSU Plan is administered by the Compensation Committee under the supervision of the Board. Under the RSU Plan, the Compensation Committee recommends the RSU Participants to whom grants should be made (the “**Grant**”) based on the RSU Participant’s current and potential contribution to the success of the Corporation. The Compensation Committee determines the terms and conditions upon which a Grant is made, including any performance criteria attached to the Grant.

Upon vesting, each RSU entitles the RSU Participant to receive, subject to adjustments as provided for in the RSU Plan, one Common Share or payment in cash for the equivalent thereof. The terms and conditions of vesting of each Grant is determined by the Compensation Committee at the time of the Grant. The vesting of each Grant cannot extend beyond December 15th of the third calendar year after the year in which the Grant occurred. RSUs may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than to the RSU Participant’s beneficiary or estate, as the case may be, upon the death of the RSU Participant) during the vesting period. RSUs are akin to the DSUs and phantom shares that track the value of the underlying Common Shares, but do not entitle the recipient to the underlying Common Shares until such RSUs vest, nor do they entitle an RSU Participant to exercise voting rights or any other rights attaching to ownership or control of the Common Shares, until the RSU vests and the RSU Participant receives Common Shares.

At the time of adoption of the RSU Plan, Grants were designed to be settled by a cash payment or the delivery of Common Shares obtained through the facilities of the TSX. The Board determined that it was beneficial to amend the RSU Plan to provide the Corporation with the option of settling Grants through the treasury issuance of Common Shares. In the opinion of the Board, this has the benefit of enabling the Corporation to better manage cash flow upon RSU settlements. In the case of settlement of a Grant for Common Shares, the Corporation has now the option to issue from treasury one Common Share for each RSU held by the RSU Participant eligible to redeem a RSU.

In the event of a change in control of the Corporation, and unless otherwise determined by the Compensation Committee, or otherwise addressed in the RSU Participant’s employment or service contract or share compensation plan approved by the Board, with respect to each Grant outstanding on the effective date of such change in control, all RSUs shall vest as of the effective date of the change in control; and, provided that each RSU Participant is continuously employed by or providing services to the Corporation, such RSU Participant shall be entitled to receive from the Corporation, in full settlement of an RSU either a cash payment equal to the Special Value (as defined in the RSU Plan), or one CIC Share (as defined in the RSU Plan), or the number of Consideration Shares (as defined in the RSU Plan) rounded to the nearest whole number, that is equal to the sum of: (i) the number of Consideration Shares received by the Shareholders in respect of one Common Share; and (ii) the number of Consideration Shares that the Board determines represents the fair market value of any cash or other property received by the Shareholders of the Corporation in respect of one Common Share.

The Corporation may from time to time impose trading blackouts during which some or all RSU Participants may not trade in the securities of the Corporation. In the event that a trading blackout is imposed by management or the Board, RSU Participants subject to the blackout are prohibited from buying, selling or otherwise trading in securities of the Corporation until such time as notice is formally given by the Corporation that trading may resume. If the Effective Date (as defined in the RSU Plan) of any Grant falls within such a

blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period.

In the event of termination of employment without cause or the retirement or permanent disability of a RSU Participant, the RSU participant shall be entitled to the settlement of the pro rata portion of RSUs based on the proportion of the performance period worked prior to termination. Any remaining RSUs terminate. In the event of voluntary resignation or termination for cause of a RSU Participant, all RSUs outstanding immediately terminate. In the event of the death of a RSE Participant, the estate of the RSU Participant shall be entitled to receive on the subsequent settlement date the Common Shares to which the RSU Participant would have been entitled to receive on that date. All other outstanding RSUs terminate.

The Board may, at any time and from time to time, amend, suspend or terminate the RSU Plan in whole or in part. Subject to certain limited exceptions, the Compensation Committee may from time to time amend the terms of Grants made under the RSU Plan, subject to confirmation by the Board and the obtaining of any required regulatory or other approvals and, if any such amendment will materially adversely affect the rights of an RSU Participant with respect to a Grant, the obtaining of the written consent of such RSU Participant to such amendment. Without limiting the generality of the foregoing, the Board may make the following amendments to the DSU Plan without obtaining shareholder approval:

- a) amendments to the terms and conditions of the RSU Plan necessary to ensure that the RSU Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the TSX in place from time to time;
- b) amendments to the provisions of the RSU Plan respecting administration of the RSU Plan and eligibility for participation under the RSU Plan;
- c) amendments to the provisions of the RSU Plan respecting the terms and conditions on which Grants may be made pursuant to the RSU Plan;
- d) amendments to the RSU Plan that are of a "housekeeping" nature; and
- e) any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX.

The Board may not, without the approval of the Corporation's shareholders, make the following amendments to the RSU Plan:

- a) an increase to the RSU Plan maximum or the number of Common Shares reserved for issuance under the RSU Plan;
- b) amendment provisions granting additional powers to the Board to amend the RSU Plan or entitlements thereunder;
- c) extension of the termination or expiry of a Grant or the removal or increase of insider participation limits; and
- d) a change to the definition of "Designated Employee" or "Director".

The Board has determined that the maximum number of Common Shares available for issuance upon the vesting of RSUs, combined with the number of Common Shares reserved for issuance under all security-based compensation arrangements of the Corporation (including the Corporation's Stock Option Plan and DSU Plan), will not exceed 10% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance at any time and issued within any one-year period to insiders of the Corporation under all security-based compensation arrangements, including the DSU Plan and the RSU Plan, cannot exceed 10% of the issued and outstanding Common Shares although the number of Common Shares then available for grant under the Corporation's Stock Option Plan would increase.

At the time of the adoption of the RSU Plan, the Board granted an aggregate of 278,507 RSUs to officers and employees of the Corporation. As of the date hereof there are 278,507 RSUs outstanding and the 278,507 Common Shares issuable on settlement of the outstanding DSUs represent approximately 0.51% of the currently issued and outstanding Common Shares.

***Prior Grants Under RSU Plan***

<b>Name</b>	<b>Dollar Value</b>	<b>Number of RSUs<sup>(1)</sup></b>
<b>Brendan Cahill</b>	\$100,000	87,719
<b>Rupy Dhadwar</b>	\$55,000	48,245
<b>Robert Moore</b>	\$72,500	63,596
<b>John R. Sullivan</b>	\$55,000	48,245
<b>Ronald Marino</b>	\$35,000	30,702

**Notes:**

- <sup>(1)</sup> The number of RSUs was calculated based on the \$1.14 closing price of the Common Shares on the TSX on December 10, 2013, the day prior to the date of the grant.

The RSU Plan, as amended, must be approved by at least a majority of votes cast at the Meeting by the Shareholders who vote in respect of the approval of the RSU Plan (present in person or represented by proxy).

Based on the foregoing, Shareholders are being requested to consider and, if thought advisable, to pass the following ordinary resolution approving the RSU Plan, with or without variation:

“WHEREAS the Board of Directors has approved a restricted share unit plan dated December 11, 2013, as amended and restated on March 25, 2014 (the “**RSU Plan**”) as described in the Corporation’s management information circular for the Meeting held on April 29, 2014 (the “**Circular**”), subject to the approval of the Toronto Stock Exchange and the holders of Common Shares;

NOW BE IT RESOLVED that:

1. the RSU Plan, as approved by the Board of Directors, is hereby ratified, confirmed and approved;
2. the amendment to the RSU Plan providing for the treasury issuance of common shares of the Corporation upon redemption of restricted share units (“**RSUs**”) that are granted after the date hereof, substantially as incorporated in the form of the RSU Plan presented to the shareholders of the Corporation, is hereby approved, subject to such revisions as may be required by any stock exchange upon which the Corporation is listed from time to time, and any director or officer of the Corporation is hereby authorized and directed to settle the terms thereof and to execute and deliver for and on behalf of and in the name of the Corporation the RSU Plan and any other documents in relation thereto as may be approved by such director or officer (the “**RSU Plan Documents**”), and the RSU Plan Documents so executed shall be conclusively deemed to be the RSU Plan Documents authorized and approved by this resolution and the Corporation is authorized to perform its obligations under the RSU Plan and any associated RSU Plan Documents;
3. the prior issuances of RSUs in accordance with the RSU Plan, as disclosed in the Circular, are hereby ratified, confirmed and approved;
4. the unallocated entitlements under the RSU Plan are hereby approved and the Corporation will have the ability to grant RSUs under the RSU Plan until April 29, 2017;
5. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all

such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions; and

6. the directors be authorized in their sole discretion not to proceed with the RSU Plan, or to terminate the RSU Plan, without further approval from the shareholders.”

The Board has concluded that the RSU Plan, as amended, is in the best interests of the Corporation and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders approve the RSU Plan, as amended, by voting FOR this resolution at the Meeting.

**Proxies received in favour of management will be voted FOR the RSU Plan unless the Shareholder has specified in the proxy that his or her Common Shares are to be voted against such resolution. Where no choice is specified by a Shareholder, the proxy will confer discretionary authority and will be voted FOR the RSU Plan Resolution ratifying, confirming and approving the adoption of the RSU Plan.**

## 6. ADVANCE NOTICE BY-LAW

On March 25, 2014, the Board adopted an advance notice by-law (the “**Advance Notice By-Law**”), the full text of which is included as Schedule “A” to this Circular. In order for the Advance Notice By-Law to remain in effect following termination of the Meeting, the Advance Notice By-Law must be ratified, confirmed and approved at the Meeting, as set forth more fully below.

The purpose of the Advance Notice By-Law is to provide Shareholders, directors and management of the Corporation with direction on the procedure for Shareholder nomination of directors. The Advance Notice By-Law is the framework by which the Corporation seeks to fix a deadline by which holders of record of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form.

Subject only to the OBCA and the Articles of the Corporation, only persons who are nominated in accordance with the procedures set out in the Advance Notice By-Law and described below will be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of Shareholders, or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors:

- a) by or at the direction of the Board, including pursuant to a notice of meeting;
- b) by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the OBCA, or a requisition of the Shareholders made in accordance with the provisions of the OBCA; or
- c) by any person (a “**Nominating Shareholder**”):
  - A. who, at the close of business on the date of the giving of the notice provided for in the Advance Notice By-Law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
  - B. who complies with the notice procedures set forth in the Advance Notice By-Law.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.

To be timely, a Nominating Shareholder’s notice to the Corporate Secretary of the Corporation must be made: (a) in the case of an annual meeting of Shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of

Shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the 10th day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made. In no event shall any adjournment or postponement of a meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above. Notwithstanding the foregoing, the Board may, in its sole discretion, waive the time periods summarized above.

To be in proper written form, a Nominating Shareholder’s notice to the Corporate Secretary of the Corporation must set forth:

- a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the OBCA and applicable securities laws; and
- b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which the Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the OBCA and applicable securities laws.

No person will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-Law. Nothing in the Advance Notice By-Law shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of directors) at a meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the OBCA. The Chairman of the meeting has the power and duty to determine whether a nomination was made in accordance with the Advance Notice By-Law and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

The Board may, in its sole discretion, waive the application of the Advance Notice By-Law.

If the Advance Notice By-Law is approved at the Meeting, the Advance Notice By-Law will continue to be effective and in full force and effect in accordance with its terms and conditions beyond the termination of the Meeting. Thereafter, the Advance Notice By-Law will be subject to an annual review by the Board, and will be updated to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

The Advance Notice By-Law must be approved by at least a majority of the votes cast at the Meeting by Shareholders who vote in respect of the approval of the Advance Notice By-Law (present in person or by proxy).

If the Advance Notice By-Law is not approved at the Meeting, the Advance Notice By-Law will terminate and be of no further force or effect from and after the termination of the Meeting.

Based on the foregoing, Shareholders are being requested to consider and, if thought advisable, to pass the following ordinary resolution approving the Advance Notice By-Law:

“NOW BE IT RESOLVED that:

1. the Corporation's Advance Notice By-Law (the "**Advance Notice By-Law**") as set forth in the management information circular for the Meeting held on April 29, 2014, be and is hereby ratified, confirmed and approved;
2. the board of directors of the Corporation be authorized in its absolute discretion to administer the Advance Notice By-Law and alter or modify the Advance Notice By-Law in accordance with its terms and conditions to the extent needed to reflect changes required by regulatory agencies or stock exchanges, so as to meet industry standards, or as otherwise determined to be in the best interests of the Corporation and its shareholders; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."

The Board has concluded that the Advance Notice By-Law is in the best interests of the Corporation and its Shareholders. Accordingly, the Board unanimously recommends that Shareholders ratify, confirm and approve the Advance Notice By-Law by voting FOR the Advance Notice By-Law Resolution at the Meeting.

**Proxies received in favour of management will be voted FOR the Advance Notice By-Law unless the Shareholder has specified in the proxy that his or her Common Shares are to be voted against such resolution. Where no choice is specified by a Shareholder, the proxy will confer discretionary authority and will be voted FOR the Advance Notice By-Law Resolution ratifying, confirming and approving the adoption of the Advance Notice By-Law.**

#### OTHER BUSINESS

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. **However, if any other matters properly come before the Meeting, it is the intention of the management proxyholders to vote on the same in accordance with their best judgment on such matters.**

#### STATEMENT OF EXECUTIVE COMPENSATION

##### COMPENSATION DISCUSSION AND ANALYSIS

##### Named Executive Officers

The following describes the particulars of compensation for a) the CEO, b) the CFO, c) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and d) each individual who would be a named executive officer but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year (each a "**Named Executive Officer**" or "**NEO**"). For the financial year ended December 31, 2013, the Named Executive Officers of the Corporation were:

Peter Crossgrove, Executive Chairman  
 Brendan Cahill, President and Chief Executive Officer  
 Rupy Dhadwar, Chief Financial Officer  
 Robert Moore, Chief Operating Officer  
 John Sullivan, Vice President, Exploration

##### Compensation Policy Objectives

The Corporation's executive compensation program is designed to reward corporate and individual performance, and motivate executives to achieve overall corporate goals.

The Corporation's executive compensation program has the following objectives:

- to attract, retain and motivate qualified executives;
- to provide incentives to executives to maximize productivity and enhance enterprise value by aligning the interests of the executives with those of the Shareholders;
- to foster teamwork and entrepreneurial spirit;
- to establish a direct link between all elements of compensation and the performance of the Corporation and its subsidiaries, and individual performance;
- to integrate compensation incentives with the development and successful execution of strategic and operating plans; and
- to enhance Shareholder value.

The Compensation Committee of the Corporation is comprised of André Y. Fortier (Chair), Thor E. Eaton and Timothy J. Ryan, each of whom is considered independent for the purposes of National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”). Each member of the Compensation Committee has held senior executive and board positions with other publicly traded companies where they have had direct involvement in the development and implementation of compensation policies and practices for employees at all levels, including executive officers. The Board believes that the Compensation Committee members possess all of the knowledge, experience and the profile needed in order to fulfill the mandate of the Compensation Committee.

For the fiscal year ended December 31, 2013, the Compensation Committee was responsible for making recommendations to the Board with respect to the compensation of the Corporation's directors, Named Executive Officers and employees. The Compensation Committee works in conjunction with the Executive Chairman and the President on the review and assessment of the performance of executive officers and other employees in accordance with the Corporation's compensation practices. The Board reviews the Compensation Committee's recommendations to ensure that total compensation paid to all Named Executive Officers is fair and reasonable and is consistent with the Corporation's compensation program. The Compensation Committee reviewed compensation practices of the following companies in the course of its assessment: Aurcana Corporation, Golden Minerals Company, Alexco Resource Corp., Great Panther Silver Ltd., Revett Minerals Inc., Scorpio Mining Corp., SilverCrest Mines Inc., U.S. Silver Corporation and Impact Silver Corp.; and, in respect of grants under the DSU Plan and RSU Plan, Agnico Eagle Gold Mines Inc., Osisko Mining Corporation, Torex Gold Resources Inc., Lake Shore Gold Corp., Brigus Gold Corp. and Roxgold Inc. No compensation consultants were retained for comparison of corporate or executive compensation for the 2013 review.

The executive compensation program is comprised of fixed and variable elements of compensation; base salary, indirect compensation (benefits), discretionary bonus, and long-term incentives in the form of DSUs, RSUs and stock options. In determining actual compensation levels, the Compensation Committee considers the total compensation program, rather than any single element in isolation. Total compensation levels are designed to reflect both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity). The Compensation Committee believes these elements of compensation, when combined, form an appropriate mix of compensation, and provide competitive salary, link the majority of the executives' compensation to corporate and individual performance (which induces and rewards behaviour that creates long-term value for Shareholders and other stakeholders), and encourage retention with time-based vesting attached to long-term equity-based incentives.

The compensation levels of the Executive Chairman and the President are designed to recognize their personal contributions and leadership. At the end of each fiscal year, the Compensation Committee evaluates the performance of the Executive Chairman and the President, and the Compensation Committee in consultation

with the Executive Chairman formally evaluates the performance of the President. Using both financial and non-financial measures, the Compensation Committee may recommend to the Board an increase to the Executive Chairman and the President's total compensation to levels that are consistent with corporate and individual performance.

Similarly, the Compensation Committee reviews and ensures that the directors' compensation packages are competitive in light of the responsibility and the time commitment required from directors. Based on such reviews, the Committee makes recommendations to the Board with respect to changes to executive compensation and director compensation.

In 2013, the mix of total direct compensation payable to our Named Executive Officers was as follows:

#### ***Base Salaries***

Base salaries for the executive officers are designed to be competitive and are adjusted for the realities of the market. Initial base salaries are determined through market comparables, formal job evaluation, commercially available salary survey data, experience level, leadership and management skills, responsibilities and proven or expected performance. The Compensation Committee, in consultation with the Executive Chairman and Chief Executive Officer, reviews the recommendations of the President and recommends to the Board the base salaries for executive officers taking into consideration the individual's performance, contributions to the success of the Corporation, and internal equities among positions. No specific weightings are assigned to each factor; instead a subjective determination is made based on a general assessment of the individual relative to such factors.

In December 2012, the salaries of the COO and VP Exploration were increased to \$225,000 (from \$210,000) and \$200,000 (from \$180,000), respectively. These increases were made in consideration of market trends in compensation for these positions and improved production and exploration results, respectively. In April 2013, the President's salary was increased to \$275,000 following the annual and special meeting of Shareholders in consideration of his appointment as CEO in March 2013 and to better align his salary with market comparables and the negotiated expectations on which he joined the Corporation.

In June 2013, the President & CEO voluntarily reduced his salary from \$275,000 per annum to \$240,000 per annum. Subsequently, in July 2013, all NEOs (including the President & CEO), voluntarily agreed to reduce their salaries to \$180,000 (with the COO's salary being reduced to \$190,000 in consideration of the extensive time he spends on the Corporation's projects in Mexico). These reductions were reviewed at the end of 2013 and the end of the first quarter of 2014, with the expectation that they will be modified in consideration of commodity prices and the Corporation's financial position.

#### ***Discretionary Bonus***

A discretionary bonus is intended to provide incentives to executive officers to enhance the growth and development of the Corporation, to encourage and motivate executive officers to achieve short-term goals, and to reward individual contribution to the achievement of corporate objectives. The bonus can be based as a percentage of annual salary or a fixed dollar amount and is awarded at the discretion of the Board as recommended by the Compensation Committee.

Given the current market conditions for 2013, no bonuses were recommended to the Board by the Compensation Committee with input from the Executive Chairman and the President. This decision was in no way reflective of the individual performance of the executive officers and or the failure to achieve corporate objectives, which included: a significant shift in strategic direction before the commodity declines of April 2013, the successful consolidation of the Common Shares to better position the Corporation to execute on opportunities available in the current market, significant mine development at La Platosa Mine to increase high-grade production and mine life, the institution of mine optimizing plans, improved grouting techniques, exploration success with the discovery of high gold values at the Rincon del Caido, Beschefer and DeSantis properties, improved metal recoveries from the La Platosa Mine and cost reductions at both the mine-site and the Toronto head office.

### *Long-Term Incentives*

The Corporation's long-term equity portion of executive compensation is designed to align the interests of executive officers with that of Shareholders by encouraging equity ownership through awards of stock options, DSUs and RSUs, to motivate executives and other key employees to contribute to an increase in corporate performance and Shareholder value, and to attract talented individuals and encourage the retention of executive officers and other key employees by vesting stock options, DSUs and RSUs over a period of time.

#### *Stock Options*

The Corporation grants stock options to its Named Executive Officers. The timing of the grant, and number of Common Shares made subject to option is recommended by the Executive Chairman and the President, reviewed and approved (or revised, if thought appropriate) by the Compensation Committee in consultation with the Executive Chairman, and implemented by a resolution of the Board. The review of proposed option grants by the Compensation Committee (which is composed of independent directors) and the implementation thereof by the Board (which is comprised of a majority of independent directors) provides the independent directors with significant input into such compensation decisions. Consideration in determining option grants is given to, amongst other things, the total number of stock options outstanding, the current and future expected contribution to the advancement of corporate objectives, the position of the individual, tenure, and previous option grants to selected individuals. No specific weightings are assigned to each factor; instead a subjective determination is made based on an assessment of the individual relative to such factors. Grants of stock option also comprise a portion of the compensation package offered to attract and retain new directors and executive officers to the Corporation. Stock options granted by the Board are priced at the closing price of the Common Shares on the TSX on the last trading day prior to the date of grant. Please see "*Securities Authorized for Issuance under Equity Compensation Plan – Stock Option Plan*" for further information.

During the fiscal year ended December 31, 2013, an aggregate of 1,452,500 stock options were awarded to directors, executive officers and other employees, 777,500 of stock options which were granted in respect of the 2014, with the remainder being granted early in 2013 in respect of 2012 performance.

#### *Deferred Share Units*

The Board adopted the DSU Plan effective as of December 11, 2013, as amended on March 25, 2014. The purpose of the DSU Plan is to promote the alignment of interests between the directors and Shareholders while enabling directors, officers and employees to participate in the long-term success of the Corporation through the grant of DSUs. The Board's current policy is that DSUs will be granted to directors, officers and employees. Upon vesting, each DSU Award entitles the DSU Participant to receive, subject to adjustment as provided for in the DSU Plan, a lump sum cash payment or, at the Corporation's discretion, Common Shares equal to the whole number of DSUs credited to the DSU Participant plus a cash settlement for any fraction of a DSU. For the purposes of the DSU Plan, the value of the DSU on the Settlement Date is the market price, being the volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding such Settlement Date, but if the Common Shares did not trade on such trading days, the market price shall be average of the bid and ask prices in respect of the Common Shares at the close of trading on such trading day. Please see "*Particulars of Matters to be Acted Upon – Deferred Share Unit Plan*" for further information regarding the DSU Plan. A copy of the DSU Plan will be available for inspection at the Meeting. The DSU Plan will also be posted on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

#### *Restricted Share Units*

The Board adopted the RSU Plan effective as of December 11, 2013, as amended on March 25, 2014. The purpose of the RSU Plan is to assist the Corporation in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation to participate in the long-term success of the Corporation and to promote a greater alignment of interests between the participants designated under the RSU Plan and the Shareholders of the Corporation. Under the RSU Plan, RSUs may be granted at the discretion of the Board as a bonus to executives taking into account a number of factors, including the amount and term of RSUs previously granted, base salary and bonuses and competitive

market factors. The vesting conditions for each Grant are established by the Board at the time of grant, but if no specific conditions are set, the vesting date will be December 15th of the third calendar year following the grant date. Vesting conditions may include performance against fundamental corporate objectives that are achieved prior to the expiry of the Grant. Upon vesting, each RSU entitles the RSU Participant to receive, subject to adjustments as provided for in the RSU Plan, one Common Share or payment in cash for the equivalent thereof. For the purposes of the RSU Plan, the value of the RSU on vesting is the market price, being the closing volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding such vesting date, but if the Common Shares did not trade on such trading days, the market price shall be average of the bid and ask prices in respect of the Common Shares at the close of trading on such trading day. The RSU Plan contemplates various entitlements in the event of a change of control. Please see “*Particulars of Matters to be Acted Upon – Restricted Share Unit Plan*” for further information regarding the RSU Plan. A copy of the RSU Plan will be available for inspection at the Meeting. The RSU Plan will also be posted on the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com).

### ***Indirect Compensation***

The primary benefits offered to the Named Executive Officers include participation in group health, dental, extended medical coverage, and life insurance, including long-term disability, paid vacation and payment of any professional dues on the individual’s behalf, which benefits are generally available to all employees of the Corporation.

### ***Pension Plan Benefits***

The Corporation does not provide retirement benefits for directors, executive officers or employees.

### ***Share Ownership Requirements***

The Corporation has not imposed minimum share ownership requirements on its directors and the Named Executive Officers.

### ***Risks Associated with Compensation Practices***

As of the date of this Circular, the Corporation’s directors had not, collectively, considered the implications of any risks associated with the Corporation’s compensation policies applicable to its executive officers.

### ***Financial Instruments***

The Corporation has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. As of the date of this Circular, entitlement to grants of incentive stock options under the Corporation’s Stock Option Plan, the DSU Plan or the RSU Plan are the only equity-based security elements awarded to executive officers and directors.

### Summary Compensation Table

The table below is a summary of total compensation paid to the Named Executive Officers for each of the Corporation's three most recently completed financial years ending December 31, 2013:

Summary Compensation Table									
Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(2)</sup>	Long-Term Incentive Plans			
<b>Peter A. Crossgrove</b> <sup>(2)</sup> Executive Chairman and Director	2013	\$212,500	\$43,500	\$72,350	NIL	NIL	NIL	NIL	\$328,350
	2012	\$190,000	NIL	\$215,823	\$120,000	NIL	NIL	\$118,414	\$644,237
	2011	\$190,000	NIL	\$84,651	\$240,000	NIL	NIL	\$102,984	\$617,635
<b>Brendan Cahill</b> <sup>(3)</sup> President and Chief Executive Officer	2013	\$216,875	\$100,000	\$108,525	NIL	NIL	NIL	NIL	\$425,400
	2012	\$105,161	NIL	\$212,323	\$40,000	NIL	NIL	NIL	\$357,484
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Rupy Dhadwar</b> <sup>(4)</sup> Chief Financial Officer	2013	\$180,000	\$55,000	\$18,087	NIL	NIL	NIL	NIL	\$253,087
	2012	\$132,827	NIL	\$64,587	\$35,000	NIL	NIL	NIL	\$232,414
	2011	\$100,000	NIL	\$17,533	\$15,000	NIL	NIL	NIL	\$132,533
<b>Robert Moore</b> Chief Operating Officer	2013	\$208,958	\$72,500	\$18,087	NIL	NIL	NIL	NIL	\$299,545
	2012	\$210,000	NIL	\$73,814	\$50,000	NIL	NIL	NIL	\$333,814
	2011	\$202,500	NIL	\$35,065	\$102,500	NIL	NIL	\$65,842 <sup>(5)</sup>	\$405,907
<b>John R. Sullivan</b> Vice-President Exploration	2013	\$190,833	\$55,000	\$18,087	NIL	NIL	NIL	NIL	\$263,920
	2012	\$191,662	NIL	\$73,814	\$50,000	NIL	NIL	NIL	\$315,476
	2011	\$180,000	NIL	\$35,065	\$54,000	NIL	NIL	\$22,846 <sup>(5)</sup>	\$291,911

**Notes:**

- (1) The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2013, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.42%, no dividend yield, expected life of 5 years and an expected price volatility of 85.75%. For 2012, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.28%, no dividend yield, expected life of 5 years and an expected price volatility of 91.57%. For 2011, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk free-interest rate of 2.21%, no dividend yield, expected life of 5 years, and an expected price volatility of 94.85%. The calculation of fair market value is based on the Black-Scholes pricing model, selected as it is widely used in estimating option-based compensation values by Canadian public companies. The Black-Scholes model is a pricing model which may or may not reflect the annual value of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) Mr. Crossgrove was Interim CEO from April 6, 2008 to July 18, 2011 and from May 31, 2012 to March 26, 2013.
- (3) Mr. Cahill was appointed Executive Vice President on July 23, 2012, President on November 15, 2012 and CEO on March 26, 2013.
- (4) Mr. Dhadwar was appointed Chief Financial Officer on August 10, 2012. He joined the Corporation as Controller in 2010.
- (5) "All Other Compensation" in 2011 for Mr. Moore and Mr. Sullivan represent payouts for unused vacation entitlement for 2011 and prior years, as applicable.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth, for each Named Executive Officer, all option-based awards outstanding as at December 31, 2013. There were no share-based awards outstanding for the Named Executive Officers. The closing price of the Common Shares on the TSX on December 31, 2013 was \$1.09.

Name	Option Based Award			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Peter A. Crossgrove <sup>(2)</sup>	90,000	\$2.80	Dec 11, 2014	NIL
	150,000	\$4.90	Dec 16, 2015	NIL
	20,000	\$4.05	Aug 12, 2016	NIL
	40,000	\$3.10	Jun 6, 2017	NIL
	70,000	\$2.60	Jan 7, 2018	NIL
	100,000	\$1.14	Dec 11, 2018	NIL
Brendan Cahill	100,000	\$2.50	Jul 23, 2017	NIL
	20,000	\$2.60	Jan 7, 2018	NIL
	150,000	\$1.14	Dec 11, 2018	NIL
Rupy Dhadwar	20,000	\$4.90	Dec 16, 2015	NIL
	10,000	\$2.50	Dec 15, 2016	NIL
	35,000	\$2.60	Jan 7, 2018	NIL
	25,000	\$1.14	Dec 11, 2018	NIL
Robert Moore	10,000	\$3.015	Oct 21, 2014	NIL
	50,000	\$2.80	Dec 11, 2014	NIL
	20,000	\$4.90	Dec 16, 2015	NIL
	20,000	\$2.50	Dec 15, 2016	NIL
	40,000	\$2.60	Jan 7, 2018	NIL
	25,000	\$1.14	Dec 11, 2018	NIL
John R. Sullivan	50,000	\$2.80	Dec 11, 2014	NIL
	20,000	\$4.90	Dec 16, 2015	NIL
	20,000	\$2.50	Dec 15, 2016	NIL
	40,000	\$2.60	Jan 7, 2018	NIL
	25,000	\$1.14	Dec 11, 2018	NIL

**Notes:**

- <sup>(1)</sup> The "Value of unexercised in-the-money options" reflects the aggregate dollar amount of (vested and unvested) unexercised in-the-money options held at the end of the year. The amount is calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2013 (\$1.09) and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- <sup>(2)</sup> Mr. Crossgrove received these options in his capacity as a director of the Corporation.

### *Value Vested or Earned During the Year*

For the year ended December 31, 2013, the following table sets forth for each Named Executive Officer the value that would have been realized if the option-based incentive plan awards had been exercised on their vesting date, and the value earned under the non-equity incentive plan. There were no share-based awards for which there was a value that vested during 2013.

Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Peter A. Crossgrove	NIL	NIL
Brendan Cahill	NIL	NIL
Rupy Dhadwar	NIL	NIL
Robert Moore	NIL	NIL
John R. Sullivan	NIL	NIL

**Notes:**

- (1) The value of options which vested during the fiscal year ended December 31, 2013 was calculated based on the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

**Employment Agreements**

Of the Named Executive Officers, the Corporation has employment agreements in place with its President, Chief Financial Officer and Chief Operating Officer. All of the executive employment agreements provide for base salary, discretionary bonuses and stock option awards, as approved by the Board, paid vacation and enrolment in the Corporation's benefits plan, which benefits are generally available to all employees of the Corporation, and provide payment on termination without just cause or in the event of change of control of the Corporation as described below.

**Termination and Change of Control Benefits**

"Change of Control" for the Corporation is defined in the Corporation's employment agreements with certain of its Named Executive Officers (other than the President) and in the letter agreements with its Executive Chairman and the Vice President, Exploration, as:

- (a) "the completion of a transaction or series of transactions constituting an acquisition, merger, amalgamation, consolidation, transfer, sale arrangement, reorganization, recapitalization, reconstruction or other similar event by virtue of which the shareholders of the Corporation immediately prior to such transaction or series of transactions hold less than 50% of the voting Common Shares or successor company following completion of such transaction or series of transactions; or
- (b) the disposal of all or substantially all of the assets of the Corporation; or
- (c) a transaction or series of transactions, as a result of which a majority of the directors of the Corporation are removed from office at any annual or special meeting of shareholders, or a majority of the directors of the Corporation resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than directors or management of the Corporation in place immediately prior to the removal or resignation of the directors."

In the case of the President and CEO, a "Change of Control" is defined as follows:

- (a) "the completion of a transaction or series of transactions constituting an acquisition, merger, amalgamation, consolidation, transfer, sale, arrangement, reorganization, recapitalization, reconstruction or other similar event by virtue of which the shareholders of the Corporation immediately prior to such transaction or series of transactions hold less than 60% of the voting Common Shares or successor company following completion of such transaction or series of transactions, or
- (b) the disposition of all or substantially all of the business or assets of the Corporation to another person or persons pursuant to one or a series of transactions,
- (c) a transaction or series of transactions as a result of which a majority of the directors of the Corporation are removed from office at any annual or special meeting of shareholders, or a majority of the directors of the Corporation resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than directors or management of the Corporation in place immediately prior to the removal or resignation of the directors,
- (d) at any time a person, directly or indirectly, beneficially owns more than 30% of the voting Common Shares, or
- (e) at any time persons, acting jointly or in concert, directly or indirectly, beneficially own in the aggregate more than 30% of the voting Common Shares."

**Brendan Cahill, President and Chief Executive Officer:** Under the terms of his employment agreement, within six months of a Change of Control, if Mr. Cahill's employment is terminated (whether with or without just cause) or he chooses to terminate his employment at his sole discretion, Mr. Cahill is entitled to receive a lump sum payment equal to three times the sum of (i) his base salary at the time of termination of employment plus (ii) the bonus paid to him for the previous year. In addition, Mr. Cahill's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. In the event of the termination of Mr. Cahill's employment without just cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Cahill is entitled to receive a lump sum payment of two times his base salary.

**Rupy Dhadwar, Chief Financial Officer:** Under the terms of his employment agreement, within six months of a Change of Control, if Mr. Dhadwar's employment is terminated without just cause or he chooses to terminate his employment at his sole discretion, Mr. Dhadwar is entitled to receive a lump sum payment equal to three years' base salary. In addition, Mr. Dhadwar's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. In the event of the termination of Mr. Dhadwar's employment without just cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Dhadwar is entitled to receive a lump sum payment of two times his base salary.

**Robert Moore, Chief Operating Officer:** Under the terms of his employment agreement, as amended, Mr. Moore is entitled to receive a lump sum payment equal to three years' base salary in the event of a Change of Control of the Corporation and his employment is terminated by the Corporation without just cause or by Mr. Moore within one year of a Change in Control, plus the lesser of (i) the amount of the last bonus paid to Mr. Moore, if any; and (ii) the average of the bonus earned (if any) for the three years preceding termination. In addition, Mr. Moore's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. In the event of termination of Mr. Moore's employment by the Corporation without just cause either before or in the absence of a Change of Control or beyond a one year period following a Change of Control, Mr. Moore is entitled to receive notice of termination or payment of base salary in lieu of all or part thereof equal to one months' salary for each year of service, with a minimum of three months and a maximum of twelve months. In addition, Mr. Moore's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of the end of the notice period or the day he commences employment with another employer.

The Corporation has the following letter agreements with its remaining Named Executive Officers regarding termination or change of control as follows:

**Peter Crossgrove, Executive Chairman:** Pursuant to the terms of a letter agreement, Mr. Crossgrove is entitled to receive eighteen months' base salary in the event of a Change of Control of the Corporation and his employment is terminated by the Corporation without just cause or by Mr. Crossgrove within six months of a Change of Control, plus the lesser of (i) the amount of the last bonus paid to Mr. Crossgrove, if any; and (ii) the average of the bonus earned (if any) for the three years preceding termination. In addition, Mr. Crossgrove's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. In the event of termination of Mr. Crossgrove's employment by the Corporation without cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Crossgrove is entitled to receive notice of termination or payment of base salary in lieu of all or part thereof equal to one months' salary for each year of service, with a minimum of three months and a maximum of twelve months. In addition, Mr. Crossgrove's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of the end of the notice period or the day he commences employment with another employer.

**John Sullivan, Vice President Exploration:** Pursuant to the terms of a letter agreement, Mr. Sullivan is entitled to receive three years' base salary in the event of a Change of Control of the Corporation and his employment is terminated by the Corporation without just cause or by Mr. Sullivan within six months of a Change in Control, plus the lesser of (i) the amount of the last bonus paid to Mr. Sullivan, if any; and (ii) the average of the bonus

earned (if any) for the three years preceding termination. In addition, Mr. Sullivan's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. In the event of termination of Mr. Sullivan's employment by the Corporation without cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Sullivan is entitled to receive notice of termination or the payment of base salary in lieu of all or part thereof equal to one month's salary for each year of service, with a minimum of three months and a maximum of twelve months. In addition, Mr. Sullivan's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of the end of the notice period or the day he commences employment with another employer.

The table below sets out the estimated incremental payments, payables and benefits due to each of the Named Executive Officers for termination on a change of control, assuming termination on December 31, 2013:

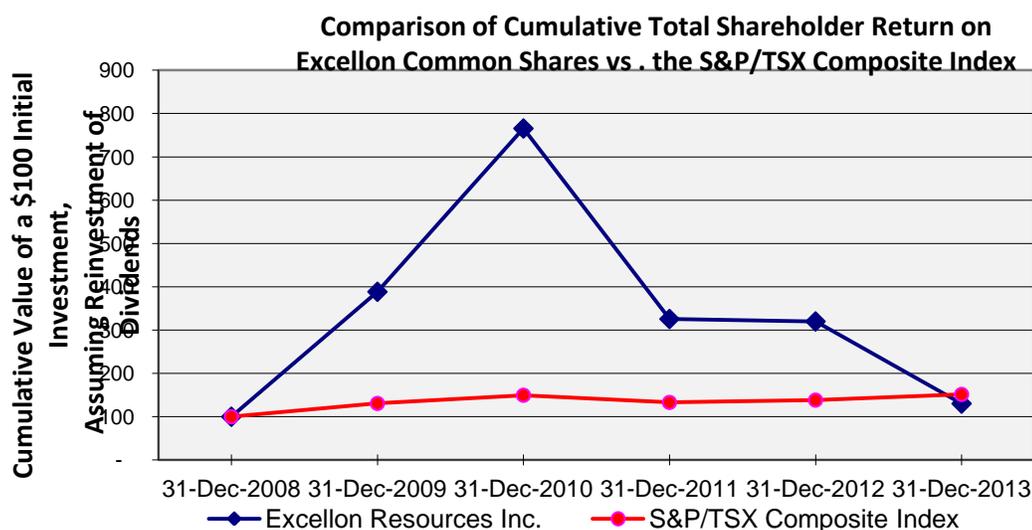
Name	Triggering Event	Base Salary \$	Value of Option- Based Awards if Exercised on Termination <sup>(1)</sup> \$	All Other Compensation <sup>(3)</sup> \$	Total \$
<b>Brendan Cahill</b>	Change of control	\$825,000	NIL	NIL	\$825,000
	Termination without just cause	\$550,000	NIL	NIL	\$550,000
<b>Rupy Dhadwar</b>	Change of control	\$540,000	NIL	NIL	\$540,000
	Termination without just cause	\$360,000	NIL	NIL	\$360,000
<b>Robert Moore</b>	Change of control	\$675,000	NIL	NIL	\$675,000
	Termination without just cause	\$93,750	NIL	NIL	\$93,750
<b>Peter Crossgrove</b>	Change of control	\$360,000	NIL	\$120,000 <sup>(2)</sup>	\$480,000
	Termination without just cause	\$120,000	NIL	NIL	\$120,000
<b>John Sullivan</b>	Change of control	\$600,000	NIL	NIL	\$600,000
	Termination without just cause	\$116,667	NIL	NIL	\$116,667

**Notes:**

- <sup>(1)</sup> The value of unexercised options was calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2013 (\$1.09) and the exercise price of the options. Where the difference is negative, the options are not in-the-money and no value is reported. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- <sup>(2)</sup> This amount represents the average bonus paid to Mr. Crossgrove during the three preceding years.
- <sup>(3)</sup> The amount payable for continuing benefit coverage is dependent upon the Named Executive Officer obtaining alternative employment within the time period discussed above and cannot be determined at this time.

## Performance Graph

The following graph compares the yearly change in the cumulative total Shareholder return over the five most recently completed financial years, assuming a \$100 investment in the Common Shares on January 1, 2008 against the return of the S&P/TSX Composite Total Return Index, assuming the reinvestment of dividends, where applicable, for the comparable period. The Common Shares were originally listed on the TSX Venture Exchange and the listing graduated to the TSX on February 4, 2008.



	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13
Excellon Resources Inc.	\$100	\$389	\$766	\$326	\$320	\$130
S&P/TSX Composite Index	\$100	\$131	\$150	\$133	\$138	\$152

The S&P/TSX Composite Index is an index of the stock prices of the largest companies on the TSX as measured by market capitalization. Stocks included in this index cover all sectors of the economy and the S&P/TSX Composite Index has traditionally been heavily weighted towards financial stocks. In addition, global commodity prices, world economic conditions, and general market conditions are significant factors affecting stock market performance, which are beyond the control of the Corporation's officers.

As discussed above, compensation for the Corporation's Named Executive Officers is comprised of different elements. These include elements relating to factors that do not directly correlate to the market price of the Common Shares, such as base salary, as well as elements that more closely correlate to the Corporation's performance and financial condition, such as short-term and long-term incentives. The elements of executive compensation are designed to attract and retain top quality executives to manage and grow the business through both adverse and favourable economic cycles. Stock options form an important component of the initial compensation package offered to attract qualified individuals to a position and the number of stock options granted varies with the position level. The Corporation has undergone a number of changes in its executive team over the five-year period. During the fiscal year ended December 31, 2013 the Corporation reappointed Mr. Crossgrove as Chief Executive Officer, reappointed Brendan Cahill as President and reappointed Rupy Dhadwar as Chief Financial Officer. Mr. Cahill was subsequently appointment Chief Executive Officer in March 2013. The Corporation's stock price performance fell short of expectations in 2013 due to market conditions that have affected the precious metals sector as a whole. Nevertheless, the Corporation achieved several valuable objectives. Please see "*Compensation Policy Objectives – Discretionary Bonus*" for further information regarding these achievements. The Compensation Committee concluded that executives should receive long-term incentive grants in recognition of the achievements in 2013 and the importance of retaining key personnel in a competitive marketplace. As such, executive compensation has not been tied to share performance.

## DIRECTORS COMPENSATION

### Summary Compensation Table

The following table sets forth all compensation paid, awarded or earned by the non-executive directors of the Corporation during the year ended December 31, 2013.

Directors Compensation Table <sup>(2)</sup> <sup>(3)</sup>							
Name	Fees Earned (\$)	Share- Based Awards (\$)	Option- Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
<b>André Y. Fortier</b>	\$48,750	\$24,250	\$36,175	NIL	N/A	NIL	\$109,175
<b>Alan R. McFarland</b>	\$44,000	\$22,000	\$36,175	NIL	N/A	NIL	\$102,175
<b>Timothy J. Ryan</b>	\$67,000	\$26,000	\$36,175	NIL	N/A	NIL	\$129,175
<b>Thor E. Eaton</b>	\$44,500	\$21,500	\$36,175	NIL	N/A	NIL	\$102,175
<b>Oliver Fernández</b>	\$27,500	\$19,000	\$36,175	NIL	N/A	NIL	\$82,675
<b>Ned Goodman</b>	\$17,000	\$18,500	\$36,175	NIL	N/A	NIL	\$71,675
<b>Joanne Ferstman</b>	\$27,000	\$22,000	\$154,224	NIL	N/A	NIL	\$203,224

**Notes:**

- <sup>(1)</sup> The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2013, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.42%, no dividend yield, expected life of 5 years and an expected price volatility of 85.75%. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- <sup>(2)</sup> The table does not include any amount paid as reimbursement for travel, meals and accommodation expenses to attend Board and/or Committee meetings.
- <sup>(3)</sup> Compensation paid to Mr. Crossgrove, who serves as Executive Chairman, is disclosed in the Summary Compensation Table for the Named Executive Officers.

The Board, upon the recommendation of the Compensation Committee, has the responsibility of determining director compensation. The objective in determining such director compensation is to ensure that the Corporation can attract and retain experienced and qualified individuals to serve as directors. The Corporation compensates its non-executive directors through the payment of directors fees (on an annual retainer, committee chair, committee member, and per meeting attendance basis) and through the grant of incentive stock options, DSUs and RSUs. The non-executive directors receive the following annual retainers and other fees for their services as directors:

	Fiscal Year 2013
Director Retainer (base)	\$30,000 (reduced to \$15,000 in July 2013)
Audit Committee Chair (additional retainer)	\$15,000 (reduced to \$10,000 in July 2013)
Compensation Committee Chair (additional retainer)	\$7,500 (reduced to \$5,000 in July 2013)
Other Committee Chair (additional retainer)	\$5,000
Meeting Attendance Fee	\$1,500 (reduced to \$1,000 in July 2013)

All retainers are paid *pro rata* on a quarterly basis. Directors are also reimbursed for out-of-pocket expenses incurred in attending meetings and otherwise carrying out their duties as directors of the Corporation. In addition, directors are eligible to participate in the Corporation's stock option plan, DSU Plan and RSU Plan, and historically the Corporation has granted options to members of the Board. As of the date of this Circular, the Corporation had awarded outstanding options to purchase 3,142,000 Common Shares, of which 1,490,000 have been granted to non-executive directors, representing approximately 47% of outstanding options. The Corporation has also awarded an aggregate total of 172,587 DSUs to directors and 278,507 RSUs to officers and employees.

## Incentive Plan Awards

### Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table sets out for each non-executive director the option-based awards outstanding as of December 31, 2013. There were no share-based awards outstanding for the non-executive directors. The closing price of the Common Shares on the TSX on December 31, 2013 was \$1.09.

Director Name	Option Based Award			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
André Y. Fortier	50,000	\$2.80	Dec 11, 2014	NIL
	50,000	\$4.90	Dec 16, 2015	NIL
	20,000	\$4.05	Aug 12, 2016	NIL
	40,000	\$3.10	Jun 6, 2017	NIL
	50,000	\$2.60	Jan 7, 2018	NIL
	50,000	\$1.14	Dec 11, 2018	NIL
Alan R. McFarland	50,000	\$2.80	Dec 11, 2014	NIL
	50,000	\$4.90	Dec 16, 2015	NIL
	20,000	\$4.05	Aug 12, 2016	NIL
	40,000	\$3.10	Jun 6, 2017	NIL
	50,000	\$2.60	Jan 7, 2018	NIL
	50,000	\$1.14	Dec 11, 2018	NIL
Timothy J. Ryan	50,000	\$2.80	Dec 11, 2014	NIL
	50,000	\$4.90	Dec 15, 2015	NIL
	20,000	\$4.05	Aug 12, 2016	NIL
	40,000	\$3.10	Jun 6, 2017	NIL
	50,000	\$2.60	Jan 7, 2018	NIL
	50,000	\$1.14	Dec 11, 2018	NIL
Thor E. Eaton	100,000	\$4.10	Aug 12, 2016	NIL
	40,000	\$3.10	Jun 6, 2017	NIL
	50,000	\$2.60	Jan 7, 2018	NIL
	50,000	\$1.14	Dec 11, 2018	NIL
Oliver Fernández	100,000	\$2.10	Oct 25, 2017	NIL
	20,000	\$2.60	Jan 7, 2018	NIL
	50,000	\$1.14	Dec 11, 2018	NIL
Ned Goodman	100,000	\$4.05	Aug 12, 2016	NIL
	50,000	\$1.14	Dec 11, 2018	NIL
Joanne Ferstman	100,000	\$1.675	May 3, 2018	NIL
	50,000	\$1.14	Dec 11, 2018	NIL

**Notes:**

- <sup>(1)</sup> The value of unexercised in-the-money options reflects the aggregate dollar amount of (vested and unvested) unexercised options held at the end of the year. The amount is calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2013 (\$1.09) and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

### Value Vested or Earned During the Year

For the year ended December 31, 2013, the following table sets forth, for each non-executive director, the value that would have been realized if the option-based incentive plan awards had been exercised on their vesting date. There were no share-based awards for which there was a value that vested, and no non-equity incentive plan compensation was provided to non-executive directors in 2013.

Director Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
(a)	(b)	(c)	(d)
André Y. Fortier	NIL	N/A	N/A
Alan R. McFarland	NIL	N/A	N/A

Director Name (a)	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup> (b)	Share-Based Awards – Value Vested During the Year (\$) (c)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) (d)
Timothy J. Ryan	NIL	N/A	N/A
Thor E. Eaton	NIL	N/A	N/A
Oliver Fernández	NIL	N/A	N/A
Ned Goodman	NIL	N/A	N/A
Joanne Ferstman	NIL	N/A	N/A

**Notes:**

- <sup>(1)</sup> The value of options which vested during the fiscal year ended December 31, 2013 was calculated based on the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The following table provides information regarding the Corporation's equity compensation plans as of December 31, 2013, under which securities of the Corporation are authorized for issuance to directors, officers, employees and consultants of the Corporation and its affiliates:

#### *Equity Compensation Plan Information*

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column "A")
Equity compensation plans approved by Shareholders	3,144,500	\$2.70	2,354,340
Equity compensation plans not approved by Shareholders	NIL <sup>(1)</sup>	NIL	NIL
<b>Total</b>	<b>3,144,500</b>	<b>\$2.70</b>	<b>2,354,340</b>

**Notes:**

- <sup>(1)</sup> Equity compensation plans not approved by securityholders include the DSU Plan and RSU Plan as of the date of this Circular. As of December 31, 2013, these plans did not provide for the issuance of Common Shares from treasury to holders of DSUs and RSUs. As of March 26, 2014, 172,587 DSUs and 278,507 RSUs were outstanding. If the DSU Plan and/or the RSU Plan are not approved by Shareholders, Common Shares that may otherwise be issued pursuant to the DSU Plan and RSU Plan will be available for grant under the Corporation's Stock Option Plan.

#### **Stock Option Plan**

The Corporation's incentive stock option plan (the "**Stock Option Plan**") is designed to attract and motivate directors, senior officers, employees, and others providing services to the Corporation (the "**Eligible Persons**"), and thereby advance the Corporation's interests, by affording such persons with an opportunity to acquire an equity interest in the Corporation through the issuance of stock options (the "**Options**"). The Stock Option Plan was most recently approved by Shareholders on May 31, 2012.

The Stock Option Plan is administered by the Compensation Committee. Notwithstanding, the Board retains independent and concurrent power to undertake any action delegated to the Committee, whether with respect to the Stock Option Plan as a whole or with respect to individual Options granted or to be granted under the Stock Option Plan.

The maximum number of Common Shares that may be reserved for issuance under the provisions of the Stock Option Plan is ten (10%) percent of the number of issued and outstanding Common Shares from time to time, provided that if any Option is exercised, forfeited, terminated, cancelled or expires for any reason whatsoever,

then the maximum number of Common Shares for which Options may be granted shall be increased by the number of Common Shares which were exercised, forfeited, terminated, cancelled or expired. Every three years since the approval of the amended plan in 2007, all unallocated Options under the Stock Option Plan must be approved by a majority of the Board and the Shareholders for the ensuing three years.

As at March 26, 2014, 5,498,800 Options were authorized for issuance under the Stock Option Plan representing 10% of the issued and outstanding Common Shares on such date. Of the Options available for issuance, 3,142,000 Options had been granted to Eligible Persons under the Stock Option Plan (the “**Optionees**”), representing 5.71% of the issued and outstanding Common Shares. The principal terms of the Stock Option Plan are as follows:

The aggregate number of Common Shares reserved for issuance pursuant to Options granted to (a) insiders may not exceed (i) 10% of the issued Common Shares at the time of grant, or (ii) 10% of the issued Common Shares in any 12 month period; and (b) any one individual in any one-year period may not exceed 5% of the issued Common Shares; in each case calculated as at the date of grant of the Option, including all other Common Shares under option to such person at that time.

Exercise Price: The exercise price of an Option shall not be less than the closing price of the Common Shares on the TSX on the trading day immediately preceding the day on which the Option is granted (provided that if there are no trades on such day then the last closing price within the preceding ten trading days will be used, and if there are no trades within such ten-day period, then the simple average of the bid and ask prices on the trading day immediately preceding the day of grant will be used).

Term: Options may be exercisable for a period determined at the time of grant of up to a maximum of 10 years from the date of grant.

Vesting: The vesting period of all Options shall be as determined by the Board at the time of grant.

Termination of Options: In the event of an Optionee ceasing to be a director, officer, employee or service provider of the Corporation for any reason other than death (including resignation, retirement or termination without just cause) prior to the expiry time of an Option, such Option shall cease and terminate on the earlier of i) the expiry time of such Option, ii) the 30th day following the effective date of such resignation or retirement, or iii) the date notice of termination of employment is given or received by the Corporation. In the event of termination for cause, such Option shall terminate immediately upon the date notice of termination of employment for cause is given by the Corporation. In the event of the death of an Optionee, Options held by the Optionee at the time of death which were exercisable may be exercised by the Optionee’s legal representatives at any time up to and including (but not after) the earlier of the date that is six (6) months following the date of death of the Optionee and the expiry time of such Option.

Non-Assignability: Neither the Options granted under the Stock Option Plan nor the benefits and rights of any Optionee under any Option shall be assignable or transferable except as specifically provided in the event of the death of the Optionee.

Amendments and Termination of the Stock Option Plan: The Board may, subject to the approval of the TSX, terminate, suspend or discontinue the Stock Option Plan at any time and may make the following amendments or revisions to the terms of the Stock Option Plan or an Option without the approval of the Corporation’s shareholders: (a) amendments of a “housekeeping” nature; (b) a change to the vesting provisions of an Option or the Stock Option Plan; (c) a change to the termination provisions of an Option or the Stock Option Plan that does not entail an extension beyond maximum option period; (d) the addition of, and any subsequent amendment to, a cashless exercise feature, payable in cash or securities; (e) a modification of the requirements as to eligibility for participation in the Stock Option Plan; and (f) the addition of, and any subsequent amendment to, a financial assistance provision.

The approval of the Board and the requisite approval from the TSX and the Corporation’s shareholders shall be required for any of the following amendments to be made to the Stock Option Plan:

- (a) any amendment to increase the number of Common Shares issuable under the Stock Option Plan, including an change in the fixed maximum percentage of Common Shares;
- (b) a reduction in the exercise price of an Option prior to its expiry benefitting an insider of the Corporation;
- (c) an increase in the maximum number of Common Shares that may be issued to insiders within any one year period or that are issuable to insiders at any time;
- (d) an extension of the term of an Option held by or benefitting an insider beyond the original expiry date (except, for greater certainty, in cases of blackout period in conformity with the terms of the Stock Option Plan);
- (e) any amendment to remove or exceed the insider participation limit as provided in the Stock Option Plan;
- (f) any amendment to an amending provision within the Stock Option Plan; and
- (g) any amendments that may lead to a significant or unreasonable dilution in the outstanding Common Shares or may provide additional benefits to participants, especially insiders, at the expense of the Corporation and its shareholders.

In April 2011, the Board approved an administrative amendment to the Stock Option Plan to include provisions relating to tax withholding and remittance obligations of the Corporation on the exercise of Options by Stock Option Plan participants, in accordance with recent changes to payroll remittance requirements under the *Income Tax Act* (Canada). In accordance with the terms of the Stock Option Plan and the policies of the TSX, the addition of withholding tax provisions to the Stock Option Plan did not require shareholder approval. During 2012, the Board approved an amendment to the Stock Option Plan to remove the Plan's expiration date, which was subsequently approved by the TSX and the Corporation's shareholders.

#### **Deferred Share Unit Plan**

In 2013, the Board adopted the DSU Plan to advance the interests of the Corporation by attracting and retaining highly competent persons as directors, officers and employees, to allow such persons to participate in the long term success of the Corporation and to promote a greater alignment of interests between the participants designated under the DSU Plan and the Shareholders of the Corporation. The Board subsequently adopted an amendment to the DSU Plan on March 25, 2014 to allow the Corporation to settle its obligations under the DSU Plan through the treasury issue of Common Shares. Please see "*Particulars of Matters to be Acted Upon – Deferred Share Unit Plan*" for further information regarding the DSU Plan. A copy of the DSU Plan will be available for inspection at the Meeting. The DSU Plan will also be posted on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

#### **Restricted Share Unit Plan**

The Board adopted the RSU Plan to assist the Corporation in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation to participate in the long-term success of the Corporation and to promote a greater alignment of interests between the participants designated under the RSU Plan and the Shareholders of the Corporation. The Board adopted an amendment to the RSU Plan on March 25, 2014 to permit RSUs to be settled through the issuance of Common Shares from treasury, subject to the approval of the Shareholders and the TSX. Please see "*Particulars of Matters to be Acted Upon – Restricted Share Unit Plan*" for further information regarding the RSU Plan. A copy of the RSU Plan will be available for inspection at the Meeting.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the year ended December 31, 2013 (being the Corporation's last completed financial year), was any director, executive officer, employee, proposed management nominee for election as a director of the Corporation or any associate of any such director, executive officer, or proposed management nominee of the Corporation or any former director, executive officer or employee of the Corporation or any of its subsidiaries,

indebted to the Corporation or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than for routine indebtedness

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director of the Corporation has, since January 1, 2013 (being the commencement of the Corporation’s last completed financial year), had any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers, such as the Corporation, to provide disclosure with respect to their corporate governance practices in accordance with Form 58-101F1. The required disclosure for the Corporation is set out below.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. The Board is committed to sound corporate governance practices that are both in the interest of its Shareholders and contribute to effective and efficient decision making. NI 58-101 and NP 58-201 establish corporate governance practices, guidelines and disclosure procedures that apply to all public companies. NI 58-101 mandates disclosure of corporate governance practices in Form 58-101F1, which disclosure is set out below.

#### Board of Directors

The Board is currently composed of eight (8) directors, the majority being independent directors, as follows:

Name	Position	Independent/Non Independent
<b>Peter A. Crossgrove</b>	Director, Executive Chairman	Non-Independent
<b>Thor E. Eaton</b>	Director	Independent
<b>André Y. Fortier</b>	Director	Independent
<b>Alan R. McFarland</b>	Director	Independent
<b>Timothy J. Ryan</b>	Director	Independent
<b>Oliver Fernández</b>	Director	Independent
<b>Joanne Ferstman</b>	Director	Independent
<b>Brendan Cahill</b>	Director, President and CEO	Non-Independent

NP 58-201 states that the Board of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Corporation. “Material relationship” is defined as a relationship that could, in the view of the Corporation’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Of the proposed directors, all except Peter A. Crossgrove, who currently serves as the Corporation’s Executive Chairman, and Brendan Cahill, who currently serves as the Corporation’s President and CEO, are considered by the Board to be “independent” within the meaning of applicable securities legislation. In making the foregoing determinations with respect to the independence of each of the Corporation’s individual directors, the circumstances of each director have been examined in relation to a number of factors, including a review of the resumés of the directors and the corporate relationships and other directorships held by each of them and their prior involvement (if any) with management of the Corporation.

### Meetings of Independent Directors

Each meeting of the Board includes a session whereby independent members may meet in the absence of management. Independent directors are also free to meet separately at any time or to require management to withdraw during certain discussions. Additionally, the Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee and Health, Safety & Environmental Committee are each composed entirely of independent directors and may meet as often as deemed necessary.

### Other Directorships

As of the current date, certain of the Corporation's directors are presently on the boards of other public companies as follows (with the committees on which they serve in brackets):

Name	Company (Committees)
<b>Peter A. Crossgrove</b> Director, Executive Chairman	Detour Gold Corporation (Audit; Environmental, Health and Safety) Lake Shore Gold Corp. (Compensation; Corporate Governance and Nominating (Chair)) Pelangio Exploration Inc. (Compensation) Nordex Explosives Ltd. (Audit, Compensation) Dundee REIT (Audit; Compensation; Governance and Environmental (Chair)) Dundee Industrial REIT (Audit; Governance and Environmental) Orbite Aluminae Inc.
<b>Thor E. Eaton,</b> Director	Nordex Explosives Ltd. (Compensation) Pelangio Exploration Inc.
<b>Joanne Ferstman</b> Director	Aimia Inc. (Human Resources and Compensation (Chair); Audit) Dundee Industrial REIT (Chair) (Executive) Dundee REIT Osisko Mining Corporation

### Board and Committee Meetings

The Board generally meets a minimum of four times per year, at least every quarter. The independent directors regularly meet in-camera, without management present, during each Board and Committee meeting. The Audit Committee meets at least four times per year. The Nominating and Corporate Governance Committee, Compensation Committee and the Health, Safety & Environmental Committee meet as deemed necessary. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Corporation faces from time to time. During the year ended December 31, 2013, the Board held seven meetings, the Audit Committee held five meetings, the Compensation Committee held five meetings and the NCGC held two meetings. A summary of Director attendance at Board and Committee Meetings held in 2013 is as follows:

Name	Board Meetings	Audit Committee Meetings	Nominating & Corporate Governance Committee	Compensation Committee	HS&E Committee
<b>Peter A. Crossgrove</b>	7 of 7	N/A	N/A	N/A	N/A
<b>Thor E. Eaton*</b>	7 of 7	1 of 1	1 of 1	5 of 5	N/A
<b>André Y. Fortier</b>	7 of 7	5 of 5	N/A	5 of 5	N/A
<b>Alan R. McFarland</b>	7 of 7	5 of 5	2 of 2	N/A	N/A
<b>Timothy J. Ryan</b>	7 of 7	5 of 5	2 of 2	5 of 5	N/A
<b>Oliver Fernández</b>	4 of 7	N/A	N/A	N/A	N/A
<b>Joanne Ferstman*</b>	6 of 6	4 of 4	1 of 1	N/A	N/A
<b>Brendan Cahill<sup>†</sup></b>	6 of 6	N/A	N/A	N/A	N/A

**Notes:**

Joanne Ferstman and Brendan Cahill were elected to the Board on April 30, 2013. At that time, Ms. Ferstman replaced Mr. Eaton on the Nominating & Corporate Governance and Audit Committees.

**Board Mandate**

The Board has adopted a Charter of the Board of Directors (the “**Charter**”), the full text of which is included as Schedule “B” to this Circular. A copy of the Charter is also available on the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com).

**Position Descriptions**

The Board believes that its proposed composition, in which only two of eight members are currently a member of management, is sufficient to ensure that the Board can function independently of management and does not consider it necessary to have any formal structures or procedures in place to ensure that it functions independent of management. The Board has not developed written position descriptions for the Executive Chairman or the Chief Executive Officer; however, the Board looks to the Executive Chairman and the Chair of the Audit Committee to play the lead role in ensuring that the respective mandates are fulfilled. The Board has adopted written position descriptions for the chairs of the Board Committees.

**Orientation and Continuing Education**

New directors are provided comprehensive information about Excellon. Directors have the opportunity to meet with senior management to obtain insight into the operations of Excellon and its subsidiaries. New directors are briefed on the Corporation’s current property holdings, ongoing exploration programs and mining operations, overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. Senior management also makes regular presentations to the Board at its meetings and all directors are encouraged to communicate directly with management and other staff. Directors tour the Corporation’s Platosa and Miguel Auza facilities in Mexico and meet with the on-site management team to familiarize themselves with the Corporation’s operations. This process is considered to be appropriate given the Corporation’s size, current level of operations, and the ongoing interaction amongst the directors.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector and involving non-Canadian mineral properties. It is the Corporation’s view that all current members of the Board are well-versed and educated in the factors critical to the success of Excellon. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management’s assistance. Board members have full access to the Corporation’s records. Reference is made to the table under the heading “Election of Directors” for a description of the current principal occupations of the members of the Board.

**Ethical Business Conduct**

The Board expects management to operate the business of the Corporation in a manner that enhances Shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation’s business plan and to meet performance goals and objectives. To this end, in October 2006 the Board adopted a “Code of Business Conduct and Ethics” (the “**Code**”) for its directors, officers and employees and, in appropriate cases, consultants. Interested Shareholders may obtain a copy by written request to the Corporation or by visiting the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com). Pursuant to the Code, the Corporation has appointed its Chief Financial Officer to serve as the Corporation’s Ethics Officer to ensure adherence to the Code, reporting directly to the Board. A review of the Code is included in the orientation of new employees. To ensure familiarity with the Code, directors, officers and employees are asked to read the Code and sign a compliance certificate annually (in connection with the preparation and filing of its annual audited financial statements and annual general meeting materials).

In addition to the provisions of the Code, directors and senior officers are bound by the provisions of the Corporation's articles and the OBCA which sets forth resolutions for any conflicts of interest. In particular, any director who has a material interest in a particular transaction is required to disclose such interest and to refrain from voting with respect to the approval of any such transaction.

Since adoption of the Code in October 2006, there have not been any material change reports filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

#### ***Whistleblower Policy***

In November 2011 the Board adopted a Whistleblower Policy, which establishes procedures that allow employees of the Corporation confidentially and anonymously to submit their concerns to the Chair of the Audit Committee of the Board regarding questionable accounting, internal accounting controls, auditing matters or items which breach the Code, without fear of retaliation. Directors, officers and employees are required to report any known violations of the Code to the Chair of the Audit Committee. The Committee is responsible for investigating and resolving all reported complaints made pursuant to this policy, and may retain independent legal counsel, accountants or other advisers to assist it in its investigations. The Chairman of the Audit Committee will acknowledge receipt of any reported alleged irregularity with the sender (other than anonymous submissions) within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation. A copy of the policy is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

#### ***Share Trading Policy***

In October 2006, the Board also adopted a Share Trading Policy which prescribes rules with respect to trading in securities of the Corporation where there is any undisclosed material information or a pending material development. Strict compliance with the provisions of this policy is required, with a view to enhancing investor confidence in the Corporation's securities and contributing to ethical business conduct by the Corporation's personnel. A copy of the policy is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

#### ***Disclosure Policy***

The Board adopted a written disclosure policy in October 2008. The purpose of the disclosure policy is to ensure that all required disclosures are made on a timely and broadly disseminated basis and are factual and accurate. The disclosure policy documents these requirements which are intended to ensure compliance with the rules and regulations applicable to public companies and should be read in conjunction with the Share Trading Policy. The Disclosure Committee (comprised of the members of management) is responsible for overseeing and monitoring disclosure processes and practices within the Corporation. The Chief Executive Officer is responsible for ensuring the proper, coordinated disclosure of material information by the Corporation on a timely basis. A copy of the policy is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

## **Committees of the Board**

### ***Audit Committee***

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its responsibilities with respect to matters involving the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the Code. A description of the Audit Committee's responsibilities, the education and experience of its members, and a copy of the Corporation's Audit Committee Charter is contained in the Corporation's Annual Information Form for the fiscal year ended December 31, 2013, a copy of which is available on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), and is also available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

The members of the Audit Committee are Timothy J. Ryan (Chairman), Joanne Ferstman, André Y. Fortier and Alan R. McFarland. All current members of the Audit Committee meet the independence criteria set out in NI 52-110.

Based on information provided by each director, the Board has determined that all members of the Audit Committee are "financially literate" as that term is defined in NI 52-110.

### ***Nominating & Corporate Governance Committee***

The role of the NCGC is to (1) develop and monitor the effectiveness of the Corporation's system of corporate governance; (2) establish procedures for the identification of new nominees to the Board and lead the candidate selection process; (3) develop and implement orientation procedures for new directors; (4) assess the effectiveness of directors, the Board and the various committees of the Board; (5) ensure appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the Board and its committees; (6) assist the Board in setting the objectives of the Chief Executive Officer and evaluating the performance of the Chief Executive Officer; and (7) review and provide recommendations in connection with resignations pursuant to the Corporation's Majority Voting Policy.

The NCGC is responsible for reviewing proposals for new nominees to the Board and conducting such background reviews, assessments, interviews and other procedures as it believes necessary to ascertain the suitability of a particular nominee. The selection of potential nominees for review by the NCGC is generally the result of recruitment efforts by the individual Board members, including both formal and informal discussions among Board members and with the Chief Executive Officer, and are usually based upon the desire to have a specific set of skills or expertise included on the Board. The appointment of new directors (either to fill vacancies or to add additional directors as permitted by applicable corporate legislation) or the nomination for election as a director of a person not currently a director by the Shareholders at an annual general meeting is carried out by the Board, based on the recommendation of the NCGC. Prior to proceeding with the nomination for appointment or election as a director, potential nominees are advised of the expectations for the commitment of time and resources necessary to serve as an effective director of the Corporation.

The NCGC is also responsible for overseeing an annual evaluation process to ensure that each member of the Board, the committees, the Executive Chairman and the other directors are assessed annually in light of their relevant terms of reference. Directors complete a number of evaluation questions with respect to performance of the Chief Executive Officer, the effectiveness of Board as a whole, the individual committees of the Board and individual directors, and include a self-assessment of performance. The assessments are done by way of a confidential questionnaire distributed by the Corporate Secretary. Responses are returned to the Corporate Secretary with the results tallied on an anonymous basis. Cumulative results of the evaluation are analyzed by the committee and presented to the Board, which considers the results and any recommendation of actions needed to be undertaken to the Board's processes, composition or committee structure.

The Board has reviewed the overall expertise and skills of the Board as a whole, and does not consider it necessary, at this time, to add any additional directors, as it has not identified any particular skill set or expertise which it believes is lacking from the Board (as a whole).

The members of the NCGC are Alan R. McFarland (Chair), Timothy J. Ryan and Joanne Ferstman, each of whom is an independent director. The NCGC has a written charter, which was adopted on October 25, 2006.

### ***Compensation Committee***

The Compensation Committee recommends compensation policies to the Board and sets the compensation of the Chief Executive Officer of the Corporation. The Compensation Committee's guiding philosophy is to establish executive compensation based on corporate and individual performance.

The Compensation Committee has a written charter, which was adopted on October 25, 2006. The overall purpose of the Compensation Committee is to implement and oversee human resources and compensation policies and best practices for recommendation to the Board for approval and implementation. The responsibilities of the Compensation Committee generally include: (1) recommending human resources and compensation policies to the Board for approval and thereafter implementing such policies; (2) ensuring the Corporation has programs in place to attract and develop management of the highest calibre and a process to provide for the orderly succession of management; (3) assessing and reporting to the Board on the performance of the Chief Executive Officer; (4) reviewing the compensation of the Chief Executive Officer and other officers and members of the Board and making recommendations in respect thereof to the Board; (5) administering the DSU Plan and the RSU Plan; (6) reviewing and approving any proposed amendments to the Corporation's Stock Option Plan, DSU Plan, and RSU Plan; and (7) making recommendations to the Board concerning Option, DSU and RSU grants.

The members of the Compensation Committee are André Y. Fortier (Chair), Thor E. Eaton and Timothy J. Ryan, each of whom is an independent director.

### **Other Board Committees**

#### ***Health, Safety and Environmental Committee***

The overall purpose of the Health, Safety and Environmental Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's continuing commitment to improving the environment and ensuring that its activities are carried out, and that its facilities are operated and maintained, in a safe and environmentally sound manner. The primary function of the Health, Safety and Environmental Committee is to monitor, review and provide oversight with respect to the Corporation's policies, standards, accountabilities and programs relative to health, safety and environmental-related matters. The Health, Safety and Environmental Committee will also advise the Board and make recommendations for the Board's consideration regarding health, safety and environmental-related issues. Members of the Health, Safety and Environmental Committee visit the Corporation's Platosa property periodically to review the health, safety and environmental aspects of the operation, and meet with the on-site individual(s) responsible for the Corporation's health and safety program and environmental compliance at the mine. Messrs. Eaton and Fernández visited the Platosa property during late 2012 and early 2013, respectively, on behalf of the Health, Safety and Environmental Committee.

The members of the Health, Safety and Environmental Committee are Thor E. Eaton (Chair), André Y. Fortier, Alan R. McFarland and Oliver Fernández, each of whom is an independent director. The Health, Safety and Environmental Committee has a written charter, which was adopted on October 25, 2006.

### **ADDITIONAL INFORMATION**

Additional information regarding the Corporation and its business activities is available under the Corporation's profile on the SEDAR website located at [www.sedar.com](http://www.sedar.com). The Corporation's financial information is provided in the Corporation's audited consolidated financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com). Copies of the Corporation's annual information form, consolidated financial statements and related management discussion and analysis are available upon request, free of charge to Shareholders of the Corporation, by contacting the Chief Financial Officer, at the Corporation's principal office located at 20 Victoria Street, Suite 900, Toronto, Ontario, Canada M5C 2N8.

## SCHEDULE “A”

### EXCELLON RESOURCES INC.

#### ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

1. Subject only to the *Business Corporations Act (Ontario)* (the “**Act**”) and the articles of the Corporation (the “**Articles**”), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the “**Board**”) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - a. by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
  - b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
  - c. by any person (a “**Nominating Shareholder**”) who:
    - i. at the close of business on the date of the giving of the notice provided for below in this By-Law No. 2 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
    - ii. complies with the notice procedures set forth below in this By-Law No. 2.
2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given:
  - a. timely notice thereof in proper written form to the secretary of the Corporation at the principal executive offices of the Corporation; and
  - b. the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in, paragraph 5 of By-Law No. 2.
3. To be timely, a Nominating Shareholder’s notice to the secretary of the Corporation must be made:
  - a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 40 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
4. To be in proper written form, a Nominating Shareholder’s notice to the secretary of the Corporation must set forth:
  - a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
    - i. the name, age, business address and residence address of the person;

- ii. the principal occupation or employment of the person;
  - iii. the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - iv. a statement as to whether such person would be “independent” of the Corporation (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination; and
  - v. any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- b. as to the Nominating Shareholder giving the notice:
- i. any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation;
  - ii. any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
  - iii. the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.
- c. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of such proposed nominee.
5. To be eligible to be a candidate for election as a director of the Corporation and to be duly nominated, a candidate must be nominated in the manner prescribed in this By-Law No. 2 and the candidate for nomination, whether nominated by the Board or otherwise, must have previously delivered to the secretary of the Corporation at the principal executive offices of the Corporation, not less than five days prior to the date of the meeting of shareholders, a written representation and agreement (in the form provided by the Corporation) that such candidate for nomination, if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Corporation applicable to directors and in effect during such person’s term in office as a director (and, if requested by any candidate for nomination, the secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect).
6. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-Law No. 2; provided, however, that nothing in this By-Law No. 2 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
7. For purposes of By-Law No. 2:

- a. “**Affiliate**”, when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
- b. “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;
- c. “**Associate**”, when used to indicate a relationship with a specified person, shall mean (i) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (ii) any partner of that person, (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (iv) a spouse of such specified person, (v) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (vi) any relative of such specified person or of a person mentioned in clauses (iv) or (v) of this definition if that relative has the same residence as the specified person;
- d. “**Derivatives Contract**” shall mean a contract between two parties (the “**Receiving Party**” and the “**Counterparty**”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Corporation or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “**Notional Securities**”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Corporation or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;
- e. “**owned beneficially**” or “**owns beneficially**” means, in connection with the ownership of shares in the capital of the Corporation by a person, (i) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are

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- g. owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities; and
  - h. “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).
8. Notwithstanding any other provision of By-Law No. 2, notice given to the secretary of the Corporation pursuant to this By-Law No. 2 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
  9. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described in paragraph 3 of By-Law No. 2 or the delivery of a representation and agreement as described in paragraph 5 of By-Law No. 2.
  10. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-Law No. 2.

## SCHEDULE “B”

### EXCELLON RESOURCES INC.

#### CHARTER OF THE BOARD OF DIRECTORS

(amended and restated as of August 14, 2013)

The Board of Directors (the “**Board**”) of Excellon Resources Inc. (the “**Company**”) is responsible for the stewardship of the Company, oversight of the management of the business and affairs of the Company, acting in the best interest of the Company, and performing such duties and approving certain matters as may be required by applicable legislation and regulations.

The Board will conduct the procedures and manage the duties and responsibilities set out below, either directly or through committees of the Board. The Board has established the following standing committees to assist the Board in discharging its responsibilities: the Audit Committee, the Nominating & Corporate Governance Committee, the Compensation Committee, and the Health, Safety & Environmental Committee. Special committees will be established from time to time to assist the Board in connection with specific matters. The Board discharges its responsibility by delegating the day to day management of the Company to senior officers. The Board relies on senior officers to keep it apprised of all significant developments affecting the Company and its operations through its Executive Chairman.

#### DUTIES AND RESPONSIBILITIES

The Board’s duties and responsibilities shall include:

1. To the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers of the Company, and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the Company;
2. The adoption of a strategic planning process and approval, on an annual basis, of a strategic plan for the Company developed and proposed by management which takes into account, among other things, the opportunities and risks of the business;
3. The identification of principal risks of the Company’s business and implementation of appropriate systems to manage such risks;
4. Ensuring that appropriate succession planning for executive officers of the Company and members of the Board is in place including appointing and monitoring senior management;
5. The adoption of a communication/disclosure policy for the Company to address the accuracy and timing of disclosure of material information;
6. Insuring the integrity of the Company’s internal control and management information system;
7. Review of the Company’s corporate governance, including the development of corporate policies, principles and guidelines that are specifically applicable to the Company;
8. The adoption of a written code of business conduct and ethics applicable to directors, officers and employees of the Company designed to promote integrity, to deter wrongdoing, and monitoring compliance with the Company’s code.

#### COMPOSITION OF THE BOARD

The directors of the Company shall be elected at each annual meeting of the shareholders of the Company and shall serve until the next annual meeting of shareholders or until their successors are elected.

A majority of the Board shall be “independent” within the meaning of applicable securities laws, rules, policies, regulations, guidelines and instruments and by any stock exchanges on which the Company’s securities are listed. If the Chairman of the Board is not an independent director, an independent director may be appointed to act as lead director (the “**Lead Director**”), to act whenever leadership of a meeting, discussions among directors, or vote by independent directors should not have the leadership or presence of a non-independent Chairman. If appointed, the

Lead Director will act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

There shall be a reasonable number of directors who are financially literate. Financial literacy being the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Nominees for membership on the Board will be recommended to the Board by the Nominating and Corporate Governance Committee. The Board will recommend the nominees to the shareholders for election at the annual meeting. In selecting nominees as new directors, the Nominating and Corporate Governance Committee shall consider the competencies and skills the Board as a whole should possess, the competencies and skills of existing directors and of proposed nominees, and the needs of the Company.

The Board shall conduct annual assessments to evaluate the effectiveness of the Board, its Committees, and the contributions of individual directors.

The Board shall annually review and assess the adequacy of its mandate and shall consider such amendments to this mandate as the Nominating and Corporate Governance Committee shall recommend, and make such amendments to this mandate as it considers necessary and appropriate.

Directors are entitled to receive reasonable directors' fees and other compensation for their services as directors and committee members, as may be determined from time to time by the Board with input from the Compensation Committee, as well as reimbursement of expenses incurred on Company business or in attending Board or committee meetings.

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Company in advance of accepting an invitation to serve on the board of another public company.

## **MEETINGS AND AGENDA**

The Board shall meet as many times per year as it deems necessary or appropriate to carry out its responsibilities effectively, but in no event shall the Board meet less than four times per year. Meetings of the Board shall be conducted in accordance with the Company's articles or by-laws. Prior to the end of each year, the Corporate Secretary will propose a schedule of Board meetings for the following calendar year for attendance by the Board.

The Chairman or Lead Director, if any, and the Chief Executive Officer shall develop the agenda for each regularly scheduled Board meeting. Any director may propose the inclusion of items on the agenda, and may raise at any meeting other matters that they consider worthy of discussion. Materials for discussion will be distributed sufficiently in advance of the meeting to provide the directors with a reasonable opportunity for review.

Directors should make all reasonable efforts to attend meetings of the Board and of all Board committees upon which they serve, to review the materials that are distributed in advance to prepare for those meetings, and be prepared to discuss such materials and actively participate in the meetings.

The Board may invite any of the Company's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

Directors shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

The independent members of the Board will hold regularly scheduled meetings at which non-independent directors and members of management of the Company are not in attendance.

## **COMMITTEES OF THE BOARD**

The Audit Committee, Compensation Committee, Nomination and Corporate Governance Committee and Health, Safety and Environmental Committee shall be fully independent. The Board shall adopt mandates for each

Committee of the Board. At least annually, each mandate shall be reviewed by the Nominating and Corporate Governance Committee and any suggested amendments shall be brought to the Board for consideration and approval. The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate. As required by applicable law, by applicable committee mandate, or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

With the assistance of the Audit Committee, the Board shall, among other things:

- review and approve the Company's interim and annual financial statements, managements' discussion and analysis, and associated news releases;
- review the audit report prepared by the Company's external auditor and any other matters related to the financial statements that are brought forward by the external auditors;
- review the factors identified by management as factors that may affect future financial results;
- identify and assess risks that could have a material impact on the Company's business and ensure the implementation of proper systems to monitor and manage such risks and identify material changes to the Company's risk profile; and
- review and approve the Company's financial objectives, plans and actions, including significant capital allocations and expenditures.

With the assistance of the Nominating and Corporate Governance Committee, the Board shall, among other things:

- develop the Company's approach to corporate governance, review corporate governance issues, and review and approve the disclosure of corporate governance practices;
- maintain a succession plan for the Company and ensure that the Board and management have the appropriate skills and experience required to succeed in their positions;
- review the effectiveness, size and composition of the Board, taking into consideration the strategic direction of the Company and the current strengths, competence, skills and experience of Board members and directors whose term of office is expiring;
- ensure that new directors receive orientation to understand fully the nature and operation of the Company's business, the role of the Board and its committees, as well as the contribution individuals directors are expected to make;
- provide opportunities for all directors so that individuals may maintain or enhance their skills and abilities and directors, as well as advance their knowledge and understanding of the Company's current business; and, if required,
- develop position descriptions for the Chairman and, if applicable, the Lead Director, the Chair of each Board committee, and the Chief Executive Officer.

With the assistance of the Compensation Committee, the Board shall, among other things:

- review and approve the corporate goals and objectives of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine the Chief Executive Officer's compensation level based on this evaluation;
- periodically review the Company's management structure and the Chief Executive Officer's proposals for changes to that structure including any recommendations of officer appointments or terminations;
- review and approve the annual compensation of all other executive officers of the Company, as recommended by the Chief Executive Officer, based on the achievement of individual corporate goals and objectives developed for the performance of management;
- review and approve the compensation of the directors and committee members;
- ensure that remuneration packages for all executive officers and directors have the overriding purpose of motivating and retaining qualified individuals; reflect the requirements of the marketplace to attract and retain

the skills and abilities required; enhance long-term shareholder value, and involve a balance between fixed and incentive compensation that properly reflects individual performance relative to the short and long-term performance objectives appropriate to the Company's circumstances and goals;

- review and administer the Company's equity compensation plans to ensure that such plans are reasonable and provide appropriate incentives to directors, officers, employees and consultants;
- review and approve any recommended stock option grants and/or share issuances under the Company's equity-based compensation plans to directors, officers, employees and consultants of the Company and its subsidiaries, as appropriate;
- encourage Board members to own an appropriate number of Company shares; and
- review and approve the disclosure of executive compensation prior to release of any data.

With the assistance of the Health, Safety and Environmental Committee, the Board shall, among other things:

- review and approve the Company's health and safety; environmental and sustainability plans, policies, processes and activities;
- monitor matters relating to health, safety and the environment and compliance with applicable regulations in such areas; and
- review and approve the disclosure in the Company's annual report and other documents, as applicable, with respect to health and safety, environment and sustainability activities.

#### **Board/Committee Communication**

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting following the committee's meeting. Minutes of committee meetings are made available to all directors and are filed with the Corporate Secretary.

#### **GENERAL**

Directors are expected to comply with all of the Company's governance policies, procedures and guidelines, including but not limited to, the Code of Business Conduct and Ethics, Board and Board Committee charters and mandates and corporate policies, including the Disclosure Policy and the Share Trading Policy among others, and are expected to sign a certificate of compliance annually confirming their continued understanding and compliance with such policies, procedures and guidelines.

The Board, in conjunction with the Chief Executive Officer, shall review measures for receiving information from the Company's shareholders. The Board shall, on a periodic basis and with the assistance of the officers involved in investor relations, monitor and review information provided by the Company's shareholders.

At least annually, the Board shall review and assess the adequacy of its mandate to ensure compliance with any rules of regulations of any regulatory body and approve any modifications to its mandate as are considered advisable.