

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [SEE ATTACHMENT](#)

18 Can any resulting loss be recognized? ▶ [SEE ATTACHMENT](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [SEE ATTACHMENT](#)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ May 24, 2020

Print your name ▶ BRENDAN CAHILL Title ▶ PRESIDENT & CEO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Excellon Resources Inc.

Attachment to I.R.S. Form 8937 Report of Organizational Actions Affecting Basis of Securities

Disclaimer: Information contained herein does not constitute tax advice and does not purport to be complete or take into account any shareholder's specific circumstances. The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations thereunder. Shareholders are urged to consult their own tax advisors regarding the U.S. tax consequences of the transaction described herein and the basis of stock received in the transaction. Shareholders are also urged to read the Notices of Meeting and Joint Management Information Circular furnished to shareholders of Otis Gold Corp. ("Otis") and Excellon Resources Inc. ("Excellon") dated April 17, 2020 and, in particular the information contained therein under the heading "Certain U.S. Federal Income Tax Considerations."

Form 8937, Part II, Item 14

On April 23, 2020, pursuant to an Arrangement Agreement dated February 24, 2020, Excellon acquired all of the issued and outstanding common shares of Otis pursuant to a statutory plan of arrangement under the provisions of Division 5 of Part 9 of the Business Corporations Act (British Columbia) (the "**Arrangement**").

Under the terms of the Arrangement, each former shareholder of Otis is entitled to receive 0.23 of a common share of Excellon (each whole share, an "Excellon Share") in exchange for each common share of Otis (each whole share, an "Otis Share") held immediately prior to the effective time of the Arrangement (the "Arrangement Consideration"). Further, under the Arrangement, (i) all of the outstanding options to acquire Otis Shares (the "Otis Options") prior to the effective time of the Arrangement were exchanged for options to acquire Excellon Shares, as adjusted in accordance with the plan of arrangement, and (ii) holders of warrants to acquire Otis Shares outstanding immediately prior to the effective time of the Arrangement will be entitled to receive, in lieu of Otis Shares, 0.23 of an Excellon Share for each warrant exercised.

Form 8937, Part II, Item 15

Subject to the potential applicability of the passive foreign investment company ("PFIC") rules of Sections 1291 to 1298 of the Code, it is anticipated that the exchange of Otis Shares for Excellon Shares may qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code and that a holder of Otis Shares will not recognize any gain or loss on the exchange of its Otis Shares for Excellon Shares. Assuming the exchange of Otis Shares for Excellon Shares qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Code, each former shareholder of Otis who receives Excellon Shares in the exchange will have an aggregate U.S. federal income tax basis in such Excellon Shares equal to the aggregate basis of the Otis Shares for which they are exchanged. The holding period of Excellon Shares received in the exchange

will include the holding period of the Otis Shares for which they are exchanged. If a former shareholder of Otis held different blocks of Otis Shares (generally as a result of having acquired different blocks of shares at different times or at different costs), such shareholder's tax basis and holding period in its Excellon Shares may be determined with reference to each block of Otis Shares for which they are exchanged.

If any gain is recognized under the PFIC rules, the basis should be increased by the amount of such gain recognized.

Form 8937, Part II, Item 16

The calculation of the basis adjustment is described in Item 15, above. The basis per share of Excellon Shares received in exchange for Otis Shares should be calculated by dividing (i) the shareholder's total tax basis in its Otis Shares immediately prior to the exchange by (ii) the number of Excellon Shares received in the exchange. If any gain is recognized under the PFIC rules, the basis should be increased by the amount of gain recognized.

Form 8937, Part II, Line 17

The applicable Code sections are 354(a)(1), 358(a)(1) and (b)(1), 367(a)(2) and (b)(2), 368(a), 1221, and 1291 to 1298.

Form 8937, Part II, Line 18

If the Arrangement qualifies as a reorganization within the meaning of Code Section 368(a), then in general, each shareholder who received Excellon Shares in exchange for Otis Shares will not recognize loss for U.S. federal income tax purposes.

However, even if the Arrangement qualifies as a reorganization under Code Section 368, certain special rules may apply if Otis, as anticipated, is classified as a PFIC prior to the Arrangement that could make the transaction fully taxable. The PFIC rules are complex and are subject to differing interpretations. Consequently, shareholders should consult with their own tax advisors regarding the potential application of these rules.

Form 8937, Part II, Line 19

The effective date for the Arrangement was April 23, 2020 and the reportable tax year would be the tax year that includes this date (e.g., the reportable tax year is 2020 for a calendar-year shareholder).