EXCELLON RESOURCES INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2017

March 21, 2018

PRELIMINARY NOTES

Interpretation

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this annual information form the terms “we”, “us”, “our” and “ours” refer to the Company.

A glossary of certain technical terms and abbreviations that appear in this annual information form is included under the section entitled “Glossary of Technical Terms and Abbreviations.”

Currency

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

Date of Information

Unless otherwise noted, the information set forth in this AIF is current as of December 31, 2017.

Note Regarding Forward-Looking Statements

This annual information form contains “forward-looking statements” within the meaning of applicable Canadian Securities legislation and applicable U.S. securities laws concerning the Company's plans for its properties, operations and other matters. Except for statements of historical fact relating to the Company, certain statements contained herein constitute forward-looking statements including, but not limited to, statements regarding future anticipated and current exploration programs and expenditures, exploration results, the potential discovery and delineation of mineral deposits/resources/reserves, potential mining and processing scenarios, production estimates, the anticipated success of mineral processing procedures, anticipated continued sales of ore and concentrate sales, proposed business plans, anticipated business trends and metal prices, future anticipated operating costs, reclamation cost estimates, revenues and cash flow, and may relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates”, “believes”, “proposed”, “intends” or “does not intend”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be, or not be, taken, occur or be or not be achieved) are not statements of fact and may be “forward-looking statements”.

Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially and adversely from those reflected in the forward-looking statements. A description of the risk factors applicable to the Company can be found in this annual information form under “Description of the Business – Risk Factors”. Should one or more of the risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those described in forward-looking statements. Forward looking statements are made based on management's beliefs, estimates, assumptions and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates, assumptions and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty or weight to forward-looking statements.

Readers are also cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements, and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or that, if any of them do so, what benefits the Company will derive therefrom.

All of the Company's public disclosure filings may be accessed via SEDAR at www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

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

The terms "Measured", "Indicated" and "Inferred" Mineral Resources used or referenced in this annual information form are defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards on Mineral Resources and Mineral Reserves. The CIM standards differ significantly from standards in the United States. United States investors are advised that while such terms are recognized and required by Canadian regulations, the SEC does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category or that Mineral Resources will ever be upgraded to Mineral Reserves. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies other than a Preliminary Economic Study ("PEA").

United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable or that an Indicated Mineral Resource is economically or legally mineable.

Cautionary Note to United States Investors regarding Adjacent or Similar Properties

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

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GLOSSARY OF TERMS AND ABBREVIATIONS

The following is a glossary of terms and abbreviations that appear in this AIF:

2016 Offering means the bought deal public offering of 13,250,000 units (“2016 Public Units”) at a price of $1.15 per 2016 Public Unit for gross proceeds of approximately $15.2 million, which closed on July 26, 2016. Each 2016 Public Unit comprised one Common Share and one half-warrant; with each whole warrant entitling the holder to acquire a Common Share at a price of $1.75 prior to July 26, 2018.

2016 Private Placement means the non-brokered equity private placement for gross proceeds of $3.0 million through the issuance of 6,666,667 units (each, a “**Unit**”) at a price of $0.45 per Unit. Each Unit comprised one Common Share and one half-share purchase warrant of the Company, with each full warrant entitling the holder to purchase one additional Common Share of the Company at a price of $0.65 per share prior to April 4, 2018.

2017 Offering means the bought deal public offering of 7,393,750 units (“2017 Public Units”) at a price of $2.00 per 2017 Public Unit for gross proceeds of approximately $14.8 million, which closed on November 9, 2017. Each 2017 Public Unit comprised one Common Share and one half-warrant; with each whole warrant entitling the holder to acquire a Common Share at a price of $2.80 prior to December 31, 2018.

AgEq means silver equivalent ounces.

AIF means this Annual Information Form.

AMT means Audio Magneto Tellurics geophysical technique that measures the resistivity of a particular volume of rock to a combination of magnetic and telluric currents naturally present, known as Natural Source Audio Magneto Tellurics (“**NSAMT**”), or proactively transmitted into the earth’s crust Controlled Source Audio Magneto Tellurics (“**CSAMT**”). The technique delineates horizontal and vertical resistivity contrasts allowing discernment of features of interest including intrusions, rock-type contrasts and bedding, alteration, and mineralization. CSAMT uses currents generated and artificially transmitted into the rocks under controlled conditions and frequencies. NSAMT uses natural currents stemming from cosmic radiation. CSAMT typically has finer resolution whereas NSAMT has deeper penetration.

Apex means Apex Silver Mines Limited (a predecessor of Golden Minerals Company), an American Stock Exchange-listed company with whom Excellon was at one time in a joint venture on a large number of concessions comprising the project area.

CIM means the Canadian Institute of Mining, Metallurgy and Petroleum.

Common Shares means the common shares in the capital of the Company.

Company (or Excellon) means Excellon Resources Inc.

CRD means Carbonate Replacement Deposit, a type of mineral deposit found worldwide and forms through a chemical reaction whereby mineral-bearing fluids dissolve carbonate minerals and immediately precipitate sulphide minerals in their place. This replacement process often faithfully preserves delicate textures seen in the original rocks. CRD mineralization may also be deposited into pre-existing openings in various rock types in particular carbonate rocks. Mineralized fluids in CRDs often follow structures for long distances creating elongate deposits called “chimneys” when standing at high angles and “mantos” when flat-lying.

Debentures means the 3.75% secured convertible debentures issued by the Company on November 27, 2015 for proceeds of $5.61 million.

DeSantis Property means the Company's 100%-owned property in northeastern Ontario, acquired through the Company's acquisition of Lateegra Gold Corp.

DSU means deferred share unit.

DSU Plan means the deferred share unit plan of the Company dated December 11, 2013, as amended and restated on March 25, 2014, providing for the issuance of DSUs.

Hydro-Ressources Inc. is a consulting firm based in Lévis, Quebec, which provides hydrogeological services to the mining industry particular in relation to mine dewatering.

Hydrothermal means heated or superheated fluid or water from depth in the earth's crust.

Indicated Mineral Resource means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

Inferred Mineral Resource means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Manto means a tabular to ribbon-shaped, relatively flat-lying CRD mineral deposit that tends to lie within a particular rock bed or series of beds.

Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

Mineral Reserve means the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are classified as Probable or Proven.

Mineral Resource means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

"**Modifying Factors**" include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

MK Metal means MK Metal Trading Mexico, S.A. de C.V., a subsidiary within the Ocean Partners group of companies.

NI 43-101 means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects.*

NSR means Net Smelter Return or Net Smelter Royalty and means a defined percentage of the gross revenue from a resource extraction operation, generally less a proportionate share of transportation, insurance, and processing costs.

Optimization Plan means the mine dewatering program developed by the Company in consultation with Hydro-Ressources Inc. and Technosub Inc., as further described in press releases dated April 27, 2015, June 2, 2015 and November 2, 2015 and the Technical Report.

Osisko means Osisko Mining Corporation, a publicly listed mineral exploration company with projects in Canada and listed on the TSX under the symbol "OSK".

Osisko Shares means the publicly traded common shares OSK of Osisko Mining Corporation on the TSX.

Pb means the elemental symbol for lead.

Platosa Property means a property in Durango State, Mexico where the Company produces silver, lead and zinc from high-grade manto deposits.

PSZ means the Platosa Structural Zone, the principal fault system in the Platosa Property area.

QA/QC means quality assurance/quality control, systematic procedures that are used to validate the control and testing of samples in a specified manner.

Qualified Person means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project; and is a member or licensee in good standing of a professional association ("professional association" means a self-regulating organization with the power to discipline its members, of engineers, geoscientists or both engineers and geoscientists that is recognized under the terms of NI 43-101).

Reserves means that part of the mineral deposit that could be economically and legally extracted or produced at the time of reserve determination.

Rights Plan means the Shareholder Rights Plan Agreement between the Company and Computershare Investor Services Inc. dated March 24, 2015.

ROM means run-of-mine.

Saltillera Properties means western parts of the Platosa project area and100% owned by the Company, originally optioned from Altiplano. It includes the area of Saltillera and Soccoro mines property, but also encompasses the historic Zorra, Dios da Bondad and Refugio mines/areas.

RPA means Roscoe Postle Associates Inc**.**, formerly Scott Wilson Roscoe Postle Associates Inc., independent geological and mining consultants based in Toronto, Ontario.

RSU means restricted share unit.

RSU Plan means the Company's restricted share unit plan dated December 11, 2013, as amended and restated on March 25, 2014.

SEC means United States Securities and Exchange Commission.

SEDAR (System for Electronic Document Analysis and Retrieval) means an electronic filing system developed for the Canadian Securities Administrators to facilitate electronic filing and dissemination of securities regulatory documents by reporting issuers and related communications with securities regulators.

Silver Eagle means Silver Eagle Mines Inc.

Skarn refers to an alteration assemblage dominated by calcium and magnesium silicate minerals (dominantly garnets, pyroxenes and amphiboles), formed by reaction between silica-bearing fluids and carbonate rocks, converting original carbonate minerals to silicate minerals. Economically mineralized skarns contain potentially extractable amounts of certain metals and are classified on the basis of the dominant metal (e.g., Copper skarn or Lead-Zinc skarn). Skarns typically form in close proximity to intrusive bodies and may have massive sulphide replacement mineralization on their distal sides.

Technical Report means the NI 43-101 report entitled *"Technical Report on the Preliminary Economic Assessment of the Platosa Mine, Durango State, Mexico"* prepared for the Company by Jason J. Cox, P.Eng., David Ross, M.Sc., P.Geo and Robert Michaud, M.Sc., P.Eng, of RPA, dated July 9, 2015.

Technosub Inc. is a consulting firm based in Rouyn-Noranda, Québec that provides pumps and pump engineering for companies in various industries.

Trafigura means Trafigura México, S.A. de C.V.

TSX means the Toronto Stock Exchange.

VWAP means volume-weighted average price.

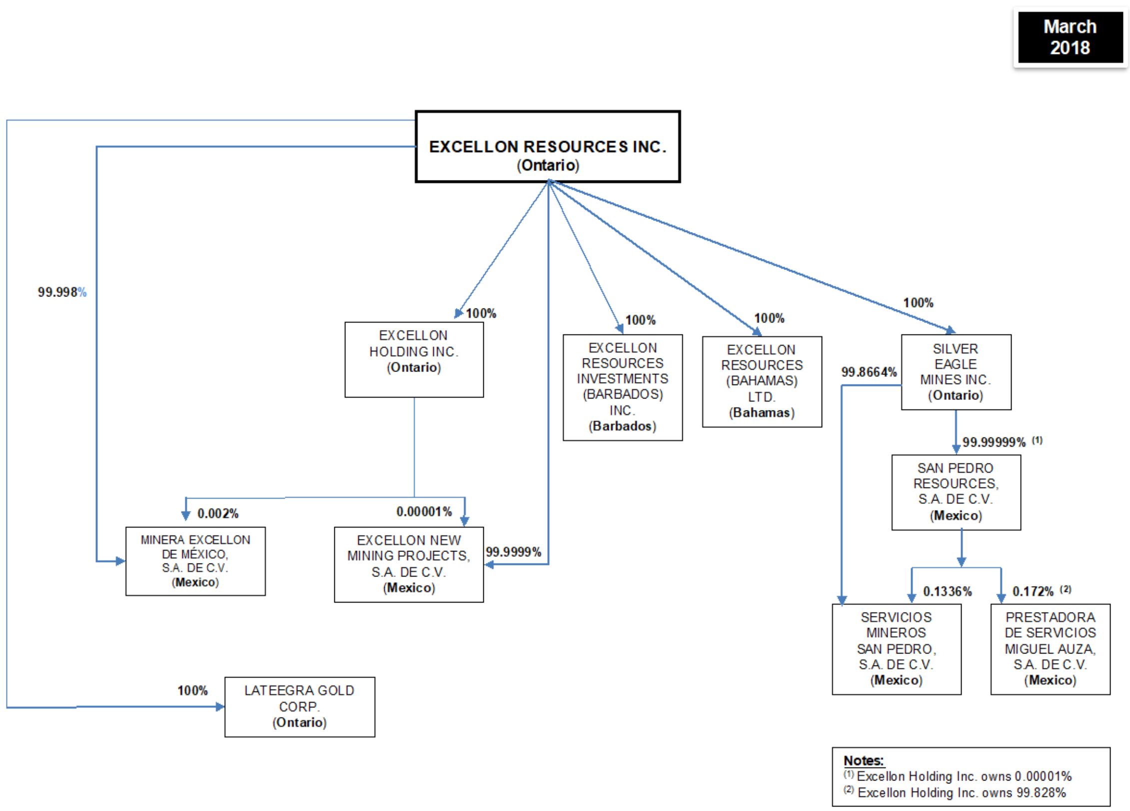
CORPORATE STRUCTURE

Incorporation

Excellon Resources Inc. was incorporated under the *Company Act* (British Columbia) on March 4, 1987 and continued under the *Business Corporations Act* (Ontario) on May 31, 2012. The registered and principal office of the Company is located at 20 Victoria Street, Suite 900, Toronto, Ontario M5C 2N8. The Company's telephone number is (416) 364-1130 and its website address is www.excellonresources.com.

Corporate Structure

The diagram below sets out the organizational structure of the Company. Reference to the "Company" or "Excellon" in this Annual Information Form means Excellon Resources Inc. and its subsidiaries, except as may otherwise be indicated.



GENERAL DEVELOPMENT OF THE BUSINESS

Excellon is a mineral resource company engaged in the acquisition, exploration, development and mining of mineral properties. During the past three years the Company has been involved primarily in the exploration and development of its Platosa Property in Durango State, Mexico, where Excellon is producing silver, lead and zinc from high-grade manto deposits.

Three-Year History

During the past three years, the Company has conducted mining and mineral production, development and exploration activities in Mexico and Canada, with the focus being its Platosa and Miguel Auza properties in Durango and Zacatecas, Mexico, respectively. The principal product and source of cash flow for Excellon is the mining and sale of lead and zinc concentrates from production at the Platosa Property.

Events that influenced the general development of the business over the past three years are described below (with date of applicable press release in brackets):

<u>2015</u>

- Completed positive optimization study on the Platosa Mine providing a comprehensive dewatering and optimization plan (April 27, 2015)
- Released and filed a positive Preliminary Economic Assessment of the Platosa Optimization Plan, including an updated Mineral Resource as at December 31, 2014 with measured and indicated resources of 428,000t grading 760 g/t Ag, 8.28% Pb and 9.88% Zn, totaling 10.5 million oz Ag, 78 million pounds Pb and 93 million pounds Zn (June 2, 2015; July 16, 2015)
- Completed $6.6 million financing comprising the issuance of $5.6 million principal amount of 3.75% secured convertible debentures and the sale for $990,000 of a 1.25% NSR on the Platosa Property (November 30, 2015)
- Agreed to the sale of the DeSantis Property to Osisko for 850,000 common shares of Oban
- Produced 1.4 million AgEq ounces, including 0.8 million oz Ag, 4.4 million pounds Pb and 7.4 million pounds Zn

<u>2016</u>

- Completed the sale of the DeSantis Property to Osisko (April 11 and June 6, 2016)
- Completed the 2016 Private Placement with Eric Sprott raising gross proceeds of $3 million (April 4, 2016)
- Completed the 2016 Offering for gross proceeds of $15.2 million (July 26, 2016)
- Completed 60% of the construction of the Optimization Project including excavation of two dewatering stations, civil, electrical, structural, and mechanical installations as well as the drilling of 12 dewatering wells
- Daniella Dimitrov and Dr. Laurie Curtis joined the Board of Directors (December 20, 2016)
- Recommenced exploration drilling on the Platosa Property (August 17, 2016)
- Strengthened management teams with the addition of Denis Flood as Vice President Technical Services (July 18, 2016) and Ben Pullinger as Vice President of Geology (August 23, 2016).
- Produced 1.3 million AgEq ounces, including 0.8 million oz Ag, 4.4 million pounds Pb and 5.6 million pounds Zn

2017

- Appointed Dr. Craig Ford as Vice President Corporate Responsibility to strengthen the Company's commitment to Corporate Responsibility and improving relationships with all stakeholders of the Company (January 10, 2017)
- Completed the sale of 837,000 OSK shares for net proceeds of $4.4 million (April 5, 2017)
- Completed implementation of the Optimization Plan (July 2017)
- Completed the 2017 Offering for gross proceeds of $14.8 million (November 9, 2017)
- Jacques McMullen and Andrew Farncomb joined the Board of Directors (Nov 15, 2017 and December 15, 2017, respectively)
- Produced 1.5 million AgEq ounces, including 0.7 million oz Ag, 4.2 million pounds Pb and 6.1 million pounds Zn

DESCRIPTION OF THE BUSINESS

Excellon is a mining and exploration company currently focussed on the exploration, development and mining of silver-lead-zinc mineralization on its 20,947-hectare Platosa Property in northeastern Durango State, Mexico. The common shares of the Company are listed on the TSX under the symbol "EXN".

Principal Product

The Company's principal product is lead-silver and zinc-silver concentrates.

Production

Crushed ore mined from the Company's Platosa Property is shipped to its mill at Miguel Auza for processing, where separate mineral concentrates containing lead-silver and zinc-silver are produced on site. These mineral concentrates are then transported and sold to a third party for further processing.

For 2017, tonnes mined and milled of 57,165 tonnes and 63,742 tonnes represented a 7% and 15% improvement compared to 2016. During the year water management at Platosa was effective at controlling inflows through an enhanced pumping system of the Optimization Plan, which was successfully completed in July 2017. Further details are discussed under "Platosa Optimization Plan", below.

Silver prices were relatively flat during 2017 and averaged US$17/oz during Q4 and for 2017, and averaged the same for Q4 2016 and 2016.

Sales during 2017 totalled US$21.2 million, a 25% improvement compared to US$17.0 million in 2016, with the increase in sales being primarily related to increased metal production and base metal prices and improved treatment and refining charges.

As at December 31, 2017 the Company's cash, cash equivalents and marketable securities totaled US$12.3 million (December 31, 2016 – US$6.9 million) and working capital totaled US$13.8 million (December 31, 2016 – US$8.6 million). As at December 31, 2017, the Company's trade receivables were US$2.4 million (December 31, 2016 – US$0.7 million).

Economic Dependence

From 2011 to 2016, Trafigura was the sole purchaser of the Company's concentrates. In late 2016, the

Company negotiated offtake agreements for 2017 with Trafigura and MK Metal following a robust tender process involving numerous commodity traders. In 2018, the Company, after another robust tender process, extended the agreements with each party for the remainder of 2018 production under new terms reflective of the current market. The Company believes that because of the availability of alternative processing and commercialization options for its concentrate, it would suffer no material adverse effect if it lost the services of Trafigura or MK Metals.

Competitive Conditions

The precious metal mineral exploration and mining business is a competitive business. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive precious metal mineral properties, and with a number of other producers of silver. The ability of the Company to acquire precious metal mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for precious metal development or mineral exploration. Refer to "Risk Factors" below.

Foreign Operations

The Company's revenue is currently dependent on production from the Platosa Property, its material producing property located in Mexico. The Company's operations are exposed to various levels of political, economic and other risks and uncertainties as discussed in "Risk Factors" below.

Employees

As at December 31, 2017, the Company and its wholly owned subsidiaries employed 311 individuals, along with 55 outside contractors on a fee-for-service basis for conducting mining, exploration and related activities.

Specialized Skill and Knowledge

Most aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, permitting, drilling, metallurgy, mining engineering, process engineering, logistical planning and implementation of exploration programs as well as finance and accounting. The Company has retained a number of employees and consultants with extensive experience in mining, geology, exploration and with the skills necessary to assist in the Company's day-to-day operations.

Environmental Protection

The Company conducts mining and processing activities in the states of Durango and Zacatecas, Mexico, and exploration in Mexico. Such activities are subject to various laws, rules and regulations governing the protection of the environment, including requirements for closure and reclamation of mining properties.

In the jurisdictions where the Company operates, specific statutory and regulatory requirements impose standards which must be met throughout the exploration, development and operational stages of a mining property with regard to air quality, water quality, fisheries and wildlife protection, solid and hazardous waste management and disposal, mine waste management, noise, land use and reclamation. Changes in any applicable governmental regulations to which the Company is subject may adversely affect its operations. Failure to comply with any condition set out in any required permit or with applicable regulatory requirements may result in the Company being unable to continue to carry out its activities. The impact of these requirements cannot accurately be predicted.

The financial and operational effects of environmental protection requirements on the Company's capital expenditures, earnings and competitive position have not been significant in the year ended December 31, 2017 and are not expected to become significant until the closure of existing mining operations and the Company undertakes reclamation activities on its properties. Details and quantification of the Company's reclamation and closure costs are discussed in the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2017, available on SEDAR at www.sedar.com and in the section entitled "Risk Factors" below.

Subsidiary Corporate Governance and Internal Controls

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

Control Over Subsidiaries

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

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

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

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

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

The Company and its local legal counsel are familiar with the nature of transactions customary in the Mexican mining industry which allows them to identify and ensure that ownership of property interests and other assets is legally valid.

Strategic Direction

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

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

Internal Control Over Financial Reporting

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

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

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

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

Local Laws and Government Relations

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

Enforcement of Judgments

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

MATERIAL MINERAL PROJECTS

Pursuant to National Instrument 51-102 – Continuous Disclosure Obligations (“NI 51-102”), Excellon has identified the Platosa Property in Durango State, Mexico as its sole material property.

The Platosa Property in Durango State, Mexico is the Company’s principal producing property, and the Company also holds the Miguel Auza property located in northern Zacatecas State, acquired through the acquisition of Silver Eagle in 2009. Ore produced at the Platosa mine is processed at the Company’s mill located at Miguel Auza. The mine at Miguel Auza property is currently on care and maintenance.

PLATOSA PROPERTY, DURANGO STATE, MEXICO

The following information regarding the Platosa Property is supported by the Technical Report of the Platosa Property Report dated July 9, 2015 as prepared by Jason J. Cox, P.Eng., David Ross, M.Sc., P.Geo. and Robert Michaud, M.Sc., P.Eng., all of RPA. Mr. Cox, Mr. Ross and Mr. Michaud are independent “Qualified Persons” as defined in NI 43-101. Reference should be made to the full text of the Technical Report, which is incorporated by reference in its entirety into this AIF, and which is available for review under the Company’s profile on SEDAR at www.sedar.com, and on the Company’s website at www.excellonresources.com. Supplemental information, some of which supersedes or replaces that in the Technical Report was prepared by the Company under the supervision of John Sullivan, Excellon's Vice President, Exploration until September 12, 2016, who is a Qualified Person for the purposes of NI 43-101, and has been reviewed and updated as necessary by Ben Pullinger, Excellon's Vice President Geology since September 12, 2016, who is a Qualified Person for the purposes of NI 43-101.

Property Description, Location and Access

The Platosa Property is located in the State of Durango, north-central Mexico, approximately 45 km north of the city of Torreón. Torreón is an industrial centre of more than one million people when combined with the adjacent cities of Gomez Palacio and Lerdo. The Torreón International Airport is serviced by several daily non-stop flights to and from Mexico City and the United States. The property is 63 km north northwest by road from the airport, via Mexico Highway 49, which is a major north-south trucking route. Rail and power transmission lines run parallel to the highway, and the entire project area is easily accessible year-round with two-wheel-drive vehicles.

The Company holds 75 Mining Concessions at Platosa covering a total area of approximately 20,947 ha. These concessions and fractional concessions are held directly by Excellon. Excellon also holds certain surface rights for portions of the property.

The Excellon-owned Miguel Auza flotation mill is located in the town of Miguel Auza, State of Zacatecas, 220 km south of the mine.

SITE INFRASTRUCTURE

The Platosa Property site and mine facilities include the following:

- The surface mine site and associated facilities, including offices, shops, compressors, fuel storage, electric substations, standby generators, crushing and stockpile facilities, portal, ventilation fan, ROM ore storage, underground and surface water settling ponds, diamond drill core logging and storage facilities, and dry facilities.
- Facilities providing basic infrastructure to the mine, including well maintained gravel roads that access the site as well as a network of roads to service the various ancillary facilities, electric power distribution, and septic treatment.
- Underground infrastructure, including ramps, raises, ventilation/service raises, explosives magazines, dewatering pumps, booster stations, sumps and underground mobile equipment fleet.
- Excellent access by paved highway and gravel roads to the company-owned mill at Miguel Auza.
- Grid electric power supply to the site.

The Miguel Auza Property site and mill facilities include the following:

- The surface mill site and associated facilities, including offices, shops, compressors, fuel storage, electric substations, fine ore stockpile facilities, crushing, grinding, flotation, filtering circuits, concentrate storage facilities and assay laboratory.
- Facilities providing basic infrastructure to the mill, including well-maintained gravel roads that

access the site as well as a network of roads to service the various ancillary facilities, electric power distribution, process water supply and septic treatment.

- Tailings management facilities (one in operation, the other decommissioned and in the initial stages of closure, as further described below).
- Grid electric power supply to the site.

HISTORY

Records of the early history of prospecting and mining in the Platosa area are not known to exist, however, it is speculated that the deposits were discovered by Spanish explorers in the 16th or 17th century. Small-scale mining was carried out at Platosa sporadically from that period up to the 1970s. A local family mined at Platosa in the early 1970s. Production records from the historic workings are poor, but from the extent of these mine workings, the total historic production from Platosa is estimated to be in the range of 25,000 t to 50,000 t.

Excellon acquired the historic Platosa mine property in 1996 and conducted reconnaissance mapping and sampling in 1997, after which time, Apex optioned the Platosa Property from Excellon.

Apex carried out mapping and geochemical sampling in 1998, and a diamond-drilling program in 1999. The drilling discovered a sulphide body to the east of the old mine workings. In 1999, Apex carried out a CSAMT survey and an orientation soil gas mercury-sampling program. In 2000, Apex completed additional drilling at Platosa. Excellon participated to some extent in the Apex exploration programs and then assumed control of the project in 2001 and continued the exploration work.

GEOLOGY

The Platosa area is underlain by Mesozoic shelf and slope facies sedimentary rocks, which lie atop of the Coahuila Platform, which is a fault-bounded uplifted basement block measuring approximately 100 km by 150 km. Surrounding the Coahuila Platform are Jurassic and Cretaceous sedimentary rocks of the Chihuahua Trough and Central Mexican Basin. Basement rocks are part of the Paleozoic Coahuila Terrane. Platosa lies near a major northwest fault structure on the southwestern margin of the Coahuila Platform, along a northwest-trending line of major CRDs.

The Platosa-Saltillera area is underlain by Cretaceous-age sedimentary rocks that have been intruded by Tertiary felsic to intermediate dykes and plutons. The sedimentary rocks strike generally northwest-southeast and have been extensively folded and faulted, with variable development of hornfels, marble, skarn, and recrystallization. The principal fault system in the property area is the PSZ, a 250 m to 1,500 m wide zone of fractures and shearing that traverses the eastern margin of the Sierra Bermejillo. The fault comprises at least five separate fault planes that strike north-northeasterly and dip steeply east and west. The structure has been traced for five kilometres northwest and southeast of Platosa. The Platosa Mine, along with the recent discoveries, lies near the intersection of the PSZ with northeasterly-trending fractures that are also controls to mineralization at other occurrences in the area.

Mineralization

Massive Sulphides

Mineralization at Platosa forms a series of mantos and chimneys localized at the intersection of the PSZ with a northeast-striking lineament. As presently known, the bodies are found within an irregularly shaped 800 m by 700 m area. Most mantos dip gently to the east and are often connected by local, small chimney structures forming a stair-step pattern for a collective dip of 18º towards the east. Depth from surface ranges from 60 m in the west to over 315 m in the east. Sulphide mineralization is massive, banded, disseminated and fracture-filling, fine to coarse-grained galena and sphalerite, with minor accessory pyrite. The primary silver mineral is acanthite, which occurs as coarse blebs and fine-grained intergrowths with galena. Native silver and proustite occur locally. Silver, lead, and zinc grades are often high, especially in the more massive sections. Silver grades in the thousands of grams per tonne are not uncommon. Lead and zinc sulphides can constitute over 80% of the rock mass in drill core.

Drilling in the known manto area has also occasionally intersected anomalous copper and gold values, the gold occurring with the massive sulphides in several holes in the 6A Manto and in a siliceous zone overlying but some distance above portions of the NE-1 Manto massive sulphides. Neither the copper nor gold is of sufficient continuity to be considered part of the Mineral Resource. Gangue minerals include fine-grained calcite, coarse gypsum, quartz, and fluorescent purple fluorite.

Mineralization Proximal to Intrusive Systems

A wide range of thermally metamorphosed rocks are found throughout the property. These include hornfels, skarnoid, and marble recrystallization of the carbonate host rocks. The heat source for the metamorphism is thought to be a polyphase intrusive body that may extend for several kilometres beneath the southwest flank of the Sierra Bermejillo. The extent of the body is revealed by regional aeromagnetic surveys flown by the Mexican Geological Survey and Excellon. Monzonite, granodiorite, granite, quartz-eye porphyry, and andesite porphyry have been found in isolated outcrops and drill holes throughout this area. Deeper holes drilled in this area have encountered copper-molybdenum-bearing veinlets and metasomatic skarn zones cutting the hornfels. Megaw (2002) postulated that these metamorphic and metasomatic fluids related to the deeper-seated portions of this intrusion were dammed below the relatively impermeable Lower Hornfels Formation and were only locally able to ascend into the upper carbonate units along faults and fractures.

In November 2007, hole EX07-LP422, drilled approximately 250 m northwest of the Guadalupe Manto, intersected marble and felsic intrusive rocks starting at a depth of 500 m. This was the first time intrusive rocks had been intersected in drilling on the eastern portion of the property. In the spring of 2010, hole EX10-LP763 drilled in the Rincon del Caido area one kilometre northwest of the northwest corner of the Guadalupe Manto intersected anomalous gold, silver, copper, bismuth, and antimony over 3.3 m in a much wider marble unit, a portion of which was skarnified. A felsic intrusive was intersected at the bottom of the hole. One hole was drilled 200 m to the east in 2011 and intersected no significant mineralization. In early 2012 drilling was again undertaken at Rincon, this time 400 m east of hole EX10-LP763. In a series of holes starting with EX12-LP986, skarn-style sulphide mineralization was intersected between 500 and 600 m vertical at and immediately below a hornfels-marble contact 200 m to 300 m above an underlying felsic intrusive body, which itself is altered and carries a small amount of disseminated pyrite but no significant economic sulphides. All the Rincon drill holes bottomed in the intrusive, which may in fact be a sill and part of a larger intrusive complex responsible for the hydrothermal fluids carrying the sulphides found above.

Between March 2012 and April 2013, thirteen holes intersected significant sulphides at Rincon. In addition to silver, lead and zinc, the all intersections carried anomalous gold. Anomalous bismuth and copper values were occasionally encountered within these intersections. Hole EX12-LP1019 had the thickest intersection and encountered 55.46 m at average grades of 132 g/t Ag, 3.13% Pb, 1.74% Zn and 0.075 g/t Au. Hole EX12-LP1038 had the most significant gold assays returning 13.07 g/t Au, 21.1 g/t Ag, 0.74% Pb, and 3.57% Zn over 7.25 m. These intersections are reported as core widths. Mineralization banding lies at highly variable angles to core axes in all the Rincon holes (as is typical of skarn-related sulphide mineralization) and there are currently insufficient intercepts to estimate the geometry of the mineralization. The marble-hosted, intrusive-related skarn-style sulphide mineralization, the presence of aplitic dykes within the marble, the persistent anomalous gold and the occasional presence of anomalous bismuth and copper suggest that the Rincon prospect could lie on the periphery of a large-tonnage, intrusive-related proximal CRD deposit similar to those found elsewhere in Mexico. A study to determine whether vectors can be found within the existing dataset to suggest the optimal drilling pattern for discovery of additional mineralization was completed in 2014 and the results, while not conclusive suggest that the centre of the system lies to the east-northeast.

Exploration

To December 31, 2017, a total of 358,449 metres in 1,529 diamond drill holes had been completed at Platosa. Additional diamond drilling is recommended to explore for new high-grade manto CRD sulphides similar to that currently being mined at Platosa, and for the a high-tonnage intrusive-related CRD deposit, which may represent the source of the mantos.

Sampling Method and Approach

Core is moved from the drill site to a covered core handling facility located north of the mine. An Excellon geologist logs the core and marks sample intervals. All drill core is then photographed. The geologist selects sample intervals to reflect lithologic, structural, or mineralization boundaries. Sample identifiers are marked directly on the core and core box. Sample lengths are limited to a maximum of 1.5 m in mineralized sections and 3.0 m in wall rocks. Once samples are selected, they are split with a diamond saw with one half of the core sent to the lab and the other retained in the core box. Unconsolidated material is split with a spatula. The half-core samples are collected in plastic bags for shipment to the laboratory. The remaining half is retained and stored at the Platosa site warehouse for future reference. Standards and blanks are inserted into each sample batch as per industry best practices.

Groups of up to ten to fifty samples are placed in sealed bags for shipping. A list of samples in each sealed bag is submitted to the laboratory along with the sample list in each bag. The samples are either collected from the property by SGS personnel or alternatively transported by ground to Durango by Excellon staff.

No other sample preparation is carried out by Excellon personnel. RPA observed that the sampling protocols in use by Excellon personnel comply with standard industry practice and are appropriate for the deposit type.

Sample Preparation and Analysis

Samples are sent to SGS Mineral Services (SGS) in Durango for preparation and analysis for silver, gold, lead, zinc. The Durango laboratory was upgraded in the summer of 2008 and since then all Excellon assaying has been carried out in Durango. In the fall of 2009, the Durango laboratory received accreditation to ISO/IEC 17025. SGS is a reputable international laboratory that provides analytical services to the mining and mineral exploration industry worldwide.

Upon reception at SGS Durango, samples are sorted and checked against the sample submission form before entering the preparation laboratory. Samples are dried at 95°C for at least two hours, crushed to 90% passing 2 mm, split to 250 g, and pulverized to 90% passing 75 mm (200 mesh). The final pulp is submitted for analysis. A barren wash is used between samples.

A 0.20 g sample is subjected to a four-acid digestion and subsequently analyzed by Inductively Coupled Plasma (ICP-AES) (SGS procedure code ICP 40B), for 32 elements, including silver, lead, and zinc. Samples with greater than 10,000 ppm lead or zinc are analyzed by (ICP-AES (SGS procedure code ICP 90Q). Almost all analytical results used to estimate the resources were analysed by ICP90Q. A 0.20 g sample is prepared and added to a sodium peroxide flux prior to being fused in a furnace at 550°C. The resulting melt is cooled and then dissolved in 100 mL of an acid matrix solution. This solution is then analyzed by ICP-AES.

Silver and gold are analyzed by fire assay with an AA finish for gold and a gravimetric finish for silver (SGS procedure code FAG323). A 30 g prepared sample is fused with a mixture of lead oxide, sodium carbonate, and borax silica and then cupelled to yield a precious metal bead. Beads are weighed by microbalance. The silver in the bead is precipitated by acid forming silver chloride, and the gold is kept in solution for an AAS determination. The silver is then calculated by difference (Au+Ag concentration in bead minus Au concentration).

Before July 2011, SGS's internal Quality Assurance/Quality Control (QA/QC) protocol included a preparation duplicate every 50 samples and pulp duplicates every 12 samples. The laboratory also submitted method blanks, as well as a preparation blank at least once for each work order batch and inserted reference material every 25 samples. The protocol was modified in July 2011 to include QA/QC materials (preparation blanks, method blanks, duplicates, replicates, reference materials) to make up a total of 14% of Excellon's samples. For each laboratory batch, a QC report is produced and submitted on request to Excellon's QA/QC manager for review.

Analytical results below the detection limit (BLD) are replaced with nominally low values (0.0001) while a small number of historic samples greater than the detection limit have been replaced with the upper detection limit.

Security

Drill core is stored in several covered storage areas within the fenced and access-controlled property perimeter at the Platosa Mine site. In 2017 and additional covered area was created to store future drill core. The core boxes are labelled and depth markers have been placed at appropriate intervals. The drilling, sampling, and logging are carried out under the direct supervision of experienced technical people.

Assay Quality Assurance and Quality Control (QA/QC)

Excellon closely monitors results of the QA/QC program. Failures are reviewed and action is taken when required. RPA reviewed the QA/QC from past programs (Ross, 2011, Ross, 2010, and Ross and Rennie, 2008) and found the protocols and results to be adequate to support Mineral Resource estimation.

Excellon continues to follow industry best practices for lab and sample QA/QC, which involves the systematic insertion of blanks, standards and duplicate samples into the sample stream and monitoring the results for potential contamination and bias. An internal lab audit on the SGS facility in Durango was carried out in Q4 2016 to ensure that standards remained high and that process and procedures at the lab were being followed. Where deficiencies or potential spurious results are observed, the sample batch triggering the failure is sent for re-analysis.

Data Verification

Data verification of the drill hole database included manual verification against hardcopy or original digital sources, a series of digital queries, and review of Excellon's QA/QC results. Excellon also compared results from the laboratory against drill hole logs for inconsistencies. The drill hole database was verified by SRK and is suitable for estimating Mineral Resources.

David Ross, P.Geo., Principal Geologist with RPA and an independent QP, visited the property most recently between July 30 and August 1, 2013. He visited the core shack and examined drill core, visited the underground operation and held discussions with Excellon and Cascabel geological and technical staff. On previous visits in 2007, 2009, and 2011, Mr. Ross was able to observe the drilling in progress at the Platosa site and noted that the work was being carried out in a competent fashion, using modern equipment that appeared to be in good repair and appropriate for the job.

Mineral Resources

An updated Mineral Resource estimate was prepared as at December 31, 2014, using the previous resource model dated December 31, 2013 minus areas that were mined during 2014. RPA also applied new NSR factors and a new incremental NSR cut-off value. The latest drill hole used in the December 31, 2014 estimate was EX13LP1086.

RPA employed a block model constrained by wireframes, with an inverse distance method of grade interpolation. Block size was 5 m by 5 m by 2 m, and an initial search ellipsoid was spherical with a radius of 25 m followed by a second search with a radius of 50 m. The influence of high-grade composites was restricted to 25 m. The sample database comprised drill hole samples composited to two-metre downhole lengths. The minimum width for the mineralization used in construction of the wireframe models was nominally 1.5 m and the NSR incremental cut-off cost used was US$146/t. RPA performed a global reconciliation against production and found the results to be acceptable after factoring in mine dilution.

Wireframe models were updated to incorporate mining and drilling information. For the purpose of reporting, the Platosa deposit has been sub-divided into seven areas. Each area is made up of several mantos and chimneys.

The estimate of Mineral Resources is provided in Table 1-2.

TABLE 1-2 MINERAL RESOURCE ESTIMATE SUMMARY
AS OF DECEMBER 31, 2014
Platosa Property

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

Notes:

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

Mine production in 2015 was 54,485 tonnes, less than 10% of which was estimated to be from within the December 31, 2014 resource block model. Mine production during 2016 was estimated to comprise 8,890 tonnes from within and 44,344 tonnes outside of the resource block model. During 2017, the Company accelerated underground drilling and successfully added mineralization to the upper parts of the 623 Manto. The Company is currently revising the Platosa mine plan to incorporate this near-infrastructure and near-term-mineable mineralization and will provide an update on 2018 guidance in due course. The Company also expects to release an updated mineral resource estimate for Platosa early in Q2 2018. The reader is therefore cautioned not to put undue reliance on the Resource Estimate, above, at this time.

Mineral Reserves

A Mineral Reserve estimate has not been prepared for the Platosa deposit.

Mining Methods

The mine operates 353 days per year. During 2017, Excellon mined approximately 4,763 tonnes per month ("tpm"), as water drawdown constrained production during the first half of the year. Prior to 2011, the mine suffered several water inflow incidents that disrupted production and the main risk to the production rate was excessive groundwater inflow and related flooding. The last of these major disruptions occurred in August 2010. Between 2011 and 2016, improvements in water management practices, increased pumping capacity and installation of an alternative power supply for the pumps reduced the impact of water inflows into the mine to a manageable level. In 2017, Excellon completed the Optimization Plan, which decoupled the water management from production by installing wells below the production elevations to drawdown the water prior to mining.

Once a manto has been accessed, mineralized material is mined by a modified room and pillar mining method, using jumbos to drill and blast in wider areas and jacklegs in narrower areas to reduce dilution. Depending on the shape and orientation of the manto, the access heading can be inclined, declined or flat, to remain in mineralization. Pillars are established after the access reaches the extend of the manto. Benching then occurs until the bottom of the manto is reached. Mining to date indicates that the mantos are very irregular in shape and orientation, and are in many cases connected.

Historically, very little ground support was required due to competent ground and grouting through areas containing structure. With the elimination of grouting in 2017 and as mining progresses at depth ground support is required in the working faces. Back calculation of previously mined areas compared to the Mineral Resource estimate suggests that the mining recovery factor ranges from 85% to 95% and dilution is in the range of 10% to 25% depending on the size and orientation of the manto. The mineral resource is currently being revised to consider new drilling and historical depletion; the LOM will follow based on the updated resource. The potentially mineable portion of the Mineral Resources has been estimated using a mining recovery factor of 95% and average dilution of 20% at zero grade.

Mineral Processing

There is currently no mineral processing carried out at the Platosa site. The ore produced from the mine is crushed to 3/8 inch on site and since mid-March 2009, has been processed at the Excellon-owned Miguel Auza processing facility in the town of Miguel Auza located 220 km south of the mine. The processing facility was acquired when Excellon acquired Silver Eagle in early 2009. The Miguel Auza processing facility operates a conventional grinding/flotation/filtering circuit producing separate silver-lead and silver-zinc concentrates. It has the capacity to process approximately 350 tpd of the high-grade Platosa ore with size of the flotation circuit being the limiting factor.

The Miguel Auza processing facility produces both marketable lead-zinc and silver-zinc concentrates with metal recovery rates of 90% for silver and 80% for lead and zinc.

Metallurgical recoveries and concentrate grades for the remaining LOM plan have been estimated based on actual and historical processing facility performance results. Production from Platosa is ramping up to 300 tonnes per day, which allows improved utilization of the Miguel Auza processing facility with ample time available to conduct maintenance.

Excellon has reached an agreement in 2018 to execute a bulk sample of 4,000 tonnes of ore from Hecla's nearby San Sebastian mine. Pending the successful results, Excellon would begin to process 400 tonnes per day from San Sebastian to meet their commercial production needs. This will require re-commissioning of existing floatation and milling equipment the processing facility at minimal cost to bring the processing capacity to 800 tonnes per day.

Tailings Management Facility #1 (TMF1) reached capacity in December 2017 and will be closed in 2018. TMF2 was completed in January 2018 with a capacity of 1.66 million tonnes (approximately 19 years at 300 tonnes per day of production from Platosa).

Market Studies

The principal commodities at Platosa are freely traded, at prices that are widely known, so that prospects for sale of any production are virtually assured.

The concentrates produced from the Platosa deposit are of marketable grade and do not contain any deleterious elements or contaminants which would limit the number of smelters capable of processing the concentrates.

Environmental, Permitting and Social Considerations

Mining at Platosa is carried out under the permit Planta de beneficio y presa de jales de la Unidad La Platosa (Concentrator and tailings dam of the Platosa area), which was received in 2008 and originally contemplated the construction and operation of both a concentrator and tailings management facility (TMF) at Platosa. The permit expires in 2023, can be renewed and requires Excellon to prepare and submit a report annually describing the mining-related activities, including whether production increased.

The primary environmental approval for Platosa is the Licencia Ambiental Unica (Consolidated Environmental License), issued in 2013 by SEMARNAT to regulate emissions from the crushing plant and the storage and disposal of solid and hazardous wastes. The permit has no expiration date and must be modified if there are significant changes to emissions or the quantities of hazardous wastes generated.

The primary environmental aspect at Platosa is water discharge and management. Water from the underground workings is considered to be "mining water" under Mexican mining rules and is pumped to a series of holding ponds before being routed by pipeline and open canals to neighbouring properties where it is dispersed via irrigation by third parties.

A small area of mine-related waste is located on surface adjacent to the mine portal; there are no acid drainage-related concerns with this material because of lack of rainfall and the carbonate host rocks.

Platosa holds additional operating permits (Table 1) that cover a range of matters and activities regulated under Mexican law.

Excellon conducts exploration drilling in the near-mine area to locate additional mineralization that can be exploited by the current Platosa workings. In addition, Excellon is exploring regionally in the Platosa area, outside of the current mine workings. Excellon has permission from surface rights holders to perform exploration activity in areas where it does not own the surface rights. These activities are regulated by SEMARNAT, including approving the location of drill sites. Excellon has performed investigations in areas where exploration activities are active to identify any potential environmental components that require special attention. Flora from drill pads are inventoried, harvested and re-planted in other areas.

The Consolidated Environmental License requires the installation of dust collector (baghouse) facilities in the crushing area at Platosa. Resources to design and install these facilities are included in the 2018 budget.

Platosa also holds an explosives permit issued by the Secretaria de la Defensa Nacional (The Secretariat of National Defence). This permit is valid until December 31, 2018 and must be renewed on an annual basis.

Table 1. Permits at Platosa.

Permit type	Area included	Effective date	Expiry date	Comments
Resolution of Environmental Impact for TMF and concentrator	Platosa	09/12/08	09/12/2023	
Unified Environmental License	Land disturbance at Platosa	2013	N/A	No expiration date; significant operational changes require modification
Land use	2014 exploration project	01/15/15	01/12/20	
	2017 exploration project	11/27/17	11/27/21	
Solid and hazardous waste	Solid waste deposition in Bermejillo municipal landfill	07/18/17	12/18/17	Renewal submitted 12/15/17; awaiting response
Explosives use		01/01/18	12/31/18	Annual renewals.

Environmental Monitoring at Platosa

Environmental aspects at Platosa are largely overseen by PROFEPA (SEMARNAT's technical and enforcement branch) and CONAGUA. Inspections by both agencies take place on a periodic basis; CONAGUA for water-related matters and PROFEPA for a wider range of environmental issues.

Environmental monitoring at Platosa consists of semi-monthly monitoring of water pumped from the underground workings at six monitoring locations; two at surface pump stations, one on surface at an Excellon-owned ranch and three at third-party-owned ranches located east (downgradient) of Platosa. Water quality samples are collected by third parties and are submitted to an independent, qualified, third-party laboratory and are analyzed for a series of constituents as required by Mexican regulations. Analytical results for water pumped from the underground workings and from local ranches demonstrate that the water meets Mexican agricultural water quality guidelines.

Air quality monitoring is performed annually at four locations around the perimeter of the facilities at Platosa. Monitoring is performed by third-parties.

Mineral concentration-related activities at Miguel Auza were approved in the Approval of Environmental Impact Statement in 2005. The approval references other required permits and obliges Excellon to comply with the conditions of all associated permits to remain in force. Miguel Auza holds a number of additional operating permits (Table 2) that cover a range of matters and activities regulated under Mexican law.

Table 2. Permits at Miguel Auza.

Permit type	Area included	Effective date	Expiry date	Comments
Environmental Impact Statement/Declaration of Environmental Impact	Concentrator, TMF #1, u/g ramp	09/26/05	09/01/26	Renewal processed for an additional ten years in 2016.
	Concentrator, TMF #1, u/g ramp	09/01/16	09/01/26	
	TMF #2	01/30/17	09/30/47	
Land use	Concentrator, TMF #1, u/g ramp	09/09/05	09/09/06	Permit issued for one year to approve impact to land. SEMARNAT notified that impact had occurred. No renewal required.
	TMF #2	02/14/17	02/14/18	Permit issued for one year to approve impact to land. SEMARNAT notified of vegetation removal. No renewal required.
Water withdrawal/use		08/16/98	08/16/28	
Water discharge		01/26/08	01/26/18	Renewal in process with CONAGUA.
Air quality/emissions	LAU (Todos los procesos, productos)	10/25/13	Indeterminate	
Solid and hazardous waste	Hazardous waste at all areas of the operation	09/22/11	No expiry	
	Solid waste at all areas of the operations	09/09/17	Every change in municipal government	
	Special waste at all areas of the operation	09/21/16	09/21/17	Renewal in process awaiting response.
Mine waste	Mine waste, u/g ramp, tailings	05/06/16		Renewal in process awaiting response.
Chemicals storage and use	Laboratory, concentrator warehouse, office warehouse			General duty permit requiring compliance with SEMARNAT Nom 005.
Explosives	Explosives magazine			No explosives on site. Annual permit was renewed in January, 2018.
Exploration				Geological mapping activities only; permission required prior to drilling.
Closure plan approval	Concentrator, TMF #1, u/g ramp	04/22/16	No requirement	EXN update completed December 2017.
	TMF #2	01/29/18	No requirement	Closure plan and cost estimate for TMF #2 submitted to SEMARNAT 01/29/18.
Financial assurance	TMF #2	03/30/17	03/23/46	Posted annually, as further discussed below.

Environmental Monitoring at Miguel Auza

Some of the permits held by Miguel Auza have on-going monitoring requirements, primarily those permits that address specific environmental media. The water use permit requires that water be controlled and reports provided to the regulatory agency on a quarterly basis. The water discharge permit requires that discharge quantities be controlled and quarterly monitoring of discharge water quality. The operation certificate requires that Miguel Auza prepare and submit an annual report that inventories emissions to air and the quantities of hazardous waste that are generated.

Closure and Rehabilitation

Closure plans are in place for both the Platosa and Miguel Auza sites. Both plans meet the legal requirements imposed by Mexico and were reviewed and updated in December 2017. As part of the approval for TMF #2, SEMARNAT established requirements for the provision of financial assurance (FA). Following an initial FA amount of approximately US$60,000 (posted), annual FA payments escalate from approximately $$13,000 in Year 2 to US$184,000 in Year 30. The total FA required over the thirty-year term of the permit is approximately US$1.96 million to provide a guarantee against the operating and closure requirements of TMF #2. Financial assurance is not required for the concentrator area, Miguel Auza ramp and TMF#1. Miguel Auza is in compliance with its FA requirements.

Optimization Plan

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

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

Description of the Optimization Plan

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

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

Previously, pumping operations were primarily conducted directly from the mining face. This water contained solids, resulting in increased pumping costs and wear-and-tear on pumping and piping equipment, decreased pump efficiency and regular movement of pumps as mining faces advance. Under the Optimization Plan pumping is conducted directly from strategically drilled large-diameter drain wells targeting high flow zones below the mine workings, thus allowing high-efficiency pumps to pump clean water directly from faults below the mine. Each well is equipped with a high-efficiency submersible pump to increase flow and maintain consistent pumping in advance of development. Booster pumps are being used to efficiently transfer water out of the mine via existing mine infrastructure.

With complete implementation of the Optimization Plan in early July 2017, approximately 90% of current pumping is now from the optimized system, with 10% from the pre-existing pumping infrastructure. The Company maintains development headings at or just below the water table to ensure development rates are advanced as rapidly as possible (i.e. the drawdown rate determines the lateral development advance rates), with pre-existing mobile pumping equipment installed in those headings to deal with any water ingress.

Continued Optimization of Platosa Operations

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

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

With achievement of dry mining conditions by mid-June, the operation began to realize significant improvements in all areas, including:

- Daily production tonnage increased by 50% in the second half 2017 relative to the first half of 2017;
- Development rates improved by 15% in the second half relative to the first half of 2017;
- Mobile equipment availability improved by 56% compared to 2016;
- Grouting was eliminated; and
- Installed pumps decreased from 54 to 35, while pumping rates doubled, utilizing 36% less energy per gallon of water pumped.

Going forward, the Company expects to further increase production and development rates and reduce installed pumps to 20-25, each of which will yield further operational and financial returns.

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

The Optimization Plan will also allow mining of any new mineral resources discovered and delineated relatively near the current deposit. The Company has commenced Optimization Plan Phase 2 as part of the ordinary course of mining operations going forward. Phase 2 will consist of the periodic development of new well bays and the drilling of new wells going forward, with submersible pumps being moved to the new wells as the higher elevation wells begin to lose pumping efficiency.

RISK FACTORS

An investment in the Common Shares involves a high degree of risk and must be considered speculative due to the many risk factors facing companies in the mining industry that could materially affect the Company. Certain of such risks are:

Fluctuation of Metal Prices

Even if commercial quantities of mineral deposits are discovered, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals contained in a deposit will be such that the Company's properties can be mined at a profit. The Company is particularly exposed to the risk of movement in the price of silver. Declining market prices for silver could have a material effect on the Company’s profitability, and the Company’s policy is not to hedge its exposure to silver.

No Assurance of Profitability

The Company has a limited history of earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the anticipated cash flow generated by the Company's mining activities at the Platosa Property or through the sale of its equity shares, short-term high-cost borrowing, or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through cash flow from mining operations, further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Resource Exploration and Development is a Speculative Business

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, and government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Dependence on Operations in Mexico

The Company's operations at the Platosa Property and the Miguel Auza mill in Mexico is expected to account for all of the Company's production in 2017, and will continue to account for all of the Company's commercial production until such time as any other potential mines on the Company's properties are developed and placed into commercial production, or the Company makes an acquisition of a producing mine. Any adverse condition affecting mining or milling conditions at the Platosa mine or the Miguel Auza mill could be expected to have a material adverse effect on the Company's financial performance and results of operations. The Company also anticipates using revenue generated by its operations at Platosa to finance a substantial portion of the capital expenditures required for its exploration activities. Unless the Company can successfully develop and bring into production other mineral projects on its existing properties or otherwise acquire mineral-producing assets, the Company will be dependent on Platosa for its commercial production. Further, there can be no assurance that the Company's current exploration and development programs at its projects will result in any new economically viable mining operations or yield new mineral resources to replace and expand current mineral resources.

Failure to Achieve Production Estimates

Estimates of future production from the Platosa Property operations as a whole are derived from a mine plan prepared by Platosa's engineering staff on an annual basis and adjusted during the year to reflect conditions encountered during underground development and mining activities. These plans are reviewed by senior management and are subject to change. The Company cannot give any assurance that it will achieve its production estimates. The failure to achieve the anticipated production estimates could have a material and adverse effect on any or all of the Company's future cash flows, results of operation and financial condition. The mine plan has been developed based on, among other things, mining experience, Mineral Resource estimates, assumptions regarding ground conditions and physical characteristics of the Platosa mineralization (such as hardness, specific gravity and presence or absence of certain metallurgical characteristics) and estimated rates and costs of production.

Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above, and as set out below:

- actual ore mined varying from estimates in grade, tonnage and metallurgical recoveries and other characteristics;
- mining dilution;
- excessive water encountered during mine development and production;
- ramp wall failures or cave-ins;
- ventilation and adverse temperature levels underground;
- industrial accidents;

- equipment failures;
- natural phenomena such as inclement weather conditions, floods, blizzards, droughts, rock slides and earthquakes;
- encountering unusual or unexpected geological conditions;
- changes in power costs and potential power shortages;
- shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants;
- restrictions imposed by government agencies;
- labour shortages or strikes;
- civil disobedience and protests; and
- inability to find and retain qualified personnel.

Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to the Company's property or the property of others, environmental damage, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable.

Uncertainty of Resource Estimates

The Company has engaged internal and expert independent technical consultants to advise it on, among other things, Mineral Resources, geotechnical, metallurgy and project engineering. The Company believes that these experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. If, however, the work conducted by, and the Mineral Resource estimates of these experts are ultimately found to be incorrect or inadequate in any material respect, such events could materially and adversely affect the Company's future operations, cash flows, earnings, results of operations, financial condition and the economic viability of its projects.
The Mineral Resource estimates in respect of the Platosa property are based on limited information acquired through drilling and, in some cases, through underground exploration and mining. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The grade of mineralization actually recovered may differ materially and adversely from the estimated average grades in the resource estimate. Future production could differ dramatically from resource estimates for, among others, the following reasons:

- mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;
- increases in operating mining costs and processing costs could adversely affect Mineral Resources;
- the grade of the Mineral Resources may vary significantly from time to time and there is no assurance that any particular level of silver, lead or zinc may be recovered from the Mineral Resources; and
- declines in the market price of silver, lead or zinc may render the mining of some or all of the Mineral Resources uneconomic.

Any of these factors may require the Company to reduce its Mineral Resource estimates or increase its cost estimates. Short-term factors, such as the need for the additional development of a deposit or the processing of new different grades, may impair the Company's profitability. Should the market price of metals fall, the Company could be required to materially write down its investment in mining properties or delay or discontinue production or the development of new projects.

No Defined Mineral Reserves

The Company has not defined any Mineral Reserves on its concessions at the Platosa Property and there can be no assurance that any of the concessions under exploration contain commercial quantities of any minerals. Even if commercial quantities of minerals are identified, there can be no assurance that the Company will be able to exploit the resources or, if the Company is able to exploit them, that it will do so on a profitable basis. Substantial expenditures may be required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing may be required. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. The decision as to whether a particular property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: (i) the particular attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) metal prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; (iv) ongoing costs of production; and (v) availability and cost of additional funding. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company is Dependent on Its Workforce at the Platosa Property and is Therefore Sensitive to Labour Disruptions

The Company is dependent on its workforce at its material producing property and mill operations in Mexico. The Company endeavours to maintain good relations with its workforce to minimize the possibility of strikes, lock-outs and other stoppages at the site. Relations between the Company and its employees may be impacted by changes in labour relations which may be introduced by, among other things, employee groups, competing labour unions, and the relevant governmental authorities in whose jurisdictions the Company carries on business.

During 2011 and 2012, operations at the Company’s La Platosa mine were interrupted by illegal blockades and associated demonstrations relating to a campaign by competing unions to acquire control of Excellon’s workforce. Certain of these demonstrations included participation by members of one local Ejido. The demonstrations impeded access by the Company’s workforce to the mine resulting in lost days of production and, in respect of one interruption, an adverse impact on the financial results of the Company. Further labour disruptions at La Platosa mine could have a material adverse impact on the Company’s business, results of operations and financial condition. During 2017 the Company began to strengthen its community relations processes to identify, map and engage stakeholders on a more regular basis. The Company believes these improvements will help maintain and enhance its relationships, especially with local communities, thereby reducing the likelihood of future production disruptions.

The Company’s employees are represented by a labour union under a collective labour agreement. The Company may not be able to satisfactorily renegotiate the collective labour agreement when it expires. In addition, the existing labour agreement may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on the Company's earnings.

Surface Rights and Access

Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

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

In Q3 2016, the Company received a resolution from the Tribunal Unitario Agrario del Distrito Sexto in Torreón, Coahuila (the "**Agrarian Tribunal**") on the legal action. The Agrarian Tribunal ruled in favour of the Company's application to rescind the SRA. The Resolution also included (i) an award to Excellon of 5.5 million pesos payable by the Ejido for losses and damages related to the illegal blockade and (ii) an award to the Ejido of 5.5 million pesos payable by Excellon as indemnity for not building a water treatment plant under the terms of the SRA. The two awards set-off against each other, with neither side being required to pay any amount to the other.

After appeal by both parties to the court of appeal in Coahuila, the case was returned to the Agrarian Tribunal. In Q3 2017, the Agrarian Tribunal once again ruled in favour of the Company, with the rescission of the SRA being upheld. The Court also eliminated the set-off in damages between the parties, with the end result being the simple rescission of the SRA. Both the Company and the Ejido have appealed this decision: the Company for payment of damages in respect of the illegal blockade of the mine in third quarter of 2012 and the Ejido for rental payments from 2014-2016.

Enforcement of Legal Rights

The Company's material subsidiaries are organized under the laws of foreign jurisdictions and certain of the Company's directors, management personnel and experts are located in foreign jurisdictions. Given that the Company's material assets and certain of its directors, management personnel and experts are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company or its directors, officers and experts, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Security Considerations

The Platosa mine is located in the State of Durango, Mexico. Criminal activities in the region may disrupt operations, prevent the Company from hiring qualified personnel or impair the Company's ability to access sources of capital. Risks associated with conducting business in the region include risks related to personnel safety and asset security. These risks may result in serious adverse consequences including, among other things, personal injury, crime related activity and disturbances, and damage or theft of Company property. Given the importance of operations in the State of Durango for the Company, such events resulting from criminal activity could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial condition, and make it more difficult for the Company to obtain any necessary financing. Although the Company has developed procedures regarding these risks, due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts are able to effectively mitigate risks and safeguard personnel and Company property effectively.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company currently has all permits and licences that it believes are necessary to carry out its current exploration, development and mining operations at its projects including, without limitation, the permits required to construct and operate the Platosa mine and the Miguel Auza concentrator. The Company may require additional licences or permits in the future and there can be no assurance that the Company will be able to obtain all such additional licenses and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Mining Industry is Intensely Competitive

The Company's business is the acquisition, exploration, development, and exploitation of mineral properties. The mining industry is intensely competitive and the Company competes with other companies that have far greater financial resources, more significant investments in capital equipment and mining infrastructure for the ongoing development, exploration and acquisition of mineral interests, as well as for the recruitment and retention of qualified employees.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's business.

Uninsured or Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the Common Shares.

Government Regulation

Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes, health and safety, and employment standards. As indicated above, the Company requires permits and licenses from a variety of governmental authorities. The Company's mining, exploration and development projects could be adversely affected by amendments to such laws and regulations, by future laws and regulations, by more stringent enforcement of current laws and regulations, by changes in policies affecting foreign trade, investment, mining and repatriation of financial assets, by shifts in political attitudes and by exchange controls and currency fluctuations. The Company cannot predict the extent to which future legislation and regulation could cause additional expense, capital expenditures, restrictions, and delays in the development of its properties, including those with respect to unpatented mining claims. Further, there can be no assurance that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Recent Reforms in Mexico

The Company's operations in Mexico are subject to Mexican Federal and State laws and regulations. In 2013, the Mexican Congress approved a tax reform package, which came into effect on January 1, 2014. The tax reform includes, among other things, maintaining the current corporate tax rate of 30% (previously scheduled as 29% in 2014 and 28% in 2015), a broadened tax base, the elimination of the single rate business tax, the introduction of a 7.5% mining royalty on profits derived from the sale of minerals and the introduction of an extraordinary mining royalty of 0.5% on the gross income derived from the sale of precious metals. In addition, a new 10% withholding tax on dividend distributions to non-residents (subject to income tax treaty provisions) will be imposed at the distributing company level. The tax reform applies on a prospective basis and therefore could have a material impact on the Company's future earnings and cash flows, and possibly on future capital investment decisions.

In December 2016, the Congress of Zacatecas approved the *Revenue Law for 2017*, effective as of January 1, 2017. The Revenue Law includes a new set of "Green Taxes" designed to increase tax revenue to be used for purposes of reducing the environmental impact of industrial activities carried out in the State. The new taxes must be paid no later than the first 17 days of the month succeeding the one in which the charges were incurred. The Green Taxes include: Environmental Remediation Tax on the Extraction of Materials; Tax on Gas Emissions to the Atmosphere; Tax on Emissions of Pollutants to the Soil, Subsoil and Water; and Tax on the Disposal of Wastes.

In addition, the State has also raised the Tax for the Autonomous University of Zacatecas from 5% to 10%.. This tax is due on the total amount of local duties and taxes paid by the taxpayers in Zacatecas, including Green Taxes. The tax reform applies on a prospective basis and therefore could have a material impact on the Company's future earnings and cash flows, and possibly on future capital investment decisions. In January 2017, the State of Zacatecas released a decree granting a 70% relief for all Green Taxes payable during 2017. In 2018, a similar decree was issued again granting 70% relief for all Green taxes payable in 2018. The Company is currently reviewing its legal options in respect of these tax reforms in Zacatecas and according to its advisors, expects a court resolution during the second half of 2018.

Environmental Matters

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit the mining properties is subject to various reporting requirements and to obtaining certain government approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without inordinate delay or at all.

Environmental legislation is evolving in a manner which will require, in certain jurisdictions, stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. No certainty exists that future changes in environmental regulation, if any, will not adversely affect the Company’s operations or development properties. Environmental hazards may exist on the Company’s properties which are unknown to management at present and which have been caused by previous owners or operators of the properties.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of exploration properties may be required to compensate those suffering loss or damage by reason of such parties’ activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Decommissioning and Site Rehabilitation Costs

During the year ended December 31, 2017, the Company re-assessed its reclamation costs at each of its mines based on updated mine life estimates, rehabilitation and closure plans. The total undiscounted amount of estimated cash flows required to settle the Company’s obligations is MXN 44,671,000 (US$2.3 million) of which MXN 21,516,000 (US$1.1 million) of the reclamation obligation relates to the Platosa mine, and MXN 23,155,000 (US$1.2 million) relates to the Miguel Auza mine. The present value of the reclamation liabilities, which has been discounted using a risk-free rate of 1.82%, may be subject to change based on management’s current estimates, changes in the remediation technology or changes to applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur.

The costs of performing the decommissioning and reclamation must be funded by the Company’s operations. These costs can be significant and are subject to change. The Company cannot predict what level of decommissioning and reclamation may be required in the future by regulators. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on the Company’s future cash flows, earnings, results of operations and financial condition.

Foreign Countries and Regulatory Requirement

The Company's projects and interests are located in Mexico, where mineral exploration and mining activities may be affected in varying degrees by political instability, economic conditions, expropriation or nationalization of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in these countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in these countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Compliance with Anti-Corruption Laws

The Company's operations are governed by, and involve interaction with, many levels of government in Mexico. The Company is subject to various anti-corruption laws and regulations such as the Canadian Corruption of Foreign Public Officials Act, which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Platosa Mine and Miguel Auza Mill are located in Mexico and, according to Transparency International, Mexico is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable anti-corruption laws and regulations could expose the Company and its senior management to civil or criminal penalties or other sanctions, which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, reputation, financial condition and results of operations. Although the Company has adopted policies to mitigate such risks, such measures may not be effective in ensuring that the Company, its employees or third party agents will comply with such laws.

Dependence upon Others and Key Personnel

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including the ability to produce minerals; the ability to attract and retain additional key personnel in sales, marketing, technical support and finance; and the ability and the operating resources to develop and maintain the properties held by the Company. The Company hires employees or consultants in Mexico to assist in conducting its operations in accordance with Mexican laws. The Company also purchases certain supplies and retains the services of various companies in Mexico to meet its business plans. It may be difficult to find or hire qualified people in the mining industry who are situated in Mexico or to obtain all the necessary services or expertise in Mexico or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Mexico, the Company may need to seek and obtain those services from people located outside Mexico, which will require work permits and compliance with applicable laws and could result in delays and higher costs to the Company to conduct its operations in Mexico. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company’s business activity grows, the Company will require additional key executive, financial, operational, administrative and mining personnel. Although the Company believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse effect on the Company’s results of operations and profitability. The Company strongly depends on the business and technical expertise of its small group of management and key personnel. There is little possibility that this dependence will decrease in the near term. Key man life insurance is not in place on management and key personnel. If the services of the Company’s management and key personnel were lost, it could have a material adverse effect on future operations.

Failure of Information Systems

The Company’s information systems, and those of its third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of our organization. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems or the Company’s information through fraud or other means of deceiving third-party service providers, employees or vendors. The Company’s operations depend, in part, on how well the Company and its suppliers protect networks, equipment, information technology (“**IT**”) systems and software against damage from a number of threats. The Company have entered into agreements with third parties for hardware, software, telecommunications and other services in connection with its operations. The Company’s operations and mining operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. However, if the Company is unable or delayed in maintaining, upgrading or replacing its IT systems and software, the risk of a cyber security incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company’s reputation and results of operations.

In addition, targeted attacks on the Company’s systems (or on systems of third parties that the Company relies on), failure or non-availability of a key IT system or a breach of security measures designed to protect the Company’s IT systems could result in disruptions to its operations through delays or the corruption and destructions of its data, extensive personal injury, property damage, loss of confidential information or financial or reputational risks. There can be no assurance that the Company’s ability to monitor for or mitigate cybersecurity risks will be fully effective, and the Company may fail to identify cybersecurity breaches or discover them in a timely way.

Currency Fluctuations

The Company maintains its accounts in Canadian, US dollars and Mexican pesos. The Company's operations are in Mexico and some of its payment commitments and exploration expenditures under the various agreements governing its rights to the Platosa and Miguel Auza properties are denominated in US dollars, making these rights subject to foreign currency fluctuations. Such fluctuations may materially affect the Company's financial position and results. The Company currently engages in hedging or price protection programs to manage such risk.

Price Fluctuations and Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual severe fluctuations in price will not occur.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The primary source of funds available to the Company is cash flow generated by the Platosa Mine. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, to support its exploration plans, and to ensure that it will have sufficient liquidity to meet its liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

As at December 31, 2017, the Company had outstanding accounts payable excluding accrued liabilities, which are due within 90 days or less.

Credit Risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalent. Management believes the credit risk on cash and cash equivalents is very low since the Company's cash and cash equivalents balance are held at large international financial institutions with strong credit ratings.
The Company is exposed to credit risk from its customers, which is a large multi-national corporations operating in the mining and oil & gas industries. Accounts receivable are subject to normal industry credit risks and are considered low.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration, development and mining opportunities in the resource industry. As a result, the Company may from time to time acquire additional mineral properties or securities of issuers, which hold mineral properties. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Conflicts of Interest

Certain directors and officers are directors and/or officers of other mineral exploration companies and as such may, in certain circumstances, have a conflict of interest, if any, which arise will be subject to and governed by procedures prescribed by the Company's governing corporate law statute which requires a director of a corporation who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under such legislation.

DIVIDENDS

The Company currently intends to retain future earnings, if any, to finance the growth and development of its business. During the last three fiscal years ended December 31, 2017, the Company did not pay any dividends. The Company does not currently have any intention to pay dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized share capital consists of an unlimited number of Common Shares of which 94,872,477 Common Shares were issued and outstanding as at December 31, 2017. The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders with each Common Share entitling the holder to one vote on all matters voted on by shareholders, including the election of directors. Holders of Common Shares are entitled to receive dividends when, as and if declared by the Board. The *Business Corporations Act* (Ontario) provides that a corporation may not declare or pay a dividend if there are reasonable grounds for believing that the corporation is, or would after the payment of the dividend, be unable to pay its debts as they become due in the ordinary course of business. In the event of the dissolution, liquidation, or winding up of Excellon, holders of Common Shares are entitled to share rateably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of Excellon's indebtedness.

Convertible Debentures

On November 27, 2015, the Company issued $5.61 million principal amount of Debentures. The Debentures had a term of four years and are convertible into Common Shares prior to maturity at a conversion price of $0.50 per Common Share. The Debentures bore interest at an annual rate of 3.75%, payable in cash semi-annually. Interest on the Debentures may alternatively been paid in Common Shares at the Company's option based on (i) the 10-day VWAP of the Common Shares prior to the payment date and (ii) an effective rate of interest of 5% for the applicable period.

On or after November 27, 2017 and prior to maturity, the Company had the right to accelerate the conversion of the Debentures as follows: (i) 50% of the principal amount, provided that the 20-day VWAP of the Common Shares was $1.10; and (ii) the remaining 50% principal amount provided that the 20-day VWAP of the Common Shares was $1.40.

On December 28, 2017, the Company exercised the acceleration right and issued 9,695,000 Common Shares in respect of the outstanding $4.85 million principal amount of Debentures. In addition, the

Company paid interest of $126,000 in Common Shares on the outstanding Debentures prior to conversion by issuing 70,235 Common Shares. For 2017, the Company issued a total of 164,896 Common Shares in payment of interest of $256,000 on the Debentures.

The purchasers of the Debentures were also issued 2,002,772 Common Share purchase warrants ("**Debenture Warrants**"). Each Debenture Warrant is exercisable at a price of $0.50 for a period of four years from the date of issuance. As of March 21, 2018, a total of 1,851,046 Debenture Warrants remain outstanding.

SHAREHOLDER RIGHTS PLAN

The Board of Company adopted a shareholder rights plan (the "**Plan**") on March 24, 2015 on the terms and conditions substantially set forth in the Shareholder Rights Plan Agreement dated as of March 24, 2015 between the Company and Computershare Investor Services Inc., as rights agent. The Plan was subsequently approved by Shareholders on May 28, 2015. The Company adopted the Plan to ensure the fair treatment of shareholders in connection with any takeover bid for Common Shares of the Company. The Plan seeks to provide shareholders with adequate time to properly assess a take-over bid without undue pressure. It is also intended to provide the Board with more time to fully consider an unsolicited take-over bid and, if considered appropriate, to identify, develop and negotiate other alternatives to maximize shareholder value. In light of recent amendments to rules surrounding takeover bids and the Company's current shareholder registry and capital structure, the Company does not intend to renew the Plan in May 2018, the next required renewal date. A full text of the Rights Plan Agreement may be viewed in electronic format under the Company's profile on the SEDAR website at www.sedar.com.

MARKET FOR SECURITIES

The Company's Common Shares are listed and posted for trading on the TSX under the symbol "EXN". The table set out below presents the high and low sale prices for the Common Shares and trading volume, on a monthly basis on the TSX and alternate trading systems during the fiscal period ended December 31, 2017.

Month	High ($)	Low ($)	Volume
December	1.87	1.56	2,825,982
November	1.79	1.58	4,903,011
October	2.23	1.63	8,224,518
September	2.20	1.80	8,651,450
August	2.04	1.40	5,326,987
July	1.61	1.29	2,746,442
June	1.51	1.35	5,341,490
May	1.54	1.31	2,462,015
April	1.74	1.46	1,643,053
March	1.79	1.44	3,856,756
February	1.90	1.55	3,779,455
January	1.91	1.76	3,116,446

PRIOR SALES

The following table sets out warrants, stock options, DSUs and RSUs issued by the Company during the fiscal year ended December 31, 2017.

Date of Issuance	Number of Securities	Type of Security	Price per Security
January 3, 2017	100,000	RSUs	$1.64
March 24, 2017	595,000	RSUs	$1.75
March 24, 2017	280,000	DSUs	$1.75
March 24, 2017	320,000	Option	$1.75
April 3, 2017	28,711	DSUs	$1.60
July 5, 2017	36,062	DSUs	$1.42
August 16, 2017	75,000	RSUs	$1.44
October 4, 2017	30,111	DSUs	$2.03
November 15, 2017	169,878	RSUs	$1.64
November 15, 2017	50,000	DSUs	$1.64
November 15, 2017	50,000	Option	$1.64
December 15, 2017	50,000	DSUs	$1.69
December 15, 2017	50,000	Option	$1.69

DIRECTORS AND OFFICERS

The names, provinces and country of residence, period during which each has served as a director where applicable, positions held with the Company and principal occupation for the past five years of the directors and executive officers are as set out below. The term of office of each current director will expire at the next annual meeting or when his or her successor is duly elected or appointed. The directors who are members of the Company's Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee, Corporate Responsibility & Technical Committee and Special Opportunities Committee are noted below.

Name, Province and Country of Residence and Position with the Company	Director/Officer since	Principal occupation
ANDRÉ Y. FORTIER (2) Chairman and Director Quebec, Canada	March 16, 2005	Corporate Director. Former SVP of Noranda, CEO of Kerr Addison Mines, and Campbell Resources. Former Chairman of Conseil de Patronat du Québec.
ALAN R. MCFARLAND (1)(2)(3) Director New York, USA	November 23, 2006	Businessman; Managing Member of McFarland Dewey & Co. since 1989. Former director of Placer Dome Inc. and Masonite International Inc. Founding Director of the World Resources Institute.
OLIVER FERNÁNDEZ (2) Director Mexico City, Mexico	October 25, 2012	Businessman; Founder and President of Grupo Empresarial Maestro, S.A. de C.V. (Credito Maestro). Former General Manager of Grupo IBADESA, Vice President of Camil Group and Founder and President of FERDAM.
DR. LAURIE CURTIS (3)(4)(5) Director Ontario, Canada	December 15, 2016	Director of Eastmain since September 2015 and currently Chairman. Previously, held positions of CEO, COO and director of Intrepid Minerals and was actively involved as director on boards of several junior developers with producing mines on several continents, including Wheaton River Minerals Ltd., High River Gold Mines Ltd., Breakwater Resources and Buryatzoloto. During past five years acted as Research Analyst Mining for Clarus Securities and subsequently Vice President, Senior Analyst Global Resources for Dundee Capital Markets. Currently also a Director of Toachi Mining Inc.
DANIELLA DIMITROV (1)(4)(5) Director Ontario, Canada	December 15, 2016	Partner, Sprott Capital from October 2017 to current, President of DDimitrov Advisory Corp. from March 2016 to October 2017, Chief Financial Officer of Orvana Minerals Corp. from June 2012 to March 2015 and Chief Executive Officer until March 2016. Current Director of Nexa Resources S.A. and former director of Aldridge Minerals Inc., Alloycorp Mining Inc., Orvana Minerals Corp., Commonwealth Silver and Gold Mining Inc. and former Executive Vice Chair and director of Baffinland Iron Mines Inc.

Name, Province and Country of Residence and Position with the Company	Director/Officer since	Principal occupation
JACQUES MCMULLEN (3)(4) Director Ontario, Canada	November 3, 2017	Director of Equinox Gold Corp., Cardinal Resources Ltd. and is an advisor to management at Detour Gold Corp. Professional Engineer with over 35 years of senior leadership experience in the mining industry and directly involved with major capital projects including roles in operations, evaluations, corporate development for several mining companies. Principal of J. McMullen & Associates. Various senior roles with Barrick Gold Corporation from 1994 to 2012. Former Director of Highland Gold Mining Ltd., IGE Resources AB, Fire River Gold Corp. Minera S.A. and Orvana Minerals. Principal, Partner and non-executive Director of Mines and Metals with BBA, a private engineering firm.
ANDREW FARNCOMB(1)(5) Director Ontario, Canada	December 15, 2017	Founder of Cairn Merchant Partners LP, a merchant bank focused on advisory and principal investing. Founder and director of Contact Gold Corp., an advanced stage Nevada gold exploration company, a board member of several other TSX Venture Exchange listed companies and a board member and Chair of the Investment Committee at the Flavelle Family Foundation. Mr. Farncomb was formerly a Partner and Investment Banking professional at Paradigm Capital Inc.
BRENDAN CAHILL Director, President and Chief Executive Officer Ontario, Canada	July 23, 2012 (director since April 30, 2013)	President of the Company since October 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). Director of Group Eleven Resources Corp., an Irish zinc explorer, and the Mining Association of Canada. Member of the Young Presidents Organization and the Transplant Cabinet at the University Health Network.
RUPY DHADWAR Chief Financial Officer Ontario, Canada	August 7, 2012	Chief Financial Officer of the Company since August 2012 and previously the Company's Controller since January 2010. Previously, Chartered Accountant at MacGillivray Partners, Chartered Accountants.
BEN PULLINGER Vice President Geology Ontario, Canada	September 12, 2016	Vice President Geology of the Company since September 2016. Previously, Vice President Exploration at Roxgold Inc. (Sept. 2012-September 2016), Mining Analyst at Tollcross Securities Inc. (Jan.-Nov. 2012) and Senior Project Geologist at Pelangio Exploration Inc. (Feb. 2008-Jan. 2012). Director of Red Eagle Exploration Inc.
DENIS FLOOD Vice President Technical Services Ontario, Canada	July 18, 2016	Vice President Technical Services of the Company since July 2016. Previously, various senior engineering roles at Resolution Copper (Sept. 2011-July 2016), Senior Engineer at Goldcorp Inc. (Jun. 2010-Sept. 2011) and in increasing areas of responsibility with Xstrata (now Glencore) in engineering, operations, and continuous improvement (May 2004-June 2010).

Name, Province and Country of Residence and Position with the Company	Director/Officer since	Principal occupation
Dr. Craig Ford Vice President Corporate Responsibility Ontario, Canada	December 15, 2016	Vice President Corporate Responsibility of the Company since December 2016. Member of the Independent Expert Review Panel for the International Council on Mining and Metals (since Jan. 2015), President of Corporate Responsibility Solutions (since Oct. 2014). Previously Executive-in-Residence at the Schulich School of Business (Jan. 2014-Dec. 2015) and various senior corporate responsibility roles at Inmet Mining Corporation (2000 to April 2013).
Ronald Marino Vice President, Finance Ontario, Canada	May 10, 2017	Vice President, Finance of the Company since May 2017. Previously Corporate Controller of the Company, most recently serving position since joining the Company in 2012 and over 18 years of experience working in the mining industry in Latin America.
Nisha Hasan Vice President, Investor Relations Ontario, Canada	November 2, 2017	Vice President, Investor Relations of the Company since November 2017 and joined the Company in 2013 as Director of Investors Relations. Over 10 years of investor relations experience in the mining industry, formerly with Continental Gold Ltd. and TMX Equicom.

(1) Member of the Audit Committee
(2) Member of the Nominating and Corporate Governance Committee
(3) Member of the Compensation Committee
(4) Member of the Corporate Responsibility & Technical Committee
(5) Special Opportunities Committees

Based on the disclosure available on the System for Electronic Disclosure by Insiders and confirmation by Management, as of March 21, 2018, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 999,914 Common Shares, representing 1.1% of the issued and outstanding Common Shares.

Cease Trade Orders

To the best of the Company's knowledge, none of the directors or executive officers of the Company is, as at the date of this AIF, or has been within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, 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 that was issued while the director or executive officer 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 director or executive officer 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.

Bankruptcies

To the best of the Company's knowledge, except as noted below, none of the directors or executive officers of the Company, or shareholders holding sufficient Common Shares to materially affect the control of the Company is, as at the date of this AIF, or has been within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, 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 director, executive officer or shareholder. André Fortier was the President and Chief Executive Officer of Campbell, 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

None of the directors or executive officers of the Company or, to the Company's best knowledge, shareholders holding sufficient Common Shares to materially affect the control of the Company is, as at the date of this AIF, or has been within 10 years before the date hereof, subject to:

(i) any penalties or sanctions proposed by a court relating to securities legislation or by a securities regulatory authority or have 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 investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Company, no director or officer of the Company has an existing or potential conflict of interest with the Company or any of its subsidiaries except to the extent that certain officers and directors of the Company also act as officers and directors of other corporations active in mining and exploration, which may compete with the Company for business opportunities. Such directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

Audit Committee's Charter

The purpose of the Company'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 Company's process for monitoring compliance with laws and regulations and its own code of business conduct. A copy of the Company's Audit Committee Charter is attached as Schedule "A" and is available on the Company's website at www.excellonresources.com.

Composition of the Audit Committee

The members of the Audit Committee are Daniella Dimitrov (Chairperson), Alan R. McFarland and Andrew Farncomb. All current members of the Audit Committee meet the independence criteria set out in National Instrument 52-110 – Audit Committees ("**NI 52-110**").

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

Relevant Education and Experience

The education and experience of each member of the Audit Committee that is relevant to the performance of Audit Committee responsibilities is described below:

Daniella Dimitrov: Ms. Dimitrov is a Partner at Sprott Capital (since October 2017) and a director of Nexa Resources S.A. (and a member of its Audit Committee). Previously Chief Financial Officer and Chief Executive Officer of Orvana Minerals Corp. Ms. Dimitrov has held various roles in the mining industry since 2009, including as director and Executive Vice Chair of Baffinland Iron Mines and as a director and chair or a member of the Audit Committee of Aldridge Minerals Inc., Alloycorp Mining Inc., Orvana Minerals Corp. and Commonwealth Silver and Gold Inc.. Ms. Dimitrov’s former positions include Senior Vice President, Strategic Initiatives of Raymond James Ltd. and Chief Operating Officer of Dundee Securities. Ms. Dimitrov has a Bachelor of Laws from the University of Windsor and an Executive MBA from Kellogg School of Management and Schulich School of Business.

Alan R. McFarland: Mr. McFarland has over 45 years of experience in the field of investment banking. His work has covered a range of investment banking activities including general corporate advisory work on financial strategies, mergers, acquisitions and divestitures, public and private financings, venture capital, tax shelters, securities analysis, and corporate restructurings. He was a director and the Chair of the Audit Committee of Placer Dome, Inc. and a director of Masonite International Corporation. In the course of his work, he has gained extensive experience in evaluating financial statements, including those of companies in the mining industry, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues likely to be raised by the Company’s financial statements.

Andrew Farncomb: Mr. Farncomb is a founder of Cairn Merchant Partners LP, a merchant bank focused on advisory and principal investing. He has extensive experience advising public and private companies on mergers, acquisitions and financing transactions. He is a founder and director of Contact Gold Corp., an advanced stage Nevada gold exploration company, a board member of several other TSX Venture Exchange listed companies and a board member and Chair of the Investment Committee at the Flavelle Family Foundation. Mr. Farncomb was formerly a Partner and Investment Banking professional at Paradigm Capital Inc., a Canadian investment dealer, and graduated from Smith School of Business at Queen's University with a Bachelor of Commerce (Honours) degree.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Company’s Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee has a practice of pre-approving audit and non-audit services provided by the independent auditor. The Committee has delegated to its Chair, the authority, to be exercised between regularly scheduled meetings of the Audit Committee, to pre-approve audit and non-audit services provided by the independent auditor. All such pre-approvals shall be reported by the Chair at the meeting of the Audit Committee next following the pre-approval.

External Auditor Service Fees

The fees billed by the Company's auditor in each of the last two fiscal years are as follows (in USD dollars):

	Year ended December 31, 2017	Year ended December 31, 2016
Audit Fees(1)	$229,000	$207,000
Audit Related Fees(2)	$5,000	$11,000
Tax Fees(3)	$71,000	$52,000
All Other Fees	$61,000	$50,000
Total	**$366,000**	**$320,000**

(1) The aggregate audit fees billed in connection with statutory and regulatory filings, principally for the audit of the annual financial statements.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audits or reviewing the Company's financial statements and are not included under "Audit Fees".

(3) The aggregate fees billed for services related to tax compliance, tax advice and tax planning, including tax return preparation and other compliance matters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as disclosed herein, management is not aware of any material litigation matters involving the Company outstanding as of the date hereof. Refer to "Risk Factors – Surface Rights and Access" for a description of outstanding litigation between the Company and the Ejido.

During the fiscal year ended December 31, 2017, the Company was not subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority;

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; or

(c) any settlement agreements entered into with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No directors or executive officers of the Company and no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Common Shares or any of their respective associates or affiliates, has or has had a material interest, direct or indirect, in any material transaction, whether proposed or concluded, which had, or may have, a material effect on the Company or its subsidiaries within the three most recently completed financial years or during the current financial year.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar for its Common Shares in Canada is TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1.

MATERIAL CONTRACTS

The Company is currently party to the following material agreements:

(a) Shareholder Rights Plan Agreement dated as of March 24, 2015 with Computershare Investor Services Inc. (subsequently assigned to TSX Trust Company)

A copy of each of which is available under the Company's SEDAR profile at www.sedar.com. No other material contracts are currently outstanding.

INTERESTS OF EXPERTS

Jason J. Cox, P.Eng., Mr. David Ross, M.Sc., P.Geo, and Mr. Robert Michaud, M.Sc., P.Eng., all of RPA prepared the Technical Report. To the Company's knowledge as at March 21, 2018, the persons or companies referred to above beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the Company.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, is the auditor of the Company and has advised the Company that they are independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's Common Shares and the Common Shares authorized for issuance under the Company's stock option plan, is contained in the Company's management information circular filed on SEDAR for the upcoming annual meeting of shareholders to be held on May 10, 2018.

Additional financial information is provided in the Company's consolidated Financial Statements and Management's Discussion and Analysis for its financial year ended December 31, 2017.

SCHEDULE "A"

EXCELLON RESOURCES INC.

Audit Committee Charter

(Amended and Restated Charter Adopted by the Board of Directors on August 14, 2013)

Overall Purpose/Objectives

The Audit Committee will assist the board of directors (the "**Board**") of Excellon Resources Inc. (the "**Company**") in fulfilling its oversight responsibilities with respect to the Company's financial reporting process, system of internal control and management of financial risks, the audit process, process for monitoring compliance with laws and regulations and the Company's own code of business conduct. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Audit Committee member will obtain an understanding of the responsibilities of Audit Committee membership as well as the Company's business, operations and risks.

AUTHORITY

The Board authorizes the Audit Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.

ORGANIZATION

Membership

The Audit Committee will be comprised of at least three directors of the Company, all of whom shall be "independent" within the meaning of applicable securities laws, rules, policies, regulations, guidelines and instruments, including National Instrument 52-110 – *Audit Committees* and by any stock exchanges on which the Company's securities are listed.

Each member of the Audit Committee shall be 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.

The chairman of the Audit Committee will be nominated by the Audit Committee members from time to time.

Attendance at Meetings

A quorum for any meeting of the Audit Committee will be two members.

The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.

Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting of the Audit Committee if they consider that it is necessary.

The proceedings of all meetings will be minuted.

ROLES AND RESPONSIBILITIES

The Audit Committee will:

Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

Review related party transactions to ensure that they reflect market practice and are in the best interests of the Company.

Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Review any legal matters which could significantly impact the financial statements as reported on by the Company's counsel and meet with outside independent counsel whenever deemed appropriate.

Review the annual and quarterly financial statements including Management's Discussion and Analysis with respect thereto, and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are complete and consistent with the information known to committee members; determine whether the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.

Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.

Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.

Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.

Meet with management and the external auditors to review the annual financial statements and the results of the audit.

Evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:

(a) actual financial results for the interim period varied significantly from budgeted or projected results;

(b) generally accepted accounting principles have been consistently applied;

(c) there are any actual or proposed changes in accounting or financial reporting practices; or

(d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.

Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the company. The Board authorizes the Chairman of the Audit Committee to approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.

Make recommendations to the Board regarding the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company and the compensation to be paid to the external auditor.

Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

Establish a procedure for:

(a) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

(b) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately in the absence of management.

Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.

Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

Perform other functions as requested by the full Board.

If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

Review and recommend updates to the charter; receive approval of changes from the Board.