

EXCELLON

EXCELLON RESOURCES INC.

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

Notice of Annual and Special Meeting of Shareholders & Management Information Circular

Thursday, May 31, 2012

10:00 a.m. (Toronto time)

Heenan Blaikie, LLP
Bay Adelaide Centre
333 Bay Street, Suite 2900
Toronto, Ontario M5H 2T4

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EXCELLON RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “**Meeting**”) of shareholders of Excellon Resources Inc. (“**Excellon**” or the “**Corporation**”) will be held at the offices of Heenan Blaikie LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2900, Toronto, Ontario M5H 2T4, on Thursday, the 31st day of May, 2012 at the hour of 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2011 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. to elect directors;
3. to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration;
4. to ratify stock options granted to directors, officers, employees and service providers of the Corporation during 2011;
5. to approve an amended stock option plan for the Corporation, the full text of which is set out in the accompanying management information circular, and to approve unallocated entitlements under the Corporation’s Stock Option Plan, as amended, for the ensuing three (3) years;
6. to approve a special resolution authorizing the continuance of the Corporation out of British Columbia and into Ontario and setting the number of directors, as applicable, as more particularly described in the Management Information Circular; and
7. to transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

Take Notice that registered holders common shares of Excellon (the “**Common Shares**”) who wish to validly dissent from approving the special resolution regarding the continuation of the Corporation will be entitled to be paid the fair value of their Common Shares, subject to strict compliance with Section 242 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”). An Excellon shareholder may only exercise the right to dissent in respect of Common Shares which are registered in that shareholder’s name. A non-registered shareholder who wishes to exercise the right to dissent should immediately contact the intermediary with whom the non-registered shareholder deals in respect of his or her shares and either: (i) instruct the intermediary to exercise the right to dissent on the non-registered shareholder’s behalf; or (ii) instruct the intermediary to re-register the Common Shares in the name of the non-registered shareholder, in which case the non-registered shareholder would have to exercise the right to dissent directly. Failure to comply strictly with the requirements set forth in Section 242 of the BCBCA may result in the loss or unavailability of any right of dissent.

Accompanying this Notice is a Management Information Circular, a form of proxy, the Corporation’s Annual Report, and a request form to receive annual and interim financial statements and management discussion and analysis. The accompanying Management Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy in accordance with the procedures described in the Management Information Circular accompanying this Notice. Those who are unable to attend the

meeting are requested to read, complete, sign and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Management Information Circular accompanying this Notice.

DATED at Toronto, Ontario, this 19th day of April, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Peter A. Crossgrove"

Peter A. Crossgrove
Executive Chairman

EXCELLON RESOURCES INC.

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at April 19, 2012 unless indicated otherwise)

SOLICITATION OF PROXIES

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Excellon Resources Inc. (“**Excellon**” or the “**Corporation**”) for use at the Annual and Special Meeting of shareholders of the Corporation (and any adjournment thereof) to be held at 10:00 a.m. (Toronto time) on Thursday, May 31, 2012 (the “**Meeting**”) at the place and for the purposes set forth in the accompanying Notice of Meeting. The enclosed proxy is being solicited by the management of the Corporation. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by facsimile or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from shareholders of the Corporation.

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

APPOINTMENT OF PROXYHOLDER

The individuals named as proxyholder in the accompanying form of proxy are directors and/or officers of the Corporation. **A REGISTERED SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STROKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND SIGNING AND DATING THE PROXY, OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by COMPUTERSHARE INVESTOR SERVICES INC. (“**Computershare**”), Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 not less than forty eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or, with respect to any matters to be dealt with at any adjournment of the Meeting, before the time of the re-commencement of the adjourned Meeting. Proxies delivered after such time(s) will not be accepted.

REVOCAION OF PROXIES

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

VOTING OF PROXIES

The common shares of the Corporation (the “**Common Shares**”) represented by a properly executed proxy in favour of persons designated as proxyholders in the enclosed form of proxy will:

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

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

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

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

INFORMATION FOR NON-REGISTERED SHAREHOLDERS

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

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

This Management Information Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBO’s**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBO’s**”). Subject to the provision of National Instrument 54-101 – Communication with Beneficial Owners of Securities of Reporting Issuers (“**NI 54-101**”), issuers may request and obtain a list of

their NOBO's from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

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

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

All references to shareholders in this Management Information Circular and the accompanying form of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Management Information Circular, no person who has been a director or executive officer of the Corporation at any time since January 1, 2011, being the beginning of the Corporation's last completed financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has or has had any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As at April 19, 2012, the Corporation had 277,894,633 issued and outstanding Common Shares. Only shareholders of record holding Common Shares at the close of business (Toronto time) on April 23, 2012 (the "**Record Date**") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

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

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

| Name of the Holder | Number of Shares ⁽¹⁾ | Percentage |
|------------------------------|---------------------------------|------------|
| Sprott Asset Management Inc. | 39,709,830 | 14.3% |

Note:

⁽¹⁾ As disclosed in the Alternative Monthly Report filed on SEDAR by Sprott under Part 4 of National Instrument 62-103 on September 8, 2011.

GENERAL

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolutions set forth herein. **All ordinary resolutions require, for the passing of the same, a simple majority of**

the votes cast at the Meeting by the shareholders. Special resolutions require, for the passing of same, a two-thirds majority of votes cast at the Meeting by the shareholders.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. RECEIPT OF FINANCIAL STATEMENTS AND AUDITORS REPORT

The consolidated Financial Statements of the Corporation for the financial year ended December 31, 2011 and the accompanying auditors' report thereon will be presented to the Meeting. A copy of the consolidated Financial Statements has been mailed to shareholders of record as of the Record Date. A copy is also available online at www.sedar.com or on the Corporation's website at www.excellonresources.com.

2. ELECTION OF DIRECTORS

There are five (5) directors to be elected at the Meeting.

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

The following table and notes thereto sets out the name of each person proposed to be nominated by management for election as a director, the province or state and country in which he is ordinarily resident, all offices of the Corporation now held by him, his principal occupation, the period of time for which he has been a director of the Corporation, and the number of shares of the Corporation beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at April 19, 2012:

| Name, Position, and Province/State & Country of Residence ⁽¹⁾ | Principal Occupation and Occupation during the Past Five Years ⁽¹⁾ | Director Since | Number of shares beneficially owned or directed, directly or indirectly controlled ⁽¹⁾ |
|---|---|------------------|---|
| PETER A. CROSSGROVE Executive Chairman, Director Ontario, Canada | Businessman; Chairman and Chief Executive Officer of the Corporation from April 2008 to July 2011; Director of Barrick Gold Corporation from 1993 to 2012; Director of Lake Shore Gold Corp. since 2009; Co-Chairman and Lead Director of Detour Gold Corporation since March 2009; Director of QLT Inc. since 1990; Director of Pelangio Exploration Inc. since February 2008; Trustee of Dundee Real Estate Investment Trust since May 2003; Former Chairman of the Canadian Association of Provincial Cancer Agencies. | January 25, 2005 | 2,637,560 |

| Name, Position, and Province/State & Country of Residence ⁽¹⁾ | Principal Occupation and Occupation during the Past Five Years ⁽¹⁾ | Director Since | Number of shares beneficially owned or directed, directly or indirectly controlled ⁽¹⁾ |
|---|---|-------------------|---|
| THOR E. EATON ^{(2) (3) (4) (5)} Director Ontario, Canada | Businessman; Chairman of Notae Investments Ltd. since 1998; Trustee of The Thor E. & Nicole Eaton Family Charitable Foundation since 1999; Director of Metaris Inc. since 1993; Director of Lateegra Gold Corp. from October 2010 to August 2011; Director of Attwell Capital Inc. from June 2009 to September 2010; Director of West Timmins Mining Inc. from September 2006 to November 2009; Director of Fralex Therapeutics from March 2005 to June 2009. | August 8, 2011 | 4,761,232 |
| ANDRÉ Y. FORTIER ^{(2) (4) (5)} Director Québec, Canada | Businessman; President & Chief Executive Officer, Campbell Resources Inc. from June 2001 until December 2009. | March 16, 2005 | 658,000 |
| ALAN R. MCFARLAND ^{(2) (3) (5)} Director New York, U.S.A. | Businessman; Managing Member of McFarland Dewey & Co. (investment banking firm) since 1989. | November 23, 2006 | 255,000 |
| TIMOTHY J. RYAN ^{(2) (3) (4)} Director British Columbia, Canada | Businessman; President of First General Securities Inc. since 1982. | March 27, 2006 | 1,254,173 |

Notes:

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

Corporate Cease Trade Orders or Bankruptcies

To the best of the Corporation's knowledge, none of the nominees is, as at the date of this Information Circular, or has been within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in any case that was in effect for more than 30 consecutive days (an "order") that was issued while the 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.

Personal Bankruptcies

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

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer. André Fortier was the President and Chief Executive Officer of Campbell Resources Inc., which made application under the Companies' Creditors Arrangements Act in January 2009. Mr. Fortier was also President of Campbell's subsidiary, Meston Resources Inc., which made a petition for bankruptcy in October 2008.

Penalties and Sanctions

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

3. RE-APPOINTMENT OF AUDITORS

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

4. RATIFICATION OF STOCK OPTIONS GRANTED DURING 2011

The policies of the Toronto Stock Exchange (the "TSX") require that all unallocated options, rights or other entitlements under stock option plans that do not have a fixed maximum number of securities issuable be approved by a majority of a listed company's directors and by the listed company's shareholders three years after institution of the stock option plan and every three years thereafter. At the December 18, 2007 Annual and Special General Meeting of Shareholders of the Corporation, shareholders approved amendments to the Corporation's 2004 Incentive Stock Option Plan (the "Stock Option Plan") to comply with TSX policies and the grant and exercise of options thereunder. Excellon was thereafter permitted to grant the unallocated stock options to acquire up to 10% of the issued and outstanding Common Shares of the Corporation until December 18, 2010. Excellon granted 3,355,000 stock options under the Stock Option Plan subsequent to December 18, 2010 without having obtained shareholder approval of all unallocated options, rights or other entitlements under the Stock Option Plan three years after obtaining prior approval. Such stock options represent approximately 1.2% of the issued and outstanding Common Shares and were issued with exercise prices ranging from \$0.50 to \$0.81 per share. Failure to obtain shareholder approval of the stock options granted after December 18, 2010 will result in all unallocated options, rights or other entitlements being cancelled and the Corporation will not be permitted to make further grants until shareholder approval is obtained.

The following sets of options have been granted subsequent to December 18, 2010:

| Grant Holder | Date of Grant | Number of Securities | Price per Security | Expiry Date |
|--------------|-------------------|----------------------|--------------------|-------------------|
| Directors | August 12, 2011 | 900,000 | \$0.81 | August 12, 2016 |
| Officers | March 22, 2011 | 100,000 | \$0.88 | March 22, 2016 |
| | June 27, 2011 | 220,000 | \$0.72 | June 27, 2016 |
| | July 18, 2011 | 500,000 | \$0.77 | July 18, 2016 |
| | December 15, 2011 | 600,000 | \$0.50 | December 15, 2016 |
| Employees | December 15, 2011 | 335,000 | \$0.50 | December 15, 2016 |
| Consultants | March 22, 2011 | 100,000 | \$0.88 | March 22, 2016 |
| | August 12, 2011 | 500,000 | \$0.81 | August 12, 2016 |
| | December 15, 2011 | 100,000 | \$0.50 | December 15, 2016 |

Shareholder Resolution

The ratification of stock options granted during 2011 requires the affirmative vote of the holders of a majority of the issued and outstanding Common Shares entitled to vote and represented in person or by proxy at the Meeting. Excellon Shareholders will be asked at the Meeting to consider and, if thought fit, approve with or without variation, the resolution in the form set forth below:

“BE IT RESOLVED, BY ORDINARY RESOLUTION, THAT:

1. the 3,355,000 stock options granted under the Stock Option Plan subsequent to December 18, 2010 be and are hereby ratified and approved; and
2. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.”

The Board believes the passing of the foregoing resolution is in the best interests of the Corporation and recommends that shareholders of the Corporation vote FOR the resolution. The persons named as proxies in the enclosed form of proxy intend to cast the votes represented by proxy FOR the foregoing resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.

5. APPROVAL OF AMENDMENTS TO STOCK OPTION PLAN AND APPROVAL OF UNALLOCATED ENTITLEMENTS

At the Meeting, Excellon shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form set out below (the “**Stock Option Plan Amendment and Unallocated Entitlements Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, i) approving the Stock Option Plan Amendment as reflected in the **blacklined** version of the Stock Option Plan attached as **Schedule “A”** to this Circular, and ii) approving the unallocated entitlements under the Stock Option Plan for the ensuing three years.

Amendment to Stock Option Plan

The Corporation is proposing to amend the Stock Option Plan to remove the Plan’s expiration date of December 11, 2014 referred to in Paragraph 17.1 thereof. All other provisions of the Stock Option Plan will remain in full force and effect. The Board has approved the amendment to the Stock Option Plan, subject to shareholder and TSX approvals.

Approval of Unallocated Entitlements under the Corporation’s Stock Option Plan

As at the date of this Circular, the Corporation has 12,914,956 stock options outstanding, which represent approximately 4.6% of the issued and outstanding Common Shares. Of the 12,914,956 stock options outstanding, 3,355,000 stock options are subject to approval of Excellon Shareholders at the Meeting. See “Ratification of Stock Options Granted during 2011” above. If the grants of such options are not ratified at the Meeting, the options will be cancelled and the number of options outstanding will be reduced to 9,559,956, which options will remain outstanding and unaffected.

TSX policies require that all unallocated options, rights or other entitlements (“**Unallocated Entitlements**”) under stock option plans that do not have a fixed maximum number of securities issuable be approved by a majority of a listed company’s directors and by the listed company’s shareholders three years after institution of the stock option plan and every three years thereafter. At the Meeting, the Corporation is seeking shareholder approval of the Unallocated Entitlements under the Stock Option Plan. Unallocated Entitlements were previously approved by the shareholders of the Corporation at the Corporation’s annual and special general meeting on December 18, 2007. As the three-year term prescribed by the TSX expired on December 18, 2010, an ordinary resolution will be placed before the shareholders to approve the Unallocated Entitlements. This approval will be effective for three years from the date of the Meeting. If approval is not obtained at the Meeting, options, awards or other entitlements which have not been allocated as of May 31, 2012 and options which are outstanding and have not been ratified as of May

31, 2012 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Accordingly, Excellon shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation the “**Stock Option Plan Amendment and Unallocated Entitlements Resolution**”, subject to such amendments, variations or additions as may be approved at the Meeting, approving the Unallocated Entitlements under the Corporation’s Stock Option Plan for the ensuing three years. Previously allocated options will continue to be unaffected by the approval or disapproval of the Stock Option Plan Amendment and Unallocated Entitlements Resolution.

For particulars with respect to the terms of the current Stock Option Plan, see “Stock Option Plan” in this Circular. A copy of the Stock Option Plan is available for viewing at the Corporation’s registered office at 1055 West Hastings St., Suite 2200, Vancouver, British Columbia V6E 2E9, at the Corporation’s principal office at 20 Victoria Street, Suite 900, Toronto, Ontario M5C 2N8, and at the Meeting.

Shareholder Resolutions

The approval of the amendment to the Stock Option Plan and the Unallocated Entitlements requires the affirmative vote of the holders of a majority of the issued and outstanding Common Shares entitled to vote and represented in person or by proxy at the Meeting. Shareholders will be asked at the Meeting to consider and, if thought fit, approve the Stock Option Plan Amendment and Unallocated Entitlements Resolution, with or without variation, in the form set forth below:

“BE IT RESOLVED, BY ORDINARY RESOLUTION, THAT:

1. the amendments to the Stock Option Plan, as reflected in the blacklined version of the Stock Option Plan attached as Schedule “A” to the Corporation’s Management Proxy Circular dated April 19, 2012, be and hereby is approved;
2. the Unallocated Entitlements under the Stock Option Plan, as amended, be and are hereby approved and authorized and the Corporation is authorized to grant options under the Stock Option Plan until May 31, 2015; and
3. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.”

The Board of Directors (the “Board”) believes the passing of the foregoing resolution is in the best interests of the Corporation and recommends that shareholders of the Corporation vote FOR the resolution. The persons named as proxies in the enclosed form of proxy intend to cast the votes represented by proxy FOR the foregoing resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.

6. APPROVAL OF THE CONTINUANCE

Excellon currently exists under the laws of the Province of British Columbia pursuant to articles of incorporation filed under the *Company Act* (British Columbia), now the BCBCA, on March 4, 1987. As the current management and head office of Excellon is located in Ontario, management believes that it will be more efficient and cost effective for the Corporation to be governed by the laws of Ontario. Accordingly, the Board has determined that it is in the best interests of Excellon that it continue (the “**Continuance**”) as a corporation under the *Business Corporations Act* (Ontario) (the “**OBCA**”) and that it be governed by the OBCA.

In order to be effective, the special resolution approving the Continuance (the “Continuance Resolution”) must be approved by not less than two-thirds of the votes cast by Excellon Shareholders represented at the Meeting in person or by proxy. The full text of the Continuance Resolution is set out below.

Even if the Continuance Resolution is approved, the Board retains the power to revoke it at all times prior to filing the articles of continuance (the “**Articles of Continuance**”) without any further approval by Excellon shareholders. The Board will only exercise such power in the event that it is, in the opinion of the Board, in the best interests of Excellon.

Continuance into Ontario and Adoption of New Articles

Upon the Continuance under the OBCA, the BCBCA will cease to apply to Excellon and Excellon will thereupon become subject to the OBCA as if it had been originally incorporated as an Ontario corporation. The Continuance under the OBCA will not result in any change in the business of Excellon or its assets, liabilities, net worth or management. The Continuance will give rise to certain material changes in the corporate laws applicable to Excellon. See the section titled “Corporate Governance Differences”. The Continuance is not a reorganization, amalgamation or merger. The Shareholders’ shareholdings will not be altered by the Continuance (other than with respect to shareholders dissenting to the Continuance Resolution). See “Dissent Rights in Respect of the Continuance Resolution” for more information. The BCBCA currently governs the corporate affairs of Excellon and restricts the jurisdictions into which a corporation may continue. The Registrar of Corporations under the BCBCA must authorize the proposed Continuance into the Province of Ontario, upon being satisfied that the Continuance will not adversely affect creditors or shareholders of Excellon.

The Articles of Continuance to be filed to effect the Continuance will be substantially in the form set out in Schedule “B” to this Circular and will provide that the number of directors of the Corporation will be a minimum of three directors and a maximum of eleven directors. The Excellon shareholders will also be asked to pass a special resolution authorizing the directors to determine the actual number of directors of the Corporation as necessary. The new by-laws of the Corporation (the “**By-Laws**”) will also permit the directors to appoint one or more additional directors within the limits provided in the OBCA.

The current articles of Excellon (the “**Articles**”), which are suitable for a company governed by the BCBCA and not for a corporation governed by the OBCA, and will have to be changed to the new By-Laws that are suitable for an Ontario corporation. The repeal of the existing Articles and the adoption of the new By-Laws has been approved by the Board, subject to the prior completion of the Continuance. Upon the Continuance becoming effective, the former articles of Excellon will be repealed and replaced with the By-Laws attached to this Circular as Schedule “C”.

Corporate Governance Differences

The following is a summary only of certain differences between the OBCA, the statute that will govern the affairs of Excellon upon the Continuance, and the BCBCA, the statute which currently governs the affairs of the Corporation. **This summary is not an exhaustive review of the two statutes and is of a general nature only. This summary is not intended to be, and should not be construed as, legal advice to any particular holder of Excellon Common Shares and, accordingly, Excellon Shareholders should consult their own legal advisors with respect to the corporate law consequences arising from the Continuance.**

Charter Documents

Under the BCBCA, the charter documents consist of a “Notice of Articles”, which sets forth the name of the Corporation and the amount and type of authorized capital, and “Articles” which govern the management of the Corporation (collectively, the “**Charter Documents**”). The Notice of Articles is filed with the Registrar of Companies and the Articles are filed only with the Corporation’s registered and records office.

Under the OBCA, the Corporation has “articles”, which set forth the name of the Corporation and the amount and type of authorized capital, and “bylaws” which govern the management of the Corporation. The articles are filed with the Director under the OBCA and the bylaws are filed with the Corporation’s registered and records office.

If shareholders approve the Continuance, the Articles of Continuance and the By-Laws under the OBCA, Excellon will have unlimited authorized capital consisting of Common Shares without par value, which is the same as it has under the BCBCA. The Continuance to Ontario and adoption of the new Charter Documents will not result in any substantive changes to the constitution, powers or management of Excellon except as previously described herein.

Amendments to the Charter Documents of the Corporation

If the articles do not specify the type of resolution, any substantive change to the corporate charter of a corporation under the BCBCA, the Act which current governs the Corporation, such as an alteration of the restrictions, if any, on the business carried on by a corporation, or an increase or reduction of the authorized capital of a corporation, requires a special resolution passed by the majority of votes that the articles of the corporation specify is required, if that specified majority is at least two-thirds and not more than three-quarters of the votes cast on the resolution or, if the articles do not contain such a provision, a special resolution passed by at least two thirds of the votes cast on the resolution. Other fundamental changes such as a proposed amalgamation or continuance of a corporation out of the jurisdiction require a similar special resolution passed by holders of shares of each class entitled to vote at a general meeting of the corporation and the holders of all classes of shares adversely affected by an alteration of special rights and restrictions.

Under the OBCA, certain fundamental changes require a special resolution passed by not less than two thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration at a special meeting of shareholders and, in certain instances, where the rights of the holders of a class or series of shares are affected differently by the alteration than those of the holders of other classes or series of shares, a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class or series so affected, whether or not they are otherwise entitled to vote. Authorization to amalgamate an OBCA corporation requires that a special resolution in respect of the amalgamation be passed by the holders of each class or series of shares, entitled to vote thereon. The holders of a class or series of shares of an amalgamating corporation, whether or not they are otherwise entitled to vote, are entitled to vote separately as a class or series in respect of an amalgamation if the amalgamation agreement contains a provision that, if contained in a proposed amendment to the articles, would entitle such holders to vote separately as a class or series under section 170 of the OBCA.

Sale of Corporation's Undertaking

Under the BCBCA, the corporation may sell, lease or otherwise dispose of all or substantially all of the undertaking of the corporation only if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the Articles of the corporation specify is required for the corporation to pass a special resolution at a general meeting, such that a two-thirds majority vote will be required in the event of a sale of the corporation's undertaking.

Under the OBCA, the approval of the shareholders of a corporation represented at a duly called meeting to which are attached not less than two thirds of the votes entitled to vote upon a sale, lease or exchange of all or substantially all of the property of the corporation other than in the ordinary course of business, and, where the class or series is affected by the sale, lease or exchange in a manner different from another class or series, the holders of shares of that class or series are entitled to vote separately as a class or series.

Directors

The BCBCA and OBCA both provide that a public corporation must have a minimum of three directors. While there are no residency requirements for directors of a BCBCA company, the OBCA requires that at least 25% of the directors must be resident Canadians.

Under the BCBCA, a director may be removed by a special resolution or, if the articles otherwise provide that a director may be removed by a resolution of the shareholders passed by less than a special majority or may be removed by some other method, by the resolution or method specified. Under the OBCA, a director may be removed by an ordinary resolution of shareholders.

Place of Meeting

The BCBCA provides that meetings of shareholders must be held in British Columbia, unless a corporation's articles provide otherwise. Subject to the articles or any unanimous shareholder agreement, the OBCA permits meetings of shareholders to be held inside or outside of Ontario.

Quorum

Under the BCBCA, the quorum for a meeting of shareholders is the quorum established by the Articles or if no quorum is established, it is two shareholders entitled to vote at the meeting whether present in person or represented by proxy, unless the Articles of the company provide otherwise. Under the OBCA, unless the by-laws otherwise provide, a quorum of shareholders is present at a meeting of shareholders, irrespective of the number of persons actually present at the meeting, if the holder or holders of a majority of the shares entitled to vote at the meeting are present in person or represented by proxy. The new By-laws of the Corporation provide that a quorum for a meeting of shareholders is two shareholders entitled to vote at the meeting whether present in person or represented by proxy, who hold in the aggregate, at least five percent of the shares entitled to vote at the meeting.

Shareholder Proposals

Under the BCBCA, shareholders of a public company may submit a shareholder proposal provided each of the shareholders submitting or supporting it have been a registered owner or beneficial owner of one or more shares carrying the right to vote at general meetings and must have owned such shares for an uninterrupted period of at least two years before the date of signing the proposal. The proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of (i) at least 1% of the issued shares of the company that carry the right to vote at general meetings or (ii) shares with a fair market value of at least \$2,000.

Under the OBCA, a registered holder of shares entitled to vote or a beneficial owner of shares that are entitled to be voted at a meeting of shareholders may submit a shareholder proposal. There are no requirements that the shareholder making a proposal hold a certain number of shares or hold any shares for a prescribed period of time. A corporation is not required to submit a shareholder proposal for consideration by shareholders at a meeting where, *inter alia*, the primary purpose of the proposal is to address a personal grievance on the part of the shareholder, the proposal does not relate in a significant way to the business or affairs of the corporation, or substantially the same proposal was defeated at a meeting of shareholders within the preceding two years.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholders at the fair value of such shares. This dissent right is available where a corporation proposes to pass: (a) a resolution to amend the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on; (b) a resolution to adopt an amalgamation agreement; (c) a resolution to approve an amalgamation into a foreign jurisdiction; (d) a resolution to approve an arrangement, the terms of which arrangement permit dissent; (e) a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking; (f) a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia; or (g) any other resolution, if dissent is authorized by the resolution or where any court order permits dissent.

The OBCA provides a similar dissent remedy, although the procedure for exercising this remedy differs from that set forth in the BCBCA. Under the OBCA, shareholders who dissent to certain actions being taken by a company may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where the corporation proposes to: (a) amend its articles to alter restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation; (b) amend its articles to alter restrictions upon the business the corporation is permitted to carry on or the powers that it may exercise; (c) amalgamate with another corporation; (d) be continued under the laws of another jurisdiction; or (e) sell, lease or exchange all or substantially all of its property.

Oppression Remedy

Pursuant to Section 227 of the BCBCA, a shareholder (which term includes any person whom the court considers to be an appropriate person to make an application) of a company has the right to apply to the court for an order under Section 227 on the grounds that the affairs of the company are being or have been conducted, or that the powers of the directors are being exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or that some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial

to one or more shareholders, including the applicant. In response to such an application, the court may make such order as it considers appropriate, including an order to direct or prohibit any act proposed by the company.

Under Section 248 of the OBCA, a shareholder, former shareholder, director, former director, officer, former officer, any affiliate of the foregoing, and any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court for an order the court thinks fit where, in respect of a corporation or any of its affiliates, any act or omission effects or threatens to effect, a result, or the business or affairs are or have been carried on or conducted in a manner, or the powers of the directors are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any securityholder, creditor, director or officer. In response to such application, the court may make any interim or final order as it thinks fit, including without limitation, an order to direct or prohibit any act on the part of the corporation.

Derivative Actions

Pursuant to Section 232 of the BCBCA, a shareholder (which term includes any person whom the court considers to be an appropriate person to make an application under Section 232 of the BCBCA) or director of a company may, with leave of the court, and after having made reasonable efforts to cause the directors of the company to prosecute a legal proceeding, prosecute such proceeding in the name of and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such right, duty or obligation. There is a similar right of a shareholder or director, with leave of the court, and in the name and on behalf of the company, to defend a legal proceeding brought against the company.

Section 246 of the OBCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group. In addition to shareholders and directors, the right under the OBCA is available to former shareholders, former directors, officers, former officers, any affiliate of the foregoing, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

Dissent Rights in Respect of the Continuance Resolution

Section 309 of the BCBCA gives to registered shareholders who object to the continuance of the Corporation out of British Columbia the right to dissent (the “**Dissent Right**”) under Division 2 of Part 8 in respect of the Continuance and to be paid the fair value of their shares determined as of the day before the resolution approving the Continuance was passed. Non-registered shareholders who wish to dissent should contact their broker or other intermediary for assistance with exercising the Dissent Right. The Dissent Right is briefly summarized below, but shareholders are referred to the full text of Sections 237 to 247 of the BCBCA attached to this Information Circular as Schedule “D” for a complete understanding of the Dissent Right under the BCBCA.

A dissenting shareholder who wishes to exercise his, her or its Dissent Right must give written notice (the “**Notice of Dissent**”) to the Corporation by depositing such Notice of Dissent with, or by sending it by registered mail to, the Corporation, at its head office at 20 Victoria Street, Suite 900, Toronto, ON M5C 2N8, marked to the attention of the Chief Financial Officer not later than two days before the Meeting. A shareholder who wishes to dissent must prepare a separate Notice of Dissent for (i) the shareholder, if the shareholder is dissenting on its own behalf and (ii) each person who beneficially owns Common Shares in the shareholder’s name and on whose behalf the shareholder is dissenting. To be valid, a Notice of Dissent must:

- (a) identify in each Notice of Dissent the person on whose behalf dissent is being exercised;
- (b) set out the number of common shares of the Corporation in respect of which the shareholder is exercising the Dissent Right (the “**Notice Shares**”), which number cannot be less than all of the Common Shares held by the beneficial holder on whose behalf the Dissent Right is being exercised;
- (c) if the Notice Shares constitute all of the Common Shares of which the dissenting shareholder is both the registered owner and beneficial owner and the dissenting shareholder owns no other Common Shares as beneficial owner, a statement to that effect;

- (d) if the Notice Shares constitute all of the Common Shares of which the dissenting shareholder is both the registered and beneficial owner but the dissenting shareholder owns other Common Shares as beneficial owner, a statement to that effect; and
 - (i) the names of the registered owners of those other Common Shares;
 - (ii) the number of those other Common Shares that are held by each of those registered owners; and
 - (iii) a statement that Notices of Dissent are being or have been sent in respect of all those other Common Shares;
- (e) if dissent is being exercised by the dissenting shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect, and
 - (i) the name and address of the beneficial owner; and
 - (ii) a statement that the dissenting shareholder is dissenting in relation to all of the Common Shares beneficially owned by the beneficial owner that are registered in the dissenting shareholder's name.

The giving of a Notice of Dissent does not deprive a dissenting shareholder of his, her or its right to vote at the Meeting on the Continuance Resolution. A vote against the Continuance Resolution or the execution or exercise of a proxy does not constitute a Notice of Dissent. A shareholder is not entitled to exercise a Dissent Right with respect to any Notice Shares if the shareholder votes (or instructs or is deemed, by submission of any incomplete proxy, to have instructed his, her or its proxyholder to vote) in favour of the Continuance Resolution. A dissenting shareholder, however, may vote as a proxy for a shareholder whose proxy required an affirmative vote, without affecting his, her or its right to exercise the Dissent Right. If the Corporation intends to act on the authority of the Continuance Resolution, it must send a notice (the "**Notice to Proceed**") to the dissenting shareholder promptly after the later of:

- (a) the date on which the Corporation forms the intention to proceed; and
- (b) the date on which the Notice of Dissent was received.

If the Corporation has acted on the Continuance Resolution it must promptly send a Notice to Proceed to the dissenting shareholder. The Notice to Proceed must be dated not earlier than the date on which it is sent and state that the Corporation intends to act or has acted on the authority of the Continuance Resolution and advise the dissenting shareholder of the manner in which dissent is to be completed. On receiving a Notice to Proceed, the dissenting shareholder is entitled to require the Corporation to purchase all of the Notice Shares in respect of which the Notice of Dissent was given.

A dissenting shareholder who receives a Notice to Proceed, and who wishes to proceed with the dissent, must send to the Corporation within one month after the date of the Notice to Proceed:

- (a) a written statement that the dissenting shareholder requires the Corporation to purchase all of the Notice Shares;
- (b) the certificates representing the Notice Shares; and
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a written statement signed by the beneficial owner setting out whether the beneficial owner is the beneficial owner of other Common Shares and if so, setting out:
 - (i) the names of the registered owners of those other Common Shares;
 - (ii) the number of those other shares that are held by each of those registered owners; and

- (iii) that dissent is being exercised in respect of all of those other Common Shares.

Whereupon the Corporation is deemed to have purchased the Notice Shares in accordance with the Notice of Dissent and the dissenting shareholder is deemed to have sold to the Corporation the Notice Shares.

The Corporation and the dissenting shareholder may agree on the amount of the payout value of the Notice Shares and in that event, the Corporation must either promptly pay that amount to the dissenting shareholder or send a notice to the dissenting shareholder that the Corporation is unable lawfully to pay dissenting shareholders for their Notice Shares as the Corporation is insolvent or if the payment would render the Corporation insolvent. If the Corporation and the dissenting shareholder do not agree on the amount of the payout value of the Notice Shares, the dissenting shareholder or the Corporation may apply to the court and the court may:

- (a) determine the payout value of the Notice Shares or order that the payout value of the Notice Shares be established by arbitration or by reference to the registrar or a referee of the court;
- (b) join in the application each dissenting shareholder who has not agreed with the Corporation on the amount of the payout value of the Notice Shares; and
- (c) make consequential orders and give directions it considers appropriate.

Promptly after a determination of the payout value of the Notice Shares has been made, the Corporation must either pay that amount to the dissenting shareholder or send a notice to the dissenting shareholder that the Corporation is unable lawfully to pay dissenting shareholders for their Common Shares as the Corporation is insolvent or if the payment would render the Corporation insolvent. If the dissenting shareholder receives a notice that the Corporation is unable to lawfully pay dissenting shareholders for their shares, the dissenting shareholder may, within 30 days after receipt, withdraw his, her or its Notice of Dissent. If the Notice of Dissent is not withdrawn, the dissenting shareholder remains a claimant against the Corporation to be paid as soon as the Corporation is lawfully able to do so or, in a liquidation to be ranked subordinate to the rights of creditors of the Corporation but in priority to its shareholders.

Shareholders who wish to exercise their Dissent Right should carefully review the dissent procedures described in Sections 237 to 247 of the BCBCA attached to this Information Circular as Schedule “D” and seek independent legal advice, as failure to adhere strictly to the Dissent Right requirements may result in the loss of any right to dissent.

Continuance Resolution

At the Meeting, Excellon shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, the Continuance Resolution approving the application of Excellon to continue under the laws of the Province of Ontario in the form set forth below.

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. Excellon is authorized to make application to the Director under the Business Corporation Act (Ontario) (the “OBCA”) for a certificate of continuance, continuing Excellon into Ontario as if it had been incorporated under the OBCA, under the name “Excellon Resources Inc.”;
2. Excellon is authorized to make an application to the British Columbia Registrar of Companies for an authorization for the continuance of Excellon pursuant to Section 308 of the Business Corporations Act (British Columbia);
3. Excellon adopt the articles and by-laws substantially in the form presented at the meeting in substitution for the existing notice of articles and articles of Excellon and all amendments to the existing notice of articles and articles of Excellon reflected therein are adopted;
4. the directors are authorized to abandon the applications without further approval of the shareholders; and

5. any officer or director of Excellon is authorized and directed for and on behalf of Excellon to execute and deliver articles of continuance and all other documents as are necessary or desirable to the Director under the OBCA and the British Columbia Registrar of Companies and to execute all documents and to do all such acts and things as in the opinion of such person may be necessary or desirable to carry out the foregoing.”

The Board has unanimously approved the Continuance and recommends that Excellon shareholders vote in favour of the Continuance Resolution. Proxies received in favour of management will be voted FOR the Continuance Resolution, unless the Excellon shareholder has specified in the proxy that his, her or its Common Shares are to be voted against the Continuance Resolution. In the event that the Continuance Resolution does not receive the requisite shareholder approval, Excellon will not proceed with the Continuance.

Resolution Approving the Number of Directors

The Articles of Continuance provide that the number of directors shall be a minimum of three and a maximum of eleven. At the Meeting, Excellon shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution giving the directors the authority pursuant to section 125(3) of the OBCA to fix from time to time the number of directors to be elected annual general meetings of the shareholders of the Corporation within the minimum and maximum number of directors permitted by the Corporations Articles. The form of the special resolution is set forth below.

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. pursuant to section 125(3) of the OBCA, the directors of the Corporation are hereby authorized to determine from time to time the number of directors of the Corporation within the minimum and maximum number set forth in the articles and the number of directors of the Corporation to be elected at annual meetings of the shareholders of the Corporation; and
2. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.”

The Board believes the passing of the foregoing resolution is in the best interests of the Corporation and recommends that shareholders of the Corporation vote FOR the resolution. The persons named as proxies in the enclosed form of proxy intend to cast the votes represented by proxy FOR the foregoing resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast. In the event Articles of Continuance are not filed, the foregoing resolution will not be effected.

OTHER BUSINESS

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

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Named Executive Officers

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

capacity, at the end of that financial year (each a “**Named Executive Officer**” or “**NEO**”). For the financial year ended December 31, 2011, the Named Executive Officers of the Corporation were:

Peter Crossgrove, Executive Chairman (formerly Chairman and Chief Executive Officer)
 Jeremy Wyeth, Chief Executive Officer
 Steven Poad, Chief Financial Officer
 Robert Whittall, former Chief Financial Officer
 Robert Moore, Chief Operating Officer
 John Sullivan, Vice President, Exploration

Compensation Policy Objectives

The Corporation’s executive compensation program is designed to support the achievement of strategic objectives, to ensure that compensation incentives motivate senior managers to achieve or exceed corporate objectives and to enhance shareholder value, and to ensure that there is reasonable consistency in the application of the executive compensation program.

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

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

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

For the fiscal year ended December 31, 2011, the Compensation Committee was responsible for making recommendations to the Board with respect to the compensation of the Corporation’s directors, Named Executive Officers and employees. The Compensation Committee works in conjunction with the Executive Chairman and the Chief Executive Officer on the review and assessment of the performance of executive officers and other employees in accordance with the Corporation’s compensation practices. The Board reviews the Compensation Committee’s recommendations to ensure that total compensation paid to all Named Executive Officers is fair and reasonable and is consistent with the Corporation’s compensation program. No peer groups were selected or compensation consultants retained for comparison of corporate or executive compensation for the 2011 review.

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

The compensation levels of the Executive Chairman and the Chief Executive Officer are designed to recognize their personal contributions and leadership. At the end of each fiscal year the Compensation Committee evaluates the performance of the Executive Chairman, and the Compensation Committee in consultation with the Executive Chairman formally evaluates the performance of the Chief Executive Officer. Using both financial and non-financial measures, the Compensation Committee may recommend to the Board an increase to the Executive Chairman and the Chief Executive Officer's total compensation to levels that are consistent with corporate and individual performance.

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

In 2011, the mix of total direct compensation payable to our Named Executive Officers was as follows:

Base Salaries

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

Discretionary Bonus

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

For 2011, bonuses were recommended to the Board by the Compensation Committee with input from the Executive Chairman and the Chief Executive Officer, based on the individual performance of the executive officers and the achievement of corporate objectives including: continued exploration success in Mexico, Ontario and Quebec, the maintenance of production levels despite labour disruptions at the Corporation's Platosa Mine in Mexico, the reduction in operating costs and of the cash cost per ounce of silver produced in 2011 compared to 2010 levels, improvement in the overall recovery of silver at the Miguel Auza mill, implementation of a new accounting system, the acquisition of Lateegra Gold Corp. and its Canadian exploration properties, and significant improvement in the cash position of the Corporation. No specific weightings were assigned to each factor.

Long Term Incentives

The long-term equity portion of executive compensation is designed to align the interests of executive officers with that of shareholders by encouraging equity ownership through awards of stock options, to motivate executives and other key employees to contribute to an increase in corporate performance and shareholder value, and to encourage the retention of executive officers and other key employees by vesting stock options over a period of time. The timing of the grant, and number of shares made subject to option with respect to stock options proposed to be granted by the Corporation to its executive officers is recommended by the Chief Executive Officer, reviewed and approved (or revised, if thought appropriate) by the Compensation Committee in consultation with the Executive Chairman, and implemented by a resolution of the Board. The review of proposed option grants by the Compensation Committee (which is composed of independent directors) and the implementation thereof by the Board (which is comprised of a majority of independent directors) provides the independent directors with significant input into such compensation decisions. Consideration in determining option grants is given to, amongst

other things, the total number of stock options outstanding, the current and future expected contribution to the advancement of corporate objectives, the position of the individual, tenure, and previous option grants to selected individuals. No specific weightings are assigned to each factor; instead a subjective determination is made based on an assessment of the individual relative to such factors. Grants of stock options also comprise a portion of the compensation package offered to attract and retain new directors and executive officers to the Corporation. Stock options granted by the Board are priced at the closing price of the Corporation's Common Shares on the TSX on the last trading day prior to the date of grant.

During the fiscal year ended December 31, 2011, an aggregate of 3,355,000 stock options were awarded to directors, executive officers and other employees.

Indirect Compensation

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

Pension Plan Benefits

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

Share Ownership Requirements

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

Risks Associated with Compensation Practices

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

Financial Instruments

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

Summary Compensation Table

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

| Summary Compensation Table | | | | | | | | | |
|--|---------------------|-------------|-------------------------|---|--|---------------------------|--------------------|-----------------------------|-------------------------|
| Name and Principal Position | Year ⁽¹⁾ | Salary (\$) | Share-Based Awards (\$) | Option-Based Awards ⁽²⁾ (\$) | Non-Equity Incentive Plan Compensation | | Pension Value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
| | | | | | Annual Incentive Plans ⁽³⁾ | Long-Term Incentive Plans | | | |
| Peter A. Crossgrove ⁽⁴⁾ Executive Chairman, Director | 2011 | \$190,000 | NIL | \$84,651 | \$240,000 | NIL | NIL | \$102,984 ⁽⁸⁾ | \$617,635 |
| | 2010 | \$240,000 | NIL | \$192,487 | \$240,000 | NIL | NIL | \$77,980 | \$750,467 |
| | 2009 | \$278,674 | NIL | \$94,534 | NIL | NIL | NIL | \$200,000 | \$573,208 |
| Jeremy L. Wyeth ⁽⁵⁾ Chief Executive Officer | 2011 | \$137,500 | NIL | \$375,898 | \$75,000 | NIL | NIL | NIL | \$588,398 |
| | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Steven W.E. Poad ⁽⁶⁾ Chief Financial Officer | 2011 | \$115,962 | NIL | \$138,988 | \$58,750 | NIL | NIL | NIL | \$313,700 |
| | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Robert Whittall ⁽⁷⁾ Chief Financial Officer | 2011 | \$112,500 | NIL | NIL | NIL | NIL | NIL | NIL | \$112,500 |
| | 2010 | \$98,077 | NIL | \$94,433 | \$55,000 | NIL | NIL | NIL | \$247,510 |
| | 2009 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Robert Moore Chief Operating Officer | 2011 | \$202,500 | NIL | \$35,065 | \$102,500 | NIL | NIL | \$65,842 ⁽⁹⁾ | \$405,907 |
| | 2010 | \$195,000 | NIL | \$25,664 | \$30,000 | NIL | NIL | \$42,188 | \$292,852 |
| | 2009 | N/A | NIL | N/A | N/A | N/A | N/A | N/A | N/A |
| John R. Sullivan Vice-President Exploration | 2011 | \$180,000 | NIL | \$35,065 | \$54,000 | NIL | NIL | \$22,846 ⁽⁹⁾ | \$269,065 |
| | 2010 | \$180,000 | NIL | \$25,664 | \$25,000 | NIL | NIL | NIL | \$230,664 |
| | 2009 | \$230,341 | NIL | \$66,980 | NIL | NIL | NIL | NIL | \$297,321 |

Notes:

- (1) The Corporation's fiscal year-end date was changed from July 31 to December 31 beginning on August 1, 2009.
- (2) The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2011, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.58%, no dividend yield, expected life of 2.92 years and an expected price volatility of 81.04%. For 2010, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk free-interest rate of 2.21%, no dividend yield, expected life of 5 years, and an expected price volatility of 94.85%. For 2009, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 2.42%, no dividend yield, expected life of 5 years and an expected price volatility of 96.97%. The calculation of fair market value is based on the Black-Scholes pricing model, selected as it is widely used in estimating option-based compensation values by Canadian public companies. The Black-Scholes model is a pricing model which may or may not reflect the annual value of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (3) Annual Incentive Plan awards granted in December 2011 were paid in 2012.
- (4) Mr. Crossgrove was Chief Executive Officer from April 6, 2008 to July 18, 2011. Mr. Crossgrove's annual base salary was reduced from \$240,000 to \$120,000 effective August 1, 2011.
- (5) Mr. Wyeth was appointed Chief Executive Officer on July 18, 2011 at an annual base salary of \$300,000. Total compensation includes option-based awards granted at the time he joined the Corporation.
- (6) Mr. Poad was appointed Chief Financial Officer on June 27, 2011 at an annual base salary of \$225,000. Total compensation includes option-based awards granted at the time he joined the Corporation.
- (7) Mr. Whittall was Chief Financial Officer from July 26, 2010 to June 30, 2011. His annual base salary was \$225,000 and compensation shown is not for a full year of service.
- (8) "All Other Compensation" for Mr. Crossgrove represents accommodation allowance and personal travel expense.
- (9) "All Other Compensation" for Mr. Moore and Mr. Sullivan represent payouts for unused vacation entitlement for 2011 and prior years, as applicable.

Incentive Plan Awards***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth, for each Named Executive Officer, all option-based awards outstanding as at December 31, 2011. There were no share-based awards outstanding for the Named Executive Officers. The closing price of the Corporation's Common Shares on the TSX on December 30, 2011 was \$0.57.

| Name | Option Based Award | | | |
|------------------------------------|---|----------------------------|------------------------|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) ⁽¹⁾ |
| Peter A. Crossgrove ⁽²⁾ | 54,000 ⁽³⁾ | \$0.56 | Aug 23, 2012 | \$540 |
| | 54,000 ⁽³⁾ | \$0.75 | Aug 31, 2012 | NIL |
| | 27,000 ⁽³⁾ | \$0.65 | Sep 22, 2012 | NIL |
| | 200,000 | \$1.07 | Jul 8, 2013 | NIL |
| | 250,000 | \$0.19 | Dec 11, 2013 | \$95,000 |
| | 450,000 | \$0.56 | Dec 11, 2014 | \$4,500 |
| | 750,000 | \$0.98 | Dec 16, 2015 | NIL |
| | 100,000 | \$0.81 | Aug 12, 2016 | NIL |
| Jeremy L. Wyeth | 500,000 | \$0.77 | July 18, 2016 | NIL |
| | 250,000 | \$0.50 | Dec 15, 2016 | \$1,500 |
| Steven W.E. Poad | 220,000 | \$0.72 | June 27, 2016 | NIL |
| | 100,000 | \$0.50 | Dec 15, 2016 | \$7,000 |
| Robert Whittall ⁽⁴⁾ | NIL | NIL | NIL | NIL |
| Robert Moore | 21,632 | \$3.29 | Dec 7, 2012 | NIL |
| | 81,120 | \$4.36 | June 1, 2012 | NIL |
| | 50,000 | \$0.60 | Oct 21, 2014 | NIL |
| | 250,000 | \$0.56 | Dec 11, 2014 | \$2,500 |
| | 100,000 | \$0.98 | Dec 16, 2015 | NIL |
| | 100,000 | \$0.50 | Dec 15, 2016 | \$7,000 |
| John R. Sullivan | 400,000 | \$1.41 | Jan 25, 2012 | NIL |
| | 250,000 | \$1.58 | Jan 4, 2013 | NIL |
| | 250,000 | \$0.56 | Dec 11, 2014 | \$2,500 |
| | 100,000 | \$0.98 | Dec 16, 2015 | NIL |
| | 100,000 | \$0.50 | Dec 15, 2016 | \$7,000 |

Notes:

- ⁽¹⁾ The “Value of unexercised in-the-money options” reflects the aggregate dollar amount of (vested and unvested) unexercised in-the-money options held at the end of the year. The amount is calculated based on the difference between the closing price of the Corporation’s Common Shares on the TSX on December 30, 2011 (\$0.57) and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- ⁽²⁾ Mr. Crossgrove received these options in his capacity as a director of the Corporation.
- ⁽³⁾ Mr. Crossgrove received these options in his capacity as a director of Lateegra Gold Corp. The options have been converted into Excellon options at the exchange rate of .54 Excellon shares for one Lateegra share.
- ⁽⁴⁾ Mr. Whittall was Chief Financial Officer from July 26, 2010 to June 30, 2011, and his right to exercise stock options expired on July 30, 2011.

Value Vested or Earned During the Year

For the year ended December 31, 2011, the following table sets forth for each Named Executive Officer the value that would have been realized if the option-based incentive plan awards had been exercised on their vesting date, and the value earned under the non-equity incentive plan. There were no share-based awards for which there was a value that vested during 2011.

| Name | Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾ | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) ⁽²⁾ |
|---------------------|--|---|
| Peter A. Crossgrove | \$9,933 | \$240,000 |
| Jeremy L. Wyeth | \$6,667 | \$75,000 |
| Steven W.E. Poad | \$2,933 | \$58,750 |
| Robert Whittall | NIL | NIL |
| Robert Moore | \$833 | \$102,500 |
| John R. Sullivan | \$833 | \$54,000 |

Notes:

- (1) The value of options which vested during the fiscal year ended December 31, 2011 was calculated based on the difference between the closing price of the Corporation's Common Shares on the TSX on the vesting date and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) Figures represent the bonus paid to each Named Executive Officer for 2011.

Employment Agreements

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

Termination and Change of Control Benefits

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

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

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

Steven Poad, Chief Financial Officer: Under the terms of his employment agreement, Mr. Poad is entitled to receive three years' base salary in the event of a Change of Control of the Corporation and his employment is terminated by the Corporation without just cause or by Mr. Poad within six months of a Change in Control. In addition, Mr. Poad's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. In the event of the termination of Mr. Poad's employment without cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Poad is entitled to receive a lump sum payment of 1.5 times his base salary.

Robert Moore, Chief Operating Officer: Under the terms of his employment agreement, Mr. Moore is entitled to receive 18 months' base salary in the event of a Change of Control of the Corporation and his employment is terminated by the Corporation without just cause or by Mr. Moore within one year of a Change in Control, plus the lesser of (i) the amount of the last bonus paid to Mr. Moore, if any; and (ii) the average of the bonus earned (if any) for the three years preceding termination. In addition, Mr. Moore's group insurance benefit coverage, other than

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

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

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

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

The table below sets out the estimated incremental payments, payables and benefits due to each of the Named Executive Officers for termination on a change of control, assuming termination on December 31, 2011:

| Name | Triggering Event | Base Salary \$ | Value of Option- Based Awards if Exercised on Termination ⁽¹⁾ \$ | All Other Compensation ⁽³⁾ \$ | Total \$ |
|--------------|-----------------------------------|-------------------|---|--|-------------|
| Jeremy Wyeth | Change of Control | \$900,000 | \$1,500 | NIL | \$901,500 |
| | Termination without just cause | \$600,000 | \$1,500 | NIL | \$601,500 |
| Steven Poad | Change of Control | \$675,000 | \$7,000 | NIL | \$675,000 |
| | Termination without just cause | \$337,500 | \$7,000 | NIL | \$342,500 |

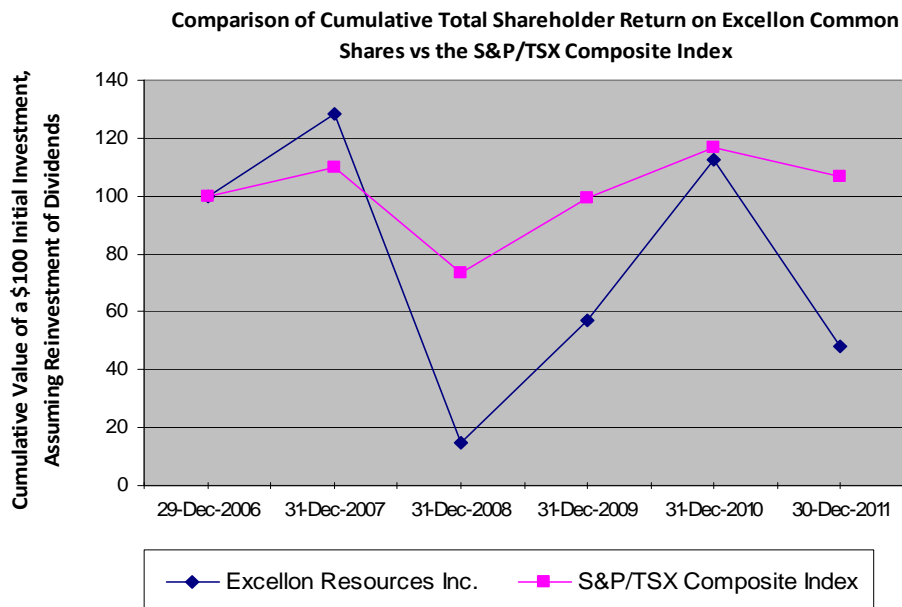
| Name | Triggering Event | Base Salary \$ | Value of Option- Based Awards if Exercised on Termination ⁽¹⁾ \$ | All Other Compensation ⁽³⁾ \$ | Total \$ |
|------------------|--------------------------------|-------------------|---|--|-------------|
| Robert Moore | Change of Control | \$303,750 | \$9,500 | \$44,167 | \$357,417 |
| | Termination without just cause | \$50,625 | \$9,500 | NIL | \$60,125 |
| Peter Crossgrove | Change of Control | \$180,000 | \$99,500 | \$160,000 ⁽²⁾ | \$439,500 |
| | Termination without just cause | \$40,000 | \$99,500 | NIL | \$139,500 |
| John Sullivan | Change of Control | \$540,000 | \$9,500 | \$26,333 | \$575,833 |
| | Termination without just cause | \$75,000 | \$9,500 | NIL | \$84,500 |

Notes:

- ⁽¹⁾ The value of unexercised options was calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2011 (\$0.57) and the exercise price of the options. Where the difference is negative, the options are not in-the-money and no value is reported. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- ⁽²⁾ This amount represents the average bonus paid to Mr. Crossgrove during the three preceding years.
- ⁽³⁾ The amount payable for continuing benefit coverage is dependent upon the Named Executive Officer obtaining alternative employment within the time period discussed above and cannot be determined at this time.

Performance Graph

The following graph compares the yearly change in the cumulative total shareholder return over the periods indicated of a \$100 investment in the Corporation's Common Shares against the return of the S&P/TSX Composite Total Return Index, assuming the reinvestment of dividends, where applicable, for the comparable period. The Corporation's Common Shares were originally listed on the TSX Venture Exchange and the listing graduated to the Toronto Stock Exchange on February 4, 2008.



| | 29-Dec-06 | 31-Dec-07 | 31-Dec-08 | 31-Dec-09 | 31-Dec-10 | 30-Dec-11 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Excellon Resources Inc. | \$100 | \$129 | \$15 | \$57 | \$113 | \$48 |
| S&P/TSX Composite Index | \$100 | \$110 | \$74 | \$99 | \$117 | \$107 |

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

As discussed above, compensation for the Corporation's executive officers is comprised of different elements. These include elements relating to factors that do not directly correlate to the market price of the Common Shares, such as base salary, as well as elements that more closely correlate to the Corporation's performance and financial condition, such as short-term and long term-incentives. The elements of executive compensation are designed to attract and retain top quality executives to manage and grow the business through both adverse and favourable economic cycles. Stock options form an important component of the initial compensation package offered to attract qualified individuals to a position and the number of stock options granted varies with the position level. The Corporation has undergone a number of changes in its executive team over the five-year period. For the fiscal year ended December 31, 2011, the Corporation retained both a new Chief Executive Officer and Chief Financial Officer and a portion of the total compensation for each individual reflects stock options granted at the time of hire, which in part is attributable to the increase in executive compensation over that paid in 2010. Despite the achievement of strategic objectives, the Corporation's stock price performance fell short of expectations in 2011. The Compensation Committee concluded that executives should receive short-term and long-term incentive grants in recognition of the achievements in 2011 and the importance of retaining key personnel in a competitive marketplace, particularly while the Corporation strives to expand its exploration activities into Canada. As such, executive compensation has not been tied to share performance.

DIRECTORS COMPENSATION

Summary Compensation Table

The following table sets forth all compensation paid, awarded or earned by the non-executive directors of the Corporation during the year ended December 31, 2011.

| Directors Compensation Table ^{(2) (3)} | | | | | | | |
|---|-------------------------|-------------------------|---|---|--------------------|-----------------------------|------------|
| Name | Fees Earned (\$) | Share-Based Awards (\$) | Option-Based Awards ⁽¹⁾ (\$) | Non-Equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total (\$) |
| André Y Fortier | \$49,254 ⁽⁵⁾ | N/A | \$58,007 | NIL | N/A | NIL | \$107,261 |
| Alan R. McFarland | \$45,496 ⁽⁵⁾ | N/A | \$58,007 | NIL | N/A | NIL | \$103,503 |
| Timothy J. Ryan | \$54,500 ⁽⁵⁾ | N/A | \$84,651 | NIL | N/A | NIL | \$139,151 |
| Wayne J O'Connor ⁽⁴⁾ | \$25,998 | N/A | NIL | NIL | N/A | NIL | \$25,998 |
| Thor E. Eaton | \$11,250 | N/A | \$296,703 | NIL | N/A | NIL | \$307,953 |

Notes:

- (1) The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2011, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.58%, no dividend yield, expected life of 2.92 years and an expected price volatility of 81.04%. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) The table does not include any amount paid as reimbursement for travel, meals and accommodation expenses to attend Board and/or Committee meetings.
- (3) Compensation paid to Mr. Crossgrove, who serves as Executive Chairman, is disclosed in the Summary Compensation Table for the Named Executive Officers.
- (4) Mr. O'Connor passed away in June 2011 and his unexercised options have been cancelled.
- (5) The fees earned during 2011 by Messrs. Fortier, McFarland and Ryan include fees paid for service on *ad hoc* special committees of the Board constituted from time to time during the year.

The Board, upon the recommendation of the Compensation Committee, has the responsibility of determining director compensation. The objective in determining such director compensation is to ensure that the Corporation can attract and retain experienced and qualified individuals to serve as directors. The Corporation compensates its

non-executive directors through the payment of directors fees (on an annual retainer, committee chair, committee member, and per meeting attendance basis) and through the grant of incentive stock options. The non-executive directors receive the following annual retainers and other fees for their services as directors:

| | Fiscal Year 2011 |
|--|---------------------------|
| Director Retainer (base) | \$12,000 |
| Audit Committee Chair (additional retainer) | \$10,000 |
| Compensation Committee Chair (additional retainer) | \$5,000 |
| Other Committee Chair (additional retainer) | \$2,500 |
| Meeting Attendance Fee | \$1,250 (\$1,500 in 2012) |

All retainers are paid *pro rata* on a quarterly basis. Directors are also reimbursed for out-of-pocket expenses incurred in attending meetings and otherwise carrying out their duties as directors of the Corporation. In addition, Directors are eligible to participate in the Corporation's stock option plan, and historically the Corporation has granted options to members of the Board. As of the date of this Information Circular, the Corporation had awarded outstanding options to purchase 12,914,956 Common Shares, of which 2,989,000 have been granted to non-executive directors, representing approximately 23% of outstanding options.

Incentive Plan Awards

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

The following table sets out for each non-executive director the option-based awards outstanding as of December 31, 2011. There were no share-based awards outstanding for the non-executive directors. The closing price of the Corporation's shares on the TSX on December 30, 2011 was \$0.57.

| Director Name | Option Based Award | | | |
|------------------------------|---|----------------------------|------------------------|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) ⁽¹⁾ |
| André Y. Fortier | 250,000 | \$0.19 | Dec 11, 2013 | \$95,000 |
| | 250,000 | \$0.56 | Dec 11, 2014 | \$2,500 |
| | 250,000 | \$0.98 | Dec 16, 2015 | NIL |
| | 100,000 | \$0.81 | Aug 12, 2016 | NIL |
| Alan R. McFarland | 250,000 | \$0.56 | Dec 11, 2014 | \$2,500 |
| | 250,000 | \$0.98 | Dec 16, 2015 | NIL |
| | 100,000 | \$0.81 | Aug 12, 2016 | NIL |
| Timothy J. Ryan | 54,000 ⁽²⁾ | \$0.56 | Aug 23, 2012 | \$540 |
| | 54,000 ⁽²⁾ | \$0.75 | Aug 31, 2012 | NIL |
| | 27,000 ⁽²⁾ | \$0.65 | Sep 22, 2012 | NIL |
| | 250,000 | \$0.19 | Dec 11, 2013 | \$95,000 |
| | 250,000 | \$0.56 | Dec 11, 2014 | \$2,500 |
| | 250,000 | \$0.98 | Dec 15, 2015 | NIL |
| Thor E. Eaton ⁽²⁾ | 100,000 | \$0.81 | Aug 12, 2016 | NIL |
| | 54,000 ⁽²⁾ | \$0.65 | Sep 22, 2012 | NIL |
| | 500,000 | \$0.81 | Aug 12, 2016 | NIL |

Notes:

⁽¹⁾ The value of unexercised in-the-money options reflects the aggregate dollar amount of (vested and unvested) unexercised options held at the end of the year. The amount is calculated based on the difference between the closing price of the Corporation's Common Shares on the TSX on December 30, 2011 (\$0.57) and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

⁽²⁾ Messrs Ryan and Eaton received these options in their capacity as directors of Lateegra Gold Corp. The options have been converted into Excellon options at the exchange rate of .54 Excellon shares for one Lateegra share.

Value Vested or Earned During the Year

For the year ended December 31, 2011, the following table sets forth, for each non-executive Director, the value that would have been realized if the option-based incentive plan awards had been exercised on their vesting date. There were no share-based awards for which there was a value that vested, and no non-equity incentive plan compensation provided to non-executive directors in 2011.

| Director Name (a) | Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾ (b) | Share-Based Awards – Value Vested During the Year (\$) (c) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) (d) |
|------------------------------|---|---|---|
| André Y. Fortier | \$1,167 | N/A | N/A |
| Alan R. McFarland | \$1,167 | N/A | N/A |
| Timothy J. Ryan | \$9,267 | N/A | N/A |
| Thor E. Eaton ⁽²⁾ | \$3,827 | N/A | N/A |

Notes:

- ⁽¹⁾ The value of options which vested during the fiscal year ended December 31, 2011 was calculated based on the difference between the closing price of the Corporation’s Common Shares on the TSX on the vesting date and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- ⁽²⁾ Mr. Eaton became a director on August 8, 2011.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The following table provides information regarding the Corporation’s equity compensation plans as of December 31, 2011, under which securities of the Corporation are authorized for issuance to directors, officers, employees and consultants of the Corporation and its affiliates:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights ⁽¹⁾ | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column “A”) ⁽²⁾ |
|--|--|---|--|
| Equity compensation plans approved by shareholders | 17,693,614 | \$1.0164 | 14,874,507 |
| Equity compensation plans not approved by shareholders | NIL | NIL | NIL |
| Total | 17,693,614 ⁽³⁾ | \$1.0164 | 14,874,507 ⁽⁴⁾ |

Notes:

- ⁽¹⁾ Represents 6.4% of the number of Common Shares reserved for issuance upon exercise of outstanding options and warrants.
- ⁽²⁾ Represents the maximum number of securities available for future issuance in accordance with the provisions of the Stock Option Plan based on 10% of the number of issued and outstanding Common Shares as at December 31, 2011 minus the number of Common Shares reserved for issuance upon exercise of outstanding options.
- ⁽³⁾ Represents 6.4% of the outstanding Common Shares as at December 31, 2011.
- ⁽⁴⁾ Represents 5.4% of the outstanding Common Shares as at December 31, 2011.

Stock Option Plan

In 2004, the Board established an incentive stock option plan (the “**Stock Option Plan**”). The purpose of the Stock Option Plan is to attract and motivate directors, senior officers, employees, and others providing services to the Corporation and its subsidiaries (the “**Eligible Persons**”), and thereby advance the Corporation’s interests, by affording such persons with an opportunity to acquire an equity interest in the Corporation through the issuance of stock options (the “**Options**”). The Corporation subsequently adopted an amended stock option plan, approved by shareholders of the Corporation on December 11, 2009 and which is the plan currently in effect, in order to bring the terms of the 2004 Stock Option Plan in line with current TSX policies.

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

The maximum number of Common Shares that may be reserved for issuance under the provisions of the Stock Option Plan is ten (10%) percent of the number of issued and outstanding Common Shares of the Corporation from time to time, provided that if any Option is exercised, forfeited, terminated, cancelled or expires for any reason whatsoever, then the maximum number of Common Shares for which Options may be granted shall be increased by the number of Common Shares which were exercised, forfeited, terminated, cancelled or expired. Every three years since the approval of the amended plan in 2007, all unallocated Options under the Stock Option Plan must be approved by a majority of the Board and the Corporation's shareholders for the ensuing three years.

As at April 19, 2012, 27,789,463 Options were authorized for issuance under the Stock Option Plan representing 10% of the issued and outstanding Common Shares of the Corporation on such date. Of the Options available for issuance, 12,914,956 Options had been granted to Eligible Persons under the Stock Option Plan (the "Optionees") (of which 3,355,000 are subject to ratification by shareholders at the Meeting), representing 4.65% of the issued and outstanding Common Shares. The principal terms of the Stock Option Plan are as follows:

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

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

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

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

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

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

Amendments and Termination of the Stock Option Plan: The Board may, subject to the approval of the TSX, terminate, suspend or discontinue the Stock Option Plan at any time and may make the following amendments or revisions to the terms of the Stock Option Plan or an Option without the approval of the Corporation's shareholders: (a) amendments of a "housekeeping" nature; (b) a change to the vesting provisions of an Option or the Stock Option Plan; (c) a change to the termination provisions of an Option or the Stock Option Plan that does not entail an extension beyond maximum option period; (d) the addition of, and any subsequent amendment to, a cashless

exercise feature, payable in cash or securities; (e) a modification of the requirements as to eligibility for participation in the Stock Option Plan; and (f) the addition of, and any subsequent amendment to, a financial assistance provision.

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

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

In April 2011, the Board approved an administrative amendment to the Stock Option Plan to include provisions relating to tax withholding and remittance obligations of the Corporation on the exercise of Options by Stock Option Plan participants, in accordance with recent changes to payroll remittance requirements under the *Income Tax Act* (Canada). In accordance with the terms of the Stock Option Plan and the policies of the TSX, the addition of withholding tax provisions to the Stock Option Plan did not require shareholder approval. The Board has also approved a proposed amendment to the Stock Option Plan to remove the Plan's expiration date, which is subject to the approval of the TSX and the approval of the Corporation's shareholders. See "Approval of Amendment to Stock Option Plan and Unallocated Entitlements".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the year ended December 31, 2011 (being the Corporation's last completed financial year), was any director, executive officer, employee, proposed management nominee for election as a director of the Corporation or any associate of any such director, executive officer, or proposed management nominee of the Corporation or any former director, executive officer or employee of the Corporation or any of its subsidiaries, indebted to the Corporation or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than for routine indebtedness

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person (as defined in National Instrument 51-102), proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director of the Corporation has, since January 1, 2011 (being the commencement of the Corporation's last completed financial year), had any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 requires issuers, such as the Corporation, to provide disclosure with respect to their corporate governance practices in accordance with Form 58-101F1. The required disclosure for the Corporation is set out below.

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

Board of Directors

The Board is currently composed of five (5) directors, the majority being independent directors as follows:

| Name | Position | Independent/Non Independent |
|----------------------------|------------------------------|-----------------------------|
| Peter A. Crossgrove | Director, Executive Chairman | Non-Independent |
| Thor E. Eaton | Director | Independent |
| André Y. Fortier | Director | Independent |
| Alan R. McFarland | Director | Independent |
| Timothy J. Ryan | Director | Independent |

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

Meetings of Independent Directors

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

Other Directorships

Certain of the Corporation’s directors are presently on the boards of other public companies, as set out under the heading “Election of Directors”. The following director also serves on the committees of other public companies as follows:

| Name | Committees |
|--|--|
| Peter A. Crossgrove Director, Executive Chairman | Audit Committee, Barrick Gold Corporation; Audit Committee and Environmental, Health and Safety Committee of Detour Gold Corporation; Compensation Committee, Chair of the Corporate Governance and Nominating Committee of Lakeshore Gold Corp. |

Board and Committee Meetings

The Board generally meets a minimum of four times per year, at least every quarter. The independent directors regularly meet in-camera, without management present, during each Board and Committee meeting. The Audit Committee meets at least four times per year. The Nominating and Corporate Governance Committee, Compensation Committee and the Health, Safety & Environmental Committee meet as deemed necessary. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Corporation faces from time to time. During the year ended December 31, 2011, the Board held twelve meetings, the Audit Committee held four meetings, the Nominating & Corporate Governance Committee held one meeting, the Compensation Committee held two meetings, and the Health, Safety & Environmental Committee held one meeting. A following is a summary of Director attendance at Board and Committee Meetings held in 2011.

| Name | Board Meetings | Audit Committee Meetings | Nominating & Corporate Governance Committee | Compensation Committee | HS&E Committee |
|----------------------------------|----------------|--------------------------|---|------------------------|----------------|
| Peter A. Crossgrove | 12 of 12 | N/A | N/A | N/A | N/A |
| Thor E. Eaton ⁽¹⁾ | 4 of 5 | 0 of 1 | N/A | 1 of 1 | N/A |
| André Y. Fortier | 11 of 12 | 4 of 4 | N/A | 2 of 2 | 1 of 1 |
| Alan R. McFarland | 12 of 12 | 4 of 4 | 1 of 1 | N/A | 1 of 1 |
| Wayne J. O'Connor ⁽²⁾ | 7 of 7 | 2 of 2 | NIL | 1 of 1 | 1 of 1 |
| Timothy J. Ryan | 10 of 12 | 4 of 4 | 1 of 1 | 2 of 2 | N/A |

Notes:

- ⁽¹⁾ Mr. Eaton was appointed to the Board on August 8, 2011 to fill the vacancy left by Mr. O'Connor, and subsequently became a member of the Audit, Nominating & Corporate Governance, Compensation Committee, and the HS&E Committee.
- ⁽²⁾ Mr. O'Connor passed away in June of 2011.

Board Mandate

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

Position Descriptions

The positions of Chairman and Chief Executive Officer were separated in July 2011 with the appointment of a new Chief Executive Officer. The Board believes that its current composition, in which only one of five members is currently a member of management, is sufficient to ensure that the Board can function independently of management and does not consider it necessary to have any formal structures or procedures in place to ensure that it functions independent of management. The Board has not developed written position descriptions for the Chairman or the Chief Executive Officer; however, the Board looks to the Executive Chairman and the Chair of the Audit Committee to play the lead role in ensuring that the respective mandates are fulfilled. The Board has adopted written position descriptions for the chairs of the Board Committees.

Orientation and Continuing Education

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

Corporation's operations. This informal process is considered to be appropriate given the Corporation's size, current level of operations, and the ongoing interaction amongst the directors.

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

Ethical Business Conduct

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

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

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

Whistleblower Policy

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

Share Trading Policy

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

Disclosure Policy

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

Committees of the Board

Audit Committee

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its responsibilities with respect to matters involving the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the Code. A description of the Audit Committee's responsibilities, the education and experience of its members, and a copy of the Corporation's Audit Committee Charter is contained in the Corporation's Annual Information Form for the fiscal year ended December 31, 2011, a copy of which is available on the Corporation's profile on SEDAR at www.sedar.com, and is also available on the Corporation's website at www.excellonresources.com.

The members of the Audit Committee are Timothy J. Ryan (Chairman), André Y. Fortier, Alan R. McFarland and Thor Eaton. 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 has determined that all members of the Audit Committee are “financially literate” as that term is defined in NI 52-110.

Nominating & Corporate Governance Committee

The Nominating & Corporate Governance Committee (“**NCGC**”) of the Board is comprised of Messrs. Alan McFarland (Chair), Thor Eaton and Timothy Ryan, each of whom is an independent director. The committee has a written charter (adopted October 25, 2006). The role of the Nominating and Corporate Governance Committee is to (1) develop and monitor the effectiveness of the Corporation's system of corporate governance; (2) establish procedures for the identification of new nominees to the Board and lead the candidate selection process; (3) develop and implement orientation procedures for new directors; (4) assess the effectiveness of directors, the Board and the various committees of the Board; (5) ensure appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the Board and its committees; and (6) assist the Board in setting the objectives of the Chief Executive Officer and evaluating the performance of the Chief Executive Officer.

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

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

Compensation Committee

The Compensation Committee recommends compensation policies to the Board and sets the compensation of the Chief Executive Officer of the Corporation. The committee's guiding philosophy is to establish executive compensation based on corporate and individual performance. The members of the Compensation Committee are Messrs. André Fortier (Chair), Thor Eaton and Timothy Ryan, each of whom is an independent director.

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

Other Board Committees

Health, Safety and Environmental Committee

The Corporation has a Health, Safety and Environmental Committee comprised of Thor Eaton (Chair), André Fortier and Alan McFarland, each of whom is an independent director. The Health, Safety and Environmental Committee has a written charter (adopted October 25, 2006). The overall purpose of the committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's continuing commitment to improving the environment and ensuring that its activities are carried out, and that its facilities are operated and maintained, in a safe and environmentally sound manner. The primary function of the Health, Safety and Environmental Committee is to monitor, review and provide oversight with respect to the Corporation's policies, standards, accountabilities and programs relative to health, safety and environmental-related matters. The committee will also advise the Board and make recommendations for the Board's consideration regarding health, safety and environmental-related issues. Members of the Health, Safety and Environmental Committee visit the Corporation's Platosa property periodically to review the health, safety and environmental aspects of the operation, and meet with the on-site individual(s) responsible for the Corporation's health and safety program and environmental compliance at the mine.

Assessments

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

ADDITIONAL INFORMATION

Additional information regarding the Corporation and its business activities is available under the Corporation's profile on the SEDAR website located at www.sedar.com. The Corporation's financial information is provided in

the Corporation's audited consolidated financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website and on the Corporation's website at www.excellonresources.com. Shareholders of the Corporation may also request copies of the Corporation's consolidated financial statements and related management discussion and analysis by contacting the Chief Financial Officer, at the Corporation's principal office located at 20 Victoria Street, Suite 900, Toronto, Ontario, Canada, M5C 2N8.

SCHEDULE "A"

EXCELLON RESOURCES INC. (the "Company")

2004 INCENTIVE STOCK OPTION PLAN

1. Objectives

The Plan is intended as an incentive to enable the Company to:

- (a) attract and retain qualified directors, officers, employees and service providers of the Company and its Affiliates;
- (b) promote a proprietary interest in the Company and its Affiliates among its employees, officers, directors and service providers; and
- (c) stimulate the active interest of such persons in the development and financial success of the Company and its Affiliates.

2. Definitions

As used in the Plan, the terms set forth below shall have the following respective meanings:

"**Affiliate**" has the meaning ascribed thereto in the Securities Act, as amended from time to time;

"**Blackout Period**" means any period during which a policy of the Company prevents an Insider from trading in Shares;

"**Board**" means the board of directors of the Company;

"**Committee**" means a committee of the Board that the Board may, in accordance with subsection 3.1, designate to administer the Plan and, until the establishment of any such Committee, means the Board;

"**Company**" means Excellon Resources Inc., a company subsisting under the Business Corporations Act (British Columbia) and its successor corporations;

"**Eligible Person**" means a director, officer, employee or service provider of the Company;

"**Insider**" has the meaning set forth in the applicable rules of the Exchange;

"**Option**" means an option to purchase Shares granted under or subject to the terms of the Plan;

"**Option Agreement**" means a written agreement between the Company and an Optionee that sets forth the terms, conditions and limitations applicable to an Option;

"**Option Period**" means the period for which an Option is granted;

"**Optioned Shares**" means the Shares for which an Option is or may become exercisable;

"**Optionee**" means a person to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;

"**Plan**" means this Incentive Stock Option Plan of the Company;

“**Securities Act**” means the Securities Act (Ontario), as amended from time to time;

“**Shares**” means common shares in the capital stock of the Company as the same are presently constituted; and

“**Exchange**” means the Toronto Stock Exchange or any successor thereto, or any stock exchange on which the Shares are then listed.

3. Administration of the Plan

- 3.1 The Plan will be administered by a Committee of two or more directors who may be designated from time to time to serve as the Committee for the Plan, all of the sitting members of which shall be current directors. Notwithstanding the existence of any such Committee, the Board itself will retain independent and concurrent power to undertake any action hereunder delegated to the Committee, whether with respect to the Plan as a whole or with respect to individual Options granted or to be granted under the Plan.
- 3.2 Subject to the limitations of the Plan, the Committee shall have full power to grant Options, to determine the terms, limitations, restrictions and conditions respecting such Options and to settle, execute and deliver Option Agreements and bind the Company accordingly, to interpret the Plan and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper and to reserve, allot, fix the price of and issue Shares pursuant to the grant and exercise of Options, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan.
- 3.3 The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee in the interpretation and administration of the Plan shall lie within its absolute discretion and shall be final, conclusive and binding on all parties concerned. No member of the Committee shall be liable for anything done or omitted to be done by such member, by any other member of the Committee or by any officer of the Company, in connection with the performance of any duties under the Plan, except those which arise from such member’s own wilful misconduct or as expressly provided by statute.
- 3.4 The Company shall pay all administrative costs of the Plan.

4. Eligibility for Options

- 4.1 The Committee may grant Options to Eligible Persons and, subject to the terms of the Plan, the granting of Options is entirely discretionary. Nothing in the Plan shall be deemed to give any person any right to participate in the Plan or to be granted an Option and the designation of any Optionee in any year or at any time shall not require the designation of such person to receive an Option in any other year or at any other time. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the amounts and terms of their respective Options.
- 4.2 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in exchange for outstanding options granted by the Company or any predecessor Company thereof or any Affiliate thereof, whether such outstanding options were granted under the Plan, under any other stock option plan of the Company or any predecessor Company or any Affiliate thereof, or under any stock option agreement with the Company or any predecessor Company or Affiliate thereof.
- 4.3 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in substitution for outstanding options of one or more other companies in connection with a plan of arrangement or exchange, amalgamation, merger, consolidation, acquisition of assets or shares, or other reorganization between or involving such other companies the Company or any of its Affiliates.

5. Number of Shares Reserved under the Plan

- 5.1 The maximum number of Shares that may be reserved for issuance under the Plan is ten (10%) percent of the number of issued and outstanding Shares from time to time, provided that:
- (a) if any Option is exercised, forfeited, terminated, cancelled or expires for any reason whatsoever, then the maximum number of Shares for which Options may be granted hereunder shall be increased by the number of Shares which were the subject of such exercised, forfeited, terminated, cancelled or expired Option; and
 - (b) such maximum number of Shares shall be appropriately adjusted in the event of any subdivision or consolidation of the Shares.

6. Limitations on Share Issuances

- 6.1 No Options shall be granted to an Optionee if such grant could result in:
- (a) the number of Shares issuable to Insiders, at any time, under the Plan and all of the Company's other share compensation arrangements, exceeding ten (10%) percent of the issued and outstanding Shares;
 - (b) the number of Shares issued to Insiders, within any twelve (12) month period, under the Plan and all of the Company's other share compensation arrangements, exceeding ten (10%) percent of the issued and outstanding Shares; and
 - (c) the total number of Shares reserved for issuance to any one individual pursuant to Options or any other share compensation arrangements within a twelve (12) month period shall not exceed five (5%) percent of the number of issued and outstanding Shares.

7. Price

- 7.1 The exercise price per Optioned Share under an Option shall be determined by the Committee, in its discretion, at the time such Option is granted but, in any event, shall not be less than the closing price of the Shares on the Exchange on the trading day immediately preceding the day on which the Option is granted (provided that if there are no trades on such day then the last closing price within the preceding ten trading days will be used, and if there are no trades within such ten-day period, then the simple average of the bid and ask prices on the trading day immediately preceding the day of grant will be used). The exercise price at which, and the number of optioned securities for which, an outstanding Option may be exercised following a subdivision or consolidation of the Shares shall be subject to adjustment in accordance with section 11.

8.1 Option Period and Exercise of Options

- 8.1 The Option Period for an Option shall be determined by the Committee at the time the Option is granted and may be up to ten (10) years from the date the Option is granted.
- 8.2 The Committee may determine when any Option will become exercisable and may determine that the Option shall be exercisable in instalments.
- 8.3 If there is a takeover bid or tender offer made for all or any of the issued and outstanding Shares, then the Board may, in its sole and absolute discretion and if permitted by applicable legislation, unilaterally determine that outstanding Options, whether fully vested and exercisable or subject to vesting provisions or other limitations on exercise, shall be conditionally exercisable in full to enable the Optioned Shares subject to such Options to be conditionally issued and tendered to such bid or offer, provided that if the bid or offer is not duly completed the exercise of such Options and the issue of such Shares will be

rescinded and nullified and the Options, including any vesting provisions or other limitations on exercise which were in effect will be re-instated.

- 8.4 The vested portions of Options will be exercisable, in whole or in part, at any time after vesting. If an Option is exercised for fewer than all of the Optioned Shares for which the Option has then vested, the Option shall remain in force and exercisable for the remaining Optioned Shares for which the Option has then vested, according to the terms of such Option.
- 8.5 The exercise of any Option will be contingent upon receipt by the Company of payment in full for the exercise price of the Shares being purchased in cash by way of certified cheque or bank draft. Neither an Optionee nor the legal representatives, legatees or distributees of such Optionee will be, or will be deemed to be, a holder of any Shares subject to an Option under the Plan unless and until certificates for such Shares are issuable to the Optionee or such other persons pursuant to the Option or the Plan.
- 8.6 In the event that the expiry of an Option occurs during a Blackout Period, the expiry date of such Option shall be deemed to be amended to that date which is ten (10) business days following the end of such Blackout Period.

9. Stock Option Agreement

- 9.1 Upon the grant of an Option to an Optionee, the Company and the Optionee shall enter into an Option Agreement setting out the number of Optioned Shares subject to the Option, the Option Period and, if applicable, the vesting schedule for the Option, and incorporating the terms and conditions of the Plan and any other requirements of regulatory authorities and stock exchanges having jurisdiction over the securities of the Company, together with such other terms and conditions as the Committee may determine in accordance with the Plan.

10. Effect of Termination of Employment or Death

- 10.1 Except as otherwise determined by the Committee at the time of grant of an Option, in the event of an Optionee ceasing to be a director, officer, employee or service provider of the Company or an Affiliate for any reason other than death (including the resignation or retirement of the Optionee as a director, officer or employee of the Company or an Affiliate or the termination by the Company or an Affiliate of the employment of the Optionee or the termination by the Company or an Affiliate or the Optionee of the consulting arrangement with the Optionee), prior to the expiry time of an Option, such Option shall cease and terminate on the earlier of:
- (a) the expiry time of such Option, and
 - (b) the thirtieth (30th) day following:
 - (i) the effective date of such resignation or retirement;
 - (ii) the date notice of termination of employment is given by the Company or an Affiliate; or
 - (iii) the date notice of termination of the consulting arrangement is given by the Company or an Affiliate or the Optionee, as the case may be;

and thereafter shall be of no further force or effect whatsoever as to the Optioned Shares in respect of which such Option has not previously been exercised. Notwithstanding the foregoing, in the event of termination for cause, such Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Company or an Affiliate and shall be of no further force or effect whatsoever as to the Optioned Shares in respect of which an Option has not previously been exercised.

- 10.2 In the event of the death of an Optionee on or prior to the expiry time of an Option, such Option may be exercised as to such of the Optioned Shares in respect of which such Option has not previously been exercised (and as the Optionee would have been entitled to exercise), by the legal personal representatives of the Optionee at any time up to and including (but not after) the earlier of the date that is six (6) months following the date of death of the Optionee and the expiry time of such Option.
- 10.3 The Plan does not confer upon an Optionee any right with respect to continuation of employment by the Company or any of its Affiliates, nor does it interfere in any way with the right of the Optionee or the Company and its Affiliates to terminate the Optionee's employment at any time.
- 10.4 Options shall not be affected by any change of employment of the Optionee where the Optionee continues to be employed by the Company or any of its Affiliates.

11. Adjustment in Shares Subject to the Plan

- 11.1 Following the date an Option is granted, the exercise price for and the number of Optioned Shares which are subject to an Option will be adjusted, with respect to the then unexercised portion thereof, by the Committee from time to time (on the basis of such advice as the Committee considers appropriate, including, if considered appropriate by the Committee, a certificate of the auditor of the Company) in the events and in accordance with the provisions and rules set out in this section 11, with the intent that the rights of Optionees under their Options are, to the extent possible, preserved notwithstanding the occurrence of such events. The Committee will conclusively determine any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules, and any such determination will be binding on the Company, the Optionee and all other affected parties.
- 11.2 The number of Optioned Shares to be issued on the exercise of an Option shall be adjusted from time to time to account for each dividend of Shares (other than a dividend in lieu of cash dividends paid in the ordinary course), so that upon exercise of the Option for an Optioned Share the Optionee shall receive, in addition to such Optioned Share, an additional number of Shares ("Additional Shares"), at no further cost, to adjust for each such dividend of Shares. The adjustment shall take into account every dividend of Shares that occurs between the date of the grant of the Option and the date of exercise of the Option for such Optioned Share. If there has been more than one such dividend, the adjustment shall also take into account that the dividends that are later in time would have been distributed not only on the Optioned Share had it been outstanding, but also on all Additional Shares which would have been outstanding as a result of previous dividends.
- 11.3 If the outstanding Shares are changed into or exchanged for a different number of shares or into or for other securities of the Company or securities of another Company or entity, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then on each exercise of the Option which occurs following such events, for each Optioned Share for which the Option is exercised, the Optionee shall instead receive the number and kind of shares or other securities of the Company or other Company into which such Option Share would have been changed or for which such Option Share would have been exchanged if it had been outstanding on the date of such event.
- 11.4 If the outstanding Shares are changed into or exchanged for a different number of shares or into or for other securities of the Company or securities of another Company or entity, in a manner other than as specified in subsections 11.2 or 11.3, then the Committee, in its sole discretion, may make such adjustment to the securities to be issued pursuant to any exercise of the Option and the exercise price to be paid for each such security following such event as the Committee in its sole and absolute discretion determines to be equitable to give effect to the principle described in subsection 11.1, and such adjustments shall be effective and binding upon the Company and the Optionee for all purposes.
- 11.5 If the Company distributes, by way of a dividend or otherwise, to all or substantially all holders of Shares, property, evidences of indebtedness or shares or other securities of the Company (other than Shares) or rights, options or warrants to acquire Shares or securities convertible into or exchangeable for

Shares or other securities or property of the Company, other than as a dividend in the ordinary course, then, if the Committee, in its sole discretion, determines that such action equitably requires an adjustment in the exercise price under any outstanding Option or in the number(s) of Optioned Shares subject to any such Option, or both, such adjustment may be made by the Committee and shall be effective and binding on the Company and the Optionee for all purposes.

- 11.6 No adjustment or substitution provided for in this section 11 shall require the Company to issue a fractional share in respect of any Option. Fractional shares shall be eliminated.
- 11.7 The grant or existence of an Option shall not in any way limit or restrict the right or power of the Company to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

12. Non-Assignability

- 12.1 Neither the Options nor the benefits and rights of any Optionee under any Option or under the Plan shall be assignable or otherwise transferable, except as specifically provided in subsection 10.2 in the event of the death of the Optionee. During the lifetime of the Optionee, all such Options, benefits and rights may only be exercised by the Optionee.

13. Securities Regulation and Tax Withholding

- 13.1 Where necessary to enable the Company to use an exemption from requirements to register Optioned Shares or file a prospectus or use a registered dealer to distribute Optioned Shares under securities laws applicable to the securities of the Company in any jurisdiction, an Optionee, upon the acquisition of any Optioned Shares by the exercise of Options and as a condition to such exercise, shall provide to the Committee such evidence as the Committee requires to demonstrate that the Optionee or recipient will acquire such Optioned Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, including an undertaking to that effect in a form acceptable to the Committee. The Committee may cause a legend or legends to be placed upon any certificates for the Optioned Shares to make appropriate reference to applicable resale restrictions, and the Optionee or recipient shall be bound by such restrictions. The Committee also may take such other action or require such other action or agreement by such Optionee or proposed recipient as may from time to time be necessary to comply with applicable laws. This provision shall in no way obligate the Company to undertake the registration or qualification of any Options or the Option Shares under any laws applicable to the securities of the Company.
- 13.2 For all purposes of the Plan, the Committee and the Company may take all such measures as they deem appropriate or necessary to comply with applicable laws, including income tax laws and securities laws and regulations, as well as the rules of regulatory authorities having jurisdiction over the Company or in respect of the securities of the Company. Without limitation to the foregoing, the Committee and the Company may withhold and remit to tax authorities such sums which might otherwise be due or accruing due by the Company to an Optionee, if such withholding and remittance are required under applicable income tax laws in connection with the grant or exercise of the Optionee's Options. In connection therewith, the Optionee shall: (a) pay to the Company, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Company to be the amount necessary to fund the required tax remittance; (b) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company determines such portion of the Optioned Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or (c) make other arrangements acceptable to the Company to fund the required tax remittance. By participating in the Plan, the Optionee consents to the sale described in the foregoing clause (b), if applicable, and authorizes the Company to effect such sale on behalf of the Optionee and remit the appropriate amount to the applicable governmental authorities. The Company shall not be responsible for obtaining any particular price for the Shares, and the Company shall not be

required to issue any Shares under the Plan unless the Optionee has made suitable arrangements with the Company to fund any withholding obligation.

- 13.3 Issuance, transfer or delivery of certificates for Optioned Shares acquired pursuant to the Plan may be delayed, at the discretion of the Committee, until the Committee is satisfied that the requirements of applicable laws and regulations, and applicable rules of regulatory authorities, have been met.
- 13.4 If any Shares cannot be issued to any Optionee for any reason, then the obligation of the Company to issue such Optioned Shares shall terminate and any amounts paid to the Company for such Optioned Shares shall be returned to the Optionee forthwith without interest or deduction.

14. Amendment and Termination of Plan

- 14.1 Subject to the approval of the Exchange, if required, and subsections 14.2 and 14.3, the Committee may terminate, suspend or discontinue the Plan at any time and may make the following amendments or revisions to the terms of the Plan or an Option without the approval of the Company's shareholders:
- (a) amendments of a "housekeeping" nature;
 - (b) a change to the vesting provisions of an Option or the Plan;
 - (c) a change to the termination provisions of an Option or the Plan that does not entail an extension beyond maximum Option Period set forth in section 8.1;
 - (d) the addition of, and any subsequent amendment to, a cashless exercise feature, payable in cash or securities;
 - (e) a modification of the requirements as to eligibility for participation in the Plan; and
 - (f) the addition of, and any subsequent amendment to, a financial assistance provision.
- 14.2 The Committee may not do any of the following without obtaining, either before or after the Board's adoption of a resolution authorizing such action, approval by the Company's shareholders at a meeting duly held in accordance with the applicable corporate laws:
- (a) increase the maximum number of Shares which may be issued under the Plan; or
 - (b) effect any amendments that may lead to a significant or unreasonable dilution in the outstanding Shares or may provide additional benefits to participants, especially Insiders, at the expense of the Company and its shareholders.
- 14.3 Disinterested shareholder approval shall be obtained for any reduction in the Option Price, or extension of the Option Period, of Options granted under the Plan or any other arrangement to an Insider;
- 14.4 No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, impair any rights or obligations under any Option previously granted.

15. No Representation or Warranty

- 15.1 The Company makes no representation or warranty as to the future market value of any Shares or Optioned Shares.

16. General Provisions

- 16.1 Nothing contained in the Plan shall prevent the Company or any of its Affiliates from adopting or continuing in effect other compensation arrangements (subject to shareholder approval if such approval is required by the Exchange) and such arrangements may be either generally applicable or applicable only in specific cases.
- 16.2 The validity, construction and effect of the Plan, the grants of Options, the issue of Option Shares, any rules and regulations relating to the Plan any Option Agreement, and all determinations made and actions taken pursuant to the Plan, shall be governed by and determined in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 16.3 If any provision of the Plan or any Option Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Option, or would disqualify the Plan or any Option under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Option, such provision shall be stricken as to such jurisdiction, person, or Option and the remainder of the Plan and any such Option Agreement shall remain in full force and effect.
- 16.4 Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any of its Affiliates and an Optionee or any other person.
- 16.5 Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

17. Term of the Plan

- 17.1 The Plan shall be effective as of December 14, 2004 and remain in effect until ~~December 14, 2014 unless~~ the Plan is ~~earlier~~ terminated by the Board pursuant to section 14, and no Option shall be granted under the Plan after that date. Unless otherwise expressly provided in the Plan or in an applicable Option Agreement, the Option Period for any Option granted hereunder will, and any authority of the Board to amend, alter, adjust, suspend, discontinue or terminate any such Option or to waive any conditions or rights under any such Option shall, continue after termination of the Plan ~~on December 14, 2014 or any earlier termination date of the Plan,~~ notwithstanding such termination.

Adopted by the Board: December 14, 2004

Amended by the Board: October 25, 2006

Approved by the Shareholders: January 25, 2005, January 24, 2006

Accepted for filing by the TSXV: April 5, 2005

Amended Plan approved by the Shareholders: December 18, 2006

Amended Plan accepted for filing by the TSXV: May 9, 2007

Amended Plan approved by the Shareholders: December 18, 2007

Amended by the Board: November 13, 2009

Amended by the Board: April 20, 2011

Amended by the Board: February 23, 2012

6. Number of directors is/are: Fixed number OR minimum and maximum 3 11
 Nombre d'administrateurs : Nombre fixe OU minimum et maximum

| 7. The director(s) is/are: / Administrateur(s) First name, middle names and surname <i>Prénom, autres prénoms et nom de famille</i> | Address for service, giving Street & No. or R.R. No., Municipality, Province, Country and Postal Code <i>Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal</i> | Resident Canadian State 'Yes' or 'No' <i>Résident canadien Oui/Non</i> |
|---|--|---|
| Peter A. Crossgrove | 30 Adelaide Street East, Suite 1600, Toronto, ON M5C 3H1 | Yes |
| Timothy J. Ryan | 4695 Willow Creek Road, West Vancouver, BC V7W 1C3 | Yes |
| Alan R. McFarland | 420 Lexington Avenue, New York, New York, USA 10170 | No |
| Andre Fortier | 80 Berlioz, Suite 1101, Montreal, Quebec H3E 1N9 | Yes |
| Thor Eaton | 1880 The Grange Side Road, Caledon, ON L7K 1G7 | Yes |

8. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.

None

9. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

The Corporation is authorized to issue an unlimited number of shares designated as common shares.

10. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

N/A

11. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :

None

12. Other provisions, (if any):
Autres dispositions s'il y a lieu :

None

13. The corporation has complied with subsection 180(3) of the *Business Corporations Act*.
La société s'est conformée au paragraphe 180(3) de la Loi sur les sociétés par actions.
14. The continuation of the corporation under the laws of the Province of Ontario has been properly authorized under the laws of the jurisdiction in which the corporation was incorporated/amalgamated or previously continued on
Le maintien de la société en vertu des lois de la province de l'Ontario a été dûment autorisé en vertu des lois de l'autorité législative sous le régime de laquelle la société a été constituée ou fusionnée ou antérieurement maintenue le

Year, Month, Day
année, mois, jour

15. The corporation is to be continued under the *Business Corporations Act* to the same extent as if it had been incorporated thereunder.
Le maintien de la société en vertu de la Loi sur les sociétés par actions a le même effet que si la société avait été constituée en vertu de cette loi.

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

EXCELLON RESOURCES INC.

Name of Corporation / *Dénomination sociale de la société*

By/Par

Signature / *Signature*

Print name of signatory / *Nom du signataire en lettres moulées*

Description of Office / *Fonction*

These articles **must** be signed by a director or officer of the corporation (e.g. president, secretary)
Ces statuts doivent être signés par un administrateur ou un dirigeant de la société (p. ex. : président, secrétaire).

SCHEDULE “C”

**EXCELLON RESOURCES INC.
(the “Corporation”)**

BY-LAW NO. 1

**A by-law relating generally to the
transaction of the business and
affairs of the Corporation**

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BE IT ENACTED as a by-law of the Corporation as follows:

ARTICLE ONE

INTERPRETATION

1.01 DEFINITIONS – In the by-laws of the Corporation, unless the context otherwise requires:

“Act” means the *Business Corporations Act* (Ontario) and any statute that may be substituted therefor, as from time to time amended;

“appoint” includes “elect” and vice versa;

“articles” means the articles of the Corporation as from time to time amended or restated;

“board” means the board of directors of the Corporation;

“business day” means any day, other than Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario) as from time to time amended;

“by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;

“cheque” includes draft;

“Corporation” means the corporation incorporated on the 4th day of March, 1987 and named Excellon Resources Inc.;

“day” means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a non-business day the period shall terminate at midnight of the day next following that is a business day;

“meeting of shareholders” includes an annual meeting of shareholders and a special meeting of shareholders;

“recorded address” means in the case of a shareholder such shareholder’s address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, such person’s latest address as recorded in the records of the Corporation;

“resident Canadian” means an individual who is

- (a) a Canadian citizen ordinarily resident in Canada;
- (b) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed by the regulations under the Act, or
- (c) a permanent resident within the meaning of the *Immigration Act* (Canada) and ordinarily resident in Canada;

“signing officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by or pursuant to section 2.03;

“special meeting of shareholders” includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

“telephonic or electronic means” means telephone calls or messages, facsimile messages, electronic mail, transmission of data or information through automated touch-tone telephone systems, transmission of data or information through computer networks, any other similar means or any other prescribed means;

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein. Words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, sole proprietorship, partnership, unincorporated organization, trust, body corporate, and a natural person in such person’s capacity as trustee, executor, administrator, or other legal representative.

ARTICLE TWO

BUSINESS OF THE CORPORATION

2.01 REGISTERED OFFICE – The registered office of the Corporation shall be at the address within the municipality or geographic township within Ontario specified in the articles or at such other location therein as the board may from time to time determine by resolution.

2.02 CORPORATE SEAL – The Corporation may, but need not have, a corporate seal and if one is adopted, it shall be in a form approved from time to time by the board.

2.03 EXECUTION OF INSTRUMENTS – Deeds, transfers, assignments, contracts, obligations, certificates, and other instruments may be signed on behalf of the Corporation by any one of the following: director, chairman of the board, president, vice-president, secretary, treasurer, assistant secretary or assistant treasurer, or the holder of any other office created by by-law or by resolution of the board. Notwithstanding this provision, the directors are authorized from time to time, by resolution, to appoint any officer or officers, director or directors, or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

2.04 BANKING ARRANGEMENTS – The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegation of powers as the board may from time to time prescribe or authorize.

2.05 VOTING RIGHTS IN OTHER BODIES CORPORATE – The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.06 DIVISIONS – The board may cause the business and operations of the Corporation or any part thereof to be divided or segregated into one or more divisions upon such basis, including without limitation, character or type of business or operation, geographical territory, product lines or goods and/or services as the board may consider appropriate in each case. From time to time the board or, if authorized by the board, the president may authorize, upon such basis as may be considered appropriate in each case:

(a) SUB-DIVISION AND CONSOLIDATION – The further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;

(b) **NAME** – The designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and

(c) **OFFICERS** – The appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed without prejudice to such officer's rights under any employment contract or in law, provided that any such officers shall not, as such, be officers of the Corporation, unless expressly designated as such.

2.07 **FINANCIAL YEAR END** – The financial or fiscal year end of the Corporation shall be determined by resolution of the directors.

ARTICLE THREE

BORROWING AND SECURITY

3.01 **BORROWING POWER** – Without limiting the borrowing powers of the Corporation as set forth in the Act, the board may from time to time on behalf of the Corporation, without authorization of the shareholders:

(d) borrow money upon the credit of the Corporation

(e) issue, reissue, sell or pledge bonds, debentures, notes or other similar obligations or guarantee of the Corporation, whether secured or unsecured;

(f) to the extent permitted by the Act, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and

(g) charge, mortgage, hypothecate, pledge, or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 **DELEGATION** – The board may from time to time delegate to a committee of the board, one or more directors or officers of the Corporation or any other person as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

ARTICLE FOUR

DIRECTORS

4.01 **NUMBER OF DIRECTORS AND QUORUM** – Until changed in accordance with the Act, the board shall consist of such number of directors within the minimum and maximum number of directors provided for in the articles, as is determined by special resolution or, if such special resolution empowers the board to determine the number, by a resolution of the board, provided, however, that in the latter case the directors may not, between the meetings of shareholders, increase the number of directors on the board to a total number greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders. Subject to section 4.08, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors determined in the manner set forth

above or such other number of directors, in compliance with the Act, as the board may from time to time determine.

4.02 QUALIFICATION – No person shall be qualified for election as a director if such person is: less than 18 years of age; of unsound mind and has been so found by a court in Canada or elsewhere; is not an individual; or has the status of bankrupt. A director need not be a shareholder. 25% of the directors shall be resident Canadians.

4.03 ELECTION AND TERM – The election of directors shall take place at the first meeting and thereafter at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, if a minimum and maximum number of directors is authorized by the articles, be the number of directors determined in accordance with section 4.01 or shall, if a fixed number of directors is authorized, be such fixed number. The election shall be by ordinary resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.04 REMOVAL OF DIRECTORS – Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at an annual or special meeting called for such purpose remove any director or directors from office and the vacancy created by such removal may be filled at the same meeting failing which, provided a quorum remains in office, it may be filled by the board. Where the holders of any class or series of shares of the Corporation have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.

4.05 VACATION OF OFFICE – A director ceases to hold office when such director: dies; is removed from office by the shareholders; ceases to be qualified for election as a director; or such director's written resignation is received by the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later.

4.06 VACANCIES – Subject to the provisions of the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or, except as set out hereunder in the maximum number of directors, as the case may be, or a failure to elect the number directors required to be elected at any meeting of shareholders. Where the articles of the Corporation provide for a minimum and maximum number of directors and a special resolution has been passed empowering the directors to determine the number of directors, the directors may not, between meetings of shareholders, appoint an additional director if, after such appointment, the total number of directors would be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required by section 4.01 hereof, the director then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

4.07 ACTION BY THE BOARD – The board shall manage or supervise the management of the business and affairs of the Corporation. Subject to sections 4.08 and 4.09, the powers of the board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office. Where the Corporation has only one director, that director may constitute a meeting.

4.08 MEETINGS BY TELEPHONE – If all the directors of the Corporation present at or participating in a meeting consent, a meeting of the board or of a committee of the board may be held by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed for the purposes of the Act to be present at that meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

4.09 PLACE OF MEETINGS – Meetings of the board may be held at any place within or outside Ontario, and in any financial year of the Corporation, any or all of the meetings of the board may be held at a place or places outside Canada.

4.10 CALLING OF MEETINGS – Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the president, the secretary or any two directors may determine.

4.11 NOTICE OF MEETING – Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.01 to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified. A director may in any manner and at any time waive a notice of or otherwise consent to a meeting of the board and subject to the Act, attendance of a director at a meeting of the board is a waiver of notice of the meeting.

4.12 FIRST MEETING OF NEW BOARD – Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

4.13 ADJOURNED MEETING – Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.14 REGULAR MEETINGS – The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.15 CHAIRMAN – The Chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, president or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairman.

4.16 VOTES TO GOVERN – At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

4.17 CONFLICT OF INTEREST – A director or officer of the Corporation who is a party to, or who is a director or officer of, or has a material contract or transaction or proposed material contract or transaction with the Corporation, shall disclose the nature and extent of such interest at the same time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the board of directors for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board of directors. Such a director shall not vote on any resolution to approve the same unless the material contract or transaction is:

- (h) an arrangement by way of security for money lent to or obligations undertaken by such person for the benefit of the Corporation or an affiliate;
- (i) one relating primarily to such person's remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- (j) one for indemnity or insurance as specified under the Act; or
- (k) one with an affiliate.

Notwithstanding the foregoing prohibition on voting by such a director, such person may be present at and counted to determine the presence of a quorum at the relevant meeting of directors as provided in the Act.

4.18 REMUNERATION AND EXPENSES – The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

ARTICLE FIVE

COMMITTEES

5.01 COMMITTEES OF THE BOARD – The Board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise. A majority of the members of any such committee shall be resident Canadians.

5.02 TRANSACTIONS OF BUSINESS – Subject to the provisions of section 4.09, the powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at such place or places designated in section 4.10.

5.03 ADVISORY BODIES – The board may from time to time appoint such advisory bodies as it may deem advisable.

5.04 PROCEDURE – Unless otherwise determined by the board, each committee and advisory body shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman, and to regulate its procedure.

ARTICLE SIX

OFFICERS

6.01 APPOINTMENT – The board may from time to time appoint a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to sections 6.02 and 6.03, an officer may but need not be a director and one person may hold more than one office.

6.02 CHAIRMAN OF THE BOARD – The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to such person any of the powers and duties that are by any provisions of this by-law assigned to the president, and such person shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, such person's duties shall be performed and such powers exercised by the president.

6.04 PRESIDENT – If appointed, the president may be the chief executive officer and, subject to the authority of the board, shall have general supervision of the business of the Corporation; and such person shall have such other powers and duties as the board may specify.

6.05 VICE PRESIDENT – A vice-president shall have such powers and duties as the board or the president may specify.

6.06 SECRETARY – The secretary shall attend and be the secretary of all meetings of the board (or arrange for another individual to so act), shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; such person shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of the committees of the board; such person shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents, and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and such person shall have such other powers and duties as the board or the president may specify.

6.07 TREASURER – The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; such person shall render to the board whenever required an account of all such person's transactions as treasurer and of the financial position of the corporation; and such person shall have such other powers and duties as the board or the president may specify.

6.08 POWERS AND DUTIES OF OTHER OFFICERS – The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such an assistant, unless the board or the president otherwise directs.

6.09 VARIATION OF POWERS AND DUTIES – The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

6.10 TERM OF OFFICE – The board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise each office appointed by the board shall hold office until a successor is appointed or until such person's earlier resignation.

6.11 TERMS OF EMPLOYMENT AND REMUNERATION – The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time.

6.12 CONFLICT OF INTEREST – An officer shall disclose any interest in a material contract or proposed material contract with the Corporation in accordance with section 4.18 and the Act.

6.13 AGENTS AND ATTORNEYS – The Corporation, by or under the authority of the board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management, administration or otherwise (including the power to sub-delegate) as may be thought fit, subject to the provisions of the Act.

6.14 FIDELITY BONDS – The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine.

ARTICLE SEVEN

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 LIMITATION OF LIABILITY – Every director and officer of the Corporation in exercising such person's powers and discharging such person's duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency of any security in or upon which any of the monies of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of

judgement or oversight on such person's part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of such person's office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.02 INDEMNITY – Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and such person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by such person in respect of any civil, criminal or administrative action or proceeding to which such person is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if

(a) such person acted honestly and in good faith with a view to the best interests of the Corporation; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that such person's conduct was lawful.

The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

7.03 INSURANCE – Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person referred to in section 7.02 against such liabilities and in such amounts as the board may from time to time determine and as are permitted by the Act.

ARTICLE EIGHT

SHARES

8.01 ALLOTMENT OF SHARES – Subject to the Act, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 COMMISSIONS – The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.03 REGISTRATION OF A SHARE TRANSFER – Subject to the provisions of the Act, where a share certificate has been issued, no transfer of a share shall be registered in a securities register except upon presentation of the certificate representing such share with an endorsement duly executed by an appropriate person as provided by the Act, genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any reasonable fee prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in Section 8.10.

8.04 TRANSFER AGENTS – The board may from time to time appoint, for each class of securities and warrants issued by the Corporation, (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons to keep branch registers and (b) a registrar, trustee or agent to maintain a record of issued security certificates and warrants, and, subject to the Act, one person may be appointed for the purposes of both clauses (a) and (b) above in respect of all securities and warrants of the Corporation or any class or classes, thereof. The board may at any time terminate such appointment.

8.05 NON-RECOGNITION OF TRUSTS – Subject to the provisions of the Act, the Corporation may treat the registered holder of a share as the person exclusively entitled to vote, to receive notice, or receive any interest, dividend or other payments in respect of the share, and otherwise to exercise all the rights and powers of a holder of the share.

8.06 SHARE CERTIFICATES – Every shareholder is entitled, upon request, to a share certificate in respect of the shares held by such shareholder that complies with this Act or to a non-transferable written acknowledgement of such shareholder's right to obtain a share certificate from the Corporation in respect of the shares of the Corporation held by such shareholder. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent, branch transfer agent or issuing or other authenticating agent of the Corporation. Additional signatures required on a share certificate may be printed or otherwise mechanically reproduced thereon. Notwithstanding that a share certificate is signed by a person who has ceased to be a director or an officer of the Corporation, the share certificate is as valid as if he were a director or an officer at the date of its issue.

8.07 REPLACEMENT OF SHARE CERTIFICATES – The board or any officer or agent designated by the board may in its or such person's discretion, direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, apparently destroyed or wrongfully taken on payment of such reasonable fee, not to exceed \$10, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.08 JOINT HOLDERS – If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.09 DECEASED SHAREHOLDERS – In the event of the death of a holder, or of one of the joint holders of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof, except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

8.10 LIEN FOR INDEBTEDNESS – If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to any other provision of the articles, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

ARTICLE NINE

DIVIDEND AND RIGHTS

9.01 DIVIDENDS – Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options rights to acquire fully paid shares of the Corporation.

9.02 DIVIDENDS CHEQUES – A dividend payable in money shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at such person's recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due

presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.03 NON-RECEIPT OF CHEQUES – In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses, and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 RECORD DATE FOR DIVIDEND AND RIGHTS – The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for such securities; and notice of any such record date, unless waived in accordance with the Act, shall be given not less than 7 days before such record date in the manner provided for by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.05 UNCLAIMED DIVIDENDS – Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE TEN

MEETINGS OF SHAREHOLDERS

10.01 ANNUAL MEETINGS – The annual meeting of shareholders shall be held at such time in each year and, subject to section 10.03, at such place as the board, the chairman of the board, or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor (unless the Corporation is exempted under the Act from appointing an auditor), and for the transaction of such other business as may properly be brought before the meeting.

10.02 SPECIAL MEETINGS – The board, the chairman of the board, or the president shall have power to call a special meeting of shareholders at any time.

10.03 PLACE OF MEETINGS – Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the board shall so determine, at some other place in or outside Ontario.

10.04 MEETINGS BY TELEPHONIC OR ELECTRONIC MEANS – If all the shareholders present at or participating in the meeting consent and if the Act so permits, any or all of the shareholders may participate in a meeting of the shareholders by means of such telephonic, electronic or other communications facilities as to permit all persons participating in the meeting to communicate with each other, simultaneously and instantaneously, and any shareholder participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the shareholders while such individual(s) continue to be a shareholder.

10.05 NOTICE OF MEETINGS – Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 11.01 not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor, and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than the consideration of minutes of an earlier meeting, consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgement thereon and shall state the text of any special resolution

or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders, and, subject to the Act, attendance of any such shareholder or any such other person is a waiver of notice of the meeting.

10.06 LIST OF SHAREHOLDERS ENTITLED TO NOTICE – For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting in accordance with the Act. If a record date for the meeting is fixed pursuant to section 10.06, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice is given, or, where no notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such meeting shall be deemed to be a list of shareholders.

10.07 RECORD DATE FOR NOTICE – The board may fix in advance a date preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall, unless waived in accordance with the Act, be given not less than 7 days before such record date, by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

10.08 MEETINGS WITHOUT NOTICE – A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Ontario, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being at such place.

10.09 CHAIRMAN, SECRETARY AND SCRUTINEERS – The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, president, or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by resolution or by the chairman with the consent of the meeting.

10.10 PERSON ENTITLED TO BE PRESENT – The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.11 QUORUM – Subject to the Act and to Section 10.20, a quorum for the transaction of business at any meeting of shareholders shall be two shareholders who are, or who represent by proxy, shareholders who, in the aggregate, hold at least five percent (5%) of the issued shares entitled to be voted at the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

10.12 RIGHT TO VOTE – Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in section 10.05, every person who is named in such list shall be entitled to vote the shares shown thereon opposite such person's name at the meeting to which such list relates except to the extent that, where the Corporation has fixed a record date in respect of such meeting pursuant to section 10.06, such person has transferred any of such person's shares after such record date and the transferee, having produced properly endorsed certificates evidencing such shares or having otherwise established that such person owns such shares, has demanded not later than 10 days before the meeting that such person's name be included on such list. In any such case the transferee shall be entitled to vote the transferred shares at the meeting. At any meeting of shareholders for which the Corporation has not prepared the list referred to in section 10.05, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

10.13 PROXYHOLDERS AND REPRESENTATIVES – Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act as such person's representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or such person's attorney or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and shall conform with the requirements of the Act.

Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the Corporation or the chairman of the meeting. Any such proxyholder or representatives need not be a shareholder.

10.14 TIME FOR DEPOSIT OF PROXIES – The board may by resolution fix a time not exceeding forty-eight hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agency thereof, and any period of time so fixed shall be specified in the notice calling the meeting. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

10.15 JOINT SHAREHOLDERS – If two or more persons hold shares jointly, any one of them present in person or duly represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

10.16 VOTES TO GOVERN – At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

10.17 SHOW OF HANDS – Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie [sic.] evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

10.18 **BALLOTS** – On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman or any person who is present and entitled to vote, whether as shareholder, proxyholder or representative, on such questions at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.19 **ADJOURNMENT** – The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournment for an aggregate of 30 days or more, notice of the adjournment meeting shall be given as for an original meeting.

10.20 **RESOLUTION IN WRITING** – A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement or written representation with respect to the subject matter of the resolution is submitted by a director or the auditor, respectively, in accordance with the Act.

10.21 **ONLY ONE SHAREHOLDER** – Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented by proxy constitutes a meeting.

ARTICLE ELEVEN

NOTICES

11.01 **METHOD OF GIVING NOTICES** – Any notice (which term includes any communication or document) to be given (which term includes sent, delivered, or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given; or if delivered to such person's recorded address; or if mailed to such person at such person's recorded address by prepaid ordinary or air mail; or if sent to such person at such person's recorded address by means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and deemed to have been received on the fifth day after mailing; and a notice so sent by any means of transmitted or recorded appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of committee of the board in accordance with any information believed by such person to be reliable.

11.02 **NOTICE TO JOINT HOLDERS** – If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

11.03 **UNDELIVERED NOTICES** – If any notice is given to a shareholder pursuant to section 11.01 is returned on three consecutive occasions because such person cannot be found, the Corporation shall not be required to give any further notices to such shareholder until such person informs the Corporation in writing of such person's new address.

11.04 **OMISSIONS AND ERRORS** – The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by

any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.05 PERSONS ENTITLED BY DEATH OR OPERATION OF LAW – Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of such person's entitlement prescribed by the Act.

11.06 WAIVER OF NOTICE – Any shareholder, proxyholder, representative, other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time or such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

ARTICLE TWELVE

EFFECTIVE DATE

12.01 EFFECTIVE DATE – This by-law shall come into force upon being passed by the board except with respect to those provisions, if any, which may require the prior approval of shareholders in which event those portions of this by-law shall come into effect upon having been approved by the shareholders.

SCHEDULE "D"

DISSENT PROVISIONS OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

PART 8, DIVISION 2 S.B.C. 2002, CHAPTER 57

Definitions and application

237. (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238. (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other

disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239. (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240. (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241. If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242. (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243. (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

- (i) the date on which the company forms the intention to proceed, and
- (ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244. (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

- (i) the names of the registered owners of those other shares,
- (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
- (iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245. (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

Loss of right to dissent

246. The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247. If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE “E”

EXCELLON RESOURCES INC.

CHARTER OF THE BOARD OF DIRECTORS

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

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

DUTIES AND RESPONSIBILITIES

The Board’s duties and responsibilities shall include:

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

COMPOSITION OF THE BOARD

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

A majority of the Board shall be “independent” within the meaning of applicable securities laws, instruments, rules and policies, stock exchange and regulatory requirements. If the chair of the Board is not an independent director, an independent director may be appointed to act as “lead director”.

There shall be a reasonable number of directors who are financially literate with the ability to read and understand financial statements.

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

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

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

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

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

MEETINGS AND AGENDA

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

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

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

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

Directors shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and

to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

COMMITTEES OF THE BOARD

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

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

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

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

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

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

- review and approve the corporate goals and objectives of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine the Chief Executive Officer's compensation level based on this evaluation;

- periodically review the Company's management structure and the Chief Executive Officer's proposals for changes to that structure including any recommendations of officer appointments or terminations;
- review and approve the annual compensation of all other executive officers of the Company, as recommended by the Chief Executive Officer, based on the achievement of individual corporate goals and objectives developed for the performance of management;
- review and approve the compensation of the directors and committee members;
- ensure that remuneration packages for all executive officers and directors have the overriding purpose of motivating and retaining qualified individuals; reflect the requirements of the marketplace and attract and retain the skills and abilities required; are properly structured to enhance long-term shareholder value, and involve a balance between fixed and incentive compensation reflecting individual performance and short and long-term performance objectives appropriate to the Company's circumstances and goals;
- review and administer the Company's equity-based compensation plans to ensure that such plans are reasonable and provide appropriate incentives to directors, officers, employees and consultants;
- review and approve any recommended option grants and/or share issuances under the Company's equity-based compensation plans to directors, officers, employees and consultants of the Company and its subsidiaries, as appropriate;
- review and approve the disclosure of executive compensation prior to release.

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

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

Board/Committee Communication

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

GENERAL

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

The Board, in conjunction with the Chief Executive Officer, shall review measures for receiving feedback from the Company's stakeholders, and management's compliance with such policy. The Board shall, on a periodic basis and with the assistance of the officer responsible for investor relations, monitor and review feedback provided by the Company's shareholders and other stakeholders.

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