EXCELLON

Management's Discussion & Analysis of Financial Results

For the three month period ended March 31, 2012

May 7, 2012

Excellon Resources Inc. (the "Company", or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ["MD&A"] for the three month period ended March 31, 2012 in accordance with the requirements of National Instrument 51-102 ("NI 51-102"). This MD&A contains information as at May 7, 2012 and provides information on the operations of the Company for the three month periods ended March 31, 2012 and 2011 and subsequent to the period end, and should be read in conjunction with the unaudited interim consolidated financial statements for the three month period ended March 31, 2012 and the audited consolidated financial statements for the year ended December 31, 2011 filed on SEDAR.

The unaudited interim consolidated financial statements for the three month period ended March 31, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Effective January 1, 2011, the Company began reporting in United States dollars and this change has been applied retrospectively. All figures in this MD&A are in US dollars unless otherwise noted.

Description of Business

Excellon is exploring, developing and mining the high-grade silver-lead-zinc mineralization on its 40,864-hectare Platosa Property ("Platosa") located in northeastern Durango State, Mexico. The style of mineralization at Platosa resembles that of several of the world-class carbonate replacement deposits ("CRD") of Mexico.

The ore mined is processed at the Company's mill located in Miguel Auza in Zacatecas State Mexico. At Miguel Auza, the Company produces two concentrates; a silver-lead concentrate and a silver-zinc concentrate. Both concentrates are shipped to the port of Manzanillo where they are purchased by Consorcio Minero de Mexico Cormin Mex, S.A. de C.V., a Trafigura Group Company.

On October 25, 2011 the Company reported an updated Mineral Resource estimate for the Platosa Mine. The estimate was prepared as at July 31, 2011. The new Measured plus Indicated Mineral Resource estimate is 637,000 tonnes grading 836 g/t (24.4 oz/T) Ag, 8.95% Pb, 10.58% Zn. Taking into account the 109,000 tonnes of production since the previous estimate, total tonnage increased by 10%. The new estimate confirms that the Mineral Resource at Platosa has been maintained since the previous estimate.

Platosa Project – Mineral Resource Estimate (as of July 31, 2011)

Category	Tonnes (t)	Ag (g/t)	Ag (oz/T)	Pb (%)	Zn (%)	Contained Ag (oz)	Contained Pb (lb)	Contained Zn (lb)
Measured	88,000	1,064	31.0	9.14	11.99	3,016,000	17,760,000	23,301,000
Indicated	549,000	800	23.3	8.92	10.36	14,104,000	107,918,000	125,248,000
M + I	637,000	836	24.4	8.95	10.58	17,120,000	125,678,000	148,549,000
Inferred	69,000	1,011	29.5	11.35	11.34	2,241,000	17,254,000	17,247,000

Notes:

1. *CIM definitions were followed for the classification of Mineral Resources.*
2. *Mineral Resources are estimated at an incremental NSR cut-off value of US$200 per tonne.*
3. *NSR metal price assumptions: Ag US$25.00/oz, Pb US$1.15/lb, Zn US$1.15/lb.*
4. *Estimate is of Mineral Resources only and, because these do not constitute Mineral Reserves, they do not have any demonstrated economic viability.*
5. *National Instrument 43-101 compliant Mineral Resource estimate prepared by David Ross, P.Geo., of Roscoe Postle Associates Inc., independent geological and mining consultants of Toronto, Ontario. Prepared as at July 31, 2011.*
6. *Totals may not add correctly due to rounding.*

Mine Operations

Grades and mined tonnage were much higher than those of the first three months of 2011 as was the production of silver, lead and zinc. Improvement in water management has allowed accessibility into higher grade mantos in 2012. Management is pleased with these results, which put the Company in excellent position to meet or exceed target production for 2012.

Following are the Platosa Mine production statistics for the periods indicated:

		3 months ended March 31, 2012	3 months ended March 31, 2011
Tonnes of ore processed		17,132	12,391
Ore grades:			
	Silver (g/t)	949	604
	Silver (oz/T)	27.68	17.62
	Lead (%)	6.60	5.12
	Zinc (%)	10.61	7.08
Recoveries:			
	Silver (%)	91.9	83.3
	Lead (%)	77.1	68.2
	Zinc (%)	84.4	71.6
Production:			
	Silver – (oz)	436,351	202,077
	Lead – (lb)	1,902,028	931,080
	Zinc – (lb)	3,254,953	1,334,575
Sales:			
	Silver – (oz)	402,096	202,077
	Lead – (lb)	1,716,172	931,080
	Zinc – (lb)	3,021,294	1,334,575
Realized prices:			
	Silver – ($US/oz)	33.90	33.38
	Lead – ($US/lb)	0.96	1.17
	Zinc – ($US/lb)	0.97	1.09

Cash Cost per Ounce of Silver Produced

The Company's cash cost per ounce of silver produced for three months ended March 31, 2012 was US $5.67 per oz (three months ended March 31, 2011 - US $11.45/oz). The calculation of cash cost per ounce produced reflects the cost of production adjusted for by-product and various non-cash costs included in Cost of Sales and this calculation may differ from that used by others. The table which follows presents the details of the calculation.

Cash operating costs in the current year at US $2.473 million (refer to the following table) is lower than last year by US $159,000.

Reconciliation of Cash Cost per Ounce of Silver Produced, Net of By-Product Credits:

	3 months ended March 31, 2012 $ (000's)	3 months ended March 31, 2011 $ (000's)
Cost of sales	**4,841**	**4,638**
Adjustments - increase/(decrease):		
Depletion, depreciation and amortization	(695)	(672)
Inventory changes	1,888	962
Third party smelting and refining charges	401	(269)
Royalties	(152)	(98)
By-product credits (1)	(3,810)	(2,247)
Cash operating cost	2,473	2,314
Ounces of silver produced	436,351	202,077
Cash operating cost per ounce of silver produced in US $/oz	**5.67**	**11.45**

(1) By-product credits comprise revenues from sales of lead and zinc.

Cash operating cost, net of by-product credits, is provided as additional information. It is a non-GAAP measure that does not have a standardized meaning. This measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles, and is not necessarily indicative of operating expenses as determined under generally accepted accounting principles. This measure is intended to provide investors with information about the cash generating capabilities of the Company's operations. The Company uses this information for the same purpose. This analysis excludes capital expenditures and income taxes.

Exploration

MEXICO

Platosa Property

The Platosa Mine exploits a series of typical, although very high-grade, distal CRD silver, lead, zinc manto deposits located strategically within the prolific Mexican CRD Belt. It is the Company's belief and diamond drilling results to early May 2012 continue to confirm, that the Platosa Property holds considerable potential for the discovery of additional high-grade manto mineralization and for the discovery of large-tonnage, though lower grade, proximal CRD mineralization. CRDs are epigenetic, intrusion-related, high-temperature sulphide-dominant, lead-zinc-silver-(copper-gold)-rich deposits that commonly occur in clusters associated with major regional geologic features. The Mexican CRD Belt is perhaps the world's best developed CRD cluster and Platosa lies in the centre of the northwest-southeast trending axis of the largest deposits of the belt.

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

- **Size** – Proximal CRDs average 10 to 15 million tonnes of ore and the largest range up to 50 million tonnes;
- **Grade** – Ores are typically polymetallic with metal contents ranging from 2-12% lead; 2-18% zinc, 60-600 g/t silver, up to 2% copper and 6 g/t gold; and
- **Deposit morphology** – Individual CRD orebodies within the overall deposit are continuous and average 0.5 to 2 million tonnes in size, with some up to 20 million tonnes. They are typically metallurgically straight-forward and given that they are limestone-hosted, the environmental impact of tailings disposal is generally minimal.

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

During the first quarter of 2012 and up to the time of the present report, exploration efforts have primarily focussed on two target types in two general areas.

The first target is located in an irregularly-shaped area extending roughly 1.5 kilometres (“km”) from the Platosa Mine. In this area the primary objective is as follows:

- To further add to the known distal-style, high-grade CRD Mineral Resources and to discover new mantos by drilling the geological, structural and geophysical targets developed by 2010 and previous drilling and geotechnical surveys. This follows on the success in adding mineralization to the 6A/6B Manto and the discovery of the Pierna Manto, both during 2010. Already in 2012 additional high-grade manto sulphides have been discovered in the 6A Manto area.

The second area encompasses the vast majority of the remainder of the property, including a portion of the first area. Within this area the objectives are as follows:

- To pursue the potential for discovery of larger-volume medial and proximal CRD mineralization, referred to as the Source. Geological evidence of this potential has been found in several drill holes completed since 2008 including hole EX10-LP763 drilled in 2010 in the Rincon del Caido area approximately 1.0 km NNW of the Guadalupe Manto and more recently in hole EX12-LP986, which again discovered strong geologic evidence of a proximal environment. Hole LP986 also intersected significant sulphide mineralization as discussed further below. Drilling for the Source continues in the Rincon del Caido area and depending on the results of an ongoing geophysical survey will be undertaken on the Saltillera portion of the property west of the Platosa Mine later in 2012; and
- Continue to employ geophysical methods with demonstrated success as targeting tools. To this end a Natural Source Audio Magnetotelluric (“NSAMT”) ground geophysical survey began in late April. It is being carried out over several areas believed to host structures that may be favourable locations, including Rincon del Caido, for the discovery of large-tonnage proximal CRD deposits. This type of

survey has demonstrated its effectiveness at Platosa in the past and it was while testing NSAMT-interpreted structures in 2005 and 2006 that the Guadalupe and Guadalupe South mantos were discovered.

In the fall of 2011 the Company announced the discovery of anomalous Rare Earth Element (REE) values in four holes drilled into an altered rhyolite breccia located six kilometres northwest of the Platosa Mine at Cañón Colorado. While the values are low they are persistent over extensive widths, come to surface and are extremely close to infrastructure. Between December 2011 and mid-February 2012, five holes were drilled in the vicinity of the occurrence. These holes tested geophysical targets bearing a resemblance to the geophysical signature of the rhyolite breccia hosting the anomalous REE values. One hole intersected a down-dip portion of the Cañón Colorado rhyolite breccia and encountered anomalous REE values similar to those found in the holes described above. The other holes did not encounter breccia material nor REE values. Mapping and prospecting over a wide area north of the original showing has highlighted additional areas with anomalous REE values and the Company is evaluating the results.

Diamond drilling for both manto sulphides and the Source continued to encounter success in the first quarter. In early April the Company reported results from a total of seven drill holes; Source-hole LP986 at Rincon del Caido, five new holes that intersected high-grade manto massive sulphides over estimated true widths ranging from 0.25 to 6.68 m off the northwest portion of the 6A Manto and one hole off the northwest portion of the Guadalupe Manto. Hole LP986 encountered mineralized marble associated with a sub-horizontal structure 185 m above a felsic intrusive body. The zone assayed 398 g/t (11.6 oz/T) Ag, 3.97% Pb, 4.80% Zn over 1.45 m. This is one of the most important geological indicators of a Source environment encountered to date at Platosa. Of the five 6A Manto holes LP1000 intersected 4.83 m of massive sulphides grading 756 g/t (22.1 oz/T) Ag, 10.55% Pb, 24.11% Zn. Hole LP1003 intersected 5.35 m grading 694 g/t (20.2 oz/T) Ag, 9.05% Pb, 24.79% Zn respectively. Intersections are estimated true thicknesses. The assay results for all seven holes are included in a press release dated April 6, 2012.

With regard to the Sundance Option, in January the Company received the final report covering the drilling program carried out by project operator and owner Sundance Minerals Ltd. in the summer of 2011. Nine holes totalling 3,925 m were drilled to test a variety of CRD targets on the Pluton property located contiguous with the western portion of the Platosa property. The program results did not meet Company expectations and following consultation with Sundance the option agreement was terminated.

The Platosa exploration program continues to meet with considerable success. Planned expenditures for 2012 are $7.3 million, over 80% of which will be for diamond drilling. Approximately 20,000 m of drilling are planned in the search for the Source of the manto sulphides and another 20,000 m in the search for additional manto massive sulphides.

Miguel Auza Property

The Miguel Auza property encompasses 41,498 ha and lies on the eastern flank of the Fresnillo Mexican Silver Trend some 150-200 km north of Fresnillo and Zacatecas City, both of which areas have and continue to be the source of a large percentage of Mexican silver, lead and zinc production. The property covers numerous high- and low-sulphide epithermal veins carrying Ag, Au, Pb, and Zn. The property has been the site of a large amount of historic mining since the time of the Spaniards and as recently as 2008 when Silver Eagle Mines Inc., through its Mexican subsidiary, carried out mining and milling on the Calvario Vein system.

The Company carried out a modest exploration program at Miguel Auza between the fall of 2009 and the fall of 2010 and while certain areas were highlighted as meriting further early stage exploration work, a decision was made to concentrate exploration activities at Platosa during 2011. In 2012 the Company plans to again review the potential of Miguel Auza, including the potential of the Miguel Auza Mine, which has been closed since December 2008.

CANADA AND OTHER

In August 2011, the Company acquired all outstanding shares of Lateegra Gold Corp. ("Lateegra") by exchanging 0.54 Excellon share for each Lateegra outstanding share. Lateegra is a junior exploration company whose main assets included the DeSantis Property in northeastern Ontario and the Beschefer Property in northwestern Quebec, both important gold exploration projects. Lateegra also holds several other Canadian exploration properties and the El Condor gold property in southeastern Ecuador. The El Condor property is located within 3 km of Kinross's Fruta del Norte gold deposit, on which a feasibility study is in progress. The Company is weighing its options with respect to El Condor.

DeSantis Property, Northeastern Ontario

Lateegra acquired a 51% interest and Excellon may increase this interest to 100%, in the DeSantis property, located five kilometres southwest of downtown Timmins, from International Prospectors and Explorers Inc. ("IEP"), via an option agreement dated February 1, 2010. In addition, it has an option to earn a 100% interest in the contiguous DeSantis West property via an option agreement dated April 13, 2010. Collectively, these two properties are referred to as the DeSantis Property. In April 2012 Excellon made a payment of C$375,000 and issued 810,000 shares to IEP, and by issuing an additional 540,000 Excellon shares to IEP by April 2013 will earn the additional 49% interest in the DeSantis portion of the property. Under the terms of the DeSantis West option agreement Excellon made a C$15,000 payment and issued 32,400 shares to the property owners in April 2012. By making an additional C$20,000 payment and issuing an additional 48,600 Excellon shares to the owners by April 2013, Excellon will earn a 100% interest in the DeSantis West portion of the property.

The Company's DeSantis Project is located along the Destor-Porcupine Tectonic Zone ("DPZ"), the main structure controlling gold deposits in the Timmins gold camp, approximately 11 km west of the Dome Mine, owned and operated by Goldcorp Inc. and 14 km east of Lake Shore Gold Corp.'s Timmins Mine. The DeSantis Property covers approximately 5 km of strike length within highly prospective volcanic stratigraphy on the north side of the DPZ, including the past producing DeSantis Mine. Gold deposits in the Timmins gold camp occur in a variety of forms, but virtually all can be related to structural controls associated with major deformation zones, the foremost being the Destor-Porcupine Tectonic Zone, thus are mesothermal gold deposits, exhibiting the form of 'shear-zone hosted gold deposits.' Such gold deposits are typified by wide alteration envelopes hosted within volcanic sequences with a locus of deformation and alteration in discrete zones, which also host significant veining including quartz, accessory minerals, and gold.

The DeSantis Property hosts at least five known gold-bearing zones, including the Contact Zone, Hydrothermal Zone, Albitite Zone, Arsenopyrite Zone, and East Pit area, all of which are located near the area of historic underground mining on the property. The DeSantis Mine produced 35,800 ounces of gold from 178,650 tonnes of ore which graded 6.2 g/t Au during its intermittent production history. Production was carried out from nine levels sourcing principally the Albitite and Hydrothermal Alteration Zones, accessed via the 379 m-deep DeSantis No. 2 Shaft.

A major exploration effort on the property was undertaken in the mid 1980s by a Noranda Inc. - Stan West Mining Corp. joint venture. Focussed on deeper portions of the Albitite Zone, this advanced exploration program rehabilitated the DeSantis No. 2 Shaft, several of the lowest underground levels, and completed test mining and underground drilling from those levels. Resultant from that work and the work of others, a historic resource estimate for the Albitite Zone is 65,500 tonnes grading 7.85 g/t Au, while the Hydrothermal Alteration Zone was estimated to contain 117,000 tonnes grading 9.09 g/t Au. These resource estimates, while considered relevant, are historic in nature, do not have currently demonstrated economic viability and should not be relied upon.

Since acquiring its interest in the DeSantis Property, Lateegra and the Company have conducted significant diamond drilling campaigns in 2010, 2011, and limited drilling thus far in 2012. During 2011, the Company completed 7,997 m of diamond drilling focussed on expansion of the Hydrothermal Alteration Zone and the Albitite Zone, which are located in the vicinity of the DeSantis No. 2 Shaft, and as well tested reconnaissance targets elsewhere on the property.

In a press release dated October 18, 2011, the Company announced initial results from its 2011 exploration drilling, highlights of which included 3.63 g/t Au over 23.17 m including 14.25 g/t Au over 1.17 m in drill hole DS11-010A, which tested the Hydrothermal Zone. All intersections are reported as core lengths and top-cutting factors have not been applied to the grades.

The remainder of the analytical results from 2011 drilling within the Hydrothermal Alteration Zone was received by the end of January 2012 and contained only very low gold grades over relatively narrow widths. Similarly, although drill holes sited on reconnaissance targets intercepted potentially significant rock units and quartz veins, the gold content was found to be low. The geologic information provided by the drilling completed on the heretofore relatively untested western portion of the property will be invaluable in geologic modeling.

Commencing in late October 2011, the DeSantis drill campaign began assessing the potential for down-dip extensions to the Albitite Zone. Drill results indicate rock types and alteration consistent with that occurring in upper areas of the zone continue at depth although no significant gold grades were intercepted in the three drill holes completed to the end of 2011. Two diamond drill holes were completed on the DeSantis property during January 2012. One tested a reconnaissance target on the DeSantis West portion of the property (DS12-001), and one tested a portion of the Hydrothermal Alteration Zone near the DeSantis No. 2 Shaft. Both holes intersected only low gold values, although the hole DS12-001 intersected quartz veins.

In March 2012, drilling again commenced to test the Albitite Zone at depth below known mineralization. Two holes were completed although neither reached their planned depths as they were abandoned due to difficult drilling conditions. A total of 1,906 m has been completed to date in 2012 in the four holes drilled. The deepest of the drill holes completed within both the Albitite and Hydrothermal Alteration zones may be utilized as platforms for downhole geophysical surveying. Other plans for the property in 2012 include data compilation, geological modelling, and additional diamond drilling.

The Company considers that the DeSantis Property, both in the area of historic mining and elsewhere continues to host considerable potential for additional gold mineralization.

Beschefer Property, Northwestern Quebec

Lateegra acquired the right to earn a 100% interest in the Beschefer Property via an option agreement dated January 31, 2011. By issuing 648,000 Excellon shares to the Optionors in mid-February 2012, the Company fulfilled the terms of the agreement, and now owns 100% of the property, subject to small net smelter returns royalties payable to the Optionors. The Beschefer Property is located within the Abitibi Greenstone Belt approximately 75 km west of Matagami, in northwestern Quebec, 60 km northeast of the Casa Berardi Mine and 12 km east of the past-producing Selbaie Mine. The Selbaie Mine produced 57.5 million tonnes grading 0.56 g/t Au, 38 g/t Ag, 0.87% Cu and 1.85% Zn over its mine life. The property has little or no bedrock exposure and is muskeg-covered, such that drilling is most effectively performed during winter conditions.

The property hosts the "B-14" Zone, a gold mineralized shear zone, hosted within a typical Archean volcanic 'greenstone' assemblage. As previously reported, 1,520 m of diamond drilling in five holes were completed in early 2011, primarily on the B-14 Zone. Results of the 2011 drill campaign included 3.80 g/t Au over 4.35 m including 13.85 g/t Au over 0.30 hole m in BE11-001, and 12.4 g/t Au over 3.78 m including 63.5 g/t Au over 0.43 m in hole BE11-003. In addition, hole BE11-002 intersected 2.3% Cu over 2.58 m. Intersections are reported as core intercept lengths and top cutting factors have not been applied to reported gold grades.

As announced in press releases dated March 5, 2012 and April 17, 2012, the Company completed 8,867 m of diamond drilling in 33 drill holes on the Beschefer property in its winter 2012 drill campaign. The program focussed on the B-14 Zone. Two of the holes tested reconnaissance targets elsewhere on the property. Highlights of initial results from this drill campaign include the interception of 4.54 g/t Au over 7.80 m including 9.16 g/t Au over 1.35 m in hole BE12-006 and 13.07 g/t Au over 8.75 m including 58.5 g/t Au over 1.50 m in drill hole BE12-014. Results indicate the B-14 Zone is a structurally fairly uniform and continuous, tabular dipping body with gold content strongest where shearing, alteration and particularly sulphide mineralization are also highest. As drill hole BE12-014, which contained relatively high gold content, is located on the eastern edge of the area tested, potential remains, particularly in this direction, for additional gold mineralization. As of early May 2012 analytical results were incomplete and the complete results will be assessed prior to formulating future drilling plans.

Downhole Induced Polarization surveying was completed on several of the winter 2012 drill holes. Results of this surveying show anomalous chargeability responses, including a response down-dip and to the east of previous drill intercepts in the zone. Results of this surveying will assist in the planning of future drill campaigns exploring the B-14 Zone.

Qualified Persons

Mr. John Sullivan, BSc., PGeo., Excellon's Vice President of Exploration for Mexico has acted as the Qualified Person, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information related to Mexico contained in this MD&A and has supervised the preparation of the technical information on which such disclosure is based.

Mr. Sullivan is an economic geologist with over 35 years of experience in the mineral industry. Prior to joining Excellon in 2007, he was a senior geologist at a Toronto-based international geological and mining engineering consulting firm where he evaluated properties and prepared NI 43-101 reports on gold and base metal projects in Canada and internationally. In addition, he has held senior positions with two large Canadian mining companies where he directed major exploration programs, managed field offices, and evaluated projects in Canada, Europe, Africa and Latin America. Mr. Sullivan is not independent of Excellon, as he is an officer of the Company.

The Company's Canadian exploration programs are conducted under the supervision of its Vice President of Exploration for Canada Ms. Heather Miree, B.Sc., P. Geo. Ms. Miree has acted as the Qualified Person, as defined by NI 43-101, with respect to the disclosure of the scientific or technical information related to Canada contained in the MD&A and has supervised and verified those portions of the technical activities completed during 2011 on which such disclosure is based and verified technical information related to 2010 exploration activities completed by the Company.

Ms. Miree is an economic geologist with over 25 years of experience in the mineral industry. Ms. Miree has held senior geological and supervisory roles with several junior and mid-sized mining companies, in the areas of exploration and operations. During such roles, Ms. Miree conducted exploration programs, completed project evaluations, managed regional exploration offices, was Chief Mine Geologist, and participated in the advancement of projects from exploration to commercial production. Ms. Miree is not independent of Excellon as she is an officer of the Company.

Risk and Uncertainties

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk since the Company derives its revenues from the sale of silver, lead and zinc; foreign exchange risk since the Company reports in United States dollars but operates in jurisdictions that use other currencies; the inherent risk of uncertainties in estimating Mineral Resources; political risk associated with operating in foreign jurisdictions, environmental risks and risks associated with labour relations issues. Risk factors affecting the Company are described in the Annual Information Form on SEDAR (www.sedar.com).

In addition, there is no assurance that the Company will have sufficient cash resources to meet its objectives since this is dependent on being able to maintain adequate production levels and to realize adequate revenues based on metal prices as well as being able to raise capital as required.

Overall Performance

Production of silver in Q1 -2012 was 0.4 million ounces as compared to 0.2 million ounces in Q1 -2011. Tonnes of ore processed in Q1 -2012 were 17,132 as compared to 12,391 for Q1 -2011. The overall grade of silver processed in Q1 -2012 was significantly higher at 949 g/t compared to 604 g/t for the Q1 - 2011.

The silver price in Q1 -2012 averaged $32.61 per ounce on the London Metal Exchange (Q1 -2011: $31.86) while the Company realized an average price of $33.90 per ounce sold. The realized price for silver in Q1 - 2011 was $33.38 per ounce. Sales during Q1 -2012 totalled $13.1 million as compared to $7.4 million in Q1 - 2011.

At March 31, 2012, cash and cash equivalents on hand were $15.3 million as compared to $22.3 million at December 31 2011. It is expected that cash balances will grow in 2012 reflecting the continuing strength of the mine operations.

Results of Operations

Financial statement highlights for the three month period ended March 31, 2012 and the three month period ended March 31, 2011 are as follows:

	3 months ended March 31, 2012 $ 000’s	3 months ended March 31, 2011 $ 000’s
Revenue	13,106	7,385
Cost of sales	(4,841)	(4,638)
Gross profit	8,265	2,747
Expenses:		
Corporate administration	(1,804)	(1,467)
Exploration	(2,080)	(800)
Other	2,204	397
Income tax (recovery)	(965)	(422)
Net income for the period	5,620	455

During the quarter ended March 31, 2012 the Company recorded a net income of $5.6 million compared to $0.5 million in the same period of the prior year. The improved revenue and gross profit for the quarter primarily reflects the increase in the quality of the ore grades and the increased production results.

Exploration for the quarter reflects management’s planned expenditures for 2012 at the Mexican and Canadian properties.

Other expenses include unrealized foreign exchange gains of the Company. The decrease in the expense is due to the strengthening of the peso relative to the USD that resulted in an unrealized foreign exchange gain of an intercompany loan that is foreign to functional currency of reporting entity. The loan is not treated as long-term investment as the loan is expected to be repaid in the near future, at which time the gain or loss will be realized.

Summary of Quarterly Results

The following table sets forth selected quarterly information for the last eight quarters (in thousands of US dollars except for per share amounts).

		3 months ended		3 months ended		3 months ended		3 months ended
Quarter ended		2012-03-31		2011-12-31		2011-09-30		2011-06-30
Revenue	$	13,106	$	14,009	$	11,174	$	15,442
Income (loss) before income taxes	$	6,585	$	1,401	$	(450)	$	9,419
Net income (loss)	$	5,620	$	(3,101)	$	(976)	$	8,055
Earnings (loss) per share – basic	$	0.02	$	(0.01)	$	0.00	$	0.03
– diluted	$	0.02	$	(0.01)	$	0.00	$	0.03

		3 months ended		3 months ended		3 months ended		3 months ended
Quarter ended		2011-03-31		2010-12-30		2010-09-30		2010-06-31
Revenue	$	7,385	$	5,506	$	6,057	$	7,846
Income (loss) before income taxes	$	877	$	(3,596)	$	(2,031)	$	(885)
Net income (loss)	$	455	$	(2,696)	$	(2,012)	$	329
Earnings (loss) per share – basic	$	0.00	$	(0.01)	$	(0.01)	$	0.00
– diluted	$	0.00	$	(0.01)	$	(0.01)	$	0.00

Quarterly revenue fluctuations are a function of metal prices and the volume of ore mined as well as ore grades. The Company has a policy of expensing exploration costs, which creates volatility in earnings.

During Q1-2012, revenue has increased significantly over Q1-2011 reflecting the impact of higher quality ore grades and volume of ore mined. Commodity prices have not changed significantly from the same period in the prior year. Operating costs in Q1-2012 were similar to Q1-2011.

Liquidity and Capital Resources

As at March 31, 2012, the Company's cash and cash equivalents were $15.3 million (December 31, 2011 – $22.3 million), and working capital was $22.6 million (December 31, 2011 – $18.8 million). The Company invested $5.0 million in the Sprott Physical Silver Trust to hold units reflecting an underlying investment in 134,732 ounces of silver. The only source of funds available to the Company is cash flow generated by the Platosa Mine. No large capital expenditures are currently planned.

Off-Balance Sheet Arrangements

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

Related Party Transactions

An officer of the Company is a partner in a firm that provides legal services to the Company. During the period, the Company incurred legal services of $68,000 (March 31, 2011 – $31,000) with an outstanding payable balance of $50,000 at March 31, 2012 (March 31, 2011 – $32,000).

Common share data (as at May 7, 2012)

Common shares outstanding	277,518,633
Stock options and warrants granted	12,693,556
Total	290,212,189

Internal Control over Financial Reporting and Disclosure Controls and Procedures

Management has designed and implemented internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has designed disclosure controls and procedures ("DC&P") to provide a reasonable assurance that (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Additional Sources of Information

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

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

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

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

Cautionary Note to United States Investors regarding Adjacent or Similar Properties

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