EXCELLON

Management's Discussion & Analysis of Financial Results
For the three and nine month periods ended September 30, 2013
October 31, 2013

Excellon Resources Inc. (the "Company", or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ("MD&A") for the three and nine month period ended September 30, 2013 in accordance with the requirements of National Instrument 51-102 ("NI 51-102").

This MD&A contains information as at October 31, 2013 and provides information on the operations of the Company for the three and nine month periods ended September 30, 2013 and 2012 and subsequent to the period end, and should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine month period ended September 30, 2013 and the audited consolidated financial statements for the year ended December 31, 2012 filed on SEDAR. The unaudited interim consolidated financial statements for the three and nine month period ended September 30, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures in this MD&A are in US dollars unless otherwise noted.

This MD&A also makes reference to Cash Cost per Ounce and All-in Costs Per Silver Equivalent Ounce Sold ("All-in Costs/Ag. Eq. Oz"), both of which are Non-IFRS Measures. Please refer to the sections of this MD&A entitled "Cash Cost per Ounce of Silver Produced" and "All-in Costs Per Silver Equivalent Ounce Sold" for an explanation of these measures and reconciliation to the Company's reported financial results.

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COMPANY PROFILE

Excellon is a primary silver mining and exploration Company listed on the Toronto Stock Exchange trading under the symbol EXN. The Company's current activities are 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 ("Trafigura").

THIRD QUARTER 2013 HIGHLIGHTS

(in 000's except ounces, amounts per share and per ounce)	Q3 2013	*Q3 2012	9 months ended Q3 2013	9 months ended *Q3 2012
Revenues	$ 11,645	$ 60	$ 25,887	$ 27,160
Gross Profit/(loss) (Earnings from mining operations)	$ 6,256	$ (3,898)	$ 8,532	$ 12,984
Net income (loss)	$ 3,002	$ (4,350)	$ (2,634)	$ 1,748
Earnings (loss) per share - basic	$ 0.05	$ (0.08)	$ (0.05)	$ 0.03
Silver ounces produced	454,573	19,545	998,575	830,100
Silver equivalent ounces produced (1)	607,252	45, 923	1,510,138	1,295,142
Silver payable ounces	415,962	40,009	919,080	743,006
Cash cost per silver ounce produced	$ 7.77	$ 17.75	$ 8.77	$ 5.31
All-in cash cost per silver equivalent ounce sold	$ 10.65	$ 40.81	$ 15.60	$ 14.60
Average realized silver price per ounce sold(2)	$ 22.54	$ 28.94	$ 21.84	$ 29.75

* Production was suspended during Q3 2012 and one month of Q4 2012 due to an illegal blockade of the mine (the "Blockade").
(1) Silver equivalent ounces established for each period using prices of US$24 per oz Ag, US$0.90 per lb Pb, and US$0.90 per lb Zn and applied to the recovered metal content of the concentrates.
(2) Average realized silver price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period. A complete reconciliation of net realizable prices can be found in the section "Financial Results of Operations" of this MD&A.

MINE OPERATION AND PRODUCTION

Milled tonnage of 16,707 tonnes in the third quarter of 2013 was a significant improvement from the previous quarter's mill production of 13,608 tonnes, a period during which the Company focused on mine development. As a result of this development, mineralization averaging 975 g/t Ag from the 6A, 6B and Guadalupe South mantos was accessed during the third quarter, a significant improvement on silver grades of 627 g/t mined during the previous quarter. Due to increased tonnage and high silver grades, silver production improved to 454,573 ounces, an increase of 80% from the previous quarter. Recoveries decreased slightly during Q3 due to (i) significant remnant grouting from historical water management measures, (ii) oxide mineralization, and (iii) closer than usual lead and zinc grades. Each of these conditions was only prevalent in the 6B Manto and recoveries are expected to improve as more available ore from other mantos is blended into the ore mined from 6B.

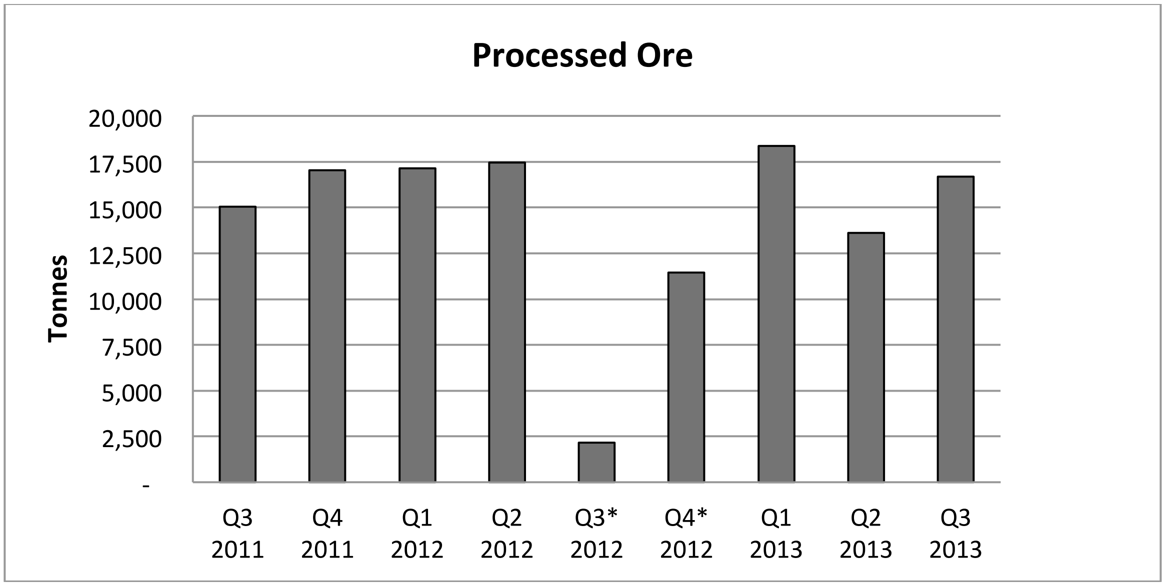
During Q4 2013, the Company expects to open new faces in the Guadalupe South and 623 Mantos, with the Rodilla Manto expected to be accessed in 2014.

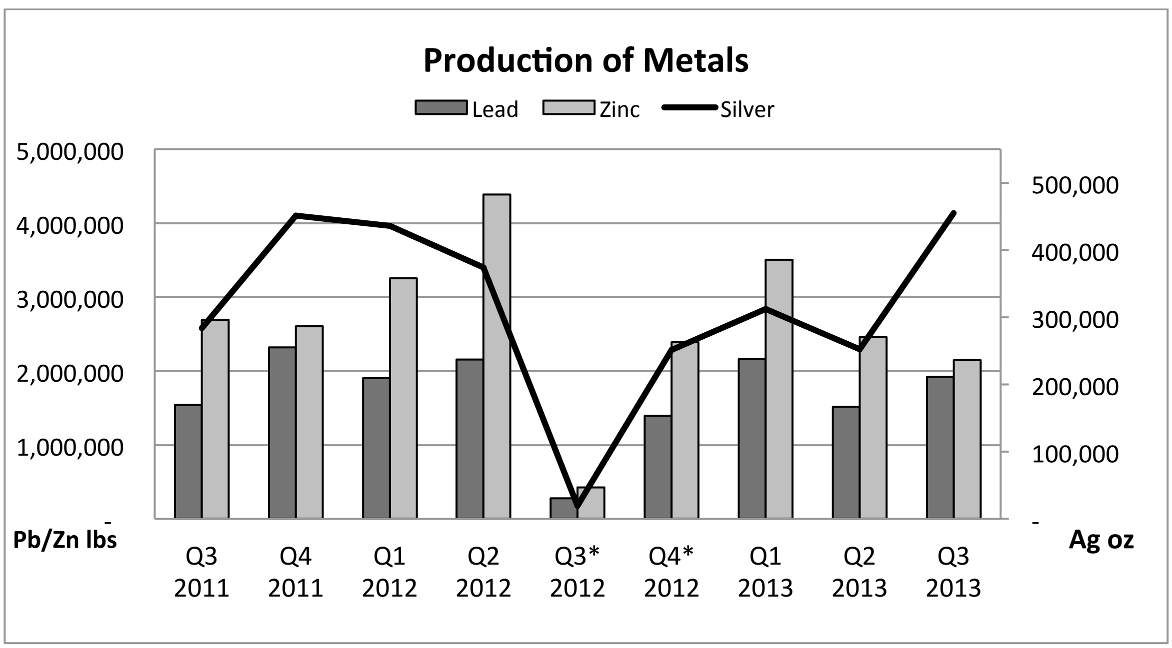
Platosa Mine production statistics for the periods indicated were as follows:

		3 months ended Sept 30, 2013*	3 months ended Sept 30, 2012***	9 months ended Sept 30, 2013**	9 months ended Sept 30, 2012
Tonnes of ore produced		18,271	1,627	50,010	35,357
Tonnes of ore processed		16,707	2,151	48,676	36,747
Ore grades:					
	Silver (g/t)	975	750	733	876
	Silver (oz/T)	28.43	21.87	21.38	25.55
	Lead (%)	6.61	6.18	6.52	6.79
	Zinc (%)	7.51	10.70	9.27	11.99
Recoveries:					
	Silver (%)	92.4	95.2	93.7	93.1
	Lead (%)	79.7	87.1	82.9	81.0
	Zinc (%)	79.4	88.4	82.1	85.5
Production:					
	Silver – (oz)	454,573	19,545	998,575	830,100
	Silver equivalent ounces (oz) (1)	607,252	45,923	1,510,138	1,295,142
	Lead – (lb)	1,921, 547	278,529	5,621,805	4,338,092
	Zinc – (lb)	2,149,884	424,900	8,019,890	8,063,029
Sales:					
	Silver ounces – (oz)	452,040	44,043	1,009,875	826,438
	Silver equivalent ounces (oz) (1)	603,666	85,118	1,524,727	1,290,588
	Lead – (lb)	1,969,259	401,678	5,706,170	4,314,303
	Zinc – (lb)	2,074,088	693,657	8,023,228	8,063,029
Realized prices: (2)					
	Silver – ($US/oz)	22.54	28.94	21.84	29.75
	Lead – ($US/lb)	0.96	0.88	0.94	0.87
	Zinc – ($US/lb)	0.84	0.86	0.85	0.89

* Q3 data remains subject to adjustment following settlement with concentrate purchaser.
** Q1 and Q2 2013 data has been adjusted to reflect settlement with concentrate purchaser.
*** Production was suspended during Q3 2012 and one month of Q4 2012 due to the Blockade.
(1) Silver equivalent ounces established for each period using prices of US$24 per oz Ag, US$0.90 per lb Pb, and US$0.90 per lb Zn and applied to the recovered metal content of the concentrates.
(2) Average realized price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period. A complete reconciliation of net realizable prices can be found in the section "Financial Results of Operations" of this MD&A.

The following summarizes the previous eight quarters of production at Platosa:





*Production was suspended during Q3 2012 and one month of Q4 2012 due to the Blockade.

CASH COST PER OUNCE OF SILVER PRODUCED

The Company had a total cash cost of $3.5 million during the third quarter compared to $3.1 million in the previous quarter, which increase in costs resulted from increased production during the third quarter. Mine production during the comparative period of 2012 was significantly limited by an illegal blockade of the mine. During the third quarter of 2013, 454,573 silver ounces were produced compared to 252,789 silver ounces in the previous quarter. As a result, cash cost per silver ounce produced net of by-products decreased from $12.07/oz Q2 2013 to $7.77/oz in Q3 2013 improving the year-to-date cash cost to $8.77/oz. The Company expects cash costs to continue decreasing during the remainder of the year as higher grade ore is accessed and silver production continues as planned. The calculation of net cash cost per ounce produced reflects the cost of production adjusted for by-product and various non-cash costs included in Cost of Sales. This calculation may differ from that used by other companies in the industry. The Company uses this measure internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The table below presents the details of the calculation**.**

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

	3 months ended Sept 30, 2013	**3 months ended Sept 30, 2012**	**9 months ended Sept 30, 2013**	**9 months ended Sept 30, 2012**
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**
Cost of sales	5,389	3,958	17,355	14,176
Adjustments - increase/(decrease):				
Depletion, depreciation and amortization	(933)	(524)	(2,650)	(1,928)
Inventory changes	962	(589)	553	(229)
Third party smelting and refining charges	1,536	185	4,476	4,485
Royalties (1)	(20)	(26)	(76)	(298)
By-product credits (2)	(3,404)	(386)	(10,903)	(9,526)
Suspension related costs (3)	-	(2,271)	-	(2,271)
Cash operating cost	3,530	347	8,755	4,409
Ounces of silver produced	454,573	19,545	998,575	830,100
Cash operating cost per ounce of silver produced in US $/oz	**7.77**	**17.75**(4)	**8.77**	**5.31**

(1) Advance royalty payments remaining on the Miguel Auza property.
(2) By-product credits comprise revenues from sales of lead and zinc.
(3) Production was suspended during the illegal blockade. Care-and-maintenance and other costs incurred during the suspension period that were not related to production have been excluded from total cash costs and the calculation of total cash cost per ounce produced.
(4) As a result of the Blockade, the Company was unable to realize cost efficiencies from a brief period of production early in the quarter.

Cash operating cost, net of by-product credits, is provided as additional information and is a non-IFRS 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. Management believes that cash cost per silver ounce produced is a key performance indicator of the Company's operational efficiency. This measure is widely used in the mining industry and is intended to provide investors with information about the cash generating capabilities of the Company's operations and the Company uses this information for the same purpose. This analysis excludes capital expenditures and income taxes.

ALL-IN COST PER SILVER EQUIVALENT OUNCE SOLD

The Company had an All-in Cost/Ag. Eq. Oz of $10.65 during the third quarter, improving to $15.60 year-to-date. The Company expects that the All-in Cost/Ag. Eq. Oz for 2013 will decrease to between $13.50-$14.50 on an annual basis by the end of 2013 based on budgeted production forecasts for the fourth quarter. All-in Cost/Ag. Eq. Oz is an indication of the Platosa Mine's sustainable profitability during the current period of lower silver prices. The calculation of a All-in Cost/Ag. Eq. Oz sold reflects the cost of operations, exploration of existing resource, sustaining and production related capital expenditures, and corporate administrative costs. The total of these costs are considered the "all-in cost". This calculation may differ from that used by other companies in the industry. The Company uses this measure internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The table below presents the details of the calculation.

	3 months ended Sept 30, 2013	3 months ended Sept 30, 2012	9 months ended Sept 30, 2013	9 months ended Sept 30, 2012
	$ 000's	$ 000's	$ 000's	$ 000's
Cost of sales	5,389	3,958	17,355	14,176
Depletion, depreciation and amortization	(933)	(524)	(2,650)	(1,928)
Suspension related costs (1)	-	(2,271)	-	(2,271)
Corporate and administrative cost (2)	771	1,198	3,106	4,569
Drilling expenses (mantos resource drilling)	437	754	2,439	2,373
Capital expenditures (3)	764	359	3,534	1,918
All-in cost	6,428	3,474	23,784	18,837
Silver equivalent ounces sold (4)	603,666	85,118	1,524,727	1,290,588
All-in Cost/Ag. Eq. Oz	**10.65**	**40.81**(1)	**15.60**	**14.60**(1)

(1) Production was suspended during the illegal blockade. Care-and-maintenance and other costs incurred during the suspension period that were not related to production have been excluded from all-in costs and the calculation of All-in Cost/Ag. Eq. Oz.
(2) Corporate and administrative cost excludes share based compensation and depletion, depreciation and amortization.
(3) Capital expenditure includes sustaining capital expenditures and capitalized development costs.
(4) Silver equivalent ounces established for each period using prices of US$24 per oz Ag, US$0.90 per lb Pb, and US$0.90 per lb Zn and applied to the recovered metal content of the concentrates.

EXPLORATION – MEXICO

Platosa Mine

This Platosa property covers 40,864 ha and the initial concessions and private lands were acquired by the Company in 1996. The Platosa Mine exploits a series of typical, although very high-grade, massive sulphide, distal CRD silver, lead, zinc manto deposits located strategically in the middle of the prolific Mexican CRD Belt. It is the Company's belief, and diamond drilling results in 2013 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 exploration and 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 60-600 g/t silver, 2-12% lead, 2-18% zinc, 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 third quarter of 2011, the Company reported an updated Mineral Resource estimate for the Platosa Mine. The estimate was prepared as at July 31, 2011. The Measured plus Indicated Mineral Resource estimate was 637,000 tonnes grading 836 g/t (24.4 oz/T) Ag, 8.95% Pb, 10.58% Zn. The report confirmed that the Mineral Resource at Platosa had been maintained and expanded 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 guidelines 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.*

The 2013 Platosa diamond drilling program was temporarily suspended in mid-May 2013. Drilling until mid-May focussed on following up on increasingly encouraging results in the search for the source of the high-grade Platosa mantos at Rincon del Caido, approximately one kilometre ("km") NW of the mine and exploration for additional high-grade massive sulphide manto mineralization near the known mantos. As of the date of the present report the program remains suspended, however, the exploration team remains intact and is planning future programs. Several drills are stored on site and the Company hopes to resume drilling upon the improvement of market conditions.

In general, recent exploration at Platosa has focused on two target types.

The first target is located in an irregularly-shaped area extending roughly 1.5 km from the Platosa Mine. In this area the objectives are 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 the Company's previous drilling and geotechnical surveys. This follows on the success in adding mineralization to the 6A Manto in 2010 and 2012 and the discovery of the Pierna Manto during 2010. Additional massive sulphide mineralization was encountered in the Q1-Q2 2013 drilling and the Company expects that this mineralization will add to its Mineral Resource base in the future.
- Outside of the immediate manto area drilling has been limited and where it has been carried out the favourable heterolithic fragmental limestone unit, which hosts all the high-grade massive sulphide mineralization discovered to date at Platosa, has been consistently intersected. There is ample room to find new mantos or a cluster of mantos in a large area extending north, east and southeast of the known mantos. Further drilling is planned for these areas.

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 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 in particular in the Rincon del Caido ("Rincon") area approximately 1.0 km NW of the Guadalupe Manto. A concentrated drilling program at Rincon between early 2012 and mid-Q2 2013 when drilling was suspended resulted in 13 holes intersecting significant Source style sulphide mineralization. The Company believes that sulphide-rich skarn mineralization at Rincon may be traceable to a large-tonnage proximal CRD deposit that has been the ultimate object of the Company's exploration program since it acquired the Platosa property in 1996; and
- Continue to employ geophysical methods with demonstrated success as targeting tools. To this end a Natural Source and Controlled Source Audio Magnetotelluric ("NSAMT" and "CSAMT") ground geophysical survey was completed in 2012. It was carried out over several areas, including Rincon del Caido, believed to host structures that may be favourable locations 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. The new results were incorporated into the Company's target-generation data base. In addition a downhole mis-a-la-masse electrical geophysical was carried out in two of the Rincon holes in late 2012. The results of this survey suggest the presence of sulphide mineralization for some distance from the centre of the immediate Rincon area although the results provide no quantitative information.

Diamond drilling continued to test both manto and Source targets during Q2 until mid-May when the drilling program was temporarily suspended as described above.

In the year to date, the Company has disclosed results from seven Rincon drill holes and nine manto holes. Rincon results continue to be encouraging and a small team remains dedicated to a detailed analysis of the Rincon data, including the persistent anomalous gold encountered, in an effort to develop vectors to better direct drilling and move from the edge to the centre of the mineralized system as quickly as possible. Preliminary results are encouraging but considerable work remains to be done before definitive conclusions can be drawn. With respect to manto drilling, anomalous gold has been found in various recent and historic holes in both the 6A and NE-1 manto areas. In the 6A area the gold is associated directly with the massive sulphides, while in the NE-1 Manto area the gold occurs in a siliceous zone encountered a considerable distance above the massive sulphides. The presence of gold in both areas suggests that feeder zones may be located nearby. Such feeder zones may be conduits channelling the massive sulphides from a much larger mineralized proximal skarn-style body remaining to be found at some depth below the mantos. Company geologists are now carrying out a comprehensive review of the gold-anomalous drill holes in both areas and the results will be incorporated into future drilling plans.

Complete results of the Company's exploration program can be viewed on the Company's website or under the Company's profile on SEDAR at www.sedar.com.

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. The Company periodically reviews the potential of Miguel Auza, including the potential of the Miguel Auza Mine, which has been closed since December 2008.

EXPLORATION – CANADA AND OTHER

No drilling was carried out in Q3 as Company geologists continued compiling the data generated during the winter drilling programs carried out on its Beschefer and DeSantis gold exploration projects in the Abitibi Belt of northeastern Ontario and northwestern Quebec. Significant gold intersections were encountered on both properties during these programs, which were completed as planned near the end of Q1. The potential to host economic deposits has been enhanced on both projects and planning for future drilling programs continues. In addition the Company continued to weigh its options with respect to its El Condor gold property in southeastern Ecuador. El Condor is located within 3 km of the 11 M oz Fruta del Norte gold deposit, ownership of which is in the process of reverting to the Ecuadorian government.

DeSantis Property, Northeastern Ontario

The Company holds a 100% interest, subject to a Net Smelter Returns ("NSR") royalty ranging from 1.5% to 3.5% by portion of the original DeSantis property, located five kilometres southwest of downtown Timmins. In addition, the Company holds a 100% interest, subject to a 2% NSR royalty, in the contiguous DeSantis West property. Collectively, these two properties are referred to as the DeSantis Property. The Company has the option to buy out portions of each of the NSRs on the overall property.

The property 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 by Goldcorp Inc. and 14 km east of Lake Shore Gold Corp.'s Timmins Mine. The property covers approximately 5 km of strike length within highly prospective volcano-sedimentary stratigraphy on the north side of the DPZ, including the past producing DeSantis Mine. Gold deposits in the Timmins 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 DPZ.

The property hosts at least five known gold-bearing zones, 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.

Between 2011 and early 2012 the Company completed 25 drill holes on the property, achieving modest success testing Hydrothermal Alteration Zone and Albitite Zone targets as reported in previous MD&As and various press releases. In the fourth quarter of 2012, the Company completed a comprehensive program of geotechnical compilation, relogging and sampling of recent and historic drill core and reviewing the property in a regional context. Based on the results of this work a 6,686 m, 18-hole follow-up drilling program was completed during Q4 2012 and Q1 2013. The program had two objectives: first, to test the down-dip extension of the felsic intrusive-hosted Albitite Zone and, second, to explore untested geophysical and geological targets elsewhere on the property.

The Albitite Zone drilling was initiated by deepening hole DS11-016B, which was drilled in 2011. Though no mineralization or recognizable Albitite Zone was encountered, the hole was continued and encountered a significant new hydrothermal alteration system approximately 300 m into the footwall at approximately 1,050 m vertical. Sampling of this new zone returned assays of 0.51 g/t Au over 57.60 m, including 1.35 g/t Au over 6.15 m. Wedge hole DS11-016D tested the 16B Zone 80 meters above and 20 meters to the west of DS11-016B while DS11-016F intersected the zone 30 meters to the east. DS11-016D returned 0.73 g/t Au over 6.80 m, including 2.88 g/t Au over 0.65 m while DS11-016F assayed 2.16 g/t Au over 31.70 m, including 4.09 g/t Au over 7.20 m. These results indicate that the 16B Zone increases in grade and alteration intensity to the east. The zone is open in all directions and, most importantly, the up-dip extension of the zone has seen virtually no drilling between DS11-016 and surface. These intersections are core widths. True thicknesses are estimated to range between 35% and 55% of core widths. Company geologists are engaged in planning further drilling in an effort to expand the 16B Zone.

Beschefer Property, Northwestern Quebec

The Company holds a 100% interest (subject to a 3% NSR) in the property, which is located within the Abitibi Greenstone Belt approximately 60 km northeast of the Casa Berardi Mine, 80 km east-southeast of the Detour Mine and 12 km east of the past producing Selbaie Mine. The Company has the option to buy out

1.75% NSR of the 3% NSR royalty for $1.5 million. The Beschefer property has little or no bedrock exposure and is muskeg-covered such that drilling is most effectively performed during freezing conditions.

The property hosts the B14 gold zone, which was discovered in 1995 by Billiton Canada Inc. and, apart from a short program by SOQUEM, the property has seen limited exploration since then. The gold mineralization is hosted within a typical Archean volcanic 'greenstone' assemblage and consists of an intensely sheared and strongly sericite-, ankerite-, hematite-altered and sulphide-bearing deformation zone, which trends in a northeast-southwest direction across the property. Felsic to intermediate intrusives form an important component of the stratigraphy in many drill holes.

Following up on a five-hole program carried out in 2011 by Lateegra Gold, the Company completed 33 additional holes on the property during Q1 2012. B14 results included 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 hole BE12-014.

In mid-December 2012 the Company completed a comprehensive program of geotechnical compilation, relogging and sampling of recent and historic drill core and reviewing the property in a regional context. Based on the results of this work a 6,668 m, 16-hole follow-up drilling program was carried out on the B14 Zone during Q1 2013.

Once again promising results were encountered. Hole BE13-038 returned the best result ever intersected on the project: 55.60 g/t Au (uncut) over 5.57 m (13.64 g/t Au cut to 34 g/t), including 224.0 g/t Au over 1.23 m. This hole tested the zone approximately 100 m down dip from BE12-014. BE13-035 tested the zone approximately 250 m along strike to the southwest of BE13-038, intersected the zone over a width of approximately 25 m and returned assays of 1.95 g/t Au over 17.85 m, including 3.08 g/t Au over 2.51 m. Hole BE13-042 drilled below BE13-035 intersected 5.49 g/t Au (uncut) over 5.07 m (4.12 g/t Au cut to 34 g/t) in an upper zone and 5.43 g/t Au (uncut) over 8.00 m (3.28 g/t Au cut to 34 g/t) in the B14 Zone. Visible gold was observed in both intersections. Hole BE13-045 was drilled below BE13-042 and intersected 3.03 g/t Au over 11.10 m including 4.25 g/t Au over 6.00 m in the B14 Zone. All quoted intersections are core widths. True thicknesses are estimated to range between 75 and 90% of core widths. Company geologists are now engaged in planning further drilling focussed on the B14 Zone and adjacent little-tested and poorly understood areas of the property.

Complete results of the Company's drilling programs at DeSantis and Beschefer are available on the Company's website or under the Company's profile on SEDAR at www.sedar.com.

Qualified Person

Mr. John Sullivan, BSc., PGeo., Excellon's Vice President of Exploration has acted as the Qualified Person, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information contained in this MD&A.

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.

COMMODITY PRICES AND MARKET CONDITIONS

The market average silver price for the third quarter of 2013 of $21/oz was 29% lower than the average silver price in the same period of 2012. The silver price opened 2013 at $30/oz and declined to $19/oz at the end of Q2 with a slight rebound in Q3, closing the quarter at $22 and averaging $23/oz for the month of September. The significant decrease in silver prices impacted the Company's revenues year-to-date and lower silver prices resulted in reduced revenues in the third quarter, despite higher than budgeted produced ounces during the period. Lower silver prices will continue to result in lower than forecast revenues for the remainder of the year should silver prices remain at this level.

Lead and zinc followed a similar trend during the first six months of 2013, with lead and zinc declining by $0.10/lb and $0.09/lb, respectively, an average decline of 10% for these base metals since January 2013. During the quarter, lead and zinc prices were less volatile with the average lead price improving by $0.02/lb and the average zinc price improving by $0.01/lb.

Average Commodity Prices	Q3 2013	Q3 2012	Change	9 months ended Q3 2013	9 months ended Q3 2012	Change
Silver ($/oz)(1)	21.37	29.91	-29%	24.85	30.65	-19%
Lead ($/lb)(2)	0.95	0.90	6%	0.98	0.91	7%
Zinc ($/lb)(2)	0.84	0.86	-2%	0.87	0.88	-2%

Historical Average Prices		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Silver ($/oz) (1)	**2013**	**31.11**	**30.33**	**28.80**	**25.20**	**23.01**	**21.11**	**19.71**	**21.84**	**22.56**			
	2012	30.77	34.14	32.95	31.55	28.67	28.05	27.43	28.70	33.61	33.19	32.77	31.96
Lead ($/lb)(2)	**2013**	**1.06**	**1.08**	**0.99**	**0.92**	**0.92**	**0.95**	**0.93**	**0.99**	**0.95**			
	2012	0.95	0.96	0.94	0.94	0.91	0.84	0.85	0.86	0.98	0.98	0.99	1.03
Zinc ($/lb)(2)	**2013**	**0.92**	**0.97**	**0.88**	**0.84**	**0.83**	**0.83**	**0.83**	**0.86**	**0.84**			
	2012	0.90	0.93	0.92	0.91	0.88	0.84	0.84	0.82	0.91	0.87	0.86	0.92

(1) Source: Kitco
(2) Source: LME

FINANCIAL RESULTS OF OPERATIONS

Financial statement highlights for the three and nine-month periods ended Sept 30, 2013 and Sept 30, 2012 are as follows (in thousands of US dollars):

	3 months ended Sept 30, 2013 $	3 months ended Sept 30, 2012* $	9 months ended Sept 30, 2013 $	9 months ended Sept 30, 2012* $
Revenues	11,645	60	25,887	27,160
Cost of sales	(5,389)	(3,958)	(17,355)	(14,176)
Gross profit (loss)	6,256	(3,898)	8,532	12,984
Expenses:				
Corporate administration	(1,053)	(1,386)	(4,383)	(5,484)
Exploration	(299)	(1,679)	(6,506)	(6,257)
Other – including finance cost	(614)	1,440	(310)	1,102
Income tax recovery (expense)	(1,288)	1,173	33	(597)
Net income (loss) for the period	3,002	(4,350)	(2,634)	1,748

*Production was suspended during Q3 2012 and one month of Q4 2012 due to the Blockade.

Net income of $3 million during Q3 reduced year-to-date net losses from $5.6 million to $2.6 million, alleviating the impact of the significant decline in silver prices during Q2 in particular. During the quarter, while silver price was averaging $21/oz, the Company generated current sales $11.6 million with a gross profit of $6.3 million, reflecting the continued profitability of the Platosa Mine, despite lower silver prices. The Company expects to remain profitable through the remainder of the year at current prices and production levels and expects to recover the losses incurred during the first two quarters of 2013 if silver prices average $21/oz or higher.

The following summarizes the major contributors to net losses during the first two quarters of 2013, which did not affect profitability as significantly during the third quarter:

1) Lower produced tonnage and silver grades as the Company focused on necessary development into the higher grade 6A, 6B, Guadalupe South and 623 Mantos, and

2) The impact of the declining silver price on:
   a. Lower revenues from silver production due to the 34% decrease in silver prices from $32/oz to $21/oz during the first two quarters.

   b. Provisional pricing adjustments pursuant to which silver production sold and provisionally priced at $32 prior to 2013 was subsequently settled during the second quarter at $25/oz. This settlement required negative revenue adjustments to reflect amounts repaid to Trafigura upon final pricing and settlement of $1.4 million.

Sales are recorded using the metal price received for sales that settle during the reporting period. For sales that have not been settled, an estimate is used based on the expected month of settlement and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting sales in the period in which the sale (finalization adjustment) is settled. The finalization adjustment recorded for these sales depends on the actual price when the sale settles which typically occurs one to four months after shipment. Due to the significant decline in silver prices during the first six months of 2013, revenues were adjusted downward to reflect these finalization adjustments, negatively impacting year-to-date sales. As silver prices have stabilized during the third quarter, these adjustments had minimal impact on sales during the period. The following is a reconciliation of revenues and realized prices:

	Three month period ending September 30, 2013			
	Silver	**Lead**	**Zinc**	**Total**
(000's)	**$**	**$**	**$**	**$**
Current period sales (1)	10,052	1,782	1,468	13,302
Prior period provisional adjustments (2)	(276)	76	79	(121)
Sales before TC/RC (3)	9,776	1,858	1,547	13,181
Less: TC/RC (3)				(1,536)
Total Sales				**11,645**
	oz	**lbs**	**lbs**	
Payable Metals	**415,962**	**1,869,617**	**1,734,175**	
	$/oz	**$/lb**	**$/lb**	
Current period sales	22.54	0.96	0.84	
Prior period provisional adjustments	0.96	0.03	0.05	
Net Realized Prices	**23.50**	**0.99**	**0.89**	

	Nine month period ending September 30, 2013			
	Silver	**Lead**	**Zinc**	**Total**
(000's)	**$**	**$**	**$**	**$**
Current period sales (1)	20,649	5,199	5,877	31,725
Prior period provisional adjustments (2)	(1,200)	(121)	(52)	(1,373)
Sales before TC/RC (3)	19,449	5,078	5,825	30,352
Less: TC/RC (3)				(4,476)
Total Sales				**25,876**
	oz	**lbs**	**lbs**	
Payable Metals	**919,080**	**5,415,515**	**6,740,872**	
	$/oz	**$/lb**	**$/lb**	
Current period sales	21.84	0.94	0.85	
Prior period provisional adjustments	(0.68)	-	.01	
Net Realized Prices	**21.16**	**0.94**	**0.86**	

(1) Includes provisional price adjustments on current period sales.
(2) Prior period sales that were settled or provisionally priced in the current period at prices less than prior period end commodity prices.
(3) TC/RC (Tolling Charge/Refining Charges)

As at September 30, 2013, unsettled provisionally priced sales of $13.2 million were outstanding and adjusted to September 2013 commodity prices. Final pricing will be known upon settlement. A 10% decrease in the price of silver will result in a corresponding increase or decrease of $1.0 million of revenues upon settlement.

During the third quarter of 2012, production was suspended during the Blockade resulting in suspension-related costs that would not be comparable to productive periods. When comparing the current quarter to the previous quarter, cost of sales has decreased by $0.6 million as the Company held significantly more inventory stockpiles resulting in current production costs being recognized in the next period. On a year to date basis, the Company has improved its cost of production as planned and expects to further increase production efficiencies during the remainder of the year.

Exploration costs significantly reduced to $0.3 million for the quarter as the La Platosa drilling program was put on hold in early May. In the same period of 2012, the Company incurred exploration costs of $1.7 million. The Company is currently focussed on increasing cash reserves and focussing on mine development to position the Company to resume exploration during 2014. The drilling program in Canada was completed in the first quarter and planning is currently underway for the 2014 winter program.

Corporate administrative expenses represent administrative costs incurred in Canada. In the previous quarter, corporate cost saving measures were initiated which included reduced executive and board compensation and other administration cost. As a result, corporate administration expenses were immediately reduced in the third quarter, with office and overhead cost decreasing by $332 from the second quarter and by $276 from the comparative quarter in 2012. Salaries and wages were also decreased by $125 from the second quarter and by $151 from the comparative quarter in 2012. The Company expects these cost saving measures will reduce expenditures by $1.0 million on an annual basis.

Other expenses include an unrealized gain on marketable securities of $0.4 million compared to $0.8 million in the same period of 2012. The marketable securities are an investment in the Sprott Physical Silver Trust which represents an underlying investment in 134,732 ounces of silver. The increase in silver metal price at the end of the period relative to the beginning of the period impacted the fair value of these securities, which resulted in unrealized gains. Other expenses also include unrealized foreign exchange gains and losses of the Company. During the quarter, foreign exchange expense related to the Mexican peso and Canadian dollar relative to the USD from the previous quarter resulted in minimal unrealized foreign exchange loss on an intercompany loan that is foreign to the functional currency of a reporting entity.

SUMMARY OF QUARTER RESULTS

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

Quarter ended	Q3 2013	*Q2 2013	Q1 2013	Q4 2012
Revenue	$ 11,645	$ 4,187	$ 10,055	$ 9,113
Income (loss) before income taxes	$ 4,290	$ (6,520)	$ (437)	$ (1,821)
Net income (loss)	$ 3,002	$ (5,035)	$ (601)	$ 6,660
Earnings (loss) per share – basic	$ 0.05	$ (0.09)	$ (0.01)	$ 0.12
– diluted	$ 0.05	$ (0.09)	$ (0.01)	$ 0.12

Quarter ended	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Revenue	$ 60	$ 13,994	$ 13,106	$ 14,009
Income (loss) before income taxes	$ (5,523)	$ 1,283	$ 6,585	$ 1,401
Net income (loss)	$ (4,350)	$ 478	$ 5,620	$ (3,101)
Earnings (loss) per share – basic	$ (0.08)	$ 0.01	$ 0.10	$ (0.06)
– diluted	$ (0.08)	$ 0.01	$ 0.10	$ (0.06)

*Production was suspended during Q3 2012 and one month of Q4 2012 due to the Blockade.

Quarterly revenue fluctuations are a function of metal prices and the volume of ore mined as well as ore grades. The Company expenses exploration costs, which creates volatility in earnings from period to period based on planned exploration expenditures.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2013, the Company's cash and cash equivalents were $2.8 million (December 31, 2012 - $1.4 million), and working capital was $11.7 million (December 31, 2012 - $15.3 million). As at September 30, 2013, the Company's trade receivables were $3.9 million (December 31, 2012 - $5.5 million).

The Company has invested $5.0 million in 344,000 units of marketable securities of the Sprott Physical Silver Trust reflecting an underlying investment of 134,732 ounces of silver. As at September 30, 2013, the value of these securities was $3.0 million resulting in an unrealized gain of $0.4 million for the quarter ($1.2 million unrealized loss on a year-to-date basis).

Net cash provided by operations was $2.5 million in the quarter ($0.2 million in Q2 2013) and $4.9 million a year-to-date. Sales improved in the quarter to $11.6 million as compared to $4.2 million in the previous quarter due to an 80% increase in silver ounces produced and a stable silver price. During the quarter, minimal price adjustments were necessary on prior period sales settled in the current quarter as the average silver price, $21.40/oz, was comparable to June's silver price, $21.10/oz. During the first six month of 2013, however, silver prices were significantly more volatile, declining from $32.00/oz in January to $21.10/oz resulting in the repayment upon final settlement of $3.1 million on previously provisionally priced sales ($2.4 million of which was repaid in Q2 2013). At continuing silver prices of $20-$22/oz, the Company projects that cash balances will continue to grow during the fourth quarter of 2013 based on current mine plans and as the Company should not have any significant repayment on final sales settlements assuming the continued stabilization of silver prices.

During Q3 2013, the Company invested $0.7 million in capital expenditures on mine development. The Company has reassessed its capital expenditure program for the remainder of the year and will be deferring a number of capital acquisitions to increase cash reserves through the remainder of the year.

The only source of funds available to the Company is cash flow generated by the Platosa Mine.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The corporate secretary of the Company is a partner in a firm that provides legal services to the Company. During the nine month ended September 30, 2013, the Company incurred legal services of $130,000 (September 30, 2012 – $166,000) with an outstanding payable balance of $28,000 at September 30, 2013 (September 30, 2012 – $33,000).

COMMON SHARE DATA (as at October 31, 2013)

Common shares outstanding	55,068,397
Stock options granted	2,512,000
Total	57,580,397

On May 8, 2013 the Company completed a share consolidation of the issued and outstanding common shares on the basis of one (1) post-consolidated common share for every five (5) pre-consolidated common share issued and outstanding (the "Share Consolidation"). The Company's outstanding options were consolidated on the same basis. The numbers of shares and options presented in this MD&A have been adjusted to include the effect of this share consolidation.

OUTLOOK

The Company currently forecasts annual production of 1.4 million ounces of silver, 7.4 million pounds of lead and 9.8 million pounds of zinc or 2.1 million silver equivalent ounces (based on $24 silver, $0.90 lead and $0.90 zinc). Improved silver grades during Q3 are an encouraging sign that the Company's development and mine optimization initiatives are being realized and will continue in future quarters. Production is expected to be more closely aligned with original 2013 production guidance for the fourth quarter and the Company expects its All-in Costs/Ag. Eq. Oz to be between $13.50 – $14.50/eq.oz.

The Company expects cash costs to continue decreasing through the remainder of 2013 as normal production continues and new production faces are opened, while cost reduction and efficient initiatives continue to be identified and effected. The Company has already implemented a number of changes given the significant reduction in commodity prices experienced this year and will continue to monitor these items going forward. Capital expenditures and mine planning continue to be reviewed to ensure that they are optimized for current market conditions. Exploration drilling in Mexico will remain suspended through the remainder of 2013 to improve net cash flows at current commodity prices. The Company will maintain its focus on increasing production to maximize operating cash flow and rebuild its cash reserves.

RISK AND UNCERTAINITIES

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. The current or future operations of Excellon including ongoing commercial production are or will be governed by and subject to federal, state and municipal laws and regulations regarding mineral taxation, mineral royalties and other governmental charges. Any change to the mineral taxation and royalty regimes in the jurisdictions in which Excellon operates or plans to operate could have an adverse financial impact on the Company's current and planned operations and the overall financial results of the Company, the extent of which cannot be predicted. Further factors affecting the Company are described in the Annual Information Form on SEDAR (www.sedar.com).

During Q3 2012, the Company sued the Ejido La Sierrita (the "Ejido) to terminate a surface rights agreement ("SRA") in respect of the surface rights to 1,100 hectares of exploration ground west and northwest of the La Platosa Mine and for various damages relating to an illegal blockade of the mine during Q3 and part of Q4 2012. The Ejido also sued for termination of the SRA, one week after being advised of Excellon's suit.

During and subsequent to the end of the period, the Agrarian Court held a series of hearings of the suit between the Company and the Ejido. During these hearings, the Company demonstrated its willingness to negotiate a purchase or lease from the Ejido of 10 the 1,100 hectares on which certain non-essential and movable infrastructure is located. This offer was made to avoid the time, cost and inconvenience of moving this infrastructure. To date, the Ejido has refused to negotiate in respect of these hectares and the Company will take such other legal measures as necessary to further its claims against the Ejido for damages.

The Company determination to sue for rescission of the SRA was driven by a need to limit the risk exposure of the SRA on La Platosa production capabilities. This decision was subsequently validated and solidified by current capital markets conditions and has become an element of Excellon's business strategy. The termination of the SRA will result in reduced expenditures of over US$600,000 annually and is expected to result in savings of approximately US$600,000 during 2013. Excellon also intends to continue its suit against the Ejido for damages relating to the illegal blockade of the mine.

Excellon holds approximately 41,000 hectares of mineral and mining rights at La Platosa. These rights entitle the Company to explore for and mine minerals at La Platosa and in an extensive surrounding area. Excellon also owns all surface rights needed to produce silver from the La Platosa Mine and conduct further surface and underground exploration for further high-grade manto mineralization and the CRD/Source of the La Platosa mantos.

In October 2013, the Mexican government approved tax reforms which propose, among other things, the imposition of a 7.5% royalty on a mine's taxable earnings before the deduction of interest, taxes, depreciation and amortization. The new mining royalty will enter into effect on January 1, 2014 and may affect future net earnings and cash flow from the Company's mining operations in Mexico.

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. There were no changes in ICFR during the quarter ended September 30, 2013.

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, dated November 22, 2011, 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 referenced 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 other than a Preliminary Economic Assessment ("PEA"). United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable, or that a Measured or 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.