EXCELLON

Management's Discussion & Analysis of Financial Results

For year ended December 31, 2014

March 24, 2015

Excellon Resources Inc. (the "Company" or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ("MD&A") for the year ended December 31, 2014 in accordance with the requirements of National Instrument 51-102 ("NI 51-102").

This MD&A contains information as at March 24, 2015 and provides information on the operations of the Company for the years ended December 31, 2014 and 2013 and subsequent to the year end, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 and the related notes for the year then ended filed on SEDAR. The audited consolidated financial statements for the year ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures in this MD&A are in U.S. dollars unless otherwise noted.

This MD&A also makes reference to Cash Cost per Silver Ounce Payable and All-in Sustaining Cost per Silver Ounce Payable ("AISC"), both of which are Non-IFRS Measures. Please refer to the sections of this MD&A entitled "Cash Cost per Silver Ounce Payable" and "All-in Sustaining Cost per Silver Ounce Payable" 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 40,854-hectare Platosa Property ("Platosa") located in northeastern Durango State, Mexico. The style of mineralization at Platosa resembles that of several 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 a silver-lead concentrate and a silver-zinc concentrate. Both concentrates are shipped to the port of Manzanillo where they are purchased by Trafigura Mexico, S.A. de C.V., a subsidiary within the Trafigura group of companies (“Trafigura”).

FOURTH QUARTER AND ANNUAL HIGHLIGHTS

(in 000’s except ounces, amounts per share and per ounce)		Q4 2014		Q4 2013		Year 2014		Year 2013
Revenues (1)	$	4,234	$	7,445	$	30,767	$	33,332
Earnings/(loss) from mining operations	$	(2,345)	$	198	$	2,382	$	8,730
Net loss	$	(2,586)	$	(2,407)	$	(19,292)	$	(5,041)
Adjusted net loss (2)	$	(2,586)	$	(2,407)	$	(3,829)		(5,041)
Loss per share - basic	$	(0.05)	$	(0.04)	$	(0.35)	$	(0.09)
Adjusted loss per share - basic	$	(0.05)	$	(0.04)	$	(0.07)	$	(0.09)
Silver ounces produced		206,343		411,277		1,162,929		1,409,852
Silver ounces payable		176,492		360,285		1,067,807		1,279,364
Silver equivalent ounces produced (3)		366,272		545,428		2,048,017		2,055,567
Silver equivalent ounces payable (3)		307,100		466,391		1,866,632		1,841,335
Total cash cost per silver ounce payable	$	24.39	$	12.77	$	13.76	$	10.01
All-in sustaining cost per silver ounce payable	$	38.66	$	18.70	$	21.69	$	19.66
Average realized silver price per ounce sold (4)	$	16.63	$	20.02	$	18.73	$	20.93

(1) Revenues are net of treatment and refining charges. A reconciliation of revenues can be found in the section “Financial Results of Operations” of this MD&A.
(2) Adjusted net income reflects results before $15.5 million impairment charge on exploration properties in Canada recorded in Q3 2014.
(3) Silver equivalent ounces established using average metal prices during the period indicated applied to the recovered metal content of the concentrates.
(4) Average realized silver price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period.

MINE OPERATION AND PRODUCTION

Tonnages mined and milled of 10,794 tonnes and 11,671 tonnes in Q4 2014 reflect a 47% and 45% decrease respectively compared to Q4 2013. During September, a transformer failure in the Guadalupe South area caused production to fall significantly lower than budgeted in September. Due to ongoing water management efforts, which were exacerbated by a failed transformer during September 2014, underground development critical for accessing future minable working faces fell behind schedule during the third quarter and into the fourth quarter. Operations during the fourth quarter therefore had a greater focus on development than previous quarters, along with increased water management activities, to improve operations in future quarters. In particular, 7,300 tonnes of high grade ore in the 623 Manto and 2,300 tonnes from the Rodilla Manto were not mined as per budgeted due to relative shortfalls in development. Despite significantly lower tonnage in Q4 2014, tonnage mined and milled for 2014 of 64,170 tonnes and 64,206 tonnes only reflect a 9% and 8% decrease respectively compared to 2013, an indication that short term production fluctuation can be offsetting.

Silver grade of 632 g/t in Q4 was lower than the 684 g/t mined in Q4 2013, at least partially to the reasons outlined above. As a result, 2014 average silver grade of 603 g/t was below budgeted grade of 680g/t and 16% lower compared to 2013 average grade of 718 g/t. Lead and zinc grades of 6.00% and 8.28% improved by 14% and 63%, respectively, compared to Q4 2013. Overall, 2014 average lead and zinc grades of 6.57% and 8.90% improved by 7% and 11% respectively, compared to 2013.

Silver recoveries improved to 93.1% in Q4 with an overall recovery of 91.8% for 2014, comparable to 2013. Both lead and zinc recoveries of 75.7% and 79.6% in Q4 improved by 6% and 5%, respectively, compared to Q4 2013.

As a result of lower tonnage mined and milled for Q4, silver production of 206,343 ounces was a 50% decrease compared to Q4 2013 and total silver ounces produced in 2014 of 1,162,929 ounces was 18% lower than 2013. Lead production of 1.1 million pounds was a 34% decrease from Q4 2013 and zinc production of 1.7 million pounds was only an 11% decrease from Q4 2013 due to higher grades offsetting the lower tonnes. Total lead and zinc pounds produced in 2014 of 7.5 million and 9.9 million, respectively, were both a 2% improvement compared to 2013. Overall by-product-metal production of lead and zinc has been consistent during lower tonnes due to accessing higher grade mantos. As a result of strong base metal production, and improved base metal prices, the Company produced 2,048,017 silver equivalent ounces in 2014, comparable to 2013 production.

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

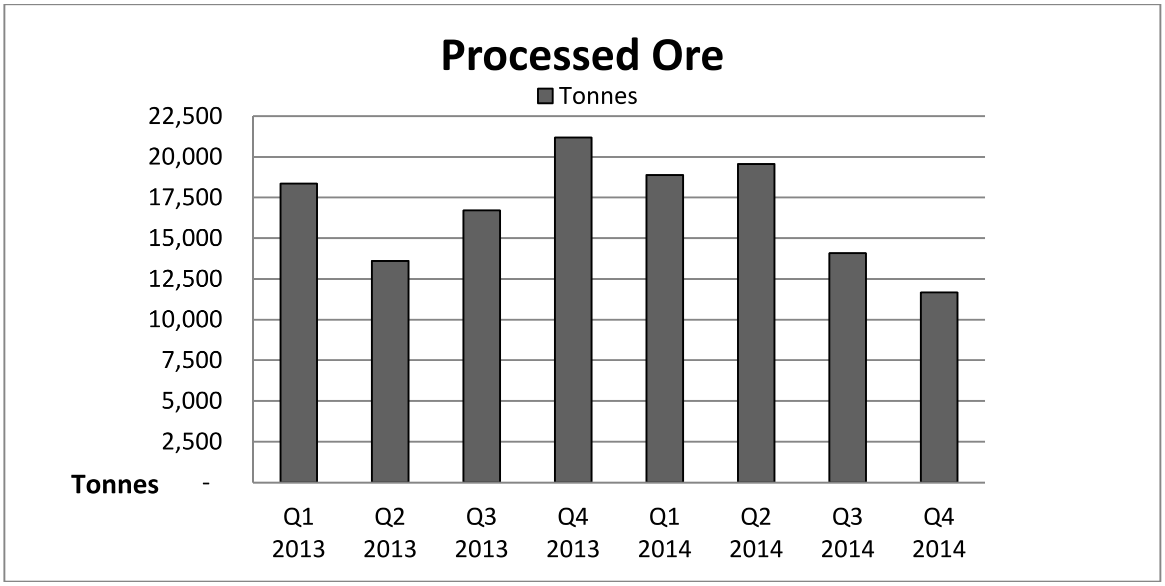
		Q4 2014[(1)]	Q4 2013[(1)]	Year 2014[(1)]	Year 2013[(1)]
Tonnes of ore produced		10,794	20,481	64,170	70,490
Tonnes of ore processed		11,671	21,186	64,206	69,862
Ore grades:					
	Silver (g/t)	632	684	603	718
	Lead (%)	6.00	5.27	6.57	6.14
	Zinc (%)	8.28	5.08	8.90	8.00
Recoveries:					
	Silver (%)	93.1	89.9	91.8	92.6
	Lead (%)	75.7	71.2	81.9	79.4
	Zinc (%)	79.6	75.8	81.8	80.2
Production:					
	Silver – (oz)	206,343	411,277	1,162,929	1,409,852
	Silver equivalent (oz) [(2)]	366,272	545,428	2,048,017	2,055,567
	Lead – (lb)	1,136,853	1,720,303	7,515,720	7,342,108
	Zinc – (lb)	1,656,332	1,857,066	10,075,172	9,876,955
Payable:					
	Silver – (oz)	176,492	360,285	1,067,807	1,279,364
	Silver equivalent (oz) [(2)]	307,100	466,391	1,866,632	1,841,335
	Lead – (lb)	1,013,644	1,453,171	7,260,737	6,868,685
	Zinc – (lb)	1,275,349	1,376,336	8,655,708	8,117,208
Realized prices: [(3)]					
	Silver – ($US/oz)	16.63	20.02	18.73	20.93
	Lead – ($US/lb)	0.90	0.96	0.94	0.94
	Zinc – ($US/lb)	0.99	0.87	0.99	0.86

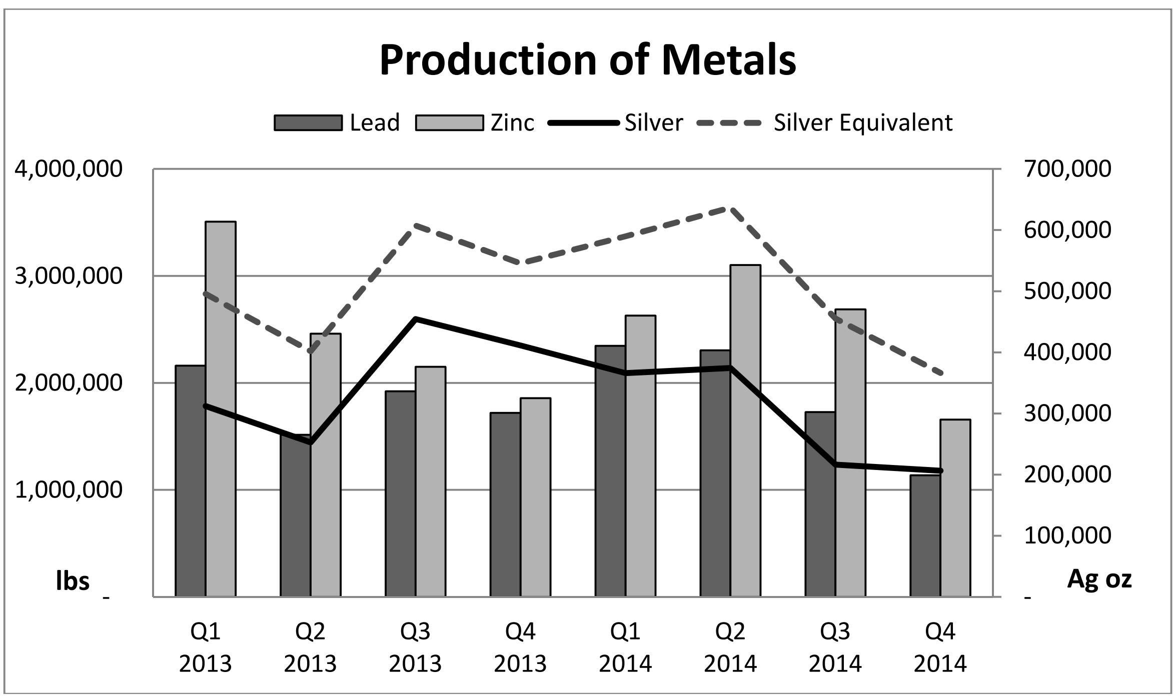
(1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser. Data has been adjusted to reflect final assay and price adjustments for prior period deliveries settled during the period.

(2) Silver equivalent ounces established using average metal prices during the period indicated applied to the recovered metal content of the concentrates.

(3) Average realized silver price is calculated on current period sale deliveries and does not include the impact of prior period provisional adjustments in the period.

The previous eight quarters of production at Platosa are summarized below:





TOTAL CASH COST PER SILVER OUNCE PAYABLE

Total cash cost net of by-product credits decreased by 6% to $4.3 million in Q4 2014 compared to $4.6 million in Q4 2013. During Q4 2014, the Company delivered 176,492 silver ounces payable compared to 360,285 silver ounces payable in Q4 2013, primarily due to the reasons discussed above in "Mine Operation and Production.". Increased development and water management resulted in increased consumable and maintenance costs relative to the number of tonnes of ore produced during the period. As a result, the Company had a higher total cash cost per silver ounce payable of $24.32/oz in Q4 compared to $12.77/oz in Q4 2013. Year-to date, the Company's total cash cost increased from $11.66/oz at Q3 2014 to $13.76/oz for 2014. The Company expects total cash costs net of by-product revenues to vary from period to period as planned production and development accesses different areas of the mine with different ore grades and characteristics. The calculation of total cash cost per silver ounce payable reflects the cost of production adjusted for by-product and various non-cash costs included in cost of sales. Changes in inventory have not been adjusted from cost of sales, as these costs are associated with the payable silver ounces sold in the period.

Reconciliation of total cash cost per silver ounce payable, net of by-product credits:

	Q4 2014	Q4 2013(4)	Year 2014	Year 2013(4)
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**
Cost of sales	6,578	7,246	28,384	24,601
Adjustments - increase/(decrease):				
Depletion and amortization	(877)	(1,260)	(3,859)	(3,910)
Third party smelting and refining charges (1)	1,026	1,242	6,147	5,718
Royalties (2)	(22)	(21)	(92)	(97)
By-product credits (3)	(2,400)	(2,606)	(15,884)	(13,511)
Total cash cost net of by-product credits	**4,305**	**4,601**	**14,696**	**12,801**
Silver ounces payable	176,492	360,285	1,067,807	1,279,364
Total cash cost per silver ounce payable ($/oz)	**24.39**	**12.77**	**13.76**	**10.01**

(1) Treatment and refining charges recorded in net revenues.
(2) Advance royalty payments on the Miguel Auza property that do not relate to production from Platosa.
(3) By-product credits comprise revenues from sales of lead and zinc.
(4) "Total cash costs" differ from "net cash costs" previously reported in these periods as total cash costs reflect payable ounces delivered in the period without inventory adjustments.

Total cash 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 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. 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 total cash cost per silver ounce payable is a key performance indicator of the Company's operational efficiency as it accounts for each payable ounce produced. This measure is increasingly widely used in the mining industry and is intended to provide investors with information about the cash generating capabilities of the Company's operations.

ALL-IN SUSTAINING COST PER SILVER OUNCE PAYABLE

Excellon has adopted the "all-in sustaining cost" measure ("AISC") to provide further transparency on the costs associated with producing silver and to assist stakeholders of the Company in assessing operating performance, ability to generate free cash flow from current operations and overall value. The AISC measure is a non-GAAP measure based on guidance announced by the World Gold Council in June 2013.

AISC per silver ounce is intended to provide additional information only and does not have any standardized definition under IFRS and may not be comparable to similar measures presented by other mining companies. The AISC measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS.

Excellon defines AISC per silver ounce as the sum of total cash costs (including treatment charges and net of by-product credits), capital expenditures that are sustaining in nature, corporate general and administrative costs (including non-cash share-based compensation), capitalized and expensed exploration that is sustaining in nature, and (non-cash) environmental reclamation costs, all divided by the total payable silver ounces sold during the period to arrive at a per ounce figure.

Capital expenditures to develop new operations or capital expenditures related to major projects at existing operations where these projects will materially increase production are classified as non-sustaining and are excluded. The definition of sustaining versus non-sustaining is similarly applied to capitalized and expensed exploration costs. Exploration costs to develop new operations or that relate to major projects at existing operations where these projects are expected to materially increase production are classified as non-sustaining and are excluded.

Costs excluded from AISC are non-sustaining capital expenditures and exploration costs, financing costs, tax expense, and any items that are deducted for the purposes of adjusted earnings.

Refer to the discussion above regarding cash operating cost per silver ounce for the deduction of by-product revenues.

The Company had an AISC per silver ounce payable of $38.66 during Q4 2014 compared to $18.70 in Q4 2013, primarily as a result of lower silver ounce production as the Company for the reasons set out above.. As a result, the Company's 2014 AISC increased from $18.33 at Q3 to $21.69. Total sustaining costs of $8.5 million in 2014 were a 31% improvement from 2013 as low silver prices required considerable cost reductions in general administration and the deferral of sustaining capital expenditures to future periods. Considering the Platosa mine's AISC, current metal prices, increasing unit costs and the remaining life of the Company's Platosa mine, additional financing may be required in the future to increase mine development and to drill for additional mineable resources.

The table below presents details of the AISC per silver ounce payable calculation.

	Q4 2014		Q4 2013		Year 2014		Year 2013	
	$ 000's	**$/oz**	**$ 000's**	**$/oz**	**$ 000's**	**$/oz**	**$ 000's**	**$/oz**
Total cash costs net of by-product revenue	**4,305**	**24,.39**	**4,601**	**12.77**	**14,696**	**13.76**	**12,801**	**10.01**
General and administrative costs (cash)	844	4.78	838	2.33	3,383	3.17	6,944	3.08
Share based payments (non-cash)	55	0.31	531	1.47	650	0.61	1,617	1.26
Accretion and amortization of reclamation costs (non-cash)	37	0.21	47	0.13	184	0.17	175	0.14
Sustaining exploration (mantos resource exploration/drilling)	203	1.15	131	0.36	907	0.85	2,484	1.95
Sustaining capital expenditures [1]	1,380	7.82	591	1.64	3,340	3.13	4,125	3.22
Sustaining costs	**2,519**	**14.27**	**2,138**	**5.93**	**8,464**	**7.93**	**12,345**	**9.65**
All-in sustaining costs [2]	**6,824**	**38.66**	**6,739**	**18.70**	**23,160**	**21.69**	**25,146**	**19.66**
Silver ounces payable		**176,492**		**360,285**		**1,067,807**		**1,279,364**
Realized silver price per ounce sold [3]		**16.63**		**20.02**		**18.73**		**20.93**

(1) Capital expenditure includes sustaining capital expenditures and capitalized development costs.
(2) Excluding non-cash items, AISC per payable silver ounce was $38.14(Q4 2014), $20.91 (2014), $17.10 (Q4 2013) and $18.26 (2013).
(3) Average realized silver price is calculated on current period sale deliveries and does not include the impact of prior period provisional adjustments in the period.

EXPLORATION

Platosa Property

This Platosa property covers 40,854 ha and the initial mining concessions and private lands were acquired by the Company in 1996. The La Platosa Mine exploits a series of typical, though very high-grade, massive sulphide, distal CRD silver, lead, zinc manto deposits located strategically in the middle of the prolific Mexican CRD Belt. Diamond drilling results in 2013 continued 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 bodies 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 intrusive contact deposits.

In March 2014, the Company released an updated mineral resource estimate as at December 31, 2013 for the Platosa project. During 2014 only 13% of mine production, or 8,300 tonnes, were mined from areas within the mineral resource model. This equates to measured plus indicated resource depletion of less than 2% during 2014. There was therefore no material change in this estimate, which remains current and has not been updated. The remaining 55,870 tonnes of 2014 production were from outside the model, mainly fringe areas of the mantos where it was not practical to drill holes more tightly than the nominal 15 m spacing employed historically for definition drilling at Platosa. Given the irregular shape of the mantos it is not unusual that their outer edges are not defined precisely by drilling and during mining activities when sulphides are found to extend beyond the model boundaries in economic amounts, mining continues. A summary of the current estimate is shown in the table below and the NI 43-101-compliant technical report supporting the estimate can be viewed on the Company's website or under the Company's profile on SEDAR at www.sedar.com.

Platosa Project – Mineral Resource Estimate (as at December 31, 2013)

Category	Tonnes (t)	Ag (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	Contained Ag (oz)	Contained Pb (lb)	Contained Zn (lb)	Contained AgEq (oz)
Measured	42,000	825	8.62	11.31	1,358	1,108,000	7,939,000	10,416,000	1,824,000
Indicated	443,000	772	8.40	10.05	1,270	10,985,000	81,925,000	98,011,000	18,064,000
M + I	484,000	777	8.42	10.15	1,277	12,094,000	89,864,000	108,427,000	19,888,000
Inferred	3,000	2,324	16.93	1.74	2,922	255,000	1,274,000	131,000	321,000

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$189 per tonne.*
3. *NSR metal price assumptions: Ag US$20.00/oz, Pb US$1.00/lb, Zn US$1.00/lb.*
4. *Metal recovery assumptions: Ag 94%, Pb 85%, Zn 84%.*
5. *The silver equivalent (AgEq) is estimated from metallurgical recoveries, metal price assumptions, and smelter terms, which include payable factors, treatment charges, penalties, and refining charges.*
6. *Estimate is of Mineral Resources only and, because these do not constitute Mineral Reserves, they do not have any demonstrated economic viability.*
7. *Mineral Resource estimate prepared by David Ross, P.Geo., of Roscoe Postle Associates Inc., independent geological and mining consultants of Toronto, Ontario. Prepared as at December 31, 2013.*
8. *Totals may not add or multiply accurately due to rounding.*

During 2014 only 13% of mine production or 8,300 tonnes were from areas within the Mineral Resource model. This equates to Measured plus Indicated resource depletion of less than 2% during 2014. There was therefore no material change in this estimate, which remains current and has not been updated. The remaining 55,870 tonnes of 2014 production were from outside the model, mainly fringe areas of the mantos where it was not practical to drill holes closer together than the nominal 15 m spacing employed historically for definition drilling at Platosa. Given the irregular shape of the mantos it is not unusual that their outer edges are not defined precisely by drilling and during mining activities when sulphides are found to extend beyond the model boundaries in economic amounts, mining continues.

In Q4 and throughout 2014 exploration activity at Platosa was kept at a relatively low level as part of the Company's cash-conservation program.

In general, recent exploration at Platosa has focused on two target types and this focus is being maintained as Company geologists plan future programs on the property, a large portion of which remains underexplored.

The first target is located in an irregularly-shaped area extending roughly 1.5 km from the La 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 various 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 early-2013 drilling and some of this mineralization is included in the current Mineral Resource estimate;
- 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 intersected consistently. There is ample room to find new mantos or a cluster of mantos in a large area extending north, northeast east and southeast of the known mantos.

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 a number of 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 April 2013 resulted in 13 holes intersecting significant Source-style skarn Ag, Pb, Zn sulphide mineralization hosted by marble beneath the contact with a relatively impermeable hornfels unit. The mineralization is also anomalous in Au, a new development at Platosa, which in addition to being of potentially economic importance can serve as a vectoring tool for future drilling. The Company believes that the 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; and
- Continue to evaluate geophysical technologies that may complement those which have already demonstrated success as targeting tools. Natural Source and Controlled Source Audio Magnetotelluric ("NSAMT" and "CSAMT," or generally "MT") ground geophysical surveys and airborne electromagnetic ("AEM") surveys carried out at various times during the exploration history of the property have demonstrated such success and it was while testing NSAMT-interpreted structures in 2005 and 2006 that the Guadalupe and Guadalupe South mantos were discovered. During a re-examination of a 2007 AEM survey a subtle anomaly was noted in the Rincon area and was one of the reasons drilling was resumed

there in 2012. More recently the Company has studied the applicability of seismic methods to the search for both manto and Source mineralization. In recent years seismic surveying, traditionally associated with petroleum exploration, has been tested successfully by several mining companies over known mineral deposits and new targets have been generated on various mineral exploration projects. During Q3 the Company carried out a 2D seismic reflection survey along a 2.1 km test-line laid out to pass over the high-grade Pierna and NE-1 mantos, neither of which has been mined to date. Several strong, sub-vertical structures were outlined as were the contacts between the various carbonate, hornfels and marble units, however, the survey did not directly detect the known mantos. Structure plays a very important role in the emplacement of both proximal and distal CRD mineralization and having more precise knowledge of the structural environment underlying the property can aid exploration considerably. As such consideration is being given to the future use of 3D seismic surveying as a structural mapping tool in conjunction with other geophysical data as the Company continues the exploration program on largely underexplored portions of the property.

The limited 2014 exploration drilling campaign began late in Q2 with an initial hole drilled to support the seismic test survey. It traversed the entire Platosa carbonate stratigraphic package including the heterolithic fragmental limestone, host to all the known high-grade manto mineralization at Platosa. A sonic geophysical survey was carried out in the hole and the data gathered formed an integral part of the dataset used to interpret the seismic survey.

Further drilling focussed on manto targets in the NE-1 Manto area following up on an auriferous jasperoid zone identified during 2010 and subsequent drilling in the same area. This auriferous zone has a variable dip, ranging from sub-horizontal to -45° SE, sits roughly 100 m above the NE-1 massive sulphides and has now been intersected in a total of 25 holes. The zone may be related to a feeder zone following a major NW-SE fault, which cuts and down-drops a portion of the NE-1 Manto. If such a feeder zone can be identified it may be possible to trace it to an intrusive source and associated proximal skarn-sulphide CRD body at some depth below the massive sulphides. Representative intersections of anomalous gold among eight holes drilled in 2014 are 0.113 g/t Au, 6.1 g/t Ag over 6.58 m from 178.35 m to 184.93 m in hole EX14LP1089A, 0.194 g/t Au, 5.4 g/t Ag over 21.12 m from 137.34 m to 158.56 m in LP1090 and 0.074 g/t Au, 6.2 g/t Ag over 2.20 m from 189.95 m to 192.15 m in LP1094. True thicknesses are estimated to be 50 to 90% of core widths. The final 2014 hole tested the 623 Manto area and was extended to the underlying intrusive in an attempt to gather more information about the potential to find proximal CRD mineralization in the immediate mine area.

Late in Q3 exploration drilling was halted due to the continued low price of silver, however, planning for additional drilling continues. Significant potential remains for further new manto discoveries as the deposit area is open to the north, northeast, east and southeast of the known mantos and once drilling resumes additional holes will be drilled in the NE-1 Manto and 6A Manto areas. With regard to exploration for a large-tonnage proximal deposit the emphasis will again be on the Rincon del Caido area. Geological data indicate that Rincon lies on the edge of a much larger system and the 3D model prepared in 2013 and early 2014 has generated vectors and a starting point for future drilling as the Company works to shorten the time line to discovery. The following table documents several of the significant intersections cut to date in the Rincon corridor northwest of the La Platosa Mine:

Location	DDH No.	Interval From (m)	Interval To (m)	Interval Width (m)*	Silver (g/t)	Lead (%)	Zinc (%)	Gold (g/t)
Rincon del Caido	**LP1019**	**516.70**	**572.16**	**55.46**	**132**	**3.13**	**1.74**	**0.075**
	incl.	546.83	549.80	2.97	236	7.18	5.46	0.146
	and	562.73	566.00	3.27	264	10.41	7.59	0.041
	LP1023A	513.00	515.00	2.00	610	3.08	0.11	0.571
	and	**525.65**	**569.05**	**43.40**	**146**	**2.76**	**1.85**	**0.216**
	incl.	530.60	536.40	5.80	381	10.63	11.51	0.354
	LP1030	**498.90**	**509.23**	**10.33**	**185**	**5.22**	**5.58**	**0.478**
	and	579.27	581.02	1.75	444	8.81	5.97	0.067
	and	**590.04**	**596.72**	**6.68**	**409**	**10.23**	**8.37**	**0.114**
	LP1038	**491.80**	**499.05**	**7.25**	**21**	**0.74**	**3.57**	**13.066**
	incl.	497.10	499.05	1.95	72	2.40	11.74	39.430
* All intervals are core widths. Further geologic information is required in order to estimate true thicknesses.								

Results of the Platosa exploration programs 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 was reduced in size to 14,000 ha at the end of 2014. This reduction left the heart of the property and the areas with the best remaining exploration potential intact while reducing the rapidly escalating maintenance costs being incurred. The property 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 Colonial times 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 in 2009 and 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.

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 40 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

After silver price remained relatively stable between $19/oz to $20/oz for the first nine months of 2014, silver prices declined in the last three months with an average spot price of $16.47/oz in Q4, a 21% decline from Q4 2013. Overall, 2014 average silver spot price of $19.08 was 20% lower compared to 2013. Lead averaged $0.91/lb during the quarter as lead prices declined, down from $0.99 in Q3 and 5% decreased compared to the same period in 2013. Overall, 2014 average lead price of $0.95 was 2% lower compared to 2013. Zinc prices averaged $1.01/lb or 17% higher than Q4 2013. Overall zinc prices improved in 2014 with a high of $1.09 in July and an average spot price of $0.98 for the year, a 13% improvement compared to $0.87 in 2013. While low silver prices have impacted the Company's revenues and operating profits, lead and zinc account in the aggregate for 43% (2013 – 35%) of the Company's cash inflows from metals sold at current prices.

Average Commodity Prices	Q4 2014	Q4 2013	Change	Year 2014	Year 2013	Change
Silver ($/oz)[1]	16.47	20.76	-21%	19.08	23.83	-20%
Lead ($/lb)[2]	0.91	0.96	-5%	0.95	0.97	-2%
Zinc ($/lb)[2]	1.01	0.87	17%	0.98	0.87	13%

Historical Average Prices		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Silver ($/oz)[1]	**2014**	**19.91**	**20.83**	**20.74**	**19.71**	**19.36**	**19.78**	**20.92**	**19.80**	**18.49**	**17.19**	**15.97**	**16.24**
	2013	31.11	30.33	28.80	25.20	23.01	21.11	19.71	21.84	22.56	21.92	20.76	19.61
	2012	30.77	34.14	32.95	31.55	28.67	28.05	27.43	28.70	33.61	33.19	32.77	31.96
Lead ($/lb)[2]	**2014**	**0.97**	**0.96**	**0.93**	**0.95**	**0.95**	**0.95**	**0.99**	**1.01**	**0.96**	**0.92**	**0.92**	**0.88**
	2013	1.06	1.08	0.99	0.92	0.92	0.95	0.93	0.99	0.95	0.96	0.95	0.97
	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]	**2014**	**0.92**	**0.92**	**0.91**	**0.92**	**0.93**	**0.96**	**1.05**	**1.06**	**1.04**	**1.03**	**1.02**	**0.99**
	2013	0.92	0.97	0.88	0.84	0.83	0.83	0.83	0.86	0.84	0.85	0.85	0.90
	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 year ended December 31, 2014 and 2013 are as follows (in thousands of US dollars):

	Q4 2014 $	Q4 2013 $	Year 2014 $	Year 2013 $
Revenues	4,234	7,445	30,767	33,332
Production costs	(5,702)	(5,987)	(24,526)	(20,692)
Depletion and amortization	(877)	(1,260)	(3,859)	(3,910)
Cost of sales	(6,579)	(7,247)	(28,385)	(24,602)
Gross profit (loss)	(2,345)	198	2,382	8,730
Expenses:				
General and administration	(940)	(1,448)	(4,280)	(5,831)
Exploration	(269)	(212)	(2,069)	(6,718)
Other – including finance cost	(1,076)	512	(852)	202
Impairment of mineral rights	-	-	(15,463)	-
Income tax expense	2,044	(1,457)	990	(1,424)
Net loss for the period	(2,586)	(2,407)	(19,292)	(5,041)
Adjusted net loss for the period	(2,586)	(2,407)	(3,829)	(5,041)

The Company recorded a net loss of $2.6 million for Q4 2014 compared to net loss of $2.4 million in Q4 2013. During Q4, the Company generated lower net revenues of $4.2 million compared to $7.4 million of Q4 2013 primarily due to lower tonnage mined in Q4 for the reasons discussed above in "Mine Operation and Production.". Increased development and water management resulted in increased consumable and maintenance costs relative to the number of tonnes of ore produced during the period. As a result, the Company produced 307,100 silver equivalent ounces payable in Q4 compared to 466,391 silver equivalent ounces payable in Q4 2013. Overall, in 2014, the Company produced 1.9 million silver equivalent ounces payable, similar to 2013 production of 1.8 million silver equivalent ounces payable, however, a lower realized silver price of $19/oz in 2014 compared to $21/oz resulted in lower revenues of $30.7 million for 2014 compared to $33.3 million in 2013.

As the silver price has been relatively stable over the last three quarters compared to 2013, revenues were not significantly impacted by any mark-to-market adjustment on provisionally priced sales that had not been settled at the end of the year. These mark-to-market adjustments negatively impacted revenues by $1.3 million in 2013 when prices declined significantly during Q2 2013. In 2014, these mark-market adjustments positively impacted revenues by $0.9 million as provisional priced sales settled at higher prices in early 2014.

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 is settled (i.e. finalization adjustment). The finalization adjustment recorded for these sales depends on the actual price when the sale settles, which occurs either one or two months after shipment under the current terms of the concentrate purchase agreements.

Sales made prior to 2014 were under settlement terms of either one or four months after shipment. The change in settlement terms has reduced the impact of price volatility on revenues and cash flows.

The following tables reconcile revenues recognized in the following periods (in thousands of US dollars):

		2014		
	Silver	**Lead**	**Zinc**	**Total**
	$	**$**	**$**	**$**
Current period sales [1]	20,159	7,033	8,829	36,021
Prior period provisional adjustments [2]	872	27	(6)	893
Sales before TC/RC [3]	21,031	7,060	8,823	36,914
Less: TC/RC [3]				(6,147)
Total Sales				**30,767**

		2013		
	Silver	**Lead**	**Zinc**	**Total**
	$	**$**	**$**	**$**
Current period sales [1]	26,739	6,595	7,089	40,423
Prior period provisional adjustments [2]	(1,200)	(121)	(52)	(1,373)
Sales before TC/RC [3]	25,539	6,474	7,037	39,050
Less: TC/RC [3]				(5,718)
Total Sales				**33,332**

(1) Includes provisional price adjustments on current period sales.
(2) Prior period sales that settled at amounts different from prior quarter's estimate or were unsettled and marked to market at provisional amounts at period end.
(3) TC/RC (Treatment Charges/Refining Charges).

Cost of sales decreased by $0.6 million to $6.6 million in Q4 2014 compared to the same period of 2013. In Q4 2014, production was limited to 10,794 tonnes mined the reasons discussed above in "Mine Operation and Production." Development increased by 98% to 480 metres in Q4 2014 compared to 243 metres in Q4 2013. Increased development, most notably into Area 6A of 240 metres, encompassed construction of the access ramp, requiring reallocating productive resources to these activities. Water management required increased pumping to discharge water from the mine to reduce water levels below development and working faces, resulting in higher electricity cost for the quarter compared to Q4 2013. Maintenance cost increased in Q4 on major pumps and mobile equipment to increase availability and ensure longer use and reduce future repair costs. Although production for Q4 was significantly lower than Q3 2014 and Q4 2013, production costs remained relatively the same as Q4 2013 due to water management and pumping, grouting, maintenance, electricity and overhead. Overall cost of sales increased to $28.4 million in 2014 compared to $24.6 million in 2013 as per unit cost increases related to water management and due to inventory changes between the periods. On-going cost savings Initiatives are currently be implemented at the mine site that are expected to reduce per unit costs in the near future.

Cash general and administrative expenses in Q4 2014 were comparable to Q4 2013, reflecting continued cost discipline at the corporate head office in Toronto during both periods. During 2014, cash general administrative expenses decreased by $0.6 million compared to 2013.

Exploration cost during the period was $0.3 million in Q4 2014, similar to $0.2 million in Q3 2013, as the Company performed desktop studies on previously completed drilling and surveying results. Exploration in both

Mexico and Canada was limited in Q4 2014 to conserve funds. Overall, exploration in 2014 was limited to $2.1 million compared to $6.7 million in 2013 as the Company preserved cash due to the low silver prices.

Other expenses include unrealized and realized foreign exchange gains and losses of the Company. The Company recorded foreign exchange losses of $0.7 million in Q4 2014 compared to foreign exchange gains of $0.8 million in 2013. In addition, the Company recorded a realized loss of $0.3 million on marketable securities sold in Q4 2014.

In September 2014, the Company wrote down the value of its Beschefer and DeSantis exploration properties in Canada following a review of the Company's portfolio of mineral property assets. The impairment consideration was based on current valuations attributable to similar stage projects in similar jurisdictions, which valuations are related, in part, to current commodity prices, equity market conditions and the availability of exploration financing for such projects. The recoverable amounts of each property has been estimated to be less than its carrying value, resulting in an impairment of $15,463 being recognized 2014 (2013 – nil).

On December 11, 2013, the Mexican government enacted a tax reform on mining companies which included, among others, a 7.5% mining royalty payable on net profits derived from sales of minerals and 0.5% royalty on net sales from gold and silver, effective January 1, 2014. The introduction of the royalty results in temporary differences as property plant and equipment will have book basis but no tax basis for the purpose of the royalty. As a result of this royalty, the Company recognized a $0.7 million deferred tax expense in 2014 (2013 – $0.8 million).

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		Q4 2014		Q3 2014[1]		Q2 2014		Q1 2014
Revenue	$	4,234	$	7,205	$	8,792	$	10,536
Income (loss) before income taxes	$	(4,630)	$	(2,388)	$	(96)	$	2,295
Net income (loss)	$	(2,586)	$	(17,870)	$	(711)	$	1,875
Earnings (loss) per share – basic	$	(0.05)	$	(0.33)	$	(0.01)	$	0.03
– diluted	$	(0.05)	$	(0.32)	$	(0.01)	$	0.03
Cash flow from (used in) operations before changes in working capital	$	(1,528)	$	(1,077)	$	1,620	$	2,138

Quarter ended		Q4 2013		Q3 2013		Q2 2013		Q1 2013
Revenue	$	7,445	$	11,645	$	4,187	$	10,055
Income (loss) before income taxes	$	(950)	$	4,290	$	(6,520)	$	(437)
Net income (loss)	$	(2,407)	$	3,002	$	(5,035)	$	(601)
Earnings (loss) per share – basic	$	(0.04)	$	0.05	$	(0.09)	$	(0.01)
– diluted	$	(0.04)	$	0.05	$	(0.09)	$	(0.01)
Cash flow from (used in) operations before changes in working capital	$	790	$	4,766	$	(3,280)	$	(576)

(1) Net income includes recognition of impairment charges of $15.5 million on exploration properties in Canada.

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

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2014, the Company's cash and cash equivalents totaled $3.5 million (December 31, 2013 – $2.6 million) and working capital totaled $6.2 million (December 31, 2013 – $10.3 million). As at December 31, 2014, the Company's trade receivables were $1.8 million (December 31, 2013 – $1.8 million).

The Company had invested $5.0 million in 344,000 units of the Sprott Physical Silver Trust representing an underlying investment of 134,732 ounces of silver. In December 2014, the Company sold these marketable securities for proceeds of $2.3 million which is included in the Company's cash and cash equivalents as at December 31, 2014 (December 31, 2013 – $2.6 million).

Net cash used in operations was $1.5 million in Q4 2014. For 2014, the Company generated $3.5 million ($1.6 million in Q4 2013 and $6.4 million in 2013).

The Company invested $1.4 million in capital expenditures for mine development in Q4 2014 compared to $0.6 million in Q4 2013. Mine development continues to be a priority for 2015 as the Company prepares to access higher grade mantos at lower mining depths. A continuous review of capital expenditure program ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash during periods of low commodity price.

The primary source of funds available to the Company is cash flow generated by the Platosa Mine. The Company must secure sufficient funding to cover continued reductions on margins should silver price remain at current price levels in order to meet current liabilities and capital expenditure requirements at its operating mine in Mexico. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is pursuing financing alternatives to fund the Company's operations so it can continue as a going concern. Management plans to secure the necessary financing through a combination of equity and debt instrument arrangements. Nevertheless, there is no assurance that these Initiatives will be successful.

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 year, the Company incurred legal services of $62,000 (2013 – 171,000) with an outstanding payable balance of $27,000 as at December 31, 2014 (December 31, 2013 – $19,000).

COMMON SHARE DATA (as at March 24, 2015)

Common shares outstanding	54,958,121
Stock options granted	2,752,000
DSUs granted	319,449
RSUs granted	293,507
Total	58,323,077

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 filed 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.

Since filing of the suits, the Agrarian Court has held a series of hearings 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 of 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's decision 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. Excellon also intends to continue its suit against the Ejido for damages relating to the illegal blockade of the mine in 2012.

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 Source of the La Platosa mantos.

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

In 2013, the Mexican tax authority (Servicio de Administración Tributaria – "SAT") in the state of Zacatecas completed an income tax audit of the 2008 and 2009 years in respect of one of the Company's Mexican subsidiaries. As a result of this audit, on February 24, 2014 and March 13, 2014 the Company received notice of reassessments from SAT for 2009 and 2008 respectively, denying deductions in the amount of 115.2 million pesos (USD$8.8 million) and 72.9 million pesos (USD$5.6 million) respectively that relate primarily to foreign exchange losses. The combined impact of the 2009 and 2008 reassessments is a reduction in the available non-capital loss balance totaling 188.1 million pesos (USD$14.4 million), which, consequently, would result in a reduction in the deferred tax asset balance of USD$4.3 million and a corresponding increase in deferred income tax expense. Management was of the view that there was a strong case to support the Company's position, particularly because the SAT has only made adjustments to foreign exchange losses but has not made offsetting adjustments to foreign exchange gains recognized in the same period. Accordingly, the Company appealed the 2008 & 2009 reassessments through the SAT's appeals procedures. Since management believed that it was more likely than not that the Company's position will be sustained, no amounts related to this issue had been recorded in the financial statements as of December 31, 2013.

In December 2014, the Company was notified by SAT that a favourable resolution was issued, confirming the Company's tax treatment of the foreign exchange losses in its 2009 annual tax return. This resolution should also be able to support the tax treatment that was previously denied in the 2008 tax return, for which the appeal remains outstanding that year end. Accordingly, management believes, based on the tax advice from its tax advisors that it is more likely than not that that the Company's position will be sustained, no amounts related to this issue has been recorded in the financial statements as of December 31, 2014.

ADOPTION OF NEW ACCOUNTING STANDARDS

IAS 32, Financial Instruments (amendment) relating to presentation application guidance on the offsetting of financial assets and financial liabilities. Amendment to IAS 32 had no effect on previously reported results or on the results for the current period.

IAS 36, Impairment of assets ("IAS 36") has been amended to require entities to disclose the recoverable amount of an asset or cash generating unit when an impairment loss has been recognized or reversed, and to provide detailed disclosure on how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. These changes did not result in any changes in the accounting for impairment of assets.

FRIC 21, Levies ("IFRIC 21") In May 2013, IASB issued IFRIC 21 Levies, which sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to the recognition of a liability to pay a levy. The adoption of this standard does not have impact on the Company's consolidated financial statements.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39, "Financial instruments: recognition and measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, Revenue from contracts with Customers ("IFRS 15") was issued by the IASB in May 2014. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2017. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

The Company plans to adopt these IFRS accounting standards when these standards become effective, if applicable.

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. The Company's internal control framework was designed based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO", 1992).

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 last quarter of 2014.

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.

Management's Discussion & Analysis of Financial Results
For year ended December 31, 2014
March 24, 2015

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 March 25, 2014, 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.