



Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

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 periods ended September 30, 2014 in accordance with the requirements of National Instrument 51-102 ("NI 51-102").

This MD&A contains information as at October 30, 2014 and provides information on the operations of the Company for the three and nine month periods ended September 30, 2014 and 2013 and subsequent to the period end, and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three month period ended September 30, 2014 and 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, 2013 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.



Management's Discussion & Analysis of Financial Results

For the three and nine month periods ended September 30, 2014 October 30, 2014

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").

THIRD QUARTER HIGHLIGHTS

(in 000's except ounces, amounts per share and per ounce)	Q3 2014	Q3 2013	9-Mos 2014	9-Mos 2013
Revenues ⁽¹⁾	\$ 7,205	\$ 11,645	\$ 26,533	\$ 25,887
Earnings/(loss) from mining operations	\$ (142)	\$ 6,256	\$ 4,727	\$ 8,532
Net income (loss)	\$ (17,870)	\$ 3,002	\$ (16,706)	\$ (2,634)
Adjusted net income (loss) ⁽²⁾	\$ (2,407)	\$ 3,002	\$ (1,243)	\$ (2,634)
Earnings (loss) per share - basic	\$ (0.33)	\$ 0.05	\$ (0.30)	\$ (0.05)
Adjusted earnings (loss) per share - basic	\$ (0.04)	\$ 0.05	\$ (0.02)	\$ (0.05)
Silver ounces produced	216,379	454,573	956,586	998,575
Silver ounces payable	213,972	415,962	891,315	919,080
Silver equivalent ounces produced ⁽³⁾	455,150	607,252	1,681,745	1,504,639
Silver equivalent ounces payable ⁽³⁾	449,060	567,588	1,559,532	1,367,655
Total cash cost per silver ounce payable	\$ 15.52	\$ 6.17	\$ 11.66	\$ 8.92
All-in sustaining cost per silver ounce payable	\$ 25.77	\$ 11.50	\$ 18.33	\$ 20.03
Average realized silver price per ounce sold ⁽⁴⁾	\$ 19.00	\$ 22.54	\$ 19.66	\$ 21.84

(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.

(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.



Management's Discussion & Analysis of Financial Results

For the three and nine month periods ended September 30, 2014 October 30, 2014

MINE OPERATION AND PRODUCTION

Tonnages mined and milled of 15,022 tonnes and 14,078 tonnes in Q3 2014 reflect a 18% and 16% decrease respectively compared to Q3 2013. Output during July and August was steady at 12,209 tonnes, averaging approximately 200 tons per day. During September, a transformer failure in the Guadalupe South area caused production to fall significantly lower than budgeted. Although the transformer was quickly replaced, water management in the 6A and Guadalupe South mantos impacted the Company's ability to achieve its quarterly targets. Silver grade of 550 g/t in Q3 was significantly lower than the 975 g/t mined in Q3 2013 as the Company is currently mining lower grade mantos. Lead and zinc grades of 7.03% and 10.45% improved by 6% and 39%, respectively, compared to Q3 2013. Overall, silver and lead recoveries of 91.6% and 80.1% were comparable to Q3 2013 while zinc recoveries improved by 6% to 83.8% compared to Q3 2013. As a result of lower tonnage mined and milled, silver production of 216,379 ounces was a 52% decrease compared to Q3 2013. Lead production of 1.7 million pounds was a 10% decrease from Q3 2013, while zinc production of 2.7 million pounds was a 25% increase over Q3 2013 due to improved grades. Overall, production decreased in Q3 to 455,150 silver equivalent ounces, a 25% decrease from Q3 2013.

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

	Q3 2014 ⁽¹⁾	Q3 2013 ⁽¹⁾	9-Mos 2014 ⁽¹⁾	9-Mos 2013 ⁽¹⁾
Tonnes of ore produced	15,022	18,270	53,376	50,010
Tonnes of ore processed	14,078	16,707	52,535	48,676
Ore grades:				
Silver (g/t)	550	975	591	733
Lead (%)	7.03	6.61	6.70	6.52
Zinc (%)	10.46	7.51	9.03	9.27
Recoveries:				
Silver (%)	91.6	92.4	92.2	93.7
Lead (%)	80.1	79.7	83.3	82.9
Zinc (%)	83.8	79.4	82.3	82.1
Production:				
Silver – (oz)	216,379	454,573	956,586	998,575
Silver equivalent (oz) ⁽²⁾	455,150	607,252	1,681,745	1,504,639
Lead – (lb)	1,727,143	1,921,547	6,378,867	5,621,805
Zinc – (lb)	2,686,918	2,149,884	8,418,840	8,019,890
Payable:				
Silver – (oz)	213,972	415,962	891,315	919,080
Silver equivalent (oz) ⁽²⁾	449,060	567,588	1,559,532	1,367,655
Lead – (lb)	1,797,505	1,969,259	6,247,093	5,415,515
Zinc – (lb)	2,555,009	2,074,088	7,380,359	6,740,872
Realized prices: ⁽³⁾				
Silver – (\$US/oz)	19.00	22.54	19.66	21.84
Lead – (\$US/lb)	0.98	0.96	0.97	0.94
Zinc – (\$US/lb)	1.06	0.84	0.99	0.85

(1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser.

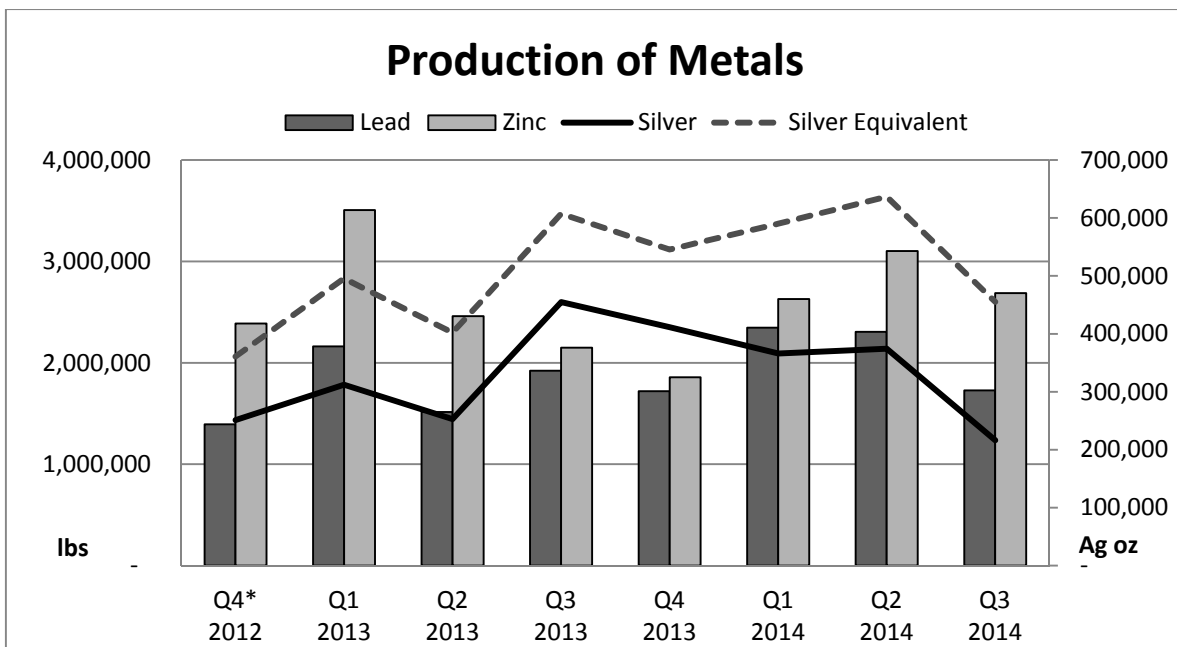
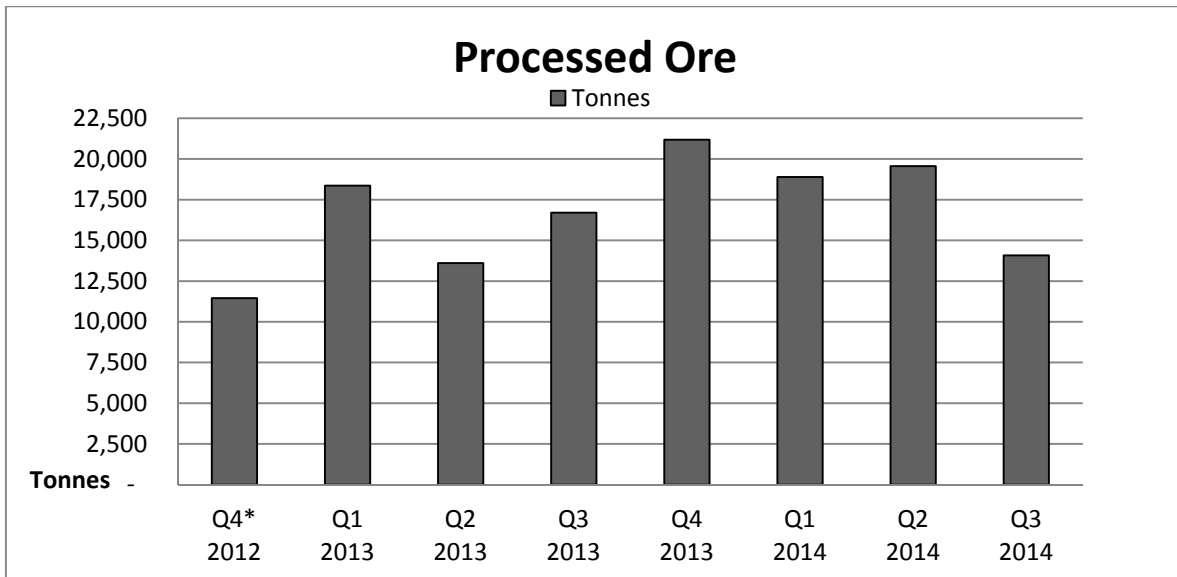
Data has been adjusted to reflect final assay and price adjustments for prior period deliveries settled during the period.

(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.

Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

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



* Mine production was suspended during Q3 2012 and one month of Q4 2012 due to an illegal blockade of the mine site.



Management's Discussion & Analysis of Financial Results

For the three and nine month periods ended September 30, 2014 October 30, 2014

TOTAL CASH COST PER SILVER OUNCE PAYABLE

Total cash cost net of by-product credits increased by 29% to \$3.3 million in Q3 2014 compared to \$2.6 million in Q3 2013. During Q3 2014, the Company delivered 213,972 silver ounces payable compared to 415,962 silver ounces payable in Q3 2013, primarily due to a transformer failure during September in the Guadalupe South, which resulted in increased water management in the 6A and Guadalupe South mantos, which caused production to fall significantly lower than budgeted. As a result, the Company had a higher total cash cost per silver ounce payable of \$15.52/oz in Q3 compared to \$6.17/oz in Q3 2013. Year-to date, the Company's total cash cost increased from \$10.44/oz at Q2 2014 to \$11.66/oz at Q3 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:

	Q3 2014	Q3 2013 ⁽⁴⁾	Q3 YTD 2014	Q3 YTD 2013 ⁽⁴⁾
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Cost of sales	7,347	5,389	21,806	17,355
Adjustments - increase/(decrease):				
Depletion and amortization	(942)	(931)	(2,982)	(2,650)
Third party smelting and refining charges ⁽¹⁾	1,573	1,536	5,121	4,476
Royalties ⁽²⁾	(22)	(22)	(69)	(76)
By-product credits ⁽³⁾	(4,635)	(3,404)	(13,484)	(10,903)
Total cash cost net of by-product credits	3,321	2,568	10,392	8,202
Silver ounces payable	213,972	415,962	891,315	919,080
Total cash cost per silver ounce payable (\$/oz)	15.52	6.17	11.66	8.92

(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



Management's Discussion & Analysis of Financial Results **For the three and nine month periods ended September 30, 2014** **October 30, 2014**

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 \$25.77 during Q3 2014 compared to \$11.50 in Q3 2013, primarily as a result of lower silver ounce production. As a result, the Company's year-to-date ASIC increased from \$15.92 at Q2 to \$18.33 at Q3. Total sustaining costs of \$2.2 million in Q3 2014 was comparable to Q3 2014 as low silver prices required cost reductions in general administration and deferring 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.

Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

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

	Q3 2014		Q3 2013		9-Mos 2014		9-Mos 2013	
	\$ 000's	\$/oz	\$ 000's	\$/oz	\$ 000's	\$/oz	\$ 000's	\$/oz
Total cash costs net of by-product revenue	3,321	15.52	2,568	6.17	10,392	11.66	8,202	8.92
General and administrative costs (cash)	827	3.86	771	1.85	2,539	2.85	3,106	3.38
Share based payments (non-cash)	126	0.59	210	0.50	595	0.67	1,086	1.18
Accretion and amortization of reclamation costs (non-cash)	45	0.21	45	0.11	147	0.16	128	0.14
Sustaining exploration (mantos resource exploration/drilling)	147	0.69	427	1.03	704	0.79	2,353	2.56
Sustaining capital expenditures ⁽¹⁾	1,048	4.90	764	1.84	1,960	2.20	3,534	3.85
Sustaining costs	2,193	10.25	2,217	5.33	5,945	6.67	10,207	11.11
All-in sustaining costs ⁽²⁾	5,514	25.77	4,785	11.50	16,337	18.33	18,409	20.03
Silver ounces payable		213,972		415,962		891,315		919,080
Realized silver price per ounce sold ⁽³⁾		19.00		22.54		19.66		21.84

(1) Capital expenditure includes sustaining capital expenditures and capitalized development costs.

(2) Excluding non-cash items, AISC per payable silver ounce was \$24.97 (Q3 2014), \$17.50 (9-Mos 2014), \$10.89 (Q2 2013) and \$18.71 (9-Mos 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;

Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

- **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 late-March 2014 the Company released an updated Mineral Resource estimate for the Platosa project. A summary of the 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.Geol., 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.

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 various geotechnical surveys. This follows on the success in adding mineralization to the 6A Manto in 2010

Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

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 recently updated 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 when drilling was temporarily suspended, resulted in 13 holes intersecting significant Source-style skarn sulphide mineralization hosted by marble beneath the contact with a relatively impermeable hornfels unit. 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. As reported in a press release dated October 14, 2014 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. The Company is continuing its analysis of the results and is considering future use of 3D seismic surveying as a structural mapping tool in conjunction with other geophysical data as it continues the exploration program on largely underexplored portions of the property.

The 2014 drilling campaign began late in Q2. The initial hole was drilled to support the above-mentioned seismic test survey and 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.

Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

Further drilling focussed 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 to date 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. Additional drilling is planned for the area.

Early in Q4 exploration drilling was temporarily 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 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.



Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

Miguel Auza Property

The Miguel Auza property encompasses 41,568 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 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

Spot silver price averaged \$19.74/oz during Q3 and has remained relatively stable through 2014 compared to the first nine months of 2013, during which silver prices decreased from \$32 to \$19. Lead averaged \$0.99 during the quarter, a 4% increase compared to the same period in 2013. Zinc prices averaged \$1.05, or 24% higher than Q3 2013. While silver prices continue to impact the Company's revenues and operating profits for 2014, lead and zinc account in the aggregate for 42% of the Company's cash inflows from metals sold at current prices.

Average Commodity Prices	Q3 2014	Q3 2013	Change	9-Mos 2014	9-Mos 2013	Change
Silver (\$/oz) ⁽¹⁾	19.74	21.37	-8%	19.95	24.85	-20%
Lead (\$/lb) ⁽²⁾	0.99	0.95	4%	0.96	0.98	-1%
Zinc (\$/lb) ⁽²⁾	1.05	0.84	24%	0.97	0.87	12%



Management's Discussion & Analysis of Financial Results
For the three and nine month periods ended September 30, 2014
October 30, 2014

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			
	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			
	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			
	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 three and nine month periods ended September 30, 2014 and September 30, 2013 are as follows (in thousands of US dollars):

	Q3 2014	Q3 2013	9-Mos 2014	9-Mos 2013
	\$	\$	\$	\$
Revenues	7,205	11,645	26,533	25,887
Production costs	(6,405)	(4,458)	(18,824)	(14,705)
Depletion and amortization	(942)	(931)	(2,982)	(2,650)
Cost of sales	(7,347)	(5,389)	(21,806)	(17,355)
Gross profit (loss)	(142)	6,256	4,727	8,532
Expenses:				
General and administration	(1,013)	(1,053)	(3,340)	(4,383)
Exploration	(1,282)	(299)	(1,800)	(6,506)
Other – including finance cost	49	(614)	224	(310)
Impairment of mineral rights	(15,463)	-	(15,463)	-
Income tax expense	(19)	(1,288)	(1,054)	33
Net income (loss) for the period	(17,870)	3,002	(16,706)	(2,634)
Adjusted net income (loss) for the period	(2,407)	3,002	(1,243)	(2,643)

The Company recorded a net loss of \$17.9 million for Q3 2014 compared to net income of \$3.0 million in Q3 2013. The Company's adjusted net loss of \$2.4 million reflects the current period's results before recording an impairment of \$15.5 million on the Company's exploration properties in Canada. During Q3, the Company generated lower net revenues of \$7.2 million compared to \$11.6 million of Q3 2013. Significantly lower revenues in Q3 2014 were the result of (i) lower produced tonnage due to a transformer failure in mid-September and consequent water management in the 6A and Guadalupe South mantos, (ii) lower silver grades of 550 g/t in Q3 2014 vs. 975g/t in Q3 2013 and (iii) lower silver prices of \$19.74 in Q3 2014 vs. \$21.37 in Q3 2013. The Company produced 449,060 AgEq ounce payables compared to 567,588 AgEq ounces payable in Q3 2013.

Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

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 quarter. In 2013, these mark to market adjustments negatively impacted revenues by \$1.3 million in the nine month period.

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):

	Q3 2014			
	Silver \$	Lead \$	Zinc \$	Total \$
Current period sales ⁽¹⁾	4,262	1,781	2,716	8,759
Prior period provisional adjustments ⁽²⁾	(119)	70	68	19
Sales before TC/RC ⁽³⁾	4,143	1,851	2,784	8,778
Less: TC/RC ⁽³⁾				(1,573)
Total Sales				7,205

	9-Mos 2014			
	Silver \$	Lead \$	Zinc \$	Total \$
Current period sales ⁽¹⁾	17,299	6,074	7,388	30,761
Prior period provisional adjustments ⁽²⁾	872	27	(6)	893
Sales before TC/RC ⁽³⁾	18,171	6,101	7,382	31,654
Less: TC/RC ⁽³⁾				(5,121)
Total Sales				26,533

(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).

Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

	Q3 2013			
	Silver	Lead	Zinc	Total
	\$	\$	\$	\$
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

	9-Mos 2013			
	Silver	Lead	Zinc	Total
	\$	\$	\$	\$
Current period sales ⁽¹⁾	20,660	5,199	5,877	31,736
Prior period provisional adjustments ⁽²⁾	(1,200)	(121)	(52)	(1,373)
Sales before TC/RC ⁽³⁾	19,460	5,078	5,825	30,363
Less: TC/RC ⁽³⁾				(4,476)
Total Sales				25,887

(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 increased from \$5.4 million in Q3 2013 to \$7.3 million in Q3 2014 due to increased per unit cost related primarily to increased water management, including electricity, pumping, grouting and equipment maintenance.

Cash general and administrative expenses in Q3 2014 were comparable to Q3 2013, reflecting continued cost reductions at the corporate head office in Toronto during both periods. On a year-to-date basis, cash general administrative expenses decreased by \$0.6 million compared to the same period of 2013.

Exploration cost during the period was \$1.3 million in Q3 2014 compared to \$0.3 million in Q3 2013, as the Company carried out a 2D seismic reflection survey at its Platosa Property in Mexico during the quarter and drilled nine diamond drill holes totalling 4,328 metres. Exploration in both Mexico and Canada was limited in Q3 2013 to conserve funds.

Other expenses include unrealized foreign exchange gains and losses of the Company. At the end of the quarter, the strengthening of the USD relative to the Mexican peso and Canadian dollar resulted in unrealized foreign exchange gain on an intercompany loan that is foreign to the functional currency of the reporting entity. The net impact was an unrealized gain of \$0.3 million for Q3 2014 compared to nil in Q3 2013. In addition, the Company also recorded an unrealized loss on marketable securities of \$0.4 million in Q3 2014 compared to \$0.4 million gain in Q3 2013.

At September 30, 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



Management's Discussion & Analysis of Financial Results

For the three and nine month periods ended September 30, 2014 October 30, 2014

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 in Q3 2014 (Q3 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 \$0.2 million deferred tax expense in Q3 2014 (Q3 2013 – nil).

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 2014 ⁽¹⁾⁽²⁾	Q2 2014 ⁽³⁾	Q1 2014	Q4 2013 ⁽⁴⁾
Revenue	\$ 7,205	\$ 8,792	\$ 10,536	\$ 7,445
Income (loss) before income taxes	\$ (2,388)	\$ (96)	\$ 2,295	\$ (950)
Net income (loss)	\$ (17,870)	\$ (711)	\$ 1,875	\$ (2,407)
Earnings (loss) per share – basic	\$ (0.33)	\$ (0.01)	\$ 0.03	\$ (0.04)
– diluted	\$ (0.32)	\$ (0.01)	\$ 0.03	\$ (0.04)
Cash flow from (used in) operations before changes in working capital	\$ (1,077)	\$ 1,620	\$ 2,138	\$ 790

Quarter ended	Q3 2013	Q2 2013 ⁽⁵⁾	Q1 2013	Q4 2012 ⁽⁶⁾
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
Cash flow from (used in) operations before changes in working capital	\$ 4,766	\$ (3,280)	\$ (576)	\$ 124

(1) Revenues impacted by lower tonnage mined, lower silver grades and low silver price sustained during the quarter.

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

(3) Revenues impacted by low silver price sustained during the quarter.

(4) Profits impacted by low silver price and non-cash tax adjustments at year end.

(5) Revenues impacted by lower tonnage mined and \$3.0 million charge against revenues for provisional price adjustments due to significant silver price decline during the quarter.

(6) Mine production was suspended during Q3 2012 and one month of Q4 2012 due to an illegal blockade.

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.



Management's Discussion & Analysis of Financial Results **For the three and nine month periods ended September 30, 2014** **October 30, 2014**

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, the Company's cash and cash equivalents totaled \$5.0 million (December 31, 2013 - \$2.6 million) and working capital totaled \$10.3 million (December 31, 2013 - \$10.3 million). As at September 30, 2014, the Company's trade receivables were \$0.8 million (December 31, 2013 - \$1.8 million).

The Company has invested \$5.0 million in 344,000 units of the Sprott Physical Silver Trust representing an underlying investment of 134,732 ounces of silver. As at September 30, 2014, the value of these marketable securities was \$2.6 million (December 31, 2013 - \$2.6 million).

Net cash provided by operations was \$0.8 million in Q3 2014 and \$5.0 million on a year-to date basis (\$2.4 million in Q3 2013 and \$4.8 million year-to-date 2013).

In 2014, the Company entered into new sale agreements with Trafigura with the most notable amendments being settlement terms of one or two months after delivery (M+1 or M+2) compared to the previous terms of one or four months after delivery (M+1 or M+4). The new agreements have already reduced the Company's exposure to silver price volatility and provide greater certainty in respect of cash flows.

The Company also secured a \$5.0 million line of credit facility (the "Facility") with Trafigura to provide additional working capital flexibility over the next two years. Pursuant to the Facility, Excellon may draw down up to \$5.0 million in the minimum amount of \$500,000 until no later than December 31, 2014. Any amounts drawn down under the facility bear interest at a rate of one month US LIBOR plus 5% and shall be repaid in twelve equal monthly installments from deliveries made during 2015. The Facility has other terms and conditions customary to a facility of this type. As of September 30, 2014, Excellon had not drawn down any amounts under the Facility nor had it provided any notice to Trafigura of its intention to do so.

The Company invested \$1.0 million in capital expenditures for mine development in Q3 2014 compared to \$0.8 million in Q3 2013. Mine development continues to be a priority for the remainder of 2014 and early 2015 as the Company prepares to access higher grade mantos. A continuous review of its 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 prices.

The primary 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 2014, the Company incurred legal services of \$38,000 (nine months ended September 30, 2013 - \$130,000) with an outstanding payable balance of \$7,000 at September 30, 2014 (September 30, 2013 - \$28,000).



Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

COMMON SHARE DATA (as at October 30, 2014)

Common shares outstanding	54,912,497
Stock options granted	3,172,000
DSUs granted	276,349
RSUs granted	293,507
Total	<u>58,654,353</u>

RISK AND UNCERTAINTIES

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk since the Company derives its revenues from the sale of silver, lead and zinc; foreign exchange risk since the Company reports in United States dollars but operates in jurisdictions that use other currencies; the inherent risk of uncertainties in estimating Mineral Resources; political risk associated with operating in foreign jurisdictions, environmental risks and risks associated with labour relations issues. 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.

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



Management's Discussion & Analysis of Financial Results **For the three and nine month periods ended September 30, 2014** **October 30, 2014**

underground exploration for further high-grade manto mineralization and the CRD/Source of the La Platos 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. In addition, the Company would be subject to penalties and interest, an amount that has not been included in this estimate.

The Company is of the view, with support from its tax advisors, that there is a strong case to support the Company's position regarding the permissibility of these deductions, particularly because the SAT has made adjustments to foreign exchange losses but has not made offsetting adjustments to foreign exchange gains. The Company has appealed the 2008 and 2009 reassessment through the SAT's appeals procedures, a process that could take up to 24 months before a final decision is made.

The Company believes, based on the tax advice from its tax advisors, that it is more likely than not that its position will be sustained and accordingly, no amounts related to this issue have been recorded in the condensed Interim consolidated financial statements as at September 30, 2014.

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



Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

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, 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.

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



Management's Discussion & Analysis of Financial Results For the three and nine month periods ended September 30, 2014 October 30, 2014

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.