EXCELLON

Management's Discussion & Analysis of Financial Results
For the three and six month periods ended June 30, 2015
August 12, 2015

Excellon Resources Inc. (the "Company" or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ("MD&A") for the three and six month periods ended June 30, 2015 in accordance with the requirements of National Instrument 51-102 ("NI 51-102").

This MD&A contains information as at August 12, 2015 and provides information on the operations of for the three and six month periods ended June 30, 2015 and 2014 and subsequent to the period end, and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2015 and the audited consolidated financial statements and the related notes for the year ended December 31, 2014 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 Production Cost per Tonne, Cash Cost per Silver Ounce Payable and All-in Sustaining Cost per Silver Ounce Payable ("AISC"), all of which are Non-IFRS Measures. Please refer to the sections of this MD&A entitled "Production Cost per Tonne", "Total 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 20,947-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").

SECOND QUARTER HIGHLIGHTS

(in 000's except ounces, amounts per share and per ounce)	Q2 2015	Q2 2014	6-Mos 2015	6-Mos 2014
Revenues [1]	$ 4,036	$ 8,792	$ 9,091	$ 19,328
Earnings/(loss) from mining operations	$ (792)	$ 2,130	$ (1,144)	$ 4,869
Net loss	$ (1,821)	$ (711)	$ (2,058)	$ 1,164
Earning/Loss per share - basic	$ (0.03)	$ (0.01)	$ (0.04)	$ 0.02
Silver ounces produced	182,709	374,266	399,788	740,207
Silver ounces payable	163,778	327,631	368,002	677,343
Silver equivalent ounces produced [2]	341,975	636,713	750,070	1,226,594
Silver equivalent ounces payable [2]	304,984	545,343	684,263	1,110,472
Production cost per tonne [3]	$ 274	$ 287	$ 301	$ 323
Total cash cost per silver ounce payable	$ 16.96	$ 9.03	$ 15.45	$ 10.44
All-in sustaining cost per silver ounce payable	$ 24.53	$ 14.59	$ 22.40	$ 15.98
Average realized silver price per ounce sold [4]	$ 16.29	$ 19.81	$ 16.25	$ 19.92

(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) Silver equivalent ounces established using average metal prices during the period indicated applied to the recovered metal content of the concentrates.
(3) Production cost per tonne includes mining and milling costs excluding depletion and amortization.
(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

Ore production during the second quarter was primarily from the 6A, Guadalupe South and periphery of the 623 mantos, with development focused on the 6A, 623 and access to the Rodilla mantos. Tonnages mined and milled of 13,709 tonnes and 14,629 tonnes in Q2 2015 reflect a 28% and 25% decrease, respectively, compared to Q2 2014. During the period, water management at Platosa was effective at controlling inflows, though continues to limit productivity and development in the operation. The Company has developed an optimization program to comprehensively manage water at Platosa in the future through an enhanced pumping system, as further discussed under "Platosa Optimization Project", below, the implementation of which is in its early stages.

Grades during the quarter, though lower than in previous periods, were in line with estimates for the Platosa mineral resources mined during the period and the Company's current mine plans. Silver grades of 475 g/t in Q2 2015 were lower than the 594 g/t mined in Q2 2014. Lead grades of 4.40% decreased by 32% compared to Q2 2014, and zinc grades of 6.87% decreased by 23% over the same period.

Silver recoveries decreased to 84.7% in Q2 2015 compared to 93.0% recoveries in Q2 2014. Lead recoveries of 73.6% in Q2 2015 represent a 13% decline from Q2 2014 while zinc recoveries of 80.1% in Q2 2015 were comparable to the same period of last year. Recoveries were impacted by the relatively lower grades of ore processed, but are expected to return to normal levels as higher grade ore is accessed.

Lower tonnage and grades mined and milled in Q2 2015 resulted in decreased metal production. Silver production of 182,709 ounces in Q2 2015 represents a 51% decrease compared to Q2 2014. Lead and zinc production were similarly lower by 56% and 44%, respectively, relative to Q2 2014. Overall the Company produced 341,975 silver equivalent ounces in Q2 2015 compared to 636,713 silver equivalent ounces in Q2 2014.

On July 16, 2015, Excellon filed a National Instrument 43-101 technical report (the "Technical Report"), which summarizes an independent preliminary economic assessment ("PEA") in respect of an optimization project (the "Optimization Project") on the Platosa Mine in Durango, Mexico. The report also includes an updated Mineral Resource estimate for the mine as discussed under "Exploration," below. The Platosa Technical Report and PEA were prepared by Roscoe Postle Associates Inc., independent geological and mining consultants of Toronto, Ontario. The Optimization Project outlines a comprehensive dewatering solution for the Platosa Mine, as further discussed under "Platosa Optimization Project" below.

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

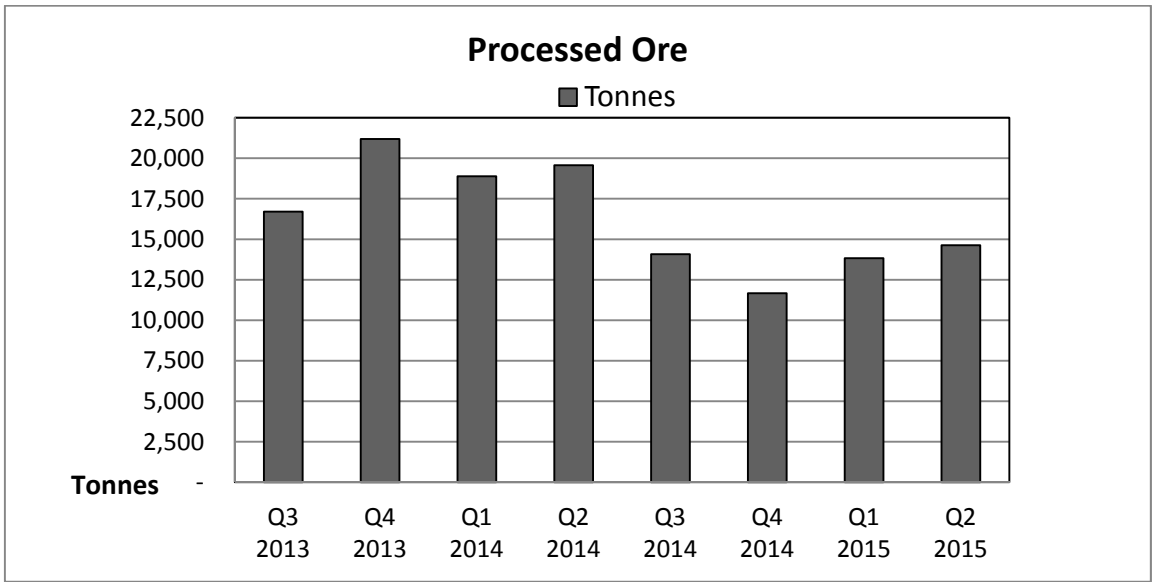
		Q2 2015[1]	Q2 2014[1]	6-Mos 2015[1]	6-Mos 2014[1]
Tonnes of ore produced		13,709	19,152	27,629	38,354
Tonnes of ore processed		14,629	19,567	28,457	38,457
Ore grades:					
	Silver (g/t)	475	594	499	607
	Lead (%)	4.40	6.49	4.87	6.58
	Zinc (%)	6.87	8.88	7.82	8.51
Recoveries:					
	Silver (%)	84.7	93.0	88.6	92.4
	Lead (%)	73.6	84.8	75.9	84.5
	Zinc (%)	80.1	82.8	81.9	81.7
Production:					
	Silver – (oz)	182,709	374,266	399,788	740,207
	Silver equivalent (oz) [2]	341,975	636,713	750,070	1,226,594
	Lead – (lb)	1,024,813	2,304,958	2,277,608	4,651,724
	Zinc – (lb)	1,744,678	3,102,239	3,983,991	5,731,921
Payable:					
	Silver – (oz)	163,778	327,631	368,002	677,343
	Silver equivalent (oz) [2]	304,984	545,343	684,263	1,110,472
	Lead – (lb)	972,178	2,091,405	2,225,843	4,449,588
	Zinc – (lb)	1,492,749	2,396,469	3,453,239	4,825,350
Realized prices: [3]					
	Silver – ($US/oz)	16.29	19.81	16.25	19.92
	Lead – ($US/lb)	0.84	0.95	0.82	0.95
	Zinc – ($US/lb)	0.99	0.97	0.96	0.95

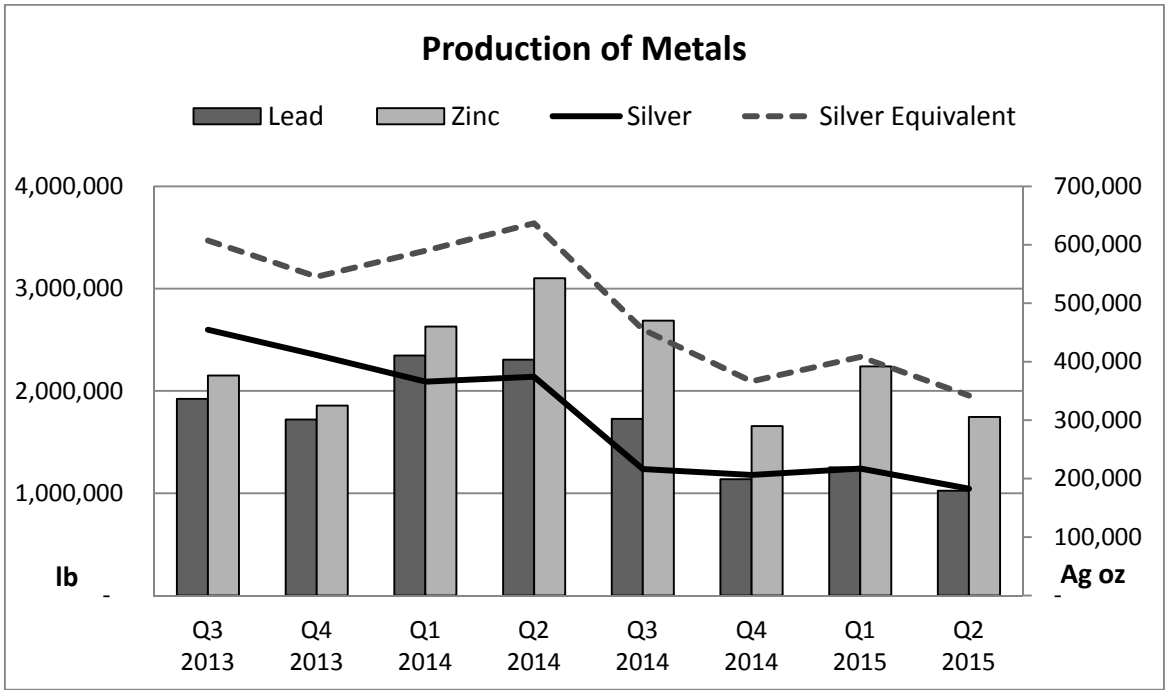
(1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser. Data has been adjusted to reflect final assay and price adjustments for prior period deliveries settled during the period.

(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:



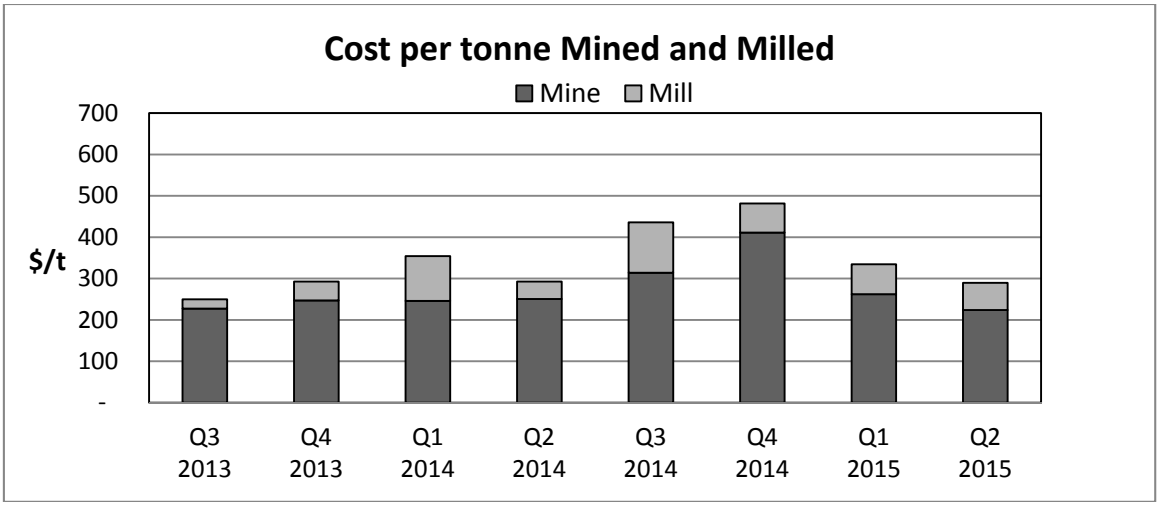


PRODUCTION COST PER TONNE

Management of the Company believes that the Company's ability to control production cost per tonne produced is one of its key performance indicators in managing and evaluating operating performance. The Company believes this measure provides investors and analysts with useful information about its underlying cost of operations and how management controls those costs. To facilitate a better understanding of this measure as calculated by the Company, a reconciliation between production cost per tonne milled and the Company's cost of sales as reported in the Company's financial statements is provided below.

	Q2 2015	Q2 2014	6-Mos 2015	6-Mos 2014
	$ 000's	$ 000's	$ 000's	$ 000's
Cost of Sales	4,828	6,662	10,235	14,459
Depletion and amortization	(815)	(1,047)	(1,662)	(2,040)
Production Costs	4,013	5,615	8,573	12,419
Tonnes milled	14,629	19,567	28,457	38,457
Production cost per tonne milled ($/tonne)	274	287	301	323

Production cost per tonne of $274/t in Q2 2015 decreased from $287/t in Q2 2014, despite significantly lower milled tonnage in Q2 2015, primarily due to improved maintenance practices and costs for pumps and mobile equipment. Production costs decreased to $4.0 million during the period from $5.6 million in Q2 2014 and $4.6 million in Q1 2015, primarily resulting from the lower tonnage mined and milled, but also reflecting a mining cost per tonne of $274 during the period, a 4% and 17% improvement over Q2 2014 and Q1 2015, respectively. Production cost per tonne has improved since Q4 2014 as both mining and milling operations have realized approximately 40% cost savings in its operating costs. Approximately 20% of these cost savings relate to beneficial movements in exchange rate for the Mexican peso, while the other 80% derive from management's efforts in evaluating and managing costs. Additional cost saving initiatives are currently being implemented for the remainder of the year.



TOTAL CASH COST PER SILVER OUNCE PAYABLE

Total cash cost net of by-product credits decreased by 6% to $2.8 million in Q2 2015 compared to $2.9 million in Q2 2014. During Q2 2015, the Company delivered 163,778 silver ounces payable compared to 327,631 silver ounces payable in Q2 2014, primarily due to lower tonnes and lower grades as development and water management efforts continued to be a focus in Q2 as discussed above in "Mine Operation and Production." The impact of lower tonnages, grades and lower by-product production resulted in a higher total cash cost per silver ounce payable of $16.96 for Q2 2015 compared to $9.03 for Q2 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:

	Q2 2015	Q2 2014	6-Mos 2015	6-Mos 2014
	$ 000's	$ 000's	$ 000's	$ 000's
Cost of sales	4,828	6,662	10,235	14,459
Adjustments - increase/(decrease):				
Depletion and amortization	(815)	(1,047)	(1,662)	(2,040)
Third party smelting and refining charges [1]	1,095	1,666	2,309	3,548
Royalties [2]	(27)	(23)	(44)	(47)
By-product credits [3]	(2,304)	(4,298)	(5,153)	(8,848)
Total cash cost net of by-product credits	**2,777**	**2,960**	**5,685**	**7,072**
Silver ounces payable	163,778	327,631	368,002	677,343
Total cash cost per silver ounce payable ($/oz)	**16.96**	**9.03**	**15.45**	**10.44**

(1) Treatment and refining charges recorded in net revenues.
(2) Advance royalty payments on the Miguel Auza property unrelated to production from Platosa.
(3) By-product credits comprise revenues from sales of lead and zinc.

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 environmental reclamation costs (non-cash), 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 (as described above), financing costs, tax expense, and any items that are deducted for the purposes of adjusted earnings.

The Company's AISC per silver ounce payable was $24.53 during Q2 2015 compared to $14.59 in Q2 2014, almost entirely related to lower milled tonnage and grades. Quarter-over-quarter, AISC increased from $20.69 in Q1 2015 to $24.53 in Q2 2015 due to lower grade material mined and milled during the period. Total sustaining costs of $1.2 million in Q2 2015 is a 32% improvement from Q2 2014 as low silver prices continue to require 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.

	Q2 2015		Q2 2014		6-Mos 2015		6-Mos 2014	
	$ 000's	$/oz	$ 000's	$/oz	$ 000's	$/oz	$ 000's	$/oz
Total cash costs net of by-product revenue	**2,777**	**16.96**	**2,960**	**9.03**	**5,685**	**15.45**	**7,072**	**10.44**
General and administrative costs (cash)	548	3.35	864	2.64	1,162	3.16	1,712	2.53
Share based payments (non-cash)	264	1.61	202	0.62	392	1.07	469	0.69
Accretion and amortization of reclamation costs (non-cash)	36	0.22	52	0.16	74	0.20	102	0.15
Sustaining exploration (manto resource exploration/drilling)	126	0.76	322	0.98	272	0.73	557	0.82
Sustaining capital expenditures [1]	267	1.63	381	1.16	659	1.79	912	1.35
Sustaining costs	**1,241**	**7.57**	**1,821**	**5.56**	**2,559**	**6.95**	**3,752**	**5.54**
All-in sustaining costs [2]	**4,018**	**24.53**	**4,781**	**14.59**	**8,244**	**22.40**	**10,824**	**15.98**
Silver ounces payable		**163,778**		**327,631**		**368,002**		**677,343**
Realized silver price per ounce sold [3]		**16.29**		**19.81**		**16.25**		**19.92**

(1) Capital expenditure includes sustaining capital expenditures and capitalized development costs.
(2) Excluding non-cash items, AISC per payable silver ounce was $22.70 (Q2 2015), $21.13 (6-Mos 2015), $13.81 (Q2 2014) and $15.14 (6-Mos 2014).
(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.

PLATOSA OPTIMIZATION PROJECT

The Platosa deposit comprises several massive sulphide mantos hosted in permeable limestone, and has been mined by Excellon since 2005. In 2007, as mine workings extended below the local water table, the Company began an intensive program of reactive grouting and pumping to control and prevent water inflows. This program has been effective in managing inflows, but has been time, labour and cost intensive, which has historically limited production to less than 200 tonnes per day.

In late 2014, the Company engaged Hydro-Ressources Inc. and Technosub Inc. of Quebec, Canada to investigate alternative water management solutions through which mine operations could achieve consistent, increased production rates and lower costs. In April 2015, the Company released the results of a hydrogeological study prepared by Hydro-Ressources, which confirmed that dry mining conditions are achievable at Platosa and which proposes to replace the current grouting and pumping process with a more efficient and permanent dewatering system.

Description of the Optimization Project

The new dewatering system aims to maintain and increase a localized "cone of depression" of the water table below mine workings. Historical data and field observations have already identified that pumping began creating a localized drawdown as pumping operations exceeded ~9,000 gpm at Platosa in 2009. The drawdown trend subsequently increased with increased rates of pumping. Data indicates drawdown rates of ~0.35

metres/month at ~9,000 gpm, 0.75 metres/month at 10,000 gpm and 1.8 metres/month at 18,000 gpm, with incremental increases in the drawdown trend of one metre/month per ~6,000 gpm pumped in excess of 9,000 gpm.

The water table is relatively flat throughout the mine site area, indicating a highly permeable local rock formation, particularly near the ore body. Water levels in nearby monitoring wells are over 30 metres higher than at the mine, and over 50 metres higher in private wells located further away from Platosa. Therefore, drawdown trends indicate that lateral influx into the mine area is limited by lower permeability (i.e. fewer water-bearing faults) in the surrounding area and indicative of the restricted recharge rate of water into the mine area. Conservatively, the drawdown rate should increase to four metres per month when the Optimization Project is fully implemented, in due course allowing access to, and production from, dry mineralization more rapidly.

Current pumping operations are primarily conducted directly from the mining face, which results in grit and fines being pumped with the water, decreasing pump efficiency and increasing the cost of pumping as there is increased wear-and-tear on pumping and piping equipment requiring regular movement of pumps as mining faces advance. Following implementation of the Optimization Project, pumping will be conducted directly from high water flow zones removed from mining operations, thus allowing for the higher efficiency pumps to be pumping clean water directly from water bearing faults around the mine area.

The following summarizes key economic metrics disclosed in the Technical Report in respect of the Optimization Project:

Optimization Project Base case of $17/oz silver, $0.90/lb lead, $1.00/lb zinc		
IRR	• 118% after-tax IRR with a 1.9 year payback on invested capital	
NPV	• $39 million after-tax $NPV^{7.5\%}$	
M+I Resources	• 428,000 tonnes @ 760 g/t Ag, 8.28% Pb and 9.88% Zn, totaling 10.5 million oz Ag, 78 million lb Pb and 93 million lb Zn	
Mine Life	• 6 years (2015-2020)	
Invested Capital	• $9.9 million	
	LOM (2015-2020)	**Peak Production (2016-2019)**
Net After-Tax Cash Flow	• $54.4 million	• $58.4 million
Average Annual Metal Production Recovered	• 1.6 million ounces silver • 10.4 million pounds lead • 11.8 million pounds zinc	• 1.9 million ounces silver • 12.2 million pounds lead • 14.3 million pounds zinc
Production Costs	• $7.58 total cash cost per payable silver ounce • $12.37 AISC per payable silver ounce	• $6.02 total cash cost per payable silver ounce • $9.00 AISC per payable silver ounce

Preliminary Economic Assessment of the Optimization Project

After-Tax NPV					
	-20%	**-10%**	**Base Case**	**+10%**	**+20%**
Ag (oz)	$13.60	$15.30	**$17.00**	$18.70	$20.40
Pb (lb)	$0.72	$0.81	**$0.90**	$0.99	$1.08
Zn (lb)	$0.80	$0.90	**$1.00**	$1.10	$1.20
$NPV^{7.5\%}$ ('000s)	$(662)	$19,405	**$39,472**	$59,539	$79,607
IRR (%)	6%	56%	**118%**	221%	466%
Payback(1) (years)	3.0	2.3	**1.9**	1.5	1.25

(1) Payback on operating cash flow including capital expenditure assuming April 1, 2015 commencement of optimization project and investment.

The PEA calculates a Base Case after-tax NPV of $39 million, with an after-tax IRR of 118% using a discount rate of 7.5%. The capital cost of the Optimization Project is estimated to total $9.9 million. The payback period for the base case is estimated at 1.9 years following commencement of the Optimization Project and investment, which has been calculated from April 1, 2015 and assumes commencement of surface well drilling early in the third quarter of 2015. For further discussion regarding the period of capital investment and the period in which the Optimization Project will reach full impact, refer to "Timeframe for Implementation," below.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, there is no certainty that the results of this PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Thus, there is no certainty that the results of this PEA will be realized.

Baseline Production Metrics

		LOM		Peak Production	
		(2015-2020)	(annual avg.)	(2016-2019)	(annual avg.)
Tonnes Ore[(1)]	t ('000s)	505	84	**384**	**96**
Ore/day	tpd	256	256	**274**	**274**
Head Grades[(1)]					
Ag	g/t	638	638	**681**	**681**
Pb	%	6.8%	6.8%	**7.0%**	**7.0%**
Zn	%	8.1%	8.1%	**8.6%**	**8.6%**
Recoveries					
Ag	%	90%	90%	**91%**	**91%**
Pb	%	82%	82%	**82%**	**82%**
Zn	%	77%	77%	**79%**	**79%**
Metals Produced					
Ag	oz ('000s)	9,316	1,553	**7,608**	**1,902**
Pb	lb ('000s)	62,424	10,404	**48,644**	**12,161**
Zn	lb ('000s)	71,017	11,836	**57,144**	**14,286**
Pb Conc.	t	47,237	7,873	**36,802**	**9,200**
Zn Conc.	t	63,498	10,583	**51,093**	**12,773**

(1) Tonnes of mineable ore and estimated head grades are derived from the application of a 95% mineability factor and 20% dilution to Platosa's mineral resources.

As discussed further under "Timeframe for Implementation," below, the ramp-up of the project will require a period of capital investment (currently estimated at Q3/Q4 2015) followed by a further period (Q1/Q2 2016 or the two quarters subsequent to the period of capital investment) during which the Optimization Project's impact should result in increasingly dry mining conditions, with the full impact of the Optimization Project being realized from mid-2016 onwards. Considering the periods of implementation and effect and the currently defined mineral resources at Platosa, peak production is expected to occur during the years 2016 to 2019. Refer to "Payable Metal Cash Costs Summary," below, and "Description of the Optimization Project," above.

Payable Metal Cash Cost Summary

	LOM (2015-2020)			Peak Production (2016-2019)		
Ag oz payable ('000s)	8,492			6,932		
Tonnes produced	504,504			383,541		
	$ M	**$/t**	**$/oz**	**$ M**	**$/t**	**$/oz**
Mining	101.6	201.4	11.97	72.3	188.5	10.43
Processing	31.1	61.6	3.66	23.4	61.0	3.37
Operating Cash Cost before by-product credits & royalties	132.7	263.0	15.63	95.7	249.5	13.80
By-product credits [(1)]	(68.9)	(136.5)	(8.11)	(54.3)	(141.5)	(7.83)
Royalties[(2)]	0.5	1.1	0.06	0.3	0.9	0.05
Total cash cost	**64.3**	**127.6**	**7.58**	**41.7**	**108.9**	**6.02**
Corporate G&A	15.9	31.5	1.87	10.7	27.9	1.54
Accretion and amortization of reclamation costs	0.4	0.9	0.05	0.3	0.8	0.04
Sustaining Exploration	5.0	9.8	0.58	3.3	8.5	0.47
Sustaining Capital Expenditure [(3)]	19.8	39.2	2.33	6.4	16.8	0.93
Total sustaining costs	**41.1**	**81.4**	**4.83**	**20.7**	**54.0**	**2.99**
All-in sustaining costs	**105.4**	**209.0**	**12.37**	**62.4**	**162.9**	**9.00**

(1) Net of TC/RC charges.
(2) Advance royalties payable in respect of the Company's Miguel Auza property. Mexican mining tax royalties are included in operating cash costs.
(3) Sustaining capital expenditures include initial $9.9 million capital investment on optimization project.

During the peak production period of 2016 to 2019, average annual production is estimated to total approximately 96,000 tonnes containing 1.7 million payable silver ounces. Sustaining exploration and sustaining capital expenditures reflect expenditures required in respect of currently defined mineral resources, and expenditures in these areas may be increased to define and access mineralization that may be discovered in the future.

Sensitivity to Metal Prices and Discount Rate

After-Tax NPV$^{7.5\%}$ ('000s)					
Metal Prices			Discount rate		
Ag (oz)	Pb (lb)	Zn (lb)	5%	7.5%	10%
$13.60	$0.72	$0.80	360	(662)	(1,544)
$15.30	$0.81	$0.90	22,097	19,405	17,036
$17.00	**$0.90**	**$1.00**	**43,835**	**39,472**	**36,617**
$18.70	$0.99	$1.10	65,572	59,539	54,197
$20.40	$1.08	$1.20	87,310	79,607	72,778

A summary of capital expenditures required to implement the Optimization Project is as follow:

Description	Cost
Pumps	$3.7M
Drilling	$4.5M
Technical studies	$0.2M
Power infrastructure	$0.7M
Contingency	$0.8M
Total:	**$9.9M**

Timeframe for Implementation

The Optimization Project is planned to commence during Q3 2015, with a focus on the following:

- installing high efficiency pumps throughout the mine and in existing Robbins raises;
- conducting confirmatory test wells in preparation for drilling dewatering wells from surface;
- drilling four dewatering wells (approximately three weeks drilling per well) from surface targeting high-flow zones that have been identified by Hydro-Ressources through field testing; and
- drilling underground drain wells directly into water bearing faults and equipping these wells with high efficiency pumps to increase efficient pumping capacity from underground.

As mine workings are currently up to 20 metres below the local water table, a six-month period will be required following implementation to lower water levels below existing mine-workings and ongoing development. Therefore, the full impact of the optimization program is expected to be realized in mid-2016.

Current development remains focused on the 623 and Rodilla mantos, with current rates of development under wet mining conditions ranging from five to twelve metres per month, which should increase to up to 100 metres per month under dry mining conditions as the Optimization Project reaches full effect.

The Optimization Project will be implemented independently of ongoing day-to-day operations, which will continue as usual during the implementation period.

Continued Optimization of Platosa Operations

The goal of the Optimization Project is to increase production rates and lower costs. The PEA is based on historical rates of dry versus wet mine production and development, with the identified advantages of dry mining including:

- increased development rates;
- increased production volume;
- elimination of grouting activities;
- increased machine hour availability and reduced maintenance costs; and
- reduced pumping costs in the longer term.

Platosa has no significant capacity constraints on increasing production beyond current rates, with spare mill, ramp, personnel and equipment capacity of 50% or more.

The Optimization Project will also allow mining of any new mineral resources discovered and delineated relatively near the current deposit. Additionally, the project is modular, in that additional wells may be constructed in the future to influence the cone of depression towards mineralization delineated further from the current deposit.

EXPLORATION

Platosa Property

The initial mining concessions and private lands comprising the property were acquired by the Company in 1996. Late in Q2 2015 and following a thorough review of the property's exploration potential a decision was made to reduce its size in the face of constantly-increasing and onerous government holding costs. This Platosa property now covers 20,947 ha and more than adequately covers and protects the area Company geologists believe has the potential to host new CRD deposits. 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 and 2014 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 July 2015, the Company filed the Technical Report providing an updated mineral resource estimate as at December 31, 2014 for the Platosa project. There has been no drilling carried out in the resource area since preparation of the previous estimate as at December 31, 2013 therefore the new estimate is essentially a measure of mining depletion during calendar 2014. The decrease of 56,000 t in the Measured and Indicated Resources is mostly attributed to mining. Production for 2014 was 64,171 t thus indicating that some production came from outside the resource model, a not unusual situation in CRD deposits where given the often erratic shape of the bodies accurately determining the outside boundaries is difficult. A slight increase of 1,000 t classified as Inferred is attributed to the lower Net Smelter Return ("NSR") cut-off value. A summary of the current estimate is shown in the table below and the NI 43-101-compliant technical report supporting the PEA and current 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, 2014)

Category	Tonnes (t)	Ag (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	Contained Ag (oz)	Contained Pb (lb)	Contained Zn (lb)	Contained AgEq (oz)
Measured	28,000	781	7.85	11.52	1,305	711,000	4,896,000	7,188,000	1,187,000
Indicated	400,000	758	8.31	9.77	1,248	9,747,000	73,214,000	86,098,000	16,046,000
M + I	**428,000**	**760**	**8.28**	**9.88**	**1,252**	**10,457,000**	**78,110,000**	**93,286,000**	**17,233,000**
Inferred	4,000	2,027	14.65	2.20	2,492	260,000	1,288,000	193,000	320,000

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$146 per tonne.
3. NSR metal price assumptions: Ag US$17.00/oz, Pb US$0.90/lb, Zn US$1.00/lb.
4. Metal recovery assumptions for NSR cut-off value purposes: 89% Ag, 76% Pb, 81% Zn.
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. The 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, 2014.
8. Totals may not add or multiply accurately due to rounding.

In Q2 2015, exploration activity at Platosa was kept at a 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 and positive development at Platosa. In addition to being of potential economic importance Au 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 tested 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. In 2014 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. Although the survey did not 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 would likely aid exploration. 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.

Exploration drilling at Platosa remains 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 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. Holes have also been planned for previously inaccessible areas northeast of but close to NE-1. The planning exercise includes revisiting all the geophysical data gathered for the property, particularly since 2007, with a view to highlighting anomalies and anomalous areas that combined with the Company's drilling-based geological database may be more important than once thought. This review has already had an impact and to date geophysical information from the 2007 Aeroquest AEM survey, the 2008 gravity survey and 2010 Geotech ZTEM AEM survey has been integral to the generation of several new drill targets. 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 the Rincon skarn mineralization area 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 Company's 14,000 ha Miguel Auza 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 been 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 the Company's 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.

COMMODITY PRICES AND MARKET CONDITIONS

The silver price continued to average less than $17/oz during Q2 2015 compared to $20/oz in Q2 2014. Lead price increased by 19% in April to $0.96/lb before steadily declining back to $0.83/lb in June for an average price of $0.90/lb in Q2 2015. Zinc price also increased in the quarter to $1.04/lb before declining back to $0.94 in June for average price of $0.99/lb in the quarter. Lead prices declined by 6% and zinc prices improved by 6% when compared to Q2 2014. While low silver prices continue to impact the Company's revenues and operating profits, lead and zinc accounted in the aggregate for 45% (Q2 2014 – 41%) of the Company's cash inflows from metals sold during the period.

Average Commodity Prices	Q2 2015	Q2 2014	Change	6-Mos 2015	6-Mos 2014	Change
Silver ($/oz)[(1)]	16.41	19.62	-16%	16.56	20.06	-17%
Lead ($/lb)[(2)]	0.90	0.95	-6%	0.86	0.95	-10%
Zinc ($/lb)[(2)]	0.99	0.94	6%	0.97	0.93	4%

Historical Average Prices		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Silver ($/oz) [1]	**2015**	**17.10**	**16.84**	**16.22**	**16.32**	**16.80**	**16.10**	**15.07**					
	2014	19.91	20.83	20.74	19.71	19.36	19.78	20.92	19.80	18.49	17.19	15.97	16.24
	2013	31.11	30.33	28.80	25.20	23.01	21.11	19.71	21.84	22.56	21.92	20.76	19.61
Lead ($/lb)[2]	**2015**	**0.84**	**0.82**	**0.81**	**0.96**	**0.90**	**0.83**	0.80					
	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
Zinc ($/lb)[2]	**2015**	**0.96**	**0.96**	**0.92**	**1.00**	**1.04**	**0.94**	**0.91**					
	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

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

FINANCIAL RESULTS OF OPERATIONS

Financial statement highlights for the three and six month periods ended June 30, 2015 and 2014 as follows (in thousands of US dollars):

	Q2 2015 $	Q2 2014 $	6-Mos 2015 $	6-Mos 2014 $
Revenues	4,036	8,792	9,091	19,328
Production costs	(4,013)	(5,615)	(8,573)	(12,419)
Depletion and amortization	(815)	(1,047)	(1,662)	(2,040)
Cost of sales	(4,828)	(6,662)	(10,235)	(14,459)
Earnings/(loss) from mining operations	(792)	2,130	(1,144)	4,869
Expenses:				
General and administration	(862)	(1,142)	(1,654)	(2,327)
Exploration	(188)	(181)	(414)	(518)
Other – including finance cost	(740)	(903)	(216)	175
Income tax recovery (expense)	761	(615)	1,370	(1,035)
Net income (loss) for the period	(1,821)	(711)	(2,058)	1,164

The Company recorded a net loss of $1.8 million in Q2 2015 compared to net loss of $0.7 million in Q2 2014. During Q2 2015, the Company generated lower net revenues of $4.0 million compared to $8.8 million of Q2 2014 primarily due to lower produced tonnage, lower grades and lower silver prices. During the period, water management at Platosa was effective at controlling inflows, though continues to limit productivity and development in the operation.

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 terms of the current concentrate purchase agreements.

As the silver price continued to be relatively stable in Q2 2015, revenues were not significantly impacted by any marked-to-market adjustment on provisionally priced sales that had not been settled at the end of Q1 2015.

During the 6-Mos 2014, marked-to-market adjustments on provisionally priced sales at the end of 2013 positively impacted revenues by $0.9 million as provisional priced sales settled at higher prices in 2014.

Revenues recognized in the comparable periods are reconciled below (in thousands of US dollars):

	Q2 2015			
	Silver	Lead	Zinc	Total
	$	$	$	$
Current period sales [1]	2,685	788	1,415	4,888
Prior period provisional adjustments [2]	143	75	25	243
Sales before TC/RC [3]	2,828	863	1,440	5,131
Less: TC/RC [3]				(1,095)
Total Sales				**4,036**

	6-Mos 2015			
	Silver	Lead	Zinc	Total
	$	$	$	$
Current period sales [1]	6,086	1,876	3,302	11,264
Prior period provisional adjustments [2]	162	(20)	(6)	136
Sales before TC/RC [3]	6,248	1,856	3,296	11,400
Less: TC/RC [3]				(2,309)
Total Sales				**9,091**

	Q2 2014			
	Silver	Lead	Zinc	Total
	$	$	$	$
Current period sales [1]	6,228	2,008	2,352	10,588
Prior period provisional adjustments [2]	(68)	(37)	(25)	(130)
Sales before TC/RC [3]	6,160	1,971	2,327	10,458
Less: TC/RC [3]				(1,666)
Total Sales				**8,792**

	6-Mos 2014			
	Silver	Lead	Zinc	Total
	$	$	$	$
Current period sales [1]	13,156	4,222	4,605	21,983
Prior period provisional adjustments [2]	872	27	(6)	893
Sales before TC/RC [3]	14,028	4,249	4,599	22,876
Less: TC/RC [3]				(3,548)
Total Sales				**19,328**

(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 $1.8 million to $4.8 million in Q2 2015 compared to the same period of 2014. In Q2 2015, production was limited to 13,709 tonnes mined, as discussed above. Development slightly decreased by 9% to 266 metres in Q2 2015 compared to 293 metres in Q2 2014 as the Company continues with key access ramp development of 93 metres in Area 6A and 64 metres in Area 623. Maintenance cost continued to decrease in Q2 2015 as a result of improved maintenance programs for the pumps and mobile equipment that was implemented in Q1 2015. Overall unit costs continue to improve, despite lower production, and should be reflected in total cash costs when normal operational run rates are achieved. The Company's cost savings initiative programs continue to be implemented at the mine site and are expected to result in ongoing reductions in per unit costs.

Cash general and administrative expenses were reduced by 37% to $0.5 million in Q2 2015 relative to $0.9 million in Q2 2014, reflecting continued cost discipline at the corporate head office in Toronto during both periods. Quarter over quarter, cash G&A improved from $0.6 million in the prior quarter, with current G&A expenditures the lowest since prior to the commencement of Platosa operations in 2005.

Exploration cost during the period was $0.2 million in Q2 2015, comparable to Q2 2014, as the Company continues to perform desktop studies on previously completed drilling and surveying results. Exploration in both Mexico and Canada was limited during the quarter to conserve funds in the current silver price environment.

Other expenses include unrealized and realized foreign exchange gains and losses of the Company. The Company recorded a foreign exchange loss of $0.7 million in Q2 2015 compared to a foreign exchange loss of $0.9 million in Q2 2014.

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	Q2 2015	Q1 2015	Q4 2014	Q3 2014[1]
Revenue	$ 4,036	$ 5,055	$ 4,234	$ 7,205
Income (loss) before income taxes	$ (2.582)	$ (846)	$ (4,630)	$ (2,388)
Net income (loss)	$ (1,821)	$ (237)	$ (2,586)	$ (17,870)
Earnings (loss) per share – basic	$ (0.03)	$ (0.00)	$ (0.05)	$ (0.33)
– diluted	$ (0.03)	$ (0.00)	$ (0.05)	$ (0.32)
Cash flow from (used in) operations before changes in working capital	$ (1,187)	$ 430	$ (1,528)	$ (1,077)

Quarter ended	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenue	$ 8,792	$ 10,536	$ 7,445	$ 11,645
Income (loss) before income taxes	$ (96)	$ 2,295	$ (950)	$ 4,290
Net income (loss)	$ (711)	$ 1,875	$ (2,407)	$ 3,002
Earnings (loss) per share – basic	$ (0.01)	$ 0.03	$ (0.04)	$ 0.05
– diluted	$ (0.01)	$ 0.03	$ (0.04)	$ 0.05
Cash flow from (used in) operations before changes in working capital	$ 1,620	$ 2,136	$ 790	$ 4,766

(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 actual versus planned exploration expenditures.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2015 the Company's cash and cash equivalents totaled $1.3 million (December 31, 2014 – $3.5 million) and working capital totaled $4.0 million (December 31, 2014 – $6.2 million). As at June 30, 2015, the Company's trade receivables were $1.7 million (December 31, 2014 – $1.8 million).

During Q2 2015, net cash used in operations before changes in working capital was $1.2 million (Q2 2014 - $1.6 million from operations) and $nil after changes in working capital (Q2 2014 – $2.0 million provided by operations).

The Company invested $0.3 million in capital expenditures for mine development in Q2 2015 compared to $0.6 million in Q2 2014. Mine development continues to be a priority for the second half of 2015 as the Company prepares to access higher grade mantos at lower mining depths. A continuous review of capital expenditure programs 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. The Company must secure sufficient funding to cover continued reductions on margins should silver price remain at the current level in order to meet current liabilities and capital expenditure requirements at the mine and mill in Mexico, including the Optimization Project described above. 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 three month period ended June 30, 2015, the Company incurred legal services of $8,000 (three months ended June 30, 2014 - $12,000) During the six month period ended June 30, 2015, the Company incurred legal services of $32,000 (six month period ended June 30, 2014 – $32,000) with an outstanding payable balance of $33,000 at June 30, 2015 (June 30, 2014 – $nil).

COMMON SHARE DATA (as at August 12, 2015)

Common shares outstanding	54,958,121
Stock options granted	3,308,667
DSUs granted	636,685
RSUs granted	718,507
Total	59,621,980

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 21,000 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, 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$7.4 million) and 72.9 million pesos (USD$4.7 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$12.1 million), which, consequently, would result in a reduction in the deferred tax asset balance of USD$3.6 million and a corresponding increase in deferred income tax expense. Management believed that the Company's position on these deductions was strong, particularly as the SAT made adjustments to foreign exchange losses, but did not make offsetting adjustments to foreign exchange gains recognized in the same periods. Accordingly, the Company appealed the 2008 and 2009 reassessments through the SAT's appeal procedures.

In December 2014, the Company was notified by the SAT that a favourable resolution had been issued, confirming the Company's tax treatment of the foreign exchange losses in its 2009 annual tax return. This resolution should also support the tax treatment that was previously denied in the 2008 tax return, for which the appeal remained outstanding at the end of the period. Accordingly, management believes, based on the tax advice from its tax advisors that it is more likely than not that the Company's position will be sustained. Consequently, no amounts related to this issue have been recorded in the financial statements as of at June 30, 2015 and December 31, 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 is recorded, processed, summarized and reported within the time periods specified in securities legislation. There were no changes in ICFR during the quarter ended June 30, 2015.

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 July 9, 2015, 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.