EXCELLON RESOURCES INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2022

March 31, 2023

PRELIMINARY NOTES

Interpretation

References to “Excellon”, the “Company”, “its”, “our” and “we”, or related terms, refer to Excellon Resources Inc. or Excellon Resources Inc. and/or one or more or all of its subsidiaries, as may be applicable in the context.

Words importing the singular number, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

Unless stated otherwise, capitalized terms used in this AIF have the meanings set out in the section entitled “*Glossary of Technical Terms and Abbreviations*” or as may otherwise be defined herein.

Currency

All dollar amounts herein are in Canadian dollars, denoted by “C$”, or United States dollars, denoted by “US$”, unless otherwise stated.

Date of Information

Unless otherwise noted, the information set forth in this AIF is presented as of December 31, 2022.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS AND OTHER MATTERS

Forward-Looking Statements

All statements, other than statements of historical fact, contained or incorporated by reference in this AIF constitute “forward-looking statements” and “forward-looking information” (collectively, “forward-looking statements”) within the meaning of applicable Canadian and United States securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as: “ability”, “achieve”, “acquire”, “advancement”, “analyze”, “anticipated”, “appear”, “appreciate”, “assessment”, “assurance”, “availability”, “believes”, “beyond”, “budget”, “capabilities”, “change”, “closure”, “compliance”, “conceptual”, “consider”, “contemplated”, “contingencies”, “continuing”, “control”, “convert”, “could”, “create”, “deferred”, “depend”, “derisking”, “design”, “development”, “discovery”, “emerging”, “encouraging”, “ensure”, “envision”, “estimate”, “expect”, “exploration”, “exposed”, “extend”, “find”, “following”, “foresee”, “forward”, “further”, “future”, “growth”, “guarantee”, “hedge”, “if”, “indicate”, “infer”, “initial”, “initiate”, “innovative”, “intend”, “integrate”, “life of mine” or “LOM”, “liability”, “long-term”, “mapping”, “may”, “mitigate”, “model”, “near-term”, “needed”, “new”, “objective”, “obligation”, “ongoing”, “opinion”, “opportunity”, “optimization”, “option”, “payable”, “PEA”, “pending”, “petition”, “plan”, “position”, “possible”, “potential”, “predicted”, “preliminary”, “proceedings”, “procurement”, “program”, “project”, “projected”, “prospectively”, “provides”, “provision”, “realize”, “reassess”, “reclamation”, “rehabilitation”, “require”, “restart”, “restructuring”, “risk”, “schedule”, “search”, “seek”, “sensitivity”, “short-term”, “speculative”, “stability”, “strategy”, “study”, “subject to”, “targets”, “testing”, “timeline”, “time-to-time”, “trend”, “uncertainty”, “until”, “update”, “viability”, “volatility”, “when”, “will” and “would”, or variations of such words, and similar such words, expressions or statements that certain actions, events or results can, could, may, should, will (or not) be achieved, happen, occur, provide, result or support in the future or which, by their nature, refer to future events. In some cases, forward-looking information may be stated in the present tense, such as in respect of current matters that may be continuing, or that may have a future impact or effect. In some cases, forward-looking information may be stated in the present tense, such as in respect of current matters that may be continuing, or that may have a future impact or effect.

Forward-looking statements include statements regarding mineral resource estimates and any other mineralization (including tonnes, grade, and expansion and conversion of such estimates; see also below in these Cautionary Statements under "Mineral Resources", "U.S. Readers" and "Preliminary Economic Assessments (or PEAs)"); the La Negra Acquisition and its related transactions including the Transfer Agreement, Debenture Restructuring and the Offering (collectively, the "**La Negra Transactions**") and completion thereof (including approvals required therefor and timing thereof) and results and benefits thereof (including timing, completion, quantum and use of proceeds of the Offering); restart of mining operations and/or commercial production at La Negra (including strategy, plans, critical work streams, development activities and resulting further analysis, timing, costs, capital requirements, permitting, achieving commercial production, mine plan, production, life of mine or LOM, and tailings management); exploration potential at La Negra and the Company's current properties (including infill drilling plans and necessary capital therefor, and openness of the currently defined deposits along strike and at depth); the La Negra PEA including any financial and/or economic metrics and other results or conclusions or recommendations thereof (including restart recommendation and the following which are all estimates only: life of mine or LOM, costs including AISC and capital costs, production, cash flows, NPV, NSR models and payable metals); exploration programs, plans and activities (including prospectivity or potential, goals, targets and assessments or interpretations of drilling and results); closure and reclamation (including activities, expenditures, costs and provisions, and timing thereof); SEC deregistration, and maintenance of status as a foreign private issuer and/or emerging growth company; exercise of the option under Globex Agreement (including the timing thereof and contemplated licence transfer); the San Pedro bankruptcy proceedings following the Court's declaration (including the appointment of a trustee, actions to be take thereby and any implications thereof); pending or ongoing regulatory, administrative, litigation or other legal proceedings, and provisions therefor, and assessments and outcomes thereof (including the San Pedro bankruptcy petition, and the ICL/GYC application and drilling contractor claim and lien in respect of the Kilgore Project) or recourse thereunder (including recourse relating to the Judgment); compliance with and maintenance and effects of controls, policies, procedures, processes and systems of the Company; Excellon's vision (including the realization of opportunities, the means thereof and basis therefor); and any benefits of any of the foregoing to Shareholders and investors.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct, and any forward-looking statements by the Company are not guarantees of future actions, results or performance. Forward-looking statements are based on assumptions, estimates, expectations and opinions, which are considered reasonable and represent best judgment based on available facts, as of the date such statements are made. If such assumptions, estimates, expectations and opinions prove to be incorrect, actual and future results may be materially different than expressed or implied in the forward-looking statements. The estimates, expectations and opinions referenced or contained in this AIF, which may prove to be incorrect, are subject to a number of assumptions which include the various assumptions set forth herein as well as set forth in the most recent technical reports for the Company's projects and the La Negra Technical Report and the Company's Management's Discussion and Analysis for the year-ended December 31, 2022 (together with the accompanying financial statements and the Company's other applicable public disclosure (collectively, "**Company Disclosure**") all of which are available under Excellon's issuer profile on SEDAR (www.sedar.com) and/or on its website at www.excellonresources.com.

Certain of the forward-looking statements and other information contained herein concerning the mining industry and Excellon's general expectations concerning the mining industry, Excellon and the Combined Company are based on estimates prepared by Excellon using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Excellon believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, this data is inherently imprecise. While Excellon is not aware of any misstatement regarding any industry data presented herein, the mining industry involves risks and uncertainties that are subject to change based on various factors.

In addition, forward-looking statements in this AIF are based on certain assumptions and involves risks related to the consummation or non-consummation of the La Negra Transactions and the business and operations of Excellon and the Combined Company. Forward-looking statements contained in this AIF are based on certain assumptions including that Shareholders will vote in favour of the La Negra Transactions and that all other conditions to the La Negra Transactions are satisfied or waived and that such transactions will be completed. Other assumptions include interest and exchange rates; the price of silver, lead, zinc, copper, gold and other precious metals; competitive conditions in the mining industry; title to mineral properties; financing and funding requirements; general economic, political and market conditions; and changes in laws, rules and regulations applicable to Excellon, MLN and the Combined Company.

Forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause the actual plans, results, performance or achievements of Excellon, MLN or the Combined Company to differ materially from any future plans, results, performance or achievements expressed or implied by the forward-looking statements. Such risks, uncertainties, contingencies and other factors include, among others, the timing, closing completion or non-completion of the La Negra Transactions, including due to the parties failing to receive, in a timely manner and on satisfactory terms, the necessary securityholder, stock exchange and other approvals or the inability of the parties to satisfy or waive in a timely manner the other conditions to the closing or the conditions precedent or covenants, as applicable, of the La Negra Acquisition (including the timing and outcome of the required meeting of Shareholders, and the completion of the Debenture Restructuring and the Offering) and the other La Negra Transactions; inability to achieve the benefits or synergies anticipated from the La Negra Transactions; actual operating cash flows, development and operating costs, free cash flows, mineral resources, total cash, transaction costs, and administrative costs of Excellon or the Combined Company differing materially from those anticipated; project infrastructure requirements and anticipated processing methods, risks related to partnership or other joint operations; actual results of current exploration activities; variations in mineral resources, mineral production, grades or recovery rates or optimization efforts and sales; the results of the La Negra PEA; the ability to obtain and maintain necessary permits and other approvals; delays in obtaining financing or in the completion of development or construction activities; uninsured risks, including pollution, cave ins or hazards for which insurance cannot be obtained; regulatory changes; defects in title; availability or integration of personnel, materials and equipment; inability to recruit or retain management and key personnel; the composition of the board of directors of the Combined Company differing from the anticipated composition; performance of facilities, equipment and processes relative to specifications and expectations; unanticipated environmental impacts on operations; market prices; production, construction and technological risks related to Excellon; capital requirements and operating risks associated with the operations or an expansion of the operations of Excellon; dilution due to the La Negra Transactions and any other future acquisitions, equity financings or other transactions; fluctuations in silver, lead, zinc, copper, gold and other precious metal prices and currency exchange rates; uncertainty relating to future production, and cash resources; inability to successfully complete new development projects, planned expansions or other projects within the timelines anticipated; adverse changes to market, political and general economic conditions or laws, rules and regulations applicable to Excellon, MLN or the Combined Company; changes in project parameters; the possibility of project cost overruns or unanticipated costs and expenses; accidents, labour disputes, community and stakeholder protests and other risks of the mining industry; failure of plant, equipment or processes to operate as anticipated; risk of an undiscovered defect in title or other adverse claim; and the "Risk Factors" section of this AIF and the risks, uncertainties, contingencies and other factors identified in other Company Disclosure. The foregoing list of risks, uncertainties, contingencies and other factors is not exhaustive. Although Excellon has attempted to identify important factors that could cause plans, actions, events or results to differ materially from those described in forward-looking statements in this AIF, and the documents referenced herein, there may be other factors that cause plans, actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate as actual plans, results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements in this AIF, nor in any other Company Disclosure or documents incorporated by reference herein.

Readers are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements referenced or contained in this AIF are expressly qualified by the foregoing and following cautionary statements in this AIF as well as the cautionary statements in other Company Disclosure. Forward-looking statements contained herein are made as of the date of this AIF (or as otherwise expressly specified) and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable laws.

Mineral Resources

Until mineral deposits are actually mined and processed, mineral resources must be considered as estimates only. Mineral resource estimates that are not classified as mineral reserves do not have demonstrated economic viability. The estimation of mineral resources is inherently uncertain, involves subjective judgement about many relevant factors and may be materially affected by, among other things, environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant risks, uncertainties, contingencies and other factors described in the foregoing Cautionary Statements on *Forward-Looking Statements*. The quantity and grade of reported "inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "inferred" mineral resource estimates as an "indicated" or "measured" mineral resource and it is uncertain if further exploration will result in upgrading "inferred" mineral resource estimates to an "indicated" or "measured" mineral resource category. The accuracy of any mineral resource estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. The quantity and grade of "inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "inferred" mineral resource estimates as an "indicated" or "measured" mineral resource and it is uncertain if further exploration will result in upgrading "inferred" mineral resource estimates to an "indicated" or "measured" mineral resource category. Mineral resource estimates may have to be re-estimated based on, among other things: (i) fluctuations in mineral prices; (ii) results of drilling and development; (iii) results of geological and structural modeling including stope design; (iv) metallurgical testing and other testing; (v) proposed mining operations including dilution; and (vi) the possible failure to receive and/or maintain required permits, licenses and other approvals. It cannot be assumed that all or any part of a "inferred", "indicated" or "measured" mineral resource estimate will ever be upgraded to a higher category including a mineral reserve.

The mineral resource estimates referenced in this AIF were estimated, categorized and reported using standards and definitions using the CIM Standards in accordance with NI 43-101 of the CSA, which governs the public disclosure of scientific and technical information concerning mineral projects by Canadian issuers such as Excellon.

U.S. Readers

The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" as disclosed by the Company are Canadian mining terms defined in the CIM Standards (collectively, the "**CIM Definitions**") in accordance with NI 43-101. NI 43-101 establishes standards for all public disclosure that a Canadian issuer makes of scientific and technical information concerning mineral projects. These Canadian standards differ from the requirements of the SEC applicable to United States domestic and certain foreign reporting companies under Subpart 1300 of Regulation S-K ("**S-K 1300**"). Accordingly, information describing mineral resource estimates for the Company's projects and La Negra, may not be comparable to similar information publicly reported in accordance with the applicable requirements of the SEC, and so there can be no assurance that any mineral resource estimate for the Company's projects or La Negra would be the same had the estimates been prepared per the SEC's reporting and disclosure requirements under applicable United States federal securities laws, and the rules and regulations thereunder, including but not limited to S-K 1300. Further, there is no assurance that any mineral resource or mineral reserve estimate that the Company may report under NI 43-101 would be the same had the Company prepared such estimates under S-K 1300.

Preliminary Economic Assessments (or PEA)

The La Negra PEA is only a conceptual study of the potential viability of La Negra's mineral resource estimates, and the economic and technical viability of La Negra and its estimated mineral resources has not been demonstrated. The La Negra PEA is preliminary in nature and provides only an initial, high-level review of La Negra's potential and design options; there is no certainty that the La Negra PEA will be realized. The La Negra PEA conceptual LOM plan and economic model include numerous assumptions and mineral resource estimates including inferred mineral resource estimates. Inferred mineral resource estimates are considered to be too speculative geologically to have any economic considerations applied to such estimates. Under NI 43-101, estimates of inferred mineral resources may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. There is no guarantee that inferred mineral resource estimates will be converted to indicated or measured mineral resources, or that indicated or measured mineral resources can be converted to mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability, and as such there is no guarantee La Negra economics described herein will be achieved. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant risks, uncertainties and other factors, as more particularly described in the foregoing other Cautionary Statements of this AIF.

Qualified Persons

Mr. Paul Keller, P. Eng., Chief Operating Officer of the Company and a Qualified Person reviewed, verified and approved the scientific and technical information in this AIF relating to operations and production. Mr. Jorge Ortega, M.Sc., P.Geo., Vice President Exploration of the Company and a Qualified Person, reviewed, verified and approved any scientific and technical information relating to geological interpretation and results contained in this AIF.

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GLOSSARY OF TERMS AND ABBREVIATIONS

The following is a glossary of terms and abbreviations that appear in this AIF:

Ag means the elemental symbol for silver.

AgEq means silver equivalent ounces.

AIF means this Annual Information Form.

AIPG means the American Institute of Professional Geologists.

Apex means Apex Silver Mines Limited (a predecessor of Golden Minerals Company), an American Stock Exchange-listed company with whom Excellon was at one time in a joint venture on a large number of concessions comprising the project area.

Au means the elemental symbol for gold.

Audit Committee means the audit committee of the Board.

Azi means azimuth.

Board means the board of directors of Excellon Resources Inc.

Centerra means Centerra (U.S.) Inc., a subsidiary of Centerra Gold Inc.

CIM means the Canadian Institute of Mining, Metallurgy and Petroleum.

CIM Standards means CIM *Definition Standards for Mineral Resources and Mineral Reserves*.

Combined Company means Excellon and all of its subsidiaries immediately following the completion of the La Negra Acquisition.

Common Shares means the common shares in the capital of the Company.

Company (or **Excellon**) means Excellon Resources Inc. or Excellon Resources Inc. and/or one or more or all of its subsidiaries, as may be applicable in the context.

Compensation Committee means the compensation committee of the Board.

CONAGUA means the National Water Commission in Mexico (Comisión Nacional del Agua).

Consolidation means the consolidation of the issued and outstanding Common Shares on the basis of one new post-consolidation Common Share for every five existing pre-consolidation Common Shares, made effective September 10, 2020.

CPG means AIPG Certified Professional Geologist.

CRD means Carbonate Replacement Deposit, a type of mineral deposit found worldwide and formed through a chemical reaction whereby mineral-bearing fluids dissolve carbonate minerals and immediately precipitate sulphide minerals in their place. CRD mineralization may also be deposited into pre-existing openings in various rock types in particular carbonate rocks. Mineralized fluids in CRDs often follow structures for long distances creating elongate deposits called “**chimneys**” when standing at high angles and “**mantos**” when flat-lying.

CSA means the Canadian Securities Administrators.

Dalu means by Dalu S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated and existing under the laws of the Duchy of Luxembourg and registered with the Register of Commerce and Companies (Registre de Commerce et des Sociétés) under number B199807.

Debentures means the Company's outstanding senior secured convertible debentures in the aggregate principal amount of C$17,910,000, convertible into Common Shares at a conversion price of C$1.06 per Common Share prior to maturity on July 30, 2023. The Debentures bear interest at an annual rate of 5.75%, payable semi-annually, and are secured against the Kilgore Project assets. The purchasers of the Debentures were also issued 281 Common Share purchase warrants per C$1,000 principal amount of Debentures. Each warrant is exercisable at a price of C$5.75 (adjusted for the Consolidation) for a period of three years from the date of issuance.

Debenture Indenture means the Amended and Restated Indenture dated as of September 19, 2022 by and between Excellon and the TSX Trust Company, as Trustee and Collateral Agents, in respect of the Debentures.

Debenture Restructuring means the transactions contemplated by the binding term sheet, subject to customer conditions, which, concurrent with the execution of the La Negra Acquisition Agreement on January 8, 2023, Excellon entered into with holders of the Debentures, pursuant to which it has agreed to amend the Debentures to, among other things, permit Excellon to convert C$4,477,500 aggregate principal amount of the Debentures (representing 25% of the Debentures) into Common Shares at a conversion price per Common Share equal to C$0.48 upon closing of the La Negra Acquisition, extend the maturity date of the remaining Debentures to April 30, 2027, adjust the conversion price of the remaining Debentures to a conversion price per Common Share equal to C$0.535 and increase the interest rate to 6.5% per annum payable semi-annually in cash or, at Excellon's election, in Common Shares at an effective annual rate of 10%.

DSU means a deferred share unit issued pursuant to the Share Incentive Plan representing the right to receive for each vested deferred share unit, one Common Share or cash equal to the fair market value of one Common Share, at the time, in the manner, and subject to the terms, set forth in the Share Incentive Plan and the applicable grant agreement.

EA and Decision means an Environmental Assessment and Decision Notice/Finding of No Significant Impact issued by the USFS.

EDGAR means the Electronic Data Gathering, Analysis, and Retrieval system maintained by the SEC and used by public companies to transmit required filings, such as quarterly reports, annual reports and other required disclosures.

Excellon New Mining Projects means the Company's wholly-owned Mexican subsidiary, Excellon New Mining Projects, S.A. de C.V.

Evolución Concessions means two mineral concessions totaling 31,280 hectares located in the states of Durango and Zacatecas, Mexico, held by Excellon New Mining Projects.

FAusIMM means a Fellow of the Australasian Institute of Mining and Metallurgy.

Financial Reports means the Company's audited consolidated financial statements and related notes for the financial years ended December 31, 2022 and 2021, and the accompanying MD&A.

Hartree means Hartree Metals Mexico S. de R. L. de C.V., a subsidiary within the Hartree Partners group of companies whose businesses include global commodities trading.

hydrothermal means heated or superheated fluid or water from depth in the Earth's crust.

ICL/GYC means the Idaho Conservation League and Greater Yellowstone Coalition.

include, **includes** and **including** are to be interpreted as being without limitation, and no such term is intended to limit any statement which it follows to the specific or similar items or matters immediately following.

indicated mineral resource means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

inferred mineral resource means that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Investor Rights Agreement means the investor rights agreement with Dalu and M Grupo that Excellon has agreed to enter into upon closing of the La Negra Acquisition, which agreement will be substantially in the form attached as Schedule A to the La Negra Acquisition Agreement.

Kilgore 2018 EA means the 2018 EA and Decision concerning the Kilgore Project.

Kilgore 2021 EA means the 2021 EA and Decision concerning the Kilgore Project including approval of EIGI's plans to commence drilling at the project in Q3 2022.

Kilgore Project means the approximately 6,788 hectares of mineral concessions located in Clark County, situated in eastern Idaho, U.S.A., as more particularly described in this AIF and the Kilgore Technical Report.

Kilgore Technical Report means the NI 43-101 technical report entitled *"Independent Technical Report and Preliminary Economic Assessment, Kilgore Project, Clark County, Idaho, USA"*, with an effective date of July 30, 2019 and issued August 26, 2019, prepared by Terre A. Lane , MMSA Qualified Professional, SME RM, and Jeffrey Todd Harvey, PhD, SME RM, of Global Resource Engineering, Ltd., Jennifer J. Brown, PG, SME RM, of Hard Rock Consulting, LLC, and David Rowe, CPG, of Rowearth LLC, a copy of which is available on the Company's website and under the Otis Gold profile on SEDAR (www.sedar.com).

La Negra means the permitted, past-producing La Negra mine located in Querétaro State, Mexico owned by MLN.

La Negra Acquisition means the transaction contemplated by the La Negra Acquisition Agreement, the Investor Rights Agreement, the Transfer Agreement and each of the other documents, certificates, instruments and agreements delivered or executed or executed pursuant to the La Negra Acquisition Agreement.

La Negra Acquisition Agreement means the acquisition agreement dated January 8, 2023 between Excellon, Dalu and M Grupo including all schedules attached thereto, together with the Excellon's disclosure letter and Seller's disclosure letter, and as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the full text of which may be viewed under Excellon's issuer profile on SEDAR (www.sedar.com).

La Negra PEA means the preliminary economic assessment completed on La Negra and summarized in the La Negra Technical Report.

La Negra Technical Report means the NI 43-101 technical report relating to La Negra entitled "*Technical Report – Preliminary Economic Assessment Study, La Negra Mine, Minera La Negra S.A. de C.V., Cadereyta de Montes (Maconí), Querétaro, Mexico*", issued on June 29, 2022 with an effective date of March 31, 2022, prepared by Scott G. Britton, P.E. of Mining Plus US, Kim Kirkland, FAusIMM of Mining Plus Peru S.A.C., Glenn Zamudio, FAusIMM of Mining Plus Australia and Steven Truby, P.E. of Wood Environment & Infrastructure Solutions, Inc., each of whom is a Qualified Person and independent of MLN, a copy of which is available on the Company's website and under Excellon's profile on SEDAR (www.sedar.com).

M Grupo means Grupo Desarrollador Migo, S.A.P.I. de C.V.

M Grupo JV Arrangements means the joint venture agreement between M Grupo and Dalu dated as of August 6, 2020, the letter of intent dated January 26, 2022 between M Grupo and Orion, on behalf of Dalu with respect to the division of proceeds from a potential future sale of MLN and the letter agreement dated January 8, 2023 between M Grupo, Orion and Dalu, regarding the same.

manto means a tabular, relatively flat-lying mineral deposit that tends to lie within a particular rock bed or series of beds, derived from the Spanish word for blanket.

MD&A means management discussion and analysis for the years ended December 31, 2022 and 2021.

measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

Miguel Auza Mill means the Company's mineral processing facility located on the Miguel Auza Property, owned by San Pedro.

Miguel Auza Property (together with the Evolución Concessions, formerly known as the Evolución Property) means the nineteen (19) mineral concessions totaling 14,080 hectares located in the states of Durango and Zacatecas, Mexico, held by San Pedro.

mineral reserve means the economically mineable part of a measured or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral reserves are classified as probable or proven.

mineral resource means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Modifying Factors include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

MK Metal means MK Metal Trading Mexico, S.A. de C.V., a subsidiary within the Ocean Partners group of companies.

MLN means Minera La Negra, S.A de C.V, a company existing under the laws of Mexico, which holds title to La Negra.

MMSA means the Mining and Metallurgical Society of America.

NI 43-101 means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the CSA.

NI 51-102 means National Instrument 51-102 – *Continuous Disclosure Obligations* of the CSA.

NI 52-110 means National Instrument 52-110 – *Audit Committees* of the CSA**.**

Nominating and Corporate Governance Committee means the nominating and corporate governance committee of the Board.

NSR means net smelter return or net smelter royalty and means a defined percentage of the gross revenue from a resource extraction operation, generally less a proportionate share of transportation, insurance, and processing costs.

NYSE American means the NYSE American, LLC stock exchange in the U.S.A.

Oakley Project means the gold-silver exploration project located 21 km south of Oakley, Idaho, U.S.A. on which the Company has granted Centerra an option to earn up to a 70% interest by, among other things, spending up to US$7.5 million in exploration expenditures on the Oakley Project prior to May 2026.

Oakley Technical Report means the technical report on the Oakley Project entitled "NI 43-101 Technical Report Geology, Mineralization, Resource Estimate and Exploration Potential of the Blue Hill Creek and Matrix Creek Gold-Silver Properties, Cassia County, Idaho, USA", with an effective date of August 8, 2016, prepared by Dr. John Childs of Childs Geoscience Inc. and Zack Black, B.S. of Hard Rock Consulting Inc., who are independent of the Company, a copy of which is available on the Company's website and on under the Otis Gold profile on SEDAR (www.sedar.com).

OBCA means the Ontario *Business Corporations Act* including the regulations thereunder (as amended from time-to-time).

Offering means the private placement of the Company that is contemplated to be completed prior to closing the La Negra Acquisition, as more particularly described in the Company's corresponding January 9, 2023 news release.

Option means an option to acquire Common Shares granted under the Share Incentive Plan.

Orion means Orion Resource Partners.

Otis Gold means Otis Gold Corp., a wholly-owned subsidiary of the Company.

OTCQB means the OTCQB Venture Market, a U.S. trading platform that is operated by the OTC Markets Group in New York.

Pb means the elemental symbol for lead.

PE means Professional Engineer.

PG means licensed or registered Professional Geologist.

Platosa Mine means the Company's past-producing mine located at the Platosa Property.

Platosa Property means the approximately 11,000 hectares of mineral concessions in Durango State, Mexico.

Polar Vortex has the meaning given to such term in the section entitled "*General Development of the Business – Three-Year History - 2021*" below.

PROFEPA means the environmental regulator of Mexico (*Procuraduría Federal de Protección al Ambiente*), which is the technical and enforcement branch of SEMARNAT.

PSZ means the Platosa Structural Zone, the principal fault system in the Platosa Property area.

professional association means a self-regulating organization with the power to discipline its members, of engineers, geoscientists or both engineers and geoscientists that is recognized under the terms of NI 43-101.

QA/QC means quality assurance/quality control, which are systematic procedures that are used to validate the control and testing of samples in a specified manner.

Qualified Person means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project; and is a member or licensee in good standing of a professional association.

RM means Registered Member of SME.

RSU means restricted share unit issued pursuant to the Share Incentive Plan.

San Pedro means the Company's indirect wholly-owned Mexican subsidiary, San Pedro Resources S.A. de C.V.

SEC means the United States Securities and Exchange Commission.

SEDAR means the System for Electronic Document Analysis and Retrieval, an electronic filing system developed for the CSA to facilitate electronic filing and dissemination of securities regulatory documents by reporting issuers and related communications with securities regulators, accessible at www.sedar.com.

SEDENA means the Secretariat of National Defense in Mexico (*Secretaría de la Defensa Nacional*).

SEMARNAT means the environmental ministry in Mexico (*Secretaría de Medio Ambiente y Recursos Naturales*).

SGS means the SGS Mineral Services laboratory.

Shareholders means the holders of the Common Shares.

Share Incentive Plan means the share incentive plan approved by Shareholders on August 12, 2022, under which the Company may issue Options, RSUs and DSUs from time to time.

Silver City Project means the Bräunsdorf, Frauenstein, Mohorn and Oederan exploration licenses comprising the approximately 340 km^2 silver district in Saxony, Germany.

Skarn refers to an alteration assemblage dominated by calcium and magnesium silicate minerals (dominantly garnets, pyroxenes and amphiboles), formed by reaction between silica-bearing fluids and carbonate rocks, converting original carbonate minerals to silicate minerals. Economically mineralized skarns contain potentially extractable amounts of certain metals and are classified based on the dominant metal (e.g., copper skarn or lead-zinc skarn). Skarns typically form near intrusive bodies and may have massive sulphide replacement mineralization on their distal sides.

SME means the Society for Mining, Metallurgy and Exploration, Inc.

Special Opportunities Committee means the special opportunities committee of the Board.

SRK means SRK Consulting (Canada) Inc.

Suspension has the meaning given to such term in the section entitled "*General Development of the Business –Three-Year History* – 21" below.

Trafigura means Trafigura Mexico, S.A. de C.V., a subsidiary within the Trafigura group of companies, whose business includes global commodities trading.

Transfer Agreement means the definitive agreement effecting, on closing of the La Negra Acquisition, the termination of the M Grupo JV Arrangements among Orion Resource Partners (USA) LP, Dalu, Excellon, MLN and M Grupo, dated the date of the La Negra Acquisition Agreement, the full text of which may be viewed on SEAR (www.sedar.com) under Excellon's issuer profile.

TSX means the Toronto Stock Exchange.

U.S. and **U.S.A.** mean the United States of America.

USFS means the United States Forest Service.

Wallbridge means Wallbridge Mining Company Ltd.

Zn means the elemental symbol for zinc.

CORPORATE STRUCTURE

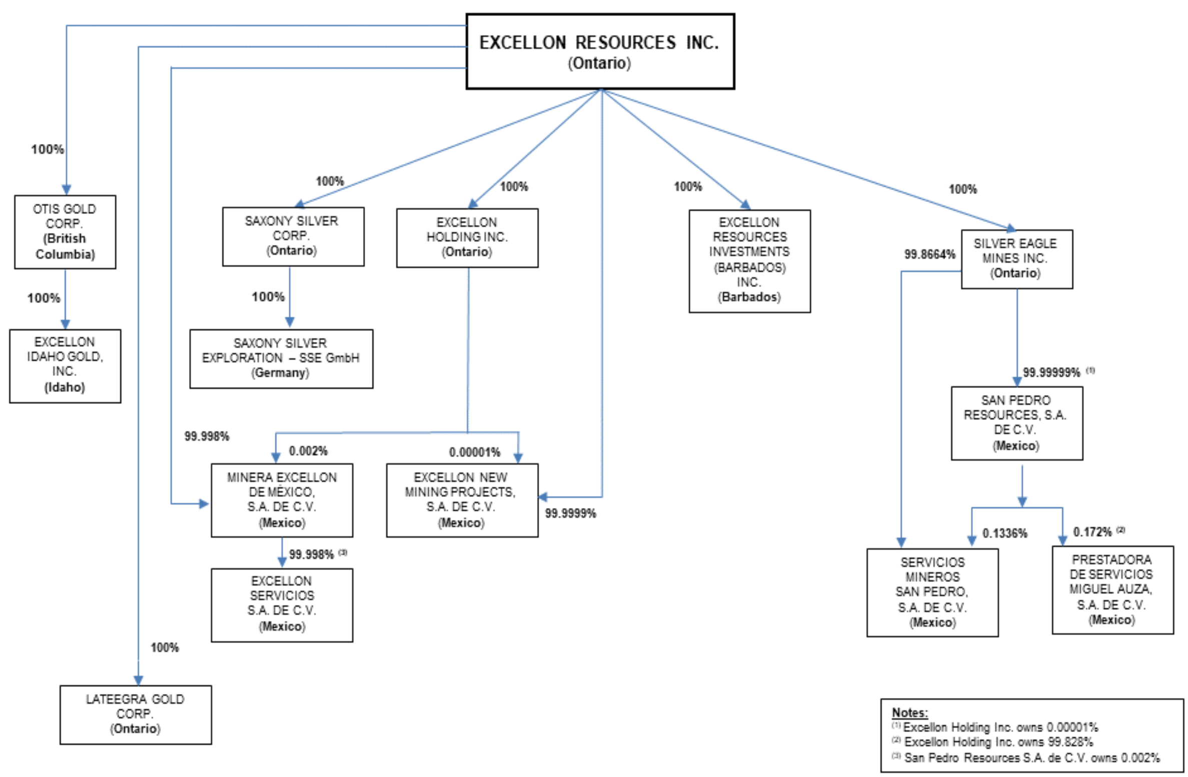
Incorporation

Excellon was incorporated under the *Company Act* (British Columbia) on March 4, 1987 and was continued under the *Business Corporations Act* (Ontario) on May 31, 2012. The registered and principal office of the Company is 10 King Street East, Suite 200, Toronto, Ontario, M5C 1C3.

On September 10, 2020, following the approval of the Company's Shareholders at the special meeting of Shareholders held on April 17, 2020, the articles of the Company were amended to consolidate all of the issued and outstanding Common Shares on a one-for-five basis. The Consolidation was completed in order for the Company to meet the minimum share price requirements to list the Common Shares on the NYSE American. As a result of the Consolidation, Common Shares issuable pursuant to the outstanding Options, warrants, RSUs, DSUs and other convertible securities of the Company were proportionately adjusted to reflect the Consolidation in accordance with the terms thereof. For additional details on the Consolidation and the NYSE American listing application, see the discussion under the heading "*General Development of the Business – Three-Year History – 2020*" below. Unless otherwise indicated or the context otherwise requires, all information contained in this AIF relating to the number of issued and outstanding Common Shares, the number of Common Shares issuable under the Company's outstanding convertible securities, and related per share amounts, as applicable, have been adjusted to reflect the Consolidation and are stated on a post-Consolidation basis.

Corporate Structure

A significant portion of Excellon's business is carried on through its various subsidiaries. A chart showing the names of the significant subsidiaries of Excellon, along with the jurisdiction of incorporation, formation, continuation or organization of each subsidiary, is set out below as of March 31, 2023. All subsidiaries are 100% owned (directly or indirectly) unless otherwise noted.



GENERAL DEVELOPMENT OF THE BUSINESS

Excellon is principally engaged in the acquisition, exploration and advancement of mineral properties in the United States, Mexico and Germany.

During the past few years, Excellon has been involved primarily in the exploration and development of silver-lead zinc mineralization on its Platosa Property, and advancing the Kilgore Project, a high-quality advanced exploration gold project in Idaho with strong economics and significant growth and discovery potential, and the Silver City Project, a high-grade epithermal silver district in Saxony, Germany with 750 years of mining history and no modern exploration. As a result of the Platosa Property moving into care and maintenance at the end of 2022, Excellon no longer holds an interest in a producing mineral property.

As announced on January 9, 2023, the Company has entered into an agreement to acquire La Negra, a past-producing Ag-Zn-Cu-Pb mine with exploration potential, located in Querétaro State, Mexico. See "General Development of the Business – Recent Developments – The La Negra Acquisition" below.

Three-Year History

During the past three years, the Company has conducted mining and mineral production, development and exploration activities in Mexico, the United States and Germany, with the focus being mining and mineral production at the Platosa Mine in Durango, Mexico. The principal product and source of cash flow for Excellon was saleable lead-silver and zinc-silver concentrates from production at the Platosa Property and processing at the Miguel Auza Mill, until production ceased and the mine and mill were placed on care and maintenance in Q4 2022.

Events that influenced the general development of the business over the past three years are described below (with date of press release in brackets, if applicable):

<u>2020</u>

- Announced and closed the proposed acquisition of all of the issued and outstanding shares of Otis Gold pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia) (February 28, 2020 announcement and April 23, 2020 closing)
- Completed a US$6 million bridge loan facility agreement with Sprott Private Resource Lending II (March 16, 2020);
- Entered into a release and quitclaim agreement with Wallbridge in respect of the Beschefer property and related option agreement in exchange for an additional three million common shares of Wallbridge and 500,000 warrants to purchase Wallbridge common shares, with an exercise price of C$1.00 and a term of five years (March 17, 2020);
- Temporarily suspended all mining, milling and exploration activities at the Platosa Property and the Miguel Auza Property, including the Miguel Auza Mill, from April 1, 2020 to June 1, 2020, in response to the declaration of a state of emergency by the Mexican government (the "**Suspension**"), which required the temporary suspension of activities deemed non-essential (including mining and mineral processing) to contain the COVID-19 pandemic (April 2, 2020 and June 1, 2020);
- United States Federal District Court for the District of Idaho amended its December 2019 judgment in respect of the Kilgore 2018 EA, in which the Kilgore 2018 EA was vacated pending further environmental analysis concerning the Dog Bone Ridge area of the Kilgore Project (May 7, 2020). The Company filed an updated plan of operations concerning the Kilgore Project with the USFS (June 2020);

- Completed private placement offering of the Debentures for total proceeds of C$17,910,000 (August 4, 2020);
- Mr. Paul Keller was appointed as Chief Operating Officer (September 21, 2020);
- Completed the Consolidation (September 10, 2020) and Common Shares commenced trading on the NYSE American (September 23, 2020);
- Completed a technical report for the Evolución Concessions as at August 31, 2020 (October 30, 2020); and
- Produced 1.6 million AgEq ounces, including 0.99 million ounces silver, 6.4 million pounds lead and 7.4 million pounds zinc.

<u>2021</u>

- Operations were impacted by weather conditions in the American southwest (the "**Polar Vortex**") which led to an increase in operational costs during the first quarter of 2021 (February 16, 2021);
- Doubled ground position at the Silver City Project with the addition of the Frauenstein, Mohorn and Oederan exploration licenses (March 15, 2021);
- Announced an updated mineral resource estimate for the Platosa Property (May 13, 2021);
- Commenced drilling at the Oakley Project in collaboration with Centerra (May 26, 2021);
- Completed an updated technical report for the Platosa Property as at March 31, 2021 (June 17, 2021);
- Mr. Jorge Ortega was appointed Vice President Exploration (October 25, 2021);
- Received approval from the USFS regarding the Kilgore 2021 EA to conduct mineral exploration activities at the project (November 18, 2021);
- Completed a technical report for the Silver City Project as at September 17, 2021 (December 23, 2021); and
- Produced 2.0 million AgEq ounces, including 1.2 million ounces silver, 7.6 million pounds lead and 9.0 million pounds zinc.

<u>2022</u>

- Mr. Daniel Hall was appointed as Chief Financial Officer (April 1, 2022);
- Based on the results of the analysis, exploration work in Q4 2021 and Q1 2022 and consideration of current and expected economic factors, Excellon announced that it expects to responsibly wind down operations at the Platosa Mine during Q3 2022, subject to results from ongoing exploration programs (March 31, 2022);
- Excellon announced that it had resolved the previously reported labour action at the Platosa Mine (April 1, 2022);
- Excellon provided notice of change of auditor pursuant to NI 51-102 in respect of the resignation of PricewaterhouseCoopers LLP as the auditor of Excellon and the appointment of Ernst & Young LLP as auditor of Excellon (May 2, 2022).
- Excellon announced that it received a notice from NYSE American stating that it was not in compliance with the continued listing standards, with no immediate effect on trading on the NYSE American and, on May 31, 2022, Excellon submitted a plan to regain compliance with the continued listing standards by October 30, 2023 (the "**NYSE Am Compliance Plan**") (May 5, 2022).
- Excellon announced that the Idaho Conservation League and Greater Yellowstone Coalition (the "**ICL/GYC**") had filed a legal action in U.S. District Court challenging the Kilgore 2021 EA. This legal action followed the denial of nearly all of the ICL/GYC claims in the prior similar such challenge by ICL/GYC to the Kilgore 2018 EA, and the USFS' steps to address any remaining issues in the Kilgore

2021 EA. Excellon also announced that EIGI expected to file a motion to intervene as a defendant-intervenor to protect its interests in the matter (June 7, 2022);

- Excellon announced the extension to September 30, 2025 of the 164 km^2 Bräunsdorf exploration license, comprising part of the Silver City Project in Saxony, Germany (June 9, 2022);
- Excellon announced the appointment of Ms. Zoya Shashkova to the Board (June 23, 2022);
- Excellon announced the appointment of Mr. Shawn Howarth to the role of President and Chief Executive Officer of Excellon, effective July 28, 2022 (July 12, 2022);
- Excellon announced an update that NYSE American LLC had accepted its NYSE Am Compliance Plan and was granted a plan period through October 30, 2023 (July 14, 2022);
- Mr. Nicholas J. Hayduk was appointed as Chief Legal Officer & Vice President, Corporate Affairs of Excellon (July 28, 2022);
- Production ceased at the Platosa Mine and, accordingly, the mine and the Miguel Auza Mill were placed on care and maintenance (October 2022); and
- San Pedro filed a petition for bankruptcy with the Mexican Bankruptcy Court (November 30, 2022) which the Court accepted for adjudication (December 15, 2022).

<u>2023</u>

- Excellon also announced entering into the La Negra Acquisition Agreement and the Transfer Agreement, setting forth the terms and conditions for the La Negra Acquisition (January 9, 2023);
- Excellon announced that the Board had approved the voluntary delisting of the Common Shares from the NYSE American ("**NYSE Delisting**") and the deregistration of its class of Common Shares under Section 12(b) of the Exchange Act ("**SEC Deregistration**") (January 9, 2023);
- Excellon announced that it had filed the La Negra Technical Report (January 19, 2023);
- Excellon filed a Form 25 to initiate the NYSE Delisting and the SEC Deregistration (the "**SEC Deregistration Notification**") (January 20, 2023);
- As previously announced was Excellon's expectation, the Common Shares ceased trading on the NYSE American (January 30, 2023);
- Excellon announced that the Common Shares would commence trading on the OTCQB under the symbol "EXNRF" (January 31, 2023);
- Excellon announced the initial results of the 2022-2023 drilling program conducted by Centerra at the Oakley Project (March 20, 2023); and
- San Pedro was declared bankrupt by the Mexican Bankruptcy Court (March 28, 2023).

DESCRIPTION OF THE BUSINESS

Principal Product

Until Q4 2022 when production at the Platosa Mine ceased and it was placed on care and maintenance, the Company's principal product was lead-silver and zinc-silver concentrates.

Production

Until Q4 2022, crushed ore mined from the Platosa Property was shipped to the Miguel Auza Mill for processing, where separate mineral concentrates containing lead-silver and zinc-silver were produced on site. Those mineral concentrates were then transported and sold to third parties for further processing.

For 2022, 63,279 tonnes of ore were mined and 65,784 tonnes were milled, which represented a 26% and 24% increase compared to 2021, respectively.

Average realized silver price in 2022 was US$23.30/oz for the year compared to US$25.12/oz in 2021.

Sales during 2022 totalled US$25.8 million, a 32% decrease compared to US$38.0 million in 2021, primarily driven by a decrease in payable metals sold in 2022 following the shut down of the Platosa Mine in October 2022, and lower silver and lead prices relative to the comparative period.

As at December 31, 2022 the Company's cash, cash equivalents and marketable securities totalled US$1.5 million (December 31, 2021 – US$4.5 million) and working capital, excluding the provision for litigation as further described in the Company’s MD&A, totalled negative US$18.3 million (December 31, 2021 – US$0.3 million). As at December 31, 2022, the Company’s trade receivables were US$0.7 million (December 31, 2021 – US$0.3 million).

Economic Dependence

Excellon agreed to terms with Trafigura on lead and zinc concentrate production for 2020, 2021 and the first eight months of 2022. Final concentrates produced from the Platosa Mine in Q3 and Q4, 2022 before being transitioned to care and maintenance, were sold to Hartree. The Company believed that because of the availability of alternative processing and commercialization options for its concentrate, it would have suffered no material adverse effect had it lost the services of Trafigura or Hartree.

Competitive Conditions

The precious metal mineral exploration and mining business is a competitive business. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive precious metal mineral properties, and with a number of other producers of silver. The ability of the Company to acquire precious metal mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for precious metal development or mineral exploration. Refer to the “*Risk Factors*” section below.

Foreign Operations

The Company’s revenue was dependent on production from the Platosa Mine, its only producing property located in Mexico, until the mine completed production and was placed on care and maintenance in Q4 2022, after which the Company’s only remaining revenues were from the sale of the financial concentrates produced in that period. The Company’s operations are exposed to various levels of political, economic and other risks and uncertainties as discussed in the “*Risk Factors*” section below.

Employees

As at December 31, 2022, the Company and its wholly-owned subsidiaries employed 74 full-time individuals.

Specialized Skill and Knowledge

Most aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, permitting, drilling, metallurgy, mining engineering, process engineering, safety, health, environmental protection, community relation, human rights, logistical planning and implementation of exploration programs as well as legal, finance and accounting. The Company has retained a number of employees and consultants with extensive experience in such areas and with the skills necessary to assist in the Company’s day-to-day operations.

Changes to Contracts

Other than the Debenture Restructuring, it is not expected that any aspect of the Company's business will be affected in the current financial year by the renegotiation, amendment or termination of contracts or subcontracts after the date of this AIF.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any subsidiary of the Company, or any voluntary bankruptcy, receivership or similar proceedings by the Company or any subsidiary of the Company, within the three most recently completed financial years or during, or proposed for, the current financial year, with the exception of the Company's wholly-owned subsidiary, San Pedro. On November 30, 2022, San Pedro filed a petition for bankruptcy with the Mexican Bankruptcy Court which, on December 15, 2022, accepted such petition for adjudication and, on March 28, 2023, declared San Pedro bankrupt; in due course the Court will be appointing a trustee to take possession and control of, and administer, San Pedro for the benefit of its creditors. See also the "*Legal Proceedings and Regulatory Actions*" section below for additional details.

Reorganizations

Other than in connection with the Otis Arrangement and the La Negra Acquisition, there have been no material reorganizations of the Company or any subsidiary of the Company within the three most recently completed financial years or completed during, or proposed for, the current financial year.

Otis Gold Arrangement

In April 2020, the Company and Otis Gold completed a business combination, pursuant to which, among other things, the Company acquired all of the issued and outstanding Otis Shares by way of a statutory plan of arrangement under the provisions of the Business Corporations Act (British Columbia). The Otis Arrangement became effective at 12:01 a.m. (Vancouver time) (the "**Effective Time**") on April 23, 2020, resulting in Otis Gold becoming a wholly-owned subsidiary of the Company.

Upon the closing of the Otis Arrangement, the shareholders of Otis Gold became entitled to, and received, 0.23 of a Common Share in exchange for each Otis Share held immediately prior to the Effective Time. As consideration for acquiring all of the Otis Shares, the Company issued an aggregate of 40,653,150 Common Shares to the former Otis Gold shareholders. In addition, pursuant to the Otis Arrangement: (i) each stock option of Otis Gold outstanding immediately prior to the Effective Time was exchanged for a replacement stock option of the Company entitling the holder thereof to receive Common Shares in lieu of Otis Shares, as adjusted in accordance with the plan of arrangement; and (ii) each warrant to acquire Otis Shares outstanding immediately prior to the Effective Time became an entitlement to receive, in lieu of Otis Shares, 0.23 of an Common Share upon exercise of each such Otis warrant.

The Otis Shares were delisted from the TSX Venture Exchange on April 24, 2020, and Otis submitted an application to the applicable securities regulators to cease to be a reporting issuer and to terminate its public reporting obligations.

The foregoing description of the Otis Arrangement is a summary only and is qualified in its entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement attached thereto, a copy of which is available under the Company's profile on SEDAR (www.sedar.com). For further details regarding the Otis Arrangement, please refer to the joint management information circular of Excellon and Otis Gold dated March 13, 2020, which is also available on SEDAR (www.sedar.com).

La Negra Acquisition

As mentioned above, the Company has entered into the pending La Negra Acquisition.

Environmental Protection

The Company conducted exploration activities in the United States and Germany, and, until Q4, 2022, mining and processing activities in Mexico. Such activities are subject to various laws, rules and regulations governing the protection of the environment, including requirements for closure and reclamation of mining properties.

In the jurisdictions where the Company operates, specific statutory and regulatory requirements impose standards which must be met throughout the exploration, development and operational stages of a mining property with regard to air quality, water quality, fisheries and wildlife protection, solid and hazardous waste management and disposal, mine waste management, noise, land use and reclamation. Changes in any applicable governmental regulations to which the Company is subject may adversely affect its operations. Failure to comply with any condition set out in any required permit or with applicable regulatory requirements may result in the Company being unable to continue to carry out its activities. The impact of these requirements cannot accurately be predicted.

The financial and operational effects of environmental protection requirements on the Company's capital expenditures, earnings and competitive position have not been significant in the year ended December 31, 2022 and are not expected to become significant until the full closure of mining operations (which entered into care and maintenance in Q4 2022) and the Company undertakes reclamation activities on its properties. Details and quantification of the Company's reclamation and closure costs are discussed in the Company's Financial Reports, available on SEDAR (www.sedar.com) the Company's website at www.excellonresources.com, and in the sections entitled "Closure and Rehabilitation" and "Risk Factors" below.

Subsidiary Corporate Governance and Internal Controls

The Company has implemented a system of corporate governance, internal controls over financial reporting, and disclosure controls and procedures that apply at all levels of the Company and its subsidiaries. These systems are overseen by the Board and implemented by the Company's senior management. The relevant features of these systems include:

Control Over Subsidiaries

The Company's corporate structure has been designed to ensure that the Company controls or has a measure of direct oversight over the operations of its subsidiaries. The Company's subsidiaries are 100% beneficially owned, controlled or directed, directly or indirectly, by the Company. The Company, as the ultimate shareholder, has internal policies and systems in place which provide it with visibility into the operations of its subsidiaries, including its subsidiaries operating in emerging markets, and the Company's management team is responsible for monitoring the activities of the subsidiaries.

In addition, the Company directly controls the appointments of the directors and officers of its subsidiaries. The directors of the Company's subsidiaries are ultimately accountable to the Company as the shareholder appointing him or her, and the Board and its senior management. The annual budget, capital investment and exploration program in respect of the Company's mineral properties are established by the Company.

Further, the authorized signing officers for the bank accounts of the foreign subsidiaries are either senior employees of the Company or senior employees of the subsidiaries, as the case may be.

All the minute books and corporate records of the Company's subsidiaries are kept at the offices of local corporate secretarial services in the respective jurisdictions in which such subsidiaries exist. All disbursements of corporate funds and operating capital to subsidiaries of the Company are reviewed and approved by the Chief Executive Officer and the Chief Financial Officer of the Company and are based upon pre-approved budgeted expenditures.

In connection with the acquisition, ownership and disposition of material property interests in Mexico, the United States and Germany, including mining concessions and real property interests, the Company engages reputable, local law firms located in such jurisdictions to periodically conduct a review of the Company's ownership of its material property interests. In respect of other assets, such as equipment or materials purchased by its foreign subsidiaries, the Company has enacted internal control procedures to ensure that all appropriate documentation is obtained for the legal transfer of assets to the Company (or its applicable subsidiary). The Company and its local legal counsel are familiar with the nature of transactions customary in the Mexican, United States and German mining industry which allows them to identify and ensure that ownership of property interests and other assets is legally valid.

Strategic Direction

While the operations of each of the Company's subsidiaries are managed locally, the Board is responsible for the overall stewardship of the Company and, as such, supervises the management of the business and affairs of the Company (and its subsidiaries). More specifically, the Board is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are material to the Company including those of its material subsidiaries.

The Company has ensured that only the Chief Executive Officer and the Chief Financial Officer of the Company have the authority to authorize the sale or disposition of the property of the Company's foreign subsidiaries to protect the Company's interests and to ensure that appropriate authorization of material asset transactions has been provided. In addition, the Company has established a series of internal control procedures to govern the operation of the foreign subsidiaries and has granted certain limited powers of attorney to employees who are involved with the management of the foreign subsidiaries to allow such individuals to operate the day-to-day operations of the foreign subsidiaries.

Internal Control Over Financial Reporting

The Company prepares its consolidated financial statements and management's discussion and analysis on a quarterly and annual basis, using International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), which require financial information and disclosures from its subsidiaries. The Company implements internal controls over the preparation of its financial statements and other financial disclosures to provide reasonable assurance that its financial reporting is reliable and that the quarterly and annual financial statements and management's discussion and analysis are being prepared in accordance with IFRS and applicable Canadian securities laws.

All public documents and statements relating to the Company and its subsidiaries containing material information (including financial information) are reviewed by senior management, including the Chief

Executive Officer and the Chief Financial Officer before such material information is disclosed, to ensure that all material information has been considered by management of the Company and properly disclosed.

Through Q3, 2022, the Company sold its metal concentrates to Trafigura and, in Q4, 2022, to Hartree. Upon completion of the sale of such metal concentrates, the purchaser deposits the proceeds into an account in Mexico that is controlled by both the Toronto Corporate office and the Mine Site. In order to allow the utilization of the funds when appropriate, the Company has granted certain members of management located in Mexico powers of attorney.

These systems of corporate governance, internal control over financial reporting ("**ICFR**") and disclosure controls and procedures ("**DC&P**") are designed to ensure that, among other things, the Company has access to all material information about its subsidiaries, including those operating in emerging markets.

During 2021, the Company identified a material weakness in its ICFR and DC&P relating to complex non-routine transactions. Management has concluded that, as of December 31, 2022, the material weakness in the ICFR has been remediated. For more information, refer to the "Risk Factors – Internal Control System Failure" section below, and the "Disclosure Controls and Procedures" and "Internal Control over Financial Reporting" sections in the Company's most recently filed MD&A.

Local Laws and Government Relations

The Company hires and engages local experts and professionals (i.e., legal and tax consultants) to advise the Company with respect to current and new regulations in Mexico, the United States and Germany in respect of banking, financial, tax and operational matters. The Company utilizes large, established and well-recognized financial institutions in Canada, Mexico, the United States and Germany. There are no material differences between day-to-day banking operations in Mexico, the United States and Germany and those in Canada. The government of Mexico regulates mining activities through the Ministry (Secretariat) of the Economy. The Company uses local counsel and local consultants to assist it with its government and community relations.

Enforcement of Judgments

All of the Company's material assets (i.e., permits, land, equipment, etc.), other than its unallocated cash (which is maintained with Canadian chartered banks) are located in Mexico, Germany and the United States. An investor's cause of action under Canadian securities laws would be against the Company, not against any of its subsidiaries outside of Canada. Accordingly, any investor with jurisdiction to do so is entitled to file suit against the Company to exercise its statutory rights and remedies under Canadian securities laws. The location of the assets does not affect this right, although the presence of the Company's cash resources in Canada would, if any suit were ever successful, provide an investor with the possibility of enforcing against the cash assets in Canada. That said, to the extent the Company's cash resources are advanced to the Company's foreign subsidiaries, investors may have difficulty collecting from and enforcing against the Company and its foreign subsidiaries any judgments obtained in Canada. See "*Risk Factors – Enforcement of Legal Rights*".

MINERAL RESOURCE ESTIMATES

The estimated mineral resources presented in this AIF have been calculated in accordance with the CIM Standards, which are incorporated in NI 43-101 of the CSA.

Tables 1-2 below set forth the estimates of mineral resources attributable properties in which Excellon currently holds an interest.

Gold Projects

Table 1
Kilgore Deposit – Idaho, United States

Category	Tonnes ('000s)	Au (g/t)	Au ('000s oz)
Indicated	44,556	0.58	825
Inferred	9,399	0.45	136

Notes:

(1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.

(2) Mineral resources are reported above a 0.21 g/T Au (0.006 opt) cut-off, gold price of $1300/oz, and assuming metal recoveries of 80%.

(3) Mineral resources reported here are constrained within an optimized pit shell. Pit shell input parameters: Gold price $1,300, Selling price $2.20/oz, Recovery 80%, Mining cost $2/ton, Process cost + G&A $4/ton, Pit slope 50°.

(4) Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

(5) See also the Kilgore Technical Report.

Table 2
Oakley Deposit – Idaho, United States

Category	Tonnes	Au (g/t)	Au ('000s oz)
Inferred	9,972	0.51	163

Notes:

(1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.

(2) Inferred mineral resources captured within the pit shell meet the test of reasonable prospect for economic extraction and can be declared a mineral resource.

(3) Mineral resources are reported above a (0.31 g/t (0.009 opt) gold cut-off, gold price of $1200/oz, and assuming metal recoveries of 70%.

(4) Pit optimization is based on an assumed gold price of US$1,200/oz. and mining, processing and G&A costs of US$7.99 per tonne and metallurgical recoveries for gold of 70%.

(5) Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

(6) Gold ounces calculated from metric units using the following conversion rate: 1 troy ounce = 31.1035 grams and tons were calculated from metric units using the following conversion rate: 1 short ton = 0.907 tonnes.

(7) See also the Oakley Technical Report.

For the mineral resource estimate at La Negra, which is subject to pending acquisition by the Company, refer to "Material Mineral Projects – La Negra, Querétaro State, Mexico" below, specifically the sub-section entitled "Mineral Resource and Mineral Reserve Estimates".

MATERIAL MINERAL PROJECTS

Pursuant to NI 51-102, Excellon has prospectively identified La Negra as its sole material property as of the date hereof, subject to the anticipated completion of the La Negra Acquisition, failing which the Company will reassess its properties for materiality.

La Negra is a past-producing property at which, subject to completion of the La Negra Acquisition, the Company is expecting to restart production as more particularly described in its news release dated January 9, 2023.

LA NEGRA, QUERÉTARO STATE, MEXICO

A La Negra Technical Report was issued on June 29, 2022, bearing an effective date of March 31, 2022 entitled "Technical Report – Preliminary Economic Assessment Study, La Negra Mine, Minera La Negra S.A. de C.V., Cadereyta de Montes (Maconí), Querétaro, Mexico" prepared by Scott G. Britton, P.E. of Mining Plus US, Kim Kirkland, FAusIMM of Mining Plus Peru S.A.C., Glenn Zamudio, FAusIMM of Mining Plus Australia (together with Mining Plus US and Mining Plus Peru S.A.C., "**Mining Plus**") and Steven Truby, P.E. of Wood Environment & Infrastructure Solutions, Inc., each of whom is a Qualified Person for the purposes of NI 43-101 and independent of MLN and the Company. The following is a summary overview of La Negra. The summary is based on assumptions, qualifications and procedures which are not fully described herein. It is recommended that you read the La Negra Technical Report in its entirety for additional details relating to La Negra. The La Negra Technical Report is available under the Company's profile on SEDAR (www.sedar.com) and on the Company's website at www.excellonresources.com. Defined terms and abbreviations used in this section and not otherwise defined have the meanings attributed to them in the La Negra Technical Report.

Project Description, Location and Access

MLN is a base metals and silver company focused on restarting La Negra. La Negra is expected to be a mid-scale, low-cost polymetallic underground mining operation with drift access expected to use long hole, open stope methods along with conventional flotation, initially processing up to 2,500 tonnes per day to produce lead, zinc, and copper concentrates with silver values, and is targeting annual production of 23.3 million ounces of payable AgEq over an initial 7.5-year mine life.

MLN owns 100% of La Negra and holds all of the titles, rights, benefits, and obligations to La Negra, consisting of 15 mineral concessions with an aggregate area of approximately 82,878 hectares.

La Negra is located in central Mexico, approximately 90 km in a direct line to the northeast of Querétaro, the capital of the state of the same name, or approximately 150 km by paved road. The center of the property is located at approximately 20o51.1.' North Latitude and 99o30.9' West Longitude (UTM 14Q 2303950N / 426443E (WGS84 datum)). According to the 2020 Mexican census, the State of Querétaro has a population of approximately 2.4 million inhabitants, and the capital city, Querétaro, has a population of approximately 1.1 million. The main industrial activities in the state include automotive and aerospace manufacturing, as well as logistics and distribution, given its location close to Mexico City. The state also has a burgeoning agricultural sector.

La Negra is located in the district of Maconí, within the municipality of Cadereyta. Maconí and its environs have a population of approximately 3,000 inhabitants, dependent primarily on the mine as well as on small-scale agriculture and small-scale business.

La Negra is located in a mountainous range known as the Sierra Gorda, consisting of rugged, steep topography with peaks up to 3,100 m in altitude and deep river valleys at an elevation of 1,700 m. The climate is temperate, but the region is semi-arid, and consists of scrubby vegetation and cacti, with deciduous forest (primarily oak) and pine trees in those areas that receive greater rainfall.

History

Evidence suggests that the area around La Negra may have been mined for minerals used for cosmetic and decorative purposes for at least 2,000 years. The Spanish began mining in the district in the 1500s and in the area around Maconí in the late 1600s. Mining by private individuals continued in the 1800s and 1900s on an intermittent basis and by 1950 the property was owned by Compañía Minera Acoma, S.A., although their activities were apparently not successful.

Industrias Peñoles S.A. de C.V. ("Peñoles"), which had operated a small smelter 10 km away in the vicinity of El Doctor, acquired the property in the early 1960s and carried out a mapping, sampling, and magnetic survey program which resulted in the discovery of La Negra and El Alacrán deposits. Mine development began in 1967 and production commenced in 1971. In 2000, the property was put on care and maintenance due to low metals prices, and the property was acquired by Aurcana Silver Corporation ("**Aurcana**") in 2006. In 2016, Dalu acquired ownership of MLN and La Negra from Aurcana pursuant to a court-sanctioned plan of arrangement. Since August 2020, MLN has been operated as a joint venture between Dalu and M Grupo pursuant to the M Grupo JV Arrangements, with Dalu holding an approximate 99.99% ownership interest in MLN. M Grupo does not have any ownership interest in MLN. As discussed above in this AIF, the M Grupo JV Arrangements will be terminated in connection with the La Negra Acquisition.

Geological Setting, Mineralization and Deposit Types

La Negra is located in the Sierra Gorda range, belonging to the Sierra Madre Oriental physiographic province. The main sedimentary host rocks were laid down during the late Jurassic through early Cretaceous and consist of two carbonate platforms – El Doctor to the west and Valles-San Luis Potosí to the east – with the deep water Zimapán basin, consisting of basinal carbonates with minor clastic material in between.

The collision of the Guerrero Terrane with the southwest coast of North America and the beginning of subduction signaled the beginning of the formation of the Mexican Fold and Thrust Belt ("**MFTB**") about 83 million years ago. The Paleozoic basement and resistant carbonate rocks of the El Doctor platform buckled and were thrust to the northeast over the sediments of the Zimapán basin, which deformed plastically resulting in high-amplitude folds.

Subsequent to the end of the Laramide orogeny and the termination of the compressional regime that formed the MFTB, the region experienced a period of extension (43-25 Ma) that led to minor normal faulting. Intrusive bodies exploited the northwest-trending fold axes created during the formation of the MFTB as well as subsidiary NE-trending structures.

The principal geologic unit in the vicinity of La Negra is the La Negra facies of the El Doctor Formation, which strikes north in the area of the mine but is interpreted to broadly follow the northwest trend of the Piñón Anticline, the fold axis of which is a major throughgoing structure. To the west, and potentially hosting northwest extensions of the mineralization, is the San Joaquín facies of the El Doctor Formation, which forms a north trending band approximately 150 m wide. To the west of this, and outside any zones of known mineralization, is the foreslope Socavón facies of the El Doctor Formation.

Four different phases of skarn mineralization have been identified with the economic mineralization formed in the final stage, which in addition to sulfides generated orthoclase, quartz, calcite and datolite. The principal minerals at La Negra consist of sphalerite (marmatite), galena, and chalcopyrite, with silver present as hessite (Ag2Te) in association with galena and as argentite and pyrargyrite. Other common, non-mineral sulfides include pyrite, minor pyrrhotite, lloelingite (FeAs2) and arsenopyrite. La Negra is classified as a Pb-Zn-Ag + Cu skarn.

Exploration

There have been several phases of modern exploration at La Negra during its more than 50-year history, starting with the work carried out in the 1950s by Compañía Minera La Campaña and then by Peñoles prior to initial production until they closed the operation in 2001. Subsequently, Aurcana conducted some work in the period when they held ownership from 2006 to 2016, although minimal work was completed from 2006 through 2020. The 2021 program signaled the first meaningful and methodical exploration on La Negra since it was held by Peñoles.

Initial exploration centered on the surface expression of the La Negra orebody, consisting of gossanous zones of altered intrusive in contact with indurated limestone showing selective bedding replacement. It was in this period that the Alacrán orebody was discovered. The facilities built by Peñoles at the time are still there, as are remnants of the small-scale core used at the time.

Once in production, Peñoles continued its exploration efforts in the near-mine area and also began to conduct more regional exploration primarily to the east and south of the current operations, consisting of mapping and surface geochem. Many of the zones discovered at the time were considered uninteresting due to the (at the time) low grades, and no follow-up work was carried out.

Peñoles also identified the northwest trend that includes deposits such as Blanca, Virginia, and Elia, as well as zones of mineralization such as San Onésimo and Valenciana which were never developed, and which currently represent valid exploration targets (and which are also included in the mineral resource estimate used in the La Negra PEA).

The 2021 field mapping program encompassed an area of 4,480 hectares primarily to the northwest and east of the current mine site (yellow star in the figures below) and was completed by an experienced independent geologic contractor, A-Geommining. The program was designed to develop grassroots targets along the northwest trending El Piñón Anticline building out from the current project area. Along with surficial mapping, the contractor collected soil samples on a 200 metre grid and rock samples when potential metalliferous anomalies were encountered. The map area of the 2021 program represents only 11% of MLN's concessions. The program illustrated the value of systematic exploration for demonstrating the prospectivity of the land package.

Based on the field mapping, 11 different priority zones of interest were identified and will form the basis for further work. Idealized cross-sections were also developed for each of these priority zones.

The 2021 field mapping program confirms that the influence of the intrusive rocks is pervasive throughout the mapping area, even though major outcropping is evident primarily only in the near-mine area. This suggests that there is near-surface potential along the belt, as evinced by the presence of outcropping skarn occurrences, and old workings throughout the mapping area. Future work is expected to focus on a more detailed assessment of each of the priority zones identified during the 2021 field program, incorporating the results of the surface sampling program.

The 2021 soil sampling program consisted of grid sampling an area of 4,480 hectares on 200 metre centers, resulting in the collection of 976 soil samples and 124 rock samples, with the latter chosen in those areas that showed evident mineralization at the surface.

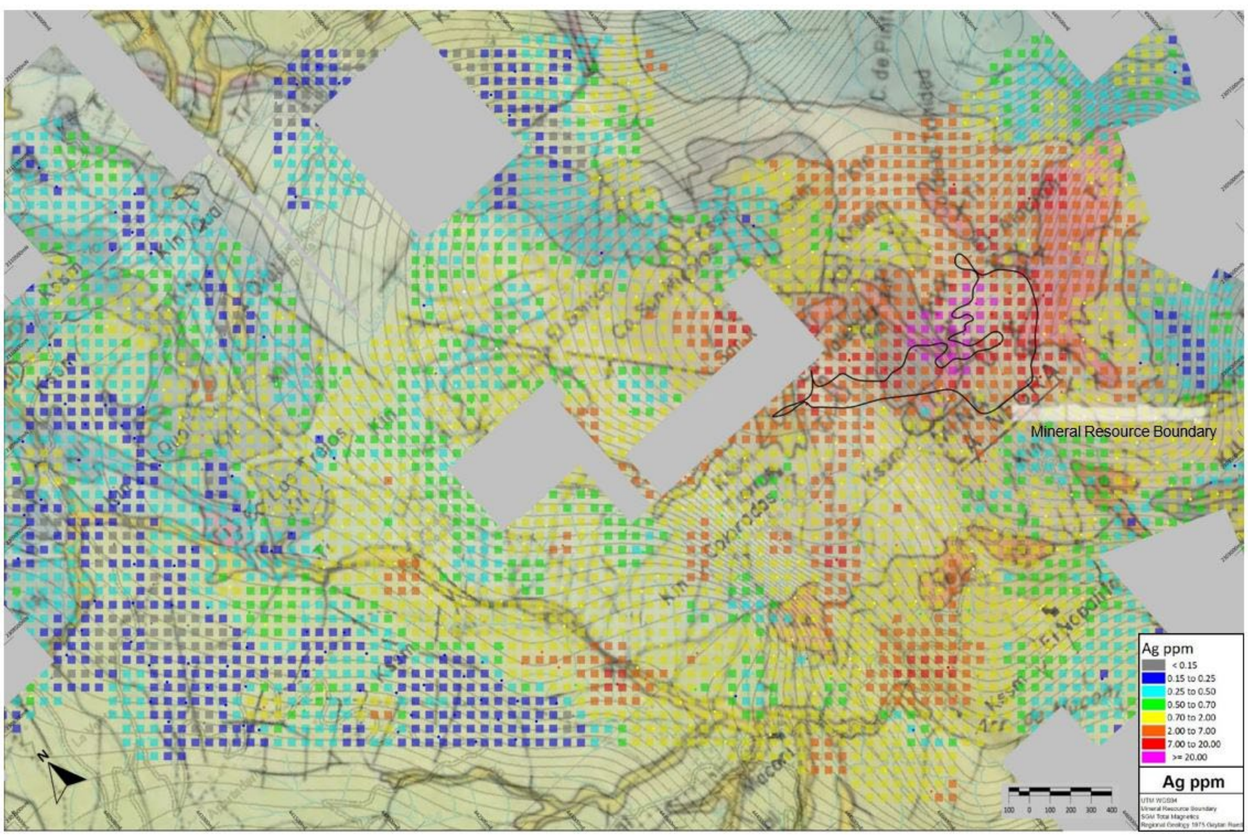
The soil samples were analyzed for 33 different elements and grids developed from the individual samples. The most relevant soil sample grid for Ag is presented below, and the remainder is incorporated by reference herein.

The results of the soil sampling program outlined extensive Ag, Pb, Zn, and Cu anomalism centered on the existing footprint of the known mineralization (shown as the black outline in the following figure), but with the principal potential located north and northeast of the current mineral resource. In addition to enrichment in the elements described above, the area to the north and northeast of the current mineral resource is also enriched in Bi, Cd, Co, and Cr. Elevated Bi is common in Zn skarns and values above 50 ppm are considered anomalous and are present to the east and north of the main mineral resource area. In addition, four small Bi anomalies occur to the west-southwest of the main mineral resource. Cadmium with values above 10 ppm is considered anomalous in Zn skarns. There is a significant Cd anomaly to the east of the mineral resource area which is coincident with the Bi anomaly. There is a second Cd anomaly to the northwest along the main structural trend. Cobalt is elevated in calcic Fe-Cu skarns with which La Negra shares many similarities and values above 50 ppm are considered anomalous. Cobalt anomalies are present directly to the east of the mineral resource area (and coincident with Bi and Cd), but also to the west and to the south. There is another zone of high Co some 4 km to the west-northwest of the mineral resource. Chromium is an important indicator mineral because it replaces Al and Fe in spinel and pyroxene. Values above 25 ppm are considered anomalous. There is a significant Cr anomaly (coincident with Bi, Cd, and Co) directly to the east of the mineral resource area.

A second zone of Cr anomalism occurs some 4 km northwest of the known mineral resource. This area shows significantly enhanced values of Cr and appears to trace known structures within the overall northwest trend. In addition to Cr, this area is also anomalous in Ba and Mn. Barium replaces K in felspar and the presence of a significant Ba anomaly to the northwest of the project area may signify the presence of another intrusive phase. This zone is also coincident with elevated levels of Mn, which is a common element in skarn-forming minerals such as vesuvianite and johannsenite.

A third zone of anomalism was discovered to the west-northwest of the mineral resource area, showing anomalous values of Hg, Sc, and V. This area is slightly distal to the Ba, Mn anomaly noted above. Mercury in skarn is considered anomalous above 250 ppm and is generally distal. This area also shows elevated levels of Sc; Sc/Rb ratios display a linear relationship that decreases progressively through Au, Cu, Zn and W skarns (Meinert). Finally, this area also has elevated V levels, although V anomalism is quite widespread. Vanadium tends to demonstrate the same pattern as Sc.

Soil Sampling Program 2021 – Soil Grid Ag

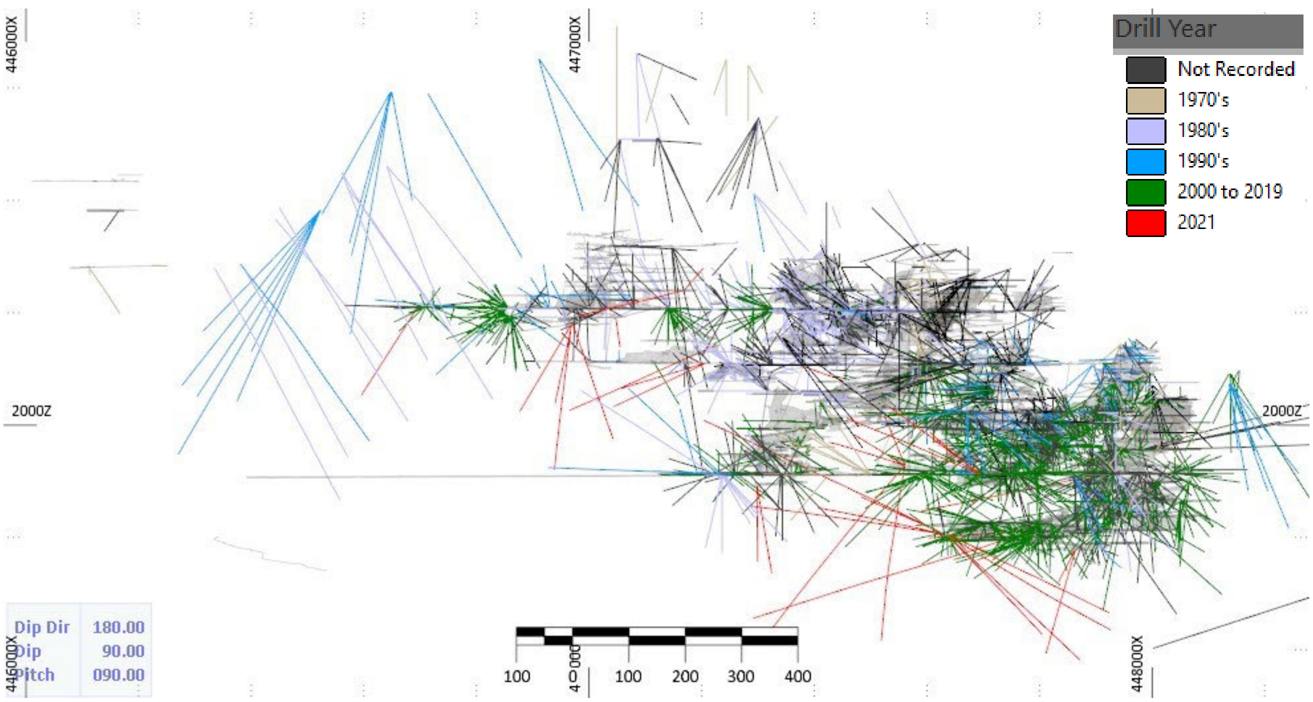


With a significant portion of La Negra’s 50 years of operating history occurring before the advent of modern geological database management, much of the data that had been compiled had not been digitized. Among this information are drill logs with extensive details, including collar and orientation information, full geologic logging, assays, and sections. As a result, MLN engaged a third-party geologic contractor to sift through all existing paper records, confirming the completeness of the data and incorporating it into the drillhole database.

Drilling

The project database contains 2,851 holes drilled from the 1950's to 2021 with a total length of 227,063 m. The following figure shows the project drilling in relation to underground workings. MLN has conducted underground drilling since the acquisition of La Negra in 2006 from Peñoles, both to find extensions of known mineralization and to discover new zones but primarily drilling after 2006 has been near existing development.

Drilling by Year (Looking North)



MLN Drilling by Year

Year	# of Holes	Metres
2006	1	79
2007	25	1938
2008	60	4326
2009	59	3762
2010	203	10574
2011	220	13231
2012	188	12467
2013	180	15102

Year	# of Holes	Metres
2014	170	12582
2015	93	5696
2016	45	1431
2017	41	3101
2018	39	3597
2019	13	364
2020	-	-
2021	35	9800

MLN employs its own drillers and owns a variety of underground drill equipment, which are used primarily for definition drilling. The 2021 drill program, however, was carried out by an experienced independent drilling company. Underground drilling is generally controlled and monitored by mine geological staff, but for the 2021 exploration program, this was managed by experienced geological contractors, who were tasked with confirming the surveys of the location of the drill collar and the azimuth and inclination of each hole. The core was delivered to the secure core sampling and storage facility at the main mine complex where it was recorded as received and input into a control database that documented the process of logging and sampling. Prior to sampling, the core was checked for completeness and continuity, box numbering and length. The core was then cleaned and logged for lithology, mineralization, structure, and alteration. Each core was photographed to provide a digital record.

Intervals were selected for sampling based on visual identification of mineralization. Sample lengths generally are one or two metres; barren intervals above and below mineralization are also sampled to ensure the limits of mineralization are captured by the sampling process. The core was cut with a saw and half was placed in a labelled plastic sample bag together with a corresponding sample tag. A sample tag was placed in the core box and a third copy was retained in the sample booklet. When sampling was completed, the samples were consigned to the mine assay lab through a chain of custody protocol. Samples were routinely assayed for silver, copper, lead, zinc, iron, and arsenic and beginning in 2021 for antimony, bismuth, and cadmium.

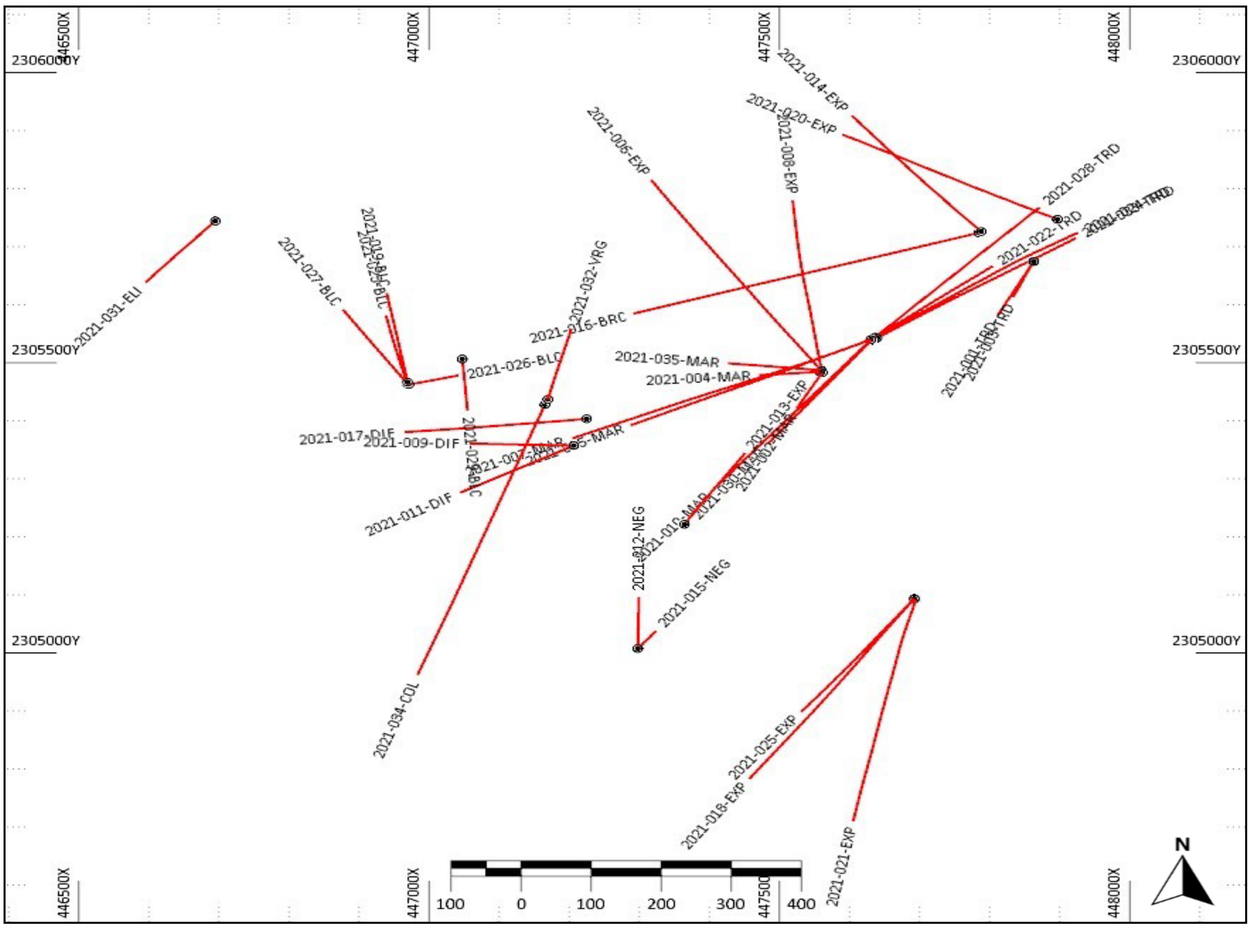
The majority of underground drill core assays that have been collected by MLN have been incorporated into the database that is described in section 14 of the La Negra Technical Report and have been used for the mineral resource estimate also described in section 14 of the La Negra Technical Report. The global database contains approximately 16,450 longhole assays that are a source of information for the mineral resource estimation.

The host rocks of the mine are typically very competent, core recoveries are consistently high. There are no drilling, sampling, recovery or other factors that appear to materially impact the accuracy and reliability of the assay results obtained.

Holes are drilled at a variety of angles with respect to the true thickness of the mineralization encountered. This is true both within zones and from one zone to another because the morphology of the mineralization is variable at both scales. The discrepancies between true and intersected thickness of mineralization are addressed in the mineral resource estimate shown in section 14 of the La Negra Technical Report, and below under the heading “Mineral Resource and Mineral Reserve Estimates”.

The 2021 drill program consisted of 35 holes totaling 9,705 m, shown in the “2021 Drill Program Collar Location Map” below. The subsequent table presents the most significant intercepts encountered in the 2021 drill program, showing the depth to intercept from the drill collar, actual intercept, and Ag, Pb, Zn, and Cu grades, as well as the NSR for the intercept based on metal grades and estimates of penalty metals. The results obtained from the 2021 drill program validate the existing geological model, with mineral intercepts corresponding to the anticipated extensions of known mineralized zones.

2021 Drill Program Collar Location Map



2021 Drill Program Collar Locations

Hole ID	Easting	Northing	Elevation (m)	Depth (m)	Azi	Dip
2021-001-TRD	447,863	2,305,675	1,777	212	209.2	-59.4
2021-002-MAR	447,561	2,305,483	1,927	116	210.9	51.6
2021-003-TRD	447,863	2,305,675	1,777	89	207	-39.5
2021-004-MAR	447,558	2,305,485	1,930	102	266.1	31.4
2021-005-MAR	447,630	2,305,540	1,806	377	246.5	8.9
2021-006-EXP	447,560	2,305,487	1,927	507	322.9	-34.6
2021-007-MAR	447,631	2,305,540	1,807	502	247.6	23.5

Hole ID	Easting	Northing	Elevation (m)	Depth (m)	Azi	Dip
2021-008-EXP	447,561	2,305,487	1,927	429	348.6	-42.5
2021-009-DIF	447,206	2,305,358	2,110	156	270.6	-16.5
2021-010-MAR	447,631	2,305,539	1,806	345	222.6	9.5
2021-011-DIF	447,206	2,305,357	2,110	197	240.6	-22
2021-012-NEG	447,298	2,305,008	1,893	163	0	-56
2021-013-EXP	447,364	2,305,222	2,110	154	33.6	-11
2021-014-EXP	447,788	2,305,726	1,811	273	314.6	-0.5
2021-015-NEG	447,298	2,305,007	1,893	162	39.6	-75
2021-016-BRC	447,785	2,305,724	1,810	535	254.6	-15.5
2021-017-DIF	447,225	2,305,404	2,142	286	263.6	-24
2021-018-EXP	447,693	2,305,093	1,913	402	220.6	14.2
2021-019-BLC	446,969	2,305,467	2,179	211	349.6	-41.5
2021-020-EXP	447,897	2,305,747	1,911	346	293.6	-10.5
2021-021-EXP	447,694	2,305,093	1,913	400	191.6	10
2021-022-TRD	447,636	2,305,543	1,803	273	58.6	-40
2021-023-BLC	446,969	2,305,465	2,179	286	346	-64
2021-024-TRD	447,637	2,305,544	1,803	380	62.6	-28
2021-025-EXP	447,692	2,305,094	1,914	280	219.1	26
2021-026-BLC	446,971	2,305,463	2,179	216	78	-69.5
2021-027-BLC	446,968	2,305,465	2,179	219	324	-45
2021-028-TRD	447,637	2,305,544	1,803	393	45.9	-32.7
2021-029-BLC	447,047	2,305,507	2,191	104	174.7	-30.8
2021-030-MAR	447,631	2,305,539	1,806	242	219	16.5
2021-031-ELI	446,695	2,305,744	2,209	214	223	-47
2021-032-VRG	447,170	2,305,437	2,240	132	15	17.5
2021-033-TRD	447,639	2,305,543	1,805	360	58	-21.5
2021-034-COL	447,166	2,305,428	2,239	503	201	-5
2021-035-MAR	447,560	2,305,487	1,929	140	274	18

2021 Drill Program Significant Intercepts

Hole ID	From	To	Intercept	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	NSR (US$/t)
2021-001-TRD	29.2	45.2	16.0	79	0.23	1.66	0.66	79.9
	57.2	77.2	20.0	132	0.51	1.47	1.28	136.6
	95.2	103.2	8.0	50	0.14	1.57	0.28	44.4
2021-002-MAR	45.1	50.2	5.1	63	0.06	3.13	1.03	96.0
	91.3	94.6	3.3	66	0.56	3.78	0.14	57.8

Hole ID	From	To	Intercept	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	NSR (US$/t)
2021-003-TRD	25.1	30.3	5.2	85	0.23	1.30	0.23	58.1
2021-004-MAR	53.8	57.8	4.0	75	0.26	0.35	0.09	45.5
2021-005-MAR	142.9	149.9	7.0	81	0.14	0.73	0.32	58.4
2021-007-MAR	252.0	255.0	3.0	53	0.30	1.03	0.26	44.8
2021-008-EXP	256.9	261.2	4.3	58	0.02	0.69	0.67	59.7
2021-009-DIF	57.0	63.1	6.1	204	0.13	2.49	3.50	270.0
2021-012-NEG	108.5	114.0	5.5	71	0.23	0.38	0.50	58.4
2021-015-NEG	15.9	20.2	4.4	90	0.53	2.57	0.31	79.8
2021-017-DIF	187.6	193.3	5.7	59	0.02	1.16	1.24	92.0
	203.3	209.3	6.0	140	0.04	0.40	3.27	217.8
	246.9	250.3	3.3	44	0.08	8.37	0.32	69.2
2021-016-BRC	58.0	61.0	3.0	60	0.26	0.74	0.22	46.0
	137.0	140.0	3.0	127	0.21	0.68	0.21	79.8
	200.5	203.5	3.0	39	0.03	2.32	0.56	56.2
2021-019-BLC	5.4	7.8	2.5	159	1.09	1.47	0.20	113.5
	45.1	53.6	8.6	71	0.12	4.42	0.98	105.5
	69.6	73.8	4.2	46	0.04	3.48	0.91	86.4
2021-022-TRD	9.0	12.0	3.0	55	0.10	0.89	0.75	65.6
	231.2	234.3	3.1	208	0.92	6.46	0.73	161.2
2021-023-BLC	6.0	9.0	3.0	109	1.20	1.68	0.08	83.3
	22.0	28.0	6.0	62	0.13	3.94	0.56	80.8
	30.0	36.0	6.0	87	0.20	5.39	1.05	119.3
	197.3	200.0	2.7	58	0.17	0.23	0.70	59.3
2021-024-TRD	5.0	8.5	3.5	89	0.16	1.33	1.07	102.7
	251.5	269.8	18.3	96	0.28	3.94	1.09	117.2
2021-026-BLC	22.6	25.0	2.4	218	0.63	1.25	0.64	153.9
	30.3	32.6	2.4	86	0.11	2.22	1.36	116.7
	35.9	43.9	8.0	43	0.05	3.22	0.53	65.9
2021-027-BLC	32.0	37.8	5.8	73	0.15	6.56	0.88	100.8
	62.3	66.3	4.0	78	0.21	6.62	0.39	86.8
2021-028-TRD	9.9	11.9	2.0	77	0.18	2.31	0.74	89.1
	106.9	109.6	2.7	57	0.05	2.00	0.99	84.7
2021-032-VRG	9.8	13.0	3.3	37	0.03	0.38	0.91	58.6
2021-033-TRD	4.4	14.0	9.6	103	0.26	2.97	0.90	109.0
	63.2	66.5	3.4	56	0.10	0.25	0.52	51.3
	86.3	90.3	4.0	106	0.24	0.51	0.47	78.1

Hole ID	From	To	Intercept	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	NSR (US$/t)
	173.3	177.3	4.0	103	0.07	0.49	1.55	122.5
	205.4	209.4	4.0	102	0.18	1.10	0.31	71.8
	214.1	285.4	71.3	62	0.12	1.06	0.71	70.3
2021-035-MAR	102.4	108.4	6.0	124	0.27	0.86	0.58	95.7
	110.4	113.9	3.5	89	0.18	2.15	1.27	116.3

Sampling, Analysis and Data Verification

The project dataset includes two primary databases, one consisting of sampling collected during operations and the other consisting of drill core sampling. The operational database largely contains information collected after Aurcana purchased the property; some Peñoles operational data exists but is mostly relevant to mined out areas and is not as relevant to remaining mineral resource areas. The drill core database contains significant quantities of Peñoles drilling, with exploration drilling outside of the immediate mining area nearly exclusively from Peñoles. A minor amount of exploration drilling was completed by Aurcana in the Carolina and Samara area in 2015. Except for the 2021 drill program, the drilling since Peñoles has largely been focused on mining related definition of immediately available areas. The goal of the 2021 drill program was to expand the inferred mineral resource and promote near mine discovery with little focus on incremental near mine expansion.

Peñoles completed several rock and soils programs, however, very little tabular data is available on these programs. Aurcana conducted an extensive rock sample program in 2012 that is described in previous technical reports. In 2021, assisted by geologic services contractor A-Geommining, MLN completed a systematic soil sample program and rock sample prospecting. The 2021 soil and rock program samples were prepared at the onsite laboratory and pulps were analyzed at ALS Chemex.

Each core is logged and sampled at a secure core logging facility located on the property. Other samples such as surface and underground channel samples are submitted by the geologists responsible for their collection to the onsite assay laboratory for analysis. In both cases, the samples are prepared according to formal protocols that have been developed by the Mine Geology and Exploration Department.

Peñoles actively explored and operated the property until 1999. Although modern concepts of quality QA/QC were not common at that time, analytical testing was completed by the onsite laboratory responsible for mine operating data. A reasonable assumption has been made that the mine was financially incentivized to maintain an accurate facility. The quality of reports, maps, and logs, indicates Peñoles operated the mine and exploration at a high professional standard. Information regarding QA/QC from this period has not been located and is suspected not to exist. The production sample database does not contain significant quantities of blast-hole and channel sampling completed by Peñoles. The drill hole database does contain significant quantities of Peñoles exploration and operational core drilling. This information is considered reliable and verified by the operating history of the mine. The weaknesses of the historically collected drillhole samples include smaller diameter cores that contribute to increased variability. Grade bias has not been observed with this dataset, except for bias generated from the absence of sampling. Historic sampling procedures did not include shoulder sampling, often did not include the sampling of internal waste intervals, and generally ignored grades suspected to be lower than the current operating cut-off grades. As discussed further in the section 14 of the La Negra Technical Report and below under the heading "Mineral Resource and Mineral Reserve Estimates", unsampled historic intervals within the modeled mineralized zones were assigned '0' grade for payable attributes which is the most appropriate option but also the most conservative approach. Historic sampling has frequently been confirmed through mining, resampling, and adjacent testing; no issues with historically collected data have been suggested or encountered.

Ownership by Aurcana, a publicly listed Canadian mining company, was accompanied by improvements and modernization of QA/QC protocols. The initiation of QA/QC sample insertion is described in Aurcana's 2008 technical report of La Negra authored by GeoSim Services Inc. and extensive verification sampling is described in the 2013 Behre DolhCar Group Inc. technical report. Aurcana frequently employed umpire check sampling at SGS and ALS Chemex.

Surface sample size varies with the sample medium (soil or rock), but for all sample types the project number, sample number, date of collection, location and description, including, if appropriate, lithology, structure and alteration are recorded. The sample is placed into either a cloth or canvas sample bag that is tied shut. The sample location is marked and photographed. Samples are submitted to the assay laboratory by the responsible geologist.

Underground mine samples are collected from working faces, backs and ribs. Sample lines are marked at 5 metre intervals along the strike of the mine development with spray paint and are divided into sample intervals, typically 3 metres in length. Samples are collected either with a chisel and hammer or by saw, and the sample material is caught on a tarp placed on the floor of the area being sampled. Samples are collected in numbered plastic bags and a sample tag is also placed in the bag. Bags are closed with ties. Sample numbers are inscribed on aluminum tags that are nailed to the midpoint of the sample interval. The sample numbers and locations are recorded manually and subsequently transcribed to a database. Samples are transported to the surface as collected and are submitted to the assay laboratory by the responsible geologist.

In addition to samples taken from the surface of workings, samples are also taken from production long holes (blast holes) and used for grade control. Blast holes are drilled both down and up and a single sample is collected for each hole from the cuttings generated by the drill. Holes are laid out in parallel lines 1.5 metres apart and drilled at a spacing of 1.2 metres. Each hole is assigned a unique, consecutive identification number that is in turn applied to the collected sample. Holes, and hence samples, vary in length, normally from 8.0 to 13.0 metres, but at Trinidad are up to 22 metres long. Samples from down-holes are collected using a shovel from the pile of cuttings that surrounds the hole on the floor of the working; the material is taken from at least five points around the pile by digging through the full vertical profile of the cuttings to obtain a representative sample. For up-holes, a boot is installed on the drill to capture the cuttings from the hole and the sample is taken from the material collected in the boot. The boot is cleaned after each hole before re-use. The location of each blast hole is surveyed, and all holes are laid out on a plan map used for identification and notation of sample numbers. Between 3.0 to 4.0 kg of cuttings are collected in plastic bags from each hole; each is accompanied by a sample tag also placed within or attached to the bag. Bags are closed with ties. The sample numbers and locations are recorded manually and subsequently transcribed to a computer database. Samples are taken under the supervision of a geologist and the same day are transported to the surface as collected and submitted to the assay laboratory by the responsible geologist.

The diamond drill core procedure applies to the core obtained by both surface and underground drilling but, in practical terms, almost all core drilling has been, and is, carried out underground. The core is placed into synthetic cardboard core boxes by the drill crew. The interval drilled is marked with wooden blocks showing the depth of the hole at the location of the block. The core is washed and measured for recovery. In transporting the core to the core processing facility on the surface, care is taken to avoid any contaminants that may compromise the integrity of the core boxes or the quality of the contained core.

At the core processing facility, the core is logged and marked for sampling by the geologist in charge of the facility. After the core is marked for sampling, and prior to cutting, the core is photographed in lots of two boxes. Core intervals to be sampled are selected on the basis of visual inspection for mineralization. Intervals of mineralization are bracketed by samples of unmineralized wall rock, 1 to 3 metres in length, on both sides of the mineralized interval.

The core is sampled by cutting with diamond saws. The saws are located immediately adjacent to the table on which the core is logged. The core is sawn in half and the portion to be analyzed is placed in a plastic bag that is marked with the sample number. In addition, a tag with the sample number is placed in the bag, which is then shut with a plastic tie. The bagged samples are placed in trays for transportation to the assay laboratory and the boxes containing the other half of the core are placed on racks in the core processing and storage facility.

Routine measurement of bulk densities is part of the drill core sampling protocol with samples measured at three-metre intervals along the drill core.

All types of samples are collected, prepared and transported by, or under, the supervision of, qualified personnel and their movement is controlled by a formal chain-of-custody protocol. The core sampling and storage facility is accessible only to qualified personnel. Given the sample handling and preparation protocols, there is very limited opportunity for any mishandling, accidental or otherwise, of any samples.

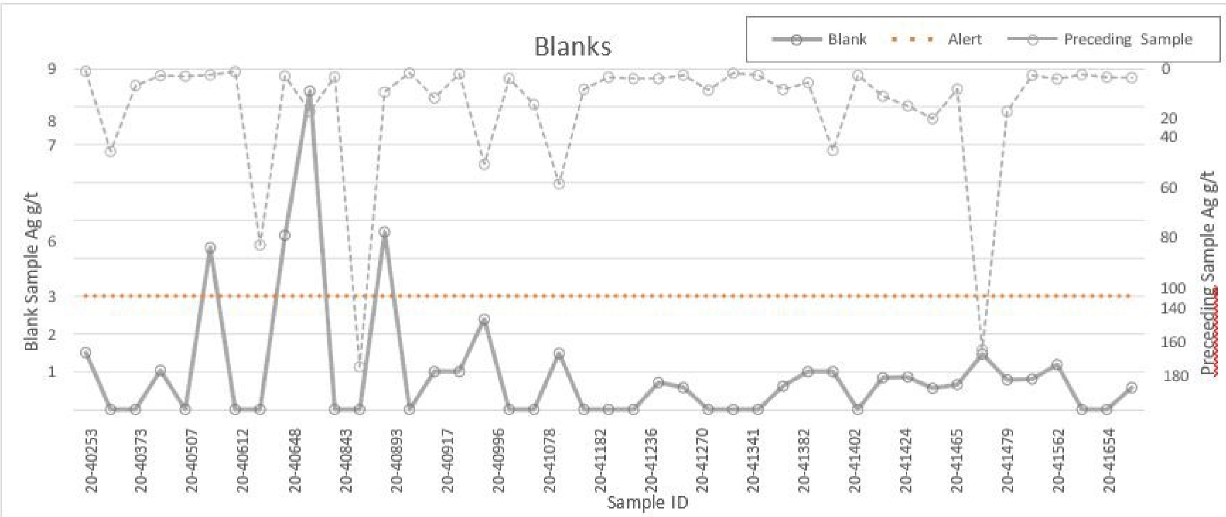
With the exception of the 2021 surface drill samples, all samples from all sources are prepared and analyzed in the on-site assay laboratory. Prior to processing, samples are checked for origin, number of samples and sample numbers. Samples are then dried, crushed and then pulverized using a ring pulverizer. Crushing reduces the samples to minus ¼ inches. Every tenth sample is split with a Jones splitter to obtain a duplicate check sample. Two hundred grams of crushed sample is reduced to minus 100 mesh (0.0059 in or 150 microns) in a ring centrifugal pulverizer. The crushing and pulverizing equipment is cleaned between samples, using compressed air. A 100-gram pulp sample is placed in an envelope and sent for assay. One duplicate pulp sample is collected for every 10 samples.

Samples are routinely analyzed for lead, zinc, copper, silver, iron and arsenic. Pulp samples are dissolved in aqua regia (hydrochloric and nitric acid). Silver content is determined by fire assay; lead, zinc, copper and arsenic are assayed by Atomic Absorption. Analyses are copied manually from the screen of the atomic absorption unit into a journal and subsequently are entered into an electronic database.

The 2021 drill program consisted of 2,718 core samples submitted to and analyzed by the on-site laboratory, accompanied by 43 blank samples, 73 standards, 37 field half core duplicates, and 129 pulp duplicates submitted in the sample stream blind to the laboratory. In-stream quality control samples accounted for 5.6% of the core samples submitted. Additionally, 667 standards and 119 blanks were tested as part of the laboratory’s procedures. Further verification was completed by sending 239 mineral zone sample pulps and coarse duplicates to ALS Chemex for umpire sampling. Except for one hole, every interval from the 2021 drill program within the mineral resource estimate has been umpire tested.

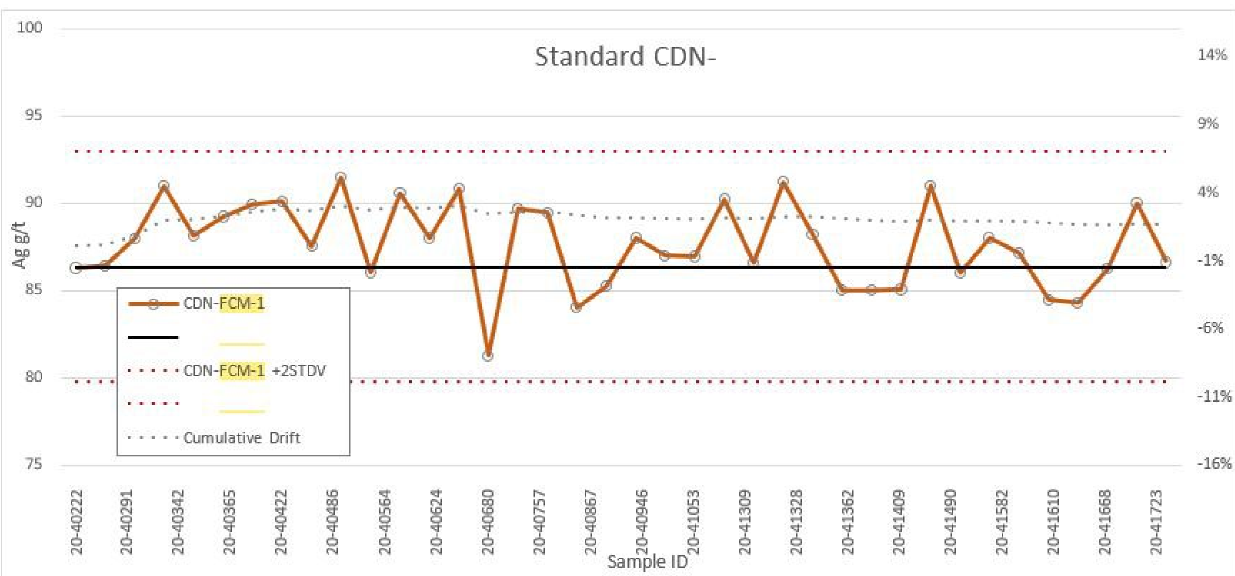
QA/QC performance from the 2021 program is shown in the below figures and shows adequate performance of locally sourced blank material, with very few, minor failures. Prior sample analysis demonstrates minor amounts of contamination are likely due to elevated natural background Ag that is typical with non-certified blank material and not contamination from the preceding sample.

In-Stream Ag Blanks - 2021 Drill Program



The following figure shows no failures for 38 in-stream submittals of standard CDN-FCM-1. A minor amount of cumulative drift, within one standard deviation was observed over the sample range.

In-Stream Ag Standard CDN-FCM-1 - 2021 Drill Program

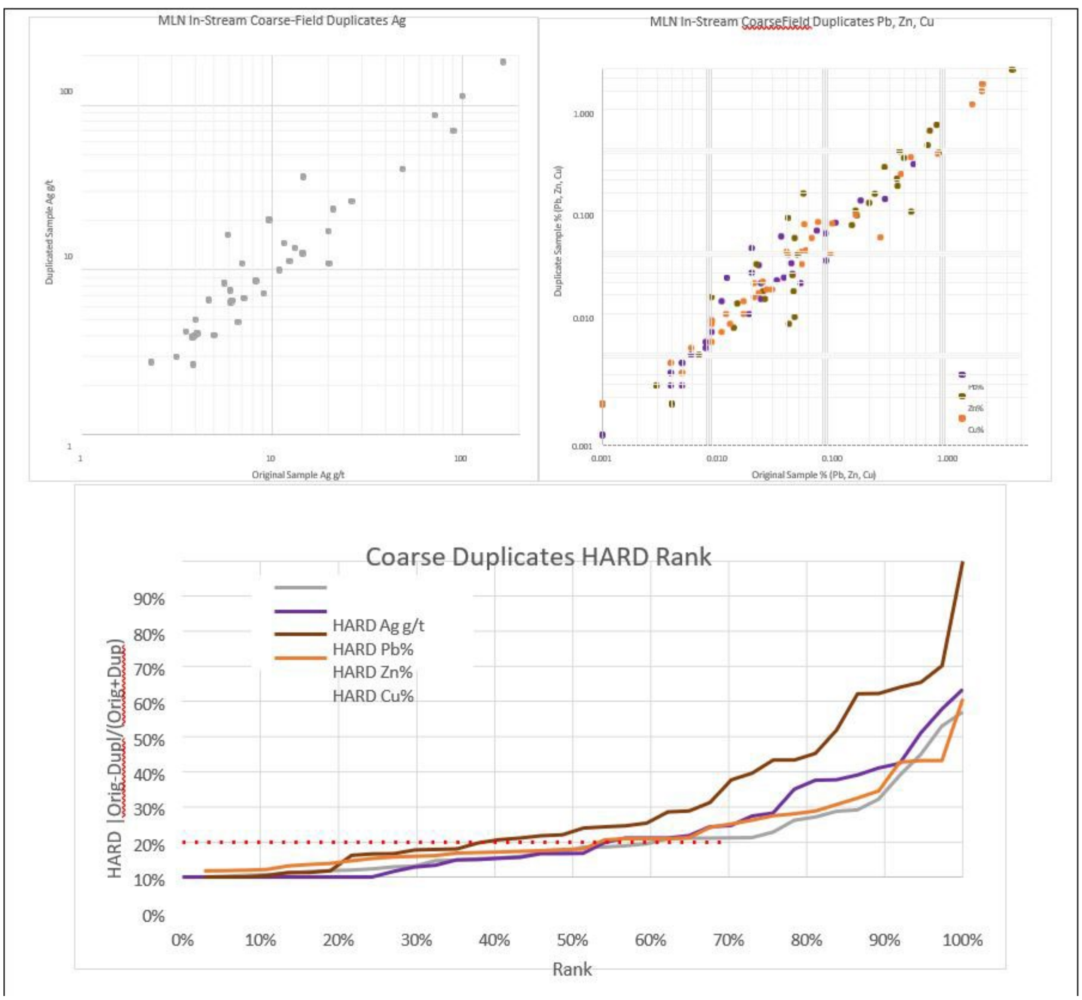


Similarly, the 35 in-stream submittals of standard CDN-FCM-3, show no failures with very little cumulative drift (See the figure below).

In-Stream Ag Standard CDN-FCM-3 - 2021 Drill Program

The following figure shows the field duplicate performance for in-stream quarter-core duplicates. Half absolute difference analysis suggests that Zn is lower precision compared to Ag, Pb and Cu, possibly as a result of the coarser metallic nature.

In-Stream Field (Coarse) Duplicates - 2021 Drill Program

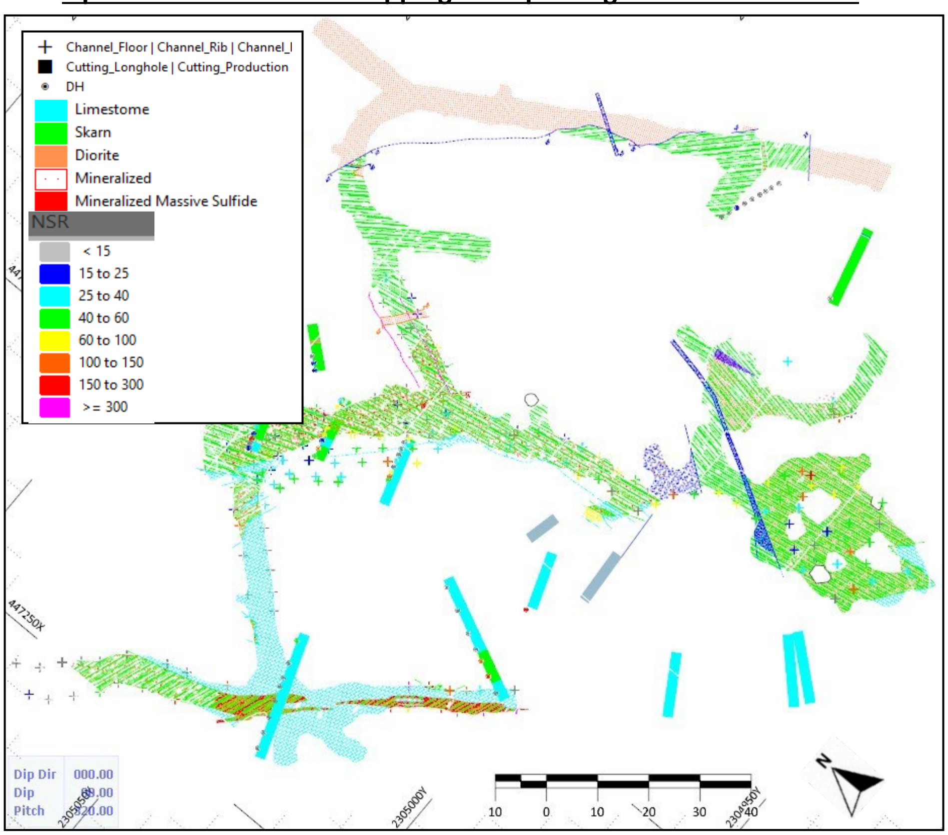


It is the opinion of Kim Kirkland, FAusIMM, that the dataset is suitable to support the estimate of mineral resources. Data collected nearest to the immediate operating areas is modern and sample streams have included QA/QC samples and analysis. Historically collected samples have been partially confirmed through operating statistics, historically sampled drill core supporting inferred areas of the block model will be continually tested with definition drilling. Initial block model estimates created prior to the 2021 drillhole program utilized historically collected sampling; the 2021 intercepts in these areas demonstrated the reasonable accuracy of the historic information. The following data sources directly and indirectly inform the mineral resource estimate. This data is actively maintained and stored by mine staff and was made available for review by Kim Kirkland, FAusIMM:

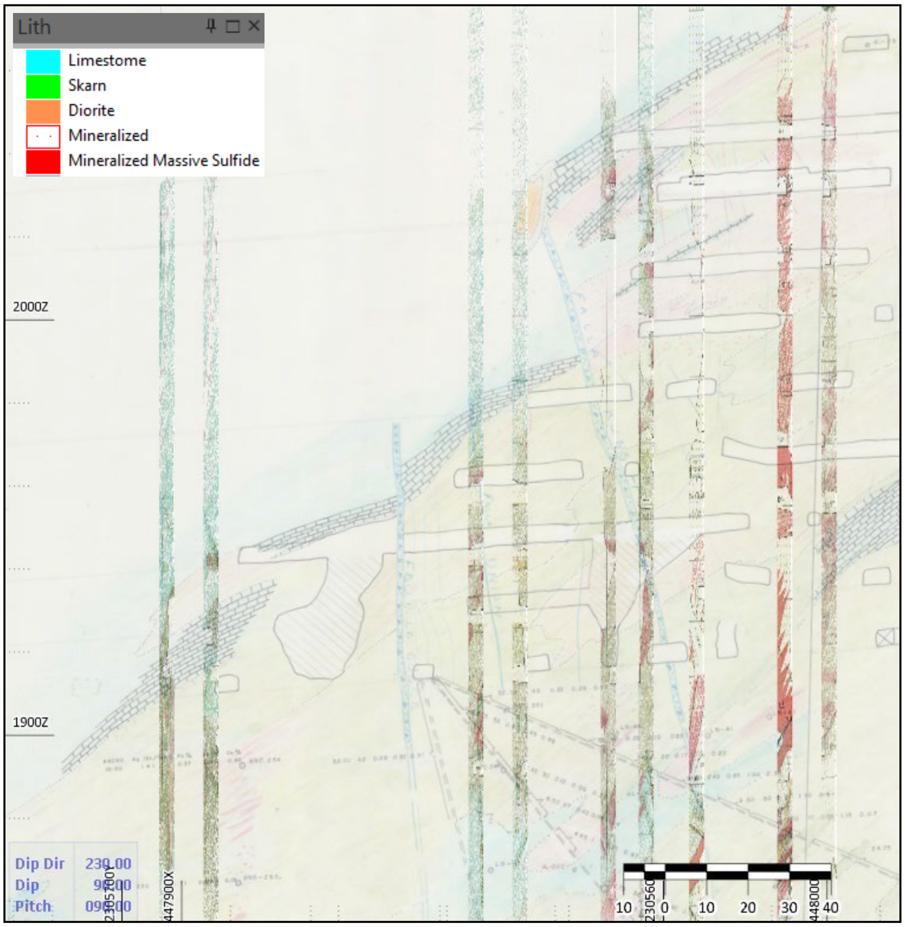
- paper assay records;
- surface lithology and alteration mapping;
- level plans generated in AutoCad that record detailed geologic information and well as mining areas and development headings;
- schematic and detailed geologic cross-sections and long sections;
- mined our cavity and development heading shapes;
- production and channel sampling;
- recent drill hole sampling and drill hole sampling from previous operators;
- recent QA/QC information and QA/QC information from previous operators;
- surface soils, channel and rock sampling;
- satellite collected surface topography; and
- mine survey control points.

These data sources collectively in digital and physical form have been used to corroborate the data adequacy.

Operational Level Plan Mapping Example Negra Elevation 1930 m



Interpretive Long-Section and Intersecting Cross-Sections for Alacrán (Looking NE 50° azi)



Data collected by previous operators is verified for consistency by utilizing multiple data sources to cross check geology, mineralization, location, bearing, and orientation. Assayed intervals have been verified from drill hole log annotations, maps, sections, paper records, and various archived sources. Verification has not been systematically completed but thousands of intervals have been checked against the various data sources. Most of the historic original drill hole logs are available for physical review in the mine office records and are also available to review as pdf scans. The laboratory has independently maintained paper copies of assay results since 2006. Digital certificates became the method of record beginning with the 2021 drill program.

Kim Kirkland, FAusIMM, conducted a site visit on March 28 and 29, 2022 during which the following activities were conducted to verify data adequacy:

- core logs and assay intervals were compared against physical core in drill holes 2021-01-TRD, 2021-033-TRD, and 2021-017-DIF;
- the storage and description quality of paper downhole logs were reviewed;
- drilling stations from the 2021 underground were visited;
- previous working areas were spot-checked against level plan geologic interpretations;
- development headings were travelled to gain a sense of the mineralization;

- several channel sample collection sites and annotations were observed. The depth and consistency of the channel sample cuts were noted; and
- the laboratory preparatory and analysis areas were toured.

<u>Example Channel Sample Location</u>

Based on the above field verifications, Kim Kirkland, FAusIMM, is of the opinion that the various data sources available are adequate to support the estimation of mineral resources, are reliable, and are verifiable. Certain limitations of the datasets have been considered and are reflected and accounted for in mineral resource classification and mineral body interpretations. The sources of data, consistent with a mine that has a long operating history, are confirmed and corroborated by continual collection of operational and exploration sampling. Current data collection techniques and archiving are at modern best practices standards. For most of the mined-out areas, the core and pulp packets have been discarded over the years, and while this could be concerning for a newer operation, these same areas are physically accessible with ease in geologic context which could be considered better than core. Prior to MLN's ownership, La Negra had a decades long history of production and most of the mineral resource considered in the La Negra Technical Report are immediate down dip extensions, and the extension along strike to the northwest, and are classified as inferred.

Mineral Processing and Metallurgical Testing

Production at La Negra was initiated in 1971 and La Negra has been in continuous production for most of that time.

Other than various throughput expansions over the years, the processing plant flowsheet has been well established and is little changed, and operating parameters and recoveries are well understood. Estimated LOM recoveries are as follows: Ag – 79.7%, Pb – 72.3%, Zn – 84.0%, Cu – 68.0%.

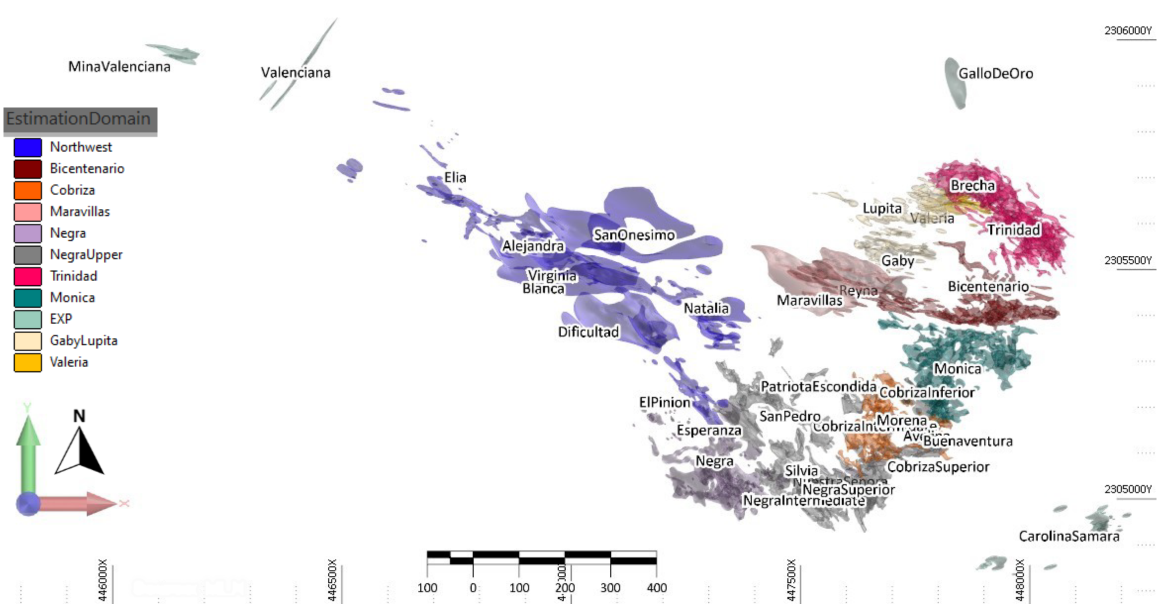
The most important aspect of the mine planning and mineral processing at La Negra is the correct calculation of the NSR for each tonne of rock in the model, as this directly drives the planning process for both the mine and the processing plant.

NSR is the dollar value of material after the metallurgical recovery, concentrate trucking charges, smelter payables, smelter deductibles, smelter penalties, and treatment charges have been accounted for. NSR does not account for mining costs, processing costs, G&A, sustaining capital, dilution, royalties, VAT, or taxes. The purpose of the NSR is to compare material value to the breakeven costs of the mine.

Mineral Resource and Mineral Reserve Estimates

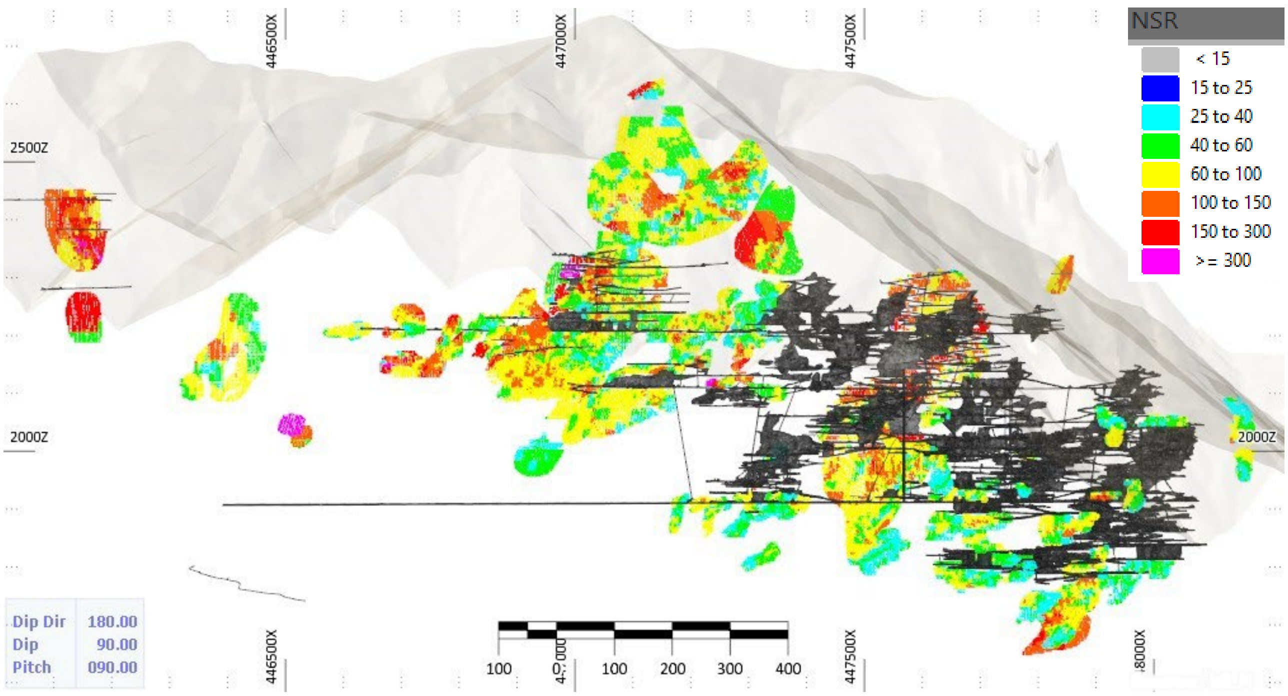
Mineral resources for La Negra have been estimated using Ordinary Kriging, are wireframe constrained, and stated at a base case cut-off grade of US$28/t NSR accounting for value from Ag, Pb, Zn, and Cu and penalties from As and Fe (see section 13 of the La Negra Technical Report) for a detailed description of the NSR model. Mineral resources have been estimated from analyses of Ag, Pb, Zn, Cu, As, and Fe collected from diamond drilling, channel sampling, and long-hole production sampling. Samples have been selected and the block model has been defined by 35 mineral zone solids constructed via implicit modeling using a cut-off of US$20/t as a general guide. Grades have been estimated into the block model by grouping the 35 mineral solids into eleven estimation domains. Drill hole samples are composited to 2 m, and channel and production samples are independently declustered to a 4m cell size. Drill hole, channels and production samples have been globally capped, capped by datatype, and capped by estimation domain.

<u>Mineral Solid Wireframes 3D Overview</u>



Estimation employs: sample length weighting, three nested passes of 25, 50 and 80 metres, and sector declustering. Mineral resource classification criteria account for: estimation pass range, distance to nearest sample, quantity of samples, sectors used, age and quality of data, type, and general reliability estimation. The block model has been depleted by existing mine cavities with an additional spatial buffer as well as manual removal of blocks near historic mining, no partially mined blocks are accounted for, and historically mined areas are mostly entirely removed from tabulation even if there are areas suspected to be remaining.

Overview of Estimated Remaining Mineral Resources >US$28/t NSR (Looking North)



The mineral resources that are stated in the below table and in the following figures are based on a grade tonnage curve of indicated and inferred mineral resources.

La Negra Mineral Resource Statement at US$28/t NSR Cut-off

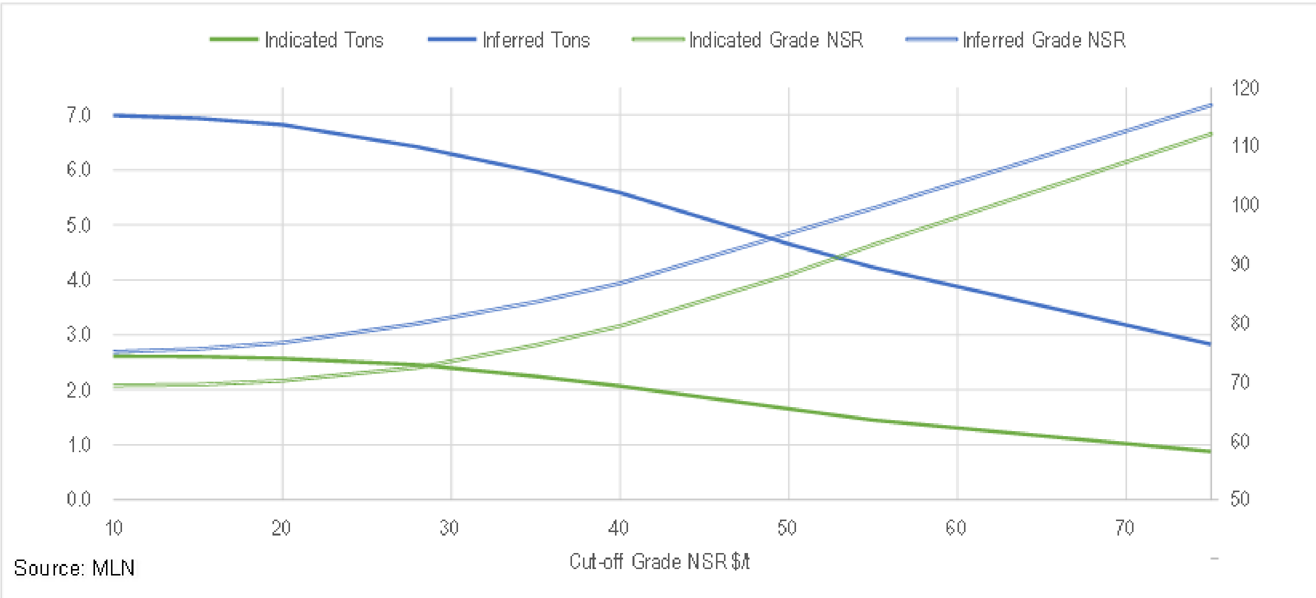
Classification	Cut-off Grade US$NSR/t	Tonnes (M)	Grade US$NSR/t	Grade Ag g/t	Grade Pb%	Grade Zn%	Grade Cu%
Indicated	28	2.46	73	64	0.27	1.95	0.50
Inferred	28	6.42	80	80	0.65	1.80	0.40

Source: MLN

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Mineral resources are stated as undiluted. There is no certainty that all or any part of mineral resources will be converted to mineral reserves. Inferred mineral resources are based on limited sampling with assumed geologic continuity which suggests the greatest uncertainty for resource estimation. Quantity and grades are estimates and are rounded to reflect the fact that the mineral resource estimate is an approximation. Mineral resources are undiluted. NSR includes the following price assumptions: Ag US$20.0/oz, Pb US$0.90/lb, Zn

US$1.10/lb and Cu US$3.30/lb based on the Q3 2021 Q3 long-term forecasts provided by Duff & Phelps. NSR includes varying recovery with averages of 80% Ag, 68% Pb, 80% Zn, and 66% Cu.

<u>Mineral Resource Grade-Tonnage Curve</u>



No mineral reserves were estimated as part of the La Negra PEA or otherwise.

Mining Operations

The mineralized zones that make up La Negra are expected to be mined using as much of the existing mine infrastructure as possible, supplemented by new drift and ramp development, water handling and ventilation, as needed. Mining is planned to take place with MLN's existing mining fleet, supplemented with new and some used equipment that is expected to be available as required to meet the mine plan, which is based on the production of 2,500 tonnes per operating day, or 842,500 tonnes per annum. Any additional equipment is included in the capital budget and includes a 20% contingency. The mine plan envisions mining the zones corresponding to the mineralized bodies described above, with certain economic factors – such as mining recovery, dilution, capital and operating development, ventilation requirements, and operating costs – applied to these mineralized zones to present a reasonable prospect for economic extraction.

All phases of mining, with the exception of haulage to the surface, are expected to be carried out by experienced MLN personnel, with the latter expected to be managed by a community-based contractor.

Each zone of mineralization was analyzed to determine the most optimum and practical mining method, which was then used along with the appropriate mine design criteria to develop a cut-off grade. As the La Negra PEA was a preliminary economic assessment level study, all categories of mineral resource were included in the optimization process.

For the purposes of the preliminary optimization, a mining cost of US$7.21/tonne mined was assumed for long-hole open stoping and was generated from first principles taking into account anticipated staffing levels, current wage levels plus anticipated bonuses, current equipment operating costs, and consumable costs from vendor quotation. An estimated development mining cost was also calculated at US$840 per metre of advance, assuming a 4 x 4.5 metre drift size. The cost of haulage from the mine to the crusher is US$1.18/tonne based on an active contract, which is carried out by a community-based contractor, and is included in the mining cost quoted above. These costs are considered reasonable for a preliminary economic assessment and would be subject to revision and update as more detailed work is completed.

For the La Negra PEA, the mineral resource model was adjusted to account for expected mining dilution. Historically, dilution at La Negra has averaged 14%, and, for the La Negra PEA, dilution of 15% was accounted for.

Based on the parameters outlined above, as well as the first principle estimates of processing and general and administrative costs, a cut-off grade of US$28 per tonne was utilized for identifying potential mining areas.

Geotechnical Considerations

An initial geotechnical model suited to past operations was developed by A-Geommining in October of 2018 and considered by Mining Plus. The mechanical properties for each mineralized zone were determined based on lithology and assigned a minimum, maximum and average Uniaxial Compressive Strength. Q-values (max, min, avg) were also determined for each zone for each lithology.

Based on site observations of the ground conditions at La Negra, the Geological Strength Index for the mine ranges between 40 and 80, with most of the readings between 60 and 75 and the lowest readings occurring only in faulted zones. This correlates very well with the Q values for La Negra as calculated by A-Geommining and reviewed by Mining Plus.

Excavation stability assessments were completed using industry-accepted empirical relationships, supported by historical experience. The rock mass conditions assessed in the range of fair to fair/good or better are considered suitable for open stoping mining methods such as those that have been historically employed at La Negra. The ground conditions assessed within the poor to fair domain are considered adequate for open stoping methods, but with shorter length or width spans and with greater use of rib and sill pillars.

The recommended open stope geometry is 20 metres long by 20 metres high and 6 metres wide, mined along the strike of the vein formation in a retreating sequence using a longitudinal orientation, although transverse mining will be considered in areas where the mineralization is greater than 6 metres in width. Stability of the stope back is critical for maintaining stable mining conditions, and this design is expected to provide a factor of safety > 2.0.

Ground support design takes into consideration industry standard empirical guidelines and MLN's experience with varying ground conditions within the mine. Historically very little in the way of ground support has been required given the competence of the country rock, although rock bolts and mesh have been utilized occasionally in areas with poorer ground conditions.

The La Negra Technical Report does not consider the use of backfill. Scoping level trade-offs and geotechnical assessment did not require the use of backfill. The absence of backfill does however, reduce mineral resource recovery and the potential to utilize backfill to maximize mineral resource recovery should be further considered in conjunction with current plans to filter tailings and deposit them over top of the existing (and permitted) Tailings Storage Facility 5 (“**TSF5**”)/TSF5A and Tailings Storage Facility 3 (“**TSF3**”).

Mine Design and Mining Methods

The underground design for La Negra was based on industry-standard methodology for cut-off grade optimization, mine sequencing, and design at a scoping level. The main steps in the planning process are as follows:

- assignment of economic criteria to the geologic resource model;
- definition of optimization parameters such as NSR, preliminary cost estimates, mineral resource extraction, dilution, and metallurgical recovery estimates for each mineralized zone;
- calculation of economic stope limits for the various zones using stope optimization software;
- establishment of an economic scheduling sequence; and
- identification of stoping areas and preliminary designs and mining sequence incorporating ventilation requirements.

In recent history, two principal mining methods have been used at La Negra: long hole open stoping and mechanized room and pillar. While mechanized mining has predominated, some non-mechanized (jackleg mining) methods have been employed, primarily in the upper sections of the mine (i.e., above the main 2000 haulage level). Long-hole open stoping has been employed in areas where the mineralization is subvertical (but greater than 70 degrees to horizontal) while room-and-pillar was the method of choice for subhorizontal (but less than 30 degrees to horizontal) – and generally lower-grade – zones. Support pillars with dimensions of 8 by 8 metres were generally utilized in these zones.

The restart plan envisions utilizing a greater amount of long hole open stoping as the primary mining method, for the following reasons:

- ground conditions allow for the use of this method;
- the mine staff are familiar with this method given its use over almost 50 years;
- the mine fleet is suitable for this extraction method;
- it allows for low-cost extraction; and
- it provides the future potential for efficient backfilling.

Other variations of these mining methods will be considered in areas with poorer ground conditions, but only if such zones have a materially higher NSR, allowing for profitable extraction. The restart plan does not envision much use of jackleg mining for either stoping or development following the time when the required initial slashing is complete.

Production Plan

The following criteria were used in the preparation of the production plan:

- the production plan has been developed on a monthly time period basis for the life-of-mine;
- the mine will operate six days per week, with the exception of statutory holidays, or approximately 310 days per year;
- production will be primarily by sub-level long hole open stoping;
- the process plant is scheduled to operate 337 days per annum; and

- the process plant has a theoretical capacity of 3,000 tonnes per day but will be operated at 2,500 tonnes per operating day.

The following table details the LOM production plan.

LOM Production Schedule

		LOM	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Tonnes to the mill	(000's t)	6,223	843	843	843	843	843	843	843	326
Production and Throughput	(tpd)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Ag Grade	(g/t)	63	47	53	62	63	63	55	81	96
Pb Grade	(%)	0.4	0.2	0.2	0.5	0.5	0.5	0.3	0.7	0.8
Zn Grade	(%)	1.5	1.3	1.4	1.8	1.6	1.7	1.6	1.3	1.4
Cu Grade	(%)	0.4	0.4	0.5	0.3	0.3	0.3	0.4	0.3	0.4
Fe Grade	(%)	8.6	9.8	8.9	8.6	8.2	8.2	8.7	8.7	6.3
As Grade	(%)	0.7	0.6	0.8	0.8	0.6	0.7	0.7	0.4	0.4

Equipment

The underground mining activities at La Negra are expected to be carried out with conventional equipment typical of smaller-scale underground mines, including single-boom drilling jumbos for drift and ramp access, "Simba" production drills for stope preparation, and scoop trams for mucking. The scoops are diesel fueled but the jumbos and production drills are electric.

La Negra historically relied on small, 2.5 and 3.5 cubic yard scoop trams for mucking, but as the operation grew the smaller equipment was replaced with 4.0 and 6.0 cubic yard scoops. Until the recent shutdown the smaller scoops were used in those areas with smaller headings but the redevelopment plan assumes that the smaller equipment will only be utilized as needed to help slash out the smaller headings and will then be retired.

Haulage from the loading pockets to the surface stockpile area outside the 2,000 level portal has historically been carried out by a community-based contractor utilizing 23 tonne trucks. The La Negra PEA assumed that this arrangement will continue. The cost of contractor haulage is included in mining costs albeit shown as a separate line item.

Processing and Recovery Operations

The processing facility at La Negra consists of a standard crushing, grinding, flotation, and filtration circuit producing lead-silver, copper-silver, and zinc concentrates (in that order). The concentrator has an operating capacity of 3,000 tonnes per day but is estimated in the La Negra Technical Report to be operated at a rate of 2,500 tonnes per day after restart of La Negra.

The crushing circuit consists of a 25 x 42 inch jaw crusher, followed by secondary and tertiary crushing with Symons 5 ½ ft standard and shorthead cone crushers, respectively, to produce a product with a p80 of 5/16 inch. The material is conveyed to three fine ore storage bins with a capacity of 450 tonnes each. The grinding circuit consists of two parallel ball milling lines. The first consists of a 10 x 10 ft ball mill in a single grinding stage arrangement, while the second line consists of two ball mills, 9 x 11 ft and 7.5 x 11 ft, in a two-stage milling arrangement, producing a p80 of 75µ.

The flotation circuit consists of three stages of flotation to recover lead, copper, and zinc concentrates, in that order. A variety of reagents are added throughout the process to maximize the recovery of the targeted metal, while suppressing unwanted materials such as iron and arsenic. The lead recovery circuit consists of four 350 ft3 Outotec rougher flotation cells and four 50 ft3 Denver scavenger/cleaner flotation cells. Sodium cyanide and zinc sulfate are added during the grinding stage to depress pyrite, arsenic and copper and zinc minerals, and AERO 7583 is added as a lead collector while CC1064 is added as a frother.

The copper recovery circuit consists of ten 160 ft3 Denver flotation cells. Ammonium bisulfite is added as a pH modifier and Zn and Fe depressor, while S-7583 is added as a copper collector and CC1064 is added as a frother. Depending on the copper minerals, sodium isopropyl xanthate is also added as a collector.

The zinc recovery circuit consists of four Denver 160 ft3 rougher flotation cells and four Denver 160 ft3 cleaner flotation cells. Lime is added as a pH modifier and copper sulfate is added to activate the zinc minerals. Aero 5160 is added as a collector, while CC1064 is added as a frother.

The concentrates are thickened and filtered to a moisture content of 10-12% with LOM concentrate grades of 60.2% Pb and 8,362 g/t Ag for the Pb-Ag concentrate, 44.1% Zn and 70 g/t Ag for the Zn concentrate, and 23.9% Cu and 1,740 g/t Ag for the copper concentrate.

La Negra has a fully equipped laboratory to perform sample preparation and assays by induced coupled plasma, atomic absorption and fire assay. The laboratory carries out assays for both exploration and concentrate samples.

La Negra NSR Model

	Ag	Pb	Zn	Cu	Fe	As
Material Grade	63	0.46%	1.51%	0.35%	8.78%	0.71%
Gross Recovery (%)	79.7	72.3	84.0	68.0		
Concentration Ratio		193.1	34.5	99.9		
Concentrate Grade						
Moisture (%)		11.1	12.2	10.2		
Ag (g/t)		8,362	156	1,740		
Pb (%)		60.2	0.2	2.4		
Zn (%)		1.3	49.2	6.7		
Cu (%)		0.0	0.0	23.9		
Fe (%)		0.0	15.0	0.0		
As (%)		0.63	0.00	0.38		
Sb (%)		1.2	0.00	0.03		

	Ag	Pb	Zn	Cu	Fe	As
Cd (ppm)		0.0	0.42	0.00		
Bi (%)		2.0	0.00	0.00		
SiO2 (%)		0.0	0.00	0.00		
Cl (ppm)		0.0	0.00	0.00		
F (ppm)		0.0	0.00	0.00		
Payability						
Ag (%)		95%/50g/t ded	70%/100g/t ded	90%/31g/t ded		
Pb (%)		95%/3% ded	0.0	0.0		
Zn (%)		0.0	85%/8 % ded	0.0		
Cu (%)		0.0	0	96.5%/1% ded		
Deductions						
Treatment Charge (US$/t)		97	150	75		
Treatment Charge Escalation (US$/t)		0	0.12 > 1900/t	0		
Refining Charge Ag (US$/oz)		0.75	0.0	0.75		
Penalties						
As (US$/t)		0	0	2.5 > 0.2%		
Sb (US$.t)		0	0	2.5 > 0.1%		
Pb+Zn (US$/t)		0	0	2.5 > 2.0%		
Fe (US$/t)		0	2.5 > 5%	0.0		
As+Sb (US$/t)		2.5 > 0.3%	0.0	0.0		
Zn (US$/t)		2 > 5.0%	0.0	0.0		
F+Cl (US$/t)		2.00 > 500ppm	0.0	0.0		
NSR (US$/t)			72.2			

Infrastructure, Permitting and Compliance Activities

The infrastructure in and around La Negra is fairly standard. La Negra has access from the state capital city of Querétaro through a paved road to the town of Maconí. The last stretch to the plant site is via a well-maintained, year-round, 3.4 km long gravel road. Although it narrows to one lane locally it can handle all heavy equipment.

San Joaquín is the largest town close to Maconí, located 21 km to the north, with better services than Maconí. Local schooling is provided at Maconí through the primary level, while San Joaquin provides secondary and high school equivalent levels. For technical and higher-level education, local people attend schools at Cadereyta, Ezequiel Montes or Querétaro.

Available transportation is limited to a private bus service from San Joaquín to Querétaro and other localities.

Electrical power is obtained from the national grid through a 34 kilovolt line to the process plant and mine facilities. Occasionally, power is delivered directly from the Ezequiel Montes sub-station. Electrical power is transformed at MLN's substation to 6.9 kilovolts to be distributed to the process plant and mine facilities at 440 volts.

The site has both fixed landlines and satellite internet. Cellular phone service at the mine site and in the area around Maconí is limited.

Water for domestic sources comes from the Maconí River. Water for industrial purposes is obtained from several sources. Water used within the mine is obtained from the small amount of surface rain and run-off water that infiltrates the mine. This water is recirculated from the lower levels using pumps to lift it to where it is needed. Historically, approximately 70% of the water used in the mill operation is recirculated from the tailings storage facility and the remaining 30% makeup water is obtained from the San Nicolás water well. With the planned introduction of filtered tailings, it is estimated that 90% of the water used in the plant will be recycled.

MLN has the permits required to restart operations.

MLN operates under three separate environmental impact statements (Manifestación de Impacto Ambiental) (each a "**MIA**"), two of which are currently valid and in effect. The third is for the TSF5 facility which is no longer in use. The initial MIA was issued for the mine, mill, and the original tailings facility. A second MIA was issued for the development of TSF5, and the third was an amendment that allowed the expansion of TSF5, known as TSF5A ("**TSF5A**").

These studies considered the impact of the operation on the environment and the social impact of La Negra. The area affected by La Negra is located in a region that had experienced significant historical environmental and social impacts, including as a result of past mining operations dating back to the pre-Columbian era, as well as other human activities stretching back for hundreds of years.

The following table lists the key operating and environmental permits issued to MLN, which allow the mine to engage in mining, processing, and tailings storage.

MLN Permits

License/Permit	Agency	Document Number	Status
Operating License	*SEMARNAT*	No. 0168 / 130.25 I. SE469, 27	Valid
Environmental License	*SEMARNAT*	LAU-22 / 000004-2016	Valid
Environmental Impact Statement (MIA) Mine, Plant and Tailings	*SEMARNAT*	F.22.01.01.01/1882/17	Valid

License/Permit	Agency	Document Number	Status
Environmental Impact Statement (MIA) TSF5	*SEMARNAT*	D.O.O. – 04853	Expired*
Environmental Impact Statement (MIA) TSF5A	*SEMARNAT*	F.22.01.01.01/1533/16	Valid
Environmental Impact Statement (MIA) Settling Pond	*SEMARNAT*	F.22.01.01.01/0070/2020	Pending
Hazardous Waste Register	*SEMARNAT, CONAGUA, STPS, SSC, SDS and municipal authorities*	22/EV-0040/10/18	Valid
Land Rezoning	*SEMARNAT, CONAGUA, STPS, SSA, SDS*	SRN/280/98	Valid
Federal Water Use Permit	*CONAGUA*	QRO100564	Valid
Wastewater Discharge Permit	*CONAGUA*	09QRO106300/26EDDL12	Valid
Waste Use Permit	*SEMARNAT, CONAGUA*	2S.3.21/00051-2020	Valid
Organic Residue Permit	*SEDESU*	-	Valid
Hazardous Waste Management Plan	*SEMARNAT*	22-PMG-I-3478-2019	Valid
Special Waste Management Plan	*SEDESU*	-	Pending
TSF5A Closure Plan	*SEMARNAT*	-	Pending
Explosives Permit	*SEDENA*	3121-Qro.	Valid

* Not required for operations.

There are 21 communities in the vicinity of La Negra, which together belong to the *Comunidad Agraria Maconí*. The largest of these is Maconí, with a population of over 900, while the majority consist of small communities with populations of less than 100 inhabitants. The population near the mine totals approximately 3,000 individuals.

The project footprint consists of approximately 51 hectares and constitutes the areas that are directly disturbed by existing infrastructure and earthworks, in addition to those that are projected as part of the longer-term operation of the mine.

MLN has developed a series of plans which outline its commitment to environmental and social management, monitoring and mitigation, and includes health and safety, security, environmental plans, and stakeholder engagement. These plans are reviewed and updated periodically and will consider internal and external comments, stakeholder feedback, third-party reviews and potential regulatory changes.

MLN has developed and implemented the following management plans:

- Stakeholder Engagement Plan (*Plan de Recuperación del Tejido Social*);

- Occupational Health and Safety Plan (*Programa de Seguridad e Higiene Industrial*);
- Emergency Preparedness and Spill Response Plan (*Plan de Contingencias por Residuos Peligrosos*);
- Emergency Preparedness Plan (*Programa Interno de Protección Civil*);
- Transport Management Plan (*Plan Interno de Seguridad Vial*);
- Cyanide Management Plan (*Procedimiento para el Manejo de Cianuro*);
- Reagent Management Plan (*Plan Específico de Seguridad e Higiene para el Manejo, Transporte y Almacenamiento de Sustancias Químicas Peligrosas*);
- Solid Waste Management Plan (*Plan de Manejo de Residuos Peligrosos*);
- Air Quality and Noise Management Plan (*Plan Anual de Protección y Conservación Atmosférica*);
- Dust Management Program (included in *Plan Anual de Protección y Conservación Atmosférica)*;
- Surface Water Management Plan (*Plan Anual de Protección de Agua Superficial*);
- Soil and Tailings Management Plan (*Plan Anual para la Protección y Conservación de Suelos*);
- Biodiversity Management Plan (*Programa para el Rescate y Reubicación de Vegetación Forestal* and *Programa de Acciones para la Protección de la Fauna*);
- Physical and Property Security Plan (*Plan de Seguridad Patrimonial*);
- Cultural and Archeological Protection Plan *(Plan de Protección al Patrimonio Cultural, Paleontológico y Prehispánico)*;
- Mine Closure Plan (*Guía para la Elaboración del Plan de Cierre de Mina y Planta de Beneficio*);
- TSF5 Closure Plan (*Plan de Obra Cierre del Depósito de Jales No. 5*);
- TSF5A Closure Plan (*Plan de Cierre de Depósito de Jales Proyecto Ampliación del Depósito de Jales no. 5*); and
- TSF Emergency Management Plan (*Plan de Atención a Emergencias Depósito de Jales*).

La Negra is located on land belonging to an agrarian community named *Comunidad Agraria Maconí*. This should not be confused with a common form of communal land ownership unique to Mexico known as the *ejido*, although in practice there are minimal differences between an *ejido* and an agrarian community.

Based on the latest agrarian census by Mexico's statistics agency, *INEGI*, completed in 2020, there are 29,793 *ejidos* in Mexico covering an area of just over 82.2 million hectares, compared with 2,354 agrarian communities covering just over 17.5 million hectares. For the state of Querétaro, the comparative figure is 364 *ejidos* covering 0.48 million hectares and 16 agrarian communities covering 58,288 hectares.

The benefits and/or payments that a third party provides to the community are known as the *usufructo*, and the agreement between the *Comunidad Agraria* and such third party is known as the *Contrato de Usufructo por la Ocupación Temporal de Tierras Comunales*. Following Peñoles' sale of the property, a new 15-year *usufructo* was entered into between the community and the owner of La Negra on July 18, 2006, covering an area of 42.5 hectares. This agreement was later amended on February 16, 2016 following a series of negotiations that commenced in late 2014 designed to address certain grievances by the community with respect to the original agreement. The area covered by the *usufructo* was increased to 51.0 hectares to allow for the construction of TSF5A.

The latest amendment to the *usufructo* was completed in October 2021 and amends the terms of the agreement that expired on July 18, 2021. The agreement is valid for 15 years and covers the same 51.0

hectares. In addition to the annual land payment, MLN has agreed to carry out certain infrastructure projects of importance to the community once La Negra is fully in production.

La Negra is subject to inspections and audits by several government agencies. At the Federal level, the water agency CONAGUA inspects the site one to two times per year, while PROFEPA, which is the enforcement agency of SEMARNAT, inspects the mine three to four times per year.

At the State level, La Negra is subject to inspections by the sustainable development agency SEDESU (*Secretaría de Desarrollo Sustentable*) and by the State water commission CEA (*Comisión Estatal del Agua*). Each of these agencies inspects La Negra on average once per year.

The municipality of Cadereyta de Montes also inspects the mine once to twice per year.

Proper closure preparation is important to ensure that a mining project will have a positive impact on a community or region. MLN's closure and reclamation goals are as follows:

- to ensure future public health and safety are not compromised;
- to ensure environmental impacts are minimized and environmental resources in the region are not subject to additional deterioration over time;
- to ensure post-closure use of the site is beneficial and sustainable and acceptable to the community and regulators;
- to minimize adverse impacts on the local community;
- to maximize socioeconomic benefits; and
- to fund closure and rehabilitation.

In accordance with Mexico's regulatory requirements, a series of closure plans for La Negra were developed for each of MLN's MIAs. The closure plan for TSF5 was developed in July 2019 by MLN in accordance with Mexico's mining law (*Ley Minera*) and in accordance with SEMARNAT regulations NOM-141-SEMARNAT-2003 and NOM-147-SEMARNAT/SSA1-2004. That same year, MLN developed the closure plan for TSF5A. Preliminary closure and rehabilitation costs including engineering planning and environmental monitoring were developed by MLN.

Capital and Operating Costs

The total estimated cost required to restart La Negra includes the cost of refurbishing the existing mining fleet and purchasing certain additional new and used equipment, as well as advancing mine development, partial refurbishment of process lines within the processing plant, a new filtered tailings facility, first fills, and owner's costs. Subject to further revisions as plan updates or details emerge, these costs are considered reasonable for a preliminary economic assessment.

Capital cost estimates are based on a combination of prices and quotations provided by equipment suppliers and estimates provided by MLN personnel based on historic operating experience. The following table summarizes the initial and sustaining capital cost estimate.

The underground development required for the restart of La Negra was developed with the support of Mining Plus, while the costs for the development of a filtered tailings plant were developed with the support of Wood Environment & Infrastructure Solutions, Inc.

LOM Capital Cost Estimate

Description	Restart Capital (US$m)	Sustaining Capital (US$m)	Closure (US$m)	LOM Total (US$m)
Processing Plant	2.41	2.38	-	4.79
TSF	13.55	4.11	-	17.66
Underground Development	0.57	18.18	-	18.75
Equipment Replacement/Refurb	0.46	12.31	-	12.77
Indirect Costs	2.03	-	-	2.03
Owner's Costs	1.63	-	-	1.63
Capitalized Exploration	0.29	4.57	-	4.85
Other	-	0.58	-	0.58
Closure	-	-	5.00	5.00
Total Capital	**20.94**	**42.13**	**5.00**	**68.06**

The LOM operating costs for La Negra average US$28.00/tonne and include the following:

- mining;
- processing;
- tailings;
- technical services; and
- general and administrative costs.

The cost per tonne milled is based on an annual processing rate of 842,500 tonnes (2,500 tonne per operating day). These costs are considered to be reasonable for a preliminary economic assessment.

The LOM operating cost excludes offsite costs such as treatment charges, refining charges, other concentrate penalties/losses, and concentrate transportation. These costs are included in the NSR for each of the concentrates.

Life of Mine and Annual Cost Summary

Operating Costs	LOM Cost (US$m)	Annual Cost (US$m)	US$/t milled
Mining			
Payroll (Staff and Union)	13,377,067	1,803,650	2.15
Diesel	14,119,966	1,903,816	2.27

Operating Costs	LOM Cost (US$m)	Annual Cost (US$m)	US$/t milled
Haulage	7,365,608	993,116	1.18
Mine Services	4,359,212	587,759	0.70
Drill Steel	3,677,070	495,785	0.59
Explosives	3,433,317	462,919	0.55
Mechanical Maintenance	2,903,624	391,500	0.47
Tools	1,337,625	180,354	0.21
Safety	659,493	88,920	0.11
Electrical Maintenance	238,197	32,116	0.04
Spare Parts	491,390	66,255	0.08
Gasoline	215,770	29,093	0.03
Other	42,066	5,672	0.01
Total Mining Costs	**52,220,404**	**7,040,953**	**8.39**
Processing			
Reagents	26,855,799	3,621,007	4.32
Labor (Staff and Union)	13,730,764	1,851,339	2.21
Power	13,035,814	1,757,638	2.09
Maintenance	10,798,238	1,455,942	1.74
Spare Parts	5,275,250	711,270	0.85
Haulage	2,314,997	312,134	0.37
Make-up Water	713,474	96,199	0.11
Lab	1,079,044	145,489	0.17
Fuel and Lubricants	887,969	119,726	0.14
Construction Materials	192,976	26,019	0.03
Tools	77,768	10,486	0.01
Other	144,981	19,548	0.02
Safety Equipment	34,849	4,699	0.01
Total Processing Costs	**75,141,922**	**10,131,495**	**12.07**
Tailings	**14,597,557**	**1,968,210**	**2.35**

Operating Costs	LOM Cost (US$m)	Annual Cost (US$m)	US$/t milled
G&A			
Labor (Staff and Union)	5,869,902	791,448	0.94
Outside Service Providers	7,208,736	971,964	1.16
Insurance	5,119,466	690,265	0.82
Mining Concessions/Community	4,048,782	545,903	0.65
Environmental	2,887,820	389,369	0.46
Safety/Security	1,664,406	224,414	0.27
Supplies/Other	545,057	73,491	0.09
Accommodations and catering	443,474	59,794	0.07
Total G&A	**27,787,644**	**3,746,649**	**4.47**
Technical Services	**4,975,345**	**670,833**	**0.80**
Total Operating Cost	**174,722,872**	**23,558,140**	**28.08**

The following table outlines the metals prices and foreign exchange assumptions used in the economic analysis. Mine revenue will be derived from the sale of lead-silver, zinc, and copper-silver concentrates that will be sold to concentrate offtakers in the domestic and/or international markets. Although MLN has historically operated under offtake contracts with various offtakers there are currently no contractual arrangements.

Commodity Price and Foreign Exchange Assumptions

Commodity	Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Silver	US$/oz	22.50	22.50	22.13	22.00	22.00	22.00	22.00	22.00
Lead	US$/lb	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Zinc	US$/lb	1.18	1.16	1.15	1.15	1.15	1.15	1.15	1.15
Copper	US$/lb	3.95	3.76	3.78	3.65	3.60	3.60	3.60	3.60
MXN	per US$	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00

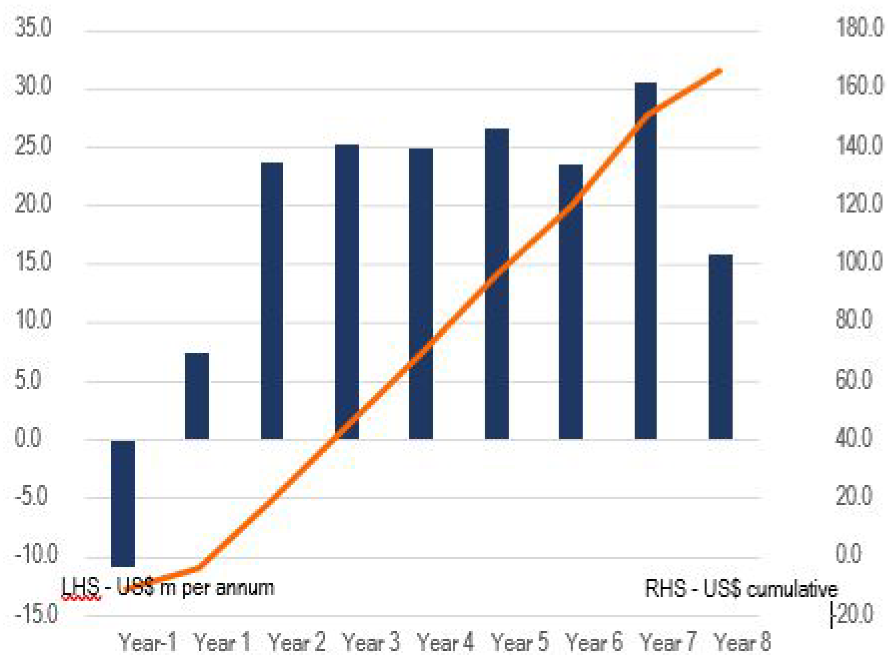
The following table shows the LOM and annual projected payable metals and average payability for each metal.

LOM Payable Metals

Metal	Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	LOM Total
Ag	koz	893	1,018	1,202	1,242	1,253	1,062	1,656	777	9,101
Pb	klb	1,920	2,201	5,747	6,347	9,220	3,624	8,334	3,569	40,960
Zn	klb	16,099	18,164	22,834	21,009	20,106	20,424	16,584	6,680	141,900
Cu	klb	5,075	5,866	3,675	3,603	3,629	4,568	3,555	1,653	31,623

La Negra has an after-tax net present value ("**NPV**") based on a 5% discount rate of US$132.4 million, based on the commodity price and foreign exchange assumptions detailed in the "Life of Mine and Annual Operating Cost Summary" and the "Commodity Price and Foreign Exchange Assumptions" tables above. The figure below shows the annual projected cash flows for La Negra.

Annual and Cumulative After-Tax Cash Flow (US$ m)



The following table summarizes the results of the financial analysis for the restart of La Negra.

Project Results Summary

	Unit	Value
AISC	US$/oz AgEq	12.95
LOM NSR	US$ m	449.2
LOM Operating Costs	US$ m	185.1
LOM Capital	US$ m	68.1

	Unit	Value
Pre-tax Cash Flow	US$ m	202.3
After-tax Cash Flow	US$ m	166.2
Pre-tax NPV (5%)	US$ m	160.5
After-tax NPV (5%)	US$ m	132.4

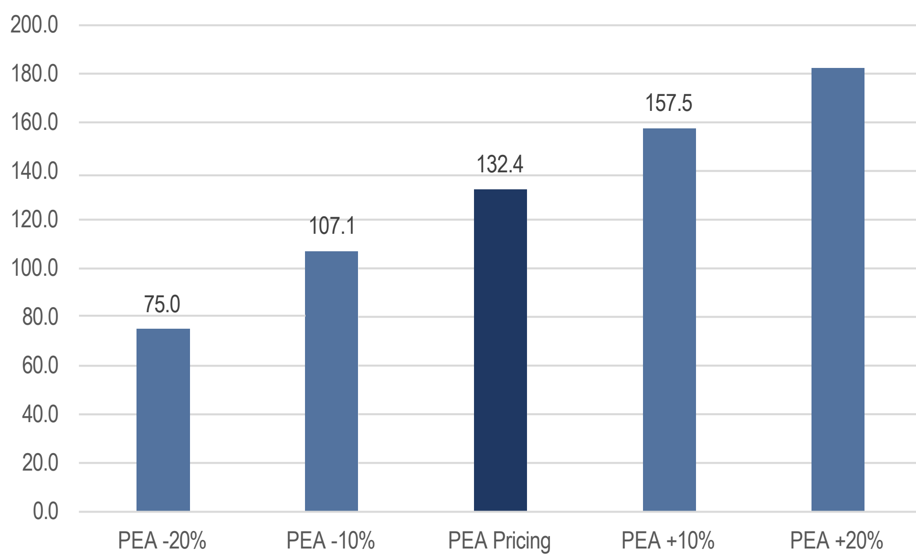
The following table shows the NPV for La Negra at several discount rates.

Project NPV Discount Rate Sensitivity

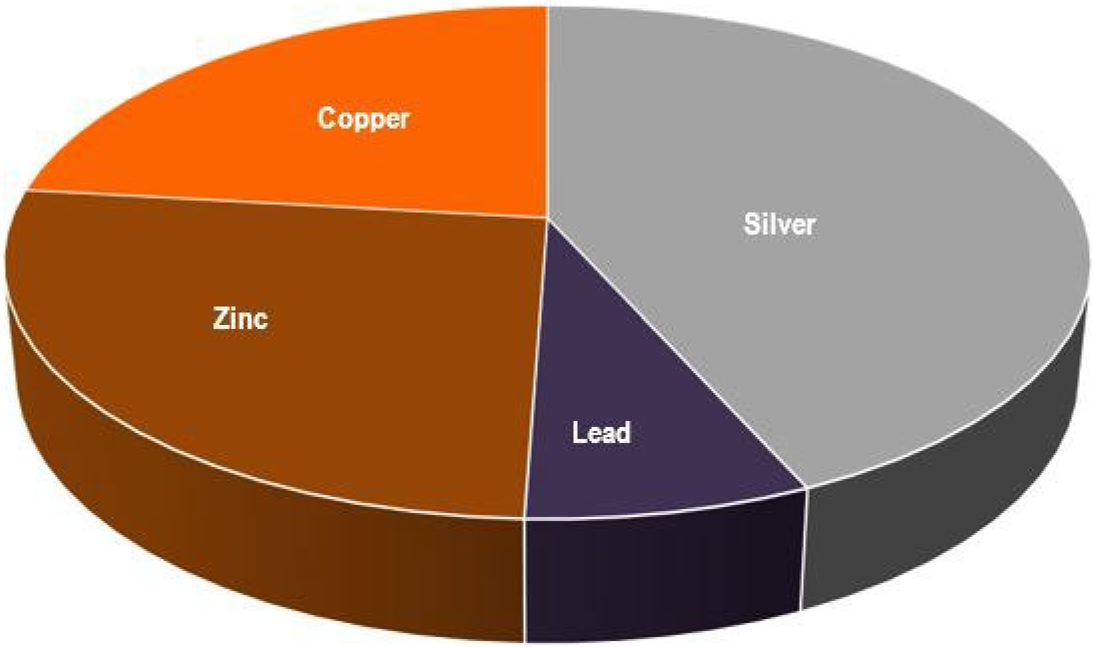
Discount Rate (%)	Pre-tax NPV (US$m)	After-tax NPV (US$m)
0.0	202.3	166.2
2.5	179.8	148.0
5.0	160.5	132.4
7.5	143.9	119.0
10.0	129.5	107.3
12.5	117.1	97.1
15.0	106.2	88.2

The following figure shows La Negra's sensitivity to metal prices, with prices of -20%, -10%, +10%, and +20% relative to the base case commodity price estimates used in the La Negra Technical Report. The pie chart below shows the distribution of revenue by payable metal.

La Negra NPV (US$ m) Metals Price Sensitivity



NSR Distribution by Metal



The La Negra site team, supported by the consultants listed in the La Negra Technical Report, has prepared a project restart execution plan for La Negra.

The La Negra PEA contains adequate detail and information to support the positive economic outcome and recommended restart of La Negra, particularly as La Negra is a brownfields site with existing infrastructure, equipment, development, operating permits, and labor force. Standard industry practices, equipment and design methods were used.

La Negra contains sufficient mineral resources to be mined by underground methods and recovered by differential flotation.

Based on the results of the La Negra PEA, both economic and technical, and considering that La Negra is a brownfields site, further advancement of La Negra is warranted.

In common with virtually all other mining projects, La Negra faces many risks that could affect the economic viability of La Negra. External risks are more difficult to predict and potentially impossible to control, such as political risks (including changes in regulations, legislation, ownership rules, and taxes), commodity prices, input prices (particularly reagents and energy), and exchange rates. Maintaining strong relationships with all stakeholders is critical to the success of La Negra, but these risks are reasonably predictable, and manageable, and form part of MLN's Stakeholder Engagement and Environmental Management Plans.

Some of the most significant potential risks include operating and capital cost escalation (including those caused by schedule delays), permitting and environmental compliance, ability to raise finance, commodity prices and exchange rates. For additional risks relating to La Negra, see "Risk Factors – Risk Factors Related to the Combined Company" above in this AIF.

There are various opportunities that will be considered to improve the economics, timing, and operational performance of La Negra. The most significant opportunity is to extend the LOM beyond that outlined above and in the La Negra Technical Report. In addition, the mine plan presented in the La Negra Technical Report recovers only a portion of the mineral resource due to the need to leave sufficient rib and sill pillars. The introduction of paste backfill later in the mine life could result in the recovery of a greater percentage of the overall mineral resource, even after the operating and capital costs of paste backfill are incorporated.

OTHER MINERAL PROJECTS

KILGORE PROJECT, IDAHO, UNITED STATES

The Kilgore Project is a volcanic-and sediment-hosted epithermal gold property located on the northern margin of the eastern Snake River Plain, approximately 5 miles west-northwest of the small rural hamlet of Kilgore, Clark County, Idaho. Excellon has a 100% undivided interest in 789 unpatented Federal lode claims totalling 6,788 hectares on U.S. Forest Service lands. The claims area is mountainous; relief on the Kilgore Property ranges from 6,450 feet (1966 metres) in the West Camas Creek drainage to 8,940 feet (2725 metres) at Monument Peak.

The property's initial discovery and earliest known gold exploration and production work was reported to have been in the 1930s by the Blue Ledge Mining Company. Evidence of Blue Ledge's activity remains as several collapsed underground adits, prospect pits, a tram car, and an old foundation, though there is no record of gold production from this period. Six different companies have explored the Kilgore property in modern times, beginning with Bear Creek Mining in 1983, followed by Placer Dome U.S., Pegasus, Echo Bay Exploration (Echo Bay), Latitude Minerals, Kilgore Minerals Ltd., and Otis Gold. Each of the companies conducted one or more campaigns of drilling that presently total 296,246 feet (88,873 metres).

The property has excellent three-season access via County and Forest Service gravel roads immediately east of the project, and currently has limited access during winter. Primary electric distribution power is available in Camas Creek Valley south and east of the project and via high voltage transmission lines located in Pleasant Valley 10 miles west of the project. The project is located within the Mud Lake closed basin, runoff within the basin is used for irrigation or it flows to Mud Lake where evaporation and ground water infiltration occur.

The Kilgore deposit is interpreted as being a low sulfidation (LS) epithermal deposit associated with caldera-related volcanic and intrusive activity. The current known resource area is a zone of mineralization approximately 800 metres long, 600 metres wide, and 325 metres deep from ground surface to the maximum inferred mineral resource depth. Mineralized intercepts generally average 40 metres (130 feet) and range up to 100 metres (330 feet) in thickness in the Mine Ridge core and North Target areas. Near-surface gold mineralization occurs primarily in rocks of volcanic or subvolcanic origin, including the Tertiary lithic tuff (Tlt) and sub-vertical felsic dikes, dike swarms, and granodioritic bodies that intrude it. These are underlain by sedimentary rocks of the Aspen Formation (Ka), which comprise an additional host of mineralization, one which is characterized by sediment-hosted, low-moderate grade, bulk-mineable type distribution.

Multiple opportunities exist to enhance the project, including significant exploration potential. The Kilgore Project is open for expansion to the north, south and west. Opportunities for step-out drilling exist around the current area of mineralization. Work is underway to improve understanding of the controls on high-grade mineralization and the underlying structural framework of the deposit. These are believed to represent the feeders of the mineralizing system, and to further define the receptive volcanic and sedimentary rock units that make up the bulk of the current resource. These units are open beyond the current mineral resource.

Mineral Resources

Refer to "*Table 1 – Kilgore Deposit – Idaho, United States*" in the "*Mineral Resources Estimate*" section for quantity, grades and category. Assumptions are outlined in the Notes in the "*Mineral Resources Estimate*" section.

OAKLEY PROJECT, IDAHO, UNITED STATES

The Oakley Project hosts gold-silver, epithermal hot spring-type mineralization at two targets: Blue Hill Creek and Cold Creek, and detachment-related gold-silver mineralization at Matrix Creek. The Blue Hill Creek resource is hosted in rocks of the Tertiary Salt Lake Formation within a northwest-trending Tertiary graben that is part of a north trending, five-mile-long by one-mile–wide zone of low-sulphidation, hot spring-type gold occurrences along the western margin of the Albion Mountains.

Matrix Creek is located 1.5 km southeast of the Blue Hill Creek resource. The black matrix breccia ("**BMB**") mineralization at Matrix Creek is distinctive from the epithermal mineralization at Blue Hill Creek in terms of style, host rock lithology and structural controls, however, both occur within the Tertiary graben setting. The BMB from outcrop section observations is at least 12 metres thick and consists of quartzite fragments in a black to dark-grey matrix of fine-grained quartz and pyrite. The host rocks are part of a lower Paleozoic package of quartzite and limestone that occurs throughout eastern Nevada, western Utah, and southern Idaho.

In March 2020, a definitive option agreement (the "**Oakley Agreement**") was executed by Centerra, to earn up to a 70% interest in the Oakley Property (the "**Oakley Project**") in exchange for total exploration expenditures of US$7,500,000 and cash payments of US$550,000 over a 6-year period, the terms of which includes:

- Centerra can earn a 51% interest in Oakley (the "**First Option**") by incurring US$4,500,000 in exploration expenditures and by making cash payments of US$250,000 over a three-year period as follows:
    - Cash payment of US$75,000 (received) on signing and commitment to spend a minimum of US$500,000 (complete) on exploration expenditures in Year One;
    - Cash payment of US$75,000 (received) and US$1,500,000 in exploration expenditures in Year Two; and
    - Cash payment of US$100,000 (received) and US$2,500,000 in exploration expenditures in Year Three,

  which, at the end of February 2023, Centerra had satisfied.

Centerra has an additional option to acquire a further 19% of the Oakley Project, for a total of 70% (the "**Second Option**"), by incurring an additional US$3,000,000 in exploration expenditures and making a cash payment of US$300,000 over three years.

Subsequent to either the First Option or the Second Option, at Centerra's option, the parties shall form a joint venture and fund expenditures going forward on a *pro rata* basis. Should Excellon's interest fall below 10% during the joint venture, that interest will automatically convert to a 2% net smelter return royalty that is not subject to a buyback provision.

Mineral Resources

Refer to "*Table 2 – Oakley Deposit – Idaho, United States*" in the "*Mineral Resources Estimate*" section for quantity, grades and category. Assumptions are outlined in the Notes in the "*Mineral Resources Estimate*" section.

SILVER CITY PROJECT, SAXONY, GERMANY

The Silver City Project is comprised of the Bräunsdorf, Frauenstein, Mohorn and Oederan exploration licenses amounting to the approximately 340 km^2 silver district in Saxony, Germany. It is situated west of the city of Freiberg (30 km southwest of Dresden) in the historic Freiberg mining district. The exploration licenses and surrounding area have a long and rich history of silver mining with numerous historic mining camps, small mines and prospects, many of which have only been explored and/or mined to shallow depths seldom exceeding 200 metres below surface.

Located along the western edge of the Erzgebirge terrain, the terrain is an erosional window of Variscan basement rocks exposed due to uplifting of the terrain during the Cenozoic period. A large number of hydrothermal veins have been emplaced into this terrain. These veins are typically sub-vertical and host predominantly silver and base metal rich deposits associated with Permian magmatic activity. In the Bräunsdorf district in particular, polymetallic veins are hosted within mica schist units, parallel to the tectonic contacts along a gneiss unit.

The area's long history of mining dates back to the 12th century. Similar to the gold rush in North America, the silver rush in Europe originated in the ore mountains of Saxony, which were the source of wealth and power for the Saxon monarchy. Mining continued until the 19th century and ceased when Germany abandoned the silver standard after the Franco-Prussian war and as the depth of mining operations became difficult with the methods then being employed. Sporadic silver mining continued in 1880's, but ultimately ceased in 1969 due to economic, political and technological limitations.

The area is home to the Freiberg University of Mining and Technology (TU Bergakademie Freiberg), one of the oldest universities of mining and metallurgy in the world and the Helmholtz Institute Freiberg, which specializes in a broad array of innovative mining technologies. The Institute was founded in 2011 by the federal government of Germany to align the country's mineral history with a new national strategy on raw materials. Currently, both the Saxon and German governments are proactively attracting mining investment and research through affiliations with several technology and mining institutes and transparent and collaborative mining law process.

The Company's interest in the Silver City Project is pursuant to an option agreement dated September 23, 2019 between the Company and Globex Mining Enterprises Inc. ("**Globex**") pursuant to which the Company can acquire a 100% interest in the project for total cash and share consideration over a three-year term of $500,000 and $1,600,000 million respectively (the "**Globex Agreement**"), satisfaction of which occurred in Q3, 2022 and the Company intends to exercise the option in 2023, upon which 100% of the Silver City Project will be transferred to the Company and Globex will be granted a gross metals royalty of 3% for precious metals and 2.5% for other metals, both of which may be reduced by 1% upon a payment of C$1,500,000.

EVOLUCIÓN CONCESSIONS, DURANGO AND ZACATECAS, MEXICO

The Evolución Project is an exploration-stage project comprising 2 mineral concessions totaling 31,280 hectares, and 35 kilometres of strike in one of the world's premier silver districts. It is a greenfield stage polymetallic silver-zinc-lead-gold exploration project on the border of northern Zacatecas and southern

Durango, on the high plateau of central Mexico. The Evolución Project concessions are held by Excellon's wholly-owned subsidiary Excellon New Mining Projects. The Company's objective for the concessions is to ultimately discover Fresnillo-style epithermal mineralization. In 2021, the Company completed detailed mapping at 1:1000 scale across the entire mineral concession area. Data collected in the field relating to the structural setting and associated mineralization in the two Evolución Project concessions are being compiled and evaluated by a PhD candidate. This work will contribute to understanding the potential scale and timing of mineralization on the concessions. Mapping and prospecting continue on the southern part of the Evolution claim block where anomalous silver values have been detected on surface along a well-defined structural trend.

PLATOSA PROJECT, DURANGO, MEXICO

The Platosa Property is located in the northeast portion of the State of Durango, north-central Mexico, approximately 45 kilometres north of the city of Torreón, and 5 kilometres north of the village of Bermejillo. Torreón is an industrial centre of more than one million people when combined with the adjacent cities of Gomez Palacio and Lerdo. The Torreón International Airport is serviced by several daily non-stop flights to and from Mexico City and the United States. The property is 63 km north northwest by road from the airport via Mexico Highway 49, which is a major north-south trucking route. Rail and power transmission lines run parallel to the highway, and the entire project area is easily accessible year-round with two-wheel-drive vehicles.

The Company holds 74 mining concessions at the Platosa Property covering a total area of approximately 11,000 hectares. These concessions and fractional concessions are held directly by the Company. Excellon also holds certain surface rights for portions of the property.

The Platosa Property lies in the Sierra Bermejillo, a northwest-trending anticline-syncline pair developed in Mesozoic sedimentary rocks. The Sierra Bermejillo Anticline is a relatively open fold that plunges to the southeast. The Saltillera Syncline is a doubly plunging structure located west of the anticline. The folded sequence is cut by a set of north- to northwest-striking, steeply dipping fractures and faults. Tertiary felsic to intermediate dykes and plutons intrude these structures in the western part of the Sierra Bermejillo.

The principal fault system in the property area is the PSZ, a 250 to 1,500 metre-wide northwest-trending zone of fracturing and shearing that traverses the eastern margin of the Sierra Bermejillo. The PSZ includes a series of fault planes that strike north–north westerly and dip steeply east; it has been mapped along strike for five kilometres northwest and southeast of the Platosa Mine. It is characterized by brecciated, crushed, and dolomitized limestone; slickenside fracture surfaces; iron and manganese oxides; travertine-filled breccias; and coarsely crystalline selenite veins, some up to five metres thick. The faulted rocks weather recessively and create a negative topographic expression of the PSZ.

On January 5, 2022, the Company announced that it was assessing the economic viability of mining at Platosa at achievable dewatering rates and with acceptable capital expenditures, beyond mid-2022. The estimated mineral resources remaining beyond mid-2022 steepened significantly, with fewer vertical-tonnes-per-metre than historically encountered. Underground and surface drilling continued throughout Q1 and Q2 2022; however, based on the drilling results and consideration of current and expected economic factors, production ceased and the Platosa Mine was placed on care and maintenance in early Q4 2022. Consequently, the Miguel Auza Mill was also placed on care and maintenance.

Historically, the Platosa Mine produced silver-, lead-, and zinc-rich CRD ore that was processed at the Miguel Auza Mill.

RISK FACTORS

An investment in Common Shares involves a high degree of risk and must be considered a highly speculative investment due to the nature of the Company's business and the present stage of exploration and development of its mineral properties, and the many risk factors facing companies in the mining industry that could materially affect the Company. Mineral resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to turn a profit from production.

The risks described below are not the only ones which may affect the Company. Additional risks that the Company currently does not foresee or believes to be immaterial may become important factors that affect the Company's business. If any of the risks described below occur, or if such other risks not currently anticipated or fully appreciated occur, the business and prospects of the Company could be materially adversely affected, which could have a material adverse effect on the valuation and the trading price for the Common Shares.

Details of the risk factors identified below and under the heading "Cautionary Statements Regarding Forward-Looking Statements and Other Matters" at the beginning of this this AIF should be carefully reviewed and evaluated by investors before making trading decisions in respect of the Common Shares.

An investor should carefully consider the risk factors described below, together with all of the other information included in this AIF, including the "Cautionary Statements Regarding Forward-Looking Statements and Other Matters" at the beginning of this this AIF.

Fluctuation of Metal Prices

Even if commercial quantities of mineral deposits are discovered, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals contained in a deposit will be such that the Company's properties can be mined at a profit. The Company is particularly exposed to the risk of movement in the price of silver. Declining market prices for silver could have a material effect on the Company's profitability, and the Company's policy is not to hedge its exposure to silver.

Going Concern

The Company's consolidated financial statements for the years ended December 31, 2022 and 2021 contain disclosure related to the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on several factors, including its ability to refinance the Debentures, obtain the necessary financing to advance its exploration projects and meet its ongoing corporate overhead costs. Although the Company has been successful in obtaining debt and equity financing in the past, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. If the Company is unable to achieve these goals, its ability to carry out and implement planned business objectives and strategies will be significantly delayed, limited or may not occur. These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. There are no guarantees that access to equity and debt capital from public and private markets in Canada or the U.S. will be available to the Company.

No Assurance of Profitability

The Company has a limited history of earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the anticipated cash flow generated by the through the sale of Common Shares or other equity interests in the Company, short-term high-cost borrowing, or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through cash flow from future equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Mineral Resource Exploration and Development is a Speculative Business

Mineral resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, and government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Dependence on Operations in Mexico in 2022

In 2022, the Company's operations at the Platosa Mine and the Miguel Auza Mill in Mexico accounted for all of the Company's production in that year until mining ceased in the fourth quarter due to depletion of all remaining accessible, economic mineralization and, consequently, the Platosa Mine and Miguel Auza Mill were placed on care and maintenance. The Company no longer has any properties in commercial production and, currently, does not expect that to change unless and until such time as, following the anticipated completion of the La Negra Acquisition, commercial production at La Negra is restarted, any other potential mines on the Company's properties are developed and placed into commercial production, or the Company makes an acquisition of a producing mine. Cessation of operations at the Platosa Mine or the Miguel Auza Mill could be expected to have a material adverse effect on the Company's financial performance and results of operations as well as the Company's ability to finance any portion of the capital expenditures required for its exploration activities. There can be no assurance that the La Negra Acquisition, if completed, or the Company's current exploration and development programs at its projects, will respectively result in any restarted or new economically viable mining operations or yield new mineral resources to replace and expand current mineral resources. Unless the Company can successfully develop and bring into production La Negra or other mineral projects on its existing properties or otherwise acquire mineral-producing assets, the Company will be without any revenue and, therefore, reliant on current cash reserves, and future equity offerings, short-term borrowing or the sale or possible syndication of its properties to fund the Company's ongoing business and operations but there is no assurance that any such funds will be available on favourable terms, or at all.

Failure to achieve estimates or material increases in costs

The Company prepares budgets and estimates for its operations and the main costs relate to material costs, workforce and contractor costs, energy costs and closure and reclamation costs. As a result of the substantial expenditures involved in the development of mineral projects and the fluctuation of costs over time, operations may be prone to material cost overruns. The Company's actual costs may vary from estimates for a variety of reasons, including short-term operating factors; risks and hazards associated with mineral exploration; natural phenomena, such as inclement weather conditions, water availability, floods, and earthquakes; and unexpected labour issues, labour shortages, strikes or community blockades. Many of these factors are beyond the Company's control.

Uncertainty of Mineral Resource Estimates

Internal and expert independent technical consultants have been engaged to advise it on, among other things, the mineral resource estimates, geotechnical, metallurgy and project engineering. The Company believes that these experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. If, however, the work conducted by, and the mineral resource estimates of these experts are ultimately found to be incorrect or inadequate in any material respect, such events could materially and adversely affect the Company's future operations, cash flows, earnings, results of operations, financial condition and the economic viability of its projects.

The mineral resource estimates presented in this AIF are inherently subject to uncertainty and are based on geological interpretations and inferences drawn from limited information acquired through drilling, sampling, and, in some cases, through underground exploration and mining, and may require revisions based on further exploration and development work. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized, that mineral resources will ever be updated to mineral reserves, or that an identified mineral resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The grade of mineralization actually recovered may differ materially and adversely from the estimated average grades in the resource estimate. Any future production could differ dramatically from mineral resource estimates for, among others, the following reasons:

- mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;

- increases in operating mining costs and processing costs could adversely affect mineral resources;
- the grade of the mineral resources may vary significantly from time to time and there is no assurance that any particular level of silver, lead, zinc or other metal may be recovered from the mineral resources; and
- declines in the market price of silver, lead, zinc or other metals may render the mining of some or all of the mineral resources uneconomic.

Any of these factors may require the Company to reduce mineral resource estimates or increase its cost estimates. Short-term factors, such as the need for the additional development of a deposit or the processing of new different grades, may impair the Company's profitability. Should the market price of metals fall, the Company could be required to materially write down its investment in mining properties or delay or discontinue production or the development of new projects.

No Defined Mineral Reserves

The Company has not defined any mineral reserves on any of its properties, nor is there a mineral reserve estimate on La Negra, and there can be no assurance that any of the concessions under exploration contain commercial quantities of any minerals.

Even if commercial quantities of minerals are identified, there can be no assurance that the Company will be able to exploit such mineralization or, if the Company is able to do so, that such would be on a profitable basis. Substantial expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing may be required. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. The decision as to whether a particular property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including: (i) the particular attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) metal prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; (iv) ongoing costs of production; and (v) availability and cost of additional funding. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Epidemic and Pandemic Diseases

The Company's business could be significantly adversely affected by the effects of a widespread outbreak of contagious disease (including the most recent such outbreak of the novel coronavirus ("**COVID-19**"), an "**Epidemic or Pandemic**"). Global reactions to the spread of COVID-19 led to, among other things, significant restrictions on travel and gatherings of individuals, quarantines, temporary business closures and a general reduction in consumer activity. While these effects have moderated, the re-occurrence of disruptions to business internationally and the related financial impact are possible. In addition, the emergence of new COVID-19 variants may continue the widespread global health crisis and could adversely affect global economies and financial markets, resulting in a protracted economic downturn that could have an adverse effect on the Company's future prospects.

In particular, an Epidemic or Pandemic could materially and adversely impact the Company's business, including employee health, workforce availability and productivity, limitations on travel, supply chain disruptions, increased insurance premiums, the availability of industry experts and personnel, restrictions to the Company's operations ((including exploration and drilling programs) and the slowdown or temporary suspension of at some or all of such operations. Any such disruptions or closures could have a material adverse effect on the Company's business. In addition, parties with whom the Company does business or upon whom the Company is reliant may also be adversely impacted by an Epidemic or Pandemic, which may in turn cause further disruption to the Company's business. Any long-term closures or suspensions may also result in a loss of personnel or the workforce in general, as employees seek employment elsewhere. The impact of an Epidemic or Pandemic and government responses thereto may also have a material impact on financial results and could constrain the Company's ability to obtain equity or debt financing in the future, which may have a material and adverse effect on its business, financial condition and results of operations.

COVID-19 had a direct impact on the Company's operations and business in 2021 due to the Suspension. Although the Company resumed operations, the extent to which an Epidemic or Pandemic may impact the Company's operations in the future is highly uncertain and cannot be predicted with confidence. These uncertainties include the duration of the outbreak and the impact of an Epidemic or Pandemic on the Company’s work force, including potential absenteeism and future government response measures to control any such outbreak and impacts, such as safety protocols or suspensions of operations. These uncertainties and others could have further material adverse effects on the Company's revenues, financial condition or its ability to meet production targets.

Influence of Third-Party Stakeholders

The mineral properties in which the Company holds an interest, or the exploration equipment and road or other means of access which the Company intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the Company’s work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for the Company.

The Company is Dependent on Its Workforce and is Therefore Sensitive to Labour Disruptions

The Company is dependent on its workforce. The Company endeavours to maintain good relations with its workforce to minimize the possibility of strikes, lockouts and other stoppages at the site. Relations between the Company and its employees may be impacted by changes in labour relations which may be introduced by, among other things, employee groups, competing labour unions, and the relevant governmental authorities in whose jurisdictions the Company carries on business.

A number of the Company’s remaining employees at the Platosa Mine and Miguel Auza Mill are represented by a labour union under a collective labour agreement. Upon placing the Platosa Mine and Miguel Auza Mill on care and maintenance in Q4, 2022, the Company attempted to reach a severance settlement with the unionized workforces at those operations. Such agreements were reached with 74% of unionized employees, with the remaining unionized workforce holding out. The union initiated a strike at the Miguel Auza Mill on December 5, 2022 and, at the Platosa Mine, the union has effectively been on strike since December 9, 2022, although has yet to legally initiate a strike. While to date there has been no resulting material adverse effect on the Company, there can be no assurance that there will not be in the future as a result of current or other future work stoppages.

Surface Rights and Access

Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required.

The Company appealed a 2018 judgment revoking its 2007 purchase of approximately 295 hectares of surface rights north of the Platosa Mine, which was denied by an appeals court in Mexico during Q3 2020. The judgment nullified the purchase and ordered that the land be returned to the plaintiffs, and that the plaintiffs repay the original purchase price to the Company's subsidiary. The plaintiffs also alleged at trial, for the first time, that the Platosa Mine site was on land that was included in the sale. This assertion was not decided in the litigation, was not supported by admissible evidence, contradicts the cadastral registry, conflicts with the rights of other third-party holders and ignores the fact that the Company began its use and occupation of the mine site in 2004 – before the sale in question. Under Mexican law, Excellon's access to the mine cannot be impeded. The Company does not consider the land material to its mining operation or exploration activities. The decision does not affect Excellon's mineral rights and the Company does not expect it to have any impact on any operations.

There can be no guarantee that, despite having the right at law to access the surface and carry-on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

Legal Proceedings

The Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal claims can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. Nevertheless, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, outstanding debt, results of operations, cash flows or prospects. See "*Legal Proceedings and Regulatory Actions*".

Enforcement of Legal Rights

The Company's material subsidiaries are organized under the laws of foreign jurisdictions and certain of the Company's directors, management personnel and experts are located in foreign jurisdictions. Given that the Company's material assets and certain of its directors, management personnel and experts are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company or its directors, officers and experts, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Title

The acquisition of title to mineral resource properties in the western United States is a very detailed and time-consuming process. Not all of the mining claims that comprise the properties have been surveyed and, accordingly, the precise location of the boundaries of some of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims are subject to annual compliance with assessment work requirements and payments. Other parties may dispute the Company's title to the properties. While the Company has diligently investigated title to all mineral claims comprising the properties and, to the best of its knowledge, title to the Company's currently owned material property interests is in good standing in all material respects, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims, including Indigenous land claims, and title may be affected by undetected defects. There is no guarantee that title to the Company's properties will not be challenged or impugned. Also, in many countries, including the United States, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of mineral resource properties.

Security Considerations

Certain of the Company's operations are located in Mexico, in the States of Durango, Zacatecas and, upon anticipated completion of the la Negra Acquisition, Querétaro. Criminal activities in any of these regions may disrupt operations, prevent the Company from hiring or retaining qualified personnel or impair the Company's ability to access sources of capital. Risks associated with conducting business in the region include risks related to personnel safety and asset security. These risks may result in serious adverse consequences including, among other things, personal injury, crime related activity and disturbances, and damage or theft of Company property. Any such events resulting from criminal activity could have a material adverse effect on the Company's current or future properties and related operations and its financial condition, and make it more difficult for the Company to obtain any necessary financing. Although the Company has developed procedures regarding these risks, due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts are able to effectively mitigate risks and safeguard personnel and Company property effectively.

Permits and Licenses

The Company's current and potential future operations require licenses and permits from various governmental authorities, including the approval of environmental assessments from regulatory bodies. The Company currently has all permits and licences that it believes are necessary to carry out its current operations. The Company may require additional licences or permits in the future and there can be no assurance that the Company will be able to obtain all such additional licenses and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Mining Industry is Intensely Competitive

The Company's business is the acquisition, exploration, development, and exploitation of mineral properties. The mining industry is intensely competitive, and the Company competes with other companies that have far greater financial resources, more significant investments in capital equipment and mining infrastructure for the ongoing development, exploration and acquisition of mineral interests, as well as for the recruitment and retention of qualified employees.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's business.

Uninsured or Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the Common Shares.

Government Regulation

Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes, health and safety, and employment standards. As indicated above, the Company requires permits and licenses from a variety of governmental authorities. The Company's mining, exploration and development projects could be adversely affected by amendments to such laws and regulations, by future laws and regulations, by more stringent enforcement of current laws and regulations, by changes in policies affecting foreign trade, investment, mining and repatriation of financial assets, by shifts in political attitudes and by exchange controls and currency fluctuations. The Company cannot predict the extent to which future legislation and regulation could cause additional expense, capital expenditures, restrictions, and delays in the development of its properties, including those with respect to unpatented mining claims. Further, there can be no assurance that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Environmental Matters

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted, and which may well be beyond the capacity of the Company to fund. The Company's right to exploit the mining properties is subject to various reporting requirements and to obtaining certain government approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without inordinate delay or at all.

Environmental legislation is evolving in a manner which will require, in certain jurisdictions, stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. No certainty exists that future changes in environmental regulation, if any, will not adversely affect the Company's operations or development properties. Environmental hazards may exist on the Company's properties which are unknown to management at present and which have been caused by previous owners or operators of the properties.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of exploration properties may be required to compensate those suffering loss or damage by reason of such parties' activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Decommissioning and Site Rehabilitation Costs

At December 31, 2022, the Company re-assessed its reclamation costs, rehabilitation and closure plans. The total undiscounted amount of estimated cash flows required to settle the Company's obligations is MXN$41.1 million (US$2.1 million) of which MXN$20.2 million (US$1.0 million) relates to the Platosa Mine and MXN$20.9 million (US$1.1 million) relates to the Miguel Auza Mill. The present value of the total discounted obligation is MXN$25.6 million (US$1.3 million) of which MXN$12.6 million (US$0.6 million) relates to the Platosa Mine and MXN$13.0 million (US$0.7 million) relates to the Miguel Auza Mill.

Key financial assumptions used in the above estimate include independent 3rd party cost reports, an annual discount rate of 8.9% (December 31, 2021 – 6.7% for Platosa and 7.2% for Miguel Auza), Mexican target inflation rates and the expected timing of rehabilitation work. In Q4 2022, the Company ceased operations in Mexico and placed the Platosa Mine and Miguel Auza mill in care and maintenance until further notice. At December 31, 2021, the Company projected a full closure with rehabilitation to commence in 2024; however, no significant rehabilitation work is projected while the properties remain on care and maintenance. The Miguel Auza Mill is owned by San Pedro which, as described above, is subject to ongoing bankruptcy proceedings in Mexico commenced in Q4 2022 (as described above; see also the "*Legal Proceedings and Regulatory Actions*" section below for additional details).

The reclamation costs for La Negra are currently estimated to be US$4.5 million, with such works assumed to commence in 2031; however, the reclamation costs, rehabilitation and closure plans for La Negra remain subject to further assessment by the Company if and when the La Negra Acquisition is completed.

The costs of performing the decommissioning and reclamation must be funded by the Company. These costs can be significant and are subject to change. The Company cannot predict what level of decommissioning and reclamation may be required in the future by regulators. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

The costs of performing the decommissioning and reclamation must be funded by the Company. These costs can be significant and are subject to change. The Company cannot predict what level of decommissioning and reclamation may be required in the future by regulators. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and

reclamation is significantly higher than current estimates, this could have a material adverse impact on the Company’s future cash flows, earnings, results of operations and financial condition.

Foreign Countries and Regulatory Requirement

The Company’s projects and interests are located in Mexico, the United States and Germany, where mineral exploration and mining activities may be affected in varying degrees by political instability, economic conditions, expropriation or nationalization of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in these countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in these countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Community Relationships

The Company’s relationships with the community in which it operates are critical to ensure the future success of its existing operations and the construction and development of its project. While the Company is committed to operating in a socially responsible manner, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Company’s business, financial position and operations.

Risks Relating to the Company’s Status as a “Foreign Private Issuer” Under U.S. Securities Laws

The Company is a “foreign private issuer”, under applicable U.S. federal securities laws, and is, therefore, not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. As a result of the SEC Deregistration Notification, Excellon’s obligations to make filings on EDGAR have been suspended and, should such deregistration become effective as expected on or about April 20, 2023, the Company will have no further obligations to file any reports or other documents with the SEC on EDGAR until such time as the Company registers with the SEC again. While currently suspended, under the Exchange Act, the Company is subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. As a result, the Company has not historically filed the same reports that a U.S. domestic issuer would file with the SEC. On January 20, 2023, the Company filed the SEC Deregistration Notification of removal from listing and registration under Section 12(b) of the Exchange Act to deregister its class of Common Shares from the SEC in connection with its delisting from the NYSE American which went effective at the close of markets on January 30, 2023; however, there can be no assurance that the SEC will not object to such notification to deregister with the SEC and that the Company will be so deregistered, as is expected to occur on or about April 20, 2023 at the end of the 90 day waiting period. Should the Company not be deregistered with the SEC as currently expected, the Company may again be required to file with or furnish to the SEC the continuous disclosure documents that it is required to file in Canada under Canadian securities laws and any additional disclosure documents required pursuant to the rules of the SEC.

In addition, the Company’s officers, directors, and principal Shareholders have historically been exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act. Therefore, Shareholders may not know on as timely a basis when the Company’s officers, directors and principal shareholders purchase or sell Common Shares, as the reporting periods under the corresponding Canadian insider reporting requirements are longer.

As a foreign private issuer, the Company is exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements. The Company is also exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. While the Company complies with the corresponding requirements relating to proxy statements and disclosure of material non-public information under Canadian securities laws, these requirements differ from those under the Exchange Act and Regulation FD and shareholders should not expect to receive the same information at the same time as such information is provided by U.S. domestic companies. In addition, the Company has not historically been required under the Exchange Act to file annual and quarterly reports with the SEC as promptly as U.S. domestic companies whose securities are registered under the Exchange Act.

The Company May Lose its Status as a Foreign Private Issuer Under U.S. Securities Laws

The Company may in the future lose its foreign private issuer status if a majority of its Common Shares are held in the U.S. and if the Company fails to meet the additional requirements necessary to avoid loss of its foreign private issuer status. The regulatory and compliance costs under U.S. federal securities laws as a U.S. domestic issuer may be significantly more than the costs incurred as a Canadian foreign private issuer that is eligible to use the Multijurisdictional Disclosure System ("**MJDS**"). If the Company is not a foreign private issuer, it would not be eligible to use the MJDS or other foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer.

Risks Relating to the Company's Status as an "Emerging Growth Company" Under U.S. Securities Laws

The Company is an "emerging growth company" as defined in section 3(a) of the Exchange Act (as amended by the JOBS Act, enacted on April 5, 2012), and the Company will continue to qualify as an emerging growth company until the earliest to occur of: (a) the last day of the fiscal year during which the Company has total annual gross revenues of US$1,070,000,000 (as such amount is indexed for inflation every five years by the SEC) or more; (b) the last day of the fiscal year of the Company following the fifth anniversary of the date of the first sale of common equity securities of the Company pursuant to an effective registration statement under the United States Securities Act of 1933, as amended; (c) the date on which the Company has, during the previous three year period, issued more than US$1,000,000,000 in non-convertible debt; and (d) the date on which the Company is deemed to be a "large accelerated filer", as defined in Rule 12b–2 under the Exchange Act. The Company will qualify as a large accelerated filer (and would cease to be an emerging growth company) at such time when on the last business day of its second fiscal quarter of such year the aggregate worldwide market value of its common equity held by non-affiliates will be US$700,000,000 or more.

If the SEC Deregistration Notification is rejected by the SEC and for so long as the Company remains an emerging growth company, it is permitted to and intends to rely upon exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the JOBS Act. The Company has historically taken advantage of some, but not all, of the available exemptions available to emerging growth companies. The Company cannot predict whether investors will find the Common Shares less attractive because the Company relies upon certain of these exemptions. If some investors find the Common Shares less attractive as a result, there may be a less active trading market for the Common Shares and the Common Share price may be more volatile. On the other hand, if the Company no longer qualifies as an emerging growth company, the Company would be required to divert additional management time and attention from the Company's development and other business activities and incur increased legal and financial costs to comply with the additional associated reporting requirements, which could negatively impact the Company's business, financial condition and results of operations.

Compliance with Anti-Corruption Laws

The Company's operations are governed by, and involve interaction with, many levels of government in Mexico, the United States and Germany. The Company is subject to various anti-corruption laws and regulations such as the *Corruption of Foreign Public Officials Act* in Canada and the *Foreign Corrupt Practices Act of 1977* in the United States, which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company has properties and operations in Mexico and, according to Transparency International, Mexico is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable anti-corruption laws and regulations could expose the Company and its senior management to civil or criminal penalties or other sanctions, which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, reputation, financial condition and results of operations. Although the Company has adopted policies to mitigate such risks, such measures may not be effective in ensuring that the Company, its employees or third-party agents will comply with such laws.

Dependence upon Others and Key Personnel

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including the ability to explore for minerals, develop future operations and produce minerals; the ability to attract and retain additional key personnel in sales, marketing, technical support and finance; and the ability and the operating resources to develop and maintain the properties held by the Company. The Company hires employees or consultants in the jurisdictions in which it has properties and operations to assist it in conducting its operations in accordance with applicable laws. The Company also purchases certain supplies and retains the services of various companies in such jurisdictions to meet its business plans. It may be difficult to find or hire qualified people in the mining industry who are situated in locations where the Company requires their services or to obtain all the necessary services or expertise in applicable jurisdictions or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained where required, the Company may need to seek and obtain those services from people located elsewhere, which will require work permits and compliance with applicable laws and could result in delays and higher costs to the Company to conduct its operations. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key executive, financial, operational, administrative and mining personnel. Although the Company believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse effect on the Company's results of operations and profitability. The

Company strongly depends on the business and technical expertise of its small group of management and key personnel. There is little possibility that this dependence will decrease in the near term. Key man life insurance is not in place on management or any key personnel. If the services of the Company's management and any key personnel were lost, it could have a material adverse effect on future operations.

Internal Control System Failure

For the year ended December 31, 2021, management's assessment of the effectiveness of the Company's ICFR concluded that, as of December 31, 2021, the Company's ICFR was not effective as a result of the material weakness related to complex non-routine transactions in Q3 2021. The Company has since made significant progress in the design, implementation and testing of its internal controls and processes around complex non-routine transactions, and management has concluded that, as of December 31, 2022, the material weakness in the ICFR has been remediated. For more information, refer to the "*Disclosure Controls and Procedures"* and "*Internal Control over Financial Reporting*" sections in the Company's most recently filed MD&A. If the Company fails to establish and maintain effective internal control over financial reporting in the future, the accuracy and timeliness of its financial reporting may be adversely affected, which could cause investors to lose confidence in the Company's reported financial information and may lead to a decline in the trading price of the Common Shares. No material weaknesses were identified in 2022; however, there can be no assurance that such will not occur in the future despite the Company's best efforts in its design, implementation and testing of its internal controls and processes.

Failure of Information Systems

The Company's information systems, and those of its third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of our organization. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deceiving third-party service providers, employees or vendors. The Company's operations depend, in part, on how well the Company and its suppliers protect networks, equipment, information technology ("**IT**") systems and software against damage from a number of threats. The Company have entered into agreements with third parties for hardware, software, telecommunications and other services in connection with its operations. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. However, if the Company is unable or delayed in maintaining, upgrading or replacing its IT systems and software, the risk of a cyber-security incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

In addition, targeted attacks on the Company's systems (or on systems of third parties that the Company relies on), failure or non-availability of a key IT system or a breach of security measures designed to protect the Company's IT systems could result in disruptions to its operations through delays or the corruption and destructions of its data, extensive personal injury, property damage, loss of confidential information or financial or reputational risks. There can be no assurance that the Company's ability to monitor for or mitigate cybersecurity risks will be fully effective, and the Company may fail to identify cybersecurity breaches or discover them in a timely way.

Currency Fluctuations

The Company maintains its accounts in Canadian, US dollars, Euros and Mexican pesos. The Company's operations are in Mexico, the United States and Germany and some of its payment commitments and exploration expenditures under the various agreements governing its rights to its Mexican properties and in respect of the Kilgore Project are denominated in US dollars, making these rights subject to foreign currency fluctuations. Such fluctuations may materially affect the Company's financial position and results.

Price Fluctuations and Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual severe fluctuations in price will not occur.

Liquidity and Financing Risks

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Until operations ceased in Q4 2022, the primary source of funds available to the Company was cash flow generated by the Platosa Mine, supplemented by equity and debt financings. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, to support its exploration plans, and to ensure that it will have sufficient liquidity to meet its liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

With the end of production at the Platosa Mine in Q4 2022, the Company's main source of liquidity will be derived from equity or debt financings. There can be no assurances that the Company will be able to obtain adequate funding or that the terms of such financing will be favourable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its projects and the possible loss of such properties. The Company has a limited history of earnings, has never paid a dividend, and does not anticipate paying dividends in the near future.

As at December 31, 2022, the Company had outstanding accounts payable excluding accrued liabilities, which are due within 90 days or less.

Credit Risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalent. Management believes the credit risk on cash and cash equivalents is low as the Company's cash and cash equivalents balance are held at large international financial institutions with strong credit ratings.

Until completion of final concentrate sales from the Platosa Mine, production at which ceased in Q4, 2022, the Company was exposed to credit risk from its customers, which is are large multi-national commodities traders. Accounts receivable are subject to normal industry credit risks and are considered low.

Conflicts of Interest

Certain directors and officers are directors and/or officers of other mineral exploration companies and as such may, in certain circumstances, have a conflict of interest, if any, which arise will be subject to and governed by procedures prescribed by the OBCA which requires a director of a corporation who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under such legislation.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's recent invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chains and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect the Company's business, financial condition and results of operations. The extent and duration of the current Russia-Ukraine conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this AIF, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on our shareholders and counterparties on which we rely and transact with, may materialize and may have an adverse effect on the Company's business, results of operation and financial condition.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration, development and mining opportunities in the resource industry. As a result, the Company may from time to time acquire additional mineral properties or securities of issuers which hold mineral properties. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

The La Negra Acquisition, the Debenture Restructuring, the Offering and the Combined Company

The following risk factors, which relate to the La Negra Acquisition, the Debenture Restructuring, the Offering and the Combined Company, should be considered in conjunction with the risks described above and elsewhere in this AIF, as well as in the Excellon's other filings with the CSA, which are available on SEDAR (www.sedar.com) under Excellon's issuer profile and on its website at www.excellonrsources.com, together with the other information contained in or incorporated by reference into this AIF.

Risk Factors Relating to the La Negra Acquisition

There can be no certainty that all conditions precedent to the La Negra Acquisition will be satisfied or waived. Failure to complete the La Negra Acquisition could negatively impact the market price of the Common Shares.

The La Negra Acquisition is subject to certain conditions that may be outside the control of the Parties, including, without limitation, the approval of each of the La Negra Acquisition, the Debenture Restructuring and the Offering by ordinary resolution. There can be no certainty, nor can either Excellon or Dalu provide any assurance, that these conditions will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If the La Negra Acquisition is not completed, Excellon will have no producing assets or near-term producing assets, the Debentures will continue to mature in July 2023 and Excellon will have no means of funding its ongoing operations. In that case, the market price of the Common Shares would likely decline. If the La Negra Acquisition is not completed and the Board decides to seek another acquisition or business combination, there can be no assurance that Excellon will be able to undertake an acquisition or business combination on equivalent or more attractive terms than those under the La Negra Acquisition Agreement.

The La Negra Acquisition Agreement may be terminated by Excellon or Dalu in certain circumstances.

Each of Excellon and Dalu has the right to terminate the La Negra Acquisition Agreement and not complete the La Negra Acquisition in certain circumstances. Accordingly, there is no certainty, nor can either Excellon or Dalu provide any assurance, that the La Negra Acquisition Agreement will not be terminated by either Excellon or Dalu, as the case may be, before closing of the La Negra Acquisition.

In addition, closing of the La Negra Acquisition is subject to a number of conditions precedent, certain of which are outside the control of Dalu and/or Excellon. There is no certainty, nor can either Excellon or Dalu provide any assurance, that these conditions will be satisfied or waived.

The issuance of Common Shares in connection with the La Negra Acquisition will result in the dilution of ownership and voting interests of current Shareholders.

As a result of the issuance of Common Shares in connection with the La Negra Acquisition, the ownership and voting interests of Shareholders in Excellon will be diluted, and may be significantly diluted, relative to current proportional ownership and voting interests.

Other than publicly-available information, Excellon has relied on information made available by Dalu.

Other than publicly-available information, all historical information relating to MLN presented in, or due to lack of information omitted from, this AIF, has been provided in exclusive reliance on the information made available by Dalu. Although Excellon has no reason to doubt the accuracy or completeness of the information provided herein by Dalu, any inaccuracy or omission in such information contained in this AIF could result in unanticipated liabilities or expenses, increase the cost of integrating the Combined Company or adversely affect the operational plans of the combined entities and its result of operations and financial condition.

Excellon will incur substantial transaction fees and costs in connection with the La Negra Acquisition. The costs may be significant and could have an adverse effect on Excellon if the La Negra Acquisition is not completed.

Excellon has incurred and expects to incur additional material non-recurring expenses in connection with the La Negra Acquisition and completion of the transactions contemplated by the La Negra Acquisition Agreement, including costs relating to obtaining required shareholder approval. Additional unanticipated costs may be incurred by Excellon in the course of coordinating the businesses of Excellon and MLN after closing of the La Negra Acquisition. Excellon will need to pay certain costs relating to the La Negra

Acquisition incurred prior to the date the La Negra Acquisition was abandoned, such as legal, accounting, financial advisory, proxy solicitation and printing fees. Excellon is liable for its own costs incurred in connection with the La Negra Acquisition. Such costs may be significant and could have an adverse effect on Excellon's future results of operations, cash flows and financial condition if the La Negra Acquisition is not completed.

Prior to the closing of the La Negra Acquisition, the La Negra Acquisition may divert the attention of Excellon's management, and any such diversion could have an adverse effect on the business of Excellon.

The pending Acquisition could cause the attention of Excellon's management to be diverted from the day-to-day operations of Excellon. These disruptions could be exacerbated by a delay in closing of the La Negra Acquisition and could result in lost opportunities or negative impacts on performance, which could have a material and adverse effect on the business, financial condition and results of operations or prospects of Excellon if the La Negra Acquisition is not completed, and on the business of Excellon following the closing of the La Negra Acquisition.

There could be unknown or undisclosed risks or liabilities of MLN for which Excellon is not permitted to terminate the La Negra Acquisition Agreement.

While Excellon conducted due diligence with respect to MLN prior to entering into the La Negra Acquisition Agreement, there are risks inherent in any transaction. Specifically, there could be unknown or undisclosed risks or liabilities of MLN for which Excellon is not permitted to terminate the La Negra Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect Excellon's financial performance and results of operations. Excellon could encounter additional transaction and enforcement-related costs and may fail to realize any or all of the potential benefits from the La Negra Acquisition Agreement. Any of the foregoing risks and uncertainties could have a material adverse effect on Excellon's business, financial condition and results of operations.

Closing of the La Negra Acquisition is subject to the condition that a material adverse effect has not occurred.

Closing of the La Negra Acquisition is subject to the condition that, among other things, there shall not have occurred an "Excellon Material Adverse Effect" (as defined in the La Negra Acquisition Agreement) or a "Seller Material Adverse Effect" (as defined in the La Negra Acquisition Agreement) since the date of the La Negra Acquisition Agreement. Although an "Excellon Material Adverse Effect" and a "Seller Material Adverse Effect" exclude certain events, including events in some cases that are beyond the control of Excellon and Dalu, there can be no assurance that an "Excellon Material Adverse Effect" or "Seller Material Adverse Effect" will not occur prior to closing of the La Negra Acquisition. If an "Excellon Material Adverse Effect" occurs and Dalu does not waive the same, or if a "Seller Material Adverse Effect" occurs and Excellon does not waive the same, the La Negra Acquisition would not proceed.

The La Negra Acquisition Agreement provides for limited recourse against Dalu for a breach.

The La Negra Acquisition Agreement provides for recourse against Dalu for a variety of matters associated with MLN, including breaches of representations and warranties contained in the La Negra Acquisition Agreement. Although Excellon believes that the indemnification provisions are reasonable in the circumstances of the La Negra Acquisition, the indemnification provisions contain limitations that may limit Excellon's ability to recover in respect of all damages that Excellon may suffer. In addition, Dalu is a special purpose entity and Excellon's recourse may be limited. Although Orion has agreed to provide a guarantee of Dalu's obligations in certain circumstances, there can be no assurance that Excellon will be able to recover all damages which it may suffer.

Risk Factors Related to the Combined Company

Excellon may be unable to successfully integrate the businesses of Excellon and MLN and realize the anticipated benefits of the La Negra Acquisition.

Excellon and Dalu are proposing to complete the La Negra Acquisition to strengthen the position of each entity in the mining exploration industry and to, among other things, combine the assets of MLN and Excellon (including La Negra and the Kilgore Project) to realize certain benefits. Achieving the benefits of the La Negra Acquisition depends in part on the ability of the Combined Company to (i) effectively fund and develop the Combined Company's key projects, including the Kilgore Project and La Negra even as market conditions remain challenging for silver and gold exploration and development companies, (ii) capitalize on its scale, (iii) realize the anticipated capital and operating synergies, (iv) profitably sequence the growth prospects of its asset base, (v) maximize the potential of its improved growth opportunities, and (vi) maximize capital funding opportunities. A variety of factors, including those risk factors set forth in this AIF and in the documents incorporated by reference herein, may adversely affect the ability of Excellon and MLN to achieve the anticipated benefits of the La Negra Acquisition.

Restart of mining operations at La Negra.

The restart process at a mine is, by its nature, subject to a variety of operational and technical risks associated with mining projects, including with respect to the engineering, procurement, construction management, mine planning, processing and metallurgy, as described below. As a result, there can be no assurance that operations at La Negra will be restarted or that the mine will ever achieve commercial production. Should a development decision ultimately be made, there can be no assurance that the restart process at La Negra will occur and progress on the currently expected timeline or within expected costs parameters, whether in accordance with the La Negra PEA or as may be further developed and refined in the period following closing of the La Negra Acquisition. If MLN is unable to successfully restart production at La Negra on time and within budget expectations, the impact is likely to have a material adverse effect on Excellon and its stock price. In the event of cost overruns or other unanticipated developments, Excellon will be required to obtain further funding. If further funding is required to complete the restart at La Negra, there can be no assurance that Excellon will be able to obtain such financing on terms favourable to Excellon or at all, and in the absence of any required financing, Excellon may not be able to continue operations. There is no assurance that derisking the restart of La Negra will proceed as described herein without any further delays. It is common for projects in the restart phase to experience unanticipated problems and for there to be unexpected costs associated with these delays. Delays in the restart of La Negra will likely impact the Company's revenue and cash flow. There are a number of risks and challenges associated with the restart of La Negra, including potential unforeseen geological formations, the implementation of processes and systems, including the construction and installation of a new tailings filtration system, and the underlying characteristics and quality of mineralogy of deposits.

There are risks related to the integration of the existing businesses of Excellon and MLN.

The ability to realize the benefits of the La Negra Acquisition will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities of the Combined Company following closing of the La Negra Acquisition, and from operational matters during this process.

Undue reliance should not be placed on estimates of mineral resources, since these estimates are subject to numerous uncertainties. Mineral resources may never be converted into mineral reserves, which could adversely affect the Combined Company's operating results and financial condition.

The La Negra Technical Report, and this AIF (see "Material Mineral Projects – La Negra, Querétaro, Mexico – Mineral Resource and Mineral Reserve Estimates"), provide current estimates of mineral resources for certain parts of La Negra Estimates based on drill results. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to uncertainty that may attach to inferred mineral resources, inferred mineral resources may not be upgraded to proven and probable mineral reserves as a result of further exploration. The Combined Company's projections regarding continuing operations and production at La Negra are based on the assumption that the Combined Company will be able to mine certain mineral resources, including inferred mineral resources, that have not been classified as mineral reserves. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that such projections will be realized.

Furthermore, the La Negra Technical Report does not constitute a pre-feasibility study or a feasibility study and no restart or other development decision has been made yet on La Negra. The La Negra Acquisition and the decision to restart La Negra is being made on the basis of the La Negra PEA; it is not based on a feasibility study demonstrating economic and technical viability. As a result, there is increased uncertainty and multiple technical and economic risks that are associated with the La Negra Acquisition and the decision to restart La Negra. These risks include but are not limited to: (i) failure to consider those matters that are analyzed in detail in a feasibility study, such as applying economic analysis to mineral resources and mineral reserves, more detailed metallurgy, and a number of specialized studies in areas such as mining and recovery methods, market analyses and environmental and community impacts; and (ii) that the anticipated rates of production and production costs will be achieved. Project failure will adversely impact the Combined Company's future profitability.

The figures provided in connection with mineral resources in respect of the properties in which Excellon and MLN hold interests, including La Negra, are estimates only, and no assurance can be given that full recovery of the anticipated tonnages and grades will be achieved or that any indicated level of recovery will be realized from the properties of the Combined Company.

The Combined Company will face competition for mineral interest acquisitions and the mining industry is competitive in all stages.

Many companies are engaged in the search for and the acquisition of mineral interests, and there is a limited supply of desirable mineral interests. The mineral exploration business is competitive in all phases. Many companies are engaged in the acquisition of mining interests, including large, established companies with substantial financial resources, operational capabilities and long earnings records. The Combined Company may be at a competitive disadvantage in acquiring interests in these natural resource properties as many competitors have greater financial resources and technical staff. There can be no assurance that the Combined Company will be able to compete successfully against other companies in acquiring other investments in mineral properties. In addition, the Combined Company may be unable to acquire any such interests at acceptable valuations and on terms it considers to be acceptable. The

Combined Company's inability to acquire or obtain interests in mineral properties may result in a material adverse effect on the profitability, results of operation and financial condition of the Combined Company.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of mineralized material. Factors beyond the control of the Combined Company may affect the marketability of any substance discovered. These factors include market fluctuations, proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The issuance of a significant number of Common Shares could adversely affect the market price of the Common Shares.

If the La Negra Acquisition is completed, a significant number of additional Common Shares will be issued and will become available for trading in the public market. The increase in the number of Common Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, the Common Shares.

Following completion of the La Negra Acquisition, Orion and M Grupo will have the ability to significantly influence certain corporate actions of Excellon

Immediately following closing of the La Negra Acquisition, Dalu is expected to own more than 20% of the outstanding Common Shares, and subject to the payment of certain deferred consideration payments in accordance with the terms of the La Negra Acquisition Agreement and Transfer Agreement, M Grupo may also own more than 20% of the outstanding Common Shares following closing of the La Negra Acquisition. Accordingly, Dalu, and M Grupo, as applicable, will be in a position to exercise significant influence over all matters requiring shareholder approval, including the election of directors, determination of significant corporate actions, amendments to the articles of Excellon and the approval of any business combinations, mergers or takeover attempts, in a manner that could conflict with the interests of other shareholders. Other than as described below, although there are no agreements or understandings between Dalu and M Grupo of which Excellon is aware as to voting, if they voted in concert, then they would exert significant influence over the Combined Company. The Investor Rights Agreement will require that Excellon and M Grupo vote in accordance with management proposals to Shareholders that are approved by Excellon's independent directors, other than in respect of matters requiring supermajority approval, for a period of 18 months following closing of the La Negra Acquisition.

Following the La Negra Acquisition, the trading price of the Common Shares cannot be guaranteed, may be volatile and could be less than, on an adjusted basis, the current trading price of Excellon due to various market-related and other factors.

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Securities of companies in the mining industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the mining industry. There can be no assurance that continuing fluctuations in price will not occur. The market price per Common Share is also likely to be affected by changes in Excellon's financial condition or results of operations. Other factors unrelated to the performance of Excellon that may have an effect on the price of the Common Shares include the following: (a) changes in the market price of the commodities that Excellon sells and purchases; (b) current events affecting the economic situation in Canada, United States, Mexico, Germany and internationally; (c) trends in the global mining industries; (d) regulatory and/or government actions, rulings or policies; (e) changes in financial estimates and recommendations by securities analysts or rating agencies; (f) acquisitions and financings; (g) the economics of current and future projects and operations of Excellon; (h) quarterly variations in operating results; (i) the operating and share price performance of other companies, including those that investors may deem comparable; (j) the issuance of additional equity securities by Excellon, or the perception that such issuance may occur; and (k) purchases or sales of blocks of Common Shares.

Excellon has, and the resulting Combined Company will have, a limited history of earnings.

An investment in Excellon is considered speculative primarily due to the nature of Excellon's business. Excellon has a limited history of earnings and due to the nature of its business there can be no assurance that Excellon will be profitable.

The operations of the resulting Combined Company will be dependent on the market price of mineral commodities.

The profitability of the Combined Company's operations will be dependent upon the market price of mineral commodities. Mineral prices, including the price of silver, lead, zinc, copper, gold and other precious metals fluctuate widely and are affected by numerous factors beyond the control of the Combined Company. The level of interest rates, the rate of inflation, the world supply and liquidity of mineral commodities and the stability of exchange and future rates can also all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and on-going political developments. The price of mineral commodities, including the price of silver, lead, zinc, copper, gold and other precious metals, has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Combined Company's business, financial condition and results of operations.

The Combined Company may not realize the benefits of its growth projects.

As part of its strategy, the Combined Company will continue its efforts to develop new mineral projects and will have an expanded portfolio of La Negra. A number of risks and uncertainties are associated with the exploration and development of these types of projects, including political, regulatory, design, construction, labour, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks.

The level of production and capital and operating cost estimates relating to the expanded portfolio of growth projects are based on certain assumptions and are inherently subject to significant uncertainties. It is likely that actual results of the Combined Company's projects will differ from its current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions which could reduce production below, and/or increase capital and/or operating costs above, current estimates. If actual results are less favourable than current estimates, the Combined Company's business, results of operations, financial condition and liquidity could be adversely impacted.

Risk Factors Related to the Debenture Restructuring and the Offering

The Debenture Restructuring and the Offering, together with the La Negra Acquisition, may have a dilutive effect on existing Shareholders.

The issuance of Common Shares in connection with the La Negra Acquisition, together with the Common Shares issuable in connection with the Debenture Restructuring and the Offering upon the satisfaction of certain conditions, will have a dilutive effect on the ownership interest of the existing Shareholders. There can be no assurance that such dilution will not have an adverse impact on the price of the Common Shares.

The issuance of Common Shares under the Debenture Restructuring and the Offering may affect the market price of the Common Shares.

Under the Debenture Restructuring and the Offering, following the satisfaction of certain conditions, a significant number of additional Common Shares and securities exercisable into Common Shares will be issued. The increase in the number of Common Shares issued and issuable may lead to sales of the Common Shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Common Shares. Moreover, the potential that any significant Shareholder may sell its Common Shares in the public market (commonly referred to as "market overhang"), notwithstanding the fact that significant Shareholders are or may be subject to customary lock-up agreements (including those restrictions contained in the Investor Rights Agreement), as well as any actual sales of such Common Shares following the consummation of the La Negra Acquisition, could adversely affect the market price of the Common Shares.

Risk Factors Related to the Operations of Excellon

Whether or not the La Negra Acquisition is completed, Excellon will continue to face many of the risks that it currently faces with respect to its business and affairs. Certain of these risk factors have been disclosed in the management's discussion and analysis accompanying the annual audited consolidated financial statements of Excellon and the notes thereto for each of the years ended December 31, 2021 and 2020, and in the foregoing "Risk Factors" section of this AIF starting on page 64.

DIVIDENDS

Dividend Policy

The Company has no formal dividend or distribution policy and it has not declared any cash dividends or distributions during the three most recently completed financial years. The Company currently intends to retain future earnings, if any, to finance the growth and development of its business, and accordingly, it does not contemplate that any dividends will be declared on the Common Shares in the immediate or foreseeable future. Any determination with respect to the payment of cash dividends or distributions to Shareholders in the future will be at the discretion of the Board and will depend on, among other things, the financial condition, capital requirements and earnings of the Company, the satisfaction of solvency tests imposed by the OBCA for the declaration and payment of dividends, any restrictions on dividend payments and such other factors as the Board may consider and deem relevant at the time.

Restrictions on Paying Dividends

The ability of the Company to declare and pay cash dividends or other distributions on the Common Shares of the Company is affected by certain restrictions and covenants contained in the La Negra Acquisition Agreement and the Debenture Indenture. In addition, the payment of dividends by the Company is subject to compliance with two statutory solvency tests set out in the OBCA, each of which must be satisfied by the Company at both the time of declaration of a dividend as well as at the time of payment. Pursuant to the OBCA, the Board has no discretion to declare or pay a dividend if there are reasonable grounds for believing that (i) the Company is, or would be after the payment of the dividend, unable to pay its liabilities as they become due, or (ii) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and the stated capital of all classes of shares of its capital.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized share capital consists of an unlimited number of Common Shares of which 38,053,776 Common Shares were issued and outstanding as at December 31, 2022. The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders with each Common Share entitling the holder to one vote on all matters voted on by shareholders, including the election of directors. Holders of Common Shares are entitled to receive dividends when, as and if declared by the Board. In the event of the dissolution, liquidation, or winding up of Excellon, holders of Common Shares are entitled to share rateably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of Excellon's indebtedness.

MARKET FOR SECURITIES

The Company's Common Shares are listed and posted for trading on the TSX (in Canada) under the symbol "EXN" and on the OTCQB (in the United States) under the symbol "EXNRF". The table set out below presents, on a monthly basis, the high and low sale prices for the Common Shares and trading volume on the TSX during the fiscal period ended December 31, 2022.

Date	High (C$)	Low (C$)	Volume (#)
January 2022	1.49	0.81	1,451,512
February 2022	1.09	0.76	679,058
March 2022	2.20	0.96	4,771,700
April 2022	1.26	0.87	950,077
May 2022	0.91	0.62	856,795
June 2022	0.79	0.55	501,439
July 2022	0.61	0.45	483,964
August 2022	0.68	0.47	421,230
September 2022	0.57	0.42	819,056
October 2022	0.54	0.45	432,348
November 2022	0.52	0.42	635,833
December 2022	0.79	0.35	1,347,218

PRIOR SALES

The following table sets out warrants, Options, DSUs and RSUs issued by the Company during the fiscal year ended December 31, 2022.

Date of Issuance	Number of Securities Issued	Type of Security(1)	Issue/Exercise Price (C$)(2)	Reason for Issuance
March 31, 2022	40,092	DSU	$1.06	Directors' fees
April 1, 2022	23,584	RSU	$1.06	Management compensation
May 18, 2022	27,000	Option	$0.76	Management compensation
May 18, 2022	60,000	RSU	$0.76	Management compensation
June 30, 2022	1,387,702	Common Shares	$0.64	Debenture Interest
June 30, 2022	70,593	DSU	$0.61	Directors' fees
July 1, 2022	40,982	Excellon RSU	$0.61	Management compensation
July 12, 2022	125,000	Option	$0.56	Management compensation
July 12, 2022	400,000	RSU	$0.56	Management compensation
July 29, 2022	120,000	RSU	$0.48	Management compensation
August 3, 2022	93,302	Common Shares	$0.57	Exercise of Excellon DSUs
August 15, 2022	790,000	Options	$0.58	Management compensation
August 15, 2022	255,000	RSU	$0.58	Management compensation
August 15, 2022	227,274	DSU	$0.58	Director compensation
August 29, 2022	37,153	Common Shares	$0.51	Exercise of Excellon DSUs
September 20, 2022	1,329,787	Common Shares	$0.47	Globex Agreement
November 15, 2022	144,000	RSU	$0.50	Management compensation
December 31, 2022	1,410,715	Common Shares	$0.64	Debenture Interest

(1) Options either have a five-year term vesting 1/3rd on the date of grant and 1/3rd on the first and second anniversaries, respectively, or a three-year term vesting 1/4th on the date of grant and 1/4th on the 6-, 12- and 18-month anniversaries, respectively.

(2) For RSUs and DSUs, the prices are based on the price of the Common Shares on the date of issuance. For Options, the prices are based on the exercise prices.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, there are no securities of the Company which are subject to escrow or to contractual restriction on transfer as at the date of this AIF.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth, for each of the directors and executive officers of the Company as of the date of this AIF, the person's name, province or state and country of residence, all positions and offices held with the Company, principal occupation during the last five years and, if a director, the period or periods during which the person has served as a director of the Company.

The directors who are members of the Company's Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee, Corporate Responsibility and Technical Committee and Special Opportunities Committee are also noted below.

Name, Residence and Position with the Company	Director/Officer since	Principal Occupation for Five Preceding Years
DR. LAURIE CURTIS(1)(4)(5) Ontario, Canada Chairman and Director	December 15, 2016	Dr. Curtis is a Professional Geologist and former Research Mining Analyst for Clarus Securities from 2011-2013 and VP Senior Analyst Global Resources for Dundee Capital Markets from 2013-2015. He was also previously Founder, Director and CEO of Intrepid Minerals Corp. and Intrepid Mines from 1995-2008, and a former Director of Eastmain Resources Inc., Wheaton River Minerals Ltd., High River Gold Mines Ltd., and Breakwater Resources Ltd.
CRAIG LINDSAY(4)(5) British Columbia, Canada Director	April 23, 2020	Mr. Lindsay is Managing Director of Arbutus Grove Capital Corp., an investment vehicle which provides capital and management services to the natural resource and renewable energy sectors. He was the former President and CEO of Otis Gold Corp. until its sale to Excellon in 2020, the former President and CEO of Magnum Uranium Corp. until its sale to Energy Fuels Inc. in 2009 and previously was a Vice President in the Corporate Finance and Investment Banking Group at PricewaterhouseCoopers LLP. He is currently a Director of Revolve Renewable Power Corp, VR Resources Ltd., Electric Royalties Ltd. and Alianza Minerals Ltd. Mr. Lindsay has a Bachelor of Commerce (Finance) from UBC (1989), an MBA (Finance and International Business) from Dalhousie University (1993) and is a Chartered Financial Analyst.
JEFF SWINOGA(1)(4)(5) Ontario, Canada Director	October 25, 2021	Mr. Swinoga is the current President & CEO of Exploits Discovery Corp. Previously, he was the national mining and metals co-leader at EY Canada, President and CEO of First Mining Gold, Chief Financial Officer of Torex Gold Resources Inc., CFO of North American Palladium Ltd. and CFO of HudBay Minerals Inc. Mr. Swinoga also spent seven years at Barrick Gold Corp. as a senior officer with responsibilities that included project financing of Barrick's Bulyanhulu and Veladero projects. He is a chartered professional accountant and holds a Master of Business Administration degree from the University of Toronto as well as a Bachelor's Degree (Honours) in Economics from the University of Western Ontario. Mr. Swinoga sits on the Board of PDAC and is also a member of its Audit Committee.

Name, Residence and Position with the Company	Director/Officer since	Principal Occupation for Five Preceding Years
ZOYA SHASHKOVA (1)(2)(3)(5) Ontario, Canada Director	June 22, 2022	Ms. Shashkova is the CFO of EnviroGold Global and has over two decades of consulting and finance executive experience, spanning audit and consulting, tax structuring, risk management, reporting, disclosure, and mining finance. Before joining EnviroGold Global, Ms. Shashkova was previously the Treasurer for Torex Gold Resources Inc. Her other prior mining executive roles include CFO for UraniumOne's operations in Central Asia, as well as senior leadership positions with Deloitte and E&Y. During her tenure with UraniumOne, Ms. Shashkova also served on the boards of operating joint ventures as an Audit Committee Chair. Ms. Shashkova holds a MSc in Biology and Chemistry, an MBA in Banking and Finance, is a Certified Public Accountant (CPA, US, Maine), and is an ICD.D certified director, Institute of Corporate Directors.
BRENDAN CAHILL (2)(3) Ontario, Canada Director	April 30, 2013	Mr. Cahill is the former President and Chief Executive Officer of the Company, a role he held from November 2012 until July 2022, prior to which he was Executive Vice President from July 2012. Previously he was Vice President Corporate Development and Corporate Secretary of Pelangio Exploration Inc., Director of Group Eleven Resources Corp. He is a member of the Transplant Cabinet at the University Health Network and a member of the Law Society of Ontario.
SHAWN HOWARTH Ontario, Canada Director President & Chief Executive Officer	 August 12, 2022 July 28, 2022	Mr. Howarth has over 22 years' experience in the mining industry spanning project evaluation, corporate finance, stakeholder relations and corporate strategy. Most recently, he was Vice President, Corporate Development of Harte Gold Corp. Previously, Mr. Howarth worked in investment banking and mining advisory on the global mining and metals teams with Standard Chartered Bank and Gryphon Partners Canada. He holds a Master of Business Administration from the Ivey School of Business and a Bachelor of Applied Science from Queen's University.
DANIEL HALL Nova Scotia, Canada Chief Financial Officer	April 1, 2022	Mr. Hall was appointed Chief Financial Officer in April 2022, prior to which he was the Company's Corporate Controller from 2019. Previously, was with Deloitte LLP for 12 years in Canada, Bermuda and South Africa specializing in public company reporting and complex accounting matters, with a focus on global mining companies. He is a Chartered Accountant, a member of the Institute of Chartered Professional Accountants of Ontario, and holds a Bachelor of Commerce degree with a post graduate specialization in Accounting and Finance from Rhodes University in South Africa.

Name, Residence and Position with the Company	Director/Officer since	Principal Occupation for Five Preceding Years
PAUL KELLER Ontario, Canada Chief Operating Officer	September 21, 2020	Mr. Keller was previously Senior VP Major Projects and COO of Trevali Mining, a zinc-focused, base metals mining company with four commercially producing operations in Africa, Canada and Peru, where, among other things, he led the development of Trevali's Canadian and Peruvian projects from permitting through development to operation, prior to which he was COO of several junior mining companies and worked in various management roles at Barrick's Hemlo Mine in operations, engineering and maintenance after beginning his career with Rio Algom Limited. Mr. Keller holds a Bachelor of Engineering – Mining from Laurentian University.
NICHOLAS HAYDUK Nova Scotia, Canada Chief Legal Officer & Vice President, Corporate Affairs and Corporate Secretary	July 25, 2022	Mr. Hayduk has over 22 years' experience as a corporate lawyer, with over 15 years in senior management and executive roles at publicly-traded mining companies. Previously, he was Vice President, General Counsel and Corporate Secretary at Battle North Gold Corporation, Senior Vice President, Chief Legal Officer at Lundin Mining Corporation, Senior Vice President & General Counsel at Kinross Gold Corporation, General Counsel, Operations – Canada and U.S. at Goldcorp Inc. and General Counsel, Canada at Placer Dome, and a corporate lawyer at Blake, Cassels & Graydon LLP. Mr. Hayduk is a member of the Law Society of Ontario. He holds a Master of Business Administration (Finance) and a Law Degree from Dalhousie University, and a Bachelor of Arts (Economics / History) from the University of Alberta.
JORGE ORTEGA Baja California Sur, Mexico Vice President Exploration	October 25, 2021	Mr. Ortega is a Professional Geologist with 30 years of experience in the mining industry. Prior to joining Excellon in 2018, he was Exploration Country Manager Mexico for Great Panther Silver, leading exploration efforts in Guanajuato and Durango. His prior experience includes various positions at Alamos Gold, Oro Silver, Goldcorp (Eleonore), Noranda, INMET Mining, SOQUEM (Quebec's para-governmental exploration company), the Geological Survey of Canada and the Consejo de Recursos Minerales of Mexico. Mr. Ortega holds a Masters in Earth Sciences from INRS-Laval University and a Bachelors of Geological Engineering from the National Autonomous University of Mexico.

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating and Corporate Governance Committee
(4) Member of the Corporate Responsibility & Technical Committee
(5) Member of the Special Opportunities Committee

The term of office of each current director of the Company will expire at the next annual general meeting of the Shareholders or when his or her successor is duly elected or appointed. Each of the directors on the Board was elected to his or her present term as a director by the Company's Shareholders at the annual general and special meeting held on August 12, 2022, with the exception of Mr. Shawn Howarth, who was appointed by the Board following such meeting. In addition, effective August 12, 2022, Dr. Laurence (Laurie) Curtis was appointed as Chairman of the Board.

Based on the disclosure available on the System for Electronic Disclosure (SEDI) by Insiders and confirmation by management, as of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 733,083 Common Shares, representing approximately 1.9% of the then issued and outstanding Common Shares on a non-diluted basis.

Cease Trade Orders

To the best of the Company's knowledge, none of the directors or executive officers of the Company is, as at the date of this AIF, or has been within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, that:

(a) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the best of the Company's knowledge, except as noted below, none of the directors or executive officers of the Company, nor any Shareholder holding a sufficient number of Common Shares to materially affect the control of the Company:

(a) is, as at the date of this AIF, or has been within 10 years before the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Shawn Howarth, President and Chief Executive Officer and a director of Excellon, from September 2019 – May 2022 was Vice President, Corporate Development of Harte Gold Corp., which was subject to proceedings under the Canada *Companies' Creditors Arrangements Act* from December 16, 2021 to May 5, 2022.

Mr. Brendan Cahill, a director of Excellon, is also the sole director of its indirect, wholly-owned Mexican subsidiary San Pedro that, as described above and below (see "Legal Proceedings and Regulatory Actions"), on November 30, 2022, filed a petition for bankruptcy with the Mexican Bankruptcy Court which, on December 15, 2022, accepted such petition for adjudication and, on March 28, 2023, declared San Pedro bankrupt.

Penalties and Sanctions

None of the directors or executive officers of the Company or, to the Company's best knowledge, any Shareholders holding a sufficient number of Common Shares to materially affect the control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best knowledge of the Company, no director or officer of the Company has an existing or potential material conflict of interest with the Company or any of its subsidiaries, except to the extent that certain officers and directors of the Company also act as officers and directors of other corporations active in mining and exploration, which may compete with the Company for business opportunities, or which may, from time to time, provide financing to, or make equity investments in, competitors of the Company. Such directors are required by applicable law, however, to act honestly and in good faith with a view to the best interests of the Company and its Shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company, and further, to abstain from voting as a director for the approval of any such transaction.

AUDIT COMMITTEE DISCLOSURE

Audit Committee's Charter

The purpose of the Company's Audit Committee is to provide assistance to the Board in fulfilling its responsibilities with respect to matters involving the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. A copy of the Company's Audit Committee Charter is attached as Schedule "A" and is available on the Company's website at www.excellonresources.com.

Composition of the Audit Committee

The members of the Audit Committee are Jeff Swinoga (Chairperson), Zoya Shashkova and Laurie Curtis. All current members of the Audit Committee meet the independence criteria set out in NI 52-110. Based on information provided by each director, the Board determined that all members of the Audit Committee are "financially literate" as that term is defined in NI 52-110.

Relevant Education and Experience

The education and experience of each member of the Audit Committee that is relevant to the performance of Audit Committee responsibilities is described below:

Jeff Swinoga: Mr. Swinoga is the current President and CEO of Exploits Discovery Corp. Previously, he was the national mining and metals co-leader at EY Canada, President and CEO of First Mining Gold, Chief

Financial Officer of Torex Gold Resources Inc., CFO of North American Palladium Ltd. and CFO of HudBay Minerals Inc. Mr. Swinoga also spent seven years at Barrick Gold Corp. as a senior officer with responsibilities that included project financing of Barrick's Bulyanhulu and Veladero projects. He is a chartered professional accountant and holds a Master of Business Administration degree from the University of Toronto as well as a Bachelor's Degree (Honours) in Economics from the University of Western Ontario.

Zoya Shashkova: Ms. Shashkova is the CFO of EnviroGold Global and has over two decades of consulting and finance executive experience, spanning audit and consulting, tax structuring, risk management, reporting, disclosure, and mining finance. Before joining EnviroGold Global, Ms. Shashkova was the Treasurer for Torex Gold Resources Inc. where she participated in the raising of over $1 billion in capital. Her previous mining executive roles include CFO for UraniumOne's operations in Central Asia, where she provided leadership in all areas of business and financial management, including strategic planning, performance measurement, debt financing, accounting, international tax structuring, and risk management, as well as senior leadership positions with Deloitte and E&Y. During her tenure with UraniumOne, Ms. Shashkova also served on the boards of operating joint ventures as an Audit Committee Chair. Ms. Shashkova holds a MSc in Biology and Chemistry, an MBA in Banking and Finance, is a Certified Public Accountant (CPA, US, Maine), and is an ICD.D certified director, Institute of Corporate Directors.

Laurence (Laurie) Curtis: Dr. Curtis brings over 40 years of experience in the mining industry and capital markets, with a proven track record in corporate development, mine development and project financing. He is the founder of Intrepid Minerals, and was a key member of the senior management and technical teams overseeing all aspects from discovery through operations. Under his guidance as CEO and COO, Intrepid transitioned through merger and acquisition to become a gold producer and developer, ultimately attaining a market capitalization in excess of $1.2 billion. During his distinguished career as an exploration geologist, Laurie was involved with a number of worldwide discoveries including the initial discovery and staking of the Back River gold belt, which now hosts the 5M-ounce gold deposit held by Sabina Gold & Silver Corp., and led teams to the discovery of several epithermal systems in the Caribbean Basin. He was actively involved as director of several junior developers with producing mines on several continents including, Wheaton River Minerals, High River Gold Mines, Breakwater Resources and Buryatzolo. Dr. Curtis has also held several positions in the financial sector including, Research and Analyst Mining for Clarus Securities, Vice President and Senior Analyst Global Resources for Dundee Capital Markets.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has a practice of pre-approving audit and non-audit services provided by the independent auditor. The Committee has delegated to its Chair, the authority, to be exercised between regularly scheduled meetings of the Audit Committee, to pre-approve audit and non-audit services provided by the independent auditor. All such pre-approvals shall be reported by the Chair at the meeting of the Audit Committee next following the pre-approval.

External Auditor Service Fees

The fees billed by the Company's auditor in each of the last two fiscal years are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Audit Fees(1)	US$325,535	US$483,042
Audit Related Fees(2)	-	US$12,682
Tax Fees(3)	US$64,655	US$15,000
All Other Fees	-	US$1,951
Total	**US$390,190**	**US$512,676**

(1) The aggregate audit fees billed in connection with statutory and regulatory filings, principally for the audit of the annual financial statements.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audits or reviewing the Company's financial statements and are not included under "Audit Fees".

(3) The aggregate fees billed for services related to tax compliance, tax advice and tax planning, including tax return preparation and other compliance matters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as disclosed herein, management is not aware of any material litigation matters involving the Company outstanding as of the date hereof.

San Pedro is party to an action by a claimant (the "**Plaintiff**") in respect of damages under a property agreement regarding the La Antigua mineral concession ("**La Antigua**"), a non-material mineral concession within the Miguel Auza Property. La Antigua is subject to an exploration and exploitation agreement between San Pedro and the Plaintiff dated December 3, 2006, with a purchase option and, among other obligations, a 3% NSR if the property is brought into production (the "**La Antigua Agreement**"). Pursuant to the La Antigua Agreement, San Pedro had the right to purchase absolute title to La Antigua including the NSR royalty upon payment of $500,000. San Pedro was under no contractual obligation to put the mine into production and has not done so. The Plaintiff was initially awarded damages of $700 in the court of first instance. On appeal by both parties, the appellate court confirmed the initial decision but, subsequently, in late 2019, granted the Plaintiff an award of $22,175,000 (the "**Judgment**"), which San Pedro and the Company both believe is multiple times greater than any income the applicable NSR royalty could ever have produced had La Antigua ever been put into commercial production. In Q3 2021, San Pedro's appeal of this decision was fully and finally dismissed by the Mexican Federal Court, with no further right of appeal in Mexico. Accordingly, the Company recorded a corresponding provision for litigation of $22.3 million.

The Judgment is solely against San Pedro as defendant and the Company believes that the Plaintiff has no recourse against the Company's other assets in Mexico, Idaho, Saxony, Germany or Canada. San Pedro is a wholly-owned, indirect subsidiary of the Company that holds the Miguel Auza Mill and the Miguel Auza Property. To date, the Judgment and related enforcement actions by the Plaintiff, have not impacted use of the land, plant or mineral concessions

San Pedro continued to operate in the ordinary course until it had processed the last ore from the Platosa Mine following its completion of production and transition to care and maintenance in early Q4 2022. In Q1 and Q2 2022, the Plaintiff registered the Judgment against the real property and certain assets owned by San Pedro. With no further ore to process, and the continuing recourse of the Plaintiff under the Judgment, on November 30, 2022, San Pedro filed a petition for bankruptcy, which was a confidential filing pending its acceptance by the Mexican Bankruptcy Court on December 15, 2022. In early March 2023, the Court-appointed auditor completed their review of San Pedro's petition and, on March 28, 2023, the Court declared San Pedro bankrupt. In due course the Court will be appointing a trustee to take possession and control of, and administer, San Pedro for the benefit of its creditors.

In Q2 2020, EIGI filed an updated plan of operations for the Kilgore Project with the USFS. In Q4 2021, the USFS approved the Kilgore 2021 EA. In Q1 2022, an application was filed by the ICL/GYC requesting that the U.S. District Court reopen the USFS approval of the Kilgore 2021 EA. EIGI successfully filed a motion to intervene as a defendant intervenor. Scheduled briefings in the proceedings have been completed, and a hearing to adjudicate the matter is currently scheduled to occur on May 10, 2023. Excellon believes that the application is without merit. These proceedings did not impact the 2022 drill program, and follow the denial of nearly all of the ICL/GYC claims in its prior similar such challenge to the Kilgore 2018 EA, and USFS' steps to address any remaining issues in the Kilgore 2021 EA.

A company retained to perform drilling services at the Kilgore Project in 2022 commenced legal proceedings against the Company and has separately claimed a statutory lien on six of the project's unpatented mining claims, based on payments alleged as due under the drilling contract in the amount of $1.1 million. Excellon disputes the amounts claimed in such proceedings and asserted under the lien, including the basis therefor. Excellon believes that such legal proceedings and the lien are without merit and is vigorously defending itself against such claims, including advancing a rigorous defence and counterclaim in legal proceedings and challenge of the basis for and validity of the lien. Excellon will continue to steadfastly contest both such claims.

Other than as disclosed above, during the fiscal year ended December 31, 2022, the Company was not subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority;

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; or

(c) any settlement agreements entered into with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No directors or executive officers of the Company and no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Common Shares or any of their respective associates or affiliates, has or has had a material interest, direct or indirect, in any material transaction, whether proposed or concluded, which had, or may have, a material effect on the Company or its subsidiaries within the three most recently completed financial years or during the current financial year.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar for its Common Shares is TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1.

MATERIAL CONTRACTS

Aside from as listed below or contracts entered into in the ordinary course of business and not required to be filed under section 12.2 of NI 51-102, as of December 31, 2022, the Company was not party to any material contracts within the most recently completed fiscal year or before the most recently completed fiscal year, in either case that are still in effect.

- Debenture Indenture

INTERESTS OF EXPERTS

The Kilgore Technical Report was prepared by Terre A. Lane and Jeffrey Todd Harvey, PhD of Global Resource Engineering, Ltd., Jennifer J. Brown, P.G., of Hard Rock Consulting, LLC, and David Rowe, Certified Professional Geologist, AIPG of Rowearth LLC, who are independent of the Company, a copy of which is available on the Company's website and on under the Otis Gold profile on SEDAR (www.sedar.com).

The technical report on the Oakley Project entitled "NI 43-101 Technical Report Geology, Mineralization, Resource Estimate and Exploration Potential of the Blue Hill Creek and Matrix Creek Gold-Silver Properties, Cassia County, Idaho, USA", with an effective date of August 8, 2016, was prepared by Dr. John Childs of Childs Geoscience Inc. and Zack Black, B.S. of Hard Rock Consulting Inc., who are independent of the Company, a copy of which is available on the Company's website and on under the Otis Gold profile on SEDAR (www.sedar.com).

The technical report on the Silver City Project entitled "Excellon Resources Inc and Saxony Silver Corp., Silver City Project, Saxony, Germany NI 43-101 Technical Report", with an effective date of March 21, 2022, was prepared by Michael J. Robertson, Principal Consultant to MSA of The MSA Group (Pty) Ltd., a copy of which is available on the Company's website and under its profile on SEDAR (www.sedar.com).

The La Negra Technical Report was prepared by Scott G. Britton – P.E. Mining Plus US., Kim Kirkland – FAusIMM Mining Plus Peru S.A.C., Glenn Zamudio – FAusIMM Mining Plus Australia, Steven Truby – P.E. Wood EIS, who are independent of the Company, a copy of which is available on the Company's website and under its profile on SEDAR (www.sedar.com).

The technical report for the Platosa Mine entitled "Technical Report for the Platosa Polymetallic (Silver, Lead and Zinc) Mine, Mexico" , with an effective date of March 31, 2021 and a signature date of June 17, 2021, was prepared by Joycelyn Smith, PG and Glen Cole, PG of SRK, Luis Alfonso Soto Contreras, CPG of Rocks Mining Exploration Consultants Inc., who are independent of the Company, and Paul Keller, PEng, an officer of the Company, a copy of which is available on the Company's website and under its profile on SEDAR (www.sedar.com).

To the Company's knowledge, as at March 31, 2023, the persons or companies referred to above beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the Company.

The Company's independent auditors are Ernst & Young LLP, Chartered Professional Accountants, who have issued an independent auditor's report dated March 31, 2023, in respect of the Company's Consolidated Financial Statements as at December 31, 2022 and for the year then ended. Ernst & Young LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the Company's website at www.excellonresources.com and under the Company's profile on SEDAR (www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's Common Shares and the Common Shares authorized for issuance under the Company's Share Incentive Plan, will be contained in the Company's management information circular for the 2023 annual meeting of Shareholders.

Additional financial information is provided in the Company's consolidated Financial Statements and Management's Discussion and Analysis for its financial year ended December 31, 2022, available on the Company's website at www.excellonresources.com and under the Company's profile on SEDAR (www.sedar.com).

SCHEDULE "A"

Audit Committee Charter

OVERALL PURPOSE AND OBJECTIVES

1. The Audit Committee ("**Committee**") is established by and among the Board of Directors (the **"Board"**) of Excellon Resources Inc. (the **"Company"**) for the primary purpose of assisting the Board in fulfilling its oversight responsibility to shareholders, potential shareholders, the investment community and others relating to:

   - The integrity of the Company's financial statements, management's discussion and analysis ("**MD&A**"), and financial press releases before publicly disclosed.
   - The Company's compliance with legal and regulatory requirements.
   - The Company's public accounting firm's (independent auditor's) qualifications and independence.
   - The performance of the Company's independent auditor which include preparation of the audit committee reports as required by applicable regulators.
   - The Company's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Company.

2. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the independent auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company's business, operations and risks.

3. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels. The Committee should also provide for open communication among the independent auditor, financial and senior management, the internal audit function, if any, and the Board.

AUTHORITY

4. The Board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or other professional advice and to ensure the attendance of Company officers at meetings as appropriate.

5. The Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.

6. In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

7. The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this charter.

COMPOSITION AND MEETINGS

8. The Committee will comprise three or more directors as determined by the Board.

9. Each Committee member will meet the applicable standards of independence within the meaning of applicable securities laws, rules, policies, regulations, guidelines and instruments, including National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") and by any stock exchanges on which the Company's securities are listed.

10. Each member of the Committee shall be financially literate. Financial literacy is defined in NI 52-110 as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

11. To help meet these requirements, the Committee will provide its members with access to annual continuing education opportunities in financial reporting and other areas relevant to the Committee.

12. Committee members will be appointed by the Board at the annual organizational meeting of the Board to serve until their successors are elected. Unless a Chairperson is elected by the full Board, the members of the Committee may designate a Chairperson by majority vote.

13. The Committee will meet at least quarterly, or more frequently as circumstances dictate. The internal auditors may request a meeting, if they consider one is necessary, as may any Committee member. Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, and any other person required to attend, no later than 48 hours prior to the meeting.

14. The Committee Chairperson will approve the agenda for the Committee's meetings and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practicable.

15. Members may attend meetings either in person, by telephone or through other electronic means of communication. At any meeting of the Committee, a quorum shall be a majority of the members.

16. The secretary of the Committee will keep regular minutes of Committee proceedings, and will circulate them to all Committee members, the Chair of the Board, and to any other director on a timely basis, when requested. Decisions and recommendations of the Committee shall be made by a majority of the members present at the meeting.

17. At the end of the meeting, the Committee shall hold an in-camera session with the independent auditors and without any senior officers present at each meeting of the Committee, unless such a session is not considered necessary by the members present.

18. As part of its responsibility to foster open communication, the Committee will meet periodically with management and the independent auditor in separate executive sessions. In addition, the

Committee will meet with the management and the independent auditor to discuss the annual audited financial statements and quarterly financial statements, including the disclosures in the accompanying MD&As.

ROLES, RESPONSIBILITIES AND DUTIES

19. To fulfill its responsibilities and duties, the Committee will:

Documents / reports / accounting information review

20. Review this charter at least annually and recommend to the Board any necessary amendments.

21. Meet with management and the independent auditor to:

    a. review and discuss the Company's annual financial statements and quarterly financial statements (prior to the Company's regulatory filings or release of earnings), as well as all internal control reports (or summaries thereof)
    b. review other relevant reports or financial information submitted by the Company to any governmental body or the public, including MD&As, press releases containing financial information, management certifications and relevant reports rendered by the independent auditor (or summaries thereof).

22. Discuss earnings press releases, including the type and presentation of information, paying attention to any pro forma or adjusted information.

23. Discuss financial information and guidance provided to the public, analysts and ratings agencies, as applicable.

24. Review the regular internal reports to management (or summaries thereof) prepared by the internal audit function, if any, as well as management's response.

Independent Auditor

25. Appoint, compensate, retain, and oversee the work performed by the independent auditor retained to prepare or issue an audit or review report or related work. Review the performance and independence of the independent auditor and remove the independent auditor if circumstances warrant. The independent auditor will report directly to the Committee and the Committee will oversee the resolution of disagreements between management and the independent auditor if any arise.

26. Actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take appropriate actions to oversee the independence of the independent auditor.

27. Review the independent auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.

28. Review and preapprove both audit and non-audit services to be provided by the independent auditor. The authority to grant preapprovals may be delegated to one or more designated members of the Committee, whose decisions will be presented to the full Committee at its next regularly scheduled meeting.

29. Consider whether the auditor's provision of permissible non-audit services is compatible with the auditor's independence.

30. Review with the independent auditor any problems, difficulties or disagreements with management regarding the preparation of the financial statements and review management's response.

31. Hold timely discussions with the independent auditor regarding the following:
    a. All critical accounting policies and practices.
    b. All alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
    c. Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.

32. At least annually, obtain and review a report by the independent auditor describing:
    a. The independent auditor's internal quality-control procedures.
    b. Any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to independent audits carried out by the independent auditor, and any steps taken to deal with such issues.

    This report should be used to evaluate the independent auditor's qualifications, performance, and independence. Further, the Committee will review the experience and qualifications of the lead partner each year and determine that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed. The Committee will also consider whether there should be rotation of the independent auditor itself. The Committee should present its conclusions to the full Board.

33. Review and approve the Company's hiring policies, as applicable, regarding partners, employees and former partners and employees of the present and former independent auditors of the Company.

<u>Financial Reporting Process / Accounting Policies / Internal Control Procedures</u>

34. Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

35. Evaluate the fairness of annual and interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:

    a. actual financial results for the interim period varied significantly from budgeted or projected results;
    b. generally accepted accounting principles have been consistently applied;
    c. there are any actual or proposed changes in accounting or financial reporting practices; or
    d. there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

36. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

37. In consultation with the independent auditor and the internal audit function, review the integrity of the Company's financial reporting processes (both internal and external).

38. Periodically review the adequacy and effectiveness of the Company's disclosure controls and procedures and the Company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls. As part of the review, the Committee should gain an understanding of whether internal control recommendations made by the independent auditors have been implemented by management.

39. Understand the scope of the internal and independent auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management responses.

40. Receive and review any disclosure from the Company's CEO and CFO made in connection with the certification of the Company's quarterly and annual reports of: a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

41. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; major issues as to the adequacy of the Company's internal controls; and any special audit steps adopted in light of material control deficiencies.

42. Review analyses prepared by management and the independent auditor setting forth significant financial reporting issues and judgments made during the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements.

43. Review the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the financial statements of the Company.

44. Review related party transactions to ensure that they reflect market practice and are in the best interests of the Company.

45. Oversee confidential investigation of anonymous submissions by Company employees regarding questionable accounting, auditing, or internal control matters in accordance with the Company's Whistleblower Policy. In accordance with the Whistleblower Policy, establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.

46. Receive reports from the Company's Chief Financial Officer on the scope and material results of the Company's internal control activities.

Internal Audit

47. Review and advise on the selection, reassignment or and dismissal of the internal audit officer (if applicable).

48. Review the activities and organizational structure of the internal audit function, as well as the qualifications of its personnel.

49. Annually, review and recommend changes (if any) to the internal audit charter.

50. Periodically review with the internal audit officer (if any), any significant difficulties, disagreements with management, or scope restrictions encountered while performing the function's work including the resolution of disagreements between management and the internal auditors regarding internal controls.

51. Periodically review, with the independent auditor, the internal audit function's responsibility, budget, and staffing.

Ethical Compliance/Legal Compliance/Risk Management

52. Oversee, review, and periodically update the Company's code of business conduct and ethics and the Company's system to monitor compliance with and enforce this code.

53. Review, with the Company's counsel, legal compliance and legal matters that could have a significant impact on the Company's financial statements reporting.

54. Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to identify, manage, and mitigate them.

55. Consider the risk of management's ability to override the Company's internal controls.

Adopted by the Board on December 14, 2004,
Last updated and approved by the Board on September 12, 2018