Management's Discussion & Analysis of Financial Results

For the year ended December 31, 2022

Excellon Resources Inc. (the "Company" or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ("MD&A") for the year ended December 31, 2022 in accordance with the requirements of National Instrument 51-102 ("NI 51-102").

This MD&A contains information as at March 31, 2023 and provides information on the operations of the Company for the years ended December 31, 2022 and 2021 and subsequent to the period end, and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021 which have been filed under Excellon's profile on SEDAR (www.sedar.com). The audited consolidated financial statements for the years ended December 31, 2022 and 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures in this MD&A are in thousands of United States dollars ($'000) unless otherwise noted.

This MD&A also refers to Adjusted loss, Adjusted loss per share, Production Cost per Tonne, Cash Cost per Silver Ounce Payable, and All-in Sustaining Cost ("AISC") per Silver Ounce Payable, all of which are Non-IFRS measures. Refer to the "Financial Review" and "Non-IFRS measures" sections of this MD&A for an explanation of these measures and reconciliation to the Company's reported financial results.

BUSINESS AND STRATEGIC PRIORITIES

Excellon's vision is to realize opportunities for the benefit of our employees, communities, and shareholders, through the acquisition of advanced development or producing assets with further potential to gain from an experienced operational management team. The Company is advancing a portfolio of gold, silver and base metals assets including Kilgore, an advanced gold exploration project in Idaho; and Silver City, a high-grade epithermal silver district in Saxony, Germany with 750 years of mining history and no modern exploration. Subsequent to the year end, the Company has also entered into an agreement to acquire La Negra, a past-producing Ag-Zn-Cu-Pb mine with exploration potential, located in Querétaro State, Mexico.

The common shares of Excellon trade on the Toronto Stock Exchange (the "TSX") under the symbol "EXN", OTCQB Venture Market (the "OTCQB") in the United States under the symbol "EXNRF", and on the Frankfurt Stock Exchange under the symbol "E4X2".

2022 HIGHLIGHTS

Exploration Activities

The Company advanced its exploration programs in the United States, Mexico and Germany, including:

Kilgore Project

- Drilled six diamond drill holes totaling 2,145 metres in 2022, with assay results pending for five of the six drill holes.
- Hole EX22KG001 intersected 0.74 grams per tonne (g/t) of gold (Au) over 115.60 meters, including 1.07 g/t Au over 26.93 metres and 26.5 g/t Au over 0.65 metres.
- Eighty line-kilometres of 3D Induced Polarization (IP) and Controlled Source Audio-Frequency Magnetotellurics (CSAMT) surveys were completed in Q3. Final results and interpretations are expected in H1 2023.
- Completed two-line soil orientation surveys for the purpose of comparing the effectiveness of Mobile Metal Ion (MMI), Spatiotemporal Geochemical Hydrocarbon (SGH) and traditional ICP-MS Super Trace analytical methods. A total of 145 samples were collected, with assay results received in Q4. The results are being analyzed to determine the preferred method for detecting mineralization under cover.

Silver City Project

- Soil sampling program on the Frauenstein and Bräunsdorf licences, aiming to identify geochemical anomalies and generate follow-up drill targets. A total of 790 soil samples were collected and assay results were received in Q3. The data is being analyzed and will be incorporated into future drill planning.
- IP and Audio-Frequency Magnetotellurics geophysical surveys were completed in Q4. The surveys extended over 14.2 line-kilometres.

Oakley Project

- At Oakley, Centerra (U.S.) Inc. ("Centerra"), a subsidiary of Centerra Gold Inc. completed eight diamond drill holes totaling 1,739 metres on the Cold Creek, and Blue Hill claims, and a nineteen line-kilometre CSAMT survey on the Matrix Creek claims. The goal of the survey is to extend and infill lines completed in 2021.
- Hole BHC-22-02 intersected 0.40 g/t Au over 189.56 metres.
- Hole BHC-22-03 intersected 0.43 g/t Au over 110.64 metres in, including 3.94 g/t Au over 2.03 metres.

Platosa

- Underground mapping, chip sampling, and geological modelling in early 2022 identified additional remanent ore material which extended production into early Q4, upon completion of which the mine was placed on care and maintenance.

OUTLOOK

Excellon announces agreement to acquire past-producing La Negra Mine in Mexico

On January 9, 2023, the Company announced that it has entered into a definitive acquisition agreement (the "Acquisition Agreement") to acquire the permitted, past-producing La Negra Mine ("La Negra") located in Querétaro State, Mexico from Dalu S. à r.l. (the "Seller"), an entity owned by an investment fund managed by Orion Resource Partners ("Orion") for aggregate consideration of US$50 million paid through upfront payments totalling US$20m, payable in common shares of the Company, and a further US$30m of deferred, contingent consideration payable in common shares of the Company or in cash at the Company's option, following the restart of commercial production (the "La Negra Acquisition").

Concurrent with the execution of the Acquisition Agreement, Excellon has entered into a binding term sheet with holders representing approximately 66 2/3% of the principal amount of outstanding convertible debentures (the "Convertible Debentures") to, among other things, convert 25% of the Convertible Debentures into equity and reprice and extend maturity of remaining principal outstanding upon closing the La Negra Acquisition (the "Convertible Debenture Restructuring"), providing greater flexibility to the Company.

La Negra Highlights:

- La Negra, a past producing mine with historical production averaging +3.0 million silver-equivalent ("AgEq") ounces ("oz") annually[1]
- Brownfields site with permits to restart production, existing infrastructure including a 3,000 tonne per day mill, mine development, camp facilities, all-season highway access and existing workforce
- Preliminary Economic Assessment ("PEA") with an effective date of March 31, 2022, summarized in an NI 43-101 technical report (the "La Negra Technical Report")[2]
- PEA estimates a Post-tax $NPV_{5\%}$ of US$132.4 million[3]
- Indicated Mineral Resources of approximately 15.1 million oz AgEq and Inferred Mineral Resources of approximately 41.8 million oz AgEq[4]
- Polymetallic production mix: 43% Ag, 26% Zn, 23% Cu, 7% Pb by NSR contribution[3,4]
- Near-term restart of La Negra: 12-18 month development plan de-risking mine restart
- New labour agreement in place, local workforce and communities strongly support a restart

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1. Average annual production from 2013 to 2015 at throughput of approximately 2,500 tpd.
2. See Cautionary Statements regarding "Preliminary Economic Assessments" at the end of this MD&A. Refer also to the La Negra Technical Report, which was filed on January 19, 2023 under Excellon's profile on SEDAR (www.sedar.com).
3. Long-term commodity price estimates used in analysis: US$22.00/oz Ag, US$1.15/lb Zn, US$3.60/lb Cu, US$0.95/lb Pb.
4. Indicated: 2.46 million tonnes at average grades of 64.0 g/t Ag, 1.95% Zinc (Zn), 0.50% Copper (Cu), 0.27% lead (Pb); Inferred: 6.42 million tonnes at average grades of 80.0 g/t Ag, 1.80% Zn, 0.40% Cu, 0.65% Pb. Mineral resource estimate effective as at March 31, 2022). Refer also to the La Negra Technical Report. See also Cautionary Statements on "Mineral Resources" and to "U.S. Readers" at the end of this MD&A.

- Local partner, Grupo Desarrollador Migo, S.A.P.I. de C.V. ("M Grupo") to become key shareholder in Excellon
- Located in Querétaro State, one of the most stable states to operate in Mexico
- Opportunities to expand current mineral resource estimates with multiple untested near-mine exploration target areas
- Significant exploration potential along the regional structures controlling mineralization and below unconstrained skarn bodies

La Negra Acquisition and Convertible Debenture Restructuring Highlights

- All-Share Acquisition of the La Negra Mine:
  - Up to US$50 million aggregate consideration, of which 60% will be paid to the Seller in respect of the acquisition of all of the outstanding shares of the holding company of La Negra, and 40% will be paid to M Grupo in satisfaction of the termination of existing joint venture arrangements regarding La Negra.
  - Orion previously entered into an agreement with its local joint venture partner, M Grupo, a privately held, Querétaro-based infrastructure and construction company with a more than 30-year track record and long-standing in-state and national relationships, that specified that 40% of the proceeds from a sale of La Negra would be for the account of M Grupo.
  - Up front US$20 million consideration will be paid 60% to the Seller in respect of the purchase of the shares and 40% to M Grupo in satisfaction of the termination of the joint venture arrangements.
  - Deferred payments of US$30m in the aggregate (payable in two tranches in shares or cash at Excellon's option), contingent on successfully achieving commercial production, payable to Orion and M Grupo on the same 60% / 40% basis.
- Convertible Debenture Restructuring contemplates, among other things:
  - Conversion of C$4.5 million, or 25%, of the Convertible Debentures principal to equity, upon closing the Acquisition at a conversion price of C$0.48 per Excellon Share.
  - Adjustment of conversion price for the remaining principal to C$0.535 per common share.
  - Extension of maturity of remaining principal from July 30, 2023 to April 30, 2027.
- Private placement for a minimum of US$10 million (the "Closing Private Placement"):
  - Planned subscription receipt financing to provide development capital.
  - Proceeds to fund 12–18-month development plan and general corporate purposes.

See the Company's January 9, 2023 news release for further details.

The La Negra Acquisition and related transactions are subject to customary conditions for transactions of similar size, including receipt of Excellon shareholder approval, conditional listing approval of the TSX, termination of the La Negra JV, completion of the Convertible Debenture restructuring, and delisting of Excellon Shares from the NYSE American and deregistration with the U.S. Securities and Exchange Commission (the "SEC"). The Company is continuing to take steps necessary to advance the La Negra Acquisition and discussions with potential investors in the equity offering proposed to be completed in connection with the La Negra Acquisition. The required meeting of Excellon shareholders to approve the issuances of Excellon common shares contemplated by the La Negra Acquisition (including pursuant to the closing equity offering and restructuring of the Company's outstanding debentures) and, in turn, completion of the La Negra Acquisition, are now expected to occur no later than end of June (as opposed to the previously announced April target dates), subject to the successful completion of the proposed equity offering and receipt of conditional listing approval of the TSX in respect of the La Negra Acquisition and related matters. The Company is in discussions with the Seller regarding the proposed timeline for the shareholder meeting and completion of the La Negra Acquisition.

Excellon Common Shares delisted from NYSE American and commence trading on the OTCQB

In January 2023, the Company completed the voluntary delisting of Excellon common shares ("Excellon Shares") from the NYSE American stock market and initiated the deregistration of the Excellon's common shares with the SEC which is anticipated to become effective on or about April 20, 2023. The Company determined that the burdens associated with the listing on the NYSE American outweigh any advantages to the Company and its shareholders at this time. The Board's decision was based on careful review of numerous factors, including the requirements associated with NYSE American listing standards and that delisting from the NYSE American and SEC deregistration is a condition of the Company's pending acquisition of the La Negra mine.

On January 31, 2023, the Company's common shares commenced trading on the OTCQB, under the symbol "EXNRF". The OTCQB is a U.S. trading platform that is operated by the OTC Markets Group in New York and a marketplace for early-stage and developing U.S. and international companies. Participating companies must be current in their reporting and undergo an annual verification and management certification process.

Excellon's shares continue to trade on the TSX under the symbol "EXN" and the Frankfurt Stock Exchange under the symbol "E4X2".

Mexican Operations

As previously reported, production ceased and the Platosa Mine was placed on care and maintenance in early Q4 2022. All available mineral extracted from the mining operation was processed at the Miguel Auza plant shortly after mining operations ceased, upon completion of which, also in Q4 2022, the plant was also placed on care and maintenance.

As reported on January 5, 2022, the Company was assessing the economic viability of mining at Platosa at achievable dewatering rates and with acceptable capital expenditures, beyond mid-2022. The orebody remaining beyond mid-2022 steepened significantly, resulting in fewer vertical-tonnes-per-metre than historically encountered.

Intense definition and infill drill programs initiated in 2021 to define the mine life wound down in the first quarter of 2022. The program did not identify sufficient mineralization in the gap zone, however mineable tonnage was identified in remnant areas of the mine above the water level. Continued in-stope analysis was conducted to assure all profitable tonnage above the water level was extracted in 2022. The majority of mineable mineralization included in the 2022 plan was from remnant areas, pillar recoveries and remaining stopes in the sections lower in the mine.

Provision for litigation

As disclosed in Note 14 to the 2022 Financial Statements, a Mexican subsidiary of the Company, San Pedro Resources S.A. de C.V. ("San Pedro"), is party to an action by a claimant (the "Plaintiff") in respect of damages under a property agreement dated December 3, 2006, regarding the non-material La Antigua mineral concession ("La Antigua"). In 2019, the Plaintiff was granted an award of $22.2 million (the "Judgment") by the appellate court in Mexico. 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 $22.2 million in Q3

2021. The Company believes the decision is without merit and not supported by the evidence, facts or law. The Judgment is solely against San Pedro and the Company believes that the Plaintiff has no recourse against the Company's other assets in Mexico (including Platosa), Idaho, Saxony or Canada. San Pedro is a wholly owned, indirect subsidiary of the Company that holds the Miguel Auza processing facility and the original Miguel Auza mineral concessions, including the Evolución mineral resource estimate disclosed in September 2020. The book value of San Pedro's assets included in the consolidated balance sheet is $nil.

With no further ore to process, and the continuing recourse of the Plaintiff under the Judgment, in Q4 2022 San Pedro filed a petition for bankruptcy, which process was and remained confidential until acceptance by the Mexican Bankruptcy Court on December 15, 2022. In Q1 2023, the Court appointed auditor completed their review of San Pedro's petition and confirmed San Pedro's insolvency. On March 30, 2023, the Company received notice that San Pedro was declared bankrupt by the Mexican Bankruptcy Court effective March 28, 2023. As a result, the liabilities of San Pedro will be deconsolidated from our first quarter 2023 consolidated financial statements, which will remove all such liabilities (including the Judgment) from the Company's March 31, 2023 consolidated statement of financial position.

OPERATIONAL REVIEW

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

		Q4 2022[(2)]	Q4 2021	2022[(2)]	2021
Tonnes Mined:		3,047	20,954	63,279	85,530
Tonnes Milled:		4,965	21,309	65,784	86,021
Grades:					
	Silver (g/t)	512	438	464	494
	Lead (%)	4.31	4.65	4.27	5.01
	Zinc (%)	3.62	5.50	4.51	6.03
Recoveries:					
	Silver (%)	93.2	90.5	90.9	89.5
	Lead (%)	75.3	78.5	75.2	80.0
	Zinc (%)	77.1	83.7	81.6	79.0
Metal Production: [(1)]					
	Silver – (oz)	76,219	271,525	891,185	1,222,991
	Lead – (lb)	355,536	1,717,525	4,641,708	7,612,332
	Zinc – (lb)	304,975	2,167,840	5,358,103	9,014,028
	AgEq (oz) [(2)]	114,536	492,013	1,517,940	2,017,639
Payable: [(3)]					
	Silver – (oz)	75,728	287,953	827,618	1,141,281
	Lead – (lb)	328,871	1,762,293	4,291,803	7,073,488
	Zinc – (lb)	449,325	1,697,098	4,477,550	7,101,992
	AgEq (oz) [(2)]	123,147	479,566	1,370,132	1,810,199
Average realized prices: [(5)]					
	Silver – ($US/oz)	$18.99	$23.30	$21.13	$25.12
	Lead – ($US/lb)	$0.88	$1.06	$0.96	$1.00
	Zinc – ($US/lb)	$1.36	$1.53	$1.64	$1.37
Silver ounces produced		76,219	271,525	891,185	1,222,991
Silver ounces payable		75,728	287,953	827,618	1,141,281

	Q4 2022(2)	Q4 2021	2022(2)	2021
Silver equivalent ("AgEq") ounces produced (3)	114,536	492,013	1,517,940	2,017,639
AgEq ounces payable (3) (4)	123,147	479,566	1,370,132	1,810,199
Production cost per tonne (6)	$261	$314	$261	$291
Total cash cost per silver ounce payable	$16.28	$15.61	$11.80	$13.01
AISC per silver ounce payable (7)	$30.19	$24.82	$18.31	$24.78

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

(2) The financial results for the year ended December 31, 2022 were impacted by the wind down of production at Platosa in early Q4 2022, and a labour action commenced by the Sindicato Nacional Minero Metalúrgico (the "Platosa Union") at the Platosa Mine in Durango, Mexico (the "Labour Action"). As a result, production was negligible, and no ore was processed by the Miguel Auza mill in the month of March. On April 1, 2022 the labour action was resolved and Platosa returned to full production in April.

(3) AgEq ounces established using average realized metal prices during the respective period applied to the recovered metal content of the concentrates to calculate the revenue contribution of base metal sales during the period.

(4) Payable metal is based on the metals delivered and sold during the period, net of payable deductions under the Company's offtake arrangements, and will therefore differ from produced ounces.

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

(6) Production cost per tonne includes mining and milling costs, excluding depletion and amortization, materials and supplies write-down, and inventory adjustments.

(7) AISC per silver ounce payable excludes general and administrative and share-based payment costs attributable to the Company's non-producing projects and includes underground drilling costs

Operational Highlights

Q4 2022 production (compared to Q4 2021)

- Results were impacted by the wind down of production at Platosa in early Q4 2022
- AgEq production of 114,536 oz (Q4 2021 – 492,013 oz), including:
  - Silver production of 76,219 oz (Q4 2021 – 271,525 oz)
  - Lead production of 355,536 lb (Q4 2021 – 1.7 million lb)
  - Zinc production of 304,975 lb (Q4 2021 – 2.2 million lb)
- AgEq ounces payable sold decreased 74% to 123,147 AgEq ozs (Q4 2021 – 479,566 ozs)
- Production cost per tonne decreased 17% to $261 per tonne (Q4 2021 – $314 per tonne)
- Total cash cost net of by-products per silver ounce payable increased 4% to $16.28 (Q4 2021 – $15.61)
- AISC per silver ounce payable increased 22% to $30.19 (Q4 2021 – $24.82)

2022 production (compared to 2021)

- 2022 results were impacted by the wind down of production at Platosa in early Q4 2022
- AgEq production of 1,517,950 oz (2021 – 2,017,639 oz), including:
  - Silver production of 891,185 oz (2021 – 1,222,991 oz)
  - Lead production of 4.6 million lb (2021 – 7.6 million lb)
  - Zinc production of 5.4 million lb (2021 – 9.0 million lb)

- AgEq ounces payable sold decreased 24% to 1,370,132 AgEq ozs (2021 – 1,810,199 ozs)
- Production cost per tonne decreased 10% to $261 per tonne (2021 – $291 per tonne)
- Total cash cost net of by-products per silver ounce payable decreased 9% to $11.80 (2021 – $13.01)
- AISC per silver ounce payable decreased 26% to $18.31 (2021 – $24.78)

Impact of COVID-19 on the Company's Business and Operations

The Company's business and operations were significantly impacted by COVID-19 in 2020, including a temporary suspension of mining, milling and exploration activities at its Mexican operations in Q2 2020 (the "Suspension"). In 2021 and YTD 2022, none of the Company's projects were suspended or significantly restricted due to COVID-19.

The Company has taken action to prevent the spread of COVID-19 at its sites and protect its employees, contractors and the communities in which it operates. The Company's actions have been successful to date and the pandemic has not had any material impact on the operations of the Company since the Suspension in Q2 2020. The Company is continually modifying its response to the pandemic to align with industry best practices. Government vaccination programs for COVID-19 are available in all regions in which the Company operates. Vaccination programs are progressing well, with 100% of the Company's workforce in Mexico triple-vaccinated.
There remain significant uncertainties with respect to future developments and their potential impact on the Company related to the COVID-19 pandemic, including the duration, severity and scope of an outbreak and any current or further measures taken by governments, the Company and others in response to the pandemic. The Company continues to monitor the situation and has personnel and operating contingency plans in place to manage daily operations.

Operations Commentary

Mine activity in Q4 2022 focused on remnant extraction and pillar recovery and no mining of fresh mineral took place. Wind down activities were completed in Q4 with resulting transition to care and maintenance at the mine by the end of the quarter.

Mill feed grade for silver was higher in Q4 2022 versus Q3 2021 however lead and zinc grades were lower in that period mainly reflecting higher dilution when mining remnants and pillars. Mill feed contained higher lead-to-lead oxide ratios leading to lower lead recoveries. Zinc recoveries were lower due to lower feed grades in Q4 2022.

Zinc, lead and silver production in Q4 2022 were below Q3 2021 due the completion of mining in October. Ore stockpiles were depleted in October 2022.

The Platosa dewatering system was shut down in June 2022, which resulted in savings of approximately $0.3 million per month in electricity costs, until the end of production in early Q4 2022.

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

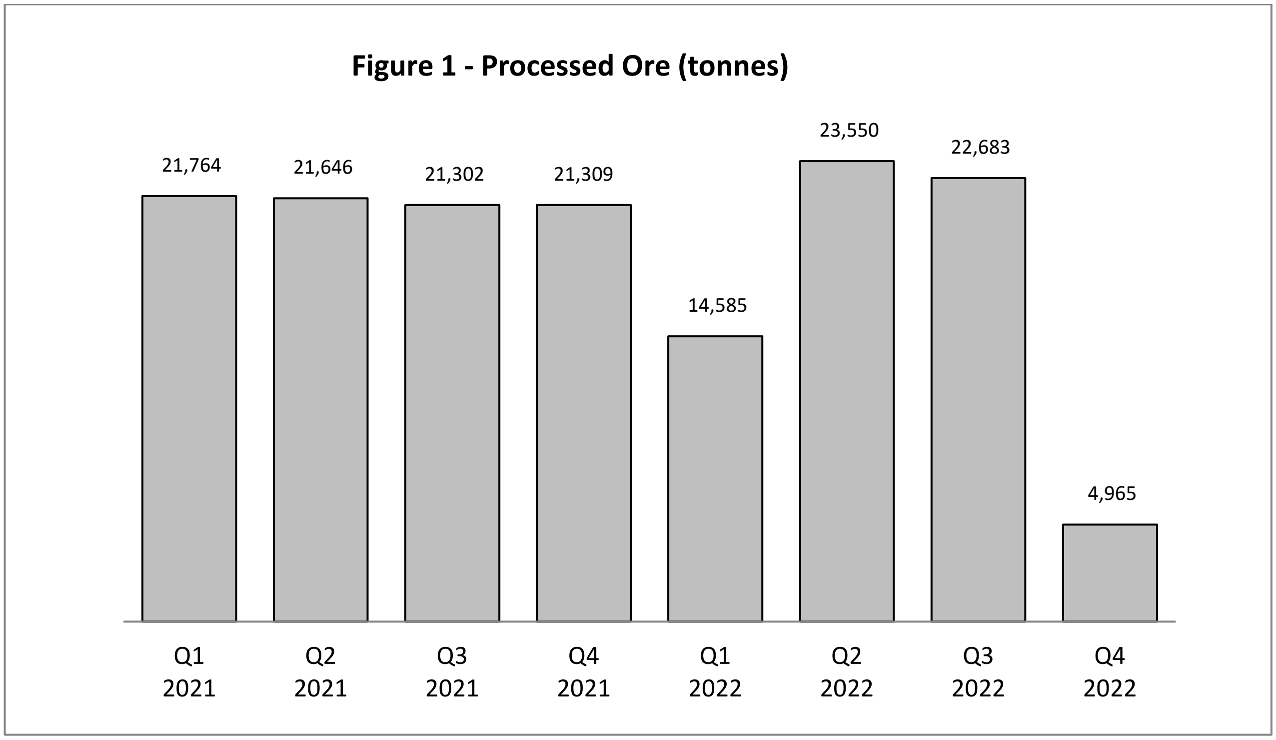
Figure 1 - Processed Ore (tonnes)
21,764
21,646
21,302
21,309
14,585
23,550
22,683
4,965
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022

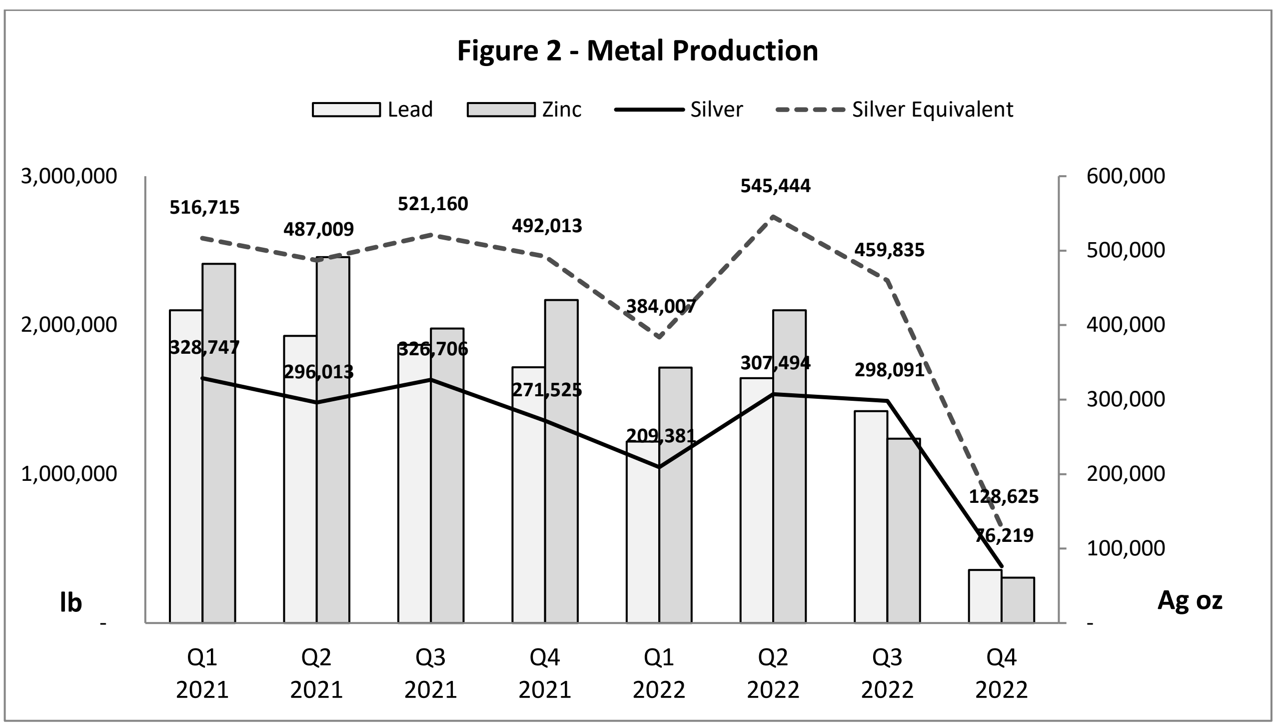
Figure 2 - Metal Production
Lead
Zinc
Silver
Silver Equivalent
3,000,000
2,000,000
1,000,000
lb
-
600,000
500,000
400,000
300,000
200,000
100,000
-
Ag oz
516,715
487,009
521,160
492,013
384,007
545,444
459,835
128,625
328,747
296,013
326,706
271,525
209,381
307,494
298,091
76,219
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022

Analysis of the components of mine operating results is as follows:

		Q4		Year ended December 31,	
		2022	2021	2022	2021
Mill feed processed		4,965	21,309	65,784	86,021

Production in Q4 2022 was 4,965 tonnes, 77% lower than the same quarter in 2021. 2022 results were impacted by the closure of the mine in early Q4 2022.

Head grades	Ag (g/t)	512	438	464	494
	Pb (%)	4.31	4.65	4.27	5.01
	Zn (%)	3.62	5.50	4.51	6.03

Grades in 2022 were lower than 2021 due to the limited number of stopes available for production and feed material primarily being pillars and remnants with lower or variable grades, and higher dilution in the mined mantos.

Recoveries	Ag (%)	93.2	90.5	90.9	89.5
	Pb (%)	75.3	78.5	75.2	80.0
	Zn (%)	77.1	83.7	81.6	79.0

Recoveries of lead were lower in 2022 than in the comparative periods due to lower feed grades and higher lead-oxide ratios. Zinc and silver recoveries were higher in 2022 following the rebuild of the flotation cells and modifications to reagent schemes in mid-2021. In Q4 2022, lead recoveries were lower due to low feed grades as a result of thinning of the remnant areas mined, causing high dilution to the in-situ mineralization.

Metal Production	Ag (oz)	76,219	271,525	891,185	1,222,991
	Pb (lb)	355,536	1,717,525	4,641,708	7,612,332
	Zn (lb)	304,975	2,167,840	5,358,103	9,014,028
	AgEq (oz)	114,536	492,013	1,517,940	2,017,639

Silver, lead and zinc production decreased in 2022 mainly driven by lower feed grades and high lead-oxide ratios affecting recovery. AgEq production in Q4 2022 decreased by 77%, driven by low overall feed grades. YTD 2022 results were impacted by the closure of the mine in early Q4 2022.

EXPLORATION AND EVALUATION REVIEW

Refer to the Company's Annual Information Form dated March 31, 2023 ("AIF") for a detailed overview of the Company's exploration projects, including mineral resource estimates.

Kilgore Project

The Kilgore Project (or "Kilgore") is an advanced exploration-stage volcanic and sediment-hosted epithermal gold property, located five miles from Kilgore, Clark County, Idaho. Excellon has a 100% undivided interest in 789 unpatented federal lode claims totaling 6,788 hectares on United States Forest Service ("USFS") land. The property includes historical mine workings dating back to the early 1900's. Further drilling in the 1980's revealed the potential for mineralization well outside of the existing resource area, with limited follow up to date. Kilgore displays similar geological characteristics to Kinross Gold's Round Mountain Mine, which has produced over 16 million ounces of gold to date. The Company also holds a net smelter returns royalty ("NSR") of 1.0% on production of gold from Revival Gold Inc.'s Arnett Creek project.

In 2019, Otis Gold Corp. ("Otis") completed a preliminary economic assessment that contemplated a low capital intensity, low operating cost, open-pit, heap-leach mining operation. Since acquiring Otis in Q2 2020 and filing a business acquisition report with respect to such transaction on May 29, 2020, the Company has been reassessing all aspects of Kilgore and believes that opportunities exist to enhance the project through:

- Geological remodeling of the existing mineral resource estimate, including relogging historical core to better define geological units and lithologies
- Re-assaying historical drilling with metallic screen assays along with multi-element ICP to complement historical fire-assayed samples
- Geophysical surveying to image prospective ground, generate drill targets, and constrain structural and lithologic controls of mineralization
- Field prospecting and soil sampling with the goal of identifying additional high-quality drill targets throughout the property.
- Diamond drilling to infill and expand the mineral resource and to follow-up on advances in the geological model, and define mineral potential along strike, laterally and at depth
- Metallurgical drilling in support of further metallurgical studies, particularly in the underlying Aspen formation based on additional petrographic information
- Engineering review of potential infrastructure locations, processing options, and new mining technologies
- Continuing environmental studies

The Company's 2022 drilling program targeted higher-grade mineralization and structures at depth, predominantly in the Aspen formation, seeking to define the potential for gold mineralization that may be amenable to underground mining. Additional screen metallics analysis will be performed on samples assaying over 1.0 g/t gold to confirm the ability of traditional assay size (50g) to deliver accurate and precise data, given the presence of coarse gold at the deposit.

In Q2 2020, Excellon Idaho Gold Inc. ("EIGI") filed an updated plan of operations for the Kilgore Project with the USFS. In Q4 2021, the USFS issued an Environmental Assessment and Decision Notice/Finding of No Significant Impact issued (an "EA and Decision") approving the Kilgore Project plan of operations including approval of planned drilling in Q3 2022 (the "Kilgore 2021 EA"). In Q1 2022, an application was filed by the Idaho Conservation League and Greater Yellowstone Coalition ("ICL/GYC") requesting that the U.S. District Court reopen 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 legal proceedings did not impact the 2022 drilling program, and follow the denial of nearly all of the ICL/GYC claims in its prior similar such challenge to the 2018 EA and Decision issued by the USFS concerning the Kilgore Project, and USFS' steps to address any remaining issues in the Kilgore 2021 EA.

During Q1 2022, in-depth review of historical geophysics surveys and geochemical data was integrated into 2022 drill targeting. This review has also served as the foundation to plan a 3D IP and MT survey for Q3 2022.

During Q2 2022 soil sampling and prospecting work began with a two-line soil orientation survey completed. The goal of the survey is to compare the effectiveness of Mobile Metal Ion (MMI), Spatiotemporal Geochemical Hydrocarbon (SGH) and traditional ICP-MS Super Trace analytical methods. A total of 145 samples were collected and assay results were received in Q3. The results confirmed the ability of all three analytical methods to detect mineralization.

Drilling, IP and CSAMT geophysical surveys commenced in Q3 2022 with 80 line-kilometre geophysical survey and 1,922 metres of drilling completed in the quarter. Near-deposit investigation and imaging through combined 3D IP and CSAMT surveying have been completed in Q3 and final results and interpretations are pending. The surveys are expected to generate a deposit profile as well as investigate structural features associated with gold emplacement and will be generative for target identification and sub-surface exploration over high-priority areas considered for drilling.

The results to date of the 2022 drill program at Kilgore include 0.74 g/t Au over 115.60 meters, including 1.07 g/t Au over 26.93 metres and 26.5 g/t Au over 0.65 metres in hole EX22KG001, with assay results pending for five of the six holes drilled. For further details on the 2022 drill program see the Company's news release dated December 6, 2022.

During 2022 and Q4 2022, the Company incurred costs on the project as set out in Note 17 of the Company's financial statements.

<u>Oakley Project</u>

On April 22, 2020, the Company acquired 100% ownership of the Oakley project in Cassia County, Idaho as part of the Otis acquisition. The Oakley Project is an exploration-stage project hosting 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 Oakley Project has been optioned to Centerra pursuant to an option agreement that is summarized in the Company's AIF (the "Oakley Agreement").

Drilling concluded at Cold Creek in Q3 2021, with eleven holes totaling 1,582 metres drilled in this program. Permitting at Blue Hill Creek is complete with drilling having commenced in H2 2022, funded and managed by Centerra pursuant to the terms of the Oakley Agreement. The Cold Creek claims cover approximately 14 km^2, including a structurally complex north to south valley with bounding faults that has created at least three prospective geologic zones along the western and eastern margins. The 2021 drill program tested targets within these zones, as follows:

- *Eastern Margin*: A historically undrilled area of receptive units with gold in soil anomalies above shallow bedrock
- *Bound Block*: This area is bound by large structures on the east and west and has demonstrated surface and subsurface gold mineralization. Reverse circulation ("RC") drilling from the late 1980's returned anomalous grades

that have not been followed up on. More recent work delivered anomalous gold in soil and rock samples, with basin-wide resistivity and chargeability anomalies

- *Western Margin*: A historically underexplored area of structural complexity with hydrothermal material at surface. RC drilling from the late 1980's intersected 18.3 metres grading 0.46 g/t gold from surface. More recent work has identified gold in soil anomalies corresponding with a chargeability anomaly from IP surveying

Centerra completed eight diamond drill holes totaling 1,781 metres in 2022, three holes at Cold Creek totaling 608 metres and five holes at Blue Hill Creek totaling 1,173 metres. Another four holes totaling up to 940 metres at Blue Hill Creek are contemplated in 2023. 19 line-kilometres of CSAMT geophysical survey has been completed at Matrix Creek, the goal of the survey is to extend and infill CSAMT survey lines that were completed in 2021.

In Q1 2021 and Q1 2022, the Company received payments from Centerra of $75k and $100k, respectively, under the Oakley Agreement. In accordance with the Company's farm-out accounting policy, these amounts were credited to the Oakley Project.

Subsequent to December 31, 2022, Centerra met the requirements to complete the First Option to earn a 51% interest in the Oakley Project. Under the Oakley Agreement, Centerra has a Second Option to earn an additional 19% in the project which it has yet to exercise. For further details on the 2022-2023 drill program at the Oakley Project see the company's news release dated March 20, 2023.

Silver City Project

The Silver City Project is an exploration-stage project that comprises the Bräunsdorf, Frauenstein, Mohorn and Oederan exploration licences in Saxony, Germany and totals approximately 340 km2. In Q3 2019, the Company entered into an agreement with Globex Mining Enterprises Inc. to earn into an option to acquire a 100% interest in the Bräunsdorf exploration licence (the "Globex Agreement"). The terms of the Globex Agreement are described in the Company's AIF. In Q3 2022, the Company made its final issuance of shares valued at C$625k and final cash payment of C$200k to maintain its option on the Bräunsdorf exploration license and intends to exercise the option to acquire such licence in 2023, upon which 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 $1.5 million. Additional one-time payments of C$300k and C$700k are to be made by the Company following any future announcement of a maiden mineral resource estimate on the property and upon achievement of commercial production from the project, respectively.

The Bräunsdorf licence is a 164 km2 silver district that encompasses a 36-km long epithermal vein system situated west of the city of Freiberg (30 km southwest of Dresden). The immediate exploration licence and the surrounding area have a long and rich history of silver mining dating back to the 11th century with numerous historic mine camps, small mines and prospects, many of which have only been explored and/or mined to shallow depths, seldom exceeding 200 metres below surface. Historically reported veins ranged from 0.5 to 10 metres in width, with grades of over 3,500 g/t silver and no assaying of either gold or zinc, which were not historically available.

Based on initial drilling results at the Bräunsdorf licence, the Company expanded the Silver City Project ground position in Q1 2021 to 34,150 hectares through the application for three additional permits (Frauenstein, Mohorn and Oederan). The concessions were granted following applications to the Sächsisches Oberbergamt (the "Saxon Mining Authority") in Freiberg and are held by the Company's subsidiary, Saxony Silver Corp. As in the case of the Bräunsdorf licences, historical records of these licences document centuries of high-grade silver production to shallow depths, with recent confirmation samples assaying multi-kilo silver and significant gold. The licences are early-stage and initial exploration efforts started in 2021 in preparation for more advanced exploration work and drilling.

The Company's near-term exploration goals at Silver City are to (i) confirm the strike and plunge of historical mine workings and (ii) identify new mineralized bodies that were not historically discovered and exploited. With initial drilling success, the Company aims to define economic mineral resources on the project and advance them toward permitting and development. At the current stage and with the current information available, the cost and timeframe to do so is not ascertainable.

In Q2 2021, the 2021 Drilling Operation Plan ("DOP") was approved, and the Company was permitted to drill up to 22,000 metres on the Bräunsdorf licence up to March 31, 2022. Drilling commenced in late Q2 2021 with two drill rigs. During 2021 the Company drilled 24 holes totalling 8,360 metres. An additional three holes totalling 1,223 metres were completed in Q1 2022.

The 2021 DOP contemplated drilling on four priority follow-up targets identified in the 2020 program including:

- *Peter Vein*: a historically significant mine where initial drilling encountered 1,042 g/t AgEq over 0.45 metres (911 g/t Ag, 0.4 g/t Au, 2.8% Pb and 0.9% Zn), within 231 g/t AgEq over 2.30 metres (183 g/t Ag, 0.4 g/t Au, 0.5% Pb and 0.2% Zn)
- *Reichenbach (Großvoigtsberg)*: a new, near-surface discovery in an area with minimal historic mining, where initial drilling encountered 505 g/t AgEq over 0.71 metres (356 g/t Ag, 2.0 g/t Au), within 191 g/t AgEq over 1.90 metres (134 g/t Ag and 0.8 g/t Au)
- *Bräunsdorf*: a historically significant mine, where initial drilling encountered 319 g/t AgEq over 0.35 metres (300 g/t Ag, 0.2 g/t Au and 0.2% Zn), within 101 g/t AgEq over 2.05 metres (87 g/t Ag, 0.2 g/t Au)
- *Grauer Wolf*: a new high-grade discovery in an area with no historic drilling, where initial drilling encountered 1,043 g/t AgEq over 1.3 metres (954 g/t Ag, 0.1 g/t Au, 0.7% Pb and 2.0% Zn) less than 100 metres from surface, within 194 g/t AgEq over 8.1 metres (173 g/t Ag, 0.1 g/t, Au, 0.4% Pb and 0.3% Zn), and 331 g/t AgEq over 1.2 metres (325 g/t Ag, 0.1 g/t Au, 0.03% Pb and 0.03% Zn) in the hanging wall

The results of the 2021 drill program at Silver City include:

- 1,633 g/t AgEq over 0.35 metres (1,470 g/t Ag, 0.2 g/t Au, 2.9% Pb and 2.1% Zn) within 257 g/t AgEq over 2.90 metres (232 g/t Ag, 0.4% Pb and 0.3% Zn) in SC21GVB020 at Peter Vein
- 1,296 g/t AgEq over 0.35 metres (1,260 g/t Ag, 0.2 g/t Au, 0.6% Pb and 0.3% Zn) within 592 g/t AgEq over 1.05 metres (508 g/t Ag, 0.1 g/t Au, 1.4% Pb and 1.2% Zn) in SC21GWO033 at Grauer Wolf
- 266 g/t AgEq over 0.65 metres (228 g/t Ag, 0.1 g/t Au, 0.7% Pb and 0.5 % Zn) within 169 g/t AgEq over 1.93 metres (137 g/t AgEq, 0.3% Pb and 0.6% Zn) in SC21GWO030 at Grauer Wolf
- 383 g/t AgEq over 0.38 metres (7.0 g/t Ag and 5.0 g/t Au) in SC21REI027 at Reichenbach

For more information on the 2020 and 2021 drill programs and results thereof (and the project generally) refer to the NI 43-101 technical report for the Silver City Project available on the Company's website at www.excellonresources.com.

For 2022, individual DOPs for each concession were submitted in H1 2022. The Company applied for a total of 36,400 metres of drilling, including Bräunsdorf (23,000 metres, 66 drill holes), Frauenstein (7,650 metres, 24 drill holes), Mohorn (3,250 metres, 10 drill holes) and Oederan (2,500 metres, eight drill holes) licences. The approved DOP for the Bräunsdorf licence was received in Q3 2022 and is valid until September 30, 2025. Approved DOPs for the Mohorn, Frauenstein and Oederan licenses were received in Q3 2022, and are valid until December 31, 2023. Drilling in 2021 and 2022 followed up on results from the initial, 16-hole diamond drilling program completed in 2020 totalling 3,687 metres.

The assay results for the Q1 2022 drilling program extended the footprint of the Grauer Wolf mineralization trend 300 meters along strike and confirmed mineralization down to 300 meters vertical depth. Results from Q1 2022 drilling included 768 g/t AgEq over 0.4 metres (482 g/t Ag, 4.5% Pb and 4.8 % Zn) in hole SC21GWO040. Drilling is expected to resume in 2023.

A total of 13 soil sampling profiles were completed over the Peter Vein, Grauer Wolf and Hartha targets in Q1 2022, with an additional 265 samples collected over Frauenstein in Q2 2022 for a total of 790 samples. The goal of the program was to test the geochemical response along the strike of known mineralization and to identify new drill targets.

IP and Audio-Frequency Magnetotellurics geophysical surveys have been completed in Q4 2022. The surveys extends over 14.2 line-kilometres covering the following six targets: Fortuna A & C, Erzengel Mohorn, Bergmännische Hoffnung, Reichenbach and Hartha. The surveys aim to improve the understanding of the geometry of the mineralization-bearing faults and veins, and identify potential sulphide mineralization, its shape, and extent. Final results and interpretations are pending.

During 2022 and Q4 2022, the Company incurred costs on the project as set out in Note 17 of the Company's financial statements.

Platosa Property

The Platosa Mine was an operating underground polymetallic (silver, lead, and zinc) mine, located in northeastern Durango State, Mexico, until production ceased, and the mine was placed on care and maintenance in early Q4 2022. The Platosa Mine is located approximately 5 kilometres north of the town of Bermejillo and 45 kilometres north of the city of Torreón. The deposit consists of a series of high-grade carbonate-replacement deposits (CRD) occurring as mantos. The Platosa Property totals 11,000 mineral concessions, including numerous targets for further exploration, with the Jaboncillo and PDN targets currently considered the highest-priority. The Platosa Mine is owned and was operated by Excellon's wholly owned subsidiary, Minera Excellon de Mexico S.A. de C.V ("MEM").

The Company continued exploration on the Platosa property in 2022. Assay results for a district-scale sampling for stable carbon and oxygen isotopes were received in Q1 2022. The primary objective of this program was to develop vectors to identify proximal domains within the epithermal system. Core and surface samples were collected from the Platosa deposit, Jaboncillo and other targets. A total of 137 samples were collected and sent to the isotope facility at Queen's University, Kingston, Ontario during Q1 2022. The stable isotope study aimed to define exploration vectors at the Jaboncillo target, approximately 11 kilometres northwest of the Platosa Mine. Drilling programs from 2019 to 2021 totaled 16,720 metres in 39 drill holes and intersected multiple gossanous horizons with pyritic breccias, arsenopyrite and relict base-metal sulphides. Petrographic studies conducted in Q2 2020 confirmed the presence of base-metal sulphide species, including sphalerite and galena. These observations confirm that the system is prospective for base-metal sulphides on multiple structures over approximate strike length of 3.5 kilometres. Oxygen isotope analysis results confirm the presence of an extensive hydrothermal system which interacted with host rocks at Jaboncillo. The oxygen isotope ratios indicate the proximity of the hydrothermal fluid source to the samples at depth, suggesting mineralization is likely located below previously targeted areas. Isotope analysis has also confirmed a magmatic source of hydrothermal fluids at Saltillera.

Drilling of a skarn target at PDN, approximately two kilometres north of the Platosa Mine and one kilometre north of the Rincon del Caido target, was undertaken in Q1 2021 with one drill hole totaling 600 metres. Previous drilling targeted areas where intense dolomitization and sanding along structures was intersected in preliminary holes, indicating movement of hydrothermal fluids that are believed to be the expression of a potential skarn system at depth. Drilling in Q4 2020 intersected silver grades of 218 g/t Ag over 0.72 meters. This potential for a skarn body at PDN has been defined through induced polarization, magnetic and gravity surveys. Proximity to the Platosa CRD system suggests that mineralization could lie on the periphery of a large-tonnage, intrusive-related, proximal base metal, metasomatic deposit.

During 2022 and Q4 2022, the Company incurred costs on the project as set out in Note 17 of the Company's financial statements.

Evolución Project

The Evolución Project is an exploration-stage project comprising two 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 indirect wholly-owned subsidiary Excellon New Mining. The Project formerly included the Miguel Auza concessions (covering approximately 14,080 hectares, comprising 19 mineral concessions) held by San Pedro which was declared bankrupt on March 28, 2023 (for further details see the sections entitled "*Provision for Litigation*" above and below in this MD&A).

The Company's overall goals on the project are 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 project. 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.

During 2022 and Q4 2022, the Company incurred costs on the project as set out in Note 17 of the Company's financial statements.

CORPORATE RESPONSIBILITY ("CR")

CR Performance

Management continues to evaluate and monitor compliance with legal requirements and manage CR risk. The operations continue to report on key trailing indicators of CR performance and elements of the Visible Felt Leadership process. Operations wound down Q4 2022 reducing the risk to personnel, subsequent safety performance improved with no reported incident in the quarter.

The Platosa Mine and Miguel Auza processing facility transitioned into care and maintenance (C&M) in Q4 2022. In November, MEM and San Pedro formally reported the C&M status of their respective site to the local Environmental Authorities of Mexico (SEMARNAT). Both sites hava implemented C&M plans designed to cover the specific environmental needs of each site. Physical stability monitoring, maintenance of the runoff drainage systems as well as weekly surveillance of the instrumentation at the tailings management facilities ("TMF") at Miguel Auza, TMF I and TMF II, are part of the main activities considered in these plans.

During Q4 2022, MEM and San Pedro continued with the presentation of mandatory semimanual reports for both sites' environmental performance to SEMARNAT. No significant environmental incidents or community-related grievances were reported at any of the Company's operations (Platosa or Miguel Auza) or exploration projects (Kilgore Project and Silver City Project) during Q4 2022.

The Comisión Nacional del Agua ("CONAGUA"), the federal water regulatory agency in Mexico, commenced an administrative procedure with MEM to review the management of the mining water that MEM pumps from the Platosa Mine. The administrative procedure is still ongoing, no new correspondence was received from CONAGUA since May 2022. With the wind down of operations in Q4 2022, the long-term water management program at Platosa is no longer a priority, and no material changes to water management at the site going forward are anticipated.

Tailings Management at Miguel Auza

Miguel Auza hosts two TMFs. TMF I is located immediately northwest of the concentrator and has been decommissioned, rehabilitated with a soil cover and re-vegetated. TMF II is also located on land owned by San Pedro, approximately one kilometer north of the Miguel Auza concentrator. The Federal Environmental Authority in Mexico (SEMARNAT) approved the construction and operation of the new facility (TMF II) in Q1 2017. Construction of the stage-2 raise of the TMF II was completed in early Q4 2020 and had enough capacity to accommodate processing of Platosa's final production in 2022.

By the end of 2022, San Pedro had completed the implementation of a Tailing Management plan, which meets the Mining Association of Canada (MAC) requirements at a "B" level (Protocol Tailing Management, 2021). The site has implemented a Tailing Deposition Plan, an updated Operation, Maintenance and Surveillance (Golder, 2022), a Dam Breach Analysis (Golder 2022), Engineer of Record (Golder 2021), and an Annual Safety Inspection (Golder 2021).

FINANCIAL REVIEW

Summary of Annual and Quarterly Financial Results

Annual financial statement highlights for the previous three years are as follows:

(in $000's)	2022	2021	2020
Revenues	25,824	37,955	26,202
Production costs (1)	(18,055)	(25,472)	(19,981)
Write-down of materials and supplies	(907)	(735)	-
Depletion and amortization	(7,497)	(7,300)	(4,649)
Cost of sales	(26,459)	(33,507)	(24,630)
Gross (loss) profit	(635)	4,448	1,572
Expenses:			
Care and maintenance (C&M) and wind down expense	(771)	-	-
General and administrative	(4,950)	(6,689)	(6,896)
Exploration and holding expense	(5,576)	(7,194)	(4,032)
Other income (expenses)	1,111	(758)	(373)
Provision for litigation	-	(22,282)	-
Impairment loss	(3,344)	(16,540)	-
Net finance expense	(4,294)	(3,680)	(2,508)
Income tax expense	(379)	(5,078)	(3,783)
Net loss for the year	(18,838)	(57,773)	(16,020)
Adjusted loss for the year (2)	(14,591)	(14,311)	(16,020)
Loss per share – basic and diluted	(0.54)	(1.77)	(0.55)
Adjusted loss per share (2)	(0.42)	(0.44)	(0.55)
Operating cash flows before changes in working capital	(1,167)	1,652	(3,733)
Total assets	26,664	41,560	73,279
Total liabilities	48,559	46,047	22,837
Total shareholders' (deficit) equity	(21,895)	(4,487)	50,442
Non-current liabilities	2,106	11,896	10,845

(1) 2021 production costs include $1.6 million related to future mine closure accruals.

(2) 2021 adjusted loss and adjusted loss per share excludes $22.3 million related to the Provision for litigation, impairment losses of $16.5 million, deferred-tax asset derecognition of $3.1 million and $1.6 million related to future mine closure accruals. 2022 adjusted loss and adjusted loss per share excludes impairment losses of $3.3 million and $0.9 million related to the write-down of materials and supplies.

Financial statement highlights for the quarter ended December 31, 2022 and the last eight quarters are as follows:

(in $000's)	Q4 2022 $	Q3 2022 $	Q2 2022 $	Q1 2022 $	Q4 2021 $	Q3 2021 $	Q2 2021 $	Q1 2021 $
Revenues	2,564	6,982	7,781	8,496	9,306	9,151	9,717	9,781
Production costs	(2,055)	(4,579)	(5,789)	(5,635)	(7,089)	(5,567)	(5,814)	(6,153)
Mine closure related costs (1)	(375)	-	(532)	-	(1,584)	-	-	-
Depletion and amortization	(1,127)	(1,153)	(2,939)	(2,278)	(1,928)	(1,809)	(1,773)	(1,790)
Cost of sales	(3,557)	(5,732)	(9,260)	(7,913)	(10,601)	(7,376)	(7,587)	(7,943)
Gross (loss) profit	(993)	1,250	(1,479)	583	(1,295)	1,775	2,130	1,838
Expenses:								
C&M and wind down expenses	(771)	-	-	-	-	-	-	-
General and administrative	(1,169)	(1,279)	(1,191)	(1,311)	(1,255)	(1,453)	(1,640)	(2,342)
Exploration and holding expense	(1,277)	(2,344)	(839)	(1,116)	(1,783)	(2,538)	(1,800)	(1,073)
Other income (expense)	325	(247)	45	992	89	(6)	(188)	(651)
Provision for litigation	-	-	-	-	(5)	(22,277)	-	-
Impairment loss	(3,344)	-	-	-	(15,788)	(752)	-	-
Net finance expense	(1,208)	(985)	(1,186)	(915)	(1,242)	(688)	(1,025)	(725)
Income tax (expense) recovery	(185)	(174)	(90)	67	(167)	(4,921)	(22)	31
Net loss	(8,622)	(3,779)	(4,740)	(1,700)	(21,446)	(30,860)	(2,545)	(2,922)
Adjusted loss (2)	(4,903)	(3,779)	(4,208)	(1,700)	(4,069)	(4,775)	(2,545)	(2,922)
Loss per share	(0.23)	(0.11)	(0.14)	(0.05)	(0.65)	(0.94)	(0.08)	(0.09)
Adjusted loss per share (2)	(0.13)	(0.11)	(0.12)	(0.05)	(0.12)	(0.15)	(0.08)	(0.09)
Net cash from operations before working capital changes	(1,386)	(1,651)	(41)	1,911	(217)	(9)	959	919

(1) Cost of sales includes $1.6 million related to future mine closure accruals in Q4 2021, and $0.5 million and $0.4 million related to materials and supplies write-downs in Q2 2022 and Q4 2022 respectively.

(2) Adjusted loss and adjusted loss per share exclude: for Q3 2021 $22.3 million related to the Provision for litigation, the related $0.8 million impairment loss and $3.1 million deferred-tax asset derecognition expenses (included in Income tax expense; for Q4 2021 impairment losses of $15.8 million and $1.6 million related to future mine closure accruals; for Q2 2022 $0.5 million write-down of materials and supplies; and for Q4 2022 impairment losses of $3.3 million and $0.4 million related to the write-down of materials and supplies.

Quarter to quarter revenue variances are a function of metal prices, treatment and refining costs and production results. Production results can differ from period to period depending on geology, mining conditions, labour and equipment availability. These, in turn, affect mined tonnages, grades and mill recoveries and, ultimately, the quantity of metal produced, and revenues received. The Company expenses exploration costs related to Platosa (unless associated with mineral resource estimate expansion), Silver City, Kilgore and Evolución. These exploration costs do not relate to the mining operation and vary from period to period, creating volatility in earnings. The following is a discussion of the material variances between Q4 2022 and Q4 2021 and the year ended December 31, 2022 versus the year ended December 31, 2021.

	Q4		Year ended December 31,	
	2022	2021	2022	2021
Revenue	**2,564**	**9,306**	**25,824**	**37,955**
Gross (loss) profit (1)	**(993)**	**(1,295)**	**(635)**	**4,448**
Adjusted loss (2)	**(4,903)**	**(4,069)**	**(14,591)**	**(14,311)**

(1) Q4 2021 gross loss includes $1.6 million related to future mine closure accruals (adjusting to remove the impact of these accruals would result in gross profit of $0.3 million in Q4 2021 and $6.0 million in 2021), and Q4 2022 and 2022 gross loss includes $0.4 million and $0.9 million respectively, related to materials and supplies write-downs (adjusting to remove the impact of these amounts would result in gross loss of $0.6 million in Q4 2022 and gross profit of $0.3 million in 2022).

(2) Q4 2021 adjusted loss exclude impairment losses of $15.8 million and $1.6 million related to future mine closure accruals; and for 2021 exclude the $22.3 million Provision for litigation, the related $0.8 million impairment loss and $3.1 million deferred-tax asset derecognition expenses (included in Income tax expense); for Q4 2022 impairment losses of $3.3 million and $0.4 million related to the write-down of materials and supplies, and for 2022 $0.5 million write-down of materials and supplies.

Revenues decreased by $6.7 million or 72% during Q4 2022 compared to Q4 2021 as a result of the Platosa Mine shutdown in October 2022. Revenues for the 12-month period decreased by $12.1 million or 32%, impacted by the shutdown of the Platosa Mine in October 2022 which contributed to lower silver, lead and zinc payable metals sold by 27%, 39% and 37% respectively, and driven by lower realized silver (16%) and lead (4%) prices, partially offset by 20% higher realized zinc prices compared to the comparative period.

Gross loss decreased by $0.3 million in Q4 2022 relative to Q4 2021, partly impacted the comparative period which included $1.6 million related to future mine closure accruals, and the shutdown of production at the Platosa Mine in October 2022 which allowed the Company to reduce dewatering and other production costs in the final months of operation. Gross profit decreased by $5.1 million for the 12-month period, driven primarily by the $12.1 million decrease in revenue due to the shutdown of the Platosa Mine in October 2022, partly offset by the related $7.0 million decrease in cost of sales discussed below.

Adjusted loss increased by $0.8 million in Q4 2022 over Q4 2021 driven primarily by care and maintenance costs of $0.8 million in Q4 2022, and despite a $0.5 million decrease in exploration costs in Q4 2022. For the 12-Mos 2022, adjusted loss increased by $0.3 million reflecting the increased gross loss ($5.1 million) due to the shutdown of mining at Platosa in October 2022, partly offset by $1.0 million lower general and administrative expenses, a $1.6 million decrease in exploration costs and a $1.9 million favourable change in other income/expenses in 2022, relative to 2021.

	Q4		Year ended December 31,	
	2022	2021	2022	2021
Cost of sales	**3,557**	**10,601**	**26,459**	**33,507**

The components of cost of sales including production costs and depletion and amortization charges are as follows:

Labour	614	1,666	4,604	6,241
Consumables	169	1,176	3,112	4,080
Electricity	628	1,524	3,681	6,113
Transport	106	467	1,498	2,034
Other operational	(230)	777	1,486	2,534
Mine and mill administrative	383	1,072	3,191	4,044
Inventory adjustment	757	407	858	(423)
Incremental future mine closure accruals	-	1,584	532	1,584
Production costs (including inventory adjustments)	**2,430**	**8,673**	**18,962**	**26,207**
Depletion and amortization	1,127	1,928	7,497	7,300
Cost of sales	**3,557**	**10,601**	**26,459**	**33,507**

Production costs decreased by $6.3 million or 72% during Q4 2022 relative to Q4 2021, as a result of the Platosa Mine shutdown in October 2022. Care and maintenance costs of $0.8 million were separately presented in Q4 2022.

Total production costs for the 12-mos 2022 decreased $7.3 million relative to the comparative period, driven primarily by the shutdown of the Platosa Mine in October 2022 and related $2.4 million decrease in electricity costs, a function of reduced dewatering at Platosa, a $1.0 million decrease in accruals related to future mine closure costs and a $1.6 million decrease in labour costs, partly offset by a $1.3 million change in inventory adjustment.

Depletion and amortization expense in Q4 2022 was $0.8 million lower than Q4 2021, driven by the Platosa Mine shutdown in October 2022 and the impairment loss recorded in Q4 2021 which reduced the carrying value of the asset base. Depletion and amortization expense increased $0.2 million in 12-mos 2022 compared to the comparative period driven primarily by the reduction in expected mine life.

	Q4		**Year ended December 31,**	
	2022	**2021**	**2022**	**2021**
Exploration and holding expense	**1,277**	**1,783**	**5,576**	**7,194**

Exploration and holding expense decreased by $0.5 million in Q4 2022, driven by lower exploration expenditures at the Silver City Project ($0.8 million), partly offset by an increase of $0.4 million related to the Kilgore project. For the 12-mos ending December 31, 2022 exploration expense decreased $1.6 million or 22% when compared to the same period in 2021. For detailed breakdown, see Note 17 of the Company's consolidated financial statements for the year ended December 31, 2022.

General and administrative expense	**1,169**	**1,255**	**4,950**	**6,689**

General and administrative expense (excluding care and maintenance and wind down expense) decreased by $0.1 million or 7% in Q4 2022, driven by a decrease in share-based compensation expense relative to the comparative period.

General and administrative expense (excluding care and maintenance and wind down expense) decreased $1.7 million during 12-mos 2022 due to a $1.1 million decrease in stock-based compensation expense, $0.2 million in office and overhead expenses, a $0.5 million in salaries and wages due to the reduction in personnel since the comparative period, partly offset by a $0.2 million increase in corporate development and legal costs.

	Q4		Year ended December 31,	
	2022	2021	2022	2021
Other (income) expense	**(325)**	**(89)**	**(1,111)**	**758**

Other (income) expense includes realized and unrealized foreign exchange gains and losses, unrealized gains and losses on marketable securities and warrants, interest income and other non-routine income or expenses, if any.

Other income in Q4 2022 increased by $0.2 million compared to Q4 2021. For the 12-month periods the $1.9 million favourable variance includes the collection of $0.6 million in insurance proceeds in 2022, a $1.6 million favourable change in foreign exchange gains and losses, a $0.8 million reduction in fair value losses on marketable securities and warrants compared to the comparative period, partly offset by a $1.7 million provision for onerous contract as discussed in Note 9 of the Company's consolidated financial statements for the year ended December 31, 2022.

Impairment loss	**3,344**	**15,788**	**3,344**	**16,540**

On January 5, 2022, the Company announced that it was assessing the economic viability of mining at Platosa beyond mid-2022. Underground and surface drilling continued throughout Q1 2022. Based on the drillling results and consideration of current and expected economic factors, the Company wound down operations at Platosa during Q4 2022. In Q4 2021 the Company recorded an impairment loss of $15.8 million on the Platosa Mine and Miguel Auza processing facility. In Q3 2021, the Company had recorded an impairment loss of $0.8 million on Miguel Auza reflecting the impact of the Judgment against San Pedro. In Q4 2022 the Company recorded an impairment loss of $2.3 million on the Platosa Mine and $1.0 million related to San Pedro's VAT recoverable as disclosed in Note 7 and Note 5 of the Company's consolidated financial statements for the year ended December 31, 2022, respectively.

Finance expense	**1,208**	**1,242**	**4,294**	**3,680**

Net finance expense in Q4 2022 comprises primarily $1.2 million of interest expense on the 5.75% secured Convertible Debentures issued in Q3 2020, which are recorded at amortized cost and accreted to the principal amount over the term of the Convertible Debentures.

Net finance expense of $4.3 million for 12-Mos 2022 was $0.6 million higher than the comparative period, and comprises interest on the Convertible Debentures of $4.0 million, of which $1.4 million relates to the coupon interest payment paid in common shares of the Company during 2022 (December 31, 2021 – $1.4 million), and $2.6 million (December 31, 2021 – $2.0 million) relates to the additional accretion using the effective interest rate method.

Provisionally Priced Sales

Sales are recorded using the metal price received for sales that settle during the reporting period. For sales that have not been settled, an estimate is used, based on the expected month of settlement and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting sales in the period in which the sale is settled (i.e. the finalization adjustment). The finalization adjustment recorded for these sales depends on the actual price when the sale settles, which occurs in the first, third or fourth month after shipment under the terms of the current concentrate purchase agreements.

Invoiced revenues are derived from the value of payable metal content net of treatment and refining charges ("TC/RCs") incurred by the metallurgical complex of the customer. TC/RCs are a cost associated with processing of metal concentrates in refined metal products, though such cost is deducted from gross revenues rather than incurred as a cost of sales (as revenue received by the Company is net of TC/RCs). Therefore, as discussed in the calculation of total cash cost per silver ounce payable, below, TC/RCs are added to cost of sales to reflect the total cost of producing a payable silver ounce. Offtake agreements may also include price participation for the offtaker for settlements at metal prices above specified levels. The value of the metal content of the products sold is as follows (in $'000s):

	Three months ended		Twelve months ended	
	December 31	December 31	December 31	
	2022	2021	2022	2021
	$	$	$	$
Silver	1,732	6,726	17,573	28,265
Lead	310	1,939	3,913	7,250
Zinc	796	2,734	6,913	9,935
Value of metal content in products sold (1)	2,838	11,399	28,399	45,450
Adjustment for treatment and refining charges (TC/RC)	(274)	(2,094)	(2,575)	(7,495)
Revenues from concentrate sales	2,564	9,306	25,824	37,955

(1) Value of metal content in products sold is a non-IFRS measure.

Non-IFRS measures

Production Cost Per Tonne, Total Cash Cost Net of By-Product Credits Per Silver Ounce Payable, All-In Sustaining Cost (AISC) Per Silver Ounce Payable and Adjusted loss and adjusted loss per share are non-IFRS measures that do not have a standardized meaning. The calculation of these measures may differ from that used by other companies in the industry. The Company uses these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles and are not necessarily indicative of operating expenses as determined under generally accepted accounting principles. Management believes that these measures are key performance indicators of the Company's operational efficiency and are increasingly used across the global mining industry and are intended to provide investors with information about the cash generating capabilities of the Company's operations.

	Q4		Year ended December 31,	
	2022	**2021**	**2022**	**2021**
Production cost per tonne	**$261**	**$314**	**$261**	**$291**

A reconciliation between production cost per tonne (excluding depletion and amortization and inventory adjustments) and the Company's cost of sales as reported in the Company's financial statements is provided below. Changes in inventories of ore and concentrate are excluded from the calculation of Production Cost per Tonne. Changes in inventories reflect the net cost of ore stockpiles and concentrate inventory (i) sold during the current period but produced in a previous period (an addition to direct mining and milling costs) or (ii) produced but not sold in the current period (a deduction from direct mining and milling costs). Excluding changes in inventories and future mine closure accruals aligns cost of sales incurred during the period with the tonnage produced during the period.

	Q4		Year ended December 31,	
	2022	**2021**	**2022**	**2021**
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**
Cost of sales	3,557	10,601	26,459	33,507
Adjustments – increase/(decrease):				
Future mine closure accruals	(375)	(1,584)	(907)	(1,584)
Depletion and amortization	(1,127)	(1,928)	(7,497)	(7,300)
Changes in inventories	(757)	(407)	(858)	423
Production costs (excluding inventory adjustments)	1,298	6,682	17,197	25,046
Tonnes milled	4,965	21,309	65,784	86,021
Production cost per tonne milled ($/tonne)	**$261**	**$314**	**$261**	**$291**

Production cost per tonne milled decreased by 17% in Q4 2022 relative to Q4 2021, driven by a reduction in production costs before depletion, amortization, materials and supplies write-downs and inventory adjustments, as discussed above and related to the wind-down of operations in Q4 2022.

Production cost per tonne milled decreased by 10% for 12-Mos 2022 relative to 12-Mos 2021, driven by a 31% reduction in production costs before depletion, amortization, materials and supplies write-downs and inventory adjustments, as discussed above and related to the wind-down of operations in Q4 2022, partly offset by a 24% reduction in the tonnes milled in the 12-mos 2022.

	Q4		Year ended December 31,	
	2022	**2021**	**2022**	**2021**
Total cash cost per silver ounce payable	**$16.28**	**$15.61**	**$11.80**	**$13.01**

The calculation of total cash cost per silver ounce payable reflects the cost of production adjusted for by-product credits and various non-cash costs included in cost of sales, particularly:

(i) changes in inventories of ore and concentrate are reflected in cost of sales to match cost of sales with the revenues from payable metals in the period by either allocating the cost of metal produced in prior periods or deferring the cost of metal to be sold in future periods;
(ii) TC/RCs are added to cost of sales to reflect the total cost of producing a payable silver ounce as, per industry standard, revenues received by the Company are net of TC/RCs; and
(iii) Future mine closure related costs are excluded from cost of sales.

The Company expects total cash costs net of by-product revenues to vary from period to period as planned production and underground development access different areas of the mine with varying grades and characteristics.

The following is a reconciliation of total cash cost per silver ounce payable, net of by-product credits, to cost of sales as reported in the Company's financial statements:

	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**
Cost of sales	3,557	10,601	26,459	33,507
Adjustments – increase/(decrease):				
Future mine closure related costs	(374)	(1,584)	(907)	(1,584)

	$ 000's	$ 000's	$ 000's	$ 000's
Depletion and amortization	(1,127)	(1,928)	(7,497)	(7,300)
TC/RCs	274	2,094	2,576	7,495
Royalties [(1)]	10	(15)	(35)	(83)
By-product credits [(2)]	(1,106)	(4,673)	(10,827)	(17,185)
Total cash cost net of by-product credits	**1,233**	**4,495**	**9,769**	**14,850**
Silver ounces payable	75,728	287,953	827,618	1,141,281
Total cash cost per silver ounce payable ($/oz)	**16.28**	**15.61**	**11.80**	**13.01**

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

Total cash cost per silver ounce payable increased by 4% for Q4 2022 relative to Q4 2021, driven by a 74% decrease in silver ounces payable, partially offset by a 73% decrease in cash costs net of by-product credits related to the wind-down of operations in Q4 2022, as discussed under "Cost of Sales" above.

Total cash cost per silver ounce payable decreased by 9% for the 12-Mos 2022, mainly driven by a 34% decrease in cash cost net of by-product credits as a result of a 66% decrease in TC/RCs partially offset by a 37% reduction in by-product credits, and a 27% reduction in silver ounces payable related to the wind-down of operations in Q4 2022, as discussed under "Cost of Sales" above.

	Q4		Year ended December 31,	
	2022	2021	2022	2021
AISC per silver ounce payable (including non-cash items)	**30.19**	**24.82**	**18.31**	**24.78**

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

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

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

Costs excluded from AISC are non-sustaining capital expenditures and exploration costs (as described above), finance costs, tax expense, and any items that are deducted for the purposes of adjusted earnings, if any. Total sustaining costs exclude general and administrative and share-based payment expenses attributable to the Company's non-producing projects.

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

	Q4		Year ended December 31,	
	2022	2021	2022	2021
	$ 000's	$ 000's	$ 000's	$ 000's
Total cash costs net of by-product credits	1,233	4,495	9,769	14,850
Administrative costs (cash) (1)	978	978	3,910	4,402
Share-based payments (non-cash) (1)	43	149	358	1,337
Accretion and amortization of reclamation costs (non-cash)	32	30	128	94
Sustaining exploration (manto resource drilling) (2)	-	327	105	1,651
Sustaining capital expenditures (2)	-	1,168	883	5,944
Total sustaining costs	1,053	2,652	5,384	13,428
All-in sustaining costs	2,286	7,147	15,153	28,278
Silver ounces payable	75,728	287,953	827,618	1,141,281
AISC per silver ounce payable ($/oz)	30.19	24.82	18.31	24.78
AISC excluding non-cash items, per silver ounce payable ($/oz)	29.20	24.20	17.73	23.53
Realized silver price per ounce sold (3)	18.99	23.30	21.13	25.12

(1) Total sustaining costs exclude general and administrative and share-based payment expenses attributable to the Company's non-producing projects.
(2) Sustaining capital expenditure includes sustaining property, plant and equipment acquisitions and capitalized development costs. Sustaining exploration includes underground drilling costs.
(3) Average realized silver price is calculated on current period sale deliveries and does not include the impact of prior-period provisional adjustments in the current period.

AISC per silver ounce payable increased by 22% in Q4 2022 relative to Q4 2021 due to the impacts of a 74% decrease in silver ounces payable and a 68% decrease in all-in sustaining costs related to the wind-down of operations in Q4 2022.

AISC per silver ounce payable decreased 26% for 12-Mos 2022 relative to 12-Mos 2021, driven by a $5.1 million reduction in total cash cost as discussed above, an $8.0 million reduction in total sustaining costs including a $5.0 million reduction in sustaining capital expenditures and a $1.5 million reduction in sustaining exploration, partially offset by a 27% decrease in silver ounces payable related to the wind-down of operations in Q4 2022.

COMMON SHARE DATA AS AT MARCH 31, 2023

Common shares issued and outstanding	**38,390,109**
Stock options	1,399,037(1)
DSUs	706,160
RSUs	1,013,000
Warrants ($5.75)	1,143,428
Fully diluted common shares (2)	**42,651,734**

(1) Includes 61,537 options issued to Otis option holders that are not included under the Company's option plan.
(2) Conversion of all outstanding Convertible Debentures would result in the issuance of an additional 3,379,245 common shares of the Company.

LIQUIDITY AND CAPITAL RESOURCES

The consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Refer to Note 2 of the consolidated financial statements for discussion of the material uncertainties which may cast significant doubt on the Company's ability to realize its assets and discharge its liabilities in the normal course of business.

The operating cash flows from the Platosa Mine ceased after the wind down of operations in early Q4 2022 and therefore the primary source of funds available to the Company is equity and debt financings. The Company is considering various financing, corporate development opportunities and strategic alternatives that may include acquisitions, divestitures, mergers or spin-offs of the Company's or third parties' assets, as applicable. See Note 24 of the consolidated financial statements for a summary of Excellon's January 9, 2023 announcement of an agreement to acquire the La Negra mine located in Mexico, the Convertible Debenture Restructuring, and a private placement for gross proceeds of US$10 million on closing of the La Negra Acquisition. A continuous review of the Company's capital expenditure and exploration programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash during periods of low commodity prices and economic and market uncertainty. See also the "Commitments," below, for further detail.

	December 31, 2022	December 31, 2021
Cash and cash equivalents	**1,468**	**4,071**

The primary source of cash for 12-Mos 2022 was the Company's Mexican operations, which generated net cash flow of $7.4 million (12-Mos 2021 net cash flow of $16.3 million) from collected revenue of $23.9 million (12-Mos 2021 – $39.4 million) net of production costs of $16.5 million (2021 – $23.1 million). The Company also sold marketable securities for proceeds of $0.3 million (12-Mos 2021 – $1.0 million).

The primary uses of cash for the year ended December 31, 2022 and 2021 were:

(i) $5.6 million spent on exploration – $1.1 million in Germany, $1.3 million in Mexico, and $3.2 million in the United States (2021 – $7.2 million, including $3.9 million in Germany, $2.4 million in Mexico and $1.6 million in the United States);

(ii) $1.4 million invested in capital expenditures including dewatering costs and mine development (2021 – $7.2 million).

(iii) $4.1 million on general and administrative expenses (2021 – $4.7 million).

(iv) $0.3 million net received, on sales of property, plant and equipment, partially offset by amounts invested in mineral rights on the Company's non-operating assets (2021 – $0.1 million received); and

(v) $0.2 million used in financing activities including interest and lease-related payments. In 2021, net $0.4 million on interest and lease-related payments, partially offset by proceeds from stock option exercises.

	December 31, 2022	December 31, 2021
Working capital	**(18,299)**	**254**

Working capital, defined as current assets less current liabilities (excluding the Provision for litigation), decreased by $18.6 million at December 31, 2022 relative to December 31, 2021, reflecting a decrease in current assets of $6.3 million (driven by a $2.6 million reduction in cash and cash equivalents, $2.1 million reduction in inventories, and a $1.5 million reduction in VAT recoverable), and an increase in current liabilities of $12.3 million primarily reflecting the $11.3 million Convertible Debenture which is now presented as current.

The Company's VAT payables reflect the amount collected by the Company from the sale of concentrates in Mexico. The Company's VAT recoverable, predominantly reflecting VAT charged on the Company's expenditures in Mexico, are offset against VAT payables in Mexico in the applicable period and on a rolling basis. The net VAT position varies from period-to-period depending on timing, quantum and/or value of sales and expenditures. The Company has not, to date, encountered difficulty in reducing outstanding VAT recoverable.

As at December 31, 2022, the Company had a net VAT recoverable of $0.7 million in Germany and $0.1 million in Canada, and a net VAT payable of $1.3 million in Mexico (December 31, 2021 – net VAT recoverable of $0.8 million in Mexico, $0.7 million in Germany and $0.1 million in Canada).

The Company is considering various financing, corporate development opportunities and strategic alternatives that may include acquisitions, divestitures, mergers or spin-offs of the Company's or third parties' assets, as applicable. The Convertible Debentures do not include any financial covenants related to working capital or the ongoing operation of the Company's mining assets.

	Q4		Year ended December 31,	
	2022	2021	2022	2021
Net cash from operations before changes in working capital ($000's)	**(1,386)**	**(217)**	**(1,167)**	**1,652**

Net cash from operations before changes in working capital decreased by $1.2 million in Q4 2022, principally due to the Platosa Mine shutdown in October 2022 and $0.8 million in care and maintenance costs recorded in Q4 2022.

The key items driving the $2.8 million variance for the 12-Mos 2022 versus the prior year were due to the Platosa Mine shutdown in October 2022 and $0.8 million in care and maintenance costs recorded in Q4 2022.

Investing activities ($000's)	**236**	**(421)**	**(738)**	**(6,262)**

Decrease in investing outflows in Q4 2022 mainly reflect lower expenditures on dewatering infrastructure, mine development and underground drilling at Platosa due to the Platosa Mine shutdown in October 2022.

For the 12-Mos 2021, capital expenditures were $5.5 million lower than 2021, due to the Platosa Mine shutdown in October 2022, $0.7 million lower proceeds on the sale of marketable security, partially offset by $0.4 million received in 2022 from the sale of property, plant and equipment.

Financing activities ($000's)	**(47)**	**(125)**	**(248)**	**(447)**

In 2022, financing activities included interest and lease-related payments, which reduced marginally relative to 2021 as certain leases and the related interest ceased in 2022 pending the closure of the mine.

The Company issued the Convertible Debentures in 2020, completed an equity offering of common shares in 2019 and arranged the Credit Facility in connection with the acquisition of Otis in 2020. The Company also implemented cost reductions and business improvements at its operations in 2020 and 2021. Failure to obtain additional financing could result in delay or postponement of further exploration and development of the Company's projects.

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. The Company is also exposed to currency exchange risk and continued uncertainty related to the COVID-19 pandemic; see "Business Environment & Risks" section below.

Financial instruments

All financial assets and financial liabilities, other than derivatives, are initially recognized at the fair value of consideration paid or received, net of transaction costs, as appropriate, and subsequently carried at fair value or amortized cost. The carrying values of cash and cash equivalents, trade receivables and other liabilities approximate their fair value, unless otherwise noted.

The Company's financial performance is sensitive to changes in commodity prices, foreign exchange and interest rates, and the Company may periodically consider hedging such exposure. The Company's Board of Directors together with executive management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company may address its price-related exposure to foreign exchange through the use of options, futures, forwards and derivative contracts.

The Mexican peso ("MXN"), Canadian dollar ("C"), Euro ("Euro") and US dollars ("USD") are the functional currencies of the Company, with currency exposures arising from transactions and balances in currencies other than the functional currencies.

A significant portion of the Company's capital expenditures, operating costs, exploration, and administrative expenditures are incurred in MXN or Euros, while revenues from the sale of concentrates are denominated in USD. The fluctuation of the USD in relation to the MXN and the Euro impacts the reported financial performance of the Company.

Contractual obligations

The following table summarizes contractual obligations including payments due for each of the next five years and thereafter:

	$ 000				
	Total	**Less than one year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Trade payables	7,817	7,817	-	-	-
Leases	221	174	47	-	-
Convertible Debentures(1) – principal	13,224	13,224	-	-	-
Convertible Debentures(1) – 5.75% interest	440	440	-	-	-
Post-retirement benefits	835	835	-	-	-
Rehabilitation provision (discounted)	1,323	-	-	-	1,323
Provision for onerous contract	1,709	1,709	-	-	-
Total:	**25,569**	**24,199**	**47**	**-**	**1,323**

(1) Assumes repayments of interest and principal in cash. See Note 24 of the 2022 Financial Statements for a summary of Excellon's January 9, 2023 announcement which including a planned partial conversion, and restructuring of the Convertible Debentures on closing of the La Negra Acquisition.

Commitments

Other than the Platosa Mine, the Company’s projects are at varying stages of exploration advancement. Generally, the Company budgets exploration expenditures on an annual basis and does not commit to long-term drilling contracts. Exploration expenditures may be highly variable depending on ongoing results and a host of other factors, including available funds, permitting status, and changes in local or geopolitical risks. The Company does not currently have any development projects that require committed funding.

In Mexico, commitments relate to annual concession fees and required expenditures associated with the Company’s mineral concessions. In Idaho, commitments relate to annual claim fees associated with the Company’s mineral claims. Fees in respect of the Oakley Project in Idaho are funded by Centerra pursuant and subject to the terms of the Oakley Agreement. There are no annual fees associated with exploration licenses in Saxony, Germany. Each of the commitments outlined below may vary depending on operational and/or exploration results or geopolitical conditions, which may lead the Company to expand or relinquish all or part of a project. Additionally, the Oakley Project is subject to the terms of the Oakley Agreement, and commitments may vary depending on the counterparties’ decisions to exercise options under the Oakley Agreement. Subsequent to December 31, 2022, Centerra met the requirements for, and completed the First Option to earn a 51% interest in the Oakley Project.

The following table summarizes the Company’s significant unrecognized commitments as of the date of this MD&A (in thousands of US dollars):

		$ 000				
Project	**Type**	**Total**	**Less than one year**	**1 – 3 years**	**4 – 5 years**	**After 5 years(1)**
Platosa	Fees	1,034	207	413	414	-
Evolución[5]	Fees	2,335	334	834	1,167	-
Kilgore	Fees	650	130	260	260	-
Oakley	Fees	285	57	114	114	-
	Total:	**4,076**	**728**	**1,621**	**1,955**	**-**

(1) Concession and claim fees continue until the relinquishment or expiration of the applicable concessions or claims.

CONTINGENCIES AND PROVISION FOR LITIGATION

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not within the Company’s control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, the Company with assistance from its legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims or actions.

[5] Inclusive of the mineral concession held by San Pedro which, as described above, has been declared bankrupt.

Provision for litigation

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 Evolución Project. 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 "Antigua Agreement"). Pursuant to the Antigua Agreement, San Pedro had the right to purchase absolute title to La Antigua including the NSR royalty upon payment of $500k. 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 $700k 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 $22.3 million (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 processing facility and the original Miguel Auza mineral concessions. The book value of San Pedro's assets included in the consolidated statements of financial position is $nil.

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 (Note 2). 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, in Q4 2022 San Pedro filed a petition for bankruptcy, which was a confidential submission pending acceptance by the Mexican Bankruptcy Court. On December 15, 2022, the Mexican Bankruptcy Court accepted the petition and, in Q1 2023, the Court appointed auditor completed their review of San Pedro's petition and confirmed San Pedro's insolvency. On March 30, 2023, the Company received notice that San Pedro was declared bankrupt by the Mexican Bankruptcy Court effective March 28, 2023. As a result, the liabilities of San Pedro will be deconsolidated from our first quarter 2023 consolidated financial statements, which will remove all such liabilities (including the Judgment) from the Company's March 31, 2023 consolidated statement of financial position.

Contingent liability

A company retained to perform drilling services at the Kilgore Project in 2022 has 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. Excellon has not accrued for any amounts in respect of these claims.

Off-Balance Sheet Arrangements

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

ACCOUNTING POLICIES AND INTERNAL CONTROLS

Internal Control Over Financial Reporting

Internal control over financial reporting (“ICFR”) means a process designed by or under the supervision of the President & CEO and CFO, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management use the criteria set forth in Internal Control – Integrated Framework (2013) (“COSO 2013”) issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's ICFR.

The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

Remediation of Material Weakness

As previously reported in connection with the preparation and filing of the Company’s condensed consolidated financial statements for the three-and nine-month periods ended September 30, 2021, management’s assessment of the effectiveness of the Company’s ICFR concluded that, as of September 31, 2021, the Company’s ICFR was not effective. The limited level of staffing and technical resources available to manage complex non-routine transactions resulted in significant adjustments to the preliminary financial statements being recorded with respect to the Provision for litigation and related impacts in the condensed consolidated financial statements for the three- and nine-month periods ended September 30, 2021.

The Company is committed to improving its ICFR. As part of this control improvement, management has and will continue to enhance the capacity and capabilities to review and evaluate ongoing and technically complex transactions through selective increased use of external resources and realignment of internal staff. The Company has since made significant progress in the design, implementation and testing of its internal controls and processes around non-routine, unusual or complex transactions, and management has concluded that, as of December 31, 2022, the earlier material weakness in the ICFR has been remediated.

Based on management's evaluation, the Company concluded that ICFR was effective as of December 31, 2022.

Disclosure Controls & Procedures

Disclosure controls and procedures (“DC&P”) are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the President & CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As of December 31, 2022, based on management’s evaluation, the President & CEO and CFO concluded that the Company’s DC&P were effective.

Accounting policy, estimates and judgements

Accounting standards issued but not yet effective

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Significant accounting estimates and judgements

The Company’s significant accounting policies are described in Note 4 to the consolidated financial statements for the year ended December 31, 2022. The preparation of the consolidated financial statements require management to make estimates, assumptions and judgements that may have a significant impact on the consolidated financial statements. These estimates, assumptions and judgements are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances, however actual outcomes can differ. Revisions to accounting estimates are recognized in the period in which the estimates are revised. For details of these estimates, assumptions and judgements, refer to the Company’s consolidated financial statements for the year ended December 31, 2022, which are available on the Company’s website and on SEDAR.

BUSINESS ENVIRONMENT AND RISKS

Risks and uncertainties

The Company’s business entails exposure to certain risks, including but not limited to: metal price risk; foreign exchange risk since the Company reports in United States dollars but operates in jurisdictions that use other currencies; the inherent risk of uncertainties in estimating Mineral Resources; political risk associated with operating in foreign jurisdictions; environmental risks; surface rights and access; enforcement of legal rights; and risks associated with labour relations issues. The current or future operations of Excellon are or will be governed by and subject to federal, state and municipal laws and regulations regarding mineral taxation, mineral royalties and other governmental charges. Any change to the mineral taxation and royalty regimes in the jurisdictions in which Excellon operates or plans to operate could have an adverse financial impact on the Company's current and planned operations and the overall financial results of the Company, the extent of which cannot be predicted. For additional discussion of risk factors (including a discussion of COVID-19 related risks) refer to the Company’s AIF which is available under the Company’s profile on SEDAR (www.sedar.com).

ADDITIONAL SOURCES OF INFORMATION

Additional disclosures pertaining to the Company, including its AIF, audited and unaudited interim financial statements, management information circular, material change reports, news releases and other information, are available on the SEDAR website at www.sedar.com or on the Company's website at www.excellonresources.com.

CAUTIONARY STATEMENTS ON FORWARD-LOOKING STATEMENTS AND OTHER MATTERS

Forward-Looking Statements

All statements, other than statements of historical fact, contained or incorporated by reference in this Management's Discussion & Analysis of Financial Results for year ended December 31, 2022 (together with the accompanying financial statements for the same period, the " ***2022 Financial Disclosure****") 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: "advancing", "aiming", "alternatives", " "believe", "considering", "contemplates", "contingencies", "continues", "could", "demonstrated", "development", "discovery", "early-stage", "evaluate", "expected", "exploration", "estimate", "focus", "further", "future", "goals", "indicating", "initial", "intends", "investigate", "may", "modelling", "near-term", "new", "observation", "ongoing", "opportunities", "option", "outlook", "pending", "pipeline", "pivot", "planning", "potential", "priorities", "program", "project", "prospective", "prospecting", "provide", "provision", "provisionally", "re-assaying", "reassessing", "relogging", "review", "risk", "samples", "seeking", "should", "strategic", "studies", "subject to", "survey", "target", "testing", "transition", "trend", "uncertainties", "viability", "vision", "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. Forward-looking statements include statements regarding opportunities, outlook and strategic alternatives (including any form, aspect, value or other impacts thereof); advancing a portfolio of assets; 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 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 Closing Private Placement), and any other acquisition and other strategic opportunities ; 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 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, 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, pending assays, assessments or interpretations of drilling and results); closure and reclamation (including activities, expenditures, costs and provisions, and timing thereof); SEC deregistration; San Pedro bankruptcy declaration and any implications thereof or resulting plans; pending or ongoing regulatory, administrative, litigation or other legal proceedings, and provisions therefor, and assessments and outcomes thereof (including the San Pedro bankruptcy declaration, 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 or any other implications of any of the foregoing;*

*and future impacts of Covid-19 and actions taken to mitigate such. 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 the 2022 Financial Disclosure, which may prove to be incorrect, are subject to a number of assumptions which include those set forth or referenced in the 2022 Financial Disclosure, the Company's Management's Discussion and Analysis, and accompanying financial statements, for the year ended December 31, 2021 and prior quarters ended in 2022 (collectively, the "**FYE 2021 and Prior 2022 Financial Disclosure**"), the Company's **AIF**, the current technical reports for the Company's projects and the La Negra Technical Report (collectively, the "**Technical Reports**"), the news releases referenced in the 2022 Financial Disclosure (the "**Referenced News Releases**"), and the Company's other applicable public disclosure (collectively, "**Company Disclosure**"), all available under the Company's profile on SEDAR (www.sedar.com) and/*or on its *website at www.excellonresources.com. Forward-looking statements are inherently subject to known and unknown risks, uncertainties, contingencies and other factors which may cause the actual plans, results, performance or achievements of the Company to differ materially from any future results, plans, 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 Convertible Debenture Restructuring and Closing Private Placement) and the other La Negra Transactions; inability to complete the Closing Private Placement; 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 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 on a timely basis, 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; 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 and La Negra; capital requirements and operating risks associated with the operations or an expansion of the operations of Excellon including La Negra; dilution due to the La Negra Transactions and any other future acquisitions or other transactions including the Closing Private Placement; 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 and La Negra; 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" in the Company's AIF, and the risks, uncertainties, contingencies and other factors identified in the 2022 Financial Disclosure, the FYE 2021 and Prior 2022 Financial Disclosure, the Technical Reports, the Referenced News Releases and other applicable Company Disclosure. The foregoing list of risks, uncertainties, contingencies and other factors is not exhaustive; readers should consult the more complete discussion of the Company's business, financial condition and prospects that is provided in the Company's AIF and the other aforementioned Company Disclosure. 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 the 2022 Financial Disclosure, and the other Company Disclosure 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 the 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 the 2022 Financial Disclosure are expressly qualified by these Cautionary Statements, together with those below, as well as the Cautionary Statements in the FYE 2021 and Prior 2022 Financial Disclosure, the Company's AIF, the Technical Reports, the Referenced News Releases and other applicable Company Disclosure. Forward-looking statements contained herein are made as of the date of 2022 Financial Disclosure (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.

*The mineral resource estimates disclosed and/or referenced in the 2022 Financial Disclosure were estimated and reported in accordance with National Instrument 43-101 of the Canadian Securities Administrators ("**NI 43-101**") using Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Definition Standards for Mineral Resources and Mineral Reserves (the "**CIM Standards**") and applying the CIM's Mineral Resources and Mineral Reserves Best Practices guidelines (as applicable). For additional discussion of the Company's mineral resource estimates at the Company's projects and La Negra, as well as an overall more detailed discussion of such projects, the reader should refer to the Company's AIF and the applicable Technical Reports.*

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.*

The 2022 Financial Disclosure may also contain information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises United States investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company's properties.

Preliminary Economic Assessments (or PEAs)

A PEA, including the La Negra PEA, is only a conceptual study of the potential viability of the subject project's mineral resource estimates, and the economic and technical viability of the project and its estimated mineral resources has not been demonstrated. A PEA is preliminary in nature and provides only an initial, high-level review of the subject project's potential and design options; there is no certainty that a PEA will be realized. The conceptual LOM plan and economic model in a PEA 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 the economics described in any PEA, including the La Negra PEA, 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 MD&A.*

Qualified Persons

*Mr. Jorge Ortega, M.Sc., P.Geo., Vice President Exploration of the Company and a Qualified Person as defined in NI 43-101 (a "**QP**"), reviewed, verified and approved the scientific and technical information relating to geological interpretation and results contained in the 2022 Financial Disclosure. Mr. Paul Keller, P. Eng., Chief Operating Officer of the Company and a QP, reviewed, verified and approved the scientific and technical information relating to operations and production results contained in the 2022 Financial Disclosure.*