



## EXCELLON PROVIDES UPDATE ON MIGUEL AUZA LITIGATION

**Toronto, Ontario – July 2, 2021 – Excellon Resources Inc. (TSX:EXN, EXN.WT; NYSE:EXN; FRA:E4X2) (“Excellon” or the “Company”)** is providing an update on the legal action in Mexico disclosed on December 5, 2019 in respect of the La Antigua mineral concession (“La Antigua”) that is part of the Evolución Property in Zacatecas. La Antigua was included in Excellon’s acquisition of Silver Eagle Mines Inc. (“Silver Eagle”) in 2009 and includes a portion of the Evolución mineral resource at Miguel Auza. The concession is subject to an exploration and exploitation agreement with purchase option (the “Agreement”) dated December 3, 2006 between San Pedro Resources SA de CV (“San Pedro”, now a subsidiary of Excellon) and the owner (the “Plaintiff”) that provides, among other things, for a minimum payment of US\$2,500 plus value added tax per month (the “Advance Royalty”) and the payment of a 3% net smelter return (“NSR”) royalty. San Pedro has the right to purchase absolute title to La Antigua including the NSR royalty upon payment of US\$500,000. San Pedro has accrued the Advanced Royalty on an ongoing basis and the Agreement currently remains in force.

Though the Miguel Auza Mine never reached commercial production and was put on care-and-maintenance in December 2008 prior to Excellon’s acquisition of Silver Eagle, the Plaintiff sued San Pedro for non-compliance with the Agreement and specifically for not operating the Miguel Auza Mine. The Plaintiff was awarded damages of approximately US\$0.7 million in the court of first instance in Torreón, Coahuila. Both San Pedro and the Plaintiff appealed the decision to the Second District State Court in the Judicial District of Torreón. In December 2019, the Court confirmed the initial decision but, subsequently, pursuant to an order obtained by the Plaintiff, granted the Plaintiff an award of approximately US\$23 million, predominantly in damages for the Miguel Auza Mine not being in operation. The book value of San Pedro’s fixed assets is US\$4.8 million.

Excellon understands from an initial electronic notice that San Pedro’s appeal of this decision to the federal courts of Mexico was dismissed on July 1, 2021, despite the decision not being supported by the evidence, facts or law. The formal written decision has not yet been released or made available for review by the Company’s legal counsel and, therefore, the details of the decision remain to be considered, including the final quantum of any award.

In any event, the decision is solely against San Pedro as defendant and the Company believes that the Plaintiff has no recourse against Excellon’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 original Miguel Auza mineral concessions, including the Evolución mineral resource disclosed in September 2020. San Pedro generates minimal cash flows from milling fees charged to the Platosa Mine for ore processing. The Platosa Mine is owned and operated by an entirely separate subsidiary.

“This decision is incomprehensible from a legal and factual perspective and is founded upon a circumstance that never existed,” stated Brendan Cahill, President and CEO. “The amount of the judgment, if upheld in the ultimate written decision, is multiples higher than the value of the option agreement or potential NSR at issue and the Miguel Auza Mine was closed before even reaching production and prior to Excellon’s acquisition of Silver Eagle in 2009. The decision has the potential to impact 90 jobs in the town of Miguel Auza and the economy of northern Zacatecas. The written decision

is not yet available and we will advise further following our review. In any event, this decision only has the potential to impact our San Pedro subsidiary and none of our other assets. We continue to operate in the ordinary course and we are evaluating various additional alternatives regarding the matter.”

## **About Excellon**

Excellon’s vision is to create wealth by realizing strategic opportunities through discipline and innovation for the benefit of our employees, communities and shareholders. The Company is advancing a precious metals growth pipeline that includes: Platosa, Mexico’s highest-grade silver mine since production commenced in 2005; Kilgore, a high quality gold development project in Idaho with strong economics and significant growth and discovery potential; and an option on Silver City, a high-grade epithermal silver district in Saxony, Germany with 750 years of mining history and no modern exploration. The Company also aims to continue capitalizing on current market conditions by acquiring undervalued projects.

Additional details on Excellon’s properties are available at [www.excellonresources.com](http://www.excellonresources.com).

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## **Forward-Looking Statements**

*The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this Press Release, which has been prepared by management. This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 27E of the Exchange Act. Such statements include, without limitation, statements regarding the outcome and impact of the legal action in Mexico (including the dismissal of the appeal by the federal courts of Mexico on July 1, 2021) in respect of the La Antigua mineral concession that is part of the Evolución Property in Zacatecas, mineral resources estimates, the future results of operations, performance and achievements of the Company, including potential property acquisitions, the timing, content, cost and results of proposed work programs, the discovery and delineation of mineral deposits/resources/reserves, geological interpretations, proposed production rates, potential mineral recovery processes and rates, business and financing plans, business trends and future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, significant downward variations in the market price of any minerals produced, the Company’s inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies. All of the Company’s public disclosure filings may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials. This press release is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.*