

# EXCELLON

## **EXCELLON RESOURCES INC.**

20 Victoria Street, Suite 900, Toronto, Ontario Canada M5C 2N8

### **Notice of Annual and Special Meeting of Shareholders & Management Information Circular**

May 10, 2017

4:00 p.m. (EDT)

The King Edward Hotel (Kensington Room)  
37 King Street East, Toronto, Ontario M5C 1E9

## TABLE OF CONTENTS

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS .....	ii
MANAGEMENT INFORMATION CIRCULAR .....	1
SOLICITATION OF PROXIES .....	1
NOTICE AND ACCESS .....	1
APPOINTMENT OF PROXYHOLDER .....	2
REVOCAION OF PROXIES.....	2
VOTING OF PROXIES .....	2
INFORMATION FOR NON-REGISTERED SHAREHOLDERS.....	3
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON .....	4
VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES.....	4
PARTICULARS OF MATTERS TO BE ACTED UPON .....	4
1. RECEIPT OF FINANCIAL STATEMENTS AND AUDITORS REPORT .....	4
2. ELECTION OF DIRECTORS .....	4
3. RE-APPOINTMENT OF AUDITORS.....	9
4. APPROVAL OF UNALLOCATED DSUS UNDER DSU PLAN.....	9
5. APPROVAL OF UNALLOCATED RSUS UNDER RSU PLAN.....	10
6. APPROVAL OF SPROTT TRANSACTION AND CONTROL POSITION .....	11
7. APPROVAL OF SHARES FOR INTEREST PAYMENTS ON DEBENTURES...15	
OTHER BUSINESS .....	17
STATEMENT OF EXECUTIVE COMPENSATION .....	17
DIRECTORS COMPENSATION .....	28
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS .....	31
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	33
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	33
STATEMENT OF CORPORATE GOVERNANCE PRACTICES .....	34
ADDITIONAL INFORMATION .....	39
SCHEDULE "A" .....	40

# EXCELLON RESOURCES INC.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “**Meeting**”) of shareholders of Excellon Resources Inc. (“**Excellon**” or the “**Corporation**”) will be held at The King Edward Hotel (Kensington Room), 37 King Street East, Toronto, Ontario, on Wednesday, the 10<sup>th</sup> day of May, 2017 at the hour of 4:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2016 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. to elect directors;
3. to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration;
4. to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution approving all unallocated deferred share units under the Corporation’s Deferred Share Unit Plan, as described in the accompanying Management Information Circular (the “**Circular**”);
5. to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution approving all unallocated restricted share units under the Corporation’s Restricted Share Unit Plan, as described in the Circular;
6. to consider, and if deemed advisable, to pass with or without variation, two separate ordinary resolutions approving (i) the issuance of up to 6,246,746 common shares of the Corporation to Mr. Eric Sprott on the exercise of common share purchase warrants previously issued to Mr. Sprott and the waiver of the application of the Corporation’s Shareholder Rights Plan to the exercise by Mr. Sprott of his common share purchase warrants; and (ii) the waiver of the application of the Corporation’s Shareholder Rights Plan to additional purchases by Mr. Sprott of securities of the Corporation from time to time, subject to certain limitations and restrictions, as described in the Circular;
7. to consider, and if deemed advisable, pass with or without variation, an ordinary resolution approving the issuance of common shares of the Corporation to satisfy interest payment obligations on convertible debentures previously issued by the Corporation, as described in the Circular; and
8. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice is the Circular, a form of proxy and a request form to receive annual and interim financial statements and management discussion and analysis. The accompanying Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy in accordance with the procedures described in the Circular accompanying this Notice. Those who are unable to attend the meeting are requested to read, complete, sign and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular accompanying this Notice.

DATED at Toronto, Ontario, this 24<sup>th</sup> day of March, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed)* "André Y. Fortier"

André Y. Fortier  
Chairman

# EXCELLON RESOURCES INC.

## MANAGEMENT INFORMATION CIRCULAR

(Containing information as at March 24, 2017 unless indicated otherwise)

### SOLICITATION OF PROXIES

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Excellon Resources Inc. (“**Excellon**” or the “**Corporation**”) for use at the Annual and Special Meeting of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation and any adjournment thereof to be held at 4:00 p.m. (Toronto time) on Wednesday, May 10, 2017 (the “**Meeting**”) at the place and for the purposes set forth in the accompanying notice of Meeting. The enclosed proxy is being solicited by the management of the Corporation. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by facsimile or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from Shareholders.

The contents and the sending of this Circular have been approved by the directors of the Corporation. **All dollar amounts referenced are expressed in Canadian dollars.** All references to the Corporation shall include its subsidiaries as the context may require.

### NOTICE AND ACCESS

The Corporation has elected to use the notice-and-access process (“**Notice-and-Access**”) that came into effect on February 11, 2013 under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of this Circular and other meeting materials to registered Shareholders of the Corporation and Non-Registered Holders (as defined herein).

Notice-and-Access allows issuers to post electronic versions of meeting materials, including circulars, annual financial statements and management discussion and analysis, online, via SEDAR and one other website, rather than mailing paper copies of such meeting materials to Shareholders. The Corporation anticipates that utilizing the Notice-and-Access process will substantially reduce both postage and printing costs.

The Corporation has posted the Circular and the Corporation’s audited financial statements for the year ended December 31, 2016 and the Corporation’s management discussion and analysis for the year ended December 31, 2016, on <http://www.excellonresources.com/investors/agm/> and on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Although the Circular and related materials (collectively, the “**Meeting Materials**”) will be posted electronically online, as noted above, the registered Shareholders and Non-Registered Holders (subject to the provisions set out below under the heading “Voting by Beneficial Holders of Common Shares of the Corporation”) will receive a “notice package” (the “**Notice-and-Access Notification**”), by prepaid mail, which includes the information prescribed by NI 54-101, and a proxy form or voting instruction form from their respective intermediaries. Shareholders should follow the instructions for completion and delivery contained in the proxy or voting instruction form. Shareholders are reminded to review the Circular before voting.

Management of the Corporation does not intend to pay for intermediaries to forward the Notice-and-Access Notification to OBOs (as defined herein) under NI 54-101, and therefore an OBO will not receive the Notice-and-Access Notification unless the OBO’s intermediary assumes the cost of delivery.

Shareholders will not receive a paper copy of the Meeting Materials unless they request paper copies from

the Corporation. Requests for paper copies of the Meeting Materials must be received at least five (5) business days in advance of the proxy deposit date and time, being 4:00 p.m. on May 8, 2017 and the Corporation will mail the requested materials within three (3) business days of the request. Shareholders with questions about Notice-and-Access may contact the Corporation toll free at 1-844-396-7770.

### **APPOINTMENT OF PROXYHOLDER**

The individuals named as proxyholders in the accompanying form of proxy are directors and/or officers of the Corporation. **A REGISTERED SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND SIGNING AND DATING THE PROXY, OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 not less than forty eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or, with respect to any matters to be dealt with at any adjournment of the Meeting, before the time of the re-commencement of the adjourned Meeting. Proxies delivered after such time(s) will not be accepted.

### **REVOCATION OF PROXIES**

A Shareholder who has given a proxy may revoke it prior to its use by an instrument in writing executed by the Shareholder or by his attorney duly authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of such corporation, and delivered to the registered office of the Corporation, at 20 Victoria Street, Suite 900, Toronto, Ontario, Canada, M5C 2N8 (Attention: Chief Financial Officer) at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, preceding any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **VOTING OF PROXIES**

The Common Shares represented by a properly executed proxy in favour of persons designated as proxyholders in the enclosed form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be called for; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specifications made on such proxy.

**SUCH SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED, OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED, AS DIRECTED BY THE SHAREHOLDER.**

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxyholder thereunder to vote with respect to amendments or variations of matters identified in the notice of Meeting, and with respect to any other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated by management as proxyholders in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, the management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

## INFORMATION FOR NON-REGISTERED SHAREHOLDERS

Only registered Shareholders or proxyholders duly appointed by registered Shareholders are permitted to vote at the Meeting. Most Shareholders of the Corporation are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their Common Shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered Shareholders are entitled to vote at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in such Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the brokers’ clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate the responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge well in advance of the Meeting) in order to have the Common Shares voted.**

The Notice-and-Access Notification is being sent to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBO’s**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBO’s**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBO’s from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

The Corporation’s OBO’s can expect to be contacted by Broadridge or their broker or their broker’s agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the**

**proxy or voting instruction card provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in this Circular and the accompanying form of proxy and notice of Meeting are to registered Shareholders unless specifically stated otherwise.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as set forth in this Circular, no person who has been a director or executive officer of the Corporation at any time since January 1, 2016, being the beginning of the Corporation's last completed financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has or has had any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As at March 24, 2017, the Corporation had 76,144,787 issued and outstanding Common Shares. Only Shareholders of record at the close of business (Toronto time) on March 24, 2017 (the "**Record Date**") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Common Shares voted at the Meeting. The list of Shareholders entitled to vote at the Meeting is available for inspection during normal business hours at the offices of the TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario and will be available at the Meeting.

Other than as set out below, to the knowledge of the directors and executive officers of the Corporation, there are no persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying more than ten percent (10%) of the voting rights attached to all outstanding Common Shares:

<b>Name and Municipality of Residence</b>	<b>Number of Common Shares</b>	<b>Percentage of Common Shares</b>
Eric Sprott Toronto	14,433,082*	18.95%

\* As stated on SEDI as of March 24, 2017.

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **GENERAL**

Unless otherwise directed, it is the intention of management's proxyholders to vote proxies in favour of the resolutions set forth herein. **To pass, all ordinary resolutions require approval by a simple majority of the votes cast at the Meeting by Shareholders.**

#### **1. RECEIPT OF FINANCIAL STATEMENTS AND AUDITORS REPORT**

The consolidated financial statements of the Corporation for the financial year ended December 31, 2016 and the accompanying auditors' report thereon will be presented to the Shareholders at the Meeting. A copy of the consolidated financial statements has been mailed to each Shareholder who so requested as of the Record Date and it is also available at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

#### **2. ELECTION OF DIRECTORS**

There are eight (8) directors to be elected at the Meeting. The term of office of each of the present directors expires immediately prior to the election of directors at the Meeting. **The persons named below will be presented for election at the Meeting as management's nominees and management proxyholders**



**will vote FOR the election of these nominees, unless otherwise instructed on the proxy form.** Management does not contemplate that any of these nominees will be unable to serve as a director and all proposed directors have confirmed their willingness to continue to serve as directors. Each director elected will hold office until the next annual general meeting of the Corporation or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Corporation or the provisions of the *Business Corporations Act* (Ontario) (“**OBCA**”).

The following table and notes thereto sets out information as at March 24, 2017 on each person proposed to be nominated by management for election as a director.

<b>Andre Y. Fortier</b>	<b>Background</b>				
	Corporate Director. Former SVP of Noranda, CEO of Kerr Addison Mines and Campbell Resources. Former Chairman of Conseil de Patronat du Québec.				
	Residency: Montreal, Quebec, Canada	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
		Board (Chair)	9 of 9	100%	N/A
		Audit	4 of 4	100%	
		Compensation (Chair)	1 of 1	100%	
	Director since: March 16, 2005	Safety, Health & Environment	1 of 1	100%	
		<b>Securities Held</b>			
	Chair of the Board since: June 13, 2015	Common Shares			185,600
		DSUs			435,915
Convertible debentures				\$34,000	
Warrants				12,138 (\$0.50)	
<b>Independent</b>	<b>Option Based Awards</b>				
	Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options	
	50,000	\$1.14	Dec 11, 2018	\$30,500	
	50,000	\$0.57	Apr 6, 2020	\$59,000	
	25,000	\$1.75	Mar. 24, 2022	NIL	
<b>2015 AGM Voting Results</b>			<b>Total Compensation in 2016</b>		
Votes in favour: 99%			\$75,000		
<hr/>					
<b>Alan R. McFarland</b>	<b>Background</b>				
	Businessman; Managing Member of McFarland Dewey & Co. since 1989. Former director of Placer Dome Inc. and Masonite International Inc. Founding Director of the World Resources Institute.				
	Residency: New York, U.S.A	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
		Board	9 of 9	100%	N/A
		Audit	4 of 4	100%	
		Nom. & Corp. Gov. (Chair)	2 of 2	100%	
	Director since: November 23, 2006	Safety, Health & Environment	1 of 1	100%	
		<b>Securities Held</b>			
	<b>Independent</b>	Common Shares			75,000
		DSUs			338,103
Convertible Debentures				\$85,000	
Warrants				30,345 (\$0.50)	
<b>Option Based Awards</b>					
Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options		
50,000	\$1.14	Dec 11, 2018	\$30,500		
50,000	\$0.57	Apr 6, 2020	\$59,000		
<b>2015 AGM Voting Results</b>			<b>Total Compensation in 2016</b>		
Votes in favour: 99%			\$61,500		
<hr/>					
<b>Thor E. Eaton</b>	<b>Background</b>				
	Businessman; Chairman of Notae Investments Ltd. since 1998; Trustee of The Thor E. & Nicole Eaton Family Charitable Foundation since 1999; Director of Metaris Inc. since 1993; Director of Pelangio Exploration Inc. since May 2013; Director of Lateegra Gold Corp. from October 2010 to August 2011; Director of Attwell Capital Inc. from June 2009 to September 2010; Director of West Timmins Mining Inc. from September 2006 to November 2009; Director of Fralex Therapeutics from March 2005 to June 2009.				
	Residency: Toronto, Ontario Canada	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
		Board	3 of 9	33%	Pelangio Exploration Inc.
		Compensation	1 of 1	100%	
		<b>Securities Held</b>			
	Director since: August 8, 2011				

<b>Independent</b>	Nominating, Corp. Governance	1 of 2	50%	
	Health, Safety & Environment (Chair)	0 of 1	0%	
	<b>Securities Held</b>			
	Common Shares			1,169,347
	DSUs			190,682
	Convertible Debentures			\$17,000
	Warrants			6,069 (\$0.50)
	<b>Option Based Awards</b>			
	Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options
	50,000	\$1.14	Dec 11, 2018	\$30,500
50,000	\$0.57	Apr 6, 2020	\$59,000	
25,000	\$1.75	Mar 24, 2022	NIL	
<b>2015 AGM Voting Results</b>			<b>Total Compensation in 2016</b>	
Votes in favour: 92%			\$40,181	

<b>Oliver Fernández M.</b>	<b>Background</b>				
	Businessman; Founder and President of Grupo Empresarial Maestro, S.A. de C.V. (Credito Maestro). Former General Manager of Grupo IBADESA, Vice President of Camil Group and Founder and President of FERDAM.				
	Residency: Mexico City, Mexico	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
		Board	5 of 9	56%	N/A
		Health, Safety & Environment	1 of 1	100%	
	Director since: October 25, 2012	<b>Securities Held</b>			
		Common Shares			23,000
		DSUs			272,097
	<b>Independent</b>	<b>Option Based Awards</b>			
		Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options
100,000		\$2.10	Oct 25, 2017	NIL	
50,000		\$1.14	Dec 11, 2018	\$30,500	
50,000		\$0.57	Apr 6, 2020	\$59,000	
25,000		\$1.75	Mar. 24, 2022	NIL	
<b>2015 AGM Voting Results</b>			<b>Total Compensation in 2016</b>		
Votes in favour: 89%			\$39,000		

<b>Ned E. Goodman</b>	<b>Background</b>				
	Founder and Director of Dundee Corporation and the Dundee group of companies.				
	Residency: Innisfil, Ontario Canada	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
		Board	3 of 9	33%	Asante Gold Corporation
		Nominating, Corp. Governance	0 of 1	0%	DREAM Unlimited Corp. Dundee Corporation Dundee Sustainable Technologies Inc. Goodman Gold Trust International Corona Capital Corp. Osisko Mining Corporation
	Director since: July 28, 2015	<b>Securities Held</b>			
		Common Shares			2,899,600*
		DSUs			159,561
	<b>Independent</b>	<b>Option Based Awards</b>			
		Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options
50,000		\$1.14	Dec 11, 2018	\$30,500	
25,000		\$1.75	Mar 24, 2022	NIL	
<b>2015 AGM Voting Results</b>			<b>Total Compensation in 2016</b>		
Votes in favour: 99%			\$51,657		

\* Common shares held by Dundee Corporation, a public company of which Mr. Goodman is a director and controlling shareholder.

<b>Daniella Dimitrov</b>	<b>Background</b>			
	Former CEO and CFO of Orvana Minerals Corp. and Executive Vice Chair of Baffinland Iron Mines Inc. and director of several other mining companies. Chosen as Top 100 Global Inspirational Women in Mining in 2016 with experience in building, operating and streamlining businesses in mining and financial services.			
	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
Residency: Toronto, Ontario				

Canada	Board	1/1	Aldridge Minerals Inc.	
Director since: December 15, 2016	<b>Securities Held</b>			
	Common Shares		Nil	
	RSUs		86,751	
<b>Independent</b>	<b>Option Based Awards</b>			
	Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options
	50,000	\$1.46	Dec 15, 2021	\$14,500
	25,000	\$1.75	Mar. 24, 2022	NIL
	<b>2015 AGM Voting Results</b>		<b>Total Compensation in 2016</b>	
	Votes in favour: N/A		\$125,700	

<b>Dr. Laurie (Laurence) Curits</b>	<b>Background</b>			
	Distinguished exploration geologist and founder of Intrepid Minerals. Previously held several capital market positions, including Senior Mining Analyst at Clarus Securities and Dundee Securities. Currently Chairman of Eastmain Resources Inc.			
Residency: Oakville, Ontario Canada	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
	Board	1/1	Eastmain Resources Inc. Toachi Mining Inc.	
Director since: December 15, 2016	<b>Securities Held</b>			
	Common Shares		Nil	
	RSUs		85,875	
<b>Independent</b>	<b>Option Based Awards</b>			
	Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options
	50,000	\$1.46	Dec 15, 2021	\$14,500
	25,000	\$1.75	Mar. 24, 2022	NIL
	<b>2015 AGM Voting Results</b>		<b>Total Compensation in 2016</b>	
	Votes in favour: N/A		\$125,700	

<b>Brendan T. Cahill</b>	<b>Background</b>			
	President of the Corporation since November 2012 and Chief Executive Officer since March 2013; previously Executive Vice President from July 2012; former Vice President Corporate Development and Corporate Secretary of Pelangio Exploration Inc. (until July 2012), Corporate Secretary of Pelangio Mines Inc. (until Mar. 2009); Director of Lateegra Gold Corp. (until Aug. 2011). Member of the Young Presidents Organization.			
Residency: Toronto, Ontario Canada	<b>Board and Committee Meeting Attendance</b>		<b>Other Public Company Directorships</b>	
	Board	9 of 9	100%	N/A
Director since: April 30, 2013	<b>Securities Held</b>			
	Common Shares		189,830	
<b>Non-Independent</b>	RSUs		400,000	
	Convertible Debentures		\$42,500	
	Warrants		15,173 (\$0.50), 10,000 (\$1.75)	
<b>Independent</b>	<b>Option Based Awards</b>			
	Number of Securities underlying unexercised options	Exercise Price	Expiration Date	Value of unexercised in-the-money Options
	150,000	\$1.14	Dec 11, 2018	\$91,500
	75,000	\$0.57	Apr 6, 2020	\$88,500
	<b>2015 AGM Voting Results</b>		<b>Total Compensation in 2016</b>	
	Votes in favour: 99%		N/A	

## Majority Voting Policy

On March 25, 2014 (as amended and restated on May 10, 2016), the Board adopted a majority voting policy (the “**Majority Voting Policy**”) with immediate effect. A copy of the Majority Voting Policy is available on the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com).

The Majority Voting Policy requires that any nominee for director who receives a greater number of votes “withheld” than “for” his or her election, in an uncontested election, shall immediately tender his or her resignation to the Chairman of the Board for consideration by the Nominating and Corporate Governance Committee (the “**NCGC**”). The NCGC shall consider the resignation in accordance with the Majority Voting

Policy and shall recommend to the Board whether or not it should be accepted. The Board shall act on the recommendations of the NCGC within 90 days following the Shareholders' meeting and disclose its decision by way of press release. No director who, in accordance with the Majority Voting Policy, is required to tender his or her resignation, shall participate in the NCGC's deliberations or recommendation. However, such director shall remain active and engaged in all other Board and committee activities, deliberations and decisions during the NCGC process. If a majority of the members of the NCGC received a majority of votes "withheld" in the same election, or the number of NCGC members who received a majority of votes "withheld" in the same election is greater than quorum of the NCGC, the independent directors then serving on the Board who received a greater number of votes "for" their election than votes "withheld" will appoint an *ad hoc* Board committee from amongst themselves to consider the resignations. If a resignation is accepted, the Board may, in accordance with the provisions of the OBCA, (i) leave the vacancy in the Board unfilled until the next annual meeting of Shareholders, (ii) reduce the size of the Board, (iii) fill the vacancy created by the resignation by appointing a new director whom the Board considers to merit the confidence of Shareholders, or (iv) call a special meeting of Shareholders to consider new board nominee(s) to fill the vacant position(s).

Each of the current directors has agreed to abide by the provisions of the Majority Voting Policy and any subsequent candidate nominated by management will, as a condition of such nomination, be required to abide by the Majority Voting Policy. In the event that any director who received a majority of votes "withheld" does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by the Board.

#### **Corporate Cease Trade Orders or Bankruptcies**

To the best of the Corporation's knowledge, none of the nominees is, as at the date of this Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in any case that was in effect for more than 30 consecutive days (an "order") that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

#### **Personal Bankruptcies**

To the best of the Corporation's knowledge, except as noted below, none of the nominees is, as at the date of this Circular, or has been within the 10 years before the date hereof, (i) a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the nominee.

André Y. Fortier was the President and Chief Executive Officer of Campbell Resources Inc., which made application under the Companies' Creditors Arrangements Act in January 2009. Mr. Fortier was also President of Campbell's subsidiary, Meston Resources Inc., which made a petition for bankruptcy in October 2008.

#### **Penalties and Sanctions**

To the best of the Corporation's knowledge, none of the nominees has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### 3. RE-APPOINTMENT OF AUDITORS

PricewaterhouseCoopers LLP were first appointed auditors of the Corporation on October 22, 2009. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote **FOR** the re-appointment of PricewaterhouseCoopers LLP, as the auditors of the Corporation to hold office until its successor is appointed and to authorize the directors to fix their remuneration.

### 4. APPROVAL OF UNALLOCATED DEFERRED SHARE UNITS UNDER DSU PLAN

The Board adopted a deferred share unit plan (the “**DSU Plan**”) on December 11, 2013 (as amended on March 25, 2014) and it was subsequently approved by Shareholders on April 29, 2014 at the annual meeting of Shareholders. The purpose of the DSU Plan is to promote the alignment of interests between the Directors and the Shareholders while enabling Directors, officers and employees to participate in the long-term success of the Corporation through the grant of DSUs. For a description of the DSU Plan, see “*Statement of Executive Compensation – Long-Term Incentives – Deferred Share Units*”.

The maximum number of Common Shares available for issuance upon vesting of deferred shares units (“**DSUs**”) issued under the DSU Plan, together with Common Shares subject to issuance under the Corporation’s other security-based compensation arrangements, including the Corporation’s incentive stock option plan (the “**Stock Option Plan**”) and the RSU Plan (as defined below), cannot exceed 10% of the Common Shares issued and outstanding from time to time. Since the DSU Plan does not contain a fixed maximum number of securities issuable thereunder, in accordance with the requirements of the Toronto Stock Exchange (the “**TSX**”), all unallocated DSUs under the DSU Plan must be approved Corporation’s Directors and Shareholders every three years after the plan’s adoption.

As the prior approval of the DSU Plan by Shareholders expires effective April 29, 2017, at the Meeting Shareholders will be asked to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution approving all unallocated DSUs issuable pursuant to the DSU Plan (the “**DSU Plan Resolution**”). The approval of Shareholders will be effective for a period of three years from the date of the Meeting. If approval is not obtained at the Meeting, DSUs that have not been allocated as of April 29, 2017 and DSUs that are outstanding as of April 29, 2017 and are subsequently cancelled, terminated or exercised will not be available for a new grant of DSUs. Previously allocated DSUs will continue to be unaffected by the approval or disapproval of the resolution.

#### **Form of DSU Plan Resolution**

The full text of the DSU Plan Resolution is as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- a. all unallocated DSUs under the Corporation’s DSU Plan, as it may be amended from time to time, are hereby approved and authorized, which approval shall remain effective until May 10, 2020; and
- b. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such further agreements, documents and instruments and to do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or thing being conclusive evidence of such determination.” .

**The Board has concluded that the approval of all unallocated DSUs under the Corporation’s DSU Plan is in the best interests of the Corporation and its Shareholders. Accordingly, the Board unanimously recommends that shareholders vote FOR the DSU Plan Resolution. Management proxyholders intend to vote FOR the DSU Plan Resolution, unless otherwise instructed on the proxy form.**

To become effective, the DSU Plan Resolution must be approved by an affirmative vote of at least a simple majority of the votes cast by Shareholders at the Meeting.

## 5. APPROVAL OF UNALLOCATED RESTRICTED SHARE UNITS UNDER RSU PLAN

The Board adopted a restricted share unit plan (the “**RSU Plan**”) on December 11, 2013 (as amended on March 25, 2014) and it was subsequently approved by Shareholders on April 29, 2014 at the annual meeting of Shareholders. The purpose of the RSU Plan is to assist the Corporation in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation to participate in the long-term success of the Corporation and to promote a greater alignment of interests between the participants designated under the RSU Plan and the Shareholders of the Corporation. For a description of the RSU Plan, see “*Statement of Executive Compensation – Long-Term Incentives – Restricted Share Units*”.

The maximum number of Common Shares available for issuance upon vesting of restriction share units (“**RSUs**”), together with Common Shares subject to issuance under the Corporation’s other security-based compensation arrangements, including the Stock Option Plan and the DSU Plan, cannot exceed 10% of the Common Shares issued and outstanding from time to time. Since the RSU Plan does not contain a fixed maximum number of securities issuable thereunder, in accordance with the requirements of the TSX, all unallocated RSUs under the RSU Plan must be approved Corporation’s Directors and Shareholders every three years after the plan’s adoption.

As the prior approval of the RSU Plan by Shareholders expires effective April 29, 2017, at the Meeting Shareholders will be asked to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution approving all unallocated RSUs issuable pursuant to the RSU Plan (the “**RSU Plan Resolution**”). The approval of Shareholders will be effective for a period of three years from the date of the Meeting. If approval is not obtained at the Meeting, RSUs that have not been allocated as of April 29, 2017 and RSUs that are outstanding as of April 29, 2017 and are subsequently cancelled, terminated or exercised will not be available for a new grant of RSUs. Previously allocated RSUs will continue to be unaffected by the approval or disapproval of the resolution.

### Form of RSU Plan Resolution

The full text of the DSU Plan Resolution is as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- a. all unallocated RSUs under the Corporation’s RSU Plan, as it may be amended from time to time, are hereby approved and authorized, which approval shall remain effective until May 10, 2020; and
- b. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such further agreements, documents and instruments and to do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or thing being conclusive evidence of such determination."

**The Board has concluded that the approval of all unallocated RSUs under the Corporation’s RSU Plan is in the best interests of the Corporation and its Shareholders. Accordingly, the Board unanimously recommends that shareholders vote FOR the RSU Plan Resolution. Management proxyholders intend to vote FOR the RSU Plan Resolution, unless otherwise instructed on the proxy form.**

To become effective, the RSU Plan Resolution must be approved by an affirmative vote of at least a simple majority of the votes cast by Shareholders at the Meeting.

## 6. APPROVAL OF SPROTT TRANSACTION AND CONTROL POSITION

At the Meeting, Shareholders will be asked to approve certain matters relating to the Corporation's largest shareholder, Mr. Eric S. Sprott. In particular, Shareholders will be asked to approve two (2) separate resolutions. The first resolution, if passed, would allow Mr. Sprott, subject to certain limitations and restrictions, to increase his shareholding in the Corporation to over 20% through the exercise of common share purchase warrants previously issued to Mr. Sprott. The second resolution, if passed, would allow Mr. Sprott, subject to certain limitations and restrictions, to acquire further securities of the Corporation notwithstanding that at the time of any such acquisition he may own over 20% of the issued and outstanding Common Shares. The ability of Mr. Sprott to increase his shareholding to over 20% and thereafter to acquire additional securities is currently restricted by the rules of the TSX and by the Corporation's Rights Plan (as defined below).

### Background

In 2016, Mr. Eric Sprott participated in two equity financings carried out by the Corporation.

On April 4, 2016, Mr. Sprott acquired 3,333,333 units of the Corporation comprised of aggregate of 3,333,333 Common Shares and 3,333,333 common share purchase warrants ("**Private Placement Warrants**") on a private placement basis (the "**Private Placement**"). Each Private Placement Warrant entitles the holder to purchase one Common Share at the price of \$0.65 on or before April 4, 2018.

On July 26, 2016, Mr. Sprott acquired 5,826,826 units of the Corporation comprised of an aggregate of 5,826,826 Common Shares and 2,913,413 common share purchase warrants ("**Public Offering Warrants**") and together with the Private Placement Warrants, the "**Warrants**") pursuant to a final short prospectus dated July 19, 2016 (the "**Public Offering**" and, with the Private Placement, the "**Offerings**"). Each Public Offering Warrant entitles the holder to purchase one Common Share at the price of \$1.75 on or before July 26, 2018. At the time of completion of the Public Offering, based on Mr. Sprott's SEDI filings, Mr. Sprott held an aggregate of 14,433,082 Common Shares and 6,246,746 Warrants, representing a 19.35% interest in the Corporation on a non-diluted basis and a 25.5% interest on a partially-diluted basis assuming exercise of all the Warrants. As a result of Mr. Sprott's anticipated security holdings on completion of the Public Offering, as a condition to the approval of the Public Offering by the TSX, Mr. Sprott provided an undertaking to the TSX that he would not exercise any Warrants in the event that such exercise would result in him owning more than 19.9% of the Common Shares on a non-diluted basis without first obtaining the approval of Shareholders. The Corporation subsequently undertook to Mr. Sprott to seek Shareholder approval for his exercise of the Warrants and the increase in his holding of Common Shares above 20% of the issued and outstanding Common Shares.

The proceeds from the Offerings were used for ongoing optimization at the Platosa Mine, the acceleration of exploration on the Platosa property and for general sustaining and working capital. Mr. Sprott filed early warning reports on April 5, 2016 and July 26, 2016 (the "**Early Warning Reports**") in respect of the Offerings, with both reports noting that the Common Shares and Warrants acquired pursuant to each "were acquired for investment purposes. Sprott has a long-term view of the investment and may acquire additional Shares either on the open market or through private acquisitions or sell the Shares either on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other relevant factors."

Based on the current number of Common Shares issued and outstanding of 76,144,787, Mr. Sprott currently has an 18.95% interest in the Corporation on a non-diluted basis and a 25.1% interest on a partially-diluted basis assuming exercise of all the Warrants. The Warrants held by Mr. Sprott represent approximately \$7.26 million of additional funding to the Corporation, assuming all are exercised in due course.

## TSX Requirements

As noted above, in connection with the Public Offering Mr. Sprott gave the TSX an undertaking that he would not exercise any Warrants if such exercise would result in him owning more than 19.9% of the Common Shares on a non-diluted basis without the Corporation first obtaining the approval of Shareholders. The requirement for Mr. Sprott to provide the undertaking in connection with the Public Offering stems from the rules of the TSX contained in the TSX Company Manual, and in particular, Rule 604(a)(i), which provides that the TSX will generally require shareholder approval for any transaction that “materially affects control” of the issuer in question. The TSX Company Manual contains a presumption that a transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. This presumption could not be rebutted in the case of Mr. Sprott as he was then already the largest shareholder of the Corporation and would be able to increase his shareholding position if he were permitted to exercise his Warrants.

## Shareholder Rights Plan

The Corporation and Computershare Investor Services Inc. entered into a Shareholders Rights Plan Agreement dated March 24, 2015 (the “**Rights Plan**”) that was subsequently adopted by Shareholders at the Corporation’s annual general meeting held on May 28, 2015. The purpose of the Shareholders Rights Plan is to help ensure fair treatment of all shareholders if any person, including a current Shareholder, commences a take-over of the Corporation. A full copy of the Rights Plan is available for review on SEDAR ([www.sedar.com](http://www.sedar.com)) filed under the Corporation’s profile on April 16, 2015.

Under the terms of the Rights Plan, a person (“**Person**”) who acquires beneficial ownership of 20% or more of the outstanding Common Shares of the Corporation will trigger the operation of the Rights Plan, which would result in Shareholders, other than the Person and its affiliates, being entitled to acquire Common Shares on exercise of the rights issued to them at a substantial discount to prevailing market prices. The dilutive effect of the exercise of rights is intended to deter any Person from acquiring a control position in the Corporation except in compliance with the Rights Plan. In addition, in circumstances where a Person held more than 20% the Common Shares prior to the implementation of the plan or becomes the holder of more than 20% of the Common Shares in a manner permitted by the plan, any further acquisition by the person of 1% or more of the issued and outstanding Common Shares would again trigger the operation of the plan.

In the case of Mr. Sprott, the exercise by him of his Warrants could result in Mr. Sprott owning 20% or more of the Common Shares and would therefore trigger the operation of the Rights Plan. Accordingly, the Board is proposing to waive the application of the Rights Plan solely to allow for the exercise from time to time by Mr. Sprott of his Warrants.

In addition, the Board has agreed to permit Mr. Sprott to acquire additional securities of the Corporation, subject to certain limitations and restrictions. As noted above, the acquisition of 1% or more of the outstanding Common Shares once the Person holds more than 20% of the Common Shares would again trigger the Rights Plan. Accordingly, the Board is proposing that the application of the Rights Plan also be waived for any additional securities that may be acquired by Mr. Sprott, subject to the restrictions contained in the Relationship Agreement described below.

## Investor Relationship Agreement

The Corporation and Mr. Sprott have entered into an investor relationship agreement dated March 24, 2017 (the “**Relationship Agreement**”) containing certain restrictions on Mr. Sprott’s activities relating to the securities of the Corporation. The Board required Mr. Sprott to enter into the Relationship Agreement as condition to the Board agreeing to place the Sprott Resolutions (as defined below) before Shareholders for approval. The Relationship Agreement will remain in force until it automatically terminates effective on the date that Sprott owns or controls less than 20% of the Common Shares on a partially-diluted basis. The



Relationship Agreement will also terminate in the event that the Sprott Resolutions are not passed at the Meeting.

Under the terms of the Relationship Agreement Mr. Sprott and his affiliates (referred to collectively in this section as “**Sprott**”) will be subject to the following restrictions:

#### Standstill

Mr. Sprott is prohibited from, directly or indirectly, (i) making any acquisition or offer to acquire, individually or jointly or in concert with any other person any Common Shares or securities convertible into or exchangeable for Common Shares representing more than 32% of the issued and outstanding Common Shares on a partially-diluted basis; (ii) acting in concert with others to seek to control or influence the management, directors or corporate policies of the Corporation or to obtain representation on the Board of Directors, including through participation in a proxy solicitation; (iii) engaging in any discussions, enter into any agreement or submit a proposal for, or offer of (with or without conditions) any business combination or extraordinary transaction involving the Corporation or any affiliate of the Corporation or any of their respective securities or assets; (iv) entering into any arrangements with any third party with respect to any of the foregoing, including without limitation, entering into any lock-up, voting support or similar arrangement; (v) unless required under applicable securities laws, making any public announcement of any intention to do or take any of the foregoing; and (vi) attempting to induce any party not to make or conclude any proposal with respect to the Corporation by threatening or indicating that Sprott will or may take any of the foregoing actions.

#### Voting

Sprott has agreed not to vote his Common Shares at any meetings of Shareholders against management's recommendations, except in respect of (i) the election of directors; (ii) any equity compensation plans, excluding management's recommendation regarding the approval of all unallocated entitlements under the Corporation's Restricted Share Unit Plan and Deferred Share Unit Plan at the Meeting; (iii) any shareholder rights plan; and (iv) any fundamental changes, acquisitions, financings and change of control transactions. In respect of (i) to (iv), Sprott will be entitled to vote his Common Shares in his discretion.

#### Share Sales

Sprott has agreed that he shall not sell any Common Shares in a private transaction or series of private transactions if, to the knowledge of Sprott after reasonable inquiry, the purchaser and its affiliates would beneficially own more 9.9% of the issued and outstanding Common Shares on a partially-diluted basis following the purchase, without the prior consent of the Corporation.

#### **Shareholder Approval**

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution approving the issuance of up to 6,246,746 Common Shares to Mr. Sprott pursuant to the exercise by Mr. Sprott of his Warrants and waiving the application of the Rights Plan with respect to the exercise by Mr. Sprott of his Warrants (“**Sprott Resolution 1**”).

If Shareholders pass Sprott Resolution 1 at the Meeting, Shareholders will then be asked to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution waiving the application of the Rights Plan to the acquisition by Mr. Sprott from time to time of additional securities of the Corporation from treasury or in the secondary market, subject to the terms of the Relationship Agreement (“**Sprott Resolution 2**” and together with Sprott Resolution 1, the “**Sprott Resolutions**”). Sprott Resolution 2 is contingent on Shareholders passing Sprott Resolution 1. If Shareholders do not pass Sprott Resolution 1 at the Meeting, Sprott Resolution 2 will be withdrawn and will not be put before the Meeting for consideration.

The ability of Mr. Sprott to rely on the waivers of the Rights Plan provided for in the Sprott Resolutions will be conditional on Mr. Sprott's continued compliance with the terms and conditions of the Relationship Agreement.

The votes attached to the 5,826,826 Common Shares acquired by Mr. Sprott on July 26, 2016, will not be counted for the purposes of determining whether or not the Sprott Resolutions have received the requisite approval.

### **Board Considerations**

The Board of Directors believes that the Sprott Resolutions are in the best interests of Shareholders as:

- (a) Eric Sprott is a world-renown investor in the junior mining industry;
- (b) further investment from Mr. Sprott may increase market awareness of the Corporation and have a positive effect on its share price, which is beneficial for all shareholders;
- (c) the Warrants, if wholly exercised, would contribute an additional \$7.26 million of funding to the Corporation, which is currently expected to further accelerate exploration at the Corporation's Platosa and other properties;
- (d) the Relationship Agreement imposes certain limitations and restrictions on the ability of Mr. Sprott to increase his position in the Corporation beyond 32% on a partially-diluted basis, to purchase and sell securities of the Corporation and to exert influence over the affairs of the Corporation, which protects the interests of the other Shareholders; and
- (e) as stated in the Early Warning Reports, Mr. Sprott's stated intent in respect of his shareholding is to hold such Common Shares for investment purposes with a long-term view in respect of such investment.

### **Form of Sprott Resolution 1**

The full text of the Sprott Resolution 1 is as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- a. the issuance of up to an aggregate of 6,246,746 Common Shares to Mr. Sprott pursuant to the exercise of previously issued Warrants, which issuance could materially affect control of the Corporation, is hereby authorized and approved;
- b. the waiver by the Board of Directors of the Corporation of the application of Section 3.1 of the Rights Plan pursuant to Sections 5.1(b) of the Rights Plan with respect to the issuance of up to an aggregate of 6,246,746 Common Shares to Mr. Sprott pursuant to the exercise of the Warrants, provided that he is then in material compliance with the terms and conditions of the Relationship Agreement and the Relationship Agreement has not been terminated, is hereby authorized and approved and any such issuance shall not constitute a Flip-in Event (as such term is defined in the Rights Plan); and
- c. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such further agreements, documents and instruments and to do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or thing being conclusive evidence of such determination."

### **Form of Sprott Resolution 2**

The full text of the Sprott Resolution 2 is as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- a. the waiver by the Board of Directors of the Corporation of the application of Section 3.1 of the Rights Plan pursuant to Sections 5.1(b) of the Rights Plan with respect to the acquisition by Mr. Sprott and/or his affiliates of additional securities of the Corporation from time to time, provided that he is then in material compliance with the terms and conditions of the Relationship Agreement and the Relationship Agreement has not been terminated, is hereby authorized and approved and any acquisition shall not constitute a Flip-in Event (as such term is defined in the Rights Plan); and
- b. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such further agreements, documents and instruments and to do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or thing being conclusive evidence of such determination."

**The Board has concluded that the approval of the transactions involving Mr. Sprott is in the best interests of the Corporation and its Shareholders. Accordingly, the Board unanimously recommends that shareholders vote FOR the Sprott Resolutions. Management proxyholders intend to vote FOR the Sprott Resolutions, unless otherwise instructed on the proxy form.**

To become effective, each of the Sprott Resolutions must be approved by an affirmative vote of at least a simple majority of the votes cast by Shareholders at the Meeting.

## **7. APPROVAL OF SHARES FOR INTEREST PAYMENTS ON DEBENTURES**

At the Meeting, Shareholders will be asked to approve the issuance of Common Shares to satisfy interest payment obligations under outstanding convertible debentures issued by the Corporation in November 2015. In particular, Shareholders will be asked to pass an ordinary resolution approving the issuance by the Board from time to time in its discretion of Common Shares to the holders of the debentures in satisfaction of interest due under the debentures in lieu of cash interest payments.

### **Background**

On November 27, 2015, as part of its \$6,600,000 financing (the "**Debenture Financing**"), the Corporation issued secured convertible debentures in the aggregate principal amount of \$5,610,000 (the "**Debentures**") (see press release dated November 30, 2015). Pursuant to the terms of the Debentures, the Corporation has the option to pay the interest due on the Debentures in Common Shares ("**Interest Shares**") instead of cash. The Corporation has determined that it may in the future elect to exercise its option from time to time to pay interest in Interest Shares. The issuance of Interest Shares requires the approval of the TSX, which will be conditional on the approval of Shareholders. As of the date hereof, a Debentures in the aggregate principal amount of \$5,262,500 remain outstanding.

### **Description of the Debentures**

The Debentures have a term of four years and are convertible into Common Shares prior to maturity at a conversion price of \$0.50 per Common Share. The Debentures bear interest at an annual rate of 3.75% payable in cash semi-annually. Under the terms of the Debentures, interest on the Debentures may alternatively be paid in Common Shares of the Corporation at the Corporation's option on prior notice to the holders of the Debentures based on (i) the 10-day volume-weighted average price of the Common Shares on the TSX prior to the payment date; and (ii) an effective rate of interest of 5% for the applicable period (instead of 3.75%).

The purchasers of the Debentures were also issued an aggregate of 2,002,770 common share purchase warrants ("**Warrants**") with each Warrant entitling the holder to acquire one Common Share at a price of \$0.50 for a period of four years from the date of issuance. As of the date hereof, a total of 1,851,046

Warrants remain outstanding.

In addition, the Corporation issued an aggregate of 480,000 common share purchase warrants (“**Broker Warrants**”) to a third party as compensation for its assistance with the Debenture Financing. Each Broker Warrant entitles the holder to acquire one Common Share at a price of \$0.50 for a period of three years from the date of issuance. As of the date hereof, no Broker Warrants remain outstanding.

Based on the currently outstanding Debentures, the annual interest obligation under the Debentures is \$197,344 if paid in cash and \$263,125 if paid in Interest Shares. The total current interest obligation under the Debentures to the end of their term, assuming no conversion or early repayment, is \$573,718 if paid in cash and \$764,658 if paid in Interest Shares. The number Interest Shares to be issued will vary as the number will be determined based on the 10-day volume-weighted average price of the Common Shares prior to the date of each interest payment. If all the remaining interest obligations under the Debentures were to be paid in Interest Shares, the following sensitivity analysis demonstrates the total number of Interest Shares that would be issued based on certain share price assumptions:

Interest Amount (C\$)	10-VWAP	Number of Interest Shares	% of Issued and Outstanding 27/11/2015 <sup>(1)</sup>	% of Issued and Outstanding 24/03/2017 <sup>(2)</sup>
\$764,658	\$1.50	509,972	0.93%	0.67%
\$764,658	\$1.75	437,119	0.80%	0.57%
\$764,658	\$2.00	382,479	0.70%	0.50%
\$764,658	\$2.25	339,981	0.62%	0.45%

Notes:

1. 54,958,121 Common Shares
2. 76,144,787 Common Shares

As at the date hereof, insiders of the Corporation hold \$178,500 aggregate principal amount of the Debentures, which are convertible into 357,000 Common Shares or 0.47% of the issued and outstanding Common Shares on a partially diluted basis.

### **TSX Requirements**

The TSX Company Manual, and in particular Rule 607(g)(i), provides that an issuer must obtain shareholder approval for any private placement where the aggregate number of listed securities issuable under the private placement is greater than 25% of the number of securities of the listed issuer that are outstanding, on a non-diluted basis, prior to the date of closing of the transaction.

On December 3, 2015, the TSX gave its final approval for the Debenture Financing and the listing of an aggregate of an additional 13,702,772 Common Shares comprised of i) an aggregate of 11,220,000 Common Shares reserved for issuance on the conversion of the \$5,610,000 principal amount of Debentures; (ii) an aggregate of the 2,002,772 Common Shares reserved for issuance on exercise of the Warrants; and (iii) an aggregate of 480,000 Common Shares reserved for issuance on exercise of the Broker Warrants.

The 13,702,772 Common Shares reserved for issuance represented approximately 24% of the then issued and outstanding Common Shares. The Corporation did not seek TSX approval for the issuance of the Interest Shares at the time of the Debenture Financing as the total number of Common Shares reserved for issuance could have exceeded 25% of the then issued and outstanding shares and the Corporation would have been required to obtain shareholder approval prior to closing the Debenture Financing. The Corporation determined that due to the difficult market conditions it was in the best interests of the Corporation not to delay the completion of the Debenture Financing in order to obtain shareholder approval for the issuance of the Interest Shares and to seek approval subsequent to closing, if then determined appropriate.

## Shareholder Approval

The Board has determined that it is in the best interests of the Corporation to have the option to pay the interest on the Debentures in Interest Shares. As such, Shareholders will be asked to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution approving the issuance by the Board from time to time in its discretion of Common Shares to the holders of the Debentures in satisfaction of interest due under the Debentures *in lieu* of cash interest payments (the “**Interest Share Resolution**”).

## Form of Interest Share Resolution

The full text of the Interest Share Resolution is as follows:

“BE IT RESOLVED THAT:

- a. the Corporation is hereby authorized to issue Common Shares from time to time, as determined by the Board of Directors in its sole discretion, to satisfy in whole or on part the interest payable on the Debentures;
- b. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such further agreements, documents and instruments and to do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution and delivery by such trustee, director or officer of any such agreement, document or instrument or the doing of any such act or thing being conclusive evidence of such determination.”

**The Board unanimously recommends that Shareholders vote FOR the Interest Share Resolution. Management proxyholders intend to vote FOR the Interest Share Resolution, unless otherwise instructed on the proxy form.**

To become effective, the Interest Share Resolution must be approved by an affirmative vote of at least a simple majority of the votes cast by Shareholders at the Meeting.

## OTHER BUSINESS

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the notice of Meeting accompanying this Circular. **However, if any other matters properly come before the Meeting, it is the intention of the management proxyholders to vote on the same in accordance with their best judgment on such matters.**

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officers

The following describes the particulars of compensation for a) the CEO, b) the CFO, c) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and d) each individual who would be a named executive officer but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year (each a “**Named Executive Officer**” or “**NEO**”). For the financial year ended December 31, 2016, the Named Executive Officers of the Corporation were:

Brendan Cahill, President and Chief Executive Officer  
Rupy Dhadwar, Chief Financial Officer  
John Sullivan, Vice President Exploration (former)  
Ben Pullinger, Vice President Geology

Denis Flood, Vice President Technical Services

### **Compensation Policy Objectives**

The Corporation's executive compensation program is designed to reward corporate and individual performance, and motivate executives to achieve overall corporate goals.

The Corporation's executive compensation program has the following objectives:

- to attract, retain and motivate qualified executives;
- to provide incentives to executives to maximize productivity and enhance enterprise value by aligning the interests of the executives with those of the Shareholders;
- to foster teamwork and entrepreneurial spirit;
- to establish a direct link between all elements of compensation and the performance of the Corporation and its subsidiaries, and individual performance;
- to integrate compensation incentives with the development and successful execution of strategic and operating plans; and
- to enhance Shareholder value.

The Compensation Committee of the Corporation is comprised of Alan McFarland (Chair), Daniella Dimitrov and Timothy J. Ryan, each of whom is considered independent for the purposes of National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”). Each member of the Compensation Committee has held senior executive and board positions with other publicly traded companies where they have had direct involvement in the development and implementation of compensation policies and practices for employees at all levels, including executive officers. The Board believes that the Compensation Committee members possess all of the knowledge, experience and the profile needed in order to fulfill the mandate of the Compensation Committee.

For the fiscal year ended December 31, 2016, the Compensation Committee was responsible for making recommendations to the Board with respect to the compensation of the Corporation's directors, Named Executive Officers and employees. The Compensation Committee works in conjunction with the Chairman and the President on the review and assessment of the performance of executive officers and other employees in accordance with the Corporation's compensation practices. The Board reviews the Compensation Committee's recommendations to ensure that total compensation paid to all Named Executive Officers is fair and reasonable and is consistent with the Corporation's compensation program.

The Compensation Committee reviewed compensation practices of the following companies in the course of its assessment: Alexco Resource Corp., Americas Silver Corporation, Avino Silver & Gold Mines Ltd., Golden Minerals Company, Great Panther Silver Limited, Impact Silver Corp., Marlin Gold Mining Ltd., SantaCruz Silver Mining Ltd., Scorpio Gold Corp. and Starcore International Mines Ltd. No compensation consultants were retained for comparison of corporate or executive compensation for the 2016 review; however, the Corporation did consult independently prepared industry surveys on compensation practices.

The executive compensation program is comprised of fixed and variable elements of compensation; base salary, indirect compensation (benefits), discretionary bonus, and long-term incentives in the form of DSUs, RSUs and stock options. In determining actual compensation levels, the Compensation Committee considers the total compensation program, rather than any single element in isolation. Total compensation levels are designed to reflect both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity). The Compensation Committee believes these elements of compensation, when combined, form an appropriate mix of compensation, and provide competitive salary, link the majority of the executives' compensation to corporate and individual performance (which induces and rewards behaviour that creates long-term value for Shareholders and other stakeholders), and encourage retention with time-based vesting attached to long-term equity-based incentives.

The compensation level of the President is designed to recognize his personal contributions and leadership. At the end of each fiscal year, the Compensation Committee evaluates the performance of the President,

and the Compensation Committee in consultation with the Chairman formally evaluates the performance of the President. Using both financial and non-financial measures, the Compensation Committee may recommend to the Board an increase to the President's total compensation to levels that are consistent with corporate and individual performance.

Similarly, the Compensation Committee reviews and ensures that the directors' compensation packages are competitive in light of the responsibility and the time commitment required from directors. Based on such reviews, the Committee makes recommendations to the Board with respect to changes to executive compensation and director compensation.

### **2016 Compensation Grants**

On March 22, 2017, the Compensation Committee recommended and the Board of Directors approved certain compensation grants to the NEOs as compensation granted in respect of 2016, which are reflected in the Summary Compensation Table, below. In determining such compensation, the Compensation Committee considered the Corporation's various achievements during 2016, including:

- advancing the implementation of the ongoing optimization plan at the Platosa Mine, which is designed to double productivity and significantly reduce production costs;
- successful financings providing capital for the optimization plan and exploration programs, including the addition of new key shareholder, Eric Sprott;
- sale of DeSantis Property in Timmins, Ontario for shares of Osisko Mining Corporation, with material increases in such shares' value since closing of the transaction;
- key positive exploration results near existing mine infrastructure;
- positive initial court resolution from the Tribunal Unitario Agrario del Distrito Sexto in Torreón, Coahuila in respect of the Corporation's litigation with the Ejido La Sierrita;
- negotiation of improved offtake terms for 2017, with approximately 60% reduction in treatment and refining charges;
- increase in the Common Shares' price during 2016, from \$0.31 to \$1.64, a 435% return; and
- in respect of the CEO, particularly:
  - addition of Vice President Technical Services, Vice President Geology and Vice President Corporate Responsibility, key expertise to the management team;
  - engagement for appointment of highly-regarded board appointees, Dr. Laurie Curtis and Daniella Dimitrov;
  - continued voluntary reduction in base salary, as further described under "Base Salaries", below.

While such compensation grants were made in respect of 2016, the form of compensation was forward looking, with RSUs being granted subject to performance vesting conditions, weighted as follows: (i) operational and financial metrics (45%), (ii) corporate responsibility goals (20%), (iii) share price targets (20%) and (iv) time/retention (15%). No cash bonuses were granted for 2016.

Such compensation grants were made pursuant to the foregoing on March 24, 2017 and as follows:

<b>Name/Title</b>	<b>RSUs (#)</b>	<b>RSUs (\$) <sup>(1)</sup></b>	<b>Expiration Date</b>
Brendan Cahill President & CEO	150,000	\$262,500	Dec. 15, 2020
Rupy Dhadwar CFO	105,000	\$183,750	Dec. 15, 2020
Ben Pullinger Vice President Geology	100,000	\$175,000	Dec. 15, 2020
Denis Flood Vice President Technical Services	90,000	\$157,500	Dec. 15, 2020

(1) Value as of grant date based on a closing share price of \$1.75.

The mix of total direct compensation potentially payable to our Named Executive Officers is as follows:

### **Base Salaries**

Base salaries for the executive officers are designed to be competitive and are adjusted for the realities of the market. Initial base salaries are determined through market comparables, formal job evaluation, commercially available salary survey data, experience level, leadership and management skills, responsibilities and proven or expected performance. The Compensation Committee, in consultation with the Chairman, reviews the recommendations of the President and recommends to the Board the base salaries for executive officers taking into consideration the individual's performance, contributions to the success of the Corporation, and internal equities among positions. No specific weightings are assigned to each factor; instead a subjective determination is made based on a general assessment of the individual relative to such factors.

In June 2013, the President and CEO voluntarily reduced his salary from \$275,000 per annum to \$240,000 per annum. Subsequently, in July 2013, all NEOs at the time (including the President & CEO), voluntarily agreed to reduce their salaries to \$180,000. The CFO's salary was increased to \$205,000 in April 2015 to reflect his significant contributions to the Corporation, but the voluntary reduction of his salary to \$180,000 was maintained. Similarly, the Controller's salary was increased to \$150,000 in April 2015 to reflect his significant contributions to the Corporation, but voluntarily maintained at \$144,000. During mid-2016, these voluntary reductions were reversed in the case of the CFO and Controller and partially reversed in the case of the CEO. The Board of Directors and Compensation Committee review executive compensation on an ongoing basis, with the expectation that salaries will be modified in consideration of commodity prices and the Corporation's financial position.

### **Discretionary Bonus**

A discretionary bonus is intended to provide incentives to executive officers to enhance the growth and development of the Corporation, to encourage and motivate executive officers to achieve short-term goals, and to reward individual contribution to the achievement of corporate objectives. The bonus can be based as a percentage of annual salary or a fixed dollar amount and is awarded at the discretion of the Board as recommended by the Compensation Committee.

### **Long-Term Incentives**

The Corporation's long-term equity portion of executive compensation is designed to align the interests of executive officers with that of Shareholders by encouraging equity ownership through awards of stock options ("**Options**"), DSUs and RSUs, to motivate executives and other key employees to contribute to an increase in corporate performance and Shareholder value, and to attract talented individuals and encourage the retention of executive officers and other key employees by vesting Options, DSUs and RSUs over a period of time.



### *Stock Options*

The Corporation grants Options to its NEOs. The timing of the grant, and number of Common Shares made subject to option is recommended by the Chairman and the President, reviewed and approved (or revised, if thought appropriate) by the Compensation Committee in consultation with the Chairman, and implemented by a resolution of the Board. The review of proposed option grants by the Compensation Committee (which is composed of independent directors) and the implementation thereof by the Board (which is comprised of a majority of independent directors) provides the independent directors with significant input into such compensation decisions. Consideration in determining option grants is given to, amongst other things, the total number of Options outstanding, the current and future expected contribution to the advancement of corporate objectives, the position of the individual, tenure, and previous option grants to selected individuals. No specific weightings are assigned to each factor; instead a subjective determination is made based on an assessment of the individual relative to such factors. Grants of Options also comprise a portion of the compensation package offered to attract and retain new directors and executive officers to the Corporation. Options granted by the Board are priced at the closing price of the Common Shares on the TSX on the last trading day prior to the date of grant. Please see "*Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan*" for further information.

During the fiscal year ended December 31, 2016, 100,000 Options were granted to directors and 40,000 Options were granted to employees and consultants of the Corporation for an aggregate total of 140,000 Options.

### *Deferred Share Units*

The Board adopted the DSU Plan effective as of December 11, 2013, as amended on March 25, 2014 and approved by Shareholders on April 29, 2014. The purpose of the DSU Plan is to promote the alignment of interests between the directors and Shareholders while enabling directors, officers and employees to participate in the long-term success of the Corporation through the grant of DSUs. The Board's current policy is that DSUs will be granted to directors, officers and employees. Upon vesting, each DSU Award entitles the DSU Participant to receive, subject to adjustment as provided for in the DSU Plan, a lump sum cash payment or, at the Corporation's discretion, Common Shares equal to the whole number of DSUs credited to the DSU Participant plus a cash settlement for any fraction of a DSU. For the purposes of the DSU Plan, the value of the DSU on the Settlement Date is the market price, being the volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding such Settlement Date, but if the Common Shares did not trade on such trading days, the market price shall be average of the bid and ask prices in respect of the Common Shares at the close of trading on such trading day. The DSU Plan is posted on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

During the fiscal year ended December 31, 2016, 349,227 DSUs were granted to directors of the Corporation.

### *Restricted Share Units*

The Board adopted the RSU Plan effective as of December 11, 2013, as amended on March 25, 2014 and approved by Shareholders on April 29, 2014. The purpose of the RSU Plan is to assist the Corporation in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation to participate in the long-term success of the Corporation and to promote a greater alignment of interests between the participants designated under the RSU Plan and the Shareholders of the Corporation. Under the RSU Plan, RSUs may be granted at the discretion of the Board as a bonus to executives taking into account a number of factors, including the amount and term of RSUs previously granted, base salary and bonuses and competitive market factors. The Board establishes the vesting conditions for each Grant at the time of grant, but if no specific conditions are set, the vesting date will be December 15th of the third calendar year following the grant date.

Almost all outstanding RSUs as of December 31, 2016 are subject to performance vesting conditions relating to the Corporation's (i) operational and financial metrics, (ii) corporate responsibility measures and

(iii) share price targets.

Upon vesting, each RSU entitles the RSU Participant to receive, subject to adjustments as provided for in the RSU Plan, one Common Share or payment in cash for the equivalent thereof. For the purposes of the RSU Plan, the value of the RSU on vesting is the market price, being the closing volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding such vesting date, but if the Common Shares did not trade on such trading days, the market price shall be average of the bid and ask prices in respect of the Common Shares at the close of trading on such trading day. The RSU Plan contemplates various entitlements in the event of a change of control. The RSU Plan is posted on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

During the fiscal year ended December 31, 2016, 410,000 RSUs were granted to employees and consultants of the Corporation.

### ***Indirect Compensation***

The primary benefits offered to the Named Executive Officers include participation in group health, dental, extended medical coverage, and life insurance, including long-term disability, paid vacation and payment of any professional dues on the individual's behalf, which benefits are generally available to all employees of the Corporation.

### ***Pension Plan Benefits***

The Corporation does not provide retirement benefits for directors, executive officers or employees.

### ***Share Ownership Requirements***

The Corporation has not imposed minimum share ownership requirements, in line with industry practices for similar companies of its size.

### ***Risks Associated with Compensation Practices***

As of the date of this Circular, the Corporation's directors had not, collectively, considered the implications of any risks associated with the Corporation's compensation policies applicable to its executive officers.

### ***Financial Instruments***

The Corporation has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. As of the date of this Circular, entitlement to grants of incentive Options under the Corporation's Stock Option Plan, the DSU Plan or the RSU Plan are the only equity-based security elements awarded to executive officers and directors.

## Summary Compensation Table

The table below is a summary of total compensation paid to the NEOs for each of the Corporation's three most recently completed financial years ending December 31, 2016:

Summary Compensation Table									
Name and Principal Position	Year	Salary (\$)	Share-based Awards <sup>(1)</sup> (\$)	Option-based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(2)</sup>	Long-term Incentive Plans			
<b>Brendan Cahill</b> <sup>(3)</sup> President, Chief Executive Officer and Director	2016	192,500	262,500	NIL	NIL	NIL	NIL	NIL	455,000
	2015	180,000	103,500	25,550	NIL	NIL	NIL	NIL	309,050
	2014	180,000	NIL	NIL	NIL	NIL	NIL	NIL	180,000
<b>Rupy Dhadwar</b> <sup>(3)</sup> Chief Financial Officer	2016	190,417	183,750	NIL	NIL	NIL	NIL	NIL	374,167
	2015	180,000	69,100	17,034	NIL	NIL	NIL	NIL	266,134
	2014	180,000	NIL	NIL	NIL	NIL	NIL	NIL	180,000
<b>John R. Sullivan</b> <sup>(4)</sup> Vice-President Exploration	2016	188,333	196,000	NIL	NIL	NIL	NIL	NIL	384,333
	2015	180,000	33,100	11,924	NIL	NIL	NIL	NIL	225,024
	2014	180,000	NIL	NIL	NIL	NIL	NIL	NIL	180,000
<b>Ben Pullinger</b> <sup>(5)</sup> Vice-President Exploration	2016	61,410	469,000	NIL	NIL	NIL	NIL	NIL	530,410
<b>Denis Flood</b> <sup>(6)</sup> Vice-President Technical Services	2016	82,500	284,500	NIL	NIL	NIL	NIL	NIL	367,000

<sup>(1)</sup> RSUs are granted with performance, share price and time vesting criteria. The valuation of RSUs reflects the value on the date of grant. None of such RSUs vested during the year of grant. Certain portions of share-based compensation were granted subsequent to December 31, 2016 (on March 24, 2017) in respect of 2016, as further discussed under "2016 Compensation Grants", above.

<sup>(2)</sup> The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2016, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 0.83%, no dividend yield, expected life of 5 years and an expected price volatility of 79.97%. For 2015, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 0.65%, no dividend yield, expected life of 5 years and an expected price volatility of 74.4%. For 2014, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.47%, no dividend yield, expected life of 5 years and an expected price volatility of 73.97%. The calculation of fair market value is based on the Black-Scholes pricing model, selected as it is widely used in estimating option-based compensation values by Canadian public companies. The Black-Scholes model is a pricing model, which may or may not reflect the annual value of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

<sup>(3)</sup> Refer to "Base Salaries", above, for a discussion of voluntary salary reductions implemented by the CEO and CFO from 2013.

<sup>(4)</sup> Mr. Sullivan stepped down as Vice President Exploration on September 12, 2016 and remained on the Corporation's payroll until December 31, 2016. Share-based awards during 2016 represent RSUs granted upon retirement on September 12, 2016, subject to time vesting conditions.

<sup>(5)</sup> Mr. Pullinger joined the Corporation as Vice President Geology on September 12, 2016 and received 150,000 RSUs in connection with his appointment, which RSUs are subject to performance and time vesting conditions. On March 24, 2017, he was granted 100,000 RSUs in connection with annual compensation, with forward looking operational, corporate responsibility, share price and time vesting conditions, as further described above under "2016 Compensation Grants." Share-based value represents the value of such RSUs on the date of grant.

<sup>(6)</sup> Mr. Flood joined the Corporation as Vice President Technical Services on July 18, 2016, and received 150,000 RSUs in connection with his appointment, which RSUs are subject to performance and time vesting conditions. On March 24, 2017, he was granted 90,000 RSUs in connection with annual compensation, with forward looking operational, corporate responsibility, share price and time vesting conditions, as further described above under "2016 Compensation Grants." Share-based value represents the value of such RSUs on the date of grant.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

Option-based awards outstanding in respect of each NEO as at December 31, 2016 were as follows:

Name	Option Based Award				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(2)</sup>
<b>Brendan Cahill</b> President, Chief Executive Officer and Director	150,000 75,000	1.14 0.57	12/11/2018 04/06/2020	75,000 80,250	250,000	410,000
<b>Rupy Dhadwar</b> Chief Financial Officer	25,000 50,000	1.14 0.57	12/11/2018 04/06/2020	12,500 53,500	160,000	262,400
<b>John R. Sullivan</b> Vice-President Exploration	25,000 11,666	1.14 0.57	12/11/2018 12/31/2018	12,500 12,483	20,000	32,800
<b>Ben Pullinger</b> Vice President Geology	N/A	N/A	N/A	N/A	150,000	246,000
<b>Denis Flood</b> Vice President Technical Services	N/A	N/A	N/A	N/A	100,000	164,000

<sup>(1)</sup> The "Value of unexercised in-the-money options" reflects the aggregate dollar amount of (vested and unvested) unexercised in-the-money options held at the end of the year. The amount is calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2016 (\$1.64) and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

<sup>(2)</sup> The "Market or payout value of share-based awards that have not vested" reflects the aggregate dollar amount of unvested and unexercised share based awards held at the end of the year. The amount is calculated based on the closing price of the Common Shares on the TSX on December 31, 2016 (\$1.64).

### Value Vested or Earned During the Year

For the year ended December 31, 2016, the following table sets forth for each Named Executive Officer the value that would have been realized if the option-based incentive plan awards had been exercised on their vesting date, and the value earned under the non-equity incentive plan.

Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-based awards – Value Vested During the Year (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
<b>Brendan Cahill</b>	2,250	170,019	NIL
<b>Rupy Dhadwar</b>	1,500	93,510	NIL
<b>John R. Sullivan</b>	1,050	93,510	NIL
<b>Ben Pullinger</b>	NIL	NIL	NIL
<b>Denis Flood</b>	NIL	NIL	NIL

Notes:

- (1) The value of options which vested during the fiscal year ended December 31, 2016 was calculated based on the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) The value of share based awards which vested during the fiscal year ended December 31, 2016 was calculated based on the volume-weighted average price of the Common Shares on the TSX for the five trading days prior to the vesting date. Share-based awards in this column represent RSUs that were paid out in cash upon vesting in Q3 2016.

## **Employment Agreements**

Of the NEOs, the Corporation has employment agreements in place with its President, Chief Financial Officer, Vice President Geology and Vice President Technical Services. All of the executive employment agreements provide for base salary, discretionary bonuses and stock option awards, as approved by the Board, paid vacation and enrolment in the Corporation's benefits plan, which benefits are generally available to all employees of the Corporation, and provide payment on termination without just cause or in the event of change of control of the Corporation as described below.

## **Termination and Change of Control Benefits**

"Change of Control" for the Corporation is defined in the Corporation's employment agreements with the CFO, Vice President Geology and Vice President Technical Services, as:

- (a) "the completion of a transaction or series of transactions constituting an acquisition, merger, amalgamation, consolidation, transfer, sale arrangement, reorganization, recapitalization, reconstruction or other similar event by virtue of which the Shareholders of the Corporation immediately prior to such transaction or series of transactions hold less than 50% of the voting Common Shares or successor company following completion of such transaction or series of transactions; or
- (b) the disposal of all or substantially all of the assets of the Corporation; or
- (c) a transaction or series of transactions, as a result of which a majority of the directors of the Corporation are removed from office at any annual or special meeting of Shareholders, or a majority of the directors of the Corporation resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than directors or management of the Corporation in place immediately prior to the removal or resignation of the directors."

In the case of the President and CEO, a "Change of Control" is defined as follows:

- (a) "the completion of a transaction or series of transactions constituting an acquisition, merger, amalgamation, consolidation, transfer, sale, arrangement, reorganization, recapitalization, reconstruction or other similar event by virtue of which the Shareholders of the Corporation immediately prior to such transaction or series of transactions hold less than 60% of the voting Common Shares or successor company following completion of such transaction or series of transactions, or
- (b) the disposition of all or substantially all of the business or assets of the Corporation to another person or persons pursuant to one or a series of transactions,
- (c) a transaction or series of transactions as a result of which a majority of the directors of the Corporation are removed from office at any annual or special meeting of Shareholders, or a majority of the directors of the Corporation resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than directors or management of the Corporation in place immediately prior to the removal or resignation of the directors,
- (d) at any time a person, directly or indirectly, beneficially owns more than 30% of the voting Common Shares, or
- (e) at any time persons, acting jointly or in concert, directly or indirectly, beneficially own in the aggregate more than 30% of the voting Common Shares."

**Brendan Cahill, President and Chief Executive Officer:** Under the terms of his employment agreement, within six months of a Change of Control, if Mr. Cahill's employment is terminated (whether with or without just cause) or he chooses to terminate his employment at his sole discretion, Mr. Cahill is entitled to receive a lump sum payment equal to three times the sum of (i) his base salary at the time of termination of employment plus (ii) the bonus paid to him for the previous year. In addition, Mr. Cahill's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months

following termination and the day he commences employment with another employer. In the event of the termination of Mr. Cahill's employment without just cause either before or in the absence of a Change of Control or beyond a six-month period following a Change of Control, Mr. Cahill is entitled to receive a lump sum payment of two times his base salary.

**Rupy Dhadwar, Chief Financial Officer:** Under the terms of his employment agreement, within six months of a Change of Control, if Mr. Dhadwar's employment is terminated without just cause or he chooses to terminate his employment at his sole discretion, Mr. Dhadwar is entitled to receive a lump sum payment equal to three years' base salary. In addition, Mr. Dhadwar's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. In the event of the termination of Mr. Dhadwar's employment without just cause either before or in the absence of a Change of Control or beyond a six-month period following a Change of Control, Mr. Dhadwar is entitled to receive a lump sum payment of two times his base salary.

**Ben Pullinger, Vice President Geology:** Under the terms of his employment agreement, within six months of a Change of Control, if Mr. Pullinger's employment is terminated without just cause or he chooses to terminate his employment at his sole discretion, Mr. Pullinger is entitled to receive (i) a payment equal to two years' base salary, (ii) a payment equal to the aggregate cash bonus, if any, payable in the preceding two (2) calendar years and (iii) group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 24 months following termination and the day he commences employment with another employer. In the event of the termination of Mr. Pullinger's employment without just cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Pullinger is entitled to receive (i) a lump sum payment equal to his base salary and (ii) group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer.

**Denis Flood, Vice President Technical Services:** Under the terms of his employment agreement, prior to July 18, 2017, within six months of a Change of Control, if Mr. Flood's employment is terminated without just cause or he chooses to terminate his employment at his sole discretion, Mr. Flood is entitled to receive (i) a payment equal to his base annual salary, (ii) a payment equal to the bonus payable, if any, in the preceding calendar year and (iii) group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer. Subsequent to July 18, 2017, the entitlements set out in (i)-(iii) shall be based on two years instead of one (12 months). In the event of the termination of Mr. Flood's employment without just cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Flood is entitled to receive (i) a lump sum payment equal to his base salary and (ii) group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of 12 months following termination and the day he commences employment with another employer.

The table below sets out the estimated incremental payments, payables and benefits due to each of the Named Executive Officers for termination on a change of control, assuming termination on December 31, 2016:

Name	Triggering Event	Base Salary <sup>(1)</sup> \$	Value of Option-Based Awards if Exercised on Termination <sup>(2)</sup> \$	All Other Compensation <sup>(3)</sup> \$	Total \$
Brendan Cahill	Change of control	825,000	155,250	410,000	1,390,250
	Termination without just cause	550,000	128,500	NIL	678,500
Rupy Dhadwar	Change of control	615,000	66,000	262,400	943,400
	Termination without just cause	410,000	48,167	NIL	458,167
Ben Pullinger	Change of control	400,000	NIL	246,000	646,000
	Termination without just cause	200,000	NIL	NIL	200,000

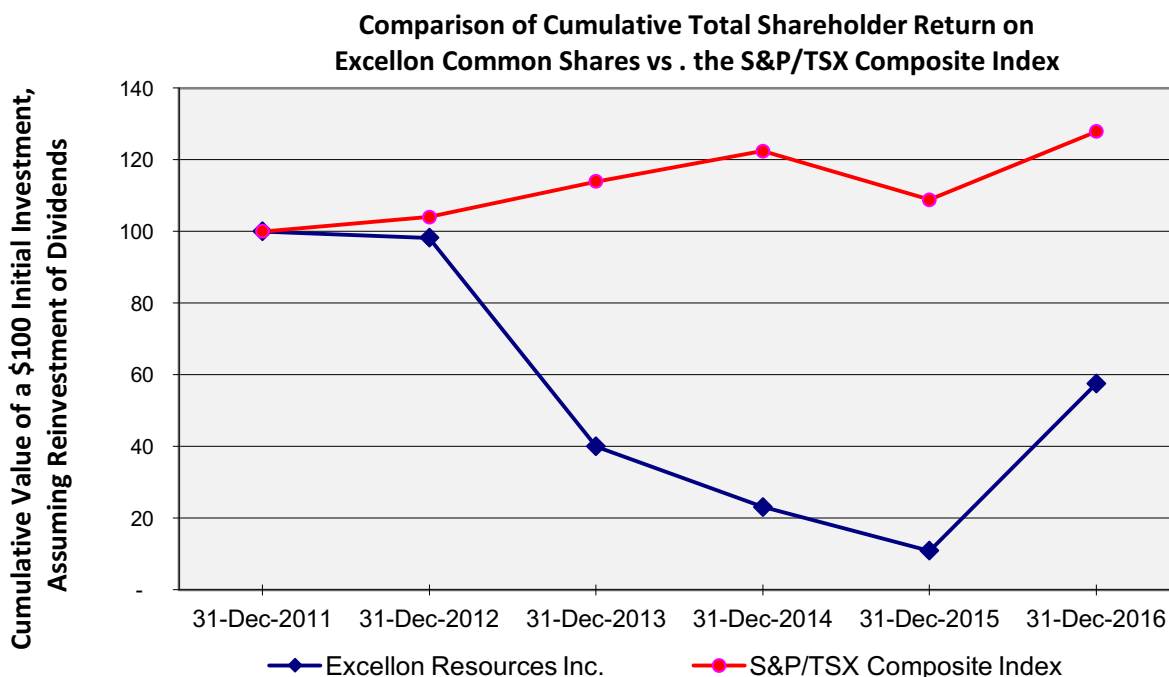
Name	Triggering Event	Base Salary <sup>(1)</sup> \$	Value of Option-Based Awards if Exercised on Termination <sup>(2)</sup> \$	All Other Compensation <sup>(3)</sup> \$	Total \$
Denis Flood	Change of control	180,000	NIL	164,000	344,000
	Termination without just cause	180,000	NIL	NIL	180,000

**Notes:**

- (1) See "Base Salaries", above, for a discussion of the voluntary salary reductions agreed to by certain NEOs in 2013. These voluntary reductions do not apply for the purposes of compensation payments upon a change of control or termination without just cause and this column consequently reflects the salaries agreed with each NEO prior to such reductions.
- (2) The value of unexercised options was calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2016 (\$1.64) and the exercise price of the options. Where the difference is negative, the options are not in-the-money and no value is reported. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (3) Reflects the value attributable to DSUs or RSUs, as applicable, at vesting on the Triggering Event. The amount payable for continuing benefit coverage is dependent upon the Named Executive Officer obtaining alternative employment within the time period discussed above and cannot be determined at this time.
- (4) Subject to standard statutory payments under applicable employment legislation.

**Performance Graph**

The following graph compares the yearly change in the cumulative total Shareholder return over the five most recently completed financial years, assuming a \$100 investment in the Common Shares on December 31, 2011 against the return of the S&P/TSX Composite Total Return Index, assuming the reinvestment of dividends, where applicable, for the comparable period.



	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16
Excellon Resources Inc.	\$100	\$98	\$40	\$23	\$11	\$58
S&P/TSX Composite Index	\$100	\$104	\$114	\$122	\$109	\$128

The S&P/TSX Composite Index is an index of the stock prices of the largest companies on the TSX as measured by market capitalization. Stocks included in this index cover all sectors of the economy and the S&P/TSX Composite Index has traditionally been heavily weighted towards financial stocks. In addition, global commodity prices, world economic conditions, and general market conditions are significant factors affecting stock market performance, which are beyond the control of the Corporation's officers.

As discussed above, compensation for the Corporation's Named Executive Officers is comprised of different elements. These include elements relating to factors that do not directly correlate to the market price of the Common Shares, such as base salary, as well as elements that more closely correlate to the Corporation's performance and financial condition, such as short-term and long-term incentives. The elements of executive compensation are designed to attract and retain top quality executives to manage and grow the business through both adverse and favourable economic cycles.

The performance of the Common Shares on the TSX was strong during 2016, increasing from \$0.31 to \$1.64, a return of 435%. The Common Shares' performance during 2016 exceeded that of its peer group and the precious metals market, though the broader precious metals market generally saw much improved returns. The performance of the Common Shares was benefitted by key financings in April and July 2016, both of which saw material participation from Eric Sprott, as further discussed above. Additionally, the Corporation saw inclusion in three exchange traded funds over the course of the year: the PureFunds Silver Miners ETF, the Global X Silver Miners ETF and the Blackrock Global Silver Miners ETF. The performance of the Common Shares and the new investments described in the foregoing were factors considered in respect of NEO compensation during the year, as described further above under "2016 Compensation Grants."

## DIRECTORS COMPENSATION

### Summary Compensation Table

The following table sets forth all compensation paid, awarded or earned by the non-executive directors of the Corporation during the year ended December 31, 2016.

Directors Compensation Table <sup>(2) (3)</sup>							
Name	Fees Earned (\$) <sup>(1)</sup>	Share-Based Awards (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
André Y. Fortier	75,000	NIL	NIL	NIL	N/A	NIL	75,000
Alan R. McFarland	61,500	NIL	NIL	NIL	N/A	NIL	61,500
Timothy J. Ryan	66,000	NIL	NIL	NIL	N/A	NIL	66,000
Thor E. Eaton	40,181	NIL	NIL	NIL	N/A	NIL	40,181
Oliver Fernández	39,000	NIL	NIL	NIL	N/A	NIL	39,000
Ned Goodman	39,319	12,338	NIL	NIL	N/A	NIL	51,657
Daniella Dimitrov <sup>(5)</sup>	2,871	77,000 <sup>(5)</sup>	45,829	NIL	N/A	NIL	125,700
Laurie Curtis <sup>(5)</sup>	2,871	77,000 <sup>(5)</sup>	45,829	NIL	N/A	NIL	125,700

<sup>(1)</sup> During 2016, non-executive directors of the board elected to receive a portion of their DSUs in lieu of all cash board fees, with approximately 71% of fees (normally payable in cash) being issued in the form of DSUs, resulting in the total issuance of 242,664 DSUs in respect of such fees. Values in this column aggregate the fees paid in cash and the total value of DSUs granted in lieu of fees based on the grant date value of such DSUs.

<sup>(2)</sup> The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2016, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 0.83%, no dividend yield, expected life of 5 years and an expected price volatility of 79.97%. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

<sup>(3)</sup> The table does not include any amount paid as reimbursement for travel, meals and accommodation expenses to attend



- Board and/or Committee meetings.
- (5) Ms. Dimitrov and Mr. Curtis were appointed to the Board of Directors effective December 15, 2016, with share-based awards representing the value of DSUs granted on that date based on the closing price of the Common Shares of \$1.46 on that date.

The Board, on recommendation of the Compensation Committee, determines director compensation. The objective in determining such director compensation is to ensure that the Corporation can attract and retain experienced and qualified individuals to serve as directors. The Corporation compensates its non-executive directors through the payment of directors' fees (on an annual retainer, committee chair, committee member, and per meeting attendance basis) and through the grant of incentive Options, DSUs and RSUs. As of the year ended December 31, 2016, non-executive directors received the following annual retainers and other fees for their services as directors (which may be payable in DSUs at the director's option):

Director Retainer (base)	30,000
Audit Committee Chair (additional retainer)	15,000
Compensation Committee Chair (additional retainer)	7,500
Other Committee Chair (additional retainer)	7,500
Meeting Attendance Fee	1,500

All retainers are paid *pro rata* on a quarterly basis. Directors are also reimbursed for out-of-pocket expenses incurred in attending meetings and otherwise carrying out their duties as directors of the Corporation. In addition, directors are eligible to participate in the Corporation's Stock Option Plan, DSU Plan and RSU Plan, and historically the Corporation has granted options to members of the Board. As of the date of this Circular, the Corporation had awarded outstanding options to purchase 1,484,998 Common Shares, of which 750,000 have been granted to non-executive directors, representing approximately 50% of outstanding options.

As of March 24, 2017, the Corporation has 2,180,636 DSUs outstanding of which 2,150,636 DSUs were issued to directors in respect of board compensation and in lieu of board fees.

## Incentive Plan Awards

### *Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation*

The following table sets out option-based awards outstanding for each non-executive director based on a closing price of \$1.64 for the Common Shares on the TSX as of December 31, 2016.

Director Name	Option Based Award				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
André Y. Fortier	50,000	1.14	12/11/2018	25,000	385,915	632,901
	50,000	0.57	04/06/2020	53,500		
Alan R. McFarland	50,000	1.14	12/11/2018	25,000	338,103	554,489
	50,000	0.57	04/06/2020	53,500		
Timothy J. Ryan	50,000	1.14	12/11/2018	25,000	371,265	608,875
	50,000	0.57	04/06/2020	53,500		
Thor E. Eaton	50,000	1.14	12/11/2018	25,000	289,948	475,515
	50,000	0.57	04/06/2020	53,500		
Oliver Fernández	100,000	2.10	10/25/2017	100,000	237,097	388,839
	50,000	1.14	12/11/2018	25,000		
	50,000	0.57	04/06/2020	53,500		

Director Name	Option Based Award				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Ned Goodman	50,000	1.14	12/11/2018	25,000	165,682	271,718
Daniella Dimitrov	50,000	1.46	12/15/2021	9,000	51,751	84,872
Laurie Curtis	50,000	1.46	12/15/2021	9,000	50,875	83,435

<sup>(1)</sup> The value of unexercised in-the-money options reflects the aggregate dollar amount of (vested and unvested) unexercised options held at the end of the year. The amount is calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2016 (\$1.64) and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

### **Value Vested or Earned During the Year**

For the year ended December 31, 2016, the following table sets forth, for each non-executive director, the value that would have been realized if the option-based incentive plan awards had been exercised on their vesting date.

Director Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
André Y. Fortier	1,500	NIL	N/A
Alan R. McFarland	1,500	NIL	N/A
Timothy J. Ryan	1,500	NIL	N/A
Thor E. Eaton	1,500	NIL	N/A
Oliver Fernández	1,500	NIL	N/A
Ned E. Goodman	NIL	NIL	N/A
Daniella Dimitrov	NIL	NIL	N/A
Laurie Curtis	NIL	NIL	N/A

**Notes:**

<sup>(1)</sup> The value of options which vested during the fiscal year ended December 31, 2016 was calculated based on the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the Corporation's equity compensation plans as of December 31, 2016, under which securities of the Corporation are authorized for issuance to directors, officers, employees and consultants of the Corporation and its affiliates:

### *Equity Compensation Plan Information*

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(1)</sup>	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by Shareholders	4,717,301	\$1.08	2,880,511
Equity compensation plans not approved by Shareholders	NIL	NIL	NIL
<b>Total</b>	<b>4,717,301</b>	<b>\$1.08</b>	<b>2,880,511</b>

<sup>(1)</sup> In respect of the 1,501,665 Options outstanding, as an exercise price in respect of the DSUs and RSUs is not applicable.

### **Stock Option Plan**

The Board established the Stock Option Plan in 2004. The purpose of the Stock Option Plan is to attract and motivate directors, senior officers, employees, and others providing services to the Corporation (the "**Eligible Persons**"), and thereby advance the Corporation's interests, by affording such persons with an opportunity to acquire an equity interest in the Corporation through the issuance of Options. The Corporation subsequently adopted an amended stock option plan, approved by Shareholders of the Corporation on December 11, 2009 and which is the plan currently in effect, in order to bring the terms of the 2004 Stock Option Plan in line with current TSX policies.

The Compensation Committee administers the Stock Option Plan. Notwithstanding, the Board retains independent and concurrent power to undertake any action delegated to the Committee, whether with respect to the Stock Option Plan as a whole or with respect to individual Options granted or to be granted under the Stock Option Plan.

The maximum number of Common Shares that may be reserved for issuance under the provisions of the Stock Option Plan is ten (10%) percent of the number of issued and outstanding Common Shares from time to time, provided that if any Option is exercised, forfeited, terminated, cancelled or expires for any reason whatsoever, then the maximum number of Common Shares for which Options may be granted shall be increased by the number of Common Shares which were exercised, forfeited, terminated, cancelled or expired. Every three years since the approval of the amended plan in 2007, all unallocated Options under the Stock Option Plan must be approved by a majority of the Board and the Shareholders for the ensuing three years.

As at March 24, 2017, 7,614,479 Options were authorized for issuance under the Stock Option Plan representing 10% of the issued and outstanding Common Shares on such date. Of the Options available for issuance, 1,804,998 Options had been granted to Eligible Persons under the Stock Option Plan (the "**Optionees**"), representing 2.4% of the issued and outstanding Common Shares. The principal terms of the Stock Option Plan are as follows:

The aggregate number of Common Shares reserved for issuance pursuant to Options granted to (a) insiders may not exceed (i) 10% of the issued and outstanding Common Shares at the time of grant, or (ii) 10% of the issued and outstanding Common Shares in any 12 month period; and (b) any one individual in any one-year period may not exceed 5% of the issued Common Shares; in each case calculated as at the date of grant of the Option, including all other Common Shares under option to such person at that time.

Exercise Price: The exercise price of an Option shall not be less than the closing price of the Common Shares on the TSX on the trading day immediately preceding the day on which the Option is granted

(provided that if there are no trades on such day then the last closing price within the preceding ten trading days will be used, and if there are no trades within such ten-day period, then the simple average of the bid and ask prices on the trading day immediately preceding the day of grant will be used).

Term: Options may be exercisable for a period determined at the time of grant of up to a maximum of 10 years from the date of grant.

Vesting: The vesting period of all Options shall be as determined by the Board at the time of grant.

Termination of Options: In the event of an Optionee ceasing to be a director, officer, employee or service provider of the Corporation for any reason other than death (including resignation, retirement or termination without just cause) prior to the expiry time of an Option, such Option shall cease and terminate on the earlier of i) the expiry time of such Option, ii) the 30th day following the effective date of such resignation or retirement, or iii) the date notice of termination of employment is given or received by the Corporation. In the event of termination for cause, such Option shall terminate immediately upon the date notice of termination of employment for cause is given by the Corporation. In the event of the death of an Optionee, Options held by the Optionee at the time of death which were exercisable may be exercised by the Optionee's legal representatives at any time up to and including (but not after) the earlier of the date that is six (6) months following the date of death of the Optionee and the expiry time of such Option.

Non-Assignability: Neither the Options granted under the Stock Option Plan nor the benefits and rights of any Optionee under any Option shall be assignable or transferable except as specifically provided in the event of the death of the Optionee.

Amendments and Termination of the Stock Option Plan: The Board may, subject to the approval of the TSX, terminate, suspend or discontinue the Stock Option Plan at any time and may make the following amendments or revisions to the terms of the Stock Option Plan or an Option without the approval of the Shareholders: (a) amendments of a "housekeeping" nature; (b) a change to the vesting provisions of an Option or the Stock Option Plan; (c) a change to the termination provisions of an Option or the Stock Option Plan that does not entail an extension beyond maximum option period; (d) the addition of, and any subsequent amendment to, a cashless exercise feature, payable in cash or securities; (e) a modification of the requirements as to eligibility for participation in the Stock Option Plan; and (f) the addition of, and any subsequent amendment to, a financial assistance provision.

The approval of the Board and the requisite approval from the TSX and the Shareholders shall be required for any of the following amendments to be made to the Stock Option Plan:

- (a) any amendment to increase the number of Common Shares issuable under the Stock Option Plan, including an change in the fixed maximum percentage of Common Shares;
- (b) a reduction in the exercise price of an Option prior to its expiry benefitting an insider of the Corporation;
- (c) an increase in the maximum number of Common Shares that may be issued to insiders within any one year period or that are issuable to insiders at any time;
- (d) an extension of the term of an Option held by or benefiting an insider beyond the original expiry date (except, for greater certainty, in cases of blackout period in conformity with the terms of the Stock Option Plan);
- (e) any amendment to remove or exceed the insider participation limit as provided in the Stock Option Plan;
- (f) any amendment to an amending provision within the Stock Option Plan; and
- (g) any amendments that may lead to a significant or unreasonable dilution in the outstanding Common Shares or may provide additional benefits to participants, especially insiders, at the expense of the Corporation and its Shareholders.

In April 2011, the Board approved an administrative amendment to the Stock Option Plan to include provisions relating to tax withholding and remittance obligations of the Corporation on the exercise of Options by Stock Option Plan participants, in accordance with changes to payroll remittance requirements under the *Income Tax Act* (Canada). In accordance with the terms of the Stock Option Plan and the policies

of the TSX, the addition of withholding tax provisions to the Stock Option Plan did not require shareholder approval. During 2012, the Board approved an amendment to the Stock Option Plan to remove the Plan's expiration date, which was subsequently approved by the TSX and the Shareholders.

### **Deferred Share Unit Plan**

In 2013, the Board adopted the DSU Plan to advance the interests of the Corporation by attracting and retaining highly competent persons as directors, officers and employees, to allow such persons to participate in the long term success of the Corporation and to promote a greater alignment of interests between the participants designated under the DSU Plan and the Shareholders of the Corporation. The Board subsequently adopted an amendment to the DSU Plan on March 25, 2014 to allow the Corporation to settle its obligations under the DSU Plan through the treasury issue of Common Shares. The DSU Plan was approved by Shareholders on April 29, 2014 and is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com). For a description of the DSU Plan, see "*Statement of Executive Compensation – Long-Term Incentives – Deferred Share Units*".

As at March 24, 2017, 2,180,636 DSUs had been granted representing 2.9% of the issued and outstanding Common Shares.

### **Restricted Share Unit Plan**

The Board adopted the RSU Plan to assist the Corporation in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation to participate in the long-term success of the Corporation and to promote a greater alignment of interests between the participants designated under the RSU Plan and the Shareholders of the Corporation. The Board adopted an amendment to the RSU Plan on March 25, 2014 to permit RSUs to be settled through the issuance of Common Shares from treasury, subject to the approval of the Shareholders and the TSX. The RSU Plan was approved by Shareholders on April 29, 2014 and is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com). For a description of the RSU Plan, see "*Statement of Executive Compensation – Long-Term Incentives – Restricted Share Units*".

As at March 24, 2017, 2,050,354 RSUs had been granted representing 2.7% of the issued and outstanding Common Shares.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the year ended December 31, 2016 (being the Corporation's last completed financial year), was any director, executive officer, employee, proposed management nominee for election as a director of the Corporation or any associate of any such director, executive officer, or proposed management nominee of the Corporation or any former director, executive officer or employee of the Corporation or any of its subsidiaries, indebted to the Corporation or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than for routine indebtedness

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director of the Corporation has, since January 1, 2016 (being the commencement of the Corporation's last completed financial year), had any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. The Board is committed to sound corporate governance practices that are both in the interest of its Shareholders and contribute to effective and efficient decision making.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and NP 58-201 establish corporate governance practices, guidelines and disclosure procedures that apply to all public companies. NI 58-101 requires issuers, such as the Corporation, to provide disclosure with respect to their corporate governance practices in accordance with Form 58-101F1, specific details of which are set out in “2. *Election of Directors*”, as generally supplemented below.

### Board of Directors

NP 58-201 states that the Board of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Corporation. “Material relationship” is defined as a relationship that could, in the view of the Corporation’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Of the proposed directors, all except Brendan Cahill, who currently serves as the Corporation’s President and CEO, are considered by the Board to be “independent” within the meaning of applicable securities legislation. In making the foregoing determinations with respect to the independence of each of the Corporation’s individual directors, the circumstances of each director have been examined in relation to a number of factors, including a review of the resumés of the directors and the corporate relationships and other directorships held by each of them and their prior involvement (if any) with management of the Corporation.

### Meetings of Independent Directors

Each meeting of the Board includes a session whereby independent members may meet in the absence of management. Independent directors are also free to meet separately at any time or to require management to withdraw during certain discussions. Additionally, the Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee and Health, Safety & Environmental Committee are each composed entirely of independent directors and may meet as often as deemed necessary.

### Board and Committee Meetings

The Board generally meets a minimum of four times per year, at least every quarter. The independent directors regularly meet in-camera, without management present, during each Board and Committee meeting. The Audit Committee meets at least four times per year. The Nominating and Corporate Governance Committee, Compensation Committee and the Health, Safety & Environmental Committee meet as deemed necessary. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs that the Corporation faces from time to time. During the year ended December 31, 2016, the Board held nine meetings, the Audit Committee held four meetings, the Compensation Committee held one meeting and the NCGC held one meeting.

### Board Mandate

The Board has adopted a Charter of the Board of Directors (the “**Charter**”), the full text of which is included as Schedule “A” to this Circular. A copy of the Charter is also available on the Corporation’s website at [www.excellonresources.com](http://www.excellonresources.com).

### Position Descriptions

The Board believes that its proposed composition, in which only one of seven members is currently a member of management, is sufficient to ensure that the Board can function independently of management and does not consider it necessary to have any formal structures or procedures in place to ensure that it

functions independent of management. The Board has not developed written position descriptions for the Chairman; however, the Board looks to the Chairman and the Chair of the Audit Committee to play the lead role in ensuring that the respective mandates are fulfilled. A written description of the role and duties of the President and Chief Executive Officer is set out in his employment agreement with the Corporation. The Board has adopted written position descriptions for the chairs of the Board Committees.

### **Orientation and Continuing Education**

All new directors are provided with comprehensive information about Excellon and its subsidiaries. Directors have the opportunity to meet with senior management to obtain insight into the operations of Excellon and its subsidiaries. New directors are briefed on the Corporation's current property holdings, ongoing exploration programs and mining operations, overall strategic plans, short, medium and long term corporate objectives, financial status, general business risks and mitigation strategies, and existing company policies. Senior management also makes regular presentations to the Board at its meetings and all directors are encouraged to communicate directly with management and other staff. Directors are invited to tour the Corporation's Platosa and Miguel Auza facilities in Mexico and to meet with the on-site management team to familiarize themselves with the Corporation's operations. This informal process is considered to be appropriate given the Corporation's size, current level of operations, and the ongoing interaction amongst the directors.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector and involving non-Canadian mineral properties. It is the Corporation's view that all current members of the Board are well versed and educated in the factors critical to the success of Excellon. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Corporation's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Board.

### **Ethical Business Conduct**

The Board expects management to operate the business of the Corporation in a manner that enhances Shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation's business plan and to meet performance goals and objectives. To this end, in October 2006 the Board adopted a "Code of Business Conduct and Ethics" (the "**Code**") for its directors, officers and employees and, in appropriate cases, consultants. Interested Shareholders may obtain a copy by written request to the Corporation or by visiting the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com). Pursuant to the Code, the Corporation has appointed its Chief Financial Officer to serve as the Corporation's Ethics Officer to ensure adherence to the Code, reporting directly to the Board. A review of the Code is included in the orientation of new employees. To ensure familiarity with the Code, directors, officers and employees are asked to read the Code and sign a compliance certificate annually (in connection with the preparation and filing of its annual audited financial statements and annual general meeting materials).

In addition to the provisions of the Code, directors and senior officers are bound by the provisions of the Corporation's articles and the OBCA, which sets forth resolutions for any conflicts of interest. In particular, any director who has a material interest in a particular transaction is required to disclose such interest and to refrain from voting with respect to the approval of any such transaction.

Since adoption of the Code in October 2006 (subsequently amended and restated on August 14, 2013), there have not been any material change reports filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

### ***Whistleblower Policy***

In November 2011 the Board adopted a Whistleblower Policy, which establishes procedures that allow employees of the Corporation to confidentially and anonymously submit their concerns to members of the Audit Committee of the Board regarding questionable accounting, internal accounting controls, auditing matters or items which breach the Code, without fear of retaliation. Directors, officers and employees are required to report any known violations of the Code to the Chair of the Compensation Committee. The Committee is responsible for investigating and resolving all reported complaints made pursuant to this policy, and may retain independent legal counsel, accountants or other advisers to assist it in its investigations. The Chairman of the Compensation Committee will acknowledge receipt of any reported alleged irregularity with the sender (other than anonymous submissions) within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation. A copy of the policy is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

### ***Share Trading Policy***

In October 2006, the Board also adopted a Share Trading Policy which prescribes rules with respect to trading in securities of the Corporation where there is any undisclosed material information or a pending material development. Strict compliance with the provisions of this policy is required, with a view to enhancing investor confidence in the Corporation's securities and contributing to ethical business conduct by the Corporation's personnel. A copy of the policy is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

### ***Disclosure, Insider Trading and Confidentiality Policy***

The Board adopted a written disclosure policy in October 2008 (subsequently amended and restated on April 29, 2014). The purpose of the disclosure policy is to ensure that all required disclosures are made on a timely and broadly disseminated basis and are factual and accurate. The disclosure policy documents these requirements, which are intended to ensure compliance with the rules and regulations applicable to public companies and should be read in conjunction with the Share Trading Policy. The Disclosure Committee (comprised of the members of management) is responsible for overseeing and monitoring disclosure processes and practices within the Corporation. The Chief Executive Officer is responsible for ensuring the proper, coordinated disclosure of material information by the Corporation on a timely basis. A copy of the policy is available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

### ***Board Diversity and Renewal Policy***

The Board adopted a written Diversity and Board Renewal Policy on March 24, 2015 in recognition of the key role of diversity and new perspectives to the ongoing prospects of the Corporation. As such, the Nominating and Corporate Governance Committee weighs various factors in nominating new members to the Board, including age, gender, ethnicity and geographic residence, along with other key considerations relevant to an individual's skill and ability to provide valuable oversight of the Corporation's affairs.

The Board seeks to balance the depth of experience and institutional knowledge of current members with the need for renewal and new perspectives that may be brought by new nominees. The Board's renewal policy does not impose an arbitrary retirement age, but sets a guideline that independent directors may serve up to a maximum of 15 years, assuming they are re-elected annually and meet applicable legal requirements.

The Corporation has not adopted a target regarding the representation of women on the Board and in executive officer positions as the Board considers highly-qualified candidates and considers diversity to include any dimension that can be used to differentiate groups and people from one another, including the respect for and appreciation of differences in gender, age, ethnic origin, religion, education, sexual orientation, political belief and disability. Gender diversity is only one element of the diversity criteria that the Board considers important.



The Corporation has not adopted a specific policy with respect to the representation of women in the director identification and selection process as, in light of current equity and commodity markets, current market capitalization, competition in the industry for qualified executives and directors and the currently small number of executive officers, non-executive employees in Canada and independent directors, gender targets for executive or board positions are not appropriate at this time.

The Corporation currently has one woman (11%) on the Board of nine directors and no women executives (0%) among its five executive officers. The Corporation otherwise has strong female representation throughout the organization, with 40% of staff at the head office in Toronto, 24% of staff at the Platosa Mine and 25% of staff at the Miguel Auza Mill.

The Board annually reviews the diversity policy to assess the Corporation's progress on diversity at the Board level and in executive officer positions. This review will enable the Board to assess the effectiveness of the diversity policy on an ongoing basis, with progress to be reported in the annual information circular.

## **Committees of the Board**

### ***Audit Committee***

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its responsibilities with respect to matters involving the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the Code. A description of the Audit Committee's responsibilities, the education and experience of its members, and a copy of the Corporation's Audit Committee Charter is contained in the Corporation's Annual Information Form for the fiscal year ended December 31, 2016, a copy of which is available on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), and is also available on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com).

Based on information provided by each director, the Board has determined that all members of the Audit Committee are "financially literate" as that term is defined in NI 52-110.

### ***Nominating & Corporate Governance Committee***

The role of the NCGC is to (1) develop and monitor the effectiveness of the Corporation's system of corporate governance; (2) establish procedures for the identification of new nominees to the Board and lead the candidate selection process; (3) develop and implement orientation procedures for new directors; (4) assess the effectiveness of directors, the Board and the various committees of the Board; (5) ensure appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the Board and its committees; (6) assist the Board in setting the objectives of the Chief Executive Officer and evaluating the performance of the Chief Executive Officer; and (7) review and provide recommendations in connection with resignations pursuant to the Corporation's Majority Voting Policy.

The NCGC is responsible for reviewing proposals for new nominees to the Board and conducting such background reviews, assessments, interviews and other procedures as it believes necessary to ascertain the suitability of a particular nominee. The selection of potential nominees for review by the NCGC is generally the result of recruitment efforts by the individual Board members, including both formal and informal discussions among Board members and with the Chief Executive Officer, and are usually based upon the desire to have a specific set of skills or expertise included on the Board. The appointment of new directors (either to fill vacancies or to add additional directors as permitted by applicable corporate legislation) or the nomination for election as a director of a person not currently a director by the Shareholders at an annual general meeting is carried out by the Board, based on the recommendation of the NCGC. Prior to proceeding with the nomination for appointment or election as a director, potential nominees are advised of the expectations for the commitment of time and resources necessary to serve as an effective director of the Corporation.

The NCGC is also responsible for overseeing an annual evaluation process to ensure that each member

of the Board, the committees, the Chairman and the other directors are assessed annually in light of their relevant terms of reference. Directors complete a number of evaluation questions with respect to performance of the Chief Executive Officer, the effectiveness of Board as a whole, the individual committees of the Board and individual directors, and include a self-assessment of performance. The assessments are done by way of a confidential questionnaire distributed by the Corporate Secretary. Responses are returned to the Corporate Secretary with the results tallied on an anonymous basis. Cumulative results of the evaluation are analyzed by the committee and presented to the Board, which considers the results and any recommendation of actions needed to be undertaken to the Board's processes, composition or committee structure.

The Board has reviewed the overall expertise and skills of the Board as a whole, and does not consider it necessary, at this time, to add any additional directors, as it has not identified any particular skill set or expertise that it believes is lacking from the Board (as a whole).

The NCGC has a written charter, which was adopted on October 25, 2006 (subsequently amended and restated on August 14, 2013).

### ***Compensation Committee***

The Compensation Committee recommends compensation policies to the Board and sets the compensation of the Chief Executive Officer of the Corporation. The Compensation Committee's guiding philosophy is to establish executive compensation based on corporate and individual performance.

The Compensation Committee has a written charter, which was adopted on October 25, 2006 (subsequently amended and restated on August 14, 2013). The overall purpose of the Compensation Committee is to implement and oversee human resources and compensation policies and best practices for recommendation to the Board for approval and implementation. The responsibilities of the Compensation Committee generally include: (1) recommending human resources and compensation policies to the Board for approval and thereafter implementing such policies; (2) ensuring the Corporation has programs in place to attract and develop management of the highest calibre and a process to provide for the orderly succession of management; (3) assessing and reporting to the Board on the performance of the Chief Executive Officer; (4) reviewing the compensation of the Chief Executive Officer and other officers and members of the Board and making recommendations in respect thereof to the Board; (5) administering the DSU Plan and the RSU Plan; (6) reviewing and approving any proposed amendments to the Corporation's Stock Option Plan, DSU Plan, and RSU Plan; and (7) making recommendations to the Board concerning Option, DSU and RSU grants.

### **Other Board Committees**

#### ***Health, Safety and Environmental Committee***

The overall purpose of the Health, Safety and Environmental Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's continuing commitment to improving the environment and ensuring that its activities are carried out, and that its facilities are operated and maintained, in a safe and environmentally sound manner. The primary function of the Health, Safety and Environmental Committee is to monitor, review and provide oversight with respect to the Corporation's policies, standards, accountabilities and programs relative to health, safety and environmental-related matters. The Health, Safety and Environmental Committee will also advise the Board and make recommendations for the Board's consideration regarding health, safety and environmental-related issues. Members of the Health, Safety and Environmental Committee visit the Corporation's Platosa property periodically to review the health, safety and environmental aspects of the operation, and meet with the on-site individual(s) responsible for the Corporation's health and safety program and environmental compliance at the mine.

The Health, Safety and Environmental Committee has a written charter, which was adopted on October 25, 2006.

## **ADDITIONAL INFORMATION**

Additional information regarding the Corporation and its business activities is available under the Corporation's profile on the SEDAR website located at [www.sedar.com](http://www.sedar.com). The Corporation's financial information is provided in the Corporation's audited consolidated financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.excellonresources.com](http://www.excellonresources.com). Copies of the Corporation's annual information form, consolidated financial statements and related management discussion and analysis are available upon request, free of charge to Shareholders of the Corporation, by contacting the Chief Financial Officer, at the Corporation's principal office located at 20 Victoria Street, Suite 900, Toronto, Ontario, Canada M5C 2N8.

## **SCHEDULE “A”**

### **EXCELLON RESOURCES INC.**

#### **CHARTER OF THE BOARD OF DIRECTORS**

The Board of Directors (the “**Board**”) of Excellon Resources Inc. (the “**Company**”) is responsible for the stewardship of the Company, to oversee the management of the business and affairs of the Company, to act in the best interest of the Company, and to perform such duties and approve certain matters as may be required by applicable legislation and regulations.

The Board will conduct the procedures and manage the duties and responsibilities set out below, either directly or through committees of the Board. The Board has established the following standing committees to assist the Board in discharging its responsibilities: the Audit Committee, the Nominating & Corporate Governance Committee, the Compensation Committee, and the Health, Safety & Environmental Committee. Special committees will be established from time to time to assist the Board in connection with specific matters. The Board discharges its responsibility by delegating the day-to-day management of the Company to senior officers. The Board relies on senior officers to keep it apprised of all significant developments affecting the Company and its operations through its Chairman.

#### **DUTIES AND RESPONSIBILITIES**

The Board’s duties and responsibilities shall include:

1. To the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers of the Company, and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the Company;
2. The adoption of a strategic planning process and approving, on an annual basis, a strategic plan for the Company developed and proposed by management which takes into account, among other things, the opportunities and risks of the business;
3. The identification of principal risks of the Company’s business and ensuring the implementation of appropriate systems to manage such risks;
4. Ensuring that appropriate succession planning for executive officers of the Company and members of the Board is in place including appointing, training and monitoring senior management;
5. The adoption of a communication/disclosure policy for the Company to address the accuracy and timing of disclosure of material information;
6. Insuring the integrity of the Company’s internal control and management information system;
7. Development of the Company’s approach to corporate governance, including the development of corporate policies, principles and guidelines that are specifically applicable to the Company;
8. The adoption of a written code of business conduct and ethics applicable to directors, officers and employees of the Company designed to promote integrity and to deter wrongdoing, and monitoring compliance with the code.

#### **COMPOSITION OF THE BOARD**

The directors of the Company shall be elected at each annual meeting of the Shareholders of the Company and shall serve until the next annual meeting of Shareholders or until their successors are elected.

A majority of the Board shall be “independent” within the meaning of applicable securities laws, instruments, rules and policies, stock exchange and regulatory requirements. If the chair of the Board is not an independent director, an independent director may be appointed to act as “lead director”.

There shall be a reasonable number of directors who are financially literate with the ability to read and understand financial statements.

Nominees for membership on the Board will be recommended to the Board by the Nominating and

Corporate Governance Committee. The Board will recommend the nominees to the Shareholders for election at the annual meeting. In selecting nominees as new directors, the Nominating and Corporate Governance Committee shall consider the competencies and skills the Board as a whole should possess, the competencies and skills of existing directors and proposed nominees, and the needs of the Company.

The Board shall conduct annual assessments to evaluate the effectiveness of the Board, its Committees, and the contributions of individual directors.

The Board shall annually review and assess the adequacy of its mandate and shall consider such amendments to this mandate as the Nominating and Corporate Governance Committee shall recommend, and make such amendments to this mandate as it considers necessary and appropriate.

Directors are entitled to receive reasonable directors' fees and other compensation for their services as directors and committee members, as may be determined from time to time by the Board with input from the Compensation Committee, as well as reimbursement of expenses incurred on Company business or in attending Board or committee meetings.

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chairman in advance of accepting an invitation to serve on the board of another public company.

## **MEETINGS AND AGENDA**

The Board shall meet as many times per year as it deems necessary or appropriate to carry out its responsibilities effectively, but in no event shall the Board meet less than four times per year. Meetings of the Board shall be conducted in accordance with the Company's articles or by-laws. Prior to the end of each year, the Corporate Secretary will propose a schedule of Board meetings for the following calendar year for consideration by the Board.

The Chairman or Lead Director, if any, and the Chief Executive Officer shall develop the agenda for each regularly scheduled Board meeting. Any director may propose the inclusion of items on the agenda, and may raise at any meeting other matters that they consider worthy of discussion. Materials for discussion will be distributed sufficiently in advance of the meeting to provide the directors with a reasonable opportunity for review.

Directors should make all reasonable efforts to attend meetings of the Board and of all Board committees upon which they serve, to review the materials that are distributed in advance to prepare for those meetings, and be prepared to discuss such materials and actively participate in the meetings.

The Board may invite any of the Company's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

Directors shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

## **COMMITTEES OF THE BOARD**

The Audit Committee, Compensation Committee, and Nomination and Corporate Governance Committee shall be fully independent. The Board shall adopt mandates for each Committee of the Board. At least annually, each mandate shall be reviewed by the Nominating and Corporate Governance Committee and any suggested amendments brought to the Board for consideration and approval. The Board has delegated

to the applicable committee those duties and responsibilities set out in each Board committee's mandate. As required by applicable law, by applicable committee mandate, or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

With the assistance of the Audit Committee, the Board shall, among other things:

- review and approve the Company's interim and annual financial statements, managements' discussion and analysis, and associated news releases;
- review the audit report prepared by the Company's external auditor and any other matters related to the financial statements that are brought forward by the external auditors;
- review the factors identified by management as factors that may affect future financial results; and
- identify and assess risks that could have a material impact on the Company's business and ensure the implementation of proper systems to monitor and manage such risks and identify material changes to the Company's risk profile;
- review and approve the Company's financial objectives, plans and actions, including significant capital allocations and expenditures.

With the assistance of the Nominating and Corporate Governance Committee, the Board shall, among other things:

- develop the Company's approach to corporate governance, review corporate governance issues, and review and approve the disclosure of corporate governance practices;
- maintain a succession plan for the Company and ensure that the Board and management have the appropriate skills and experience required to succeed in their positions; and
- review the effectiveness, size and composition of the Board, taking into consideration the strategic direction of the Company and the current strengths, competence, skills and experience of Board members and directors whose term of office is expiring;
- ensure that new directors receive a comprehensive orientation to fully understand the nature and operation of the Company's business, the role of the Board and its committees, as well as the contribution individuals directors are expected to make;
- provide continuing education opportunities for all directors so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Company's business remains current;
- develop position descriptions for the Chairman and, if applicable, the Lead Director, the Chair of each Board committee, and the Chief Executive Officer.

With the assistance of the Compensation Committee, the Board shall, among other things:

- review and approve the corporate goals and objectives of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine the Chief Executive Officer's compensation level based on this evaluation;
- periodically review the Company's management structure and the Chief Executive Officer's proposals for changes to that structure including any recommendations of officer appointments or terminations;
- review and approve the annual compensation of all other executive officers of the Company, as recommended by the Chief Executive Officer, based on the achievement of individual corporate goals and objectives developed for the performance of management;
- review and approve the compensation of the directors and committee members;
- ensure that remuneration packages for all executive officers and directors have the overriding purpose of motivating and retaining qualified individuals; reflect the requirements of the marketplace and attract and retain the skills and abilities required; are properly structured to enhance long-term shareholder value, and involve a balance between fixed and incentive compensation reflecting individual performance and short and long-term performance objectives appropriate to the Company's circumstances and goals;
- review and administer the Company's equity-based compensation plans to ensure that such plans are reasonable and provide appropriate incentives to directors, officers, employees and consultants;

- review and approve any recommended option grants and/or share issuances under the Company's equity-based compensation plans to directors, officers, employees and consultants of the Company and its subsidiaries, as appropriate;
- review and approve the disclosure of executive compensation prior to release.

With the assistance of the Health, Safety and Environmental Committee, the Board shall, among other things:

- review and approve the Company's health and safety; environmental and sustainability plans, policies, processes and activities;
- monitor matters relating to health, safety and the environment and compliance with applicable regulations in such areas; and
- review and approve the disclosure in the Company's annual report and other documents, as applicable, with respect to health and safety, environment and sustainability activities.

### **Board/Committee Communication**

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting following the committee's meeting. Minutes of committee meetings are made available to all directors and are filed with the Corporate Secretary.

### **GENERAL**

Directors are expected to comply with all of the Company's governance policies, procedures and guidelines, including but not limited to, the Code of Business Conduct and Ethics, Board and Board Committee charters and mandates and corporate policies, including the Disclosure Policy and the Share Trading Policy among others, and are expected to sign a certificate of compliance annually confirming their continued understanding and compliance with such policies, procedures and guidelines.

The Board, in conjunction with the Chief Executive Officer, shall review measures for receiving feedback from the Company's stakeholders, and management's compliance with such policy. The Board shall, on a periodic basis and with the assistance of the officer responsible for investor relations, monitor and review feedback provided by the Shareholders and other stakeholders.

At least annually, the Board shall review and assess the adequacy of its mandate to ensure compliance with any rules of regulations of any regulatory body and approve any modifications to its mandate as are considered advisable.

