EXCELLON

Management's Discussion & Analysis of Financial Results

For the three and nine month periods ended September 30, 2012

November 13, 2012

Excellon Resources Inc. (the "Company", or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ("MD&A") for the three and nine month periods ended September 30, 2012 in accordance with the requirements of National Instrument 51-102 ("NI 51-102"). This MD&A contains information as at November 13, 2012 and provides information on the operations of the Company for the three and nine month periods ended September 30, 2012 and 2011 and subsequent to the period end, and should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2012 and the audited consolidated financial statements for the year ended December 31, 2011 filed on SEDAR.

The unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Effective January 1, 2011, the Company began reporting in United States dollars and this change has been applied retrospectively. All figures in this MD&A are in US dollars unless otherwise noted.

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Description of Business

Excellon is exploring, developing and mining the high-grade silver-lead-zinc mineralization on its 40,864-hectare Platosa Property ("Platosa") located in northeastern Durango State, Mexico. The style of mineralization at Platosa resembles that of several of the world-class carbonate replacement deposits ("CRD") of Mexico.

The ore mined is processed at the Company's mill located in Miguel Auza in Zacatecas State, Mexico. At Miguel Auza, the Company produces two concentrates: a silver-lead concentrate and a silver-zinc concentrate. Both concentrates are shipped to the port of Manzanillo where they are purchased by Consorcio Minero de Mexico Cormin Mex, S.A. de C.V., a Trafigura Group Company.

On October 25, 2011, the Company reported an updated Mineral Resource estimate for the Platosa Mine. The estimate was prepared as at July 31, 2011. The new Measured plus Indicated Mineral Resource estimate was 637,000 tonnes grading 836 g/t (24.4 oz/T) Ag, 8.95% Pb, 10.58% Zn. The new estimate confirmed that the Mineral Resource at Platosa had been maintained and expanded since the previous estimate.

Platosa Project – Mineral Resource Estimate (as of July 31, 2011)

Category	Tonnes (t)	Ag (g/t)	Ag (oz/T)	Pb (%)	Zn (%)	Contained Ag (oz)	Contained Pb (lb)	Contained Zn (lb)
Measured	88,000	1,064	31.0	9.14	11.99	3,016,000	17,760,000	23,301,000
Indicated	549,000	800	23.3	8.92	10.36	14,104,000	107,918,000	125,248,000
M + I	637,000	836	24.4	8.95	10.58	17,120,000	125,678,000	148,549,000
Inferred	69,000	1,011	29.5	11.35	11.34	2,241,000	17,254,000	17,247,000

Notes:
1. *CIM definitions were followed for the classification of Mineral Resources.*
2. *Mineral Resources are estimated at an incremental NSR cut-off value of US$200 per tonne.*
3. *NSR metal price assumptions: Ag US$25.00/oz, Pb US$1.15/lb, Zn US$1.15/lb.*
4. *Estimate is of Mineral Resources only and, because these do not constitute Mineral Reserves, they do not have any demonstrated economic viability.*
5. *National Instrument 43-101 compliant Mineral Resource estimate prepared by David Ross, P.Geo., of Roscoe Postle Associates Inc., independent geological and mining consultants of Toronto, Ontario. Prepared as at July 31, 2011.*
6. *Totals may not add correctly due to rounding.*

Mine Operations

Mined tonnage in the third quarter of 2012 was far lower that of than that of the first and second quarters of 2012 and the third quarter of 2011 due to an illegal blockade of the mine entrance, which began July 8, 2012 and halted mining for the remainder of the quarter, and, ultimately until October 16, 2012. During the quarter, silver grades were marginally higher and zinc and lead grades combined were 4.7% lower than in Q3 of 2011.

Following are the Platosa Mine production statistics for the periods indicated:

		3 months ended September 30, 2012	3 months ended September 30, 2011	9 months ended September 30, 2012	9 months ended September 30, 2011
Tonnes of ore processed		2,151	15,048	36,747	42,366
Ore grades:					
	Silver (g/t)	750	723	876	732
	Silver (oz/T)	21.87	21.08	25.55	21.36
	Lead (%)	6.18	6.37	6.79	6.11
	Zinc (%)	10.70	11.35	11.99	8.90
Recoveries:					
	Silver (%)	95.2	88.5	93.1	87.4
	Lead (%)	87.1	74.2	81.0	73.3
	Zinc (%)	88.4	81.0	85.5	76.6
Production:					
	Silver – (oz)	19,545	283,839	830,100	861,060
	Lead – (lb)	278,529	1,545,294	4,338,092	4,211,403
	Zinc – (lb)	424,900	2,694,969	8,063,029	6,071,893
Sales:					
	Silver – (oz)	44,043	276,942	826,438	854,163
	Lead – (lb)	401,678	1,519,787	4,314,303	4,185,896
	Zinc – (lb)	693,657	2,572,547	8,063,029	5,949,471
Realized prices:					
	Silver – ($US/oz)	28.94	37.18	29.75	37.14
	Lead – ($US/lb)	0.88	0.99	0.87	1.08
	Zinc – ($US/lb)	0.86	1.01	0.89	1.04

On July 5, 2012, a state government supervised union election was held by the workers of La Platosa. Based on initial results, the Sindicato Nacional Minero Metalúrgico Napoleón Gómez Sada was selected by the workers of La Platosa to be the representative union of the mine. On July 8, 2012, an illegal blockade of the La Platosa Mine was commenced by an opposing union that had lost the election, the Sindicato Nacional de Trabajadores Mineros Metalúrgicos, Siderúrgicos y Similares de la República Mexicana, which is affiliated with the United Steelworkers Union, along with members of the local Ejido La Sierrita, both of which are advised by the non-governmental organization Proyecto de Derechos Económicos, Sociales y Culturales, A.C ("ProDESC"). The Company continued to produce concentrate from stockpiled material, which was already on site at Miguel Auza until July 19, 2012. The Company regained access to the Platosa site on August 29, 2012 but was unable to resume full production until October 16, 2012 due to delays in releasing certain permits that had been suspended during the illegal blockade. Subsequently, milling resumed at the Miguel Auza flotation plant and deliveries of concentrate recommenced.

Cash Cost per Ounce of Silver Produced

As a result of the illegal blockade, production was halted from July 8th to October 16th and the Company was unable to realize costs efficiencies during the brief production period during the third quarter. During the quarter, cash operating cost was $347,000 (Q3 2011 – $3,728,000) for production of 19,545 silver ounces (Q3 2011 – 283,839) resulting in a higher than ordinary course cash cost per ounce of US $17.75/oz (Q3 2011 – US $13.13/oz). The cash cost per ounce for the third quarter is not representative of the Company's cash cost per ounce when in full production and Q3-2012 cash cost has had little impact on the year-to-date cash cost per ounce of US $5.31. The calculation of cash cost per ounce produced reflects the cost of production adjusted for by-product and various non-cash costs included in Cost of Sales. This calculation may differ from that used by other Companies in the industry. The Company uses this measure internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The Company believes that providing cash cost per ounce provides a better measure of the underlying business of the Company. The table below presents the details of the calculation**.**

Cash operating costs in the third quarter at US $0.3 million were lower than last year by US $3.4 million as the mine operations were suspended for care and maintenance for the duration of the quarter due to the previously referenced illegal blockade.

Reconciliation of Cash Cost per Ounce of Silver Produced, Net of By-Product Credits:

	3 months ended September 30, 2012 $000's	**3 months ended September 30, 2011** $000's	**9 months ended September 30, 2012** $000's	**9 months ended September 30, 2011** $000's
Cost of sales	**3,958**	**6,148**	**14,176**	**14,915**
Adjustments - increase/(decrease):				
Depletion, depreciation and amortization	(524)	(600)	(1,928)	(1,927)
Inventory changes	185	1,679	4,485	4,223
Third party smelting and refining charges	(577)	240	(216)	(36)
Royalties	(26)	(131)	(298)	(405)
By-product credits (1)	(398)	(3,608)	(9,539)	(9,461)
Suspension-related costs (2)	(2,271)	-	(2,271)	-
Cash operating cost	347	3,728	4,409	7,309
Ounces of silver produced	19,545	283,839	830,100	861,060
Cash operating cost per ounce of silver produced in US $/oz	**17.75(3)**	**13.13**	**5.31**	**8.49**

(1) By-product credits comprise revenues from sales of lead and zinc.
(2) Production was suspended during the illegal blockade. Care-and-maintenance and other costs incurred during the suspension period that were not related to production have been excluded from total cash costs and the calculation of total cash cost per ounce produced.
(3) As a result of the illegal blockade, production was halted from July 8th to October 16th and the Company was unable to realize costs efficiencies during the brief production period during the quarter.

Cash operating cost, net of by-product credits, is provided as additional information and is a non-IFRS measure that does not have a standardized meaning. This measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles and is not necessarily indicative of operating expenses as determined under generally accepted accounting principles. This measure is intended to provide investors with information about the cash generating capabilities of the Company's operations. The Company uses this information for the same purpose. This analysis excludes capital expenditures and income taxes.

Exploration

MEXICO
Platosa Property

This Platosa property covers 40,864 ha and was acquired by the Company in 1996. The Platosa Mine exploits a series of typical, although very high-grade, distal CRD silver, lead, zinc manto deposits located strategically within the prolific Mexican CRD Belt. It is the Company's belief, and diamond drilling results to late October 2012 continue to confirm, that the Platosa Property holds considerable potential for the discovery of additional high-grade manto mineralization and for the discovery of large-tonnage, though lower grade, proximal CRD mineralization. CRDs are epigenetic, intrusion-related, high-temperature, sulphide-dominant, lead-zinc-silver-copper-gold-rich deposits that commonly occur in clusters associated with major regional geologic features. The Mexican CRD Belt is perhaps the world's best developed CRD cluster and Platosa lies in the centre of the northwest-southeast-trending axis of the largest deposits of the belt.

Several features make CRDs highly desirable mining targets. These include:

- **Size** – Proximal CRDs average 10 to 15 million tonnes of ore and the largest range up to 50 million tonnes;
- **Grade** – Ores are typically polymetallic with metal contents ranging from 2-12% lead; 2-18% zinc, 60-600 g/t silver, up to 2% copper and 6 g/t gold; and
- **Deposit morphology** – Individual CRD orebodies within the overall deposit are continuous and average 0.5 to 2 million tonnes in size, with some up to 20 million tonnes. They are typically metallurgically straight-forward and given that they are limestone-hosted, the environmental impact of tailings disposal is generally minimal.

CRD orebodies take the form of lenses or elongate to elongated-tabular bodies referred to as mantos or chimneys depending on whether they are horizontal or steeply inclined. A spectrum of CRD orebodies exists, ranging from distal manto and medial chimney massive sulphide bodies to proximal sulphide-rich skarns associated with unmineralized or porphyry-type intrusive bodies. Transitions of orebody morphology and mineralogy, and alteration zoning can be used in exploration to trace mantos into chimneys, sulphides into skarn, or skarn into stock contact deposits.

During the illegal blockade of the Platosa property, it was not possible to carry out any drilling, however, drilling resumed in early September with three rigs and in late September a fourth rig was added. Since resumption of drilling, exploration efforts have focussed on following up on increasingly encouraging results in the search for the source of the high-grade, massive sulphide Platosa mantos at Rincon del Caido, approximately one kilometre ("km") NW of the known mantos.

In general, recent exploration at Platosa has focused on two target types.

The first target is located in an irregularly-shaped area extending roughly 1.5 km from the Platosa Mine. In this area the primary objective is as follows:

- To further add to the known distal-style, high-grade CRD Mineral Resources and to discover new mantos by drilling the geological, structural and geophysical targets developed by the Company's previous drilling and geotechnical surveys. This follows on the success in adding mineralization to the 6A/6B Manto and the discovery of the Pierna Manto, both during 2010. Early in 2012 additional high-grade manto sulphides were discovered in the 6A Manto area.

The second area encompasses the vast majority of the remainder of the property, including a portion of the first area. Within this area the objectives are as follows:

- To pursue the potential for larger-volume medial and proximal CRD mineralization, referred to as the Source. Geological evidence of this potential has been found in several drill holes completed since 2008 including hole EX10-LP763 drilled in 2010 in the Rincon del Caido area approximately 1.0 km NW of the Guadalupe Manto and more recently in holes EX12-LP986, LP995, LP1008 and in particular LP1019, which early in Q3 again intersected strong geologic evidence of a proximal environment. Hole LP1019 also intersected a significant width of sulphide mineralization and metal values as discussed further below. Drilling for the Source continues in the Rincon del Caido ("Rincon") area and depending on progress there and on the final interpreted results of a surface geophysical survey completed in Q2, may be undertaken on the Saltillera portion of the property west of the Platosa Mine late in 2012 or in 2013; and
- Continue to employ geophysical methods with demonstrated success as targeting tools. To this end a Natural Source Audio Magnetotelluric ("NSAMT") ground geophysical survey was completed in Q2. It was carried out over several areas believed to host structures that may be favourable locations, including Rincon del Caido, for the discovery of large-tonnage proximal CRD deposits. This type of survey has demonstrated its effectiveness at Platosa in the past and it was while testing NSAMT-interpreted structures in 2005 and 2006 that the Guadalupe and Guadalupe South mantos were discovered. The final interpreted results of this survey are expected in Q4.

Diamond drilling for the Source continued to encounter success once drilling resumed late in the third quarter. Four drill rigs are now working at Rincon del Caido in the immediate vicinity of hole LP1019. On July 9, 2012, the Company reported that hole LP1019 had encountered several intervals of semi-massive to massive sulphides within 55.46 m of pyroxene and garnet-rich skarn at Rincon, 1.0 km NW of the Platosa Mine. The skarn occurs at a marble-hornfels contact and the entire 55.46 m assayed 132 g/t (3.8 oz/T) Ag, 3.13% Pb, 1.74% Zn and 0.075 g/t Au. Five strongly mineralized, higher-grade intervals were identified within the 55.46 m. This was the first time persistently anomalous gold had been intersected at Platosa and the discovery clearly suggested increasing proximity to the Source of the high-grade Platosa mantos. The hole provided the clearest evidence to date of a near-Source environment. It may be traceable to the large-tonnage proximal CRD deposit that has been the ultimate object of the Company's exploration program since it acquired the Platosa property in 1996.

Since the resumption of drilling in mid-September, three additional holes have intersected significant skarn-hosted sulphides. On October 24, 2012, the Company reported results for holes LP1023A, LP1024 and LP1025, all located within 40 m of LP1019. Assays for these three holes and hole LP1019 are detailed in the table below. As was the case with hole LP1019 anomalous gold was found in each of the three new holes, not only in strong sulphide areas. Hole LP1023A, for example, intersected anomalous gold for 30 m above the first and 76 m below the last significant sulphide intersection. In addition, narrow widths of highly anomalous bismuth and anomalous copper have been found in certain of the Rincon holes. The sulphide mineralization demonstrates multi-stage, pyrite-rich, massive to semi-massive textures that clearly overprint earlier pyroxene and garnet-rich skarn. The multi-stage characteristics are similar to those shown by the sulphides being mined from the Platosa mantos, although there are distinct compositional differences reflected by much higher pyrite content, the appearance of anomalous chalcopyrite and much darker-coloured sphalerite. The consistently anomalous gold, bismuth (8,280 ppm over 1.0 m in LP1023A and 1,685 ppm over 2.6 m in LP1024) and copper (0.23% over 1.1 m in LP1024 and 0.12% over 8.1 m in LP1025) combined with the overall skarn mineralogy indicate that this area is still somewhat distal to the Source itself, but may lie along a feeder system leading from the Source. The Source may lie between Rincon and the high-grade Platosa mantos, or farther to the northwest. The assay intervals mentioned in the Source holes are core widths. Mineralization banding lies at highly-variable angles to core axes and more geometric information is still required to confidently estimate true thicknesses. Given the volume of mineralization and high pyrite content in the holes, the Company has begun a program of downhole geophysical surveying to determine if vectors can be discerned to guide additional drilling.

DDH No.	Interval From (m)	Interval To (m)	Interval width (m)	Silver (g/t)	Silver (oz/T)	Lead (%)	Zinc (%)	Gold (g/t)
LP1019	516.70	572.16	55.46	132	3.8	3.13	1.74	0.075
Incl.	516.70	520.80	4.10	336	9.8	3.27	1.96	0.240
and	524.69	544.40	19.71	161	4.7	3.34	1.80	0.110
and	546.83	549.80	2.97	236	6.9	7.18	5.46	0.146
and	562.73	566.00	3.27	264	7.7	10.41	7.59	0.041
and	569.72	572.16	2.44	452	13.2	15.43	3.89	0.069
LP1023A	513.00	515.00	2.00	610	17.8	3.08	0.11	0.571
	525.65	569.05	43.40	146	4.3	2.76	1.85	0.216
Incl.	525.65	527.10	1.45	279	8.1	7.42	4.48	0.233
and	530.60	536.40	5.80	381	11.1	10.63	11.51	0.354
LP1024	511.40	512.50	1.10	623	18.2	9.92	7.98	1.620
	526.40	526.75	0.35	661	19.3	16.80	37.50	1.025
	555.95	572.10	16.15	107	3.1	2.87	2.18	0.106
Incl.	555.95	557.85	1.90	573	16.7	18.68	11.98	0.192
LP1025	492.30	506.03	13.73	42	1.2	1.27	1.12	1.140
	579.35	582.85	3.50	96	2.8	1.52	1.37	0.021
	590.12	594.36	4.24	57	1.7	2.31	0.44	0.038

The Platosa exploration program continues to meet with considerable success. Planned expenditures for 2012 are $7.3 million, over 80% of which will be for diamond drilling. Given the significant success recently achieved at Rincon del Caido, drilling in this area will take priority and likely result in Source drilling seeing the majority of the revised 30,000 m of drilling now planned for 2012.

Miguel Auza Property

The Miguel Auza property encompasses 41,498 ha and lies on the eastern flank of the Fresnillo Mexican Silver Trend some 150-200 km north of Fresnillo and Zacatecas City, both of which areas have and continue to be the source of a large percentage of Mexican silver, lead and zinc production. The property covers numerous high- and low-sulphide epithermal veins carrying Ag, Au, Pb, and Zn. The property has been the site of a large amount of historic mining since the time of the Spaniards and as recently as 2008 when Silver Eagle Mines Inc., through its Mexican subsidiary, carried out mining and milling on the Calvario Vein system.

The Company carried out a modest exploration program at Miguel Auza between the fall of 2009 and the fall of 2010 and while certain areas were highlighted as meriting further early stage exploration work, a decision was made to concentrate exploration activities at Platosa. The Company periodically reviews the potential of Miguel Auza, including the potential of the Miguel Auza Mine, which has been closed since December 2008.

CANADA AND OTHER

In Q3 the Company continued work on its gold exploration projects in the Abitibi Belt of northeastern Ontario and northwestern Quebec. In addition it continued to weigh its options with respect to its El Condor gold property in southeastern Ecuador. El Condor is located within 3 km of Kinross's Fruta del Norte gold deposit, on which a feasibility study is in progress.

DeSantis Property, Northeastern Ontario

The Company holds a 51% interest and may increase this interest to 100%, subject to a 5% Net Smelter Returns ("NSR") royalty in the original DeSantis property, located five kilometres southwest of downtown Timmins, pursuant to an option agreement dated February 1, 2010 with International Prospectors and Explorers Inc. ("IEP"). In addition, the Company has an option to earn a 100% interest, subject to a 2% NSR royalty, in the contiguous DeSantis West property pursuant to an option agreement dated April 13, 2010 with a group of Timmins area prospectors. Collectively, these two properties are referred to as the DeSantis Property. The Company has the option to earn the additional 49% interest in the DeSantis portion of the property by issuing an additional 540,000 shares to IEP by April 2013. The Company has the option to buyout 1.75% NSR of the 5% NSR royalty for $1.75 million. Excellon has the option to earn a 100% interest in the DeSantis West portion of the property by making an additional C$20,000 payment and issuing an additional 48,600 Excellon shares to the owners by April 2013. The Company has the option to buyout 1% NSR of the 2% NSR royalty for $1.0 million.

The Company's DeSantis Project is located along the Destor-Porcupine Tectonic Zone ("DPZ"), the main structure controlling gold deposits in the Timmins gold camp, approximately 11 km west of the Dome Mine, owned by Goldcorp Inc. and 14 km east of Lake Shore Gold Corp.'s Timmins Mine. The DeSantis Property covers approximately 5 km of strike length within highly prospective volcanosedimentary stratigraphy on the north side of the DPZ, including the past producing DeSantis Mine. Gold deposits in the Timmins camp occur in a variety of forms, but virtually all can be related to structural controls associated with major deformation zones, the foremost being the DPZ.

The DeSantis Property hosts at least five known gold-bearing zones, all of which are located near the area of historic underground mining on the property. The DeSantis Mine produced 35,800 ounces of gold from 178,650 tonnes of ore which graded 6.2 g/t Au during its intermittent production history. Production was carried out from nine levels sourcing principally the Albitite and Hydrothermal Alteration Zones, accessed via the 379 m-deep DeSantis No. 2 Shaft.

A major exploration effort on the property was undertaken in the mid-1980s by a Noranda Inc. - Stan West Mining Corp. joint venture. Focussed on deeper portions of the Albitite Zone, this advanced exploration program rehabilitated the No. 2 Shaft, several of the lowest underground levels, and completed test mining and underground drilling from those levels. Resultant from that work and the work of others, a historic resource estimate for the Albitite Zone is 65,500 tonnes grading 7.85 g/t Au, while the Hydrothermal Alteration Zone was estimated to contain 117,000 tonnes grading 9.09 g/t Au. These resource estimates, while considered relevant, are historic in nature, do not have currently demonstrated economic viability and should not be relied upon.

Since acquiring its interest in the DeSantis Property in 2010, Lateegra Gold Corp. ("Lateegra") and, beginning in August 2011 following its acquisition of Lateegra, the Company, have conducted two diamond drilling campaigns. The 2011/early-2012 program consisted of 27 holes (including seven abandoned because of technical problems) totalling 11,037 m.

Significant results from the 2010 and early part of the 2011/early-2012 programs, largely directed at the Hydrothermal Alteration Zone, were as follows: 7.90 g/t Au over 5.2 m in hole DS10-02, 3.40 g/t Au over 9.9 m, including 13.70 g/t Au over 0.7 m in hole DS10-06, and 3.63 g/t Au over 23.17 m, including 14.25 g/t Au over 1.17 m in hole DS11-010A. In the latter part of 2011 and early-2012 drilling focussed on the Albitite Zone and on May 31, 2012 the Company reported the intersection of 1.74 g/t Au over 12.0 m, including 10.39 g/t Au over 1.5 m in hole DS12-004. All intersections are reported as core widths. Further drilling is required to determine true widths.

Between early June and mid-October the Company carried out a comprehensive program of geotechnical compilation, relogging and sampling of recent and historic drill core and reviewing the property in a regional context. Based on the results of this work a follow-up drilling program began in mid-October, subsequent to the end of the period. Drilling is focussed on following up on promising recent results and testing undrilled areas east of and below the known Albitite Zone near the No. 2 shaft. In addition geophysical and geology targets will be tested in a series of holes on portions of the property that have seen little or no previous work.

Beschefer Property, Northwestern Quebec

The Company holds a 100% interest (subject to a 3% Net Smelter Returns royalty) in the property, which is located within the Abitibi Greenstone Belt approximately 60 km northeast of the Casa Berardi Mine, 80 km east-southeast of the Detour Gold Project and 12 km east of the past producing Selbaie Mine. The Company has the option to buyout 1.75% NSR of the 3% NSR royalty for $1.5 million. The Selbaie Mine produced 57.5 million tonnes grading 0.56 g/t Au, 38 g/t Ag, 0.87% Cu, and 1.85% Zn over its mine life. The property has little or no bedrock exposure and is muskeg-covered such that drilling is most effectively performed during freezing conditions.

Gold mineralization was discovered in the B-14 Zone in 1995 by Billiton Canada Inc., which since that time and prior to the Company's involvement, saw limited exploration. The gold mineralization is hosted within a typical Archean volcanic 'greenstone' assemblage and is typical of other shear zone-hosted mesothermal gold deposits in that it is hosted within mylonite, highly sheared and altered rock, which also contains increased quartz veining and pyrite. As previously reported, Lateegra carried out 1,523 m of diamond drilling in five holes in early 2011, primarily on the B-14 Zone.

In early 2012, the Company completed 8,867 m of drilling in 33 holes (including one abandoned because of technical problems), again focused on the B-14 zone. In addition, down-hole induced polarization surveys were completed in several holes. Significant intersections included 13.07 g/t Au over 8.75 m including 58.5 g/t Au over 1.50 m in hole BE12-014, and 10.35 g/t Au over 1.50 m and 3.56 g/t Au over 6.06 m in hole BE12-030. All intersections are reported as core widths. Further drilling is required to determine true widths.

The Company's drilling results confirm that the B-14 Zone has the potential to host a significant gold resource and other portions of the property should be further investigated for gold as well as base metal potential. Geotechnical compilation and planning of follow-up drilling will be undertaken in Q4 with the goal of resuming drilling when ground and weather conditions allow in early 2013.

Qualified Person

Mr. John Sullivan, BSc., PGeo., Excellon's Vice President of Exploration has acted as the Qualified Person, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information contained in this MD&A.

Mr. Sullivan is an economic geologist with over 35 years of experience in the mineral industry. Prior to joining Excellon in 2007, he was a senior geologist at a Toronto-based international geological and mining engineering consulting firm where he evaluated properties and prepared NI 43-101 reports on gold and base metal projects in Canada and internationally. In addition, he has held senior positions with two large Canadian mining companies where he directed major exploration programs, managed field offices, and evaluated projects in Canada, Europe, Africa and Latin America. Mr. Sullivan is not independent of Excellon, as he is an officer of the Company.

Risk and Uncertainties

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk since the Company derives its revenues from the sale of silver, lead and zinc; foreign exchange risk since the Company reports in United States dollars but operates in jurisdictions that use other currencies; the inherent risk of uncertainties in estimating Mineral Resources; political risk associated with operating in foreign jurisdictions, environmental risks and risks associated with labour relations issues. Further factors affecting the Company are described in the Annual Information Form on SEDAR (www.sedar.com). In light of the illegal blockade that affected mine production during the third quarter, the Company modifies and highlights the following risk factors:

The Company is dependent on its workforce and is therefore sensitive to labour disruptions

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

Recently, operations at the Company's La Platosa mine have been interrupted by illegal demonstrations relating to a campaign by competing unions to acquire control of Excellon's workforce. Certain of these demonstrations included participation by members of the Ejido La Sierrita (the "Ejido"), a communal land ownership group with which the Company has a 30-year surface rights lease agreement. The demonstrations impeded access by the Company's workforce to the mine resulting in lost days of production and, in respect of one interruption, an adverse impact on the financial results of the Company. Further labour disruptions at La Platosa mine could have a material adverse impact on the Company's business, results of operations and financial condition.

The Company's employees are represented by a labour union under a collective labour agreement. The Company may not be able to satisfactorily renegotiate the collective labour agreement when it expires. In addition, the existing labour agreement may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on the Company's earnings.

Surface Rights and Access

Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

There have been recent allegations that the Company is not in compliance with the terms of its 30-year lease with the Ejido that grants the Company surface rights over 1,100 hectares of the Company's mineral rights, including the Rincon Del Caido area. These allegations were the basis for the Ejido's participation in the recent illegal demonstrations at the Company's La Platosa mine. Although the Company considers itself to be in full compliance with the terms and conditions of the lease with the Ejido, there is no certainty that the Ejido will not participate in further illegal demonstration that will block access to the mine or attempt to rescind the lease through legal action. If the Ejido were successful in rescinding the lease, the Company believes that it can continue its current exploration activities in respect of the Rincon del Caido target from different collar set-ups located on surface rights that the Company owns; however, any rescission of the lease has the potential to adversely effect the Company's ability to explore and develop the Rincon del Caido target in the future, which could have a material adverse effect on the business of the Company.

In addition, there is no assurance that the Company will have sufficient cash resources to meet its objectives since this is dependent on being able to maintain adequate production levels and to realize adequate revenues based on metal prices as well as being able to raise capital as required.

Subsequent to the end of the period, on November 9, 2012, the Company's operating subsidiary received a statement of claim from the Ejido La Sierrita, which participated in the previously referenced illegal blockade. The claim alleges that the subsidiary breached the surface rights agreement with the Ejido for access to 1,100 hectares of exploration ground and includes demands for (i) the termination of the surface rights agreement (ii) one year's surface rent in respect of such termination and (iii) 55 million pesos in respect of alleged damages.

The Company, in consultation with its legal counsel in Mexico, considers the Ejido's claims unfounded, baseless and a response to Company's previously filed action for damages in respect of losses caused by the illegal blockade and rescission in respect of the Ejido's breaches of the surface rights agreement by participating in the illegal blockade. The Company intends to vigorously defend this action.

Overall Performance

Production for the third quarter of 2012 was significantly lower than the first and second quarters of 2012 and the third quarter of 2011 due to the previously referenced illegal blockade and subsequent permitting delays, which halted production from July 8, 2012 until subsequent to the end of the period. During this period, the Company incurred essential care and maintenance costs at mine, which allowed for a rapid restart of production following the end of the blockade and the renewal of necessary permits.

Despite not being in production for the quarter, on a nine month period, sales totalled $27.2 million compared to $34.0 million during the same period in 2011. As at September 30, 2012, cash and cash equivalents on hand were $5.9 million, marketable securities were $4.8 million and trade receivables were $1.1 million as compared to $22.3 million cash and cash equivalents and accounts receivables of $0.5 million at December 31, 2011. The Company has now resumed full production and expects that cash balances will increase for the remainder of 2012 reflecting the continuing strength of the mine operations.

Results of Operations

Financial statement highlights for the three and nine month periods ended September 30, 2012 and 2011 are as follows:

	3 months ended Sept 30, 2012 $000's	**3 months ended Sept 30, 2011** $000's	**9 months ended Sept 30, 2012** $000's	**9 months ended Sept 30, 2011** $000's
Revenue	60	11,174	27,160	34,001
Cost of sales	(3,958)	(6,148)	(14,176)	(14,915)
Gross profit	(3,898)	5,026	12,984	19,086
Expenses:				
Corporate administration	(1,386)	(2,812)	(5,484)	(5,772)
Exploration	(1,679)	(1,658)	(6,257)	(3,962)
Other	1,440	(1,006)	1,102	494
Income tax	1,173	(526)	(597)	(2,312)
Net income (loss) for the period	(4,350)	(976)	1,748	7,534

During the quarter ended September 30, 2012 the Company recorded a net loss of $4.4 million compared to a net loss of $1.0 million in the same period of the prior year. The decrease in revenue and gross profit for the quarter is a result of the mine not producing for the most part of the quarter as a result of the illegal blockade. During the quarter, the mine was on care and maintenance, which costs have been recorded in cost of sales. The mine resumed production subsequent to the end of the period.

Exploration for the nine month period reflects management's planned expenditures for 2012 at the Mexican and Canadian properties.

Other expenses include unrealized foreign exchange gains of the Company. In Q3 -2012, the decrease in the expense is due to the strengthening of the peso relative to the USD since Q2 -2012, which resulted in an unrealized foreign exchange gain on an intercompany loan that is foreign to the functional currency of a reporting entity. The loan is not treated as long-term investment as the loan is expected to be repaid in the near future, at which time the gain or loss will be realized.

Outlook

Exploration:

Drilling at the Rincon del Caido area of the Platosa property continues to meet with success in the Company's search for the high-tonnage Source of the high-grade Platosa mantos. To date, six holes have intersected significant Ag, Pb and Zn hosted by a skarned marble unit typical of Source deposits in Mexico and elsewhere. The Company plans to continue drill testing the area with four rigs until the end of the year and beyond as results dictate.

The Company's original 2012 Mexican exploration budget was $7.3 million and 30,000 m of drilling was planned for the year, neither of which will be materially affected by the illegal blockade, as drilling resumed with four rigs during the third quarter.

In Canada the Company has started a drilling program on its DeSantis gold property in Timmins and expects to complete 5,000 m of drilling by early 2013. A follow up drill program is scheduled for the Company's Beschefer Project in northern Quebec in early 2013.

Operations:

Due to the illegal blockade, Excellon projects fourth quarter silver production of 250,000 to 270,000 ounces compared to the previously projected 380,000 to 420,000 ounces. The Company's cash costs for the fourth quarter are expected to be US $7.00 to $7.50 per ounce, net of by-products (based on the metal price assumptions of $31 per ounce of silver), as the Company will not be able to fully utilize the cost efficiencies of a full production quarter. The Company expects to return to ordinary course net cash costs of $4.25 to $5.00 per ounce of silver during the first quarter of 2013.

Since resuming production at La Platosa on October 16th, the Company has produced approximately 5,500 tonnes of ore and has shipped 185 tonnes of concentrate for delivery to port.

The Company plans to spend approximately $0.5 million in the fourth quarter to complete a new access road and security fence, which will reduce ore haulage distance and time from the mine to the mill and will increase general mine site security.

The Company expects to fund all expenditures for the remainder of 2012 from cash generated from operations at La Platosa, reflecting the robustness of the mine and its operations, and expects to maintain a strong financial position through the remainder of 2012.

Summary of Quarterly Results

The following table sets forth selected quarterly information for the last eight quarters (in thousands of US dollars except for per share amounts).

Quarter ended		September 30, 2012		June 30, 2012		March 31, 2012		December 31, 2011
Revenue	$	60	$	13,994	$	13,106	$	14,009
Income (loss) before income taxes	$	(5,523)	$	1,283	$	6,585	$	1,401
Net income (loss)	$	(4,350)	$	478	$	5,620	$	(3,101)
Earnings (loss) per share – basic	$	(0.02)	$	0.00	$	0.02	$	(0.01)
– diluted	$	(0.02)	$	0.00	$	0.02	$	(0.01)

Quarter ended		September 30 2011		June 30, 2011		March 31, 2011		December 31, 2011
Revenue	$	11,174	$	15,442	$	7,385	$	5,506
Income (loss) before income taxes	$	(450)	$	9,419	$	877	$	(3,596)
Net income (loss)	$	(976)	$	8,055	$	455	$	(2,696)
Earnings (loss) per share – basic	$	0.00	$	0.03	$	0.00	$	(0.01)
– diluted	$	0.00	$	0.03	$	0.00	$	(0.01)

Quarterly revenue fluctuations are a function of metal prices and the volume of ore mined as well as ore grades. The Company has a policy of expensing exploration costs, which creates volatility in earnings.

Liquidity and Capital Resources

As at September 30, 2012, the Company's cash and cash equivalents were $5.9 million (December 31, 2011 - $22.3 million), and working capital was $15.3 million (December 31, 2011 - $18.8 million). As at September 30, 2012, the Company's trade receivables were $1.1 million (December 31, 2011 - $0.5 million). The Company also invested $5.0 million in marketable securities of the Sprott Physical Silver Trust to hold units reflecting an underlying investment in 134,732 ounces of silver. The only source of funds available to the Company is cash flow generated by the Platosa Mine. The Company plans to spend $0.5 million in capital expenditures in the near future for construction of additional access roads at the mine.

Off-Balance Sheet Arrangements

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

Related Party Transactions

The Corporate Secretary of the Company is a partner in a firm that provides legal services to the Company. During the nine months ended September 30, 2012, the Company incurred legal services of $166,000 (September 30, 2011 – $348,000) with an outstanding payable balance of $33,000 at September 30, 2012 (September 30, 2011 – $87,000).

Common share data (as at November 13, 2012)

Common shares outstanding	275,179,467
Stock options granted	12,620,136
Total	287,799,603

Internal Control over Financial Reporting and Disclosure Controls and Procedures

Management has designed and implemented internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has designed disclosure controls and procedures ("DC&P") to provide a reasonable assurance that (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Additional Sources of Information

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

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation and applicable U.S. securities laws. Except for statements of historical fact relating to the Company, such forward-looking statements include, without limitation, statements regarding the future results of operations, performance and achievements of the Company, including potential property acquisitions, the timing, content, cost and results of proposed work programs, the discovery and delineation of mineral deposits/resources/reserves, geological interpretations, the potential of the Company's properties, proposed production rates, potential mineral recovery processes and rates, business plans and future operating revenues. Forward looking statements are made based on management's beliefs, estimates, assumptions and opinions on the date the statements are made. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct and the Company undertakes no obligation to update forward-looking statements. Forward-looking *statements are typically identified by words such as: believes, expects, anticipates, intends, estimates, targets, plans, postulates, and similar expressions, or are those which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward-looking statements as a result of various risk factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, significant downward variations in the market price of any minerals produced (particularly silver), the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies. A description of the risk factors applicable to the Company can be found in the Company's most recent Annual Information Form under "Description of the Business – Risk Factors". All of the Company's public disclosure filings may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties, and particularly the latest NI 43-101-compliant technical report prepared by Roscoe Postle Associates Inc. with respect to the Platosa Property. This document is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.*

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

The terms "Measured", "Indicated" and "Inferred" Mineral Resources used or reference in this MD&A are defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves. The CIM standards differ significantly from standards in the United States. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category or that Mineral Resources will ever be upgraded to Mineral Reserves. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable, or that an Indicated Mineral Resource is economically or legally mineable."

Cautionary Note to United States Investors regarding Adjacent or Similar Properties

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