

# 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 28, 2015

4:00 p.m. (Toronto time)

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

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# 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 (Chelsea Room), 37 King Street East, Toronto, Ontario, on Thursday, the 28<sup>th</sup> day of May, 2015 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, 2014 (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 thought advisable, to pass an ordinary resolution to approve all unallocated entitlements under the Corporation’s Stock Option Plan for the ensuing three (3) years;
5. to consider, and if thought advisable, to pass an ordinary resolution ratifying, confirming and approving the shareholder rights plan approved by the Board of Directors of the Corporation (the “**Board**”) on March 24, 2015;
6. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice is a Management Information Circular (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, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed)* “Peter A. Crossgrove”

Peter A. Crossgrove  
Chairman

# EXCELLON RESOURCES INC.

## MANAGEMENT INFORMATION CIRCULAR

(Containing information as at March 24, 2015 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 Thursday, May 28, 2015 (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. Notice-and-Access may be used by issuers in respect of meetings that occur on or after March 1, 2013. 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, 2014 and the Corporation’s management discussion and analysis for the year ended December 31, 2014 (collectively, the “**Meeting Materials**”), on [www.excellonresources/index.php/investors/agm](http://www.excellonresources/index.php/investors/agm) and on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Although 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 intends to pay for intermediaries to forward to OBOs (as defined herein) under NI 54-101, and therefore the 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 contact the Corporation in which case the Corporation will mail the requested materials within three (3) business days of any request, provided the request is made prior to the Meeting, as set out below. Shareholders with questions about Notice-and-Access may contact the Corporation toll free at 1-844-396-7770. 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 26, 2015.

#### **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 COMPUTERSHARE INVESTOR SERVICES INC. ("**Computershare**"), Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 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.

#### **REVOCAION 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 provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers*, 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, 2014, 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, 2015, the Corporation had 54,958,121 issued and outstanding Common Shares. Only Shareholders of record at the close of business (Toronto time) on April 15, 2015 (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.

On a show of hands, every individual who is present and is entitled to vote as a Shareholder or as a representative of one or more corporate Shareholders will have one vote, and on a poll every Shareholder present in person or represented by a valid proxy and every person who is a representative of one or more corporate Shareholders will have one vote for each share registered in that Shareholder's name on the list of Shareholders, which is available for inspection during normal business hours at Computershare and will be available at the Meeting. Shareholders represented by proxyholders are not entitled to vote on a show of hands.

To the knowledge of the directors and executive officers of the Corporation, the following are the only 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 of the Holder</b>    | <b>Number of Shares<sup>(1)</sup></b> | <b>Percentage</b> |
|------------------------------|---------------------------------------|-------------------|
| Sprott Asset Management Inc. | 7,225,784                             | 13.15%            |

**Note:**

<sup>(1)</sup> As confirmed by Sprott Asset Management Inc. to the Corporation on February 28, 2015.

## 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. **All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the Shareholders. Special resolutions require, for the passing of same, a two-thirds majority of votes cast at the Meeting by the Shareholders.**

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

The consolidated financial statements of the Corporation for the financial year ended December 31, 2014 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 of record as of the Record Date. A copy is also available online 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 seven (7) 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's 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 successor is elected or appointed, unless his 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 the name of each person proposed to be nominated by management for election as a director, the province or state and country in which he is ordinarily resident, all offices of the Corporation now held by him, his principal occupation, the period of time for which he has been a director of the Corporation and the number of Common Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at March 24, 2015:



| Name, Position, and Province/State & Country of Residence <sup>(1)</sup>               | Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>   | Director Since | Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup> |
|--|---|----------------|---|
| <b>PETER A. CROSSGROVE</b><br>Chairman,<br>Director Ontario,<br>Canada                 | Chairman and Chief Executive Officer of the Corporation from April 2008 to July 2011 and from June 2012 to March 2013; Director of Lake Shore Gold Corp. since 2009; Co-Chairman and Lead Director of Detour Gold Corporation since 2009; Director of Pelangio Exploration Inc. since 2008; Trustee of Dundee Real Estate Investment Trust since 2003 and Dundee Industrial REIT since October 2012; Director of Orbite Aluminae Inc. since May 2013. Former director of Barrick Gold Corporation (from 1993 to 2012), QLT Inc. (from 1990 to 2012); Former Chairman of the Canadian Association of Provincial Cancer Agencies. | 01/25/2005     | 739,213 Common/<br>38,158 DSUs  |
| <b>THOR E. EATON</b> <sup>(4)(5)</sup><br>Director<br>Ontario, Canada                  | 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.   | 08/08/2011     | 1,169,347<br>Common/<br>52,449 DSUs   |
| <b>ANDRÉ Y. FORTIER</b> <sup>(2)(4)(5)</sup><br>Director<br>Québec, Canada             | Corporate Director. Former SVP of Noranda and CEO of Kerr Addison Mines Inc. Former President & Chief Executive Officer, Campbell Resources Inc. June 2001 until December 2009.   | 03/16/2005     | 185,600 Common/<br>60,321 DSUs  |
| <b>ALAN R. MCFARLAND</b> <sup>(2)(3)(5)</sup><br>Director<br>New York, U.S.A.          | 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.   | 11/23/2006     | 75,000 Common/<br>57,621 DSUs   |
| <b>TIMOTHY J. RYAN</b> <sup>(2)(3)(4)</sup><br>Director<br>British Columbia,<br>Canada | Businessman; Founder and President of First General Securities Inc. since 1982.   | 03/27/2006     | 250,835 Common/<br>59,599 DSUs  |
| <b>OLIVER FERNÁNDEZ</b> <sup>(5)</sup><br>Director<br>Mexico City,<br>Mexico           | Businessman; Founder and President of Grupo Empresarial Maestro, S.A. de C.V. (Crédito Maestro).  | 10/25/2012     | 23,000 Common/<br>35,073 DSUs   |

| Name, Position, and Province/State & Country of Residence <sup>(1)</sup>             | Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>  | Director Since | Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup> |
|--|--|----------------|---|
| BRENDAN CAHILL<br>President, Chief Executive Officer and Director<br>Ontario, Canada | 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. | 04/30/2013     | 74,830 Common/<br>87,719 RSUs   |

**Notes:**

- (1) The information, not being within the knowledge of the Corporation, has been furnished by the respective director
- (2) Member of the Audit Committee
- (3) Member of the Nominating and Corporate Governance Committee
- (4) Member of the Compensation Committee
- (5) Member of the Health, Safety & Environmental Committee

### Majority Voting Policy

On March 25, 2014, the Board adopted a majority voting policy (the “**Majority Voting Policy**”) with immediate effect. A copy of the Majority Voting Policy is also 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 election, in an uncontested election, shall immediately tender his 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 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 votes “withheld” in the same election, or the number of NCGC members who received a vote “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 resignation in accordance with the Majority Voting Policy, he 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. STOCK OPTION PLAN - APPROVAL OF UNALLOCATED ENTITLEMENTS**

The rules of the Toronto Stock Exchange (the “**TSX**”) require that all unallocated options, rights or other entitlements (“**Unallocated Entitlements**”) under stock option plans that do not have a fixed maximum number of securities issuable be approved by a majority of a listed company’s directors and by the listed company’s Shareholders three years after institution of the stock option plan and every three years thereafter. At the Meeting, the Corporation is seeking shareholder approval of the Unallocated Entitlements under the Corporation’s Stock Option Plan. Unallocated Entitlements were previously approved by the Shareholders of the Corporation at the Corporation’s annual and special general meeting on May 31, 2012. As the three-year term prescribed by the TSX will expire on May 31, 2015, an ordinary resolution will be placed before the Shareholders to approve the Unallocated Entitlements. This approval will be effective for three years from the date of the Meeting. If approval is not obtained at the Meeting, options, awards or other entitlements which have not been allocated prior to the Meeting will not be available for a new grant of options. Accordingly, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation the “**Stock Option Plan Resolution**”, subject to such amendments, variations or additions as may be approved at the

Meeting, approving the Unallocated Entitlements under the Corporation's Stock Option Plan for the ensuing three years. Previously allocated options will continue to be unaffected by the approval or disapproval of the Stock Option Plan Resolution.

As at the date of this Circular, the Corporation has 2,752,000 stock options outstanding, 293,507 restricted share units outstanding and 319,449 deferred share units outstanding, which represent in the aggregate approximately 6.1% of the issued and outstanding Common Shares.

For particulars with respect to the terms of the current Stock Option Plan, see "Stock Option Plan" in this Circular. A copy of the Stock Option Plan is available for viewing at the Corporation's registered office at 20 Victoria Street, Suite 900, Toronto, Ontario M5C 2N8, and at the Meeting.

### **Shareholder Resolutions**

The approval of the Stock Option Plan Resolution requires the affirmative vote of the holders of a majority of the issued and outstanding Common Shares entitled to vote and represented in person or by proxy at the Meeting. Shareholders will be asked at the Meeting to consider and, if thought fit, approve the Stock Option Plan Resolution, with or without variation, in the form set forth below:

"BE IT RESOLVED, BY ORDINARY RESOLUTION, THAT:

1. the Unallocated Entitlements under the Stock Option Plan be and are hereby approved and authorized and the Corporation is authorized to grant options under the Stock Option Plan until May 28, 2018; and
2. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution."

**The Board believes the passing of the foregoing resolution is in the best interests of the Corporation and the Board unanimously recommends that the Shareholders approve the Stock Option Plan Resolution by voting FOR this resolution at the Meeting. The persons named as proxies in the enclosed form of proxy intend to cast the votes represented by proxy FOR the foregoing resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.**

### **5. SHAREHOLDER RIGHTS PLAN**

The Board of the Corporation has recommended that Shareholders approve the shareholder rights plan (the "**Plan**") approved by the Board on March 24, 2015. The Plan replaces the shareholder rights plan approved by Shareholders on May 24, 2011. The Plan authorized the issue of one right (a "**Right**") in respect of each outstanding Common Share to holders of record as at 12:01 a.m. (Toronto time) on March 24, 2015 (the "**Record Time**").

The Corporation entered into a Shareholders Rights Plan Agreement with Computershare Investor Services Inc., as rights agent, to act in connection with the exercise of Rights, the issue of certificates evidencing the Rights and other related matters.

The principal terms and conditions of the Plan are summarized below. This summary is qualified in its entirety by the full text of the Plan, a copy of which is available by request made in writing to the Corporation at Suite 900 – 20 Victoria Street Toronto, Ontario, Canada. M5C 2N8, or made by phone at (416) 364-1130 or facsimile (416) 364-6745 or e-mail at [info@excellonresources.com](mailto:info@excellonresources.com). A full text of the Plan may be viewed in electronic format at [www.sedar.com](http://www.sedar.com).

#### *Term*

If ratified by the Shareholders of the Corporation on or before the date that is six months from the

date of the Plan, the Plan will continue in force up to the end of the Corporation's annual meeting of Shareholders in 2018 unless the continued existence of the plan is ratified by Shareholder at that meeting.

#### *Issue of Rights*

The Board implemented the Plan by authorizing the issue of one Right in respect of each outstanding Common Share to holders of record as at the Record Time. The Board also authorized the issue of one Right in respect of each Common Share issued after the Record Time and prior to the Separation Time (as defined below) and the Expiration Time (as defined in the Plan).

#### *Exercise of Rights*

The Rights are not exercisable initially. The Rights will separate from the Common Shares and become exercisable at the close of business on the tenth (10th) trading day after the earlier of the first public announcement of facts indicating that a person has acquired Beneficial Ownership (as defined in the Plan) of twenty percent (20%) or more of the Common Shares or the commencement of, or first public announcement of, the intent of any person to commence a take-over bid which would result in such person Beneficially Owning twenty percent (20%) or more of the Common Shares, or the date upon which a Permitted Bid or Competing Permitted Bid (as defined in the Plan) ceases to be such, or such later time as the Board may determine in good faith (in any such case, the "**Separation Time**").

After the Separation Time, but prior to the occurrence of a Flip-in Event (as defined below), each Right may be exercised to purchase one Common Share at an exercise price per Right of three times the then Market Price (as defined in the Plan) of the Common Shares.

The exercise price payable and the number of securities issuable upon the exercise of the Rights are subject to adjustment from time to time upon the occurrence of certain corporate events affecting the Shares, as detailed, described and established in the Plan.

#### *Flip-in Event and Exchange Option*

Subject to certain customary exceptions, upon the acquisition by any person (an "**Acquiring Person**") of twenty percent (20%) or more of the Shares (a "**Flip-in Event**") and following the Separation Time, each Right, other than a Right Beneficially Owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees, may be exercised to purchase that number of Common Shares which have a market value equal to three (3) times the exercise price of the Rights. Rights beneficially owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees will be void.

In addition, the Plan permits the Board to authorize the Corporation, after a Flip-in Event has occurred, to issue or deliver, in return for the Rights and on payment of the relevant exercise price or without charge, debt, equity or other securities or assets of the Corporation or a combination thereof.

#### *Certificates and Transferability*

Prior to the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate.

Prior to the Separation Time, Rights will not be transferable separately from the associated Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and trade separately from the Shares.

#### *Permitted Bids*

The Plan will not be triggered by a Permitted Bid or Competing Permitted Bid. A Permitted Bid is one that: (i) is made by means of a take-over bid circular, (ii) is made to all holders of voting shares; (iii) is open for at least sixty (60) days; (iv) contains a condition that no shares will be taken up and paid for until at least fifty percent (50%) of the independent Shareholders have tendered and not withdrawn, (v) contains a condition that voting shares may be deposited at any time and withdrawn until they are taken up and paid for, and (vi) contains a provision that, if fifty percent (50%) of the independent Shareholders tender, the bidder will make an announcement to that effect and keep the bid open for

at least ten (10) more business days.

#### *Redemption and Waiver*

The Rights may be redeemed by the Board at a redemption price of \$0.001 per Right at any time prior to the occurrence of a Flip-in Event without the prior approval of the holders of Shares or Rights. The Board is obligated to redeem the Rights if a person who has made a take-over bid in respect of which the Board has waived the application of the Plan takes up and pays for Common Shares pursuant to the terms and conditions of such take-over bid.

The provisions of the Plan which apply upon the occurrence of a Flip-in Event may be waived at the option of the Board and without the prior approval of the holders of Common Shares or Rights in certain circumstances prior to the occurrence of a Flip-in Event. The Board would, however, by virtue of such waiver be deemed to have waived the Plan with respect to any other Flip-in Event. In addition, the operation of the Plan may be waived where a person has inadvertently become an Acquiring Person and has reduced its beneficial ownership of Shares such that it is no longer an Acquiring Person.

#### *Amendment of the Plan*

The Board may amend the Rights Agreement and the Rights without the prior approval of the holders of Common Shares or Rights in the period before the Plan is initially ratified and approved by the Shareholders. Thereafter, amendments, other than those required to correct clerical or typographical errors or to maintain the validity of the Plan as a result of a change of law, will require shareholder approval.

#### *Rationale for the Plan*

The Corporation adopted the Plan to ensure the fair treatment of Shareholders in connection with any takeover bid for Common Shares. The Plan seeks to provide Shareholders with adequate time to properly assess a take-over bid without undue pressure. It is also intended to provide the Board with more time to fully consider an unsolicited take-over bid and, if considered appropriate, to identify, develop and negotiate other alternatives to maximize shareholder value.

#### **Shareholder Resolutions**

The approval of the Plan requires the affirmative vote of the holders of a majority of the issued and outstanding Common Shares entitled to vote and represented in person or by proxy at the Meeting. Shareholders will be asked at the Meeting to consider and, if thought fit, approve the Plan, with or without variation, in the form set forth below

“BE IT RESOLVED, BY ORDINARY RESOLUTION, THAT:

1. The shareholder rights plan containing the terms and conditions substantially set forth in the shareholder rights plan agreement dated as of March 24, 2015 between the Corporation and Computershare Investor Services Inc. (the “Plan”), a copy of which has been tabled at this Meeting, be and is hereby ratified, confirmed and approved.
2. The actions of the directors of the Corporation in adopting the Plan and in executing and delivering the Plan be and are hereby ratified, conformed and approved.
3. Any one director or officer of the Corporation be and is hereby authorized and directed to perform all such acts, deeds and things and execute all such documents and other instruments as may be required to give effect to the intent of this resolution.”
4. If the Plan is not ratified and confirmed at the Meeting, then the Plan and all Rights issued thereunder will be of no further force and effect.”

**The Board has concluded that the Shareholder Rights Plan is in the best interests of the Corporation. Accordingly, the Board unanimously recommends that the Shareholders approve**

**the Shareholder Rights Plan by voting FOR this resolution at the Meeting. The persons named as proxies in the enclosed form of proxy intend to cast the votes represented by proxy FOR the foregoing resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.**

## **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**

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **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, 2014, the Named Executive Officers of the Corporation were:

Peter A. Crossgrove, Executive Chairman (now Chairman)  
Brendan Cahill, President and Chief Executive Officer  
Rupy Dhadwar, Chief Financial Officer  
Robert Moore, Chief Operating Officer (former)  
John Sullivan, Vice President, Exploration

#### **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 André Y. Fortier (Chair), Thor E. Eaton 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, 2014, 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 Executive 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: Aurcana Corporation, Avino Silver & Gold Mines Ltd., Golden Minerals Company, Alexco Resource Corp., Great Panther Silver Ltd., Revett Minerals Inc., SantaCruz Silver Mining Ltd., Scorpio Mining Corp., U.S. Silver & Gold Inc. and Impact Silver Corp. No compensation consultants were retained for comparison of corporate or executive compensation for the 2014 review.

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.

During 2013 and 2014, the Corporation’s operations, revenues, profitability and market price of the Corporation’s stock were significantly impacted by the ongoing weak commodity price environment. In reviewing executive compensation, the Compensation Committee considered the steps management has taken to reduce operating and overhead costs and improve the Corporation’s mining operations going forward. In addition, the Compensation Committee considered the significant voluntary reductions in cash compensation by management (discussed below).

In 2014, the mix of total direct compensation payable to our Named Executive Officers was 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 agreed to reduce his salary from \$275,000 per annum to \$240,000 per annum. Subsequently, in July 2013, all NEOs (including the President & CEO), voluntarily agreed to reduce their salaries to \$180,000, with the exception of the COO, whose salary was reduced to \$190,000. The CFO's salary was increased to \$200,000 in December 2013 to reflect his significant contributions to the Company, but was also immediately voluntarily reduced to \$180,000 at that time. These reductions were reviewed at the end of 2013 and are reviewed on an ongoing basis, with the expectation that such 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.

Given market conditions during 2014, no cash bonuses were recommended to the Board by the Compensation Committee with input from the President.

### ***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, 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 stock options, DSUs and RSUs over a period of time.

#### ***Stock Options***

The Corporation grants stock options to its Named Executive Officers. The timing of the grant, and number of Common Shares made subject to option is recommended by the Executive 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 stock 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 stock option also comprise a portion of the compensation package offered to attract and retain new directors and executive officers to the Corporation. Stock 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 Plan – Stock Option Plan*” for further information.

During the fiscal year ended December 31, 2014, no stock options were granted to NEOs. During 2014, an aggregate of 100,000 stock options were awarded to employees and consultants of the Corporation.

#### *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).

#### *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 vesting conditions for each Grant are established by the Board 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. Vesting conditions may include performance against fundamental corporate objectives that are achieved prior to the expiry of the Grant. 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).

#### ***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 on its directors and the Named Executive Officers.

### **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 stock 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 Named Executive Officers for each of the Corporation's three most recently completed financial years ending December 31, 2014:

| <b>Summary Compensation Table</b>   |      |             |                         |   |  |                           |                    |                             |                         |
|---|------|-------------|-------------------------|---|--|---------------------------|--------------------|-----------------------------|-------------------------|
| Name and Principal Position   | Year | Salary (\$) | Share-Based Awards (\$) | Option-Based Awards <sup>(1)</sup> (\$) | Non-Equity Incentive Plan Compensation |                           | Pension Value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
|   |      |             |                         |   | Annual Incentive Plans <sup>(2)</sup>  | Long-Term Incentive Plans |                    |                             |                         |
| <b>Peter A. Crossgrove</b> <sup>(2)</sup><br>Executive Chairman and Director            | 2014 | 180,000     | NIL                     | NIL                                     | NIL                                    | NIL                       | NIL                | NIL                         | 180,000                 |
|   | 2013 | 212,500     | 43,500                  | 72,350                                  | NIL                                    | NIL                       | NIL                | NIL                         | 328,350                 |
|   | 2012 | 190,000     | NIL                     | 215,823                                 | 120,000                                | NIL                       | NIL                | 118,414                     | 644,237                 |
| <b>Brendan Cahill</b> <sup>(3)</sup><br>President, Chief Executive Officer and Director | 2014 | 180,000     | NIL                     | NIL                                     | NIL                                    | NIL                       | NIL                | NIL                         | 180,000                 |
|   | 2013 | 216,875     | 100,000                 | 108,525                                 | NIL                                    | NIL                       | NIL                | NIL                         | 425,400                 |
|   | 2012 | 105,161     | NIL                     | 212,323                                 | 40,000                                 | NIL                       | NIL                | NIL                         | 357,484                 |
| <b>Rupy Dhadwar</b> <sup>(4)</sup><br>Chief Financial Officer                           | 2014 | 180,000     | NIL                     | NIL                                     | NIL                                    | NIL                       | NIL                | NIL                         | 180,000                 |
|   | 2013 | 180,000     | 55,000                  | 18,087                                  | NIL                                    | NIL                       | NIL                | NIL                         | 253,087                 |
|   | 2012 | 132,827     | NIL                     | 64,587                                  | 35,000                                 | NIL                       | NIL                | NIL                         | 232,414                 |
| <b>Robert Moore</b> <sup>(5)</sup><br>Chief Operating Officer (former)                  | 2014 | 190,000     | NIL                     | NIL                                     | NIL                                    | NIL                       | NIL                | NIL                         | 190,000                 |
|   | 2013 | 208,958     | 72,500                  | 18,087                                  | NIL                                    | NIL                       | NIL                | NIL                         | 299,545                 |
|   | 2012 | 210,000     | NIL                     | 73,814                                  | 50,000                                 | NIL                       | NIL                | NIL                         | 333,814                 |

|   |      |         |        |        |        |     |     |     |         |
|---|------|---------|--------|--------|--------|-----|-----|-----|---------|
| <b>John Sullivan</b><br>Vice-President<br>Exploration | 2014 | 180,000 | NIL    | NIL    | NIL    | NIL | NIL | NIL | 180,000 |
|   | 2013 | 190,833 | 55,000 | 18,087 | NIL    | NIL | NIL | NIL | 263,920 |
|   | 2012 | 191,662 | NIL    | 73,814 | 50,000 | NIL | NIL | NIL | 315,476 |

**Notes:**

- (1) The values reported represent an estimate of the grant date fair market value of the options awarded during the year. 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%. For 2013, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.42%, no dividend yield, expected life of 5 years and an expected price volatility of 85.75%. For 2012, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 1.28%, no dividend yield, expected life of 5 years and an expected price volatility of 91.57%. 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.
- (2) Mr. Crossgrove was Interim CEO from April 6, 2008 to July 18, 2011 and from May 31, 2012 to March 26, 2013. Mr. Crossgrove became Chairman on January 1, 2015.
- (3) Mr. Cahill was appointed Executive Vice President on July 23, 2012, President on November 15, 2012 and CEO on March 26, 2013.
- (4) Mr. Dhadwar was appointed Chief Financial Officer on August 10, 2012. He joined the Corporation as Controller in 2010.
- (5) Mr. Moore ceased to be the Chief Operating Officer of the Corporation effective January 19, 2015.

**Incentive Plan Awards**

**Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth, for each Named Executive Officer, all option-based awards outstanding as at December 31, 2014. There were no share-based awards outstanding for the Named Executive Officers. The closing price of the Common Shares on the TSX on December 31, 2014 was \$0.66.

| Name                                      | Option Based Award                                      |                            |                        |   |
|---|---|----------------------------|------------------------|---|
|   | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) <sup>(1)</sup> |
| <b>Peter A. Crossgrove</b> <sup>(2)</sup> | 150,000   | \$4.90                     | Dec 16, 2015           | NIL   |
|   | 20,000  | \$4.05                     | Aug 12, 2016           | NIL   |
|   | 40,000  | \$3.10                     | Jun 6, 2017            | NIL   |
|   | 70,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|   | 100,000   | \$1.14                     | Dec 11, 2018           | NIL   |
| <b>Brendan Cahill</b>                     | 100,000   | \$2.50                     | Jul 23, 2017           | NIL   |
|   | 20,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|   | 150,000   | \$1.14                     | Dec 11, 2018           | NIL   |
| <b>Rupy Dhadwar</b>                       | 20,000  | \$4.90                     | Dec 16, 2015           | NIL   |
|   | 10,000  | \$2.50                     | Dec 15, 2016           | NIL   |
|   | 35,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|   | 25,000  | \$1.14                     | Dec 11, 2018           | NIL   |
| <b>Robert Moore</b>                       | 20,000  | \$4.90                     | Dec 31, 2015           | NIL   |
|   | 20,000  | \$2.50                     | Dec 31, 2015           | NIL   |
|   | 40,000  | \$2.60                     | Dec 31, 2015           | NIL   |
|   | 25,000  | \$1.14                     | Dec 31, 2015           | NIL   |
| <b>John Sullivan</b>                      | 20,000  | \$4.90                     | Dec 16, 2015           | NIL   |
|   | 20,000  | \$2.50                     | Dec 15, 2016           | NIL   |
|   | 40,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|   | 25,000  | \$1.14                     | Dec 11, 2018           | NIL   |

**Notes:**

- (1) 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, 2014 (\$0.66) 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) Mr. Crossgrove received these options in his capacity as a director of the Corporation.

(3) Mr. Moore ceased to be the Chief Operating Officer of the Corporation effective January 19, 2015.

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

For the year ended December 31, 2014, 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.

| <b>Name</b>                | <b>Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup></b> | <b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b> |
|----------------------------|---|---|
| <b>Peter A. Crossgrove</b> | NIL   | NIL   |
| <b>Brendan Cahill</b>      | NIL   | NIL   |
| <b>Rupy Dhadwar</b>        | NIL   | NIL   |
| <b>Robert Moore</b>        | NIL   | NIL   |
| <b>John Sullivan</b>       | NIL   | NIL   |

**Notes:**

(1) The value of options which vested during the fiscal year ended December 31, 2014 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.

### **Employment Agreements**

Of the Named Executive Officers, the Corporation has employment agreements in place with its President and Chief Financial Officer. 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 certain of its Named Executive Officers (other than the President) and in the letter agreements with its Chairman and the Vice President, Exploration, 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.

The Corporation has the following letter agreements with its remaining Named Executive Officers regarding termination or change of control as follows:

**Peter A. Crossgrove, Chairman:** Pursuant to the terms of a letter agreement dated December 31, 2015, Mr. Crossgrove is entitled to receive \$310,000 (representing 1.5 times his base salary as Executive Chairman from 2012 to 2014 and the average of his annual bonus, if any, during that period) in the event of a Change of Control of the Corporation prior to June 30, 2015 and his employment is terminated by the Corporation without just cause or by Mr. Crossgrove within six months of a Change of Control, plus the lesser of (i) the amount of the last bonus paid to Mr. Crossgrove, if any; and (ii) the average of the bonus earned (if any) for the three years preceding termination. In addition, Mr. Crossgrove'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.

**John Sullivan, Vice President Exploration:** Pursuant to the terms of a letter agreement, Mr. Sullivan is entitled to receive three years' base salary in the event of a Change of Control of the Corporation and his employment is terminated by the Corporation without just cause or by Mr. Sullivan within six months of a Change in Control, plus the lesser of (i) the amount of the last bonus paid to Mr. Sullivan, if any; and (ii) the average of the bonus earned (if any) for the three years preceding termination. In addition, Mr. Sullivan'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 termination of Mr. Sullivan's employment by the Corporation without cause either before or in the absence of a Change of Control or beyond a six month period following a Change of Control, Mr. Sullivan is entitled to receive notice of termination or the payment of base salary in lieu of all or part thereof equal to one months' salary for each year of service, with a minimum of three months and a maximum of twelve months. In addition, Mr. Sullivan's group insurance benefit coverage, other than long and short-term disability, will continue until the earlier of the end of the notice period or 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, 2014:

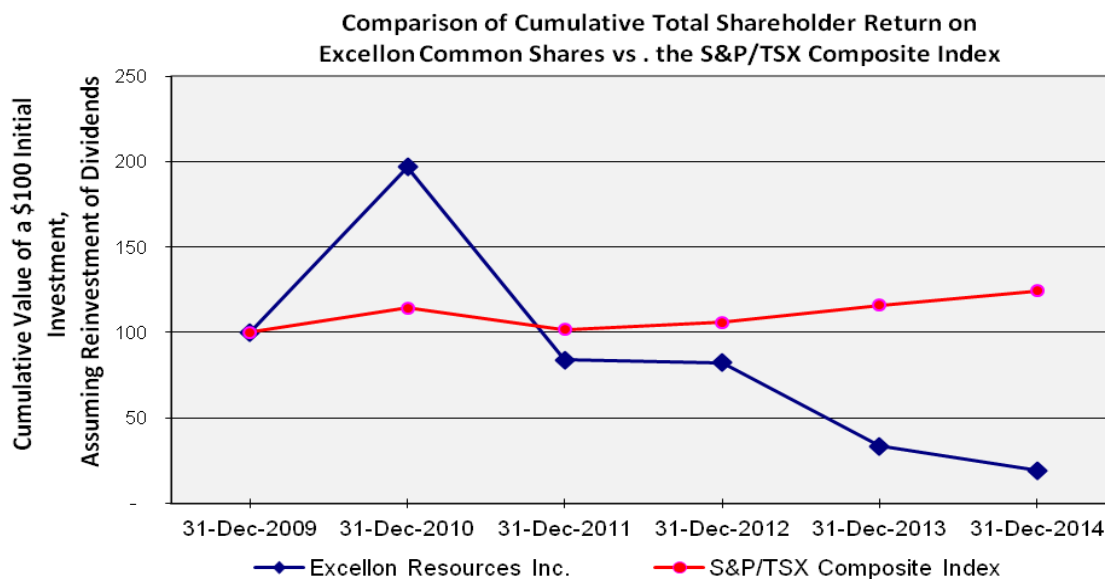
| Name                | Triggering Event               | Base Salary <sup>(1)</sup><br>\$ | Value of Option-Based Awards if Exercised on Termination <sup>(2)</sup><br>\$ | All Other Compensation <sup>(3)</sup><br>\$ | Total<br>\$ |
|---------------------|--------------------------------|----------------------------------|---|---|-------------|
| Peter A. Crossgrove | Change of Control              | \$310,000                        | NIL   | \$25,184                                    | \$335,184   |
| Brendan Cahill      | Change of control              | \$825,000                        | NIL   | \$57,895                                    | \$882,895   |
|                     | Termination without just cause | \$550,000                        | NIL   | \$20,390                                    | \$570,390   |
| Rupy Dhadwar        | Change of control              | \$600,000                        | NIL   | \$31,842                                    | \$631,842   |
|                     | Termination without just cause | \$400,000                        | NIL   | \$11,214                                    | \$411,214   |
| John Sullivan       | Change of control              | \$600,000                        | NIL   | \$31,842                                    | \$631,842   |
|                     | Termination without just cause | \$133,333                        | NIL   | \$11,214                                    | \$144,547   |

**Notes:**

- (1) See "Base Salaries", above, for a discussion of the voluntary salary reductions agreed to by 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, 2014 (\$0.66) 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.

## 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, 2009 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-09 | 31-Dec-10 | 31-Dec-11 | 31-Dec-12 | 31-Dec-13 | 31-Dec-14 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Excellon Resources Inc. | \$100     | \$197     | \$84      | \$82      | \$34      | \$19      |
| S&P/TSX Composite Index | \$100     | \$114     | \$102     | \$106     | \$116     | \$125     |

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. Stock options form an important component of the initial compensation package offered to attract qualified individuals to a position and the number of stock options granted varies with the position level. The Corporation's stock price performance fell short of expectations in 2014 due to market conditions that have affected the precious metals sector as a whole and have resulted in significant cost-cutting and efficiency measures at operations worldwide and in every commodity. The Corporation's efforts to reduce costs and improve operations for the long term sustainability of the operation were valuable objectives pursued during 2014. Additionally, NEOs voluntarily maintained significant reductions in cash compensation during 2014. Please see "*Compensation Policy Objectives – Discretionary Bonus*" for further information regarding these achievements. The Compensation Committee concluded that executives should receive long-term incentive grants in the form of options and RSUs in recognition of the importance of retaining key personnel during the currently exceptionally difficult market conditions. As such, executive compensation has not been tied to share performance.



## 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, 2014.

| Directors Compensation Table <sup>(2) (3)</sup> |                                 |                         |   |   |                    |                             |            |
|---|---------------------------------|-------------------------|---|---|--------------------|-----------------------------|------------|
| Name  | Fees Earned (\$) <sup>(1)</sup> | Share-Based Awards (\$) | Option-Based Awards <sup>(1)</sup> (\$) | Non-Equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total (\$) |
| André Y. Fortier                                | \$38,000                        | NIL                     | NIL                                     | NIL   | N/A                | NIL                         | \$38,000   |
| Alan R. McFarland                               | \$38,000                        | NIL                     | NIL                                     | NIL   | N/A                | NIL                         | \$38,000   |
| Timothy J. Ryan                                 | \$54,000                        | NIL                     | NIL                                     | NIL   | N/A                | NIL                         | \$54,000   |
| Thor E. Eaton                                   | \$33,000                        | NIL                     | NIL                                     | NIL   | N/A                | NIL                         | \$33,000   |
| Oliver Fernández                                | \$22,000                        | NIL                     | NIL                                     | NIL   | N/A                | NIL                         | \$22,000   |
| Joanne Ferstman <sup>(5)</sup>                  | \$32,000                        | NIL                     | NIL                                     | NIL   | N/A                | NIL                         | \$32,000   |

**Notes:**

- (1) During 2014, non-executive directors of the board predominantly elected to receive DSUs in lieu of cash board fees, with approximately 88% of board fees (normally payable in cash) being issued in the form of DSUs, resulting in the total issuance of 198,839 DSUs in respect of such fees.
- (2) The values reported represent an estimate of the grant date fair market value of the options awarded during the year. 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 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) The table does not include any amount paid as reimbursement for travel, meals and accommodation expenses to attend Board and/or Committee meetings.
- (4) Compensation paid to Mr. Crossgrove, who served as Executive Chairman during 2014, is disclosed in the Summary Compensation Table for the Named Executive Officers.
- (5) Ms. Ferstman stepped down from the Board of Directors effective February 6, 2015.

The Board, upon the recommendation of the Compensation Committee, has the responsibility of determining 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 stock options, DSUs and RSUs. The non-executive directors receive the following annual retainers and other fees for their services as directors:

|  | Fiscal Year 2014 |
|--|------------------|
| Director Retainer (base)                           | \$15,000         |
| Audit Committee Chair (additional retainer)        | \$10,000         |
| Compensation Committee Chair (additional retainer) | \$5,000          |
| Other Committee Chair (additional retainer)        | \$5,000          |
| Meeting Attendance Fee                             | \$1,000          |

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

2,752,000 Common Shares, of which 1,190,000 have been granted to non-executive directors, representing approximately 42% of outstanding options. The Corporation has also awarded a total of 198,839 DSUs in respect of board compensation and in lieu of board fees in 2014, with an outstanding balance of 319,449 as at March 24, 2015.

### Incentive Plan Awards

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

The following table sets out for each non-executive director the option-based awards outstanding as of December 31, 2014. The closing price of the Common Shares on the TSX on December 31, 2014 was \$0.66.

| Director Name     | Option Based Award                                      |                            |                        |   |
|-------------------|---|----------------------------|------------------------|---|
|                   | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) <sup>(1)</sup> |
| André Y. Fortier  | 50,000  | \$4.90                     | Dec 16, 2015           | NIL   |
|                   | 20,000  | \$4.05                     | Aug 12, 2016           | NIL   |
|                   | 40,000  | \$3.10                     | Jun 6, 2017            | NIL   |
|                   | 50,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|                   | 50,000  | \$1.14                     | Dec 11, 2018           | NIL   |
| Alan R. McFarland | 50,000  | \$4.90                     | Dec 16, 2015           | NIL   |
|                   | 20,000  | \$4.05                     | Aug 12, 2016           | NIL   |
|                   | 40,000  | \$3.10                     | Jun 6, 2017            | NIL   |
|                   | 50,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|                   | 50,000  | \$1.14                     | Dec 11, 2018           | NIL   |
| Timothy J. Ryan   | 50,000  | \$4.90                     | Dec 15, 2015           | NIL   |
|                   | 20,000  | \$4.05                     | Aug 12, 2016           | NIL   |
|                   | 40,000  | \$3.10                     | Jun 6, 2017            | NIL   |
|                   | 50,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|                   | 50,000  | \$1.14                     | Dec 11, 2018           | NIL   |
| Thor E. Eaton     | 100,000   | \$4.10                     | Aug 12, 2016           | NIL   |
|                   | 40,000  | \$3.10                     | Jun 6, 2017            | NIL   |
|                   | 50,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|                   | 50,000  | \$1.14                     | Dec 11, 2018           | NIL   |
| Oliver Fernández  | 100,000   | \$2.10                     | Oct 25, 2017           | NIL   |
|                   | 20,000  | \$2.60                     | Jan 7, 2018            | NIL   |
|                   | 50,000  | \$1.14                     | Dec 11, 2018           | NIL   |
| Joanne Ferstman   | 100,000   | \$1.675                    | May 3, 2018            | NIL   |
|                   | 50,000  | \$1.14                     | Dec 11, 2018           | NIL   |

**Notes:**

<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, 2014 (\$0.66) 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, 2014, 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<br>(a) | Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup><br>(b) | Share-Based Awards – Value Vested During the Year (\$) (c) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) (d) |
|----------------------|---|--|--|
| André Y. Fortier     | NIL   | N/A  | N/A  |

| Director Name<br>(a) | Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup><br>(b) | Share-Based Awards – Value Vested During the Year (\$)<br>(c) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)<br>(d) |
|----------------------|---|---|---|
| Alan R. McFarland    | NIL   | N/A   | N/A   |
| Timothy J. Ryan      | NIL   | N/A   | N/A   |
| Thor E. Eaton        | NIL   | N/A   | N/A   |
| Oliver Fernández     | NIL   | N/A   | N/A   |
| Joanne Ferstman      | NIL   | N/A   | N/A   |

**Notes:**

<sup>(1)</sup> The value of options which vested during the fiscal year ended December 31, 2014 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 PLAN

The following table provides information regarding the Corporation's equity compensation plans as of December 31, 2014, 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 | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column "A") |
|--|---|---|---|
| Equity compensation plans approved by Shareholders     | 2,752,000   | \$2.65  | 2,073,367   |
| Equity compensation plans not approved by Shareholders | NIL   | NIL   | NIL   |
| <b>Total</b>   | <b>2,752,000</b>  | <b>\$2.65</b>   | <b>2,073,367</b>  |

### Stock Option Plan

In 2004, the Board established an incentive stock option plan (the "**Stock Option Plan**"). 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 stock options (the "**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 Stock Option Plan is administered by the Compensation Committee. 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, 2015, 5,490,300 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, 2,752,000 Options had been granted to Eligible Persons under the Stock Option Plan (the “**Optionees**”), representing 5.0% of the issued and outstanding Common Shares. Since the inception of the Stock Option Plan, a total of 2,030,833 Common Shares have been issued on exercise of Options issued under the plan representing 3.7% of the current issued and outstanding Common Shares.

The principal terms of the Stock Option Plan are as follows:

The aggregate number of Common Shares issuable to insiders, at any time, under the Stock Option Plan and all other security based compensation arrangements, may not exceed 10% of the issued and outstanding Common Shares at the time of grant. In addition, the aggregate number of Common Shares issued to insider within any one year period under the Stock Option Plan and all other security based compensation arrangements, may not exceed 10% of the issued and outstanding Common Shares. Further, the number of Common Shares issuable to any one individual in any one-year period under the Stock Option Plan and all other security based compensation arrangements may not exceed 5% of the issued Common Shares.

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 amendment not specifically listed above and 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 benefitting 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 recent 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).

### **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).

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the year ended December 31, 2014 (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, 2014 (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 National Policy 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, which disclosure is set out below.

#### Board of Directors

The Board is currently composed of seven (7) directors, the majority being independent directors, as follows:

| Name                | Position                    | Independent/Non Independent |
|---------------------|-----------------------------|-----------------------------|
| Peter A. Crossgrove | Director, Chairman          | Non-Independent             |
| Thor E. Eaton       | Director                    | Independent                 |
| André Y. Fortier    | Director                    | Independent                 |
| Alan R. McFarland   | Director                    | Independent                 |
| Timothy J. Ryan     | Director                    | Independent                 |
| Oliver Fernández    | Director                    | Independent                 |
| Brendan Cahill      | Director, President and CEO | Non-Independent             |

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 Peter A. Crossgrove, who served as the Corporation’s Executive Chairman until December 31, 2014, and 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.

### Other Directorships

As of the current date, certain of the Corporation’s directors are presently on the boards of other public companies as follows (with the committees on which they serve in brackets):

| Name   | Committees  |
|--|---|
| <b>Peter A. Crossgrove</b><br>Director, Executive Chairman | Detour Gold Corporation (Audit; Environmental, Health and Safety)<br>Lake Shore Gold Corp. (Compensation; Corporate Governance and Nominating (Chair))<br>Pelangio Exploration Inc. (Compensation Committee)<br>Dundee REIT (Audit; Compensation; Governance and Environmental (Chair))<br>Dundee Industrial REIT (Audit; Governance and Environmental)<br>Orbite Aluminae Inc. |
| <b>Thor E. Eaton</b><br>Director                           | Pelangio Exploration Inc.   |

### 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 which the Corporation faces from time to time. During the year ended December 31, 2014, the Board held seven meetings, the Audit Committee held five meetings, the Compensation Committee held five meetings and the NCGC held two meetings. A summary of Director attendance at Board and Committee Meetings held in 2014 is as follows:

| Name                       | Board Meetings | Audit Committee Meetings | Nominating & Corporate Governance Committee | Compensation Committee | HS&E Committee |
|----------------------------|----------------|--------------------------|---|------------------------|----------------|
| <b>Peter A. Crossgrove</b> | 10 of 10       | N/A                      | N/A   | N/A                    | N/A            |
| <b>Thor E. Eaton</b>       | 10 of 10       | N/A                      | N/A   | 2 of 2                 | 1 of 1         |

|                          |          |        |        |        |        |
|--------------------------|----------|--------|--------|--------|--------|
| <b>André Y. Fortier</b>  | 10 of 10 | 5 of 5 | N/A    | 2 of 2 | 1 of 1 |
| <b>Alan R. McFarland</b> | 10 of 10 | 5 of 5 | 2 of 2 | N/A    | 1 of 1 |
| <b>Timothy J. Ryan</b>   | 10 of 10 | 5 of 5 | 2 of 2 | 2 of 2 | N/A    |
| <b>Oliver Fernández</b>  | 6 of 10  | N/A    | N/A    | N/A    | 1 of 1 |
| <b>Brendan Cahill</b>    | 10 of 10 | N/A    | N/A    | N/A    | N/A    |

### **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 two of seven members are 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 a 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 Audit 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 Audit 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. During 2014, the Board had two members step down, Mr. Ned Goodman and Ms. Joanne Ferstman, and the Board may consider nominations to replace their significant abilities, though in the context of the ongoing difficult commodities market and the cost of maintaining relatively larger boards.

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.

## **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, 2014, 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).

The members of the Audit Committee are Timothy J. Ryan (Chairman), André Y. Fortier and Alan R. McFarland. All current members of the Audit Committee meet the independence criteria set out in NI 52-110.

Based on information provided by each director, the Board 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 Executive 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 which it believes is lacking from the Board (as a whole).

The NCGC is comprised of Messrs. Alan R. McFarland (Chair), Timothy J. Ryan and Thor Eaton, each of whom is an independent director. 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.

The members of the Compensation Committee are Messrs. André Y. Fortier (Chair), Thor E. Eaton and Timothy J. Ryan, each of whom is an independent director.

## **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 is comprised of Thor E. Eaton (Chair), André Y. Fortier, Alan R. McFarland and Oliver Fernández, each of whom is an independent director. 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 Executive 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 interim and annual financial statements, managements' discussion and analysis, and associated news releases 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.