

# EXCELLON

## DEFERRED SHARE UNIT PLAN

December, 2013

**Amended and Restated March, 2014**

**TABLE OF CONTENTS**

**ARTICLE 1 PURPOSE .....1**

    1.1 PURPOSE.....1

    1.2 EFFECTIVE DATE.....1

**ARTICLE 2 DEFINITIONS.....1**

    2.1 DEFINITIONS.....1

**ARTICLE 3 ADMINISTRATION.....3**

    3.1 GENERAL.....3

    3.2 DELEGATION OF ADMINISTRATION.....4

    3.3 LIMITATION OF LIABILITY.....4

**ARTICLE 4 DEFERRED SHARE UNIT AWARDS .....4**

    4.1 GRANTS OF DSUs.....4

    4.2 TERMS OF DSUs.....4

    4.3 MAXIMUM NUMBER OF COMMON SHARES AND LIMITATIONS.....5

    4.4 REDEMPTION OF DSUs.....5

    4.5 BLACKOUT PERIODS.....5

**ARTICLE 5 PAYMENT OF BENEFITS.....6**

    5.1 SETTLEMENT DATE.....6

    5.2 PAYMENT OF BENEFITS.....6

    5.3 SETTLEMENTS OF DSUs WITH COMMON SHARES.....7

    5.4 TERMINATION OR RESIGNATION PRIOR TO VESTING.....7

    5.5 RETIREMENT OR DISABILITY PRIOR TO VESTING.....7

    5.6 DEATH OF A PARTICIPANT.....7

**ARTICLE 6 PARTICIPANT’S ACCOUNT .....7**

    6.1 PARTICIPANT ACCOUNTS.....7

    6.2 ANNUAL NOTICE.....7

**ARTICLE 7 RIGHTS OF PARTICIPANTS.....8**

    7.1 NO RIGHT TO EMPLOYMENT OR SERVICE.....8

    7.2 LEGAL OWNERSHIP OF COMMON SHARES.....8

    7.3 PROHIBITION ON TRANSFER OF RIGHTS.....8

**ARTICLE 8 AMENDMENT, SUSPENSION AND TERMINATION .....8**

    8.1 AMENDMENT OF PLAN.....8

    8.3 TERMINATION OF PLAN.....9

**ARTICLE 9 ADJUSTMENTS, REORGANIZATIONS AND DIVIDENDS .....9**

    9.1 CAPITAL ADJUSTMENTS.....9

    9.2 FLUCTUATION IN COMMON SHARE PRICE.....10

**ARTICLE 10 DESIGNATION OF BENEFICIARIES .....10**

    10.1 DESIGNATION OF BENEFICIARIES.....10

**ARTICLE 11 TAX.....10**

11.1	TAX CONSEQUENCES.....	10
11.2	WITHHOLDING REQUIREMENTS.....	11
<b>ARTICLE 12 UNSECURED PLAN .....</b>		<b>11</b>
12.1	UNSECURED PLAN.....	11
<b>ARTICLE 13 COMPLIANCE WITH APPLICABLE LAWS .....</b>		<b>11</b>
13.1	COMPLIANCE WITH APPLICABLE LAWS.....	11
<b>ARTICLE 14 GENERAL .....</b>		<b>11</b>
14.1	NO REPRESENTATION.....	11
14.2	GOVERNING LAW.....	12
14.3	SEVERABILITY.....	12
14.4	HEADINGS.....	12
14.5	SUCCESSORS AND ASSIGNS.....	12

## DEFERRED SHARE UNIT PLAN

### ARTICLE 1

#### PURPOSE

1.1 **Purpose.** The purpose of the Plan is to advance the interests of the Corporation and its Related Entities 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 company and to promote a greater alignment of interests between the participants designated under this Plan and the shareholders of the Corporation.

1.2 **Effective Date.** This Plan shall become effective upon receipt of Board approval and any requisite regulatory approvals, as applicable.

### ARTICLE 2

#### DEFINITIONS

2.1 **Definitions.** In this Plan, unless the context otherwise requires, the following terms shall have the following meanings:

- (a) **"Account"** means an account maintained for each Participant on the books of the Corporation, which will be credited with DSUs in accordance with the terms of this Plan;
- (b) **"Administrator"** means the person or persons appointed from time to time by the Corporation to administer this Plan;
- (c) **"Award"** means a grant of DSUs to a Participant in accordance with Article 4 hereof;
- (d) **"Beneficiaries"** means such individuals who, on the date of a Participant's death, are the persons designated in accordance with this Plan and applicable laws to receive the value of the DSUs credited to the Participant on the date of death, or where no such individuals have been validly designated by the Participant, or where the individuals so designated do not survive the Participant, the Participant's legal representative;
- (e) **"Board"** means the board of directors of the Corporation, as constituted from time to time;
- (f) **"business day"** means a day, other than Saturday, Sunday or a day on which the principal commercial banking institutions in Toronto, Ontario are, or the Exchange is, closed;
- (g) **"Committee"** means the Compensation Committee of the Board or such other committee of the Board comprised of members of the Board as the Board shall from time to time appoint to administer the Plan;

- (h) **“Common Shares”** means the common shares of the Corporation as currently constituted or, in the event of an adjustment as contemplated by Article 9, such other shares or securities to which a Participant may be entitled or on which the value of an Award may be based, as a result of such adjustment;
- (i) **“Corporation”** means Excellon Resources Inc. and includes any successor thereof;
- (j) **“Deferred Share Units”** or **“DSUs”** means a unit credited by means of a bookkeeping entry to the account of an Eligible Participant in accordance with the provisions hereof, the value of which, on a particular date, shall be equal to the Market Price of one Common Share;
- (k) **“Director”** means a member of the board of directors of the Corporation or any of its Related Entities;
- (l) **“Eligible Participant”** means any Director, Officer or Employee of the Corporation or any Related Entity determined by the Committee as eligible for participation in this Plan;
- (m) **“Employee”** means an individual (other than a director or Officer) who:
  - (i) works for the Corporation or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services specified by the Corporation or the Related Entity and is subject to the control and direction of the Company or the Related Entity regarding both the method of performing or executing the services and the result to be effected,
  - (ii) works full-time for the Corporation or a Related Entity providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, and for whom income tax deductions are made at source, or
  - (iii) works for the Corporation or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, but for whom income tax deductions are not made at source;
- (n) **“Exchange”** means the TSX or, if the Common Shares are not then listed and posted for trading on the TSX, such stock exchange in Canada on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board;
- (o) **“Market Price”** as at any date in respect of the Common Shares means the volume-weighted average price of the Common Shares on the Exchange for the five trading

days immediately preceding such date, but if such Common Shares did not trade on such trading days, the Market Price shall be average of the bid and ask prices in respect of such Common Shares at the close of trading on such trading day;

- (p) **“Officer”** means a senior officer of the Corporation or an Related Entity;
- (q) **“Participant”** means an Eligible Participant who holds an Award under the terms of this Plan;
- (r) **“Plan”** means this Deferred Share Unit Plan, as the same may be amended from time to time;
- (s) **“Regulations”** means the *Income Tax Regulations* as amended from time to time;
- (t) **“Related Entity”** means with regard to the Corporation, a person that controls or is controlled by the Corporation or that is controlled by the same person that controls the Corporation;
- (u) **“Retirement”** means withdrawal from the Participant’s occupation or office with the Corporation or the Related Entity with no intention to return to the workforce;
- (v) **“Securities Act”** means the *Securities Act* (Ontario) as amended from time to time;
- (w) **“Settlement Date”** has the meaning ascribed to it in Section 5.1 hereto;
- (x) **“Tax Act”** means the *Income Tax Act* (Canada) as amended from time to time;
- (y) **“Termination Date”** means the date on which for any reason a Participant ceases to be a Director, Officer or Employee of the Corporation, excluding any notice period awarded by the Corporation, or required by employment law or by court judgments and includes termination from the Board, termination of employment, voluntary resignation, retirement from the workforce, permanent disability or death of a Participant; and
- (z) **“TSX”** means the Toronto Stock Exchange.

### ARTICLE 3 ADMINISTRATION

3.1 **General.** The Plan shall be administered by the Committee, under the supervision of the Board. The Committee has full and complete authority to interpret, construe and administer the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations and perform all other acts that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation, construction and administration of the Plan, or any action, all as described herein, shall lie within its sole and absolute

discretion and shall be final, conclusive and binding on all parties concerned for all purposes. Notwithstanding the foregoing, all actions of the Committee shall be such that the Plan continuously meets the conditions of paragraph 6801(d) of the Regulations and any other applicable provincial tax laws and regulations, or any successor provisions thereto and shall be subject to all requisite Exchange, regulatory and/or shareholder approvals, as required from time to time.

3.2 **Delegation of Administration.** The Committee may delegate to one or more of its members or an Administrator such administrative duties as it may deem advisable, including without limitation delegation to an Administrator of the authority to acquire Common Shares through the facilities of the Exchange for delivery to Participants in settlement of DSUs in accordance with the Plan. Any Committee or Administrator to whom duties have been delegated as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or any Administrator may have under the Plan.

3.3 **Limitation of Liability.** No member of the Committee or the Board shall be liable for any action or determination made in good faith pursuant to the Plan. To the full extent permitted by law, the Company shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board and, as such, is or was required or entitled to take action pursuant to the terms of the Plan. The expenses of administering the Plan shall be borne by the Corporation.

#### ARTICLE 4 DEFERRED SHARE UNIT AWARDS

4.1 **Grants of DSUs.** Subject to the provisions of this Plan, the Committee may grant DSUs to Eligible Participants.

4.2 **Terms of DSUs.**

- (a) The Committee shall designate the number of DSUs granted. The issue price for each DSU shall be the Market Price of the Common Shares calculated as of the date of the Award.
- (b) Subject to subsection 4.2(a) hereof, DSUs shall be granted on such terms as shall be determined by the Board and set out in the award agreement, a form of which is attached hereto as Schedule A. Without limiting the generality of the foregoing, subject to the provisions of this Plan, the Committee shall, in its sole discretion and from time to time, determine the Eligible Participants to whom Awards will be made based on its assessment, for each Participant, of the anticipated contribution of such Eligible Participant to the success of the Corporation. At such time, the Committee shall also determine, in connection with each Award, the effective date thereof, the number of DSUs to be allocated, the terms and conditions of vesting, and such other terms and conditions which the Committee considers appropriate to the Award in question, and which terms and conditions need not be identical as between any two Awards, whether or not contemporaneous.

- (c) Notwithstanding any provisions of this Section 4.2, any Award and any determination made by the Committee in connection with any such Award shall be subject to confirmation by the Board.

4.3 **Maximum Number of Common Shares and Limitations.** The number of Common Shares issuable under the Plan combined with the number of Common Shares issuable under all security-based compensation arrangements of the Corporation and under any other compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares as at the date of such Award.

The maximum aggregate value of Awards granted under the Plan to any non-employee Director in a one-year period combined with the value of all grants under other security-based compensation arrangements of the Corporation in such one-year period shall not exceed \$150,000, provided the value of options granted under any stock option plan of the Corporation shall not exceed \$100,000. The foregoing limitations do not apply to grants made *in lieu* of directors' fees.

Notwithstanding anything else contained herein, the number of Common Shares of the Corporation which are (i) issuable at any time, and (ii) issued within any one year period, to insiders (as such term is defined in Part 1 of the TSX Company Manual) of the Corporation pursuant to the terms of the Plan and under any other security-based compensation arrangement, shall not exceed 10% of the Corporation's total issued and outstanding Common Shares.

4.4 **Redemption of DSUs.** Subject to the provisions of this Plan and award agreement, a DSU held by a Participant shall be redeemed by the Corporation with settlement to occur on the Settlement Date, unless otherwise determined by the Committee or agreed to between the Corporation and the Participant.

4.5 **Blackout Periods.** The Corporation may from time to time impose trading blackouts during which some or all Directors, Officers and Employees may not trade in the securities of the Corporation. In the event that a trading blackout is imposed by management or the Board in accordance with any insider trading policy that the Corporation may adopt from time to time, Participants subject to the blackout are prohibited from buying, selling or otherwise trading in securities of the Corporation until such time as notice is formally given by the Corporation that trading may resume.

Notwithstanding Section 4.4 hereof, if the Settlement Date of any Award of DSUs falls within such a blackout period, it shall be automatically extended to the date which is five Business Days following the end of such blackout period.



**ARTICLE 5**  
**PAYMENT OF BENEFITS**

5.1 **Settlement Date.** Subject to this Section 5.1, a Participant or the legal representative of the Participant's estate, as applicable, may elect up to five separate dates (each such date being a "**Settlement Date**") as of which either a portion (specified in whole percentages or number of DSUs which, in either case, shall not be less than 10,000 DSUs on any one date) or all of the value of DSUs credited to the Participant's Account, as may be adjusted pursuant to Section 9.1 hereof, shall be redeemed, by filing with the Committee, following such Participant's Termination Date, in the form and manner specified by the Committee, up to five irrevocable written elections.

Subject to any conditions imposed by the Committee, each Settlement Date elected by a Participant or the legal representative of the Participant's estate, as applicable, pursuant to this Section 5.1 shall not be:

- (a) before the later of : (i) 15 days after the date on which the election is filed with the Corporation, and (ii) 30 days after the Participant's Termination Date;

And

- (b) later than December 15 of the calendar year commencing immediately after the Participant's Termination Date.

Where a Participant or the legal representative of the Participant's estate, as applicable, does not elect a Settlement Date within the permissible period set out above, the Settlement Date for such Participant shall be a single Settlement Date, which shall be December 15 of the calendar year commencing immediately after such Participant's Termination Date.

5.2 **Payment of Benefits.** Subject to the provisions of this ARTICLE 5, after the Termination Date with respect to a Participant, the Corporation shall, in satisfaction of its obligations hereunder and in its sole discretion, either:

- (a) pay to the Participant on the Settlement Date a lump sum cash payment, net of any applicable withholdings, equal to the number of DSUs credited to his or her Participant Account as of the Settlement Date multiplied by the Market Price of one Common Share on the Settlement Date; or
- (b) subject to Section 5.3 herein, deliver to the Participant on the Settlement Date that number of Common Shares equal to the whole number of DSUs credited to his or her Participant Account as of the Settlement Date, plus a cash settlement of any fraction of a DSU, provided that the Corporation shall be entitled to sell a portion of the Common Shares to fund payment of applicable taxes and any associated costs as contemplated in Section 11.2 herein.

The Participant shall have no further entitlement under the Plan upon receipt of the lump sum cash payment referred to in Section 5.2(a) or Common Shares (and where applicable, cash in lieu of fractional Common Shares) under Section 5.2(b).

5.3 **Settlements of DSUs with Common Shares.**

- (a) In order to satisfy its settlement obligation where the Corporation has elected to deliver Common Shares on a Settlement Date, the Corporation, at the discretion of the Board may elect to obtain Common Shares in respect of a Participant's entitlement through the facilities of the Exchange in accordance with the by-laws, regulations and policies of the Exchange or issue such Common Shares from treasury.
- (b) Any entitlement to fractional Common Shares shall be paid in cash based on the Market Price of one Common Share on the Settlement Date, less any applicable withholdings.
- (c) If the Corporation elects to deliver Common Shares on a Settlement Date, the Corporation shall pay all brokerage fees and commissions arising in connection with the purchase of such Common Shares by the Corporation.

5.4 **Termination or Resignation Prior to Vesting.** Unless the Board determines otherwise, if the employment of a Participant with the Corporation or a Related Entity is terminated with or without cause or such Participant resigns before a DSU has vested, the Participant shall have no right to any cash payment or Common Shares in respect of such DSU.

5.5 **Retirement or Disability Prior to Vesting.** If a Participant's employment or engagement with the Corporation or a Related Entity terminates before a DSU has vested due to Retirement or disability, the Board may waive any vesting conditions and redeem the DSU, in whole or in part, by making a lump sum cash payment or delivering Common Shares as contemplated in Section 5.2.

5.6 **Death of a Participant.** In the event of the death of a Participant prior to the settlement of the DSUs credited to his or her Account, the Board shall, on the Settlement Date, cause to be delivered to the estate of the Participant or such Participant's Beneficiary, the cash payment or number of Common Shares such Participant would have been entitled to.

**ARTICLE 6  
PARTICIPANT'S ACCOUNT**

6.1 **Participant Accounts.** The Corporation shall maintain or cause to be maintained in its records an Account for each Participant recording at all times the number of DSUs credited to the Participant's Account. Upon payment in satisfaction of DSUs in accordance with Article 5 above, the Participant's entitlement to receive any and all amounts in respect of DSUs so paid shall be fully discharged and satisfied and such DSUs shall be cancelled and thereupon deleted from the Account of such Participant.

6.2 **Annual Notice.** Upon a Participant's request, the Corporation shall deliver to such Participant an annual written notification of the balance of DSUs in the Participant's Account.

**ARTICLE 7  
RIGHTS OF PARTICIPANTS**

7.1 **No Right to Employment or Service.** Nothing in this Plan nor any action taken hereunder shall be construed as giving a Participant the right to be retained as a Director, Officer or Employee of the Corporation, or giving any Participant or any other person the right to receive any benefits not expressly provided in this Plan, nor shall it interfere in any way with any other right of the Corporation to terminate the employment or service of any Participant at any time.

7.2 **Legal Ownership of Common Shares.** Under no circumstances shall DSUs be considered Common Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership or control of Common Shares, including, without limitation, rights on liquidation, nor shall any Participant be considered the owner of any Common Shares to be delivered under this Plan until the date of purchase or issuance of such Common Shares, as determined by the Board, for the Account of such Participant as specifically provided herein.

7.3 **Prohibition on Transfer of Rights.** The rights or interests of a Participant under this Plan, including the DSUs, shall not be assignable or transferable, otherwise than in case of death as set out in this Plan, and such rights or interests shall not be encumbered by any means. Any attempt to so assign, transfer or encumber any such amount, whether presently or thereafter payable, shall be void and of no force or effect.

**ARTICLE 8  
AMENDMENT, SUSPENSION AND TERMINATION**

8.1 **Amendment of Plan.** This Plan may be amended at any time by the Board in its sole discretion, subject to applicable regulatory approval and the terms of this Plan; provided that, no such amendment shall, unless required by law, adversely affect the rights of any Participant with respect to DSUs to which the Participant is then entitled under this Plan, without the consent of the Participant, and any amendment shall be such that this Plan continuously meets the conditions and requirements of paragraph 6801(d) of the Regulations and any applicable provincial tax laws and regulations or any successor provisions thereto.

8.2 **Amendments without Shareholder Approval**

Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

- (a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the Exchange in place from time to time;
- (b) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan;

- (c) amendments to the provisions of the Plan respecting the terms and conditions on which Awards may be made pursuant to the Plan;
- (d) amendments to the Plan that are of a "housekeeping" nature; and
- (e) and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the Exchange.

### 8.3 **Amendments Requiring Shareholder Approval**

Without limiting the generality of the foregoing, the Board may not, without the approval of the Corporation's shareholders, make the following amendments to the Plan:

- (a) an increase to the Plan maximum or the number of Common Shares issuable under the Plan;
- (b) amendment provisions granting additional powers to the Board to amend the Plan or entitlements thereunder;
- (c) extension of the termination or expiry of an Award or the removal or increase of insider participation limits; and
- (d) a change to the definition of "Eligible Participant".

8.4 **Termination of Plan.** The Board may, in its sole discretion and without the consent of any Participant, terminate the Plan at any time by giving written notice thereof to each Participant. Following termination of the Plan, additional DSUs shall not be credited to the Accounts of Participants except pursuant to ARTICLE 4 hereof. Notwithstanding the termination of the Plan, all amounts distributable under the Plan shall be paid to the persons entitled thereto on the date on which such distributions would have been made had the Plan not been terminated.

## ARTICLE 9 ADJUSTMENTS, REORGANIZATIONS AND DIVIDENDS

### 9.1 **Capital Adjustments.**

- (a) The existence of DSUs shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any stock dividend, stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin-off or other distribution of the Corporation's assets to shareholders or any other change affecting the Common Shares. However, such adjustments as are required to reflect such change shall be made with respect to each Participant's Account, as the Committee in its discretion may deem appropriate to reflect such change.
- (b) In the event that the Corporation has paid any dividends on the Common Shares since the credit of a DSU to a Participant Account (other than a dividend payable in

Common Shares), there shall be credited to the Participant Account that number of additional DSUs equal to: (a) the product of the aggregate number of DSUs credited to the Participant Account prior to the payment of the dividend multiplied by the per share amount of such dividend (or, in the case of any dividend payable in property other than cash, the per share value of such dividend, as determined by the Board), divided by (b) the average of the bid and ask prices in respect of a Common Share on the date the dividend is declared.

- (c) In the event that the Corporation has paid any dividends on the Common Shares in additional Common Shares since the credit of a DSU to a Participant Account (other than a cash dividend payable in Common Shares at the election of the holder), the number of DSUs credited to the Participant Account shall be increased by a number equal to the product of (a) the aggregate number of DSUs credited to the Participant Account prior to the payment of the dividend, multiplied by (b) the number of Common Shares (including any fraction thereof) payable as a dividend on one Common Share.

9.2 **Fluctuation in Common Share Price.** No amount will be paid to, or in respect of, a Participant under this Plan or pursuant to any other arrangement, and no other DSUs will be granted to such Participants to compensate for a downward fluctuation in the price of a Common Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

## ARTICLE 10 DESIGNATION OF BENEFICIARIES

10.1 **Designation of Beneficiaries.** Subject to applicable law, a Participant may designate in writing one or more persons who are dependents or relations as Beneficiaries to receive any amount payable under this Plan on the death of such Participant, and may change such designations from time to time. Such designations shall be in such form and executed and filed in such manner as the Board or the Administrator may from time to time determine. If no Beneficiaries are designated, the Participant's legal representative will receive any amount payable under this Plan.

## ARTICLE 11 TAX

11.1 **Tax Consequences.** It is the responsibility of the Participant to complete and file any tax returns which may be required under any applicable tax laws within the periods specified in those laws as a result of the Participant's participation in this Plan. The Corporation shall not be responsible for any tax consequences to the Participant as a result of the Participant's participation in this Plan. The Participant shall remain responsible at all times for paying any federal, provincial, local and foreign income or employment tax due with respect to any Award, and the Corporation shall not be liable for any interest or penalty that a Participant incurs by failing to make timely payments of tax.

11.2 **Withholding Requirements.** Prior to the delivery of any Common Shares or cash under this Plan, the Corporation shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Corporation, an amount sufficient to satisfy any federal, provincial, local and foreign taxes, pension plan contributions, employment insurance premiums and any other required deductions (collectively referred to herein as “**withholding taxes**”) that the Corporation determines is required to be withheld to comply with applicable laws. The Corporation shall make any withholdings or deductions in respect of withholding taxes as required by law or the interpretation or administration thereof. The Corporation shall be entitled to make arrangements to sell a sufficient number of Common Shares to be issued pursuant to the Plan to fund the payment and remittance of withholding taxes that are required to be deducted or withheld and any associated costs (including brokerage fees).

## ARTICLE 12 UNSECURED PLAN

12.1 **Unsecured Plan.** Unless otherwise determined by the Board, this Plan will at all times remain unfunded and the obligations of the Corporation under this Plan shall be general unsecured obligations of the Corporation and any amounts due to Participants under this Plan shall be paid out of the general assets of the Corporation. The Corporation shall not segregate any assets for the purpose of funding its obligations with respect to DSUs credited hereunder. Neither the Corporation nor the Committee shall be deemed to be a trustee of any amounts to be distributed or paid pursuant to the Plan. No liability or obligation of the Corporation pursuant to the Plan shall be deemed to be secured by any pledge of, or encumbrance on, any property of the Corporation or any Related Entity.

## ARTICLE 13 COMPLIANCE WITH APPLICABLE LAWS

13.1 **Compliance with Applicable Laws.** Any obligation of the Corporation with respect to the Common Shares in accordance with the terms of this Plan is subject to compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of the Exchange. Notwithstanding any other provision of this Plan, if the Corporation, in its sole discretion, determines that it is not desirable or feasible to provide for the settlement of DSUs in Common Shares in accordance with Section 5.3 above, including by reason of any such laws, regulations, rules, orders or requirements, such obligation shall be satisfied by means of a cash payment determined in accordance with subsection 5.2(a) above, net of applicable withholdings. Each Participant shall comply with all such laws, regulations, rules, orders and requirements, and shall furnish the Corporation with any and all information and undertakings as may be required to ensure compliance therewith.

## ARTICLE 14 GENERAL

14.1 **No Representation.** The Corporation makes no representation or warranty as to the future market of the Common Shares.

14.2 **Governing Law.** This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Participants and Corporation hereby attorn to the jurisdiction of the courts of the Province of Ontario with respect to any and all actions in relation thereto.

14.3 **Severability.** If any provision of this Plan is determined to be void or unenforceable in whole or in part, such void or unenforceable provision shall be severed from the remainder of this Plan and such determination shall not affect the validity or enforceability of any other provision.

14.4 **Headings.** Headings are for ease of reference only and shall not affect the interpretation or construction of the provisions hereof.

14.5 **Successors and Assigns.** This Plan shall be binding on all successors and assigns of the Corporation and any Participant, including without limitation, the estate of such Participant and the executor, liquidator, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

## SCHEDULE A

### EXCELLON RESOURCES INC.

#### DEFERRED STOCK UNIT GRANT AGREEMENT

This **DEFERRED STOCK UNIT GRANT AGREEMENT** is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between

**EXCELLON RESOURCES INC.** (the "**Corporation**") and the undersigned (the "**Participant**"), being a director, officer or employee or consultant of the Corporation or an affiliate of the Corporation designated pursuant to the terms of the Deferred Stock Unit Plan of the Corporation, as may be amended from time to time (the "**Plan**").

In consideration for the grant of DSUs made to the Participant pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Participant hereby agrees and confirms that:

1. The Participant has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan. The Participant acknowledges, among other things, that the Plan contains provisions relating to termination and restricting the transfer of rights or interests of Participants under the Plan.
2. The Participant accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all *bona fide* actions or decisions made by the Board, the Committee, or any person to whom the Committee may delegate administrative duties and powers in relation to the Plan, which terms and content shall also apply to and be binding on all successors and assigns of the Corporation and the Participant, including the estate of such Participant and the executor, liquidator, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.
3. On \_\_\_\_\_, 20\_\_\_\_, the Participant was granted \_\_\_\_\_ DSUs to receive one DSU Share of the Corporation or cash equivalent for each DSU subject to the provisions of the Plan, which grant is evidenced by this Agreement. The DSUs shall be subject to the following terms:

*[Describe the terms and conditions of vesting, and such other terms and conditions which the Committee considers appropriate]*

4. This Agreement shall be considered as part of and an amendment to the employment or service agreement between the Participant and the Corporation and the Participant hereby agrees that the Participant will not make any claim under that employment or service agreement for any rights or entitlement under the Plan or damages in lieu thereof, except as expressly provided in the Plan.
5. Participants who are "insiders" of the Corporation are required to file an insider report



under Canadian securities laws in respect of the grant of DSUs and upon future conversion of these DSUs into DSU Shares and any subsequent sales of such DSU Shares.

6. In the event of any inconsistency between the terms of this Agreement and the Plan, the terms of this Agreement shall prevail to the extent that it is not inconsistent with the requirements of the TSX.

This Agreement shall be determined in accordance with the laws of Ontario and the laws of Canada applicable therein.

Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

**EXCELLON RESOURCES INC.**

By: \_\_\_\_\_  
Name:  
Title:  
(Authorized Signing Officer)

Accepted: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
[Name]