EXCELLON

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EXCELLON REPORTS SECOND QUARTER 2016 FINANCIAL RESULTS

Toronto, Ontario – August 8, 2016 – Excellon Resources Inc. (TSX:EXN; TSX:EXN.WT; OTC:EXLLF) ("Excellon" or the "Company"), Mexico's highest grade silver producer, is pleased to report financial results for the three and six-month periods ended June 30, 2016.

Q2 2016 Financial Highlights

- Revenue of $5.4 million (Q2 2015 – $4.0 million)
- Sales of 334,549 silver equivalent ounces ("AgEq oz") payable (Q2 2015 – 304,984 AgEq oz payable)
- Mine operating earnings of $1.3 million (Q2 2015 – loss of $0.8 million)
- Adjusted net income of $0.9 million or $0.01/share (Q2 2015 – adjusted net loss of $1.8 million or $0.03/share)
- Production cost per tonne reduced by 13% relative to Q2 2015 and 24% during 6-mos 2016 relative to 6-mos 2015
- Adjusted all-in sustaining cost ("AISC") per silver ounce payable of $15.27, excluding the one-time sustaining capital expenditures associated with the Platosa Optimization Plan, demonstrating progress towards materially reduced costs per ounce at Platosa under dry mining conditions
- Phases II and III of optimization program underway with increasingly dry mining conditions at Platosa and drawdown rates exceeding projections at current pumping rates, primarily from existing infrastructure
- Cash, current account receivables and marketable securities totaled $7.5 million at June 30, 2016 (December 31, 2015 – $4.7 million), not including CAD$15.2 million bought deal financing completed in July 2016
- Net working capital totaled $7.3 million at June 30, 2016 (December 31, 2015 – $5.5 million)

"During the second quarter we continued to realize the benefits of operational efficiencies put into place earlier this year," stated Brendan Cahill, President and Chief Executive Officer. "We returned to profitability on an adjusted basis and improved cash flow, as well as realizing material improvements to all-in sustaining costs per ounce before the one-time costs associated with the ongoing Platosa optimization plan. We have reported adjusted net income during the period as, with the Company's strong share performance during Q2, fair value adjustments to financing costs were required under IFRS on our outstanding convertible debentures and associated warrants – a quality problem. We expect our costs and financial performance to further improve as the Platosa optimization program continues moving towards completion. We enter the third quarter with much improved metal prices, a strengthened balance sheet from our recent, oversubscribed bought deal financing and a comprehensive drill program about to commence at Platosa."

Financial results for the three and six month periods ended June 30, 2016 and 2015 as follows:

('000s of USD, except amounts per share and per ounce)	**Q2 2016**	**Q2 2015**	**6-Mos 2016**	**6-Mos 2015**
Revenues [(1)]	**5,370**	4,036	**9,631**	9,091
Production costs	**(3,441)**	(4,013)	**(6,710)**	(8,573)
Depletion and amortization	**(609)**	(815)	**(1,214)**	(1,662)
Cost of sales	**(4,050)**	(4,828)	**(7,924)**	(10,235)
Gross profit (loss)	**1,320**	(792)	**1,707**	(1,144)
Corporate administration	**(665)**	(862)	**(1,319)**	(1,654)
Exploration	**(171)**	(188)	**(308)**	(414)
Other (incl. royalty income and finance cost)	**68**	(722)	**(299)**	(172)
Impairment of mineral rights	**156**	-	**156**	-
Net finance cost	**(5,575)**	(18)	**(7,555)**	(44)
Income tax recovery	**489**	761	**614**	1,370
Net loss	**(4,378)**	(1,821)	**(7,004)**	(2,058)
Adjusted net profit/loss [(2)]	**852**	(1,821)	**116**	(2,058)
Loss per share – basic	**(0.07)**	(0.03)	**(0.12)**	(0.04)
Adjusted profit/Loss per share -basic	**0.01**	(0.03)	**0.02**	(0.04)
Cash flow from (used in) operations [(3)]	**482**	(1,187)	**743**	(757)
Cash flow from (used in) operations per share – basic	**0.01**	(0.02)	**0.01**	(0.01)
Production cost per tonne [(4)]	**238**	274	**230**	301
Cash cost per silver ounce payable ($/Ag oz)	**9.81**	16.96	**10.27**	15.45
All-in sustaining cost per silver ounce payable ($/Ag oz)	**19.27**	24.53	**18.35**	22.40
Adjusted All-in sustaining cost per silver ounce payable [(5)]	**15.27**	24.53	**15.90**	22.40
Average realized silver price per ounce sold [(6)]	**17.43**	16.29	**16.76**	16.25

(1) Revenues are net of treatment and refining charges.

(2) Adjusted net loss for Q2 2016 reflects results before $5.4 million fair value adjustment loss on embedded derivatives and warrants related to convertible debentures issued in November 2015. The fair value adjustment derives from the strong performance of the Company's stock during the period, with the market price increasing from $0.61 as of March 31, 2016 to $1.23 as of June 30, 2016, resulting in significant increases in valuation/cost upon the potential conversion or exercise of the debentures or warrants, respectively.

(3) Cash flow from operations before changes in working capital.

(4) Production cost per tonne includes mining and milling costs excluding depletion and amortization.

(5) Adjusted AISC per silver excludes one-time sustaining capital expenditures associated with the "Platosa Optimization Plan" (associated costs were $0.2 million in Q1 2016 and $0.8 million in Q2 2016).

(6) Average realized silver price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period.

Operations during the second quarter continued to focus on progressing Phases II and III of Platosa's optimization program and development into higher-grade areas of the mine. Production was primarily from the Rodilla, 6A and Guadalupe North and South mantos. The Rodilla manto continued to serve as the primary source of high-grade production with grades averaging 662 g/t Ag, 5.94% Ob and 7.75% Zn. Previously this manto was significantly below the water table, but conditions are now almost entirely dry as a result of optimization efforts to existing pump infrastructure, which demonstrated exceptional results during the second quarter. During Q3, the Company aims to continue production from the Rodilla Manto on the 975 level while continuing development and accessing ore from the 970 level, with development preparing the 960 level for Q4. Additionally, development is focused on further accessing the Guadalupe South Manto and driving development into the 623 Manto, hosting mineral resources of 83,000 tonnes at 1,231 g/t Ag (1,766 g/t AgEq), both areas which require water management but are expected to improve as drawdown continues.

Silver production of 227,826 ounces reflects the combined effect of 13% grade and 6% recovery improvements when compared to Q2 2015. Similarly, lead production of 1.3 million pounds reflects a 16% grade and 10% recovery improvements when compared to Q2 2015. Zinc production of 1.6 million pounds was 10% lower, relative to Q2 2015 as a result of lower zinc grades mined, but similar to the previous quarter's production. Overall, the Company produced 368,568 silver equivalent ounces in Q2 2016 compared to 341,975 silver equivalent ounces in Q2 2015.

During Q2 2016, the Company generated higher net revenues of $5.4 million compared to $4.0 million in Q2 2015. Revenues improved from the previous quarter as access to the Rodilla Manto improved production to 334,549 silver equivalent ounces payable in Q2 2016 compared to 329,200 silver equivalent ounces payable in Q1 2016. As the silver price improved in Q2 2016, revenues were positively impacted by marked-to-market adjustments on provisionally priced sales that had not been settled at the end of Q1 2016, increasing revenues by $0.4 million (Q2 2015 positive adjustment of $0.2 million).

The Company continued to realize significant cost reductions at its mining operations in Q2 2016. Cost of sales decreased by $0.8 million or 16% to $4.0 million in Q2 2016 compared to $4.8 million in Q2 2015. Production costs improved by 14% and decreased to $3.4 million during the quarter from $4.0 million in Q2 2015. The significant cost reductions are attributable to continued improved maintenance practices on pumps and mobile equipment. The Company expects costs to be further reduced upon completion of the ongoing optimization plan.

During Q2 2016, the Company recorded a net loss of $4.4 million compared to a net loss of $1.8 million in Q2 2015. The Company's adjusted net income of $0.9 million in Q2 2016 reflects the currents period's results before recording (i) a $5.4 million fair value adjustment loss on embedded derivative and warrants relating to convertible debentures and warrants issued in November 2015 in accordance with IFRS and (ii) a $0.2 million reversal of impairment on the DeSantis property sold during the period. Part (i) of the fair value adjustment derives primarily from the strong performance of the Company's stock during the period, with the market price increasing from $0.31 as of December 31, 2015 to $1.23 as of June 30, 2016, resulting in significant increases in valuation/cost upon the potential conversion or exercise of the debentures or warrants. The Company recorded a foreign exchange loss of $0.6 million, which was offset by an unrealized gain on marketable securities of $0.6 million on the common shares Osisko Mining Corp. received in respect of the DeSantis property.

Cash corporate administrative expenses of $0.5 million in Q2 2016 were slightly lower than Q2 2015, reflecting consistent cost discipline at the corporate head office in Toronto.

Exploration expenses of $0.2 million in Q2 2016 were comparable to Q2 2015. Exploration activity continued to be limited during the period in an effort to conserve cash during the implementation of the optimization plan, but exploration is expected to resume at Platosa during August 2016.

The Company invested $0.8 million in capital expenditures for the optimization plan and $0.4 million for mine development for a total of $1.2 million in the quarter, compared to $0.4 million for mine development in Q2 2015.

Cash cost per silver ounce payable of $9.81/oz in Q2 2016 improved by 42% compared to $16.96 for Q2 2015. AISC of $19.27 during Q2 2016 improved by 21% compared to $24.53 in Q2 2015. Total sustaining cost of $2.1 million in Q2 2016 was 60% higher than Q2 2015 mainly due to increased sustaining capital expenditure associated with the Platosa optimization plan. Excluding this one time capital expenditure, adjusted all-in sustaining costs during the period were $15.27, a considerable improvement from previous quarters and demonstrating progress towards materially reduced costs per ounce under dry mining conditions.

Excellon defines AISC per silver ounce as the sum of total cash costs (including treatment charges and net of byproduct credits), capital expenditures that are sustaining in nature, corporate general and administrative costs (including non-cash share-based compensation), capitalized and expensed exploration that is sustaining in nature, and (non-cash) environmental reclamation costs, all divided by the total payable silver ounces sold during the period to arrive at a per ounce figure.

All financial information is prepared in accordance with IFRS, and all dollar amounts are expressed in U.S. dollars unless otherwise specified. The information in this news release should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2016 and associated management discussion and analysis ("MD&A") which are available from the Company's website at www.excellonresources.com and under the Company's profile on SEDAR at www.sedar.com.

The discussion of financial results in this press release includes reference to "cash flows from operations before changes in working capital items", "cash cost per payable silver equivalent ounce net of byproducts", "all-in sustaining cost per payable silver equivalent ounce", "adjusted all-in sustaining cost per payable silver equivalent ounce" and "adjusted net income" which are non-IFRS performance measures. The Company presents these measures to provide additional information regarding the Company's financial results and performance. Please refer to the Company's MD&A for the quarter ended June 30, 2016, for a reconciliation of these measures to reported IFRS results.

Production Highlights

Mine production for the periods indicated below were as follows:

		Q2 2016[1]	Q2 2015[1]	6-Mos 2016[1]	6-Mos 2015[1]
Tonnes of ore produced		13,929	13,709	26,706	27,629
Tonnes of ore processed		14,453	14,629	29,173	28,457
Ore grades:					
	Silver (g/t)	536	475	509	499
	Lead (%)	5.09	4.40	4.94	4.87
	Zinc (%)	6.31	6.87	6.23	7.82
Recoveries:					
	Silver (%)	90.0	84.7	90.9	88.6
	Lead (%)	81.2	73.6	82.5	75.9
	Zinc (%)	78.7	80.1	79.0	81.9
Production:					
	Silver – (oz)	227,826	182,709	439,382	399,788
	Silver equivalent ounces (oz) [2]	368,568	341,975	732,120	750,070
	Lead – (lb)	1,313,197	1,024,813	2,632,113	2,277,608
	Zinc – (lb)	1,575,231	1,744,678	3,164,009	3,983,991
Payable: [3]					
	Silver ounces – (oz)	209,422	163,778	402,936	368,002
	Silver equivalent ounces (oz) [2]	334,549	304,984	663,750	684,263

		Q2 2016[1]	Q2 2015[1]	6-Mos 2016[1]	6-Mos 2015[1]
	Lead – (lb)	1,260,672	972,178	2,512,012	2,225,843
	Zinc – (lb)	1,321,337	1,492,749	2,666,350	3,453,239
Realized prices: [4]					
	Silver – ($US/oz)	17.43	16.29	16.76	16.25
	Lead – ($US/lb)	0.77	0.84	0.78	0.82
	Zinc – ($US/lb)	0.91	0.99	0.87	0.96

(1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser. Data has been adjusted to reflect final assay and price adjustments for prior period deliveries settled during the period.
(2) Silver equivalent ounces established using average metal prices during the period indicated applied to the recovered metal content of the concentrates.
(3) Payable metal is based on the metals shipped and sold during the period and may differ from production due to these reasons.
(4) Average realized silver price is calculated on current period sale deliveries and does not include the impact of prior period provisional adjustments in the period.

About Excellon

Excellon's 100%-owned Platosa Mine in Durango is Mexico's highest grade silver mine, with lead and zinc by-products historically making it one of the lowest cash cost silver mines in the country. The Company is positioning itself to capitalize on undervalued projects by focusing on increasing La Platosa's profitable silver production and near-term mineable resources.

Additional details on the La Platosa Mine and the rest of Excellon's exploration properties are available at www.excellonresources.com.

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Forward-Looking Statements

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this Press Release, which has been prepared by management. This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 27E of the Exchange Act. Such statements include, without limitation, statements regarding the future results of operations, performance and achievements of the Company, including potential property acquisitions, the timing, content, cost and results of proposed work programs, the discovery and delineation of mineral deposits/resources/reserves, geological interpretations, proposed production rates, potential mineral recovery processes and rates, business and financing plans, business trends and future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, significant downward variations in the market price of any minerals produced [particularly silver], the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies. All of the Company's public disclosure filings may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties, and particularly the July 9, 2015 NI 43-101-compliant technical report prepared by Roscoe Postle Associates Inc. with respect to the Platosa Property. This press release is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.