

## EXCELLON REPORTS 2013 ANNUAL AND FOURTH QUARTER FINANCIAL RESULTS

Toronto, Ontario – March 27, 2014 – Excellon Resources Inc. (TSX:EXN; OTC:EXLLF) ("Excellon" or the "Company"), Mexico's highest grade silver producer, is pleased to report financial results for three and twelve month periods ended December 31, 2013.

### 2013 Annual and Q4 Highlights

- Revenue of \$33.3 million (Q4 – \$7.4 million)
- Sales of 2,038,295 AgEq ounces (Q4 – 545,428 AgEq ounces), including 1,403,783 oz Ag, 7,237,003 lb Pb and 9,683,329 lb Zn
- Mine operating earnings of \$8.7 million (Q4 – \$0.2 million)
- Net loss of \$5.0 million or \$0.09/share (Q4 – net loss of \$2.4 million or \$0.04/share), including a deferred tax accounting adjustment of \$0.8 million recognized in Q4 as a result of the recently enacted Mexican tax reforms
- Cash flow from operations of \$1.7 million or \$0.03/share before changes in working capital (Q4 – \$0.8 million or \$0.01/share)
- Net cash costs per payable silver ounce of \$10.51 (Q4 – \$13.02)
- All-in costs per payable AgEq ounce of \$17.29 (Q4 – \$16.09)
- Cash corporate administrative costs reduced by \$2.2 million or 36% relative to 2012
- Cash, marketable securities and current accounts receivable totaled \$7 million at December 31, 2013
- Working capital totaled \$10.3 million at December 31, 2013

"During 2013, and particularly during the third quarter, we demonstrated our ability to generate cash flow at Platosa despite the significant decrease in silver prices," stated Brendan Cahill, President and Chief Executive Officer. "The biggest impact on our profitability was the significant volatility in the silver price, particularly during the second and fourth quarters. We have now taken steps to reduce the effect of these fluctuations and we are confident that these adjustments will improve cash flow and profitability going forward. Additionally, just as we realized cost reductions throughout the year, we will continue to further reduce costs at the mine site level through 2014."

"Our strong, dedicated and valuable operations team should be proud of producing the most ounces from Platosa since 2009 and the most tonnes in the mine's history. In 2014, we aim to build on this improved production profile, while continuing to enhance our commitment to the highest levels of health and safety protocols and training."

## Financial and Operating Highlights

Financial results for the three and twelve month periods ended December 31, 2013 and 2012 are as follows:

('000's of USD, except amounts per share and per ounce)	Q4 2013	Q4 2012	2013	2012
Revenue	7,445	9,113	33,332	36,273
Production costs	(5,987)	(4,153)	(20,692)	(16,401)
Depletion and amortization	(1,260)	(860)	(3,910)	2,788
Cost of sales	(7,247)	(5,013)	(24,602)	(19,189)
Gross profit (loss)	198	4,100	8,730	17,084
Corporate administration	(1,448)	(1,854)	(5,831)	(7,338)
Exploration	(212)	(3,650)	(6,718)	(9,907)
Other (incl. finance cost)	512	(417)	202	685
Income tax recovery (expense)	(1,457)	8,481	(1,423)	7,884
Net income (loss)	(2,406)	6,660	(5,041)	8,408
Earnings per share – basic	(0.04)	0.12	(0.09)	0.15
Cash flow from operations <sup>(1)</sup>	790	124	1,699	3,631
Cash flow from operations per share – basic	0.01	0.00	0.03	0.07
Net cash cost per payable silver ounce (\$/Ag oz)	13.02	9.88	10.51	6.80
All-in cost per payable silver equivalent ounce (\$/AgEq oz)	16.09	18.85	17.29	16.78

(1) Cash flow from operations before changes in working capital

Revenues during 2013 decreased 8% from 2012, despite a 52% increase in tonnes produced, due to a 33% decrease in the average realized silver price from \$31.03 to \$20.93. The decrease in the silver price resulted in lower revenues as well as significant charges against revenue during 2013, both of which affected income and cash flow (as further described below). Total revenues for 2013 were also lower than anticipated due to inclement weather at year-end on the west coast of Mexico delaying the delivery of \$1.0 million in concentrate until early 2014. Costs of sales increased 28% during 2013 due to the significant increase in produced tonnage during the year.

The Company's net losses during 2013 and Q4 were primarily the result of \$2.0 million (Q4 – \$0.9 million) in negative price adjustments relating to decreases in the price of silver between the deliver date and final settlement date (up to four months later) of concentrate sold during the periods (including \$0.6 million of unsettled deliveries marked-to-market at the end of Q4 2013).

The Q4 revenue adjustments of \$0.9 million were the major contributor to the relatively low mine operating earnings of \$0.2 million during the quarter. The Company has entered into new concentrate purchase terms, which are expected to reduce the effect of similar revenue adjustments in 2014/2015.

Other significant items contributing to the Company's net losses during 2013 and Q4 include: (i) a one-time non-cash income tax provision of \$0.8 million resulting from the initial recognition of the Mexican mining tax reform; (ii) expensed drilling and exploration totaling \$6.7 million during the year; (iii) an unrealized loss of \$1.5 million (Q4 – \$0.4 million) from a decrease in the fair value of 344,000 units of the Sprott Physical Silver Trust held by the Company, representing an underlying investment in 134,732 ounces of silver; and (iv) non-cash charges totaling \$1.6 million (Q4 – \$0.5 million) in respect of share based compensation.

Net working capital decreased \$5 million during 2013 to \$10.3 million (December 31, 2012 – \$15.3 million), primarily due to exploration expenditures of \$6.7 million and cash repayments of \$4.5 million during the year related to the negative revenue reductions discussed above. Cash, marketable securities and current accounts receivable decreased to \$7 million at December 31, 2013 (\$15.3 million at December 31, 2012).

Cash corporate administration expenses decreased by approximately \$2.2 million or 36% during 2013 relative to 2012 as the Company implemented cost reduction measures in the Toronto office. Cash compensation, in particular, was \$1.4 million or 45% lower in 2013 than in 2011 and 2012.

During the first two quarters of 2013, the Company expended \$6.2 million in drilling and exploration expenditures at Platosa and the Beschefer and DeSantis properties. Subsequent to May 2013, exploration expenses were reduced significantly. Due to current silver prices and market conditions, the Company has suspended drilling at La Platosa, though drill rigs remain on site and available to resume exploration at short notice.

The Company has committed going forward to providing costs per silver equivalent ounce on a “payable” basis, rather than on a “produced” or “sold” basis, as the payable basis provides a more accurate measure of the cash income received from each silver equivalent ounce sold by the Company. On the payable metric, costs per ounce appear higher than they may historically have appeared when reported on a produced or sold basis.

Cash cost per payable silver ounce net of by-products increased during 2013 to \$10.51 (2012 – \$6.80). This increase was primarily attributable to lower grades of silver (-15%) and zinc (-32%) in the mantos mined during 2013 relative to 2012, lower recoveries in respect of lead and zinc (as discussed in Operating Highlights, below) and related lower by-product credits on silver production, as well as higher costs in respect of certain consumables that are not expected to recur in 2014. All-in cost per payable silver equivalent ounce was slightly higher relative to 2012 at \$17.29 versus \$16.78.

Relative to Q3 2013, net cash costs and all-in costs increased, primarily due to lower grades mined during Q4 (684 g/t Ag in Q4 versus 975 g/t Ag in Q3) offsetting the increased tonnage milled (21,186 tonnes in Q4 versus 16,707 tonnes in Q3). As in Q3, during Q4 (i) significant expenditures were made on electricity to manage water inflows in the 6A Manto (which were resolved in late February 2014), (ii) the areas mined during the quarter contained lower lead and zinc grades, reducing by-product credits and silver equivalent ounces, and (iii) recoveries were lower than in previous periods (see Operating Highlights for a further discussion). The Company realized significant improvements in each of these respects in early 2014.

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 consolidated financial statements for the year ended December 31, 2013 and associated management discussion and analysis (“MD&A”) which are available from the Company's website at [www.excellonresources.com](http://www.excellonresources.com) and under the Company's profile on SEDAR at [www.sedar.com](http://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” and “all-in cost per payable silver equivalent ounce,” 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 year ended December 31, 2013, for a reconciliation of these measures to reported IFRS results.

## Production Highlights

Mine production for the three and twelve months periods ended December 31, 2013 and 2012 was as follows:

	Q4 2013*	Q4 2012	Year 2013*	Year 2012
Tonnes of ore produced	20,481	11,139	70,490	46,495
Tonnes of ore processed	21,186	11,452	69,862	48,199
Ore grades:				
Silver (g/t)	684	751	718	846
Silver (oz/T)	19.96	21.89	20.94	24.67
Lead (%)	5.27	6.59	6.14	6.75
Zinc (%)	5.08	11.21	8.00	11.81
Recoveries:				
Silver (%)	89.9	94.4	92.6	93.4
Lead (%)	71.2	85.7	79.4	82.1
Zinc (%)	75.8	83.7	80.2	84.8
Production:				
Silver – (oz)	411,277	251,065	1,409,852	1,081,165
Silver equivalent ounces (oz) <sup>(1)</sup>	545,428	360,831	2,055,567	1,550,964
Lead – (lb)	1,720,303	1,393,067	7,342,108	5,731,160
Zinc – (lb)	1,857,066	2,387,785	9,876,955	10,450,813
Sales:				
Silver ounces – (oz)	393,908	233,773	1,403,783	1,060,211
Silver equivalent ounces (oz) <sup>(1)</sup>	513,568	337,642	2,038,295	1,523,422
Lead – (lb)	1,530,833	1,324,026	7,237,003	5,638,330
Zinc – (lb)	1,660,102	2,253,698	9,683,329	10,316,726
Payable:				
Silver ounces – (oz)	360,285	208,702	1,279,364	951,707
Silver equivalent ounces (oz) <sup>(1)</sup>	466,391	326,729	1,841,335	1,476,413
Lead – (lb)	1,453,171	1,254,681	6,868,685	5,331,554
Zinc – (lb)	1,376,336	1,892,706	8,117,208	8,660,607
Realized prices: <sup>(2)</sup>				
Silver – (\$US/oz)	20.02	35.56	20.93	31.03
Lead – (\$US/lb)	0.96	1.03	0.94	0.91
Zinc – (\$US/lb)	0.87	0.93	0.86	0.90

\* Q4 data remains subject to adjustment following settlement with concentrate purchaser, Q3, Q2 and Q1 data has been adjusted to reflect settlement with concentrate purchaser.

(1) Silver equivalent ounces established for each period using prices of US\$24 per oz Ag, US\$0.90 per lb Pb, and US\$0.90 per lb Zn applied to the recovered metal content of the concentrates.

(2) Average realized price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period. A complete reconciliation of net realized prices is set out in the Company's 2013 MD&A.

Note: "t"= tonne; "T"= ton

Production of over 1.4 million ounces of silver was the Company's highest annual production at La Platosa since 2009. The Company realized a significant improvement in tonnes per day ("tpd") of production during the latter half of the year from ~175 tpd during Q1/Q2 to ~210 tpd in Q3/Q4 (including 223 tpd in Q4) as the benefits of underground development work during the first half of the year were realized and the Company began identifying further operational efficiencies and improving water management. Production of 2.1 million silver equivalent ounces during the year was in line with the Company's revised target (announced September 17, 2013) and silver grades were generally in line with budget (718 g/t Ag versus 728 g/t Ag budgeted).

During the fourth quarter, ore was produced primarily from the 5A, 6A and Guadalupe North mantos. Tonnes milled represented a 27% increase on the previous quarter for a total of 21,186 tonnes. Grades were in line with estimates for the La Platosa resources mined during the period. As in the third quarter, recoveries were slightly lower due to (i) significant remnant grouting from historical water management measures in certain areas mined, (ii) oxide mineralization in the 5A manto, and (iii) similar lead and zinc grades affecting the mill's differential separation of each metal. Recoveries of all metals have exceeded budget to date in 2014.

## **Outlook**

Excellon is targeting 2014 production of 1.4 to 1.6 million ounces of silver, 7.5 to 8.5 million pounds of lead and 9.0 to 10 million pounds of zinc or 2.1 to 2.3 million silver equivalent ounces (based on \$24 silver, \$0.90 lead and \$0.90 zinc).

In December 2013, Mexico passed tax reform legislation that took effect January 1, 2014. The reform includes, among other items, cancellation of the reduction in the Mexican corporate tax rate from 30 per cent to 28 per cent by 2015, a special mining duty of 7.5% on taxable mining profits, fewer allowable deductions excluding interest and capital depreciation, and a 0.5-per-cent environmental tax on gold and silver revenue. The tax reform is expected to impact the Company's future earnings and cash flows. The Company intends to minimize the impact of these reforms to the full extent possible and, additionally, still holds significant loss carry forwards from its acquisition of Silver Eagle Mines Inc. in 2009, which may be applied against profits going forward.

## **Corporate Governance Updates**

The Board of Directors of the Company is also pleased to announce the implementation of a Majority Voting Policy and the approval of an Advance Notice Bylaw, each as further described below.

### ***Advance Notice Bylaw***

The Advance Notice Bylaw requires that advance notice be provided to the Company in circumstances where nominations of persons for election to the Board are made by shareholders other than pursuant to: (i) a requisition to call a shareholders meeting; or (ii) a shareholder proposal, in each case as made in accordance with the provisions of the Business Corporations Act (Ontario) (the "Act"). Among other things, the Advance Notice Bylaw fixes a deadline by which shareholders must notify the Company of nominations of persons for election to the Board and provide that the same information about the proposed nominee as one would be required to include in a dissident proxy circular under applicable securities laws must be provided to the Company by the deadline.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 and not more than 65 days prior to the date of the annual meeting; provided however, that in the event that the annual meeting is to be held on a date that is less than 40 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting) notice to the Company must be made no later than the close of business on the 15th day following the day

on which the first public announcement of the date of the special meeting was made.

The Advance Notice Bylaw provides a clear process for shareholders to follow to nominate directors and set out a reasonable timeframe for nominee submissions along with a requirement for accompanying information. The purpose of the Advance Notice Bylaw is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Bylaw should assist in facilitating an orderly and efficient meeting process.

In accordance with the provisions of the Act, the Advance Notice Bylaw will be subject to confirmation by shareholders at the next annual meeting of shareholders of the Company. A copy of the by-law has been filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Majority Voting Policy***

Under the Majority Voting Policy, any nominee for director of the Company who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall immediately following the shareholders' meeting tender his or her resignation from the Board for consideration by the nominating and corporate governance committee of the Board (the "Committee"). The Committee shall consider the resignation and recommend to the Board the action to be taken with respect to such resignation, which may include acceptance of the resignation or rejection of the resignation. The Committee shall be expected to recommend acceptance of the resignation unless exceptional circumstances exist that would warrant the applicable director continuing to serve on the Board. The Board has 90 days following the date of the shareholders' meeting at which the election occurred to decide whether to accept the resignation. Promptly after the Board's decision, the Company will disseminate a press release disclosing whether or not the director's resignation was accepted. If the Board determined not to accept the resignation, the press release must disclose reason or reasons for rejecting the tendered resignation. The Majority Voting Policy is accessible on the Company's website at [www.excellonresources.com](http://www.excellonresources.com).

### **Annual Meeting**

The annual meeting of Excellon shareholders will be held at 4:00 p.m. (ET) on April 29, 2014 at 330 Bay Street in Toronto, Ontario. Excellon shareholders as of March 11, 2014 are entitled to attend and vote their shares at the annual meeting. Materials outlining the matters to be approved at the annual meeting will be mailed in early April 2014.

### **About Excellon**

Excellon's 100%-owned and royalty-free La Platosa Mine in Durango is Mexico's highest grade silver mine, with lead and zinc by-products 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 Excellon's exploration properties are available at [www.excellonresources.com](http://www.excellonresources.com).

**For Further Information, Please Contact:**

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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](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties. 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.*