



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

Excellon Resources Inc. [the "Company", or "Excellon"] has prepared this Management's Discussion and Analysis ["MD&A"] for the three month period ended September 30, 2010 in accordance with the requirements of National Instrument 51-102 ["NI 51-102"]. In December 2009 the Company changed its year end to December 31 from July 31. The year end change was desirable to make the Company's financial statements directly comparable to those of other mining companies on a quarterly basis and to have a consistent year end with its subsidiaries. This change in year end required the Company to have a transition year with a five month year ending December 31, 2009 with comparatives for the twelve month year ending July 31, 2009. This MD&A of the results of operations for the three and nine month periods ended September 30, 2010 and containing information as at November 10, 2010 provides information on the operations of the Company for the three month period ending September 30, 2010 and October 31, 2009 and subsequent to the period end, and should be read in conjunction with the audited consolidated financial statements for the periods ended December 31, 2009 and July 31, 2009, filed on SEDAR.

Effective January 1, 2010, the Company's foreign subsidiaries were deemed to be operationally and financially self sufficient, and accordingly, classified as self sustaining foreign operations. Prior to 2010 these subsidiaries were considered to be integrated foreign operations since they were financially and operationally dependent upon Excellon. The change was accounted for prospectively.



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

Description of Business

Excellon is exploring, developing and mining the high-grade silver-zinc-lead mineralization on its approximately 42,065-hectare [103,945-acre] Platosa Property ["Platosa"] in northeastern Durango State, Mexico. The style of mineralization at Platosa resembles that of several of the world-class carbonate replacement deposits ["CRD"] of Mexico.

On June 2, 2009 the Company acquired Silver Eagle Mines Inc. ["SEG"]. The acquisition of SEG provided Excellon with a fully operational mill with the capacity to process up to approximately 450 tonnes of Platosa ore per day, a large amount of mining equipment, some of which has been put to use at Platosa, and a large underexplored exploration property. The Company has been processing Platosa ore at the Miguel Auza mill since March 19, 2009. The Company produces two concentrates; a silver-lead concentrate and a silver-zinc concentrate. Both concentrates are shipped to the port of Manzanillo where they are purchased by Consorcio Minero de Mexico Cormin Mex, S.A. de C.V., a Trafigura Group Company.

On December 13, 2009 the Company reported that its Indicated Mineral Resource at Platosa had increased to 579,000 tonnes grading 909 g/t (27 oz/T) Ag, 9.09% Pb, and 10.51% Zn (as at October 31 2009), up from 396,000 tonnes grading 986 g/t (29 oz/T) Ag, 9.00% lead, and 10.10% zinc (as at February 3, 2008). The Inferred Mineral Resource increased from 72,700 to 160,000 tonnes at a somewhat lower grade than that of 2008. All the pertinent figures are shown in the table below.

Platosa Project – Mineral Resource Estimate (as of October 31, 2009)

Category	Tonnes [t]	Silver [g/t]	Silver [oz/T]	Lead [%]	Zinc [%]
Indicated	579,000	909	27	9.09	10.51
Inferred	160,000	731	21	7.44	7.57

Notes:

1. CIM definitions were followed for the classification of Mineral Resources.
2. Mineral Resources are estimated at an incremental NSR cut-off value of U.S. \$86 per tonne
3. NSR metal price assumptions: Silver U.S. \$16.00/oz, Lead U.S. \$0.80/lb, Zinc U.S. \$1.00/lb.
4. Estimate is of Mineral Resources only and, because these do not constitute Mineral Reserves, they do not have any demonstrated economic viability.
5. National Instrument 43-101 compliant Mineral Resource estimate prepared by Scott Wilson Roscoe Postle Associates Inc., independent geological and mining consultants of Toronto, Ontario. Prepared as at October 31, 2009.

The above resource estimate is for the Platosa Project only and does not include any estimates from the Miguel Auza property acquired in June 2009.



Management Discussion & Analysis

(November 10, 2010)

For the three and nine month periods ended September 30, 2010

Corporate Developments

Effective June 2, 2009, the Company acquired all the outstanding common shares of Silver Eagle Mines Inc. ("SEG"). SEG shareholders received 0.2704 common shares of the Company in exchange for each SEG share held. As such, the total consideration for the acquisition of SEG by the Company was approximately 15 million Excellon common shares and net cash costs for related expenditures of \$1,216,528. SEG's primary asset is its fully permitted Miguel Auza mine, mill and adjacent properties located in Zacatecas State, Mexico (approximately 220 kilometres south of the Company's Platosa Property).

The following table shows a breakdown of the purchase price:

Purchase Price	\$5,488,722
Purchase Price Allocation	
Current Assets, including cash of \$902,194	\$2,148,130
Land	261,407
Property, Plant & Equipment	9,464,947
Asset Retirement Cost	314,317
Mineral Interests	1,686,000
Accounts Payable	(5,413,989)
Asset Retirement Obligation	(314,317)
Net assets acquired	<u>\$8,146,495</u>
Negative goodwill [a]	<u>(2,657,773)</u>
Purchase Price	<u>\$5,488,722</u>

[a] Negative goodwill was allocated, on a pro rata basis, to tangible assets as follows;

Applied to:	FMV	Goodwill Allocated	Adjusted NBV
Mineral interests	1,686,000	(382,121)	1,303,879
Property, plant & equipment	9,464,947	(2,145,168)	7,319,779
Land	261,407	(59,246)	202,161
Asset retirement obligation	314,317	(71,238)	243,079

In addition, the Company acquired unused non-capital tax losses in Mexico totalling \$25,096,079, which can be carried forward and applied against taxable income of future years in Mexico. No portion of the purchase price has been allocated to this potential future tax asset.

The Company's previously announced plan to construct its own mill at its Platosa site was suspended in December 2008 and the Miguel Auza mill is being used to process ore from the Platosa mine. The Company is producing ore at the rate of 150-220 tonnes per day (approximately 4,000-6,000 tonnes per month). The Miguel Auza mill can process up to approximately 450 tonnes per day of Platosa ore. The Company expects to complete the construction of the Platosa mill at some point in the future. The timing of this is not currently determinable but would be in response to a variety of factors including production changes and/or corporate development activities. Nearly all the equipment required to complete the mill



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

is on site at Platosa and the construction and operation of the mill is fully permitted. To date \$4.2 million has been spent on mill equipment, construction and engineering design.

In April 2009, the Company successfully completed a best-efforts private placement financing for gross proceeds of \$7,374,048, pursuant to which the Company issued 38,810,779 common shares.

On May 11, 2009, the Company announced a rights offering to holders of common shares of Excellon (the "Rights Offering"). The Rights Offering entitled shareholders of record at the close of business on May 22, 2009 to one right for each common share held (each a "Right"). Eight (8) Rights permitted the holder to subscribe for one common share of Excellon at a price of \$0.23 per share. The Rights Offering was fully subscribed by June 18, 2009 and Excellon received gross proceeds of \$5,694,065 and 24,756,804 common shares of Excellon were issued. The net proceeds of the Rights Offering have been and were used for general working capital purposes, and the recommencement of Excellon's exploration drilling program.

Mine Operations

On August 18, 2010, the Platosa mine suffered a sudden water inflow and fourteen days of production were lost. Following re-establishment of the stockpile at Miguel Auza, milling of the ore recommenced on September 11, 2010.

The Company's objective is to return to previous production levels and grades as early as possible in 2011.

Actual and forecasted production for the third and fourth quarters of 2010 is as follows:

Period	Tonnes	Ag (g/t)	Pb (%)	Zn (%)
Third quarter ended September 30, 2010	12,391	848	5.94	7.27
Fourth quarter (forecast)	11,200	600	5.20	5.20

The water inflows occur when mining encounters water-filled faults and the Company has recently begun a more intensive grouting program. An underground diamond drill is now dedicated to drilling and grouting 25 to 50 metre long sub-horizontal holes in advance of certain production and development headings to seal off these faults. The Company is acquiring additional pumps and upgrading electrical infrastructure as it continues to enhance the Platosa water management program.



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

The following are the Platosa mine production statistics for the periods indicated:

	Three months ended		Nine months ended	
	September 30, 2010	October 31, 2009	September 30, 2010	October 31, 2009
Tonnes of ore processed	12,391	16,521	52,309	46,390
Ore grades:				
Silver (g/t)	848	876	835	1,015
Lead (%)	5.94	7.14	6.66	8.22
Zinc (%)	7.27	7.14	8.30	9.01
Recoveries:				
Silver (%)	84.0	89.2	86.3	88.4
Lead (%)	65.5	77.5	69.1	73.9
Zinc (%)	70.0	67.5	75.3	68.5
Production:				
Silver – (oz)	288,321	415,111	1,101,373	1,339,342
Lead – (lb)	1,059,899	2,239,286	4,979,238	6,935,453
Zinc (lb)	1,446,160	2,139,915	7,139,900	7,540,067
Sales:				
Silver – (oz)	288,321	421,942	1,101,373	1,450,952
Lead – (lb)	1,059,899	2,599,211	4,979,238	8,501,293
Zinc – (lb)	1,446,160	2,600,238	7,139,900	8,482,040
Realized prizes:				
Silver – (\$US/oz)	16.83	15.74	16.34	11.92
Lead – (\$US/lb)	0.93	0.82	0.87	0.57
Zinc – (\$US/lb)	0.84	0.66	0.77	0.47

Cash Cost per Ounce of Silver Produced

The Company's cash cost per ounce of silver produced, net of by-product credits, for the three months ended September 30, 2010 was US\$7.79 (nine months ended September 30, 2010 - US\$5.63). The calculation of cash cost per ounce of silver produced is significantly influenced by by-product metal prices, which may fluctuate going forward. During the third quarter of 2010, the Company changed the methodology of calculating cash cost to be more consistent with industry practice. The comparative figures have been prepared on a consistent basis.

Cash cost per ounce of silver produced, net of by-product credits, is provided as additional information. It is a non-GAAP measure that does not have a standardized meaning and is therefore unlikely to be comparable to similar measures presented by other issuers. This measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles, and is not necessarily indicative of operating expenses as determined under generally accepted accounting principles. This measure is intended to provide investors with information



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

about the cash generating capabilities of the Company's operations. The Company uses this information for the same purpose. This analysis excludes capital expenditures and income taxes.

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

	Three months ended		Nine months ended	
	September 30, 2010	October 31, 2009	September 30, 2010	October 31, 2009
	\$	\$	\$	\$
Cost of production	4,248,016	4,855,722	13,095,194	10,947,553
Add: Third party smelting and refining	1,087,889	1,559,668	3,954,923	4,914,928
Inventory changes	(549,953)	(231,629)	(156,887)	231,722
Deduct: Royalties	86,307	295,066	322,224	788,120
Deduct: By-product credits (1)	2,364,996	4,154,914	10,111,879	10,199,840
Cash cost	2,334,649	1,733,781	6,459,127	5,106,243
Ounces of silver produced	288,321	415,111	1,101,373	1,339,342
Cash cost per ounce of silver produced, in CAD \$/oz	8.10	4.17	5.86	3.81
Cash cost per ounce of silver produced in US \$/oz	7.79	3.88	5.63	3.31

(1) By product credits include revenues from sales of zinc and lead.

Exploration

Platosa Property

The Platosa mine exploits a series of typical, although very high-grade, distal CRD silver, lead, zinc manto deposits located strategically within the prolific Mexican CRD Belt. It is the Company's belief, and diamond drilling results to early November 2010 continue to confirm, that the Platosa Property holds considerable potential for the discovery of additional high-grade manto mineralization and for the discovery of large-tonnage, though lower grade, proximal CRD mineralization. CRDs are epigenetic, intrusion-related, high-temperature sulphide-dominant, lead-zinc-silver-(copper-gold)-rich deposits that commonly occur in clusters associated with major regional geologic features. The Mexican CRD Belt is perhaps the world's best developed CRD cluster and Platosa lies in the centre of the northwest-southeast trending axis of the largest deposits of the belt.

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

- **Size** – Proximal CRDs average 10 to 15 million tonnes of ore and the largest range up to 50 million tonnes;
- **Grade** – Ores are typically polymetallic with metal contents ranging from 2-12% lead; 2-18% zinc, 60-600 g/t silver, up to 2% copper and 6 g/t gold; and



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

- **Deposit morphology** – Individual CRD orebodies within the overall deposit are continuous and average 0.5 to 2 million tonnes in size, with some up to 20 million tonnes. They are typically metallurgically straight-forward, amenable to low-cost underground mining methods and given that they are limestone-hosted, the environmental impact of tailings disposal is generally minimal.

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

During most of the quarter, exploration efforts remained focussed in two geographic areas, the Platosa Mine area and the Saltillera-La Zorra area five kilometres west of the mine. Since early September efforts have focussed on an area within three kilometres of the mine.

In the mine area there are three primary objectives:

- To further add to the known distal-style, high-grade CRD Mineral Resources and to discover new mantos by drilling the geological, structural, geochemical, biogeochemical and geophysical targets developed by 2010 and previous surveys;
- To pursue the potential for discovery of larger-volume medial and proximal CRD mineralization. Geological evidence of this potential has been found in several drill holes completed since 2008 including hole EX10-LP763 drilled this year in the Rincon del Caído area approximately 1.2 km NNW of the Guadalupe Manto; and
- Continue to pursue the development of additional targeting tools. At present, this work is focussed on Three-dimensional Induced Polarization (3D IP) and sophisticated airborne geophysical surveying.

Diamond drilling continued to encounter success near existing mine infrastructure and during the period since the previous Management Discussion & Analysis, the Company was successful in adding massive sulphide mineralization in the 6A-6B Manto area. This mineralization extends over 150 metres (m) past the furthest northwest 6A-6B resource block in the October 31, 2009 Mineral Resource estimate. At that point it appears to be cut off by an east-west-trending structure. Massive sulphide intersections have ranged from 0.19 to 8.42 m in width (estimated true thicknesses). Significant additional massive sulphides were also intersected on the fringes of the NE-1 and 623 mantos. In early September, the Company disclosed results for 13 holes, seven of which were from the NE-1-623 area and six from the 6A-6B Manto. Hole LP836 drilled between NE-1 and 623 on the downthrown side of a major northwest-southeast-trending fault intersected 4.05 m of massive sulphides grading 1,032 g/t (30 oz/T) Ag, 7.63% Pb, 17.89% Zn. Hole LP832 in the same area intersected similar high grades. These holes are particularly significant in that previous holes in the area intersected mainly lower-grade breccias sulphides. This area remains open to the east. At 6A-6B hole LP830 intersected 3.70 m of high-grade massive sulphides assaying 931 g/t (27 oz/T) Ag, 9.36% Pb, 6.54% Zn. In early November the Company disclosed results for another 11 holes, including three from a discovery of important new massive sulphides in an area approximately 50 m northeast of the Rodilla Manto. Hole LP874 intersected 8.42 m of massive sulphides grading 818 g/t (24 oz/T) Ag, 12.67% Pb, 15.22% Zn. Hole LP872 intersected 1.85 m grading 1,064 g/t



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

(31oz/T) Ag, 13.54% Pb, 8.53% Zn. The new sulphides may be connected to Rodilla, or may represent a new body developed along a NW-SE-trending structure. The area remains open in several directions. All the intersection widths noted above are estimated true thicknesses.

Readers are referred to the press releases dated September 8 and November 4, 2010 for assay results of the 24 holes.

Elsewhere at Platosa, the Company is relogging and sampling several historic holes drilled in the Rincon del Caído area 1.2 km northwest of the northwest corner of the Guadalupe Manto. As reported previously, anomalous gold, silver, copper, bismuth and antimony were intersected over 3.3 m in a much wider marble unit in hole LP763 completed in the spring of 2010. Portions of the unit were skarnified and a felsic intrusive was intersected deep in the hole. This combination suggests proximity to a large skarn/intrusive system and is another indication that we may be near a large-tonnage proximal source of the high-grade manto sulphides. It is hoped that relogging and sampling will aid in vectoring additional holes in the area.

Since the sudden water inflow mentioned in "Mine Operations" above, drilling activities have been scaled back to one rig as mine production ramps up. Drilling is taking place in an area within approximately three kilometres of the mine and since early September, activities in the Saltillera-La Zorra area have consisted of an ongoing detailed mapping and sampling program in a jasperoid altered area near the top of the Sierra Bermejillo, which sits roughly mid-way between Saltillera-La Zorra and the Rincon del Caído area. This sort of geological feature is known to occur in areas of proximal-style CRD sulphide mineralization and the program may assist in targeting future holes in the area.

In late October, Excellon entered into a binding Letter Agreement with Sundance Minerals Ltd., a private Canadian company, to acquire an interest in its 17,000 hectare Pluton Property located to the west of and contiguous with portions of the Platosa Property. The property is an excellent fit with the strategic objectives of the Company. Sundance, which has considerable expertise in CRD exploration, will be the initial project operator in cooperation with Excellon's exploration team. Excellon has made a one-time \$50,000 cash payment and can earn a 60% interest in the property by incurring \$1,500,000 in exploration expenditures over three years. At its option, Excellon may earn an additional 15% interest for a total of 75% by completing a pre-feasibility study within another three years. Following earn-in, a joint venture shall be formed and in the event either party dilutes to below a 15% interest it shall be entitled to a 2.5% Net Smelter Return royalty (NSR). If the royalty holder is Sundance, Excellon shall have the right to acquire 1.5% NSR for \$5,000,000 payable through the issuance of 5 million common shares of Excellon with the balance, if any, in cash. If Excellon is the royalty holder, Sundance shall have the right to acquire 1.5% NSR for \$5,000,000 payable through the issuance of 5 million Sundance common shares (if such shares are then listed in a recognized stock exchange) with the balance, if any, in cash.

The Pluton Property covers the western portion of a large regional magnetic feature that is believed to reflect underlying intrusives favourable to the development of CRD systems. The Platosa Mine is located on the eastern side of the same regional feature and the past producing Ojuela Mine (6 million tonnes of high-grade Ag, Au, Pb, Zn production from a series of CRD chimneys and mantos) sits on the south-central side. The Pluton Property covers favourable geology with sulphide showings and other signs of proximity



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

to a mineralizing source. Sundance has carried out only limited work on the property but has developed soil geochemical anomalies of significant size.

The exploration group continues to investigate and employ new geophysical targeting methods available to guide its drilling programs. Late in the quarter, results of the test 3D IP survey were received and interpretation indicates correlation between a particular level of chargeability and portions of the known manto massive sulphides at Platosa. A series of holes has been laid out for similar chargeability anomalies found elsewhere in the survey area, which measures roughly five kilometres from NW-SE and one kilometre from SW-NE and was centred roughly on the known mantos. Depending on drilling results, additional 3D IP surveying may be carried out elsewhere on the property. During October, the Company carried out 2,800 line kilometres of ZTEM airborne geophysical surveying over a large portion of the original Platosa property, almost all of the 18,000 ha concession acquired in April 2010 and a portion of the Pluton property discussed above. Company geologists believe this method has the potential to target proximal deposits and may be effective with respect to manto deposits. It is anticipated that preliminary results will be available before the end of November 2010.

Miguel Auza Property

The Miguel Auza property encompasses 41,498 ha (102,540 acres) and lies on the eastern flank of the Fresnillo Mexican Silver Trend some 150-200 km north of Fresnillo and Zacatecas City, both of which areas have and continue to be the source of a large percentage of Mexican silver, lead and zinc production. The property covers numerous high and low-sulphide epithermal veins carrying Ag, (Au), Pb, and Zn. The property has been the site of a large amount of historic mining since the time of the Spaniards and as recently as 2008 when SEG (through its Mexican subsidiary) carried out mining and milling on the Calvario Vein system.

The large property has seen very little modern exploration other than on Calvario and its immediate surroundings, and the main thrust of the Company's exploration program was an evaluation of the regional potential. This work began in late 2009 and in March 2010, the Company announced that it had outlined six northwest-trending quartz veins varying in thickness from two to 10 m, with a strike length of up to 1,500 m. The "Madera Veins" are composed of multiple stages of quartz and calcite banding and the quartz shows the multi-stage brecciation and replacement textures typical of epithermal veins. Traces of silver sulfides can be found locally. The lack of significant silver grades in the outcrops explains why these veins have seen only local shallow prospecting and why their potential importance was previously overlooked. A 12-hole drilling program was completed on the veins in June 2010. This drilling confirmed the presence of a large epithermal system with veins which persist to a depth of at least 440 m vertical. Significant amounts of pyrite and pyrrhotite were found in portions of the veins. The best intersection was 1.75 m (estimated true thickness) running 321 g/t (9.4 oz/T) Ag, 0.72% Pb, 0.20% Zn and reported in a press release dated May 25, 2010.

Subsequent exploration focused on regional mapping and reconnaissance, particularly in an area between the Madera and Calvario veins where historic drilling encountered several narrow intersections of over 1,000 g/t (29.1 oz/T) silver and no significant follow-up was carried out by previous operators. Several other areas of favorable geology and alteration were also investigated. This program has been completed



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

and following its documentation and evaluation the Company will determine whether additional work is warranted at this time.

Qualified Persons

Mr. John Sullivan, BSc., PGeo. has acted as the Qualified Person, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information contained in this MD&A and has supervised the preparation of the technical information on which such disclosure is based.

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

Risk and uncertainties

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk since the Company derives its revenues from the sale of silver, lead and zinc; foreign exchange risk since the Company reports in Canadian dollars but operates in jurisdictions that use other currencies; the inherent risk of uncertainties in estimating mineral resources; political risk associated with operating in foreign jurisdictions, environmental risks and risks associated with labour relations.

Risk factors affecting the Company are described in the Annual Information Form on Sedar (www.sedar.com).

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

Results of Operations

In December 2009, the Company changed its year end to December 31 from July 31. The year end change was necessary to make the Company's financial statements directly comparable to other mining companies on a quarterly basis and to have a consistent year end with its subsidiaries. This change in year end required the Company to have a transition year with a five month year ending December 31, 2009 with comparatives for the twelve month year ending July 31, 2009.

Effective January 1, 2010, the Company's foreign subsidiaries were deemed to be operationally and financially self sufficient, and accordingly, classified as self sustaining foreign operations. Prior to 2010 these subsidiaries were considered to be integrated foreign operations since they were financially and operationally dependent upon Excellon. The change was accounted for prospectively. As a result of this change, foreign exchange gains and losses on translation of foreign subsidiaries financial statements flow



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

through other comprehensive income rather than through the consolidated statements of operations.

Financial statement highlights for the periods presented in the third quarter report are as follows:

	Three months ended		Nine months ended	
	September 30, 2010	October 31, 2009	September 30, 2010	October 31, 2009
	\$	\$	\$	\$
Revenue	6,303,229	9,829,218	24,734,078	25,277,173
Cost of production (including amortization)	4,869,002	5,356,336	15,036,385	12,388,296
Income from mine operations	1,434,227	4,472,882	9,697,693	12,888,877
Expenses:				
Exploration expenditures	2,063,770	1,511,072	7,632,329	2,257,967
General and administration	1,090,001	903,677	3,196,799	4,169,831
Other	432,469	205,193	668,811	1,396,021
Income taxes (recovery)	(19,403)	885,807	(634,930)	2,207,680
Net income (loss) for the period	(2,132,610)	967,133	(1,165,316)	2,857,378

During the three month period ended September 30, 2010 the Company recorded a loss of \$2.1 million compared to net income of \$967,133 for the three month period ended October 31, 2009. Income from mine operations for the quarter was \$1.4 million compared to \$4.5 million for the quarter ended October 31, 2009. Half-way through the third quarter of 2010 the mine encountered water problems as discussed above (see Mine Operations). This resulted in lower production at lower grades and both metals production and realized prices were higher in the comparable quarter last year.

During the nine month period ended September 30, 2010 the Company recorded a loss of \$1.2 million compared to net income of \$2.9 million for the nine month period ended October 31, 2009.

More tonnes were processed in the nine month period ended September 30, 2010 resulting in higher costs of production compared to the comparative period last year. Income from mine operations is lower in 2010 due to lower-grade ore being mined offset by lower realized prices in the nine month period ended October 31, 2009.

The Company began selling lead and zinc concentrates in April 2009 – until February, 2009, the Company was selling ore. The mill at Miguel Auza started up on March 19, 2009. Concentrates are sold to a single customer under contracts with terms to June 2011.

Cash used in operating activities for the three month period ended September 30, 2010 was \$2.0 million compared to cash generated of \$1.9 million during the three months ended October 31, 2009.

Exploration expenditures were significantly higher this year compared to last year and most of this activity relates to drilling activity within two kilometers of the Platosa Mine. In August 2010, exploration activities were significantly reduced in order to conserve cash.



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

General and administrative costs represent administrative costs incurred in Canada. In the three months ended September 30, 2010 these costs have increased approximately 20% compared to the three month period ended October 31, 2009 primarily as a result of higher professional fees and insurance premiums offset by a reduction of head office payroll. For the nine month period ended September 30, 2010, these costs have decreased significantly reflecting the integration of Silver Eagle which was acquired in mid-2009.

The change in Other expenses is mainly due to lower foreign exchange losses as a result of the change in accounting for the translation of foreign operations described above.

Selected quarterly financial information

The following table sets forth selected quarterly information for the last eight quarters.

Period ended	3 months ended		3 months ended		3 months ended	
	2010-09-30		2010-06-30		2010-03-31	
Revenue	\$	6,303,229	\$	8,407,580	\$	10,383,269
Net income (loss) before income taxes	\$	(2,152,013)	\$	(795,922)	\$	1,193,688
Net income (loss)	\$	(2,132,610)	\$	464,197	\$	549,096
Earnings (loss) per share – basic	\$	(0.01)	\$	0.00	\$	0.00
– diluted	\$	(0.01)	\$	0.00	\$	0.00
	\$		\$		\$	

Quarter ended	2 months ended		3 months ended									
	2009-12-31		2009-10-31		2009-07-31		2009-04-30		2009-01-31		2008-10-31	
Revenue	\$	6,202,442	\$	9,829,218	\$	10,151,661	\$	5,296,294	\$	3,587,992	\$	3,992,647
Net income (loss) before income taxes	\$	(164,306)	\$	1,852,940	\$	2,502,000	\$	710,118	\$	(988,231)	\$	(5,729,578)
Net income (loss)	\$	(230,095)	\$	967,133	\$	1,268,957	\$	621,288	\$	(857,377)	\$	(4,829,394)
Earnings (loss) per share – diluted	\$	0.00	\$	0.00	\$	0.01	\$	0.00	\$	(0.01)	\$	(0.03)
Earnings (loss) per share – diluted	\$	0.00	\$	0.00	\$	0.01	\$	0.00	\$	(0.01)	\$	(0.03)

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



Management Discussion & Analysis

(November 10, 2010)

For the three and nine month periods ended September 30, 2010

Liquidity and Capital Resources

As at September 30, 2010, the Company's cash and cash equivalents were \$2,868,525 (December 31, 2009 – \$4,692,698), working capital was \$4,699,289 (December 31, 2009 – \$7,736,614). In order to provide more operating flexibility in the short-term, the Company is examining financing alternatives such as the use of capital leases and lines of credit. The only present source of funds available to the Company is cash flow generated by the Platosa mine. While the Company may generate working capital from mine operations, short-term borrowings or equity offerings, there is no assurance these sources will be available or be available on favourable terms. Current planned capital expenditures in the next six months total approximately \$1.8 million to be used to increase water pumping capacity, improve electrical infrastructure and to purchase mining equipment.

For the year ended July 31, 2009, the Company carried out a rights offering to holders of common shares of Excellon (the "Rights Offering"). On the terms set out in an offering circular dated May 8, 2009 (the "Rights Offering Circular"), shareholders of record at the close of business on May 22, 2009 received one right for each common share held (each a "Right"). Eight (8) Rights permitted the holder to subscribe for one common share of Excellon at a price of \$0.23 per share. On June 18, 2009, the all of the rights offered were exercised and the Company issued 24,756,804 common shares at a price of \$0.23 per share for aggregate gross proceeds of \$5,694,065. Share issuance costs consisted of an upfront managing dealer fee of \$75,000 and a soliciting dealer fee of 1.5% of the value of each subscription for common shares under the Rights Offering, with Maison Placements Canada Inc being entitled to 0.5% and any other member or members of the soliciting dealer group being entitled to the remaining 1.0%, if applicable.

Off-Balance Sheet Arrangements

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

Common share Data (as at November 10, 2010)

Common shares outstanding	247,453,446
Stock options outstanding	<u>10,996,312</u>
Total	<u><u>258,449,758</u></u>

Critical Accounting Estimates

The Company's significant accounting policies are described in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2009. There were no material changes in the nature of the Company's critical accounting estimates during the three months ended June 30, 2010 from those disclosed in the Company's MD&A for the year ended December 31, 2009.



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

Adoption of New Accounting Standards

The Company monitors the recently issued Canadian Institute of Chartered Accountants ("CICA") accounting pronouncements to assess the applicability and impact, if any, of these pronouncements on our consolidated financial statements and note disclosures.

Financial Instruments

The Company's financial instruments as of September 30, 2010 consisted of cash and cash equivalents, short-term investments, accounts receivable, income taxes receivable and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying value. There were no off-balance sheet financial instruments.

Cash and cash equivalents consist solely of cash deposits with major Canadian and Mexican banks.

The Company does not use derivative or hedging instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the three month period ended September 30, 2010 the Company changed its Chief Financial Officer. During the period, the Company continued the integration of the accounting systems and internal controls in the Silver Eagle Inc. acquisition that has previously been disclosed.

There have been no other significant changes in the Company's internal control over financial reporting during the third quarter of 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Future Changes to Accounting Standards

International Financial Reporting Standards (IFRS)

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will adopt IFRS for its year beginning January 1, 2011. The adoption date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010, reconciliation from equity under Canadian GAAP to IFRS at the date of transition (January 1, 2010) and reconciliation from profit and loss under Canadian GAAP to IFRS for the prior year comparable quarter and year to date for 2010.



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

Project Update

The changeover to IFRS from Canadian GAAP is a significant undertaking, and as a result, the Company has established a dedicated IFRS changeover resource to lead this process. The audit committee of the Company is kept informed of management's decisions on accounting policy choices under IFRS, project status and IFRS developments. The Company completed a work plan for the design and implementation phases of the project which are underway.

Key activities that have commenced and will continue in 2010 include:

- Revision of accounting policies – The project lead is in the process of drafting accounting papers to document IFRS decisions made. These accounting papers will serve to document the Company's new accounting policies, procedures and changes in controls.
- Preparation and auditor procedures on the IFRS opening balance sheet for January 1, 2010 – Significant differences between Canadian GAAP and IFRS impacting the Company's opening balance sheet for January 1, 2010 are in the process of being measured. The Company's external auditor will perform procedures on the IFRS opening balance sheet later this year.
- Preparation of draft IFRS financial statements templates, disclosures and related decisions – This activity has not yet commenced and is scheduled for execution and completion by Q4 of 2010.
- Dual reporting – Management has determined that changes to existing financial reporting systems are not required to handle the 2010 dual reporting period. IFRS adjustments for the comparative quarters will not be numerous or overly complex. As a temporary solution, comparative 2010 interim and annual consolidated financial statements and disclosure data are being compiled using end user computing tools. The project will cut over to the Company's existing financial systems effective January 1, 2011. At that time new accounts required for IFRS will be opened in the charts of accounts and the 2010 IFRS adjustments to opening balances will be made.
- People – All personnel impacted by the IFRS changeover will receive training appropriate to their role on some or all of the following:
 - IFRS technical topics
 - New accounting and reporting procedures
 - Changes in processes and controls
- Communication programs – The project lead regularly communicates project status and significant impacts of transition to affected parties.

In addition to the early-stage progress made on these aspects of the project, it is expected and planned that significant progress to completing the steps above will occur in the remainder of 2010.

Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

Impact of IFRS on the 2011 Consolidated Financial Statements

The Company has identified the following major differences between its current accounting policies and those required or expected to apply in preparing IFRS consolidated financial statements along with their directional impact on financial reporting in 2011 (and restated 2010 comparatives). This list is not meant to be comprehensive but reflects the differences management has determined to be the most relevant at this time.

Standards	IFRS accounting differences	Preliminary findings
Mineral properties (Included in IFRS 6, IAS 16 and IAS 38)	Under IFRS a distinction is made between tangible and intangible assets such as mining concession rights and other licenses. Such assets are not separately presented but are included as asset classes under property, plant and equipment and intangible assets.	The Company has determined that this change will likely result in certain reclassifications between mining properties and intangible assets. The net impact is currently being assessed by the Company.
Property, plant and equipment (PPE) (IAS 16)	After initial recognition, there is the option to measure PPE using the cost model or the revaluation model under IAS 16. IAS 16 is more explicit in how to separately account for the significant parts of an asset and about the treatment of costs incurred subsequently to add to, replace part of, or service an item.	The Company will continue to use the cost model. There is no impact on the consolidated financial statements. The Company has determined that its PPE assets will not need to be re-componentized as of the transition date. There is no impact on the consolidated financial statements.
Impairment of assets (IAS 36)	IAS 36 does not include a separate “trigger” for recognizing impairment losses based on an assessment of undiscounted cash flows. Instead a single-step impairment testing of assets at the independent cash generating unit (CGU) level will be required.	Impairments are likely to occur more often under IFRS as the undiscounted cash flow assessment is removed and assets are assessed directly at their recoverable amount (fair value). The Company has determined that it has two CGUs, the mine at



Management Discussion & Analysis

(November 10, 2010)

For the three and nine month periods ended September 30, 2010

Standards	IFRS accounting differences	Preliminary findings
	In addition, future cash flows used to determine the value of assets for impairment testing are discounted.	Platosa and the concentrator at Miguel Auza. Management is currently assessing the consequent impact of this fact.
Decommissioning liability (asset retirement obligation) (IAS37)	IAS 37 requires the use of management's best estimate of the enterprise's cash outflows, rather than fair value measurement on initial recognition, and requires the use of current interest rates in each estimate. Present value should be used only where the effect of the time value of money is material.	The Company has determined that this change in measurement will likely increase the decommissioning liability. There will be a corresponding increase in PPE. The net impact is currently being assessed by the Company.
Foreign currency translation (IAS 21)	IAS 21 takes a "functional currency" approach whereby each entity, whether a stand-alone entity, an entity with foreign operations (such as a parent) or a foreign operation (such as a subsidiary) determines its functional currency (the currency of the primary economic environment in which the entity operates). The results and financial position of any individual entity within the reporting entity are then translated in accordance with the standard.	The Company's functional currency is Canadian dollars. A conclusion has not been reached on the functional currency of the Company's Mexican subsidiary. Effective from the transition date, the Company will present its consolidated financial statements in United States dollars consistent with the predominant presentation currency of the mining industry.
Earnings per share (EPS) (IAS 33)	IAS 33 has a different method for calculating the number of incremental shares to be included in determining year-to-date EPS. Dilution under IAS 33 is a reduction in earnings per share or an increase in loss per	As the treasury stock method assumes that only "in the money" option proceeds are used to purchase registered shares of the Company at the average market price during the year, the number of shares used



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

Standards	IFRS accounting differences	Preliminary findings
	share resulting from the assumption that convertible instruments are converted, options or warrants are exercised, or ordinary shares are issued upon the satisfaction of specified conditions. The treasury stock method is not used.	to compute diluted EPS will be greater; all incremental shares will be included. The Company has determined that this change in measurement will slightly increase the dilution of EPS. The net impact is currently being assessed by the Company.
Income taxes (IAS 12)	Although the broad principles are the same, there are numerous specific differences under IAS 12. In addition the tax aspects of each accounting policy choice and requirement as well as each IFRS 1 election set out below will need to be considered.	The net impact is currently being assessed by the Company. Depending on the changes involved, this may involve the recognition of additional deferred tax assets and liabilities and could impact the actual tax to be paid by the company. The Company retains the services of professional tax advisers to arrive at informed decisions and to ensure that all requirements of tax regulatory bodies continue to be addressed under IFRSs.
Segment reporting (IAS 8)	Under IAS 8, the Company has only a single operating segment and therefore, does not effectively segment report.	The single operating segment is the Company's foreign operation in Mexico.

The Company has assessed other relevant standards, including, but not limited to, IAS 18 *Revenue*, IAS 23 *Borrowing Costs*, IAS 24 *Related Party Disclosures*, IAS 27 *Consolidated and Separate Financial Statements*, IFRS 2 *Share-based Payments*, IFRS 3 *Business Combinations* and a group of standards covering *Financial Instruments*, IAS 32, IAS 39 and IFRS 7.

The Company has also chosen certain exemptions from the retrospective applications of IFRS at the transition date that are provided by IFRS 1. The selections that are relevant to the Company are set out in the following table. The Company's current intentions are also indicated.



Management Discussion & Analysis

(November 10, 2010)

For the three and nine month periods ended September 30, 2010

Optional exemption	Company's election
<i>Business combinations</i>	<p>A first time adopter may elect not to retrospectively restate any business combinations prior to the date of transition (i.e. prospective application of IFRS 3. The Company intends to use this exemption.</p>
<i>Share-based payment transactions</i>	<p>A first time adopter is encouraged but not required to retrospectively apply IFRS 2 to equity instruments (equity settled transactions) granted on or before November 7, 2002. Similarly, a first time adopter is encouraged but not required to apply IFRS 2 to equity instruments that were granted after November 7, 2002 and that vested before the date of transition to IFRS.</p> <p>The Company intends to use this exemption.</p>
<i>Fair value or revaluation as deemed cost</i>	<p>This exemption allows the Company to initially measure an item of Property, Plant or Equipment on transition to IFRS at fair value or a previous valuation under Canadian GAAP.</p> <p>The Company may selectively apply this exemption when historical information is not available for specific assets.</p>
<i>Cumulative translation differences</i>	<p>A first time adopter is permitted to reset the cumulative translation differences to zero by recognizing the full amount in the retained earnings of the opening balance sheet. This exemption allows entities to avoid the adjustments to the balance which would be required as a result of the IFRS transition adjustments of foreign operations.</p> <p>The Company intends to use this exemption.</p>
<i>Decommissioning liabilities included in the cost of property, plant and equipment</i>	<p>An entity may elect not to apply the requirements of IFRIC 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i> retrospectively in determining the IFRS carrying amount of the assets to which the decommissioning liabilities relate.</p> <p>Adopting this option would provide relief because the Company will not have to attempt to determine when and how the changes in estimates arose. Instead, it will have to recalculate the liability in accordance with IFRS at the transition date and then adjust the cost of the asset and accumulated depreciation.</p>



Management Discussion & Analysis (November 10, 2010)

For the three and nine month periods ended September 30, 2010

Optional exemption Company's election

The Company intends to use this exemption.

Borrowing costs

This exemption allows the Company to adopt IAS 23, which requires the capitalization of borrowing costs on all qualifying assets, prospectively from the date of the opening IFRS balance sheet.

The Company intends to use this exemption.

The IFRS accounting differences, preliminary findings concerning accounting policies and the IFRS 1 selections set out above are based on current IFRS which are subject to change. The Company's reporting under IFRS in 2011 will be based on the standards effective as at December 31, 2011. Accordingly, the Company continues to monitor standards development by the International Accounting Standards Board and the AcSB.

Additional Sources of Information

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

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including potential property acquisitions, the timing, content, cost and results of work programs, geological interpretations, potential mineral recovery processes and rates, proposed production rates, the construction of a mill, the acquisition of surface rights and negotiation and closing of future financings. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by these statements. See "Risk Factors".