EXCELLON

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EXCELLON REPORTS 2016 ANNUAL AND FOURTH QUARTER FINANCIAL RESULTS AND UPDATE ON OPTIMIZATION PLAN

Toronto, Ontario – March 23, 2017 – Excellon Resources Inc. (TSX:EXN; TSX:EXN.WT; OTC:EXLLF) ("Excellon" or the "Company") is pleased to report on corporate, operational and financial results for the three- and twelve-month periods ended December 31, 2016 and provide an update on the ongoing optimization plan (as further described below, the "Optimization Plan") at the Company's Platosa Mine in Durango, Mexico.

2016 Corporate and Operational Highlights

- Advanced implementation of optimization plan at Platosa, with aim of doubling productivity and halving costs during 2017 – optimization plan in final implementation phase, with dry mining conditions expected during Q2 2017
- Successful financings provided capital for optimization plan and $5 million exploration program at Platosa and addition of key new shareholder, Eric Sprott
- Closed sale of DeSantis Property in Timmins, Ontario in Q2 2016 for shares of Osisko Mining Corporation that have gained +300% since closing of the transaction
- Key exploration results near mine infrastructure include 13 metres of 662 g/t Ag, 4.9% Pb, 25.5% Zn and 0.57 g/t Au and 3 metres of 795 g/t Ag, 9.25% Pb and 25.85% Zn
- Positive initial court resolution from Agrarian Tribunal of litigation with the Ejido La Sierrita
- Negotiated improved offtake terms for 2017 with approximately 60% reduction in treatment and refining charges
- Addition of key expertise to management team with appointment of Vice President Technical Services, Denis Flood, Vice President Geology, Ben Pullinger, and Vice President Corporate Responsibility, Dr. Craig Ford
- Addition of highly-regarded board appointees, Dr. Laurie Curtis and Daniella Dimitrov

2016 Financial Highlights

- Revenue of $17.0 million (2015 – $16.2 million)
- Production of 1.3 million silver equivalent ("AgEq") ounces (2015 – 1.4 million AgEq ounces)
- Sales of 1.1 million AgEq ounces payable (2015 – 1.3 million AgEq ounces payable)
- Mine operating earnings of $0.7 million (2015 – loss of $2.5 million)
- Approximately 83% of tonnage mined during 2016 was from outside mineral resources, resulting in minimal depletion of Platosa mineral resources during the year
- Adjusted net loss of $3.4 million or $0.05/share (2015 – adjusted net loss of $4.0 million or $0.07/share), excluding non-cash financing costs associated with outstanding convertible debentures (the "Debentures") issued in November 2015
- Cash, current accounts receivable and marketable securities totaled $7.7 million at December 31, 2016 (December 31, 2015 – $4.0 million)
- Net working capital totaled $8.6 million at December 30, 2016 (December 31, 2015 – $5.5 million)

“We laid the foundations in 2016 for a significant transition in Excellon’s fortunes over the course of 2017,” stated Brendan Cahill, President and Chief Executive Officer. “We materially advanced and are now near completion of our optimization plan at Platosa, which has already proven effective and promises to improve mine production and costs during the latter half of 2017, with dry mining conditions at Platosa expected to be achieved finally during Q2 2017. We expect to have an update on drawdown rates in the near term as more data are collected. Production during 2016, though certainly below mine potential, only minimally depleted Platosa mineral resources, leaving more high-grade resources to mine at higher-rates and lower costs under dry mining conditions in the coming years. Additionally, our resumption of exploration at Platosa has delivered high-grade and near-term accessible mineralization. We plan to move further afield in the coming quarters, including resumption of exploration for skarn-Source/CRD mineralization. Most importantly, however, we have added exceptional new people to our team and look forward to fully drawing on their experience going forward to improve our performance.”

Update on Optimization Plan

The Company is pleased to provide an update on the ongoing optimization program at Platosa. As further described in the Company’s annual information form (the “AIF”), the Company has developed an optimization program to more effectively dewater Platosa through an enhanced well-pumping system. The optimization program will maintain and increase a localized “cone of depression” of the water table around mine workings, ultimately resulting in dry mining conditions at Platosa. Under dry mining conditions, the Company expects to achieve higher rates of production at lower costs relative to current and historical production at Platosa. Refer to the AIF for a summary estimates on Platosa production rates and costs subsequent to the completion of the optimization program.

In December 2016, the Company completed the installation and testing of the primary booster station (comprising four 600hp pumps) in Guadalupe South. The Company also installed two additional 250hp submersible pumps in Guadalupe South. The initial results from these wells exceeded expectations, with the drawdown over the first week in excess of one metre. During Q1 2017, the Company completed well drilling and focused on advancing well cleaning and installing submersibles as wells were prepared. The well-cleaning process has proven effective and is essential to the project’s long-term success. All submersibles have been delivered and are ready to be installed as wells are cleaned and the installation of the secondary booster station is nearing completion. The Company currently expects to reach 25,000 gpm pumping by mid-April, effectively reaching the Optimization Plan’s long-term target. Additional submersible installations will be completed during Q2 to further enhance pumping rates.

Financial Results

Financial results for the three- and twelve-month periods ended December 31, 2016 and 2015 were as follows:

(‘000s of USD, except amounts per share and per ounce)	**Q4 2016**	**Q4 2015**	**2016**	**2015**
Revenue [1]	**3,354**	2,477	**16,994**	16,167
Production costs	**(3,620)**	(3,318)	**(13,906)**	(15,611)
Depletion and amortization	**(696)**	(675)	**(2,435)**	(3,080)
Cost of sales	**(4,316)**	(3,993)	**(16,341)**	(18,691)
Gross profit (loss)	**(961)**	(1,516)	**653**	(2,524)
Corporate administration	**(1,214)**	(976)	**(3,477)**	(3,309)

('000s of USD, except amounts per share and per ounce)	Q4 2016	Q4 2015	2016	2015
Exploration	**(809)**	(123)	**(1,345)**	(685)
Other	**(1,112)**	424	**(971)**	(354)
Impairment of mineral rights	**-**	(662)	**156**	(662)
Royalty Income	**-**	726	**-**	726
Net finance cost	**2,367**	(381)	**(11,288)**	(446)
Income tax recovery	**1,674**	831	**2,201**	2,214
Net loss	**(55)**	(1,677)	**(14,071)**	(5,040)
Adjusted net loss (2) (3)	**(2,489)**	(676)	**(3,408)**	(4,039)
Loss per share – basic	**(0.00)**	(0.03)	**(0.21)**	(0.09)
Adjusted profit/loss per share - basic	**(0.03)**	(0.01)	**(0.05)**	(0.07)
Cash flow from (used in) operations (4)	**(3,147)**	(1,492)	**(3,291)**	(1,867)
Cash flow from (used in) operations per share – basic	**(0.04)**	(0.03)	**(0.05)**	(0.03)
Production cost per tonne (5)	**251**	255	**250**	275
Cash cost per payable silver ounce ($/Ag oz)	**18.48**	19.86	**13.42**	15.11
All-in sustaining cost ("AISC") per silver ounce payable ($/Ag oz)	**71.17**	34.92	**33.04**	22.58
Adjusted AISC per silver once payable (6)	**48.49**	34.92	**25.82**	22.58

(1) Revenues are net of treatment and refining charges.
(2) Adjusted net losses reflect results before fair value adjustments on embedded derivatives and warrants related to the Debentures (as defined below) (Q4 2016 – $2.4 million gain; Q4 2015 – $0.3 million loss; 2016 – $10.8 million loss, 2015 – $0.3 million loss). The fair value adjustment derives from the performance of the Company's stock during each period (Q4 2016 – $1.88 to $1.64; 2016 – $0.31 to $1.64; Q4 2015 and 2015 – $0.25 at inception to $0.31), resulting in variances in valuation/cost upon the potential conversion or exercise of the debentures or warrants, respectively.
(3) Adjusted net loss for Q4 2015 and 2015 reflects results before $0.7 million impairment charge on DeSantis exploration property in Canada that was subsequently sold in 2016.
(4) Cash flow from operations before changes in working capital.
(5) Production cost per tonne includes mining and milling costs excluding depletion and amortization.
(6) Adjusted AISC per payable silver ounce excludes the relatively one-time sustaining capital expenditures associated with the "Platosa Optimization Plan" described below (associated cash expenditures were $2.8 million in Q4 2016 and $4.8 million in 2016).

As in recent years, 2016 production at Platosa was impacted by water inflows, which prevented access to certain zones included in the mine plan. Consequently, available mineralization was mined in historical remnant areas and in newly identified mineralization outside of the Platosa mineral resource block model. Though the deposit is tightly drilled at 15 metre centres, manto boundaries are generally erratic and additional mineralization is often encountered outside of the resource block model. During the year, approximately 83% of produced tonnes were mined from outside the resource block model, with the predominance of tonnage mined from the Rodilla area (41,800 tonnes, with 8,700 tonnes mined from within the Rodilla resource block model), resulting in minimal depletion of mineral resources at Platosa during the year. Mineralization mined from outside the block model tended to be more erratic and thus subject to higher dilution than planned, resulting in lower grades than set out in the Company's mine plans for 2016. The Company expects grades to increase and mine planning to be more in line with expectations and historical trends when the Optimization Plan becomes fully effective during Q2 2017.

Production costs in 2016 of $13.9 million were reduced by $1.7 million relative to 2015, while producing similar tonnage, a reflection of the continuous cost reductions at the operation. Cost per tonne of $250/t in 2016 improved from $275/t in 2015. Approximately 15% of these cost savings relate to beneficial movements in the exchange rate for the Mexican peso, while the other 85% derived from management's efforts to reduce and more effectively manage costs.

During Q4 2016, the Company generated higher net revenues of $3.3 million (Q4 2015 – $2.5 million) due to higher silver equivalent payable ounces of 241,867 in Q4 2016 (Q4 2015 – 230,270 AgEq ounces) resulting from higher lead and zinc prices. Revenue of $17.0 million in 2016 improved by 5% (2015 – $16.2 million) despite a 12% decrease in silver ounces payable of 1,133,789 due to lower grades produced and higher realized silver prices of $17.38 (2015 – $15.15).

The Company recorded a net loss of $55,000 in Q4 2016 (Q4 2015 – net loss of $1.7 million). The Company's adjusted net loss of $2.5 million in Q4 2016 reflects the period's results before recording a $2.4 million fair value adjustment gain on embedded derivative and warrants relating to the Debentures in accordance with IFRS (Q4 2015 – $0.7 million). For 2016, the Company recorded a net loss of $14.1 million (2015 – net loss of $5.0 million). The Company's adjusted net loss for 2016 was $3.4 million before (i) a $10.8 million fair value adjustment loss on embedded derivative and warrants related to the debentures and (ii) a $0.2 million reversal of impairment on the DeSantis exploration property sold in the period (2015 – $4 million).

General and administrative expenses of $1.2 million in Q4 2016 increased by 24% compared to Q4 2015, primarily resulting from increased marketing, hiring of new officers, appointing new directors and additional vesting of stock based compensation during the quarter. Cash corporate administrative expenses of $0.8 million in Q4 2016 remained comparable to Q4 2015 of $0.7 million. For the year, general and administrative expense of $3.5 million was comparable to $3.3 million in 2015, with cash expenditures being $2.5 million compared to $2.4 million in 2015. The Company continues to maintain cost discipline at the corporate head office in Toronto.

The Company spent $0.8 million in exploration in Q4 2016 (Q4 2015 – $0.1 million) as it continued its surface drill program at Platosa, with an additional 2,500 metre drilled in the quarter for a total of 3,500 metres drilled in 2016. Drilling will continue to focus on expanding the current footprint of manto mineralization at Platosa as part of an ongoing 25,000 metre drilling program. Overall, exploration cost for 2016 was $1.3 million (2015 – $0.7 million).

In 2016, the Company invested $8.2 million in capital expenditures, with $4.8 million spent in capital expenditures for the Optimization Plan and the remaining $3.4 million spent on other sustaining capital expenditures, including $0.9 million on two new scoop trams, $0.5 million on a new jumbo and increased mine development of $1.3 million. As the Optimization Plan continues to move towards completion in 2017, a continuous review of capital expenditure programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash in advance of a return to positive cash flow at Platosa.

Cash costs net of byproducts (or Total Cash Costs) of $9.0 million in 2016 (2015 – $10.9 million) represented an 18% improvement from 2015. Despite lower silver production in 2016, total cash cost per silver ounce payable was $13.42/ounce compared to $15.11/ounce in 2015. The Company expects total cash costs net of by-product revenues to vary from period to period as planned production and development accesses different areas of the mine with different ore grades and characteristics, with material improvements expected as the Optimization Plan takes effect.

The Company's adjusted AISC per silver ounce payable of $48.49 in Q4 2016 (Q4 2015 – $34.92), resulted entirely from lower metal grades and, consequently, metal produced, along with the resumption of exploration drilling at Platosa. Non-adjusted AISC of $71.17 per silver ounce payable in Q4 2016 (Q4 2016 – $34.92) included significant one-time capital and development costs associated with the Optimization Plan, primarily relating to the purchase of pumping equipment, along with well-drilling costs. In 2016, the Company had an AISC of $33.04 per silver ounce payable and an adjusted AISC of $25.82 per silver ounce payable, excluding the one-time costs associated with the Optimization Plan.

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 audited consolidated financial statements for the year ended December 31, 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 silver ounce payable", "all-in sustaining cost per payable silver equivalent ounce", "adjusted all-in sustaining cost per silver ounce payable" 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 year ended December 31, 2016, for a reconciliation of these measures to reported IFRS results.

Production Highlights

Mine production for the periods indicated below were as follows:

		Q4 2016[(1)]	Q4 2015[(1)]	12-Mos 2016[(1)]	12-Mos 2015[(1)]
Tonnes of ore produced		15,320	13,145	53,234	54,485
Tonnes of ore processed		14,417	12,999	55,593	56,849
Ore grades:					
	Silver (g/t)	375	406	456	491
	Lead (%)	3.52	3.65	4.40	4.56
	Zinc (%)	4.80	5.33	5.70	7.20
Recoveries:					
	Silver (%)	90.0	88.9	90.5	89.0
	Lead (%)	81.1	79.8	82.1	77.7
	Zinc (%)	81.3	81.3	80.1	81.6
Production:					
	Silver – (oz)	159,524	152,628	752,689	794,289
	Silver equivalent ounces (oz) [(2)]	305,934	259,885	1,293,815	1,429,539
	Lead – (lb)	903,763	837,903	4,427,300	4,387,358
	Zinc – (lb)	1,248,022	1,261,072	5,581,060	7,362,938
Payable: [(3)]					
	Silver ounces – (oz)	126,773	135,928	668,181	721,067
	Silver equivalent ounces (oz) [(2)]	241,867	230,270	1,133,789	1,287,018
	Lead – (lb)	740,812	780,634	4,092,790	4,212,843
	Zinc – (lb)	955,415	1,061,270	4,602,386	6,274,379
Realized prices: [(4)]					

	Q4 2016[1]	Q4 2015[1]	12-Mos 2016[1]	12-Mos 2015[1]
Silver – ($US/oz)	16.70	13.95	17.38	15.15
Lead – ($US/lb)	1.03	0.75	0.85	0.79
Zinc – ($US/lb)	1.22	0.69	0.98	0.83

(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 realized 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 price is calculated on current period sale deliveries and does not include the impact of prior period provisional adjustments in the period.

Tonnage mined in Q4 2016 of 15,320 tonnes represented a 17% increase from the previous quarter, with milling of 14,417 tonnes in the quarter, reflecting an 11% improvement from Q4 2015. For 2016, tonnes mined and milled of 53,234 tonnes and 55,593 tonnes were comparable to 2015. Development continues to be a priority to access the higher-grade areas of the mine including the 623 Manto, hosting mineral resources of 83,000 tonnes at 1,232 g/t Ag (1,777 g/t AgEq).

Annual General Meeting

The annual and special meeting (the "Meeting") of Excellon shareholders will be held at 4:00 p.m. (ET) on May 10, 2017 at the King Edward Hotel (Kensington Room), 37 King Street East, Toronto, Ontario. Shareholders as of March 24, 2017 will be entitled to attend and vote their shares at the Meeting. The Management Information Circular and materials related to the Meeting will be available on the Company website and SEDAR in the coming days pursuant to Notice and Access rules.

Qualified Person

Mr. Ben Pullinger, P. Geo, Vice-President Geology, has acted as the Qualified Person, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information relating to exploration results contained in this press release.

Michael Verreault, Ing., has acted as a Qualified Person as defined in NI 43-101 for disclosure in respect of the Optimization Plan in this release. Mr. Verreault has a Masters in Applied Science (Hydrogeology) and 15 years of relevant experience focused on hydrogeology. He is a certified professional engineer (OIQ 125243) by the Ordre des ingénieurs du Québec and is President of Hydro- Ressources Inc. Mr. Verreault is independent of the Company and visited Platosa several times during the preparation and ongoing implementation of the Optimization Plan referenced herein.

About Excellon

Excellon's 100%-owned Platosa Mine in Durango has been Mexico's highest-grade silver mine since production commenced in 2005. The Company is focused on optimizing the Platosa Mine's cost and production profile, discovering further high-grade silver and carbonate replacement deposit (CRD) mineralization on the Platosa Project and capitalizing on the opportunity in current market conditions to acquire undervalued projects in Latin America.

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