

Management's Discussion & Analysis of Financial Results

For the three and nine month periods ended September 30, 2018
October 31, 2018

Excellon Resources Inc. (the "Company" or "Excellon") has prepared this Management's Discussion and Analysis of Financial Results ("MD&A") for the three and nine month periods ended September 30, 2018 in accordance with the requirements of National Instrument 51-102 ("NI 51-102").

This MD&A contains information as at October 31, 2018 and provides information on the operations of the Company for the three and nine month periods ended September 30, 2018 and 2017 and subsequent to the period end, and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2018 and the audited consolidated financial statements and the related notes for the year end December 31, 2017 filed on SEDAR. The audited consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures in this MD&A are in United States dollars unless otherwise noted.

This MD&A also makes reference to Production Cost per Tonne, Cash Cost per Silver Ounce Payable, and All-in Sustaining Cost ("AISC") per Silver Ounce Payable, all of which are Non-IFRS Measures. Please refer to the sections of this MD&A entitled "Production Cost per Tonne", "Total Cash Cost per Silver Ounce Payable" and "All-in Sustaining Cost per Silver Ounce Payable" for an explanation of these measures and reconciliation to the Company's reported financial results.

COMPANY PROFILE

Excellon is a primary silver mining and exploration company listed on the Toronto Stock Exchange trading under the symbol EXN. 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 20,947 hectare Platosa Project and epithermal silver mineralization on the 100%-owned 45,000 hectare Evolución Property and capitalizing on the opportunity in current market conditions to acquire undervalued projects in the Americas.

Ore from Platosa is processed at the Company's mill in Miguel Auza (within the Evolución Property) in Zacatecas. The Company produces a lead-silver concentrate and a zinc-silver concentrate. The concentrates are shipped to the Port of Manzanillo where they are purchased by Trafigura Mexico, S.A. de C.V., a subsidiary within the Trafigura group of companies, and MK Metal Trading Mexico, S.A. de C.V., a subsidiary within the Ocean Partners group of companies.

COMMON SHARE DATA (as at October 31, 2018)

Common shares issued and outstanding	98,722,786
Stock options	1,644,999
DSUs	2,230,535
RSUs	2,611,284
Warrants (\$0.50)	1,851,046
Warrants (\$2.80)	3,696,875
Fully diluted common shares	<u>110,757,525</u>

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THIRD QUARTER HIGHLIGHTS

(in 000's except amounts per share, cost per tonne, ounces and per ounce)	Q3 2018	Q3 2017	9-Mos 2018	9-Mos 2017
Revenues ⁽¹⁾	\$ 2,570	\$ 7,102	\$ 18,358	\$ 14,085
Gross profit (loss)	\$ (3,527)	\$ 1,516	\$ 993	\$ (651)
Net Income (Loss)	\$ (3,582)	\$ (5,907)	\$ (3,550)	\$ (7,244)
Income (loss) per share – basic	\$ (0.04)	\$ (0.08)	\$ (0.04)	\$ (0.10)
Silver ounces produced	171,227	226,173	643,390	495,111
Silver ounces payable	147,308	205,414	562,693	460,969
Silver equivalent ounces produced	300,766	500,763	1,420,050	995,643
Silver equivalent ounces payable ⁽³⁾	258,920	443,921	1,234,284	909,576
Production cost per tonne ⁽⁴⁾	\$ 292	\$ 208	\$ 241	\$ 266
Total cash cost per silver ounce payable	\$ 29.94	\$ 2.46	\$ 8.50	\$ 12.22
AISC per silver ounce payable	\$ 44.02	\$ 11.62	\$ 20.54	\$ 32.24
Average realized silver price per ounce sold ⁽⁶⁾	\$ 14.51	\$ 17.06	\$ 15.74	\$ 16.96

- (1) Revenues are net of treatment and refining charges. A reconciliation of revenues can be found in the section "Summary of Financial Quarterly Results" of this MD&A.
- (2) Silver equivalent ("AgEq") ounces established using average realized metal prices during the period indicated applied to the recovered metal content of the concentrates.
- (3) Production cost per tonne includes mining and milling costs, excluding depletion and amortization.
- (4) Average realized silver price is calculated on current period sale deliveries and does not include prior period provisional adjustments recorded in the period.

Additional Highlights:

On October 17, 2018 the Company announced that it had entered into an option agreement (the "Option") with Wallbridge Mining Company Limited ("Wallbridge") to sell the Beschefer property. Terms of the option include Wallbridge incurring an aggregate of CAD\$4,500,000 in expenditures on the property and the Company receiving installments of common shares of Wallbridge for a total of 7,000,000 common shares over the course of three years of which 500,000 common shares were received upon entering the agreement.

Schedule of the Option are as follows:

- a) Wallbridge shall issue 500,000 common shares promptly following execution of the Agreement on October 16, 2018 (the "Effective Date");
- b) Wallbridge shall incur CAD\$500,000 in expenditures on or before the first anniversary of the Effective Date;
- c) Wallbridge shall issue 1,000,000 common shares promptly after the first anniversary of the Effective Date;
- d) Wallbridge shall incur CAD\$2,000,000 in expenditures on or before the second anniversary of the Effective Date;
- e) Wallbridge shall issue 2,000,000 common shares promptly after the second anniversary of the Effective Date;

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- f) Wallbridge shall incur CAD\$4,500,000 in expenditures on or before the third anniversary of the Effective Date; and
- g) Wallbridge shall issue 3,500,000 common shares on or before the third anniversary of the Effective Date.
- h) Wallbridge may accelerate expenditures and the Option will be effectively exercised when Wallbridge has funded and incurred CAD\$4,500,000 in expenditures and issued 7,000,000 common Shares to Excellon.

On October 29, 2018, the Company announced that it had been granted a 31,000 hectare mineral concession called Evolución immediately southeast and along trend of Hecla Mining Company's ("Hecla") San Sebastian Mine, consolidating an over 45,000 hectare (450 km²) exploration package with existing Miguel Auza concessions (collectively, now called Evolución) and covering over 35 kilometres of strike on the Fresnillo silver trend, one of the world's premier silver districts. The additional concessions were acquired through the mineral concession application process in Mexico at negligible cost to the Company.

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MINE OPERATION

Production

Platosa Mine production statistics for the periods indicated were as follows:

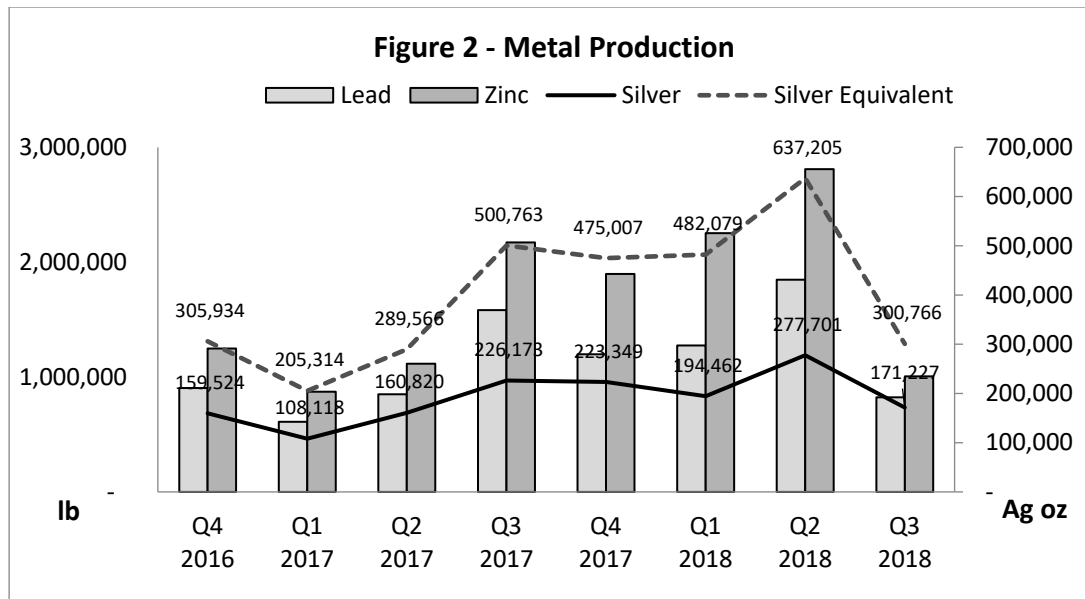
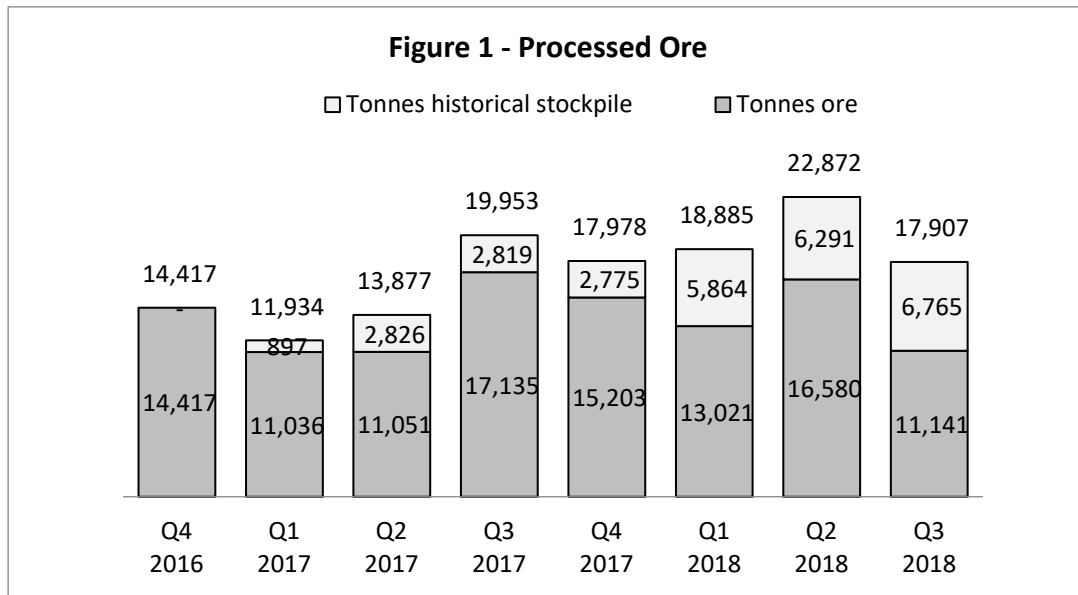
		Q3 2018 ⁽¹⁾	Q3 2017 ⁽¹⁾	9-Mos 2018 ⁽¹⁾	9-Mos 2017 ⁽¹⁾
Tonnes of ore produced		10,974	18,147	40,905	41,051
Tonnes of ore processed:		11,141	17,135	40,743	39,222
Tonnes of historical stockpile processed:		6,765	2,819	18,921	6,542
Total tonnes processed:		17,907	19,953	59,663	45,764
Ore grades:					
	Silver (g/t)	416	447	461	415
	Lead (%)	3.74	4.86	4.85	4.10
	Zinc (%)	4.33	6.82	7.23	5.70
Historical stockpile grades:					
	Silver (g/t)	151	182	166	177
	Lead (%)	1.36	1.57	1.57	1.48
	Zinc (%)	1.45	1.69	2.05	1.53
Blended head grade:					
	Silver (g/t)	316	409	367	381
	Lead (%)	2.84	4.39	3.81	3.72
	Zinc (%)	3.24	6.10	5.59	5.10
Recoveries:					
	Silver (%)	89.9	87.6	89.2	88.9
	Lead (%)	74.2	81.8	78.8	81.2
	Zinc (%)	78.2	81.1	81.3	81.2
Production:					
	Silver – (oz)	171,227	226,173	643,390	495,111
	Silver equivalent (oz) ⁽²⁾	300,766	500,763	1,420,050	995,643
	Lead – (lb)	823,982	1,582,794	3,947,367	3,042,938
	Zinc – (lb)	1,005,767	2,172,685	6,069,780	4,162,027
Payable: ⁽³⁾					
	Silver – (oz)	147,308	205,414	562,693	460,969
	Silver equivalent (oz) ⁽²⁾	258,920	443,921	1,234,284	909,576
	Lead – (lb)	758,761	1,498,421	3,671,523	2,963,589
	Zinc – (lb)	826,310	1,788,834	5,053,256	3,549,519
Realized prices: ⁽⁴⁾					
	Silver – (\$US/oz)	14.51	17.06	15.74	16.96
	Lead – (\$US/lb)	0.92	1.09	1.02	1.05
	Zinc – (\$US/lb)	1.11	1.37	1.30	1.31

- (1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser(s). Data has been adjusted to reflect final assay and price adjustments for prior period deliveries settled during the period.
- (2) AgEq ounces established using average realized metal prices during the period indicated applied to the recovered metal content of the concentrates.
- (3) Payable metal reflects current metals delivered, net of payable deductions under the Company's offtake arrangements.
- (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.

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The previous eight quarters of production at Platosa are summarized below:



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Analysis of the components of mine operating results is as follows:

		Q3		9-Mos	
		2018	2017	2018	2017
Tonnes Milled		17,907	19,953	59,663	45,764
Tonnage milled decreased by 10% or 2,046 tonnes during Q3 2018 relative to Q3 2017 as mine surveying and planning issues limited access to the Platosa orebody. During the third quarter, the mill continued to process historical stockpiles (6,765 tonnes).					
Blended Head Grades (ore and historical stockpiles)	Ag (g/t)	316	409	367	381
	Pb (%)	2.84	4.39	3.81	3.72
	Zn (%)	3.24	6.10	5.59	5.10
Lower silver, lead and zinc grades were realized during Q3 2018 compared to Q3 2017, primarily development headings did not access the primary Platosa orebody and, as a result, encountered more peripheral mineralization. The Company continued to process historical stockpiles and sump material, which lowers overall head grades, but have proven to be higher-grade and more economic than initially assessed. This mineralized material is blended with mined ore to improve recoveries (in the case of high-grade lead and/or zinc ore), payability, and is cash flow positive.					
Recoveries	Ag (%)	89.9	87.6	89.2	88.9
	Pb (%)	74.2	81.8	78.8	81.2
	Zn (%)	78.2	81.1	81.3	81.2
Recoveries were lower than expected for both lead and zinc as lower head grades impacted the overall recoveries. Silver recoveries were generally in line with expectations and results and fluctuations in recoveries are within the expected range.					
Metal Produced	Ag (oz)	171,227	226,173	643,390	495,111
	AgEq (oz)	300,766	500,763	1,420,050	995,643
	Pb (lb)	823,982	1,582,794	3,947,367	3,042,938
	Zn (lb)	1,005,767	2,172,685	6,069,780	4,162,027
As discussed above, decreased tonnage from the three manto areas with lower grades and recoveries in Q3 2018 decreased metal production by 40% over Q3 2017.					

The operations continued to utilize the bolting units acquired during Q2 2018 with improved effectiveness and increased development rates. We also increased the use of cable bolts, grouted rebar, screen and shotcrete to further address ground conditions and provide safe access. Historically, intensive grouting to control water acted as enhanced ground support at great cost and time. With grouting eliminated, the operation is incorporating normal course bolting and screening at much lower cost and time to advance development. The Company continued its focus on driving ramp development to access the next production levels utilizing the 730 ramp in Pierna and Rodilla and the 725 ramp in 623. Development rates increased by 36% (Q2 2018 – 301 metres vs. Q2 2017 – 221 metres) with increase mechanization.

The Company has implemented a program of pillar extraction, in consultation with geotechnical specialists, to recover high-grade pillars from historical areas of the mining operations. During Q3 2018, Platosa rented a remote-control operated scoop to facilitate pillar recovery efforts.

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Outlook

As noted above, the Company is continuing to improve ground support installation to increase production rates. In addition, ongoing dewatering efforts (see Mine Optimization, below), continue to be an integral part of the mining process at Platosa and essential to ensure dry and efficient mining conditions going forward. The Company expects to mine and develop deeper levels of the Pierna, Rodilla and 623 mantos through the remainder of the year and will continue processing historical stockpiles. Capital expenditures are expected to total approximately \$1.0 million for the remainder of 2018, with approximately \$0.8 million of such expenditures dedicated to Optimization Plan Phase 2, as defined below.

The Company entered a milling arrangement in Q1 2018 with Hecla to process ore from the San Sebastian Mine, 42 kilometres northwest of the Miguel Auza mill, commencing with an initial 12,000 tonne bulk sample scheduled to begin in late 2018 or early 2019. Assuming successful results from the bulk sample, the formal commercial milling arrangement will commence in due course. Preparations for the expansion of milling operations at Miguel Auza are well underway and the Company has engaged consultants to review and propose upgrades to milling performance during Q3 2018; results of the review are pending.

On the exploration front, the Company is currently drilling with one rig on surface and one rig underground at Platosa and one rig on surface at Miguel Auza (now part of the recently expanded Evolución Property). Current targets at Platosa include additional near-mine manto-style targets and PDN, a skarn-type target identified by a large geophysical anomaly, two kilometres north of Platosa and associated with the 2012 Rincon del Caido discovery. Preparations are currently underway for drilling programs at Jaboncillo (11 kilometres northwest of Platosa) and San Gilberto (14 kilometres south of Platosa) either in late Q4 or early 2019.

The Company filed an inaugural CR Report on the Company's website at www.excellonresources.com/corporate-responsibility. Through the remainder of 2018, the Company will continue to enhance its corporate responsibility standards and improve its performance in relation to the Towards Sustainable Mining protocols developed by the Mining Association of Canada. A review of the Company's tailing management facilities and system will also be conducted by an independent third-party consultant during Q4.

Mine Optimization

The Platosa deposit comprises several high-grade massive sulphide mantos hosted in permeable limestone that have been mined by Excellon since 2005. In 2007, as mine workings extended below the local water table, the Company began an intensive program of reactive grouting and pumping to control and prevent water inflows. This program has been effective in managing inflows, but has been time-, labour- and cost-intensive, which historically limited production to less than 200 tpd. In April 2015, the Company released the results of a hydrogeological study prepared by Hydro-Ressources Inc. and Technosub Inc. (the "Optimization Plan"), which confirmed that dry mining conditions are achievable at Platosa and which proposed to replace the grouting and pumping process with a more efficient and permanent dewatering system.

The Company has commenced the second phase of the Optimization Plan ("Optimization Plan Phase 2"), which is the ordinary course maintenance and expansion of the dewatering system going forward for life of mine. Phase 2 will consist of the periodic development of new well bays and the drilling of new wells, with submersible pumps being moved to the new wells as the higher elevation wells begin to lose pumping efficiency. Capital expenditures on Phase 2 are considered sustaining, primarily relating to well bay development, well drilling and the periodic addition/replacement of existing pump equipment.

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Mineral Resources

The Company updated the Platosa Mineral Resources Estimate ("MRE") as at March 31, 2018 and filed an updated technical report prepared by SRK Consulting (Canada) Inc. ("SRK") under National Instrument 43-101 ("NI 43-101"), on SEDAR (www.sedar.com) on September 7, 2018.

Mineral Resource Statement, Platosa Mine Mexico, SRK Consulting (Canada) Inc.

Category	Tonnes ('000)	Grade				Contained Metal			
		Ag (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	Ag ('000s oz)	Pb ('000s lbs)	Zn ('000s lbs)	AgEq ('000 oz)
Indicated	485	549	5.6	5.9	1,055	8,562	59,752	62,953	16,456
Inferred	13	516	4.7	6.5	1,014	216	1,344	1,859	426

(1) Mineral Resources are estimated pursuant to NI 43-101 with an effective date of March 31, 2018.

(2) Mineral Resources are estimated at a cut-off grade of 375 g/t AgEq and silver, lead and zinc prices of \$17.00, \$1.10 and \$1.30, and assuming metal recoveries of 89% for silver and 81% for lead and zinc, respectively.

(3) This Mineral Resource Estimate was prepared under the supervision of Sébastien Bernier, Principal Resource Geologist at SRK Consulting (Canada). Mr. Bernier is a Qualified Person as defined in NI 43-101.

(4) All figures have been rounded to reflect the relative accuracy of the estimates.

(5) Mineral Resources that are not Mineral Reserves do not necessarily demonstrate economic viability. The Mineral Resources reported herein have been estimated using a geostatistical block modelling approach informed from silver, lead and zinc assay data collected in core borehole samples. The construction of the Mineral Resource model was a collaborative effort between Excellon and SRK personnel. The construction and methodology for the creation of the resource wireframes was overseen by Blair Hrabí of SRK, P.Geo. (APGO #1723) and geostatistical analysis, variography, mineral resource evaluation and classification were undertaken by Sébastien Bernier of SRK, P.Geo. (APGO #1847). All technical work was reviewed by Ben Pullinger, SVP Geology of Excellon (APGO #2420).

The MRE was prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) 'Mineral Resources and Mineral Reserves Best Practices' guidelines (November 2003) and classified per the CIM 'Definition Standards for Mineral Resources and Mineral Reserves' (May 2014).

Corporate Responsibility

In Q3, the Company continued to develop and introduce CR Standards at a measured pace. Standards on biodiversity conservation and energy conservation, greenhouse gases and climate change were drafted and circulated for review. These standards continue the process of ensuring that the management system aligns with the Mining Association of Canada Towards Sustainable Mining reputational initiative. A CR standards implementation tool was updated to include standards introduced since the first evaluation of implementation status and the second evaluation is expected to be completed in Q4 2018. As indicated in the Q2 MD&A, business unit management will be using the tool on a go-forward basis to continue to evaluate progress and identify areas that need further attention. The Company intends to continue a measured pace of developing and implementing standards according to our risk-based prioritization.

The workplace interactions element of the Visible Felt Leadership ("VFL") process continued to progress during the quarter. Both Miguel Auza and Platosa increased the number of interactions recorded and a direct link between such tools and improvements in lagging safety performance is evident. The Company continues to see a positive evolution in workplace culture, as evidenced by the uptake of Job Hazard Analysis ("JHA") by all departments, especially in the mine, where it is clear that thought and care are being exercised in the preparation of JHAs and in actions being taken to mitigate identified risks.

The stakeholder mapping and dialogue processes continue to evolve at both Platosa and Miguel Auza and have been particularly helpful in supporting on-going exploration programs. The Company's community relations professionals

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work closely with the exploration leaders. During the quarter, there Company did not record any community-related grievances.

CR Performance at Platosa and Miguel Auza

Management continues to evaluate and monitor compliance with legal requirements and manage CR risk. The Company's operations continue to report on the key trailing CR performance indicators and elements of the VFL process. There were four lost-time injuries across the Company in Q3 2018, all of which occurred in a single incident involving the surface diamond drilling contractor at Platosa when incorrect procedures were used in repairing a hydraulic jack. We are accelerating efforts to improve our contractor management practices according to the requirements of the associated CR Standard. Despite this incident, our company-wide trailing safety performance continues to be significantly improved compared to full-year 2017 results.

Tailings Management at Miguel Auza

There are two tailings management facilities (TMF) at Miguel Auza. TMF #1 is located immediately northwest of the concentrator and was decommissioned in October 2017 after having reached its final crest height of 6.52 m and design capacity of approximately 313,000 m³ (~520,000 tonnes) of tailings. Covering of the decommissioned TMF #1 with soil was 95 percent complete by the end of the quarter.

The Company selected a team of geotechnical engineers from well-respected international consulting firm to evaluate the stability and management practices of the two TMFs during the quarter. The work will be completed in Q4.

Closure Plans, Cost Estimates and Financial Assurance

Operations at the Platosa Mine and Miguel Auza Mill are both required to prepare closure plans and cost estimates that describe the actions and performance requirements when these facilities are decommissioned. The plans and cost estimates are prepared by third-party consultants and consider the removal and stabilization of facilities, revegetation and post-closure monitoring to ensure that performance requirements are met. The most recent closure plans and cost estimates were prepared in 2017 with estimated undiscounted cash costs of \$1.1 million for Platosa and \$1.2 million for Miguel Auza. These costs are incorporated into an Asset Retirement Obligation, which appears on the Company's balance sheet.

As part of the approval for TMF #2, SEMARNAT established requirements for the provision of financial assurance (FA). Following an initial FA amount of approximately \$60,000, annual FA payments escalate from approximately \$13,000 in Year 2 to \$184,000 in Year 30. The total FA required over the thirty year term of the permit is approximately \$1.96 million to provide a guarantee against the operating and closure requirements of TMF #2. A bond for \$60,000 for FA, representing the initial FA amount, has been posted with regulators. Miguel Auza is in compliance with its FA requirements.

Approvals for Platosa pre-date the requirement for FA in Mexico and therefore there is no FA required at Platosa.

There were no material changes on closure aspects at either Platosa or Miguel Auza during the quarter.

COMMODITY PRICES AND MARKET CONDITIONS

Declining silver, lead and zinc prices in Q3 also impacted the Company's revenues and operating profits. Lead and zinc accounted for approximately 34% of net revenues from metals sold in Q3 2018 compared to 54% in Q3 2017, with zinc accounting for 15% and lead 18%, relative to 33% and 21% in Q3 2017, a result of lower base metal production and lower metal prices.

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Silver followed gold lower in Q3 2018, particularly during August and September when gold prices dropped below \$1,200 and silver temporarily dropped below the \$14 level, with the silver:gold ratio at historical highs above 85:1. By late Q3 and into Q4, economic and bond/equity market concerns began to support both gold and silver; this trend appears set to continue during Q4.

Lead prices weakened in Q3 2018 from \$1.11 average in June to \$0.92 in September, but appear to have recently stabilized around the \$0.90 price level. Expected seasonal upturn in demand, limited increases in mine production, ongoing Chinese smelter disruptions and limited stocks present some opportunity for higher prices, tempered by the relative availability of lead in the primary lead-consuming regions.

Zinc prices weakened significantly in Q3 2018 from \$1.40 average in June to \$1.10 in September, though rebounded to \$1.20 as warehouse supplies declined to 10-year lows. Increased concentrate availability appears set to limit price increases during the remainder of the year, with treatment charges increasing significantly over the course of 2018. The market remains in deficit, which is expected to support prices to some degree.

Average Commodity Prices	Q3 2018	Q3 2017	Change	9-Mos 2018	9-Mos 2017	Change
Silver (\$/oz) ⁽¹⁾	14.99	16.83	-11%	16.10	17.17	-6%
Lead (\$/lb) ⁽²⁾	0.95	1.06	-10%	1.06	1.03	3%
Zinc (\$/lbs) ⁽²⁾	1.15	1.34	-14%	1.37	1.26	9%

Historical Average Prices		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Silver (\$/oz) ⁽¹⁾	2018	17.17	16.66	16.47	16.61	16.47	16.52	15.71	15.01	14.26			
	2017	16.81	17.87	17.59	18.06	16.76	16.95	16.14	16.91	17.45	16.93	17.01	16.16
	2016	14.02	15.07	15.42	16.26	16.89	17.18	19.93	19.64	19.28	17.74	17.42	16.38
Lead (\$/lb) ⁽²⁾	2018	1.17	1.17	1.09	1.07	1.07	1.11	1.00	0.94	0.92			
	2017	1.01	1.05	1.03	1.01	0.97	0.97	1.03	1.07	1.08	1.14	1.12	1.14
	2016	0.75	0.80	0.82	0.78	0.78	0.78	0.83	0.85	0.88	0.93	0.99	1.01
Zinc (\$/lb) ⁽²⁾	2018	1.56	1.61	1.49	1.45	1.39	1.40	1.21	1.14	1.10			
	2017	1.23	1.29	1.26	1.19	1.17	1.17	1.26	1.35	1.42	1.49	1.47	1.45
	2016	0.69	0.78	0.82	0.84	0.85	0.92	0.99	1.04	1.04	1.05	1.17	1.21

(1) Source: Kitco

(2) Source: LME

Refer to "Financial Instruments", below, for a discussion of the Company's exposure to foreign currencies.

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SUMMARY OF FINANCIAL QUARTERLY RESULTS

Financial statement highlights for the quarter ended September 30, 2018 and 2017 and last eight quarters are as follows:

	Q3 2018 ⁽¹⁾	Q2 2018 ⁽¹⁾	Q1 2018 ⁽¹⁾	Q4 2017 ⁽¹⁾	Q3 2017 ⁽¹⁾	Q2 2017 ⁽¹⁾	Q1 2017 ⁽¹⁾	Q4 2016 ⁽¹⁾
(in \$000's)	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	2,570	9,877	5,911	7,123	7,102	3,570	3,413	3,354
Production costs	(5,221)	(5,173)	(3,959)	(4,796)	(4,160)	(3,997)	(4,025)	(3,620)
Depletion and amortization	(876)	(854)	(1,282)	(1,277)	(1,426)	(582)	(546)	(696)
Cost of sales	(6,097)	(6,027)	(5,241)	(6,073)	(5,586)	(4,579)	(4,571)	(4,316)
Gross profit (loss)	(3,527)	3,850	670	1,050	1,516	(1,009)	(1,158)	(962)
Expenses:								
Corporate administration	(1,021)	(1,482)	(1,423)	(1,159)	(892)	(842)	(1,335)	(1,214)
Exploration	(1,021)	(1,053)	(708)	(345)	(382)	(618)	(564)	(809)
Other	368	(497)	82	(415)	(88)	630	1,713	(1,112)
Write-down of inventories ⁽²⁾	-	-	-	(568)	-	-	-	-
Net Finance income (cost)	1,081	(409)	1,024	820	(5,974)	1,629	1,263	2,367
Income tax (expense) recovery	538	845	(867)	2,170	(87)	(292)	(754)	1,674
Net income (loss) for the period	(3,582)	1,254	(1,222)	1,553	(5,907)	(502)	(835)	(56)
Earnings (loss) per share – basic	(0.04)	0.01	(0.01)	0.02	(0.08)	(0.02)	(0.01)	(0.00)
– diluted	(0.04)	0.01	(0.01)	0.02	(0.08)	(0.02)	(0.01)	(0.00)
Cash flow from (used in) operations before changes in working capital	(4,125)	2,253	471	571	1,464	(1,297)	(1,437)	(3,147)

(1) Includes fair value adjustment gain (loss) to net income (loss) for embedded derivative liability and warrants related to convertible debentures (the "Debentures") issued in November 2015 and converted in December 2017 as follows:

Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
\$0.6 million	\$0.1 million	\$0.5 million	\$1.3 million	(\$5.6 million)	\$1.7 million	\$1.1 million	\$2.4 million

(2) Write-down of production spares to its net realizable value by \$0.57 million for slow moving and obsolescent inventory items identified at the end of the year.

Quarterly revenue fluctuations are a function of metal prices, ore tonnage mined/milled, and ore grades. The Company currently expenses exploration costs not associated with mine resource expansion, which may create volatility in earnings from period to period.

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	Q3 (\$000's, except where noted)		9-Mos (\$000's, except where noted)	
	2018	2017	2018	2017
Revenue	2,570	7,102	18,358	14,085
Net Loss	(3,582)	(5,907)	(3,550)	(7,244)

Q3: Net Revenues decreased by 64% during Q3 2018, primarily due to a 42% decrease in AgEq ounces payable to 258,920 oz compared to 443,921 oz in Q3 2017. In addition, declining commodity prices of 12%, 15% and 21% for silver, lead and zinc, respectively, in the quarter, decreased revenues on current sales. Revenues were also adjusted downwards for unsettled provisionally priced sales from Q2 (at higher production and prices) resulting in repayment of \$1.0 million back to customers upon settlement in Q3, resulting in net revenues of \$2.6 million in the quarter.

For further discussion, see "Provisionally Priced Sales", below.

In comparing net loss of \$3.6 million in Q3 2018 to net loss of \$5.9 million in Q3 2017, major offsetting line item differences between the periods were:

- (i) 64% decrease (\$4.5 million) in revenues as discussed above;
- (ii) 9% increase (\$0.5 million) in cost of sales over Q3 2017 due to \$1.1 million increase in production cost, primarily related to increased electricity cost associated with increased pumping rates and higher electricity prices, offset by \$0.5 million reduction in depletion and amortization due to lower production in the quarter.
- (iii) 167% increase (\$0.6 million) in exploration as surface drilling continued at Platosa and Miguel Auza in Q3 2018;
- (iv) \$0.5 million increase in other income due to changes in foreign exchange rates resulting in unrealized and realized foreign exchange gains in Q3 2018 vs. loss in Q3 2017, and
- (v) A \$6.2 million fair value adjustment difference as fair value gain of \$0.6 million on \$0.50 warrants related to the Debentures in Q3 2018 compared to \$5.6 million fair value adjustment loss on warrants and embedded derivatives.

9-Mos 2018

Net revenues of \$18.4 million increased by 30% during 9-Mos 2018, primarily due to a 36% increase in AgEq oz ounces payable to 1,234,284 oz compared to 909,576 oz and improved treatment and refining charges ("TC/RC") under the Company's revised offtake sales agreement from Q2 2018, slightly offset by lower metals prices.

In comparing net loss of \$3.6 million in 9-Mos 2018 to net loss of \$7.2 million in 9-Mos 2017, major offsetting line item differences between the periods were:

- (i) 30% increase (\$4.3 million) in revenues over 9-Mos 2017 as discussed above;
- (ii) 18% increase (\$2.6 million) in cost of sales over 9-Mos 2017 as production cost increased by \$2.2 million due to increased pumping and higher electricity prices;
- (iii) 78% increase (\$1.3 million) in exploration as surface drill program continued, with increased drilling at Platosa and commencement of drilling at Miguel Auza in Q2 2018;
- (iv) 102% decrease (\$2.3 million) in other income, primarily due to changes in foreign exchange rates resulting in \$0.5 million in unrealized and realized gains in 9-Mos 2017, and realized gain of \$1.8 million in Q2 2017 related to the sale of marketable securities; and
- (v) A \$4.0 million fair value adjustment difference as fair value adjustment gain of \$1.3 million on warrants related to the Debentures for 9-Mos 2018 compared to \$2.7 million loss on warrants and embedded derivatives in 9-Mos 2017.

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	Q3 (\$000's, except where noted)		9-Mos (\$000's, except where noted)	
	2018	2017	2018	2017
Cost of Sales	(6,097)	(5,586)	(17,365)	(14,736)
Q3 2018: Cost of sales, including depletion and amortization, increased by 9% compared to Q3 2017 primarily due to a \$0.6 million increase in production cost, as described above. 9-Mos 2018: Cost of sales including depletion and amortization, increased by 18% compared to 9-Mos 2017 primarily due to increased production and pumping rates, as described above.				
General and Administrative Expense	(1,021)	(892)	(3,926)	(3,069)
Q3 2018: General and administrative expenses increased by 14% during Q3 2018 compared to Q3 2017, primarily due to an increase in stock based compensation expense of \$349,000 compared to \$157,000 in Q3 2017 as certain performance-based RSUs vested in the quarter. 9-Mos 2018: General and administrative expenses increased by 28% during 9-Mos 2018 compared to 9-Mos 2017, primarily due to an increased stock based compensation expense of \$0.7 million. The \$0.3 million increase as described above, is in addition to \$0.4 million adjustment in June that the Company recognized on the probability estimate that performance vesting conditions will be achieved for certain outstanding RSUs, resulting in an immediate expense. A portion of this charge will be reversed in Q4 2018 as certain RSUs are scheduled to expire without the expected performance vesting conditions having been achieved. Cash general and administrative expenses for the 9-Mos were slightly higher due to increased corporate development, legal and regulatory fees.				
Exploration	(1,021)	(382)	(2,782)	(1,564)
Q3 2018: Exploration cost of \$1.1 million increased in the quarter due to increased surface drilling of 1,809 metres at Platosa and 2,923 metres at Miguel Auza which commenced in June, both of which were expensed in each period. The Company has commenced capitalizing sustaining exploration expenses in 2018, generally categorized as underground drilling and associated work. Underground drilling continued in Q3 2018 for 1,341 metres (Q3 2017 – 732 metres). An aggregate total of 6,073 metres was drilled in the quarter (Q3 2017 – 732 metres). 9-Mos 2018: Exploration cost of \$2.8 million increased during 9-Mos 2018 primarily due to increased drilling in Q3 2018 as described above. During 9-Mos 2018, surface drilling totaled 9,196 metres at Platosa and 4,152 metres at Miguel Auza (9-Mos 2017 – 2,250 metres of surface drilling at Platosa), both of which were expensed in each period. Underground drilling during 9-Mos 2018 increased to 6,396 metres (9-Mos 2017 – 4,582 metres). An aggregate total of 19,744 metres was drilled during 9-Mos 2018 (9-Mos 2017 – 6,832 metres).				
Other income (expenses)	368	(88)	(47)	2,255
<i>Other income includes unrealized and realized foreign exchange gains and losses, realized and unrealized gains and losses on marketable securities and provisional adjustments, if any.</i> Q3 2018: Other income of \$0.4 million during Q3 2018 was due to foreign exchange gains as both Mexican peso and Canadian dollar strengthened relative to the US dollar at the end of the quarter. 9-Mos 2018: Other expenses of \$47,000 during 9-Mos 2018 comprised (i) \$156,000 of foreign exchange gains offset by (ii) \$203,000 in provisions. During 9-Mos 2017, other income of \$2.3 million comprised (i) \$0.5 million in foreign exchange gains and (ii) \$1.8 million realized gain on the sale of marketable securities in Q2 2017.				

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	Q3 (\$000's, except where noted)		9-Mos (\$000's, except where noted)	
	2018	2017	2018	2017
Finance Income (cost)	1,081	(5,974)	1,696	(3,082)

Net finance income (cost) consists primarily of fair value adjustments on warrants and embedded derivatives related to Debentures, accretion and interest expense related to the Debentures and accretion of the rehabilitation provision for the mine and mill. The fair value adjustment derives primarily from the performance of the Company's stock during the applicable period. As the Debentures were settled, no further fair value adjustments of embedded derivatives will be required in their respect but will be required in respect of the associated warrants.

Q3 2018: During Q3 2018, a decrease in the stock price from CAD\$1.39 to CAD\$0.96, resulted in a \$0.6 million fair value adjustment gain on warrants related to the Debentures while during Q3 2017, an increase from CAD\$1.42 to CAD\$2.03 resulted in a \$5.6 million fair value adjustment loss from warrants and embedded derivatives, both of which were outstanding on the Debentures at the time. Finance income in Q3 2018 also included a \$0.5 million unrealized gain on forward foreign exchange contracts that were marked to market at the end of quarter (Q3 2017 – \$0.3 million loss).

9-Mos 2018: During the 9-Mos 2018, a decrease in the stock price from CAD\$1.84 to CAD\$0.96 resulted in a \$1.3 million fair value adjustment gain on warrants relating to the Debentures while during 9-Mos 2017, an increase in the stock price from CAD\$1.64 to CAD\$2.03 resulted in a \$2.7 million fair value adjustment loss from warrants and embedded derivatives. Finance income for 9-Mos 2018 also included \$0.6 million in unrealized gain on forward foreign exchange contracts (9-Mos 2017 – \$0.1 million unrealized gain offset by interest and accretion expense).

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	Q3 (\$000's, except where noted)		9-Mos (\$000's, except where noted)	
	2018	2017	2018	2017
Production Cost per Tonne (see "Non-IFRS Measures" for reconciliation table)	\$292/t	\$208/t	\$241/t	\$266/t

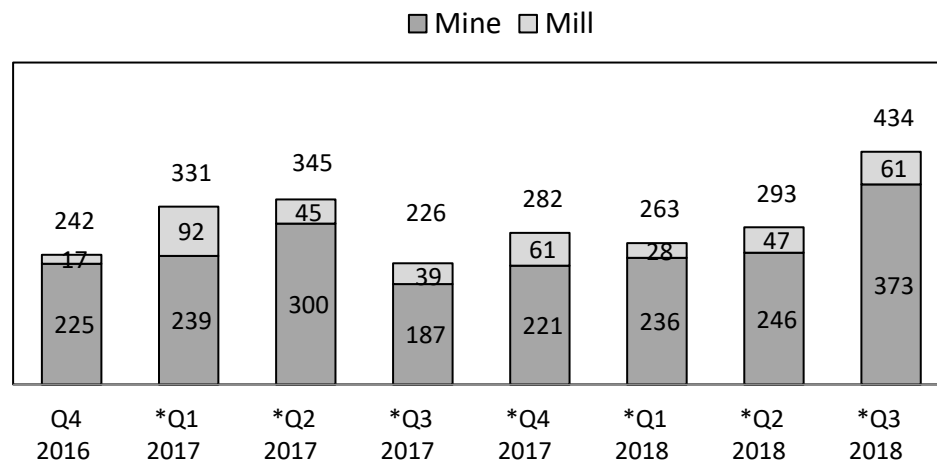
Q3 2018: Production cost per tonne of \$292/t in Q3 2018 increased by 40%, primarily due to a 26% increase in production cost, mainly attributed to higher electricity cost associated with increased pumping and rising electricity prices during the quarter. In addition, tonnes milled of 17,907 tonnes were 10% lower than Q2 2017. Total production costs totaled \$5.2 million in Q3 2018.

9-Mos 2018: Despite a higher cost per tonne in Q3, 9-Mos 2018 production cost of \$241/t decreased by 10% compared to 9-Mos 2017 as an 18% higher production cost was offset by 30% increase in tonnes milled.

The Company expects production cost per tonne to improve in Q4 2018 as tonnage processed improves from Q3 rates.

The previous eight quarters of production cost per tonne mined and milled are summarized below. This chart excludes the positive impact the historical stockpiles have on current periods' mining cost per tonne since these tonnes were mined and costed in previous periods. Milling cost per tonne, however, does include the positive impact of milling these tonnes in the current periods processed. As a result, the overall production cost per tonne reflected in the chart does not reflect the diluted mining cost per tonne that the Company actually realizes from processing the historical stockpiles and will vary from the calculated Production Cost per Tonne above.

Figure 3 - Production Cash Cost per tonne Mined and Milled (\$/t)



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	Q3 (\$000's, except where noted)		9-Mos (\$000's, except where noted)	
	2018	2017	2018	2017
Total Cash Cost Per Silver Ounce Payable (see "Non-IFRS Measures" for reconciliation table)	\$29.94/oz	\$2.46/oz	\$8.50/oz	\$12.22/oz

Q3 2018: Total cash costs per silver ounce payable of \$29.94 in Q3 2018 was a result of higher production costs and lower metal production as the company delivered 42% lower AgEq oz payable in the quarter. Byproduct credits were also impacted by lower lead and zinc prices in the quarter.

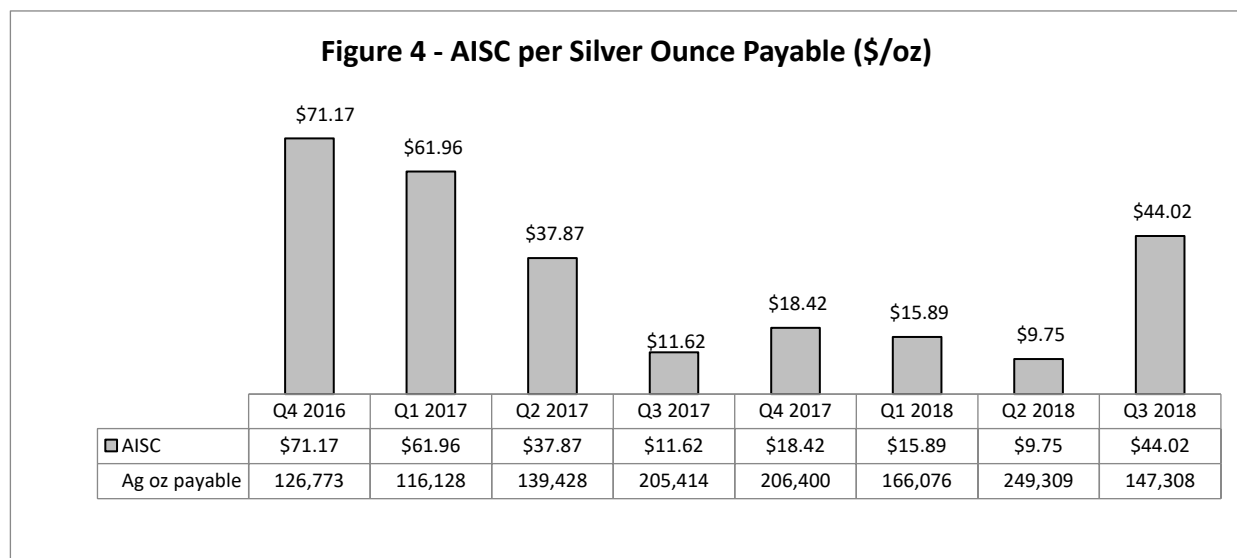
9-Mos 2018: Due to the increased cash cost in Q3, the 9-Mos 2018 total cash cost per silver ounce payable increased to \$8.50 compared to \$12.22 in the 9-Mos 2017. Cash cost per silver ounce payable of \$8.50 improved due to 15% lower cash costs and 22% higher silver ounces payable compared to 9-Mos 2017.

AISC Per Silver Ounce Payable (see "Non-IFRS Measures" for reconciliation table)	\$44.02/oz	\$11.62/oz	\$20.54/oz	\$32.24/oz
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Q3 2018: AISC in Q3 2018 was impacted by lower metal production as described above. AISC excluding non-cash items was \$41.44 during the period.

9-Mos 2018: Similarly, AISC for 9-Mos 2018 increased to \$20.54 due to higher AISC in Q3 2018. AISC excluding non-cash items was \$17.49 during the 9-Mos 2018.

AISC per silver ounce payable over the preceding eight quarters are summarized below:



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Provisionally Priced Sales

Sales are recorded using the metal price received for sales that settle during the reporting period. For sales that have not been settled, an estimate is used, based on the expected month of settlement and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting sales in the period in which the sale is settled (i.e. finalization adjustment). The finalization adjustment recorded for these sales depends on the actual price when the sale settles, which occurs either one or two months after shipment under the terms of the current concentrate purchase agreements.

In Q3 2018, the Company recognized negative adjustment to revenues of \$1.0 million primarily relating to the reversal of the mark-to-market taken at the end of June 30, 2018, as receivables were ultimately settled at lower values in the quarter (Q3 2017 – positive adjustment of \$24,000).

During the 9-Mos of 2018, the Company recognized positive adjustment to revenues of \$3,000 primarily related to the reversal of the mark-to-market taken at the end of 2017 as receivables were ultimately settled at higher values in 2018 (9-Mos 2017 – negative adjustment of \$17,000).

As at September 30, 2018, provisionally priced sales totaled \$2.0 million, which are expected to settle at final prices during Q4 2018. A 10% increase or decrease in the prices of silver, lead and zinc will result in a corresponding increase or decrease in revenues of \$0.2 million during the fourth quarter of 2018.

Revenues recognized in the comparable periods are reconciled below (in thousands of US dollars):

	Q3 2018			
	Silver \$	Lead \$	Zinc \$	Total \$
Current period sales ⁽¹⁾	2,027	789	907	3,723
Prior period provisional adjustments ⁽²⁾	(244)	(298)	(498)	(1,040)
Sales before TC/RC	1,783	491	409	2,683
Less: TC/RC				(113)
Total Sales				2,570

	9-Mos 2018			
	Silver \$	Lead \$	Zinc \$	Total \$
Current period sales ⁽¹⁾	8,845	3,772	6,700	19,317
Prior period provisional adjustments ⁽²⁾	11	(32)	24	3
Sales before TC/RC	8,856	3,740	6,724	19,320
Less: TC/RC				(962)
Total Sales				18,358

	Q3 2017			
	Silver \$	Lead \$	Zinc \$	Total \$
Current period sales ⁽¹⁾	3,560	1,643	2,454	7,657
Prior period provisional adjustments ⁽²⁾	(84)	(10)	70	(24)
Sales before TC/RC	3,476	1,633	2,524	7,633
Less: TC/RC				(531)
Total Sales				7,102

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	Silver \$	9-Mos 2017 Lead \$	Zinc \$	Total \$
Current period sales ⁽¹⁾	7,563	3,025	4,515	15,103
Prior period provisional adjustments ⁽²⁾	44	(5)	(56)	(17)
Sales before TC/RC	7,607	3,020	4,459	15,086
Less: TC/RC				(1,001)
Total Sales				14,085

(1) Includes provisional price adjustments on current period sales.

(2) Prior period sales that settled at amounts different from prior period's estimate or were unsettled and marked to market at provisional amounts at year-end.

Non-IFRS Measures

Production Cost Per Tonne, Total Cash Cost Net of By-Product Credits Per Silver Ounce Payable and All-In Sustaining Cost (AISC) Per Silver Ounce Payable are non-IFRS measures that do not have a standardized meaning. The calculation of these measures may differ from that used by other companies in the industry. The Company uses these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles and are not necessarily indicative of operating expenses as determined under generally accepted accounting principles. Management believes that these measures are key performance indicators of the Company's operational efficiency and are increasingly used across the global mining industry and are intended to provide investors with information about the cash generating capabilities of the Company's operations.

Production Cost Per Tonne

The Company's ability to control production costs per tonne is a key performance indicator in managing and evaluating operating performance. This measure provides investors and analysts with useful information about the underlying cost of operations and how management controls those costs.

A reconciliation between production cost per tonne (including mining and milling costs, excluding depreciation) and the Company's cost of sales as reported in the Company's financial statements is provided below.

	Q3 2018	Q3 2017	9-Mos 2018	9-Mos 2017
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Cost of Sales	6,097	5,586	17,365	14,736
Depletion and amortization	(876)	(1,426)	(3,012)	(2,554)
Production Costs (includes mining and milling)	5,221	4,160	14,353	12,182
Tonnes milled	17,907	19,953	59,663	45,764
Production cost per tonne milled (\$/tonne)	292	208	241	266

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Total Cash Cost Per Silver Ounce Payable

The calculation of total cash cost per silver ounce payable reflects the cost of production adjusted for by-product and various non-cash costs included in cost of sales. Changes in inventory have not been adjusted from cost of sales, as these costs are associated with the payable silver ounces sold in the period. The Company expects total cash costs net of by-product revenues to vary from period to period as planned production and development access different areas of the mine with different ore grades and characteristics.

Reconciliation of total cash cost per silver ounce payable, net of by-product credits:

	Q3 2018	Q3 2017	9-Mos 2018	9-Mos 2017
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Cost of sales	6,097	5,586	17,365	14,736
Adjustments - increase/(decrease):				
Depletion and amortization	(876)	(1,426)	(3,012)	(2,554)
Third party smelting and refining charges ⁽¹⁾	113	531	962	1,001
Royalties ⁽²⁾	(23)	(28)	(68)	(68)
By-product credits ⁽³⁾	(900)	(4,158)	(10,464)	(7,480)
Total cash cost net of by-product credits	4,411	505	4,783	5,635
Silver ounces payable	147,308	205,414	562,693	460,969
Total cash cost per silver ounce payable (\$/oz)	29.94	2.46	8.50	12.22

(1) Treatment and refining charges recorded in net revenues.

(2) Advance royalty payments on the Miguel Auza property unrelated to production from Platosa.

(3) By-product credits comprise revenues from sales of lead and zinc.

AISC Per Silver Ounce Payable

Excellon adopted the AISC measure to provide further transparency on the costs associated with producing silver and to assist stakeholders of the Company in assessing operating performance, ability to generate free cash flow from current operations and overall value. The AISC measure is a non-GAAP measure based on guidance announced by the World Gold Council in June 2013.

Excellon defines AISC per silver ounce payable as the sum of total cash costs (including treatment charges and net of by-product 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 environmental reclamation costs (non-cash), all divided by the total payable silver ounces sold during the period to arrive at a per ounce figure.

Capital expenditures to develop new operations or capital expenditures related to major projects at existing operations where these projects will materially increase production are classified as non-sustaining and are excluded. The definition of sustaining versus non-sustaining is similarly applied to capitalized and expensed exploration costs. Exploration costs to develop new operations or that relate to major projects at existing operations where these projects are expected to materially increase production are classified as non-sustaining and are excluded.

Costs excluded from AISC are non-sustaining capital expenditures and exploration costs (as described above), finance costs, tax expense, and any items that are deducted for the purposes of adjusted earnings.

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The table below presents details of the AISC per silver ounce payable calculation.

	Q3 2018	Q3 2017	9-Mos 2018	9-Mos 2017
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Total cash costs net of by-product credits	4,411	505	4,783	5,635
General and administrative costs (cash)	678	671	2,265	2,063
Share based payments (non-cash)	349	157	1,564	866
Accretion and amortization of reclamation costs (non-cash)	31	50	153	115
Sustaining exploration (manto resource exploration/drilling)	72	130	249	1,041
Sustaining capital expenditures ⁽¹⁾	944	873	2,541	1,615
One-time capital expenditures – Optimization Plan	-	-	-	3,527
Total sustaining costs	2,074	1,881	6,772	9,227
All-in sustaining costs	6,485	2,386	11,555	14,862
Silver ounces payable	147,308	205,414	562,693	460,969
AISC per silver ounce payable (\$/oz)	44.02	11.62	20.54	32.24
AISC excluding non-cash items, per silver ounce payable (\$/oz)	41.44	10.61	17.49	30.11
Realized silver price per ounce sold ⁽²⁾	14.51	17.06	15.74	16.96

(1) Sustaining capital expenditure includes sustaining property plant and equipment acquisitions and capitalized development costs.

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

LIQUIDITY AND CAPITAL RESOURCES

The primary source of funds available to the Company is cash flow generated by the Platosa Mine. A continuous review of capital expenditure programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash during ongoing periods of low silver prices.

	September 30, 2018	December 31, 2017
	(\$000's)	
Cash and Cash Equivalents	10,262	\$12,265
The Company's cash position decreased by \$5.4 million during Q3 2018 resulting in a net decrease of \$2.0 million for the 9-Mos of 2018 period as:		
(i) \$1.4 million was used in operations before changes in working capital, with \$0.5 million from changes in working capital, for a net \$0.9 million used in operating activities;		
(ii) \$2.4 million was invested in capital expenditures, split between the Optimization Plan Phase 2 and mine development and mining equipment; and		
(iii) \$1.4 million was generated from financing activities, with \$1.7 million (CAD\$2.17 million) in proceeds from the exercise of \$0.65 Warrants and \$0.4 million in lease obligation payments for leased mining equipment.		
Cash, current accounts receivable and inventory (ore and concentrate) decreased to \$11.7 million during the 9-Mos period from \$14.8 million at the end of Q4 2017.		

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	September 30, 2018	December 31, 2017
	(\$000's)	
Trade Receivables	1,059	2,375
Trade receivables decreased to \$1.1 million due to lower concentrate production and deliveries in September compared to December 31, 2017 where production was higher in December and deliveries were at the end of the month with minimal concentrate inventory on hand at the end of the year.		
Trade Payables	4,592	5,447
Trade payables decreased from Q2 2018 and 2017 due to timing of payments made at the end Q3 2018. In addition, trade payables were offset by \$0.5 million in the quarter to reflect the unrealized gain on the fair value of currency hedges the Company has in place to manage its foreign exchange exposure on trade payables.		
Working Capital	11,729	13,828
Working capital decreased by \$4.1 million in Q3 2018 and \$2.1 million in the 9-Mos 2018 period to \$11.7 million as cash flow used in operations totaled \$4.9 million due to lower production in the quarter, decreasing net working capital. The Company expects to maintain and grow current levels of working capital during the remainder of 2018 as production returns to higher levels and exploration expenditures continue.		

	Q3		9-Mos	
	2018	2017	2018	2017
Cash from (used in) operations before changes in working capital (\$000's)	(4,125)	1,464	(1,401)	(1,270)
During Q3 2018, the operation used cashflow of \$4.1 million before changes in working capital, primarily due to lower AgEq ounce payable metal sold (-42%) in the quarter resulting in decreased revenues and increased cash cost over the same period.				
Investing Activities (\$000's)	(939)	(945)	(2,366)	(1,997)
Capital expenditures of \$0.9 million were incurred during Q3 2018, primarily related to the continuation of the Optimization Plan Phase 2, mine development and associated mining equipment (9-Mos 2018 – \$2.4 million). Capital expenditures of \$0.9 million in Q3 2017 related primarily to increased mine development and construction of the first phase of TMF #2 at Miguel Auza. For 9-Mos 2017, capital expenditures of \$5.3 million were partially offset by cash proceeds of \$3.3 million (CAD\$4.4 million) from the sale of marketable securities in early Q2 2017. Of the \$5.3 million invested in capital expenditures, \$3.5 million related to the Optimization Plan, with remaining amounts invested in mine development and construction of the first phase of TMF #2 at Miguel Auza.				
Financing Activities (\$000's)	(67)	28	1,397	113
Financing activities were limited in the quarter to lease obligations payments for leased mining equipment payments entered into in the previous quarter. For the 9-Mos 2018, the Company made \$0.4 million in lease obligation payments and received proceeds of \$1.7 million (CAD\$2.17 million) from the exercise of \$0.65 Warrants in Q2 2018.				

The Company's ability to generate cash flows can be impacted by financial market conditions, most notably metal prices since the Company derives its revenues from the sale of silver, lead and zinc as discussed above in section "Commodity

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Prices and Market Conditions". In addition, the Company is exposed to currency exchange risk and accordingly manages this exposure with currency hedges as described below in section "Financial Instruments".

A summary of the Company's financing activities in 2018 are as follows:

- On April 2, 2018, 3,333,333 CAD\$0.65 Warrants were exercised to Common Shares for proceeds of CAD\$2.17 million.
- The Company has in-the-money warrants with a current exercise value of CAD\$0.9 million as reflected in the table below (at a closing price of \$0.73 per Common Share on October 31, 2018).

	Warrants Outstanding	In-the-money (CAD)	In-the-money (USD)	Expiry
Warrants (\$0.50)	1,851,046	\$925,523	\$704,248	November 27, 2019
Warrants (\$2.80)	3,696,875	-	-	December 31, 2018
Total Warrants	12,116,616	\$925,523	\$704,248	

Financial Instruments

All financial assets and financial liabilities, other than derivatives, are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost. The carrying values of cash and cash equivalents, trade receivables and other liabilities approximate their fair value, unless otherwise noted.

The Company's financial performance is sensitive to changes in commodity prices, foreign exchange and interest rates, and the Company may periodically consider hedging such exposure. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company addresses its price-related exposure to foreign exchange through the use of options, futures, forwards and derivative contracts.

The Mexican peso ("MXN") and the Canadian dollar ("CAD") are the functional currencies of the Company, with currency exposures arising from transactions and balance in currencies other than the functional currencies.

A significant portion of the Company's capital expenditures, operating costs, exploration, and administrative expenditures are incurred in MXN, while revenues from the sale of concentrates are denominated in US dollars ("USD"). The fluctuation of the USD in relation to the MXN, consequently, impacts the reported financial performance of the Company. To manage the Company's exposure to changes in the USD/MXN exchange rate, the Company entered into forward contracts to purchase MXN in exchange for USD at various rates and maturity dates. As at September 30, 2018, forward contracts for the purchase of MXN172 million in exchange for \$8.7 million at an average rate of 19.81 MXN/USD, at various maturity dates until August 2019, were outstanding. The fair value of these outstanding foreign currency forward contracts resulted in an unrealized gain position of \$405,000 at September 30, 2018 as the MXN strengthened at the end of the quarter. Accordingly, for Q3 2018, the Company recorded an unrealized gain of \$520,000 (Q3 2017 – \$258,000 unrealized loss) in finance cost (income). For the 9-Mos 2018, the Company recorded an unrealized gain of \$579,000 (9-Mos 2017 – \$125,000 unrealized gain).

During Q3 2018, the Company realized foreign exchange losses of \$106,000 within profit or loss from contracts maturing during 2018. For the 9-Mos 2018, the Company realized exchange gains of \$109,000. These realized gains were recorded in cost of sales to reflect the realized operating cost of production.

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Commitments

The following table summarizes the Company's significant commitments as at September 30, 2018 (in thousands of US dollars):

	2018	2019	2020	2021	2022	Total
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	4,313	-	-	-	-	4,313
Lease obligations	88	524	-	-	-	612
Capital expenditures	96	183	-	-	-	279
Mine restoration provision	-	-	-	-	1,632	1,632
Employee future benefits	-	-	-	-	1,160	1,160
Concession holding fees	265	530	537	538	550	2,420
Office leases	51	51	-	-	-	102
	4,813	1,287	537	538	3,342	10,518

Mine restoration provisions and employee future benefits committed in 2022 assume the closure of the Platosa Mine and Miguel Auza mill in that year, which may or may not be the case depending upon the Company's ability to find new mineralization at Platosa or near Miguel Auza. Not included above is an NSR royalty payable semi-annually on the Platosa Property of (a) 1.25% in respect of manto mineralization other than skarn mineralization or (b) 0.5% in respect of skarn or "Source" mineralization (as described further below). Such payments vary period to period based on production results and commodity prices.

Contingencies

During Q3 2012, the Company sued the Ejido La Sierrita (the "Ejido") to terminate a 30-year surface rights agreement ("SRA") in respect of 1,100 hectares of exploration ground west and northwest of the Platosa Mine and for various damages relating to an illegal blockade of the mine during Q3 2012. The Ejido also sued for termination of the SRA after being advised of Excellon's suit.

In Q3 2016, the Company received a resolution from the Tribunal Unitario Agrario del Distrito Sexto in Torreón, Coahuila (the "Agrarian Tribunal") on the legal action. The Agrarian Tribunal ruled in favour of the Company's application to rescind the SRA. The Resolution also included (i) an award to Excellon of 5.5 million pesos payable by the Ejido for losses and damages related to the illegal blockade and (ii) an award to the Ejido of 5.5 million pesos payable by Excellon as indemnity for not building a water treatment plant under the terms of the SRA. The two awards set-off against each other, with neither side being required to pay any amount to the other.

After appeal by both parties to the *Segundo Tribunal Colegiado en Materias Administrativa y Penal del Octavo Circuito* in Torreón, the court of appeal in Coahuila, the case was returned to the Agrarian Tribunal. In Q3 2017, the Agrarian Tribunal once again ruled in favour of the Company, with the rescission of the SRA being upheld. The Court also eliminated the set-off in damages between the parties, with the end result being the simple rescission of the SRA. Both the Company and the Ejido have appealed this decision: the Company for payment of damages in respect of the illegal blockade of the mine in third quarter of 2012 and the Ejido for rental payments from 2014-2016.

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Excellon holds 20,947 hectares of mineral concessions at Platosa. These rights entitle the Company to explore for and mine minerals at Platosa and in an extensive surrounding area. Excellon also owns all surface rights needed to produce silver from the Platosa Mine and conduct further surface and underground exploration for further high-grade manto mineralization and the skarn/source of the Platosa mantos.

Off-Balance Sheet Arrangements

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

EXPLORATION

Platosa Property

The Company's Platosa Property is approximately 50 km north of the city of Torreon in the state of Durango and comprises 20,947 hectares of mineral concessions. The Company initially acquired the property in 1996 and 1997, and high-grade massive sulphides were discovered on the property in 1998. An initial resource estimate was published in 2002 and test mining commenced in 2005 from the Platosa Mine.

The Platosa mineral resource sits under approximately 56 hectares of the Platosa Property and comprises a series of linked high-grade massive sulphide, silver-lead-zinc manto deposits on the periphery of an under-explored Carbonate Replacement Deposit ("CRD") system. 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 exploration and 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 60-600 g/t silver, 2-12% lead, 2-18% zinc, up to 2% copper and 6 g/t gold; and
- **Mineability** – Individual CRD bodies 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 coarse-grained and straightforward to process metallurgically.

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 as tools to trace mantos into chimneys, sulphides into skarn, or skarn into intrusive contact deposits.

Targets/Upside

Exploration at Platosa is focussed on (i) high grade, massive sulphide, manto deposits, generally found distal to CRD systems and (ii) skarn-style deposits, generally found proximal or associated with the "source" of CRD systems.

- (i) Massive Sulphide Manto Deposits

Manto exploration has focused on areas within 1.5 km of the Platosa Mine. This exploration follows up on the success in adding mineralization to the 6A Manto in 2010 and 2012 and the discovery of the Pierna Manto during 2010. Additional massive sulphide mineralization continues to be encountered in ongoing drilling, as further discussed below.

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Drilling outside of the immediate area of the Platosa Mine has been limited, but has consistently encountered the favourable heterolithic fragmental limestone unit that hosts all the high-grade massive sulphide mineralization discovered to date at Platosa. There is excellent potential to continue to discover mantos beyond the periphery of those that have already been defined.

The Company believes that significant potential remains for further new manto discoveries as the deposit area is open to the north, northeast, east and southeast of the known mantos and there are also smaller areas closer to the known mantos that could host additional massive sulphides within easy reach of existing underground infrastructure. Drill holes are planned with the objective of expanding the NE-1 Manto to the east where it has been drilled off under cover in excess of 80 metres. Potential also exists on other parts of the permit where deep-seated mineralized structures intersect the limestone packages to the north, south and west of Platosa.

(ii) Skarn/Source Mineralization

The Platosa Property is prospective for skarn or "source-style" mineralization. Geological evidence of this potential has been found in a number of drill holes completed since 2008 in particular in the Rincon del Caido ("Rincon") area approximately 1.0 km NW of the Guadalupe Manto and in drilling under the Platosa mantos. Drilling in 2012/2013 at Rincon Del Caido intersected skarn silver-lead-zinc sulphide mineralization hosted by marble beneath the contact with a relatively impermeable hornfels unit. The consistent presence of anomalous gold is another important characteristic of the Rincon mineralization and gold content may increase as drilling approaches the heart of the system and would have an important positive impact on the economics of a proximal CRD deposit in the Rincon area. Significant intersections at Rincon include:

DDH No.	Interval			Silver (g/t)	Lead (%)	Zinc (%)	Gold (g/t)
	From (m)	To (m)	(m)*				
LP1019	516.70	572.16	55.46	132	3.13	1.74	0.075
incl.	546.83	549.80	2.97	236	7.18	5.46	0.146
and	562.73	566.00	3.27	264	10.41	7.59	0.041
LP1023A	513.00	515.00	2.00	610	3.08	0.11	0.571
and	525.65	569.05	43.40	146	2.76	1.85	0.216
incl.	530.60	536.40	5.80	381	10.63	11.51	0.354
LP1030	498.90	509.23	10.33	185	5.22	5.58	0.478
and	579.27	581.02	1.75	444	8.81	5.97	0.067
and	590.04	596.72	6.68	409	10.23	8.37	0.114
LP1038	491.80	499.05	7.25	21	0.74	3.57	13.066
incl.	497.10	499.05	1.95	72	2.40	11.74	39.430

* All intervals are core widths. Further geologic information is required in order to estimate true thicknesses.

The mineralization at Rincon may be traceable to a skarn/source-style deposit and will be investigated with further exploration in the future.

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Ongoing Exploration Plans

During the 9-Mos of 2018, the Company continued with its surface and underground exploration program at Platosa. Within this period, the Company had completed approximately 9,500 metres from surface and 6,500 metres from underground. The program was planned with three objectives:

- Short term: Define and delineate additional high-grade mineralization around existing mine infrastructure by drilling around the edges of the defined resource, upgrading parts of the inferred resource and testing new exploration theories around the current footprint of the mine.
- Medium term: Continue to grow and explore the resource base, particularly where it remains open, such as on the NE-1 corridor with the aim of discovering new independent massive sulphide deposits.
- Long term: Improve regional understanding of the Platosa concessions and define and delineate additional targets with the intention of defining a second resource on the property.

Recent Results

Results from this program during Q3 2018 and drilling from surface and underground include:

DDH No.	Interval ⁽¹⁾⁽²⁾			Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	AgEq ⁽³⁾ (g/t)	Date Released
	From (m)	To (m)	metres						
EX18UG411	68.7	79.2	10.5	0.1	397	2.6	4.1	714	9/18/2018
including	68.7	73.7	5.1	0.1	775	4.8	7.8	1,362	
EX18UG417	72.5	77.2	4.7	0.1	266	2.6	2.5	507	9/18/2018
including	73.7	76.0	2.3	0.2	479	4.8	4.5	916	
EX18UG418	81.1	90.2	9.1	0.0	122	2.0	0.5	229	9/18/2018
including	83.1	84.6	1.5	0.0	613	8.3	2.0	1,057	
EX18UG419	87.0	96.0	9.0	0.0	56	0.6	1.1	136	9/18/2018
EX18UG420	78.8	81.5	2.7	0.4	783	8.2	11.1	1,708	9/18/2018
EX18UG421	87.0	90.5	3.5	0.0	489	1.5	2.3	662	9/18/2018
including	87.6	89.2	1.6	0.0	870	2.0	4.1	1,154	
EX18UG434	69.6	75.0	5.5	2.9	1,700	15.4	21.4	3,613	9/18/2018
including	73.1	75.0	2.0	7.5	1,326	12.6	25.3	3,655	
EX18UG435	89.9	105.0	15.1	0.4	1,014	10.9	26.0	2,781	9/18/2018
and	109.7	110.7	1.1	0.0	259	0.7	10.3	800	
EX18UG436	61.6	68.1	6.5	0.0	268	4.0	4.9	677	9/18/2018
including	63.4	66.2	2.8	0.0	573	8.5	8.7	1,356	

(1) From-to intervals are measured from the drill collar, with drill holes marked UG drilled from underground stations.

(2) All intervals are reported as core length. Further geologic information is required to estimate true thicknesses.

(3) AgEq in drill results assume Au, 1,250, \$17.00 Ag, \$1.03 Pb and \$1.23 Zn, with 100% metallurgical recovery.

Results of the ongoing program continue to prove-up the near-mine potential at Platosa, with numerous significant intercepts reported in key areas of the mine close to existing workings. The program to expand and define resources

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ahead of mining will continue into 2018 with dedicated drill infrastructure completed to accommodate this expansion and definition drilling ahead of mine workings, specifically in the 623, Pierna and Rodilla areas. Drilling at the 623 Manto in the third quarter was of particular interest, with a zone of gold enrichment running northeast along the main axis of the 623 Manto. This zone is thought to represent a higher-temperature zone of mineralization within the manto, which could be related to the genesis of the Platosas mantos. Further work is planned for this area.

Exploration in Q3 was focused on defining and extending the Rodilla, Pierna and 623 Mantos. In May 2018, further results were released from the expansion and definition program targeting the 623, Pierna and Rodilla Mantos. These results were incorporated in the updated resource announced in the third quarter. Surface drilling continued during Q3 2018 and is planned to continue throughout 2018, with targets being tested north and south of Platosa and the Halcon, Aguila and PDN areas north of Platosa. Results announced during Q3 2018 were not included in the updated resource.

Regional compilation work continued with new targeting and resampling conducted at Jaboncillo and Saltillera North, west of the Sierra Bermejillo. The Company additionally completed a compilation and interpretation of the initial induced polarization ("IP") survey in the Jaboncillo area. In addition to the drilling results noted above, highlights from Q3 2018 included:

- Completion of a compilation and interpretation of the initial IP survey at Jaboncillo
- Alteration associated with mineralization continues to be seen in surface sampling at Jaboncillo, PDN, San Gilberto and Saltillera North;
- Drilling for additional manto-style mineralization, as well as testing for deeper skarn potential;
- Ongoing fieldwork, including mapping and sampling at key outcrops and surface regional targets; and
- Community relations work in the area.

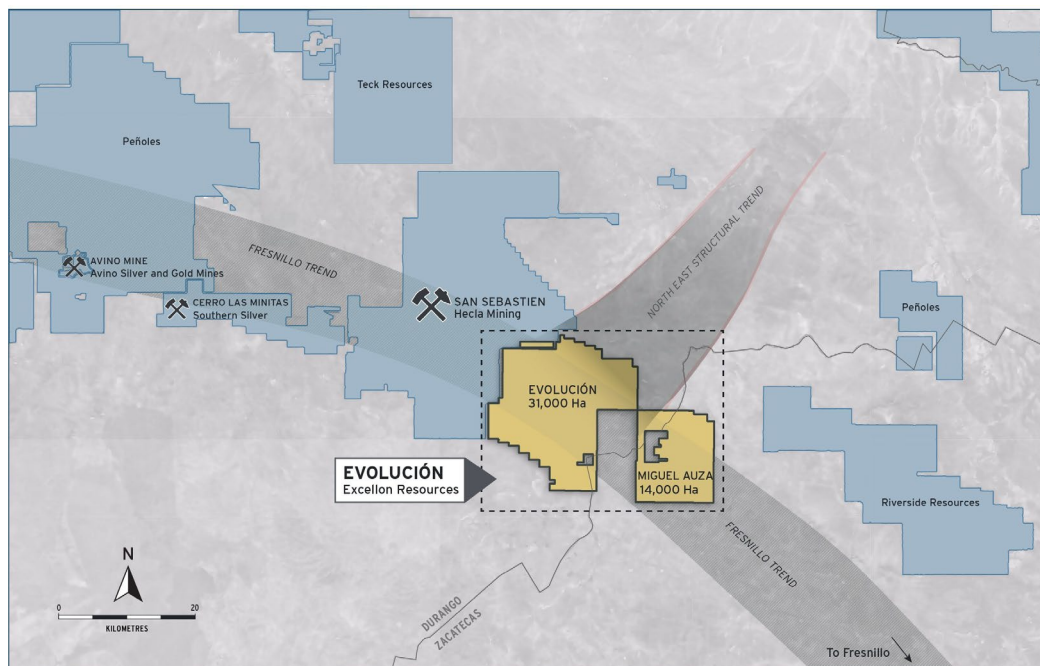
The Company expects to continue drilling programs from surface into 2019 following on from the work completed to-date since late 2016. The ongoing program will continue to test for new manto-style mineralization near the Platosa Mine and elsewhere on the Platosa Property, as well as pursuing skarn-style targets such as Rincon del Caido and others on the property. Ongoing programs will also include significant geophysical programs, including IP surveys at targets such as Jaboncillo and San Gilberto.

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Evolución Property (formerly the Miguel Auza Project)

On October 29, 2018, the Company announced that it had been granted the 31,000 hectare, “Evolución” mineral concession immediately southeast and along trend of Hecla’s San Sebastian Mine, consolidating an over 45,000 hectare (450 km²) exploration package with existing Miguel Auza concessions (collectively, now called Evolución) and covering over 35 kilometres of strike on the Fresnillo silver trend, one of the world’s premier silver districts. The following refers to the previously owned 14,000 hectare Miguel Auza mineral concessions as the Miguel Auza Project, though the Miguel Auza Project is now part of the Evolución Property. The additional concessions were acquired through the mineral concession application process in Mexico at negligible cost to the Company.



The Evolución Property is approximately 220 kilometres from the Platosa Mine and includes the Miguel Auza Project, which has a historic indicated and inferred mineral resource hosted in the Calvario Vein. The Evolución Property is on the northern trend of the Fresnillo silver belt, adjacent to the San Sebastian property (approximately 10 kilometres from the San Sebastian Mine) and 130 kilometres northwest of Juanicipio (MAG Silver Corp./Fresnillo plc) and the Fresnillo Mine.

The 31,000 hectares of newly acquired concessions in the Evolución Property have seen limited historical exploration. On the Miguel Auza Project, polymetallic veins are broadly similar in age, host rock type, and structural history to other deposits on the Central Meseta, such as Fresnillo, Juanicipio, Velardeña, San Sebastian, Peñasquito, Concepcion de Oro, San Martin, and La Colorado. These deposits are all hosted by the Caracol Formation or other Cretaceous sediments and are structurally-controlled epithermal deposits. Several of these deposits extend to depths of 400 to 700 metres.

Since early 2017, the Company has conducted an extensive review of historical data and drill core, conducted structural assessments and commenced field mapping. In the course of reassessing the project, the Company has reviewed the regional setting of the mineralization and veins at Miguel Auza and believes that the Calvario Vein, the primary focus of historical exploration and production on the project, is a northeast-trending compressional or tensional vein splaying from the main west northwest-trending Fresnillo silver trend. The major deposits on the trend typically occur on dilational structures, which are significantly more prospective for mineral deposition in material amounts.

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Historical follow-up work on the drilling completed outside of the Calvario Vein has been limited. Additionally, the Company identified broad (up to 10 metres) northwest-trending epithermal veins carrying anomalous precious metal values on surface, which have not been adequately tested to depth; these represent near-term drill targets. The veins intersected to-date in this area are generally shallow and exhibit mineral compositions and textures indicative of cooler parts of the epithermal system. Negligible follow-up drilling has been conducted on these veins and the Company believes that they host potential for epithermal-style discoveries.

Drilling on the Miguel Auza Project outside of the Calvario Vein is indicative of significant mineral potential, with historical diamond drilling intersections in northwest-trending structures including:

- 7,601 g/t Ag, 3.35% Pb, 1.9 % Zn over 0.4 metres and 7,377 g/t Ag, 0.28 g/t Au, 4.72% Pb and 5.34% Zn over 0.5 metres in drill hole CC-2005-01;
- 3,291 g/t Ag, 0.35 g/t Au, 1.67% Pb and 0.44% Zn over 0.5 metres in drill hole 2008-194; and
- 503 g/t Ag, 6.75 g/t Au, 3.32% Pb and 2.21% Zn over 0.7m in drill hole 2007-118.

The Company commenced a proof-of-concept 3,000 metre program during Q2 2018 with one surface drill rig, targeting four priority targets believed indicative of a distal part of a larger epithermal system. The Company extended the program into Q4 and increased it to 6,000 metres, based on initial success on the Lechuzas structure. Drilling in Q4 will test additional targets outside of the four initial priority targets.

Results from the initial 3,000 metre program include:

- Anomalous mineralization intersected in first seven diamond drill holes on Lechuzas vein-set including 201 g/t Ag, 4.3% Pb, 5.4% Zn and 0.3 g/t Au or 683 g/t AgEq over 2.4 metres within broader interval of 56 g/t Ag, 1.2% Pb, 1.4% Zn and 0.1 g/t Au or 183 g/t AgEq over 16.7 metres in EX18MAZ-236
- Large low-grade gold and silver footprint intersected in drilling on El Cobre Vein
- Anomalous mineralization in all drill holes completed on the Lechuzas target. (For more details and results on Miguel Auza drilling see Company press release dated October 2, 2018).

During Q3 2018, exploration activities continued, including:

- Drilling at the Lechuzas vein area;
- Compilation of and re-interpretation of historical data;
- Modelling of structural and vein features for exploration targeting; and
- Permitting of drill stations for planned drilling in Q4 and 2019.

Exploration work is expected to continue throughout 2018 with the Company evaluating IP surveys and soil geochemistry programs on the permits to generate targets on a regional scale for future drilling. Work will also commenced on the newly acquired Evolución concessions, with regional mapping underway and to be followed with a geochemistry program.

Qualified Person

Mr. Ben Pullinger, BSc., PGeo., Excellon's Senior Vice President of Geology 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.

Mr. Pullinger is an economic geologist who was appointed by the Company during Q3 2016. Prior to joining Excellon, he worked as Vice President, Exploration at Roxgold Inc., where he made a significant contribution to the growth of the

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company from resource stage through to production, which was reached in Q2 2016. Before Roxgold, Mr. Pullinger was engaged as a sell side analyst providing analysis and insight to buy side clients across North America. Additionally, Mr. Pullinger has worked on projects in North and South America, Africa and Asia and has made contributions to enhancing value through discovery, development and efficient operations on various projects in these regions.

RELATED PARTY TRANSACTIONS

The corporate secretary of the Company is a partner in a firm that provides legal services to the Company. During Q3 2018, the Company incurred legal services of \$5,000 (Q3 2017 – \$9,000). During 9-Mos 2018, the Company incurred legal services of \$18,000 (9-Mos 2017 – \$36,000). As at September 30, 2018, the Company had an outstanding payable balance of \$4,000 (as at September 30, 2017 – \$10,000).

RISK AND UNCERTAINTIES

The Company's business entails exposure to certain risks, 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 United States 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 issues. The current or future operations of Excellon including ongoing commercial production are or will be governed by and subject to federal, state and municipal laws and regulations regarding mineral taxation, mineral royalties and other governmental charges. Any change to the mineral taxation and royalty regimes in the jurisdictions in which Excellon operates or plans to operate could have an adverse financial impact on the Company's current and planned operations and the overall financial results of the Company, the extent of which cannot be predicted. Further factors affecting the Company are described in the AIF.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Management has designed and implemented internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO", 2013).

Management has designed disclosure controls and procedures ("DC&P") to provide a reasonable assurance that (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. There were no changes in ICFR during the third quarter of 2018.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 16, Leases ("IFRS 16") was issued on January 13, 2016. The new standard brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

The Company plans to adopt this IFRS accounting standard when this standard becomes effective, if applicable.

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ADDITIONAL SOURCES OF INFORMATION

Additional disclosures pertaining to the Company, including its most recent AIF, 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 contains "forward-looking statements" within the meaning of applicable Canadian securities legislation and applicable U.S. securities laws. Except for statements of historical fact relating to the Company, such forward-looking 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, the potential of the Company's properties, proposed production rates, potential mineral recovery processes and rates, business plans and future operating revenues. Forward-looking statements are made based on management's beliefs, estimates, assumptions and opinions on the date the statements are made. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct and the Company undertakes no obligation to update forward-looking statements. Forward-looking statements are typically identified by words such as: believes, expects, anticipates, intends, estimates, targets, plans, postulates, 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 risk 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. A description of the risk factors applicable to the Company can be found in the AIF under "Description of the Business – Risk Factors." 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. This document is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

The terms "Measured," "Indicated" and "Inferred" Mineral Resources used or referenced in this MD&A are defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves. The CIM standards differ significantly from standards in the United States. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category or that Mineral Resources will ever be upgraded to Mineral Reserves. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies other than a Preliminary Economic Assessment ("PEA"). United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable, or that a Measured or Indicated Mineral Resource is economically or legally mineable.

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Cautionary Note to United States Investors regarding Adjacent or Similar Properties

This MD&A may also contain information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises United States investors that the United States Securities and Exchange Commission's mining guidelines strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the company's properties.