

Excellon Reports Third Quarter 2018 Financial Results

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[Excellon Resources Inc.](#) (TSX:EXN, EXN.WT.A and OTC:EXLLF) ("Excellon" or the "Company") reports financial results for the three and nine month periods ended September 30, 2018.

Q3 2018 Financial Highlights (compared to Q3 2017)

- Revenue of \$2.6 million (Q3 2017 – \$7.1 million)
- Sales of 258,920 silver equivalent ("AgEq") ounces payable (Q3 2017 – 443,921 AgEq ounces payable)
- Gross loss from operations of \$3.5 million (Q3 2017 – profit of \$1.5 million)
- Total cash cost per Ag oz payable of \$29.94 (Q3 2017 – \$2.46)
- All-in sustaining cost ("AISC") per Ag oz payable of \$44.02 (Q3 2017 – \$11.62)
- Net loss of \$3.6 million or \$0.04/share (Q3 2017 – net loss of \$5.9 million or \$0.08/share)
- Net working capital totaled \$11.7 million at September 30th (December 31, 2017 – \$13.8 million) with \$11.3 million in cash and current accounts receivable (December 31, 2017 – \$14.6 million)

"It was a tough quarter that is not representative of the many operational improvements made at Platosa in recent quarters," said Brendan Cahill, President and CEO. "In addition to lower production, financial results were impacted by lower by-product prices and associated provisional price adjustments, which have affected the whole market."

"Our assessment of the causes of lower production resulted in management changes at Platosa. Over the six weeks since those changes, we have increased production and development rates and realized a number of other improvements in operations. We continue to have a strong balance sheet to weather recent commodity markets while exploring both of our options, including the newly expanded Evolución property."

Financial Results

Financial results for the three and nine month periods ended September 30, 2018 and 2017 were as follows:

('000s of USD, except amounts per share and per ounce)

	Q3 2018	Q3 2017	9-Mos 2018	9-Mos 2017
Revenues (1)	2,570	7,102	18,358	14,085
Production costs	(5,221)	(4,160)	(14,353)	(12,182)
Depletion and amortization	(876)	(1,426)	(3,012)	(2,554)
Cost of sales	(6,097)	(5,586)	(17,365)	(14,736)
Gross profit (loss)	(3,527)	1,516	993	(651)
Corporate administration	(1,021)	(892)	(3,926)	(3,069)
Exploration	(1,021)	(382)	(2,782)	(1,564)
Other income	368	(88)	(47)	2,255
Net finance income (cost)	1,081	(5,974)	1,696	(3,082)
Income tax recovery (expense)	538	(87)	516	(1,133)
Net loss	(3,582)	(5,907)	(3,550)	(7,244)
Loss per share – basic	(0.04)	(0.08)	(0.04)	(0.10)
Cash flow from (used in) operations (2)	(4,125)	1,464	(1,401)	(1,270)
Cash flow from (used in) operations per share – basic	(0.04)	0.02	(0.01)	(0.02)
Production cost per tonne (\$/tonne) (3)	292	208	241	266
Cash cost per payable silver ounce (\$/Ag oz)	29.94	2.46	8.50	12.22
All-in sustaining cost ("AISC") per silver ounce payable (\$/Ag oz)	44.02	11.62	20.54	32.24

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

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

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

Revenues decreased significantly during Q3 2018 to \$2.6 million (Q3 2017 – \$7.1 million), primarily due to a 42% decrease in AgEq ounces payable of 258,920 (Q3 2017 – 443,921 AgEq oz) and a \$1 million negative adjustment on revenue upon settlement of concentrate sales delivered in Q2 at higher metal prices (Q3 2017 – negative adjustment of \$24,000). The negative adjustment derived from the material decrease in metal prices from Q2 to Q3 2018. Cash and current accounts receivable decreased by \$5.8 million during the quarter to \$11.3 million, reflecting \$4.1 million of cash flow used in operations (after exploration and general and administrative expenses), \$1.2 million in changes in working capital, \$1.1 million in capital expenditures and positive forex adjustments of \$0.5 million on non-USD denominated accounts. Financial performance has improved during recent weeks with metal prices stabilizing and is expected to continue improving as production accesses multiple ore faces and development progresses towards the next

production horizon.

Production cost per tonne increased by 40% to \$292/t in Q3 2018, primarily due to lower tonnage mined and higher electricity costs associated with increased pumping and rising electricity prices during the quarter. Production cost per tonne is expected to improve as production rates increase.

Cash general and administrative expense of \$678,000 was in line with the comparable quarter (Q3 2017 – \$671,000).

The Company incurred \$1.0 million in exploration spending in Q3 2018, with a total of 6,073 metres drilled during the quarter from surface and underground at Platosa and from surface at Miguel Auza.

Total cash costs per silver ounce payable of \$29.94 in Q3 2018 (Q3 2017 – \$2.46) and AISC of \$44.02 (Q3 2017 – \$11.62) resulted from lower metal production, higher production costs, lower byproduct revenue and the \$1 million negative revenue adjustment to byproduct credits from prior period sales.

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 (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 press release should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 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 references to "cash flow from operations before changes in working capital items", "production cost per tonne", "cash cost per silver ounce payable", and "AISC per silver ounce payable", 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 three and nine month periods ended September 30, 2018, for a reconciliation of these measures to reported IFRS results.

Production Highlights

Operational performance for the periods indicated below was as follows:

	Q3	Q3	9-Mos	9-Mos
	2018	2017	2018	2017
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 (%)	3.47	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 (ore and historical stockpiles):					
	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:(1)					
	Silver – (oz)	171,227	226,173	643,390	495,111
	AgEq ounces (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 ounces – (oz)	147,308	205,414	562,693	460,969
	AgEq ounces (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)					
(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.	Silver – (\$US/oz)	14.51	17.06	15.74	16.96
	Lead – (\$US/lb)	0.92	1.09	1.02	1.05
(2) AgEq ounces established using average realized metal prices during the period indicated applied to the recovered metal content of the concentrates.	Zinc – (\$US/lb)	1.11	1.37	1.30	1.31
(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.					

Production during Q3 2018 was impacted by surveying and planning issues, which have since been addressed, that resulted in lower tonnage production of peripheral and lower-grade ore instead of the high-grade block model ore. With development now accessing the core of the orebody, production is sourced from four to six high-grade ore faces. During Q3, development rates increased by 36% relative to Q2 2018 with increased mechanization, and headings will shortly be accessing additional key areas for future production. Development is progressing toward the 928 level, where the Company expects to achieve a steady production rate going forward. Ground support, which also continues to be an important area of focus, has improved with the use of two mechanized bolters from late Q2 2018.

During the quarter, the Company continued to process low-grade historical stockpiles and sump material, with minimal associated mining cost. This mineralized material is blended with mined ore to improve payability and recoveries (particularly for lead and zinc), as well as being cash flow positive.

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 21,000 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.

Additional details on Excellon's projects are available at www.excellonresources.com.

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 set forth in this Press Release. The Company's operations are subject to a number of risks, including but not limited to, 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. 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.

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