

Excellon Reports Fourth Quarter And Annual 2022 Financial Results And Provides Corporate Update

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TORONTO, April 3, 2023 - [Excellon Resources Inc.](#) (TSX: EXN) (OTCQB: EXNRF) (FRA: E4X2) ("Excellon" or the "Company") is pleased to report financial results for the three- and twelve-month periods ended December 31, 2022.

2022 Financial and Operational Highlights (compared to 2021)

- Identified remnants, pillars and stopes which extended Platosa production into October 2022.
- Safely wound down operations at Platosa and Miguel Auza in Q4 2022, and transitioned to care-and-maintenance.
- Settled termination benefits with over 70% of the unionized and 80% of the non-unionized workforce in Mexico. The non-unionized employees have been retained for care-and-maintenance activities and potential transfer to the La Placerita mine.
- Drilled six diamond drill holes totaling 2,145 metres at Kilgore, with assay results pending for five of the six drill holes. Further details see the Company's news release dated December 6, 2022.
- Q4 2022 and 2022 results were impacted by the wind-down of production in Q4 2022.
- AgEq production of 1,517,940 oz (2021 - 2,017,639 oz), including:
 - Silver production of 891,185 oz (2021 - 1,000,000 oz)
 - Lead production of 4.6 million lb (2021 - 5.0 million lb)
 - Zinc production of 5.4 million lb (2021 - 6.0 million lb)
- The Company's cash and cash equivalents at December 31, 2022 were \$13.01 million, compared to \$20.27 million at December 31, 2021. The Company's consolidated balance sheet as a result of the Mexican Bankruptcy Court declaring one of its care-and-maintenance subsidiaries bankrupt effective March 28, 2023. For

further details see the Company's concurrently announced separate news release.

Financial Results

Financial results for the periods indicated below were as follows:

('000s of USD, except amounts per share and per ounce)	Q4 2022	Q4 2021	2022	2021
Revenue ⁽¹⁾	2,564	9,306	25,824	37,955
Production costs	(2,055)	(7,089)	(18,055)	(25,472)
Mine closure related costs	(375)	(1,584)	(907)	(735)
Depletion and amortization	(1,127)	(1,928)	(7,497)	(7,300)
Cost of sales	(3,557)	(10,601)	(26,459)	(33,507)
Gross (loss) profit	(993)	(1,295)	(635)	4,448
General and administrative including care-and-maintenance	(1,940)	(1,255)	(5,721)	(6,689)
Exploration and holding expense	(1,277)	(1,783)	(5,576)	(7,194)
Other income (expense)	325	89	1,111	(758)
Provision for litigation	-	(5)	-	(22,282)
Impairment losses	(3,344)	(15,788)	(3,344)	(16,540)
Net finance expense	(1,208)	(1,242)	(4,294)	(3,680)
Income tax expense	(185)	(167)	(379)	(5,078)
Net loss	(8,622)	(21,446)	(18,838)	(57,773)
Adjusted net loss ⁽²⁾	(4,903)	(4,069)	(14,591)	(14,311)
Loss per share - basic and diluted	(0.23)	(0.65)	(0.54)	(1.77)
Adjusted loss per share - basic and diluted ⁽²⁾	(0.13)	(0.12)	(0.42)	(0.44)
Cash flow from operations ⁽³⁾	(1,386)	(217)	(1,167)	1,652
Production cost per tonne ⁽⁴⁾	261	314	261	291
Cash cost per silver ounce payable net of by-products (\$/Ag oz)	16.28	15.61	11.80	13.01
AISC per silver ounce payable (\$/Ag oz) ⁽⁵⁾	30.19	24.82	18.31	24.78
Realized prices: ⁽⁶⁾				
Silver - (\$US/oz)	18.99	23.30	21.13	25.12
Lead - (\$US/lb)	0.88	1.06	0.96	1.00
Zinc - (\$US/lb)	1.36	1.53	1.64	1.37

- (1) Revenues are net of treatment and refining charges ("TC/RCs").
- (2) Adjusted loss and adjusted loss per share exclude: for 2021, \$22.3 million related to the Provision for litigation, the related \$0.8 million impairment loss and \$3.1 million deferred-tax asset derecognition expenses and for Q4 2021, impairment losses of \$15.8 million and \$1.6 million related to future mine closure accruals. For 2022, \$0.5 million write-down of materials and supplies and for Q4 2022, impairment losses of \$3.3 million and \$0.4 million related to the write-down of materials and supplies.
- (3) Cash flow from operations before changes in working capital.
- (4) Production cost per tonne includes mining and milling costs, excluding depletion and amortization, materials and supplies write-down, and inventory adjustments.
- (5) AISC per silver ounce payable excludes administrative and share-based payment costs attributable to the Company's non-producing projects and includes underground drilling costs.
- (6) Average realized price is calculated on current period sale deliveries and does not include the impact of prior period provisional adjustments in the period.

This news release should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2022 and 2021 ("Financial Statements"), and associated management discussion and analysis ("MD&A") which are available on the Company's website at www.excellonresources.com and under the Company's profile on SEDAR (www.sedar.com).

All financial information is prepared in accordance with IFRS, and all dollar amounts are expressed in U.S. dollars unless otherwise specified. The discussion of financial results in this news 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 a reconciliation of these measures to reported IFRS results.

Operating Results

Operating performance for the periods indicated below was as follows:

	Q4	Q4		
	2022 ⁽²⁾	2021	2022 ⁽²⁾	2021
Tonnes Mined:	3,047	20,954	63,279	85,530
Tonnes Milled:	4,965	21,309	65,784	86,021
Grades:				
Silver (g/t)	512	438	464	494
Lead (%)	4.31	4.65	4.27	5.01
Zinc (%)	3.62	5.50	4.51	6.03
Recoveries:				
Silver (%)	93.2	90.5	90.9	89.5
Lead (%)	75.3	78.5	75.2	80.0
Zinc (%)	77.1	83.7	81.6	79.0
Metal Production: ⁽¹⁾				
Silver - (oz)	76,219	271,525	891,185	1,222,991
Lead - (lb)	355,536	1,717,525	4,641,708	7,612,332
Zinc - (lb)	304,975	2,167,840	5,358,103	9,014,028
Silver equivalent ("AgEq") (oz) ⁽³⁾	114,536	492,013	1,517,940	2,017,639
Payable:				
Silver - (oz)	75,728	287,953	827,618	1,141,281
Lead - (lb)	328,871	1,762,293	4,291,803	7,073,488
Zinc - (lb)	449,325	1,697,098	4,477,550	7,101,992
AgEq (oz) ⁽³⁾	123,147	479,566	1,370,132	1,810,199

(1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser. Data has been adjusted to reflect final assay and price adjustments for prior-period deliveries settled during the period.

(2) The production results for the year ended December 31, 2022 were impacted by the wind down of production at Platosa in early Q4 2022.

(3) AgEq ounces established using average realized metal prices during the respective period applied to the recovered metal content of the concentrates to calculate the revenue contribution of base metal sales during the period.

In early Q4 2022, production ceased at the Platosa Mine and Miguel Auza mill and the sites were transitioned into care-and-maintenance.

For further details on operating results for the three and twelve-month periods ended December 31, 2022, refer to the Company's Financial Statements and MD&A for the same period.

Corporate Update

On January 9, 2023, the Company announced it had entered into a definitive acquisition agreement to acquire the permitted, past-producing La Negra Mine in Mexico. The Company is continuing to take steps necessary to advance the acquisition and discussions with potential investors in the equity offering proposed to be completed in connection with the acquisition. The required meeting of Excellon shareholders to approve the issuances of Excellon common shares contemplated by the acquisition (including pursuant to the closing equity offering and restructuring of the Company's outstanding debentures) and, in turn, completion of the acquisition, are now expected to occur no later than end of June (as opposed to the previously announced April target dates), subject to the successful completion of the proposed equity offering and receipt of conditional listing approval of the Toronto Stock Exchange in respect of the acquisition and related matters. The Company is in discussions with the seller regarding the proposed timeline for the shareholder meeting and completion of the acquisition. The Company continues to strongly believe in the forward-looking value proposition of the La Negra acquisition to Excellon and its shareholders and remains optimistic that the acquisition and related transactions (including the closing equity offering) can be successfully completed in due course.

In addition, the Company is considering various other potential financing, corporate development and strategic opportunities that may include acquisitions, divestitures, mergers or spin-offs of the Company's or third parties' assets, as applicable, to compliment the Company's go-forward strategy.

About Excellon

Excellon's vision is to realize opportunities for the benefit of our employees, communities and shareholders, through the acquisition of advanced development or producing assets with further potential to gain from an experienced operational management team. The Company is advancing a portfolio of gold, silver and base metals assets including Kilgore, an advanced gold exploration project in Idaho; and Silver City, a high-grade epithermal silver district in Saxony, Germany with 750 years of mining history and no modern exploration. The Company has also entered into an agreement to acquire La Negra, a past-producing Ag-Zn-Cu-Pb mine with exploration potential, located in Querétaro State, Mexico.

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

CAUTIONARY STATEMENTS ON FORWARD-LOOKING STATEMENTS AND OTHER MATTERS

Forward-Looking Statements

All statements, other than statements of historical fact, contained or incorporated by reference in this news release constitute "forward-looking statements" and "forward looking information" (collectively, "forward-looking statements") within the meaning of applicable Canadian and United States securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as: "acquire", "accrual", "advance", "anticipates", "alternatives", "believe", "closure", "conditional", "considering", "contemplated", "contingencies", "continuing", "could", "demonstrated", "development", "due course", "evaluate", "expected", "exploration", "estimate", "focus", "forward-looking", "further", "future", "goals", "go-forward", "indicated", "initial", "later", "launch", "may", "modelling", "near", "occur", "opportunities", "optimistic", "option", "pending", "pipeline", "pivot", "planning", "position", "potential", "program", "project", "proposed", "proposition", "prospects", "provide", "provision", "review", "reversing", "risk", "should", "strategy", "study", "subject to", "target", "testing", "timeline", "uncertainties", "viability", "vision", "will" and "would", or variations of such words, and similar such words, expressions or statements that certain actions, events or results can, could, may, should, will (or not) be achieved, occur, provide, result or support in the future or which, by their nature, refer to future events. In some cases, forward-looking information may be stated in the present tense, such as in respect of current matters that may be continuing, or that may have a future impact or effect. Forward-looking statements include statements regarding potential financing, corporate development, strategic and other opportunities; strategic alternatives (including any form, aspect, value or other impacts thereof); advancing a portfolio of assets; the La Negra acquisition and its related transactions including the proposed equity offering (including discussions with potential investors) (collectively, the "La Negra Transactions") and completion thereof (including timing thereof and discussions related to such timelines) and benefits thereof (including value proposition, quantum and use of proceeds of any equity offering); restart of mining operations and/or commercial production at La Negra mineral property closure (including accruals, costs and provisions, and timing thereof); the bankruptcy of

one of the Company's Mexican subsidiaries in care-and-maintenance (including reversal of provisions and/or the other liabilities relating to such subsidiary); and any benefits or any other implications of any of the foregoing. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct, and any forward-looking statements by the Company are not guarantees of future actions, results or performance. Forward-looking statements are based on assumptions, estimates, expectations and opinions, which are considered reasonable and represent best judgment based on available facts, as of the date such statements are made. If such assumptions, estimates, expectations and opinions prove to be incorrect, actual and future results may be materially different than expressed or implied in the forward-looking statements. The estimates, expectations and opinions referenced or contained in this news release which may prove to be incorrect, are subject to a number of assumptions which include those set forth or referenced herein as well as Management's Discussion & Analysis of Financial Results for year ended December 31, 2022 (together with the accompanying financial statements for the same period, the "2022 Financial Disclosure"); the Company's Annual Information Form dated March 31, 2023 (the "AIF"); the current technical reports for the Company's projects and the La Negra Mine (collectively, the "Technical Reports"); the Company's news releases announcing the pending La Negra acquisition on January 9, 2023 and the bankruptcy of its Mexican subsidiary dated April 3, 2023 (collectively, the "Referenced News Releases"), and the Company's other applicable public disclosure (collectively, "Company Disclosure"), all available under the Company's profile on SEDAR (www.sedar.com) and/or on its website at www.excellonresources.com. Forward-looking statements are inherently subject to known and unknown risks, uncertainties, contingencies and other factors which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by the forward-looking statements. Such risks, uncertainties, contingencies and other factors include, among others, the timing, completion or non-completion of the La Negra Transactions, including due to the parties failing to receive, in a timely manner and on satisfactory terms, commitments in respect of the proposed equity financing (or alternative financing), and the necessary securityholder, Toronto Stock Exchange and other approvals or the inability of the parties to satisfy or waive in a timely manner the other conditions to the closing, conditions precedent or covenants, as applicable, of the La Negra Transactions and the inability to complete such transactions; inability to achieve the benefits, synergies or value proposition anticipated from the La Negra Transactions; variations in mineral resources, mineral production, grades or recovery rates; the accuracy of the results, conclusions and recommendations of summarized in the Technical Reports; delays in obtaining financing or in the completion of development or construction activities; uninsured risks production, construction and technological risks related to Excellon and La Negra; capital requirements and operating risks associated with the operations or an expansion of the operations of Excellon including La Negra; dilution due to the La Negra Transactions and any other future equity financing; fluctuations in silver, lead, zinc, copper, gold and other precious metal prices and currency exchange rates; uncertainty relating to future production and cash resources; inability to successfully restart La Negra or other projects within the timelines and at the cost anticipated; adverse changes to market, political and general economic conditions or laws, rules and regulations applicable to Excellon and La Negra; the possibility of project cost overruns or unanticipated costs and expenses; accidents, labour disputes, community and stakeholder protests and other risks of the mining industry; risk of an undiscovered defect in title or other adverse claim; as well as the "Risk Factors" in the AIF, and the risks, uncertainties, contingencies and other factors identified in the 2022 Financial Disclosure, the Technical Reports, the Referenced News Releases and other applicable Company Disclosure. The foregoing list of risks, uncertainties, contingencies and other factors is not exhaustive; readers should consult the more complete discussion of the Company's business, financial condition and prospects that is provided in the AIF and the other aforementioned Company Disclosure. Although Excellon has attempted to identify important factors that could cause plans, actions, events or results to differ materially from those described in forward-looking statements in this news release and the other Company Disclosure referenced herein, there may be other factors that cause plans, actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate as actual plans, results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements in this news release, nor in the documents incorporated by reference herein. Readers are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements referenced or contained in this news release are expressly qualified by these Cautionary Statements as well as the Cautionary Statements in the 2022 Financial Disclosure, the AIF, the Technical Reports, the Referenced News Releases and other applicable Company Disclosure. Forward-looking statements contained herein are made as of the date of this news release (or as otherwise expressly specified) and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable laws.

Mineral Resources

Until mineral deposits are actually mined and processed, mineral resources must be considered as estimates only. Mineral resource estimates that are not classified as mineral reserves do not have demonstrated

economic viability. The estimation of mineral resources is inherently uncertain, involves subjective judgement about many relevant factors and may be materially affected by, among other things, environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant risks, uncertainties, contingencies and other factors described in the foregoing Cautionary Statements on Forward-Looking Statements. The quantity and grade of reported "inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "inferred" mineral resource estimates as an "indicated" or "measured" mineral resource and it is uncertain if further exploration will result in upgrading "inferred" mineral resource estimates to an "indicated" or "measured" mineral resource category. The accuracy of any mineral resource estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. The quantity and grade of "inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "inferred" mineral resource estimates as an "indicated" or "measured" mineral resource and it is uncertain if further exploration will result in upgrading "inferred" mineral resource estimates to an "indicated" or "measured" mineral resource category. Mineral resource estimates may have to be re-estimated based on, among other things: (i) fluctuations in mineral prices; (ii) results of drilling and development; (iii) results of geological and structural modeling including stope design; (iv) metallurgical testing and other testing; (v) proposed mining operations including dilution; and (vi) the possible failure to receive and/or maintain required permits, licenses and other approvals. It cannot be assumed that all or any part of a "inferred", "indicated" or "measured" mineral resource estimate will ever be upgraded to a higher category including a mineral reserve.

Mineral resource estimates disclosed by the Company were estimated and reported in accordance with National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") using Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves (the "CIM Standards"), which govern the public disclosure of scientific and technical information concerning mineral projects by Canadian issuers such as Excellon, and applying the CIM's Mineral Resources and Mineral Reserves Best Practices guidelines (as applicable). For additional discussion of the Company's mineral resource estimates at the Company's projects and La Negra, as well as an overall more detailed discussion of such projects, the reader should refer to the AIF and the applicable Technical Reports.

U.S. Readers

The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" as disclosed by the Company are Canadian mining terms defined in the CIM Standards (collectively, the "CIM Definitions") in accordance with NI 43-101. NI 43-101 establishes standards for all public disclosure that a Canadian issuer makes of scientific and technical information concerning mineral projects. These Canadian standards differ from the requirements of the SEC applicable to United States domestic and certain foreign reporting companies under Subpart 1300 of Regulation S-K ("S-K 1300"). Accordingly, information describing mineral resource estimates for the Company's projects and La Negra, may not be comparable to similar information publicly reported in accordance with the applicable requirements of the SEC, and so there can be no assurance that any mineral resource estimate for the Company's projects or La Negra would be the same had the estimates been prepared per the SEC's reporting and disclosure requirements under applicable United States federal securities laws, and the rules and regulations thereunder, including but not limited to S-K 1300. Further, there is no assurance that any mineral resource or mineral reserve estimate that the Company may report under NI 43-101 would be the same had the Company prepared such estimates under S-K 1300.

Preliminary Economic Assessments (or PEAs)

A PEA, including the La Negra PEA, is only a conceptual study of the potential viability of the subject project's mineral resource estimates, and the economic and technical viability of the project and its estimated mineral resources has not been demonstrated. A PEA is preliminary in nature and provides only an initial, high-level review of the subject project's potential and design options; there is no certainty that a PEA will be realized. The conceptual LOM plan and economic model in a PEA include numerous assumptions and mineral resource estimates including inferred mineral resource estimates. Inferred mineral resource estimates are considered to be too speculative geologically to have any economic considerations applied to such estimates. Under NI 43-101, estimates of inferred mineral resources may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. There is no guarantee that inferred mineral resource estimates will be converted to indicated or measured mineral resources, or that indicated or measured mineral resources can be converted to mineral reserves. Mineral resources that are not mineral

reserves do not have demonstrated economic viability, and as such there is no guarantee the economics described in any PEA, including the La Negra PEA, will be achieved. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant risks, uncertainties and other factors, as more particularly described in the foregoing other Cautionary Statements of this MD&A.

Qualified Persons

Mr. Paul Keller, P. Eng., Chief Operating Officer of the Company and a Qualified Person as defined in NI 43-101 (a "QP"), reviewed, verified and approved the scientific and technical information relating to operations and production results contained in this news release. Mr. Jorge Ortega, M.Sc., P.Geo., Vice President Exploration of the Company and a QP, reviewed, verified and approved the scientific and technical information relating to geological interpretation and results contained in this news release.

SOURCE [Excellon Resources Inc.](#)

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