

Excellon Announces Debenture Restructuring

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Toronto, September 21, 2023 - [Excellon Resources Inc.](#) (TSX: EXN) (OTCQB: EXNRF) (FSE: E4X2) ("Excellon" or the "Company") is pleased to announce that the Company has entered into a binding term sheet with holders ("Debentureholders") representing over 66^{2/3}% of the principal amount of the outstanding 5.75% secured convertible debentures of the Company (the "Debentures") to reduce the outstanding principal amount to C\$7.5 million, representing a 58% reduction in principal, and to amend the terms of the remaining Debentures to, among other things, further extend the maturity date to August 31, 2026.

Highlights

- Outstanding principal amount of the Debentures to C\$7.5 million, representing a reduction of C\$10.4 million.
- In exchange for C\$10.4 million aggregate principal amount of the Debentures, Excellon to pay C\$3.5 million in equity, 25% interest in Silver City Project, plus additional non-dilutive contingency and royalty payments.
- Structure aligns investment return to Debentureholders through both equity and asset value growth, a benefit to all stakeholders.
- Maturity date of remaining Debentures extended to August 31, 2026.
- No cash repayment or outlay required to restructure the Debentures.
- Interest is payable at an annual rate of 6.5% in cash or 10% in shares, at the Company's option.
- Provides alignment with shareholders around future equity growth.

Shawn Howarth, President and CEO of Excellon, commented, "We are pleased to reach an agreement with Debentureholders. The restructuring announced today reduces debt with zero cash outlay and minimal equity dilution. We also thank Debentureholders, who have invested significant capital to support Excellon and continue to believe in the long-term potential of the Company."

Mr. Howarth added, "Priorities in the Debenture Repurchase were to de-lever the balance sheet, but in a structure that minimizes immediate dilution to Excellon shareholders at current share prices. One third of the Debenture Repurchase consideration is equity of Excellon with the remainder of consideration on successful milestone achievements and advancing the asset portfolio. Current Excellon shareholders will continue to benefit in upside growth with reduced up-front dilution."

Debenture Restructuring

The Company has entered into a binding term sheet with Debentureholders representing approximately 66^{2/3}% of the aggregate principal amount of outstanding Debentures to repurchase and cancel C\$10,410,000 aggregate principal amount of the Debentures for the consideration set out below (the "Debenture Repurchase") and to amend the terms of the remaining Debentures (the "Debenture Amendment" and together with the Debenture Repurchase, the "Debenture Restructuring").

Debenture Repurchase

Pursuant to the Debenture Repurchase, the Company will repurchase and cancel C\$10,410,000 aggregate principal amount of the Debentures in exchange for the following consideration payable pro rata to the Debentureholders:

- C\$3.5 million in common shares in the capital of Excellon ("Common Shares") at a price of C\$0.09 per Common Share payable on the closing date of the Debenture Restructuring (the "Restructuring Closing Date");

- contingent value rights providing for three equal cash payments equivalent to 500 troy ounces of gold for each payment, on achieving the following milestones. Each cash payment will be based on ounces multiplied by the average gold price for the five trading days prior to the achievement of the applicable milestone:
 - Milestone 1: Updated resource estimate at the Company's Kilgore Project (the "Kilgore Project");
 - Milestone 2: Revised preliminary economic assessment, feasibility study or economic estimate at the Kilgore Project; and
 - Milestone 3: Achieving commercial production at the Kilgore Project;
- 2% NSR royalty on the Kilgore Project; and
- 25% interest in the common shares of Saxony Silver Corp., which holds the Company's Silver City Project.

Debenture Amendment

The key terms of the Debenture Amendment are as follows:

- extension of the maturity date from July 31, 2024 to August 31, 2026;
- reduction of the conversion price to C\$0.10 per Common Share (the "New Conversion Price"); provided that, in the event the Company completes an offering of Common Shares, subscription receipts or other securities convertible, exercisable or exchangeable for Common Shares (an "Equity Offering") prior to the Restructuring Closing Date, the New Conversion Price shall be adjusted to a 20% discount to the Equity Offering price; provided further that the New Conversion Price shall not be less than C\$0.06 and not more than C\$0.16;
- interest payable at an annual rate of 6.5% in cash or 10% in Common Shares, at the Company's option; and
- no further warrants, restructuring fees or further dilution is contemplated in relation to the Debenture Amendment.

The Debenture Amendment extends the maturity date of the Debentures to mid-2026 and provides Excellon with significant runway to grow equity value. A floating conversion price is a potential benefit for shareholders that will be fixed by the Restructuring Closing Date.

Completion of the Debenture Restructuring is subject to, among other things, approval by the requisite majorities of Debentureholders and holders of Common Shares, as well as the approval of the Toronto Stock Exchange. The Debenture Restructuring is expected to close in the fourth quarter of 2023.

Annual Meeting of Shareholders

The annual meeting of shareholders has been scheduled for November 7, 2023. The record date is September 25, 2023. Meeting materials will follow in due course.

About Excellon

Excellon's vision is to realize opportunities through the acquisition of advanced development or producing assets with further potential to gain from an experienced management team for the benefit of our employees, communities and shareholders. The Company is advancing a portfolio of silver, base metals and precious 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.

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

For Further Information, Please Contact:

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, contained, referenced 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: "actively", "advance", "anticipated", "assess", "believe", "cause", "commence", "completion", "conditions", "consideration", "continues", "development", "due course", "expectation", "exploration", "extend", "extension", "flexibility", "focused", "forbearance", "forward", "further", "future", "if", "implement", "liquidity", "looking", "maturity", "may", "negotiations", "occur", "opportunities", "options", "outcome", "outstanding", "potential", "providing", "reach", "restructuring", "risk", "subject to", "to be", "update", "vision", "waive", "when", "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, to, will, would (or not) be achieved, occur, provide, result, complete 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 the terms of and completion of the Debenture Restructuring; the timing and ability of the Company to complete the Debenture Restructuring; and the timing and ability of the Company to receive necessary regulatory and third party approvals for the Debenture Restructuring (including the approval of the Toronto Stock Exchange, the holders of the Debentures and the holders of the Common Shares and the form or means thereof). 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. 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 inability of the Company to complete the Debenture Restructuring, the inability of the Company to satisfy the conditions precedent to the Debenture Restructuring, including the receipt of necessary regulatory and third party approvals, the termination of the binding term sheet, the "Risk Factors" in the Company's annual information form dated March 31, 2023 (the "2023 AIF"), and the risks, uncertainties, contingencies and other factors identified in this news release, the Company's Management's Discussion and Analysis, and accompanying financial statements, for the year ended December 31, 2022 and quarters already ended in 2023, and the Company's other applicable public disclosure (collectively, "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 2023 AIF and the other Company Disclosure. 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 other 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.

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