

# Excellon reports net earnings of \$3 million during third quarter 2013

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TORONTO, Nov. 5, 2013 /CNW/ - [Excellon Resources Inc.](#) (TSX:EXN) (OTC:EXLLF) ("Excellon" or the "Company"), Mexico's highest grade silver producer, is pleased to report financial results for the third quarter of 2013.

## Q3 Highlights

- Net earnings of \$3 million (\$0.05/share)
- Cash flow from operations of \$4.8 million (\$0.09/share) before changes in working capital
- Sales of 603,666 silver-equivalent ounces (9-mos - 1,524,727 silver-equivalent ounces), including 452,040 oz Ag, 1,969,259 lb Pb and 2,074,088 lb Zn
- Net cash costs per silver ounce produced of \$7.77 (9-mos - \$8.77)
- All-in costs per silver equivalent ounce sold of \$10.65 (9-mos - \$15.60)
- Cash corporate administrative costs reduced by 37% versus Q2 2013
- Cash, marketable securities and current accounts receivable totaled \$9.7 million at September 30, 2013
- Working capital totaled \$11.7 million at September 30, 2013

"During the third quarter, despite realized silver prices of \$21.40 we generated positive cash flow and profits from our La Platos Mine," stated Brendan Cahill, President and Chief Executive Officer. "Silver grades of almost one kilogram per tonne, improved tonnage and decreased costs contributed significantly to our performance. We took steps early in the quarter to reduce costs, particularly at our corporate office, and began the process of improving our production profile. We are now well positioned to generate profits at current silver prices, while building our cash reserves and preparing to resume exploration early in 2014."

## Financial and Operating Highlights

Financial results for the three and nine month periods ended September 30, 2013 and 2012 are as follows:

			9-Mos	9-Mos
('000's of USD, except amounts per share and per ounce)	Q3 2013	Q3 2012	2013	2012
Revenue	11,645	60	25,887	27,160
Cost of sales	(5,389)	(3,958)	(17,355)	(14,176)
Gross profit (loss)	6,256	(3,898)	8,532	12,984
Expenses:				
Corporate administration	(1,053)	(1,386)	(4,383)	(5,484)
Exploration	(299)	(1,679)	(6,506)	(6,257)
Other (incl. finance cost)	(614)	1,440	(310)	1,102
Income tax	(1,288)	1,173	33	(597)
Net income (loss)	3,002	(4,350)	(2,634)	1,748
Earnings per share - basic	0.05	(0.08)	(0.05)	0.03
Cash flow from operations <sup>(1)</sup>	4,766	(4,423)	910	3,507
Cash flow from operations per share - basic	0.09	(0.08)	0.02	0.06
Net cash cost per silver ounce produced (\$/Ag oz)	7.77	17.75	8.77	5.31
All-in costs per silver equivalent ounce sold (\$/Ag eq. oz)	10.65	40.81	15.60	14.60

(1) Cash flow from operations before changes in working capital

After tax net income during the third quarter resulted from improved silver grades relative to the second

quarter and the relative stabilization of silver prices compared to the second quarter, during which the Company reported a charge against revenue of \$3 million due to the decrease in silver prices during that period. Net income included (i) an unrealized gain of \$0.4 million from an increase in the fair value of Sprott Physical Silver Trust units held by the Company, representing an underlying investment in 134,732 ounces of silver and (ii) a charge against revenues of approximately \$120,000 upon final settlement of sales of concentrate delivered at higher prices prior to the third quarter.

Working capital increased 74% during the quarter to \$11.7 million at September 30, 2013 (\$6.7 million at June 30, 2013). Cash, marketable securities and current accounts receivable increased 102% to \$9.7 million (\$4.8 million at June 30, 2013). Accounts payable increased 4% to \$4.9 million (\$4.7 million at June 30, 2013); these payables currently stand at \$2.3 million.

Cash corporate administration expenses decreased by approximately \$427,000 or 36% during the third quarter of 2013 relative to the same period in 2012 and decreased by \$457,000 or 37% relative to the second quarter of 2013 as the Company implemented cost reduction measures in the corporate head office in Toronto. Salaries and wages, in particular, decreased by 32% and 44% relative to the 3-month and 9-month comparative periods of 2012, respectively, and 27% relative to the second quarter of 2013.

Exploration expenses were limited during the quarter and included mining exploration tax credit reimbursement of approximately \$400,000 for drilling conducted on the Beschefer project in Quebec during 2012. Due to current silver prices and market conditions, the Company is not currently drilling at La Platosa, though drill rigs remain on site and available to resume drilling. The Company expects to resume mantos exploration at La Platosa during the first quarter of 2014.

Cash cost per silver ounce produced net of by-products improved to \$7.77 during the quarter versus \$17.75 in the third quarter of 2012 and \$12.07 in the second quarter of 2013. All-in cost per silver equivalent ounce sold improved to \$10.65 during the quarter versus \$40.81 in the third quarter of 2012 and \$21.01 in the second quarter of 2013. Higher costs during the comparable period in 2012 were caused by an illegal blockade that prevented production in that period.

Relative to the second quarter of 2013, net cash costs and all-in costs were reduced due to improved production in terms of both milled tonnage (16,707 in Q3 versus 13,608 in Q2) and silver grades (975 g/t in Q3 versus 627 g/t in Q2). All-in costs were reduced due to significant reductions in corporate administration expenditures as well as reduced exploration costs during the period. The Company believes that further decreases in production costs are attainable as, during the third quarter, (i) significant expenditures were made on electricity to manage water inflows in the 6A Manto, (ii) lead and zinc grades in the areas mined during the quarter were low, reducing by-product credits and silver equivalent ounces, and (iii) recoveries were lower than in recent quarters (see Operating Highlights for a further discussion). The Company expects these factors to contribute less to costs during the fourth quarter of 2013.

All financial information is prepared in accordance with IFRS, and all dollar amounts are expressed in U.S. dollars unless otherwise specified. The information in this news release should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 and associated management discussion and analysis ("MD&A") which are available from the Company's website at [www.excellonresources.com](http://www.excellonresources.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The discussion of financial results in this press release includes reference to "cash flows from operations before changes in working capital items", "cash cost per silver equivalent ounce produced net of byproducts" and "all-in cost per silver equivalent ounce sold," 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 months ended September 30, 2013, for a reconciliation of these measures to reported IFRS results.

## Production Highlights

Mine production for the three and nine months periods ended September 30, 2013 and 2012 was as follows:

	3 months ended Sept. 30,		9 months ended Sept. 30,	
	2013*	2012	2013*	2012
Tonnes of ore produced	18,271	1,627	50,010	35,357
Tonnes of ore processed	16,707	2,151	48,676	36,747
Ore grades:				
Silver (g/t)	975	750	733	876

	Silver (oz/T)	28.43	21.87	21.38	25.55
	Lead (%)	6.61	6.18	6.52	6.79
	Zinc (%)	7.51	10.70	9.27	11.99
Recoveries:					
	Silver (%)	92.4	95.2	93.7	93.1
	Lead (%)	79.7	87.1	82.9	81.0
	Zinc (%)	79.4	88.4	82.1	85.5
Production:					
	Silver - (oz)	454,573	19,545	998,575	830,100
	Silver equivalent ounces (oz) <sup>(1)</sup>	607,252	45,923	1,510,138	1,295,142
	Lead - (lb)	1,921,547	278,529	5,621,805	4,338,092
	Zinc - (lb)	2,149,884	424,900	8,019,890	8,063,029
Sales:					
	Silver ounces - (oz)	452,040	44,043	1,009,875	826,438
	Silver equivalent ounces (oz) <sup>(1)</sup>	603,666	85,118	1,524,727	1,290,588
	Lead - (lb)	1,969,259	401,678	5,706,170	4,314,303
	Zinc - (lb)	2,074,088	693,657	8,023,228	8,063,029
Realized prices: <sup>(2)</sup>					
	Silver - (\$US/oz)	22.54	28.94	21.84	29.75
	Lead - (\$US/lb)	0.96	0.88	0.94	0.87
	Zinc - (\$US/lb)	0.84	0.86	0.85	0.89

\* Q3 data remains subject to adjustment following settlement with concentrate purchaser, Q2 and Q1 data has been adjusted to reflect settlement with concentrate purchaser.

(1) Silver equivalent ounces established for each period using prices of US\$24 per oz Ag, US\$0.90 per lb Pb, and US\$0.90 per lb Zn applied to the recovered metal content of the concentrates.

(2) Average realized price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period. A complete reconciliation of net realized prices is set out in the Company's Q3 2013 MD&A.

Note: "t"= tonne; "T"= ton

Production during the quarter was primarily from the Guadalupe South and 6B Mantos. Recoveries decreased slightly during the third quarter due to (i) significant remnant grouting from historical water management measures, (ii) oxide mineralization in the 6B Manto, and (iii) closer than usual lead and zinc grades. These conditions are expected to improve as more available ore from other mantos is blended into the ore mined from 6B. The Company is currently mining four to six faces in 6A, 6B and Guadalupe South. During the coming months, the Company expects to open new faces in the Guadalupe South and 623 mantos, with the Rodilla Manto expected to be accessed in 2014.

## Outlook

Excellon is targeting 2013 production of 1.4 million ounces of silver, 7.4 million pounds of lead and 9.8 million pounds of zinc or 2.1 million silver equivalent ounces (based on \$24 silver, \$0.90 lead and \$0.90 zinc) at a targeted all-in cost of \$14.00 per silver equivalent ounce sold.

Though still assessing the potential impact of recent tax reforms in Mexico, the Company currently holds US\$21 million in loss carry-forwards in its Mexican subsidiaries that may be applied against future taxable earnings.

## About Excellon

Excellon's 100%-owned and royalty-free La Platosa Mine in Durango is Mexico's highest grade silver mine, with lead and zinc by-products making it one of the lowest cash cost silver mines in the country. The Company is positioning itself to capitalize on undervalued projects by focusing on increasing La Platosa's profitable silver production and near-term mineable resources.

Additional details on the La Platosa Mine and Excellon's exploration properties are available at [www.excellonresources.com](http://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 in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, significant downward variations in the market price of any minerals produced [particularly silver], the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies. All of the Company's public disclosure filings may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties, and particularly the November 22, 2011 NI 43-101-compliant technical report prepared by Roscoe Postle Associates Inc. with respect to the Platosa Property. This press release is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.*

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