

TORONTO, ON--(Marketwired - May 10, 2016) - 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 three-month period ended March 31, 2016.

Q1 2016 Financial Highlights

- Revenue of \$4.3 million (Q1 2015 - \$5.1 million)
- Sales of 329,200 silver equivalent ounces ("AgEq oz") payable (Q1 2015 - 379,279 AgEq oz payable)
- Mine operating earnings of \$0.4 million (Q1 2015 - loss of \$0.4 million)
- Adjusted net loss of \$0.7 million or \$0.01/share (Q1 2015 - adjusted net loss of \$0.2 million or \$0.00/share)
- Production cost per tonne reduced by 28% relative to Q1 2015
- All-in sustaining cost ("AISC") per silver ounce payable of \$16.98, a reduction of 18% relative to Q1 2015 (\$20.69), including AISC of \$11.72 in March 2016 following access of high grade mineralization in the Rodilla Manto
- Phase II of optimization program underway with primary well drilling
- Cash and current account receivables totaled \$5.5 million at March 31, 2016 (December 31, 2015 - \$4.7 million), not including CAD\$3.0 million private placement with Eric Sprott and sale of DeSantis claims to [Oban Mining Corp.](#) in April 2016
- Net working capital totaled \$5.4 million at March 31, 2016 (December 31, 2015 - \$5.5 million)

"We continued to make good progress in reducing operating costs during the first quarter," stated Brendan Cahill, President and Chief Executive Officer. "After accessing the Rodilla Manto earlier than planned in late February, we realized an AISC of \$11.72 for March, demonstrating the opportunity to dramatically reduce costs per ounce under dry mining conditions at Platosa. We continue to execute our dewatering strategy, with the primary production wells now being drilled. Additionally, subsequent to the end of the quarter, we strengthened our balance sheet with a financing from Eric Sprott and the closing of the transfer of the DeSantis property's mining claims to Oban Mining. Looking ahead, our focus is to continue to improve operating results as the Platosa optimization program is implemented."

Financial results for the three month periods ended March 31, 2016, December 31, 2015 and March 31, 2015 are as follows:

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

	Q1 2016	Q4 2015	Q1 2015
Revenue ⁽¹⁾	4,261	2,477	5,055
Production costs	(3,269)	(3,318)	(4,560)
Depletion and amortization	(605)	(675)	(847)
Cost of sales	(3,874)	(3,993)	(5,407)
Gross profit (loss)	387	(1,516)	(352)
Corporate administration	(654)	(976)	(792)
Exploration	(137)	(123)	(226)
Other (incl. royalty income and finance cost)	(2,347)	769	524
Impairment of mineral rights	-	(662)	-
Income tax recovery (expense)	125	831	609
Net loss	(2,626)	(1,677)	(237)
Adjusted net loss ⁽²⁾⁽³⁾	(736)	(676)	(237)
Loss per share - basic	(0.05)	(0.03)	(0.00)
Loss per share - adjusted	(0.01)	(0.01)	(0.00)
Cash flow from (used in) operations ⁽⁴⁾	261	(1,492)	430
Cash flow from (used in) operations per share - basic	0.00	(0.03)	0.01
Cash cost per silver ounce payable (\$/Ag oz)	10.38	19.86	14.24
All-in sustaining cost per silver ounce payable (\$/Ag oz)	16.98	34.92	20.69

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

(2) Q1 2016 adjusted net loss reflects results before \$1.9 million fair value adjustment loss on embedded derivatives and warrants related to outstanding convertible debentures.

(3) Q4 2015 adjusted net loss reflects results before \$0.7 million impairment charge on DeSantis exploration property in Canada and \$0.3 million fair value adjustment loss on embedded derivatives and warrants related to outstanding convertible debentures.

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

Operations during the first quarter continued to focus on progressing Platosa's optimization program and development into higher grade areas of the mine. Production from Platosa was primarily from the 6A, N1, Guadalupe North and South and, in late February 2016, mine operations began accessing ore from the Rodilla Manto, approximately seven months ahead of schedule and at shallower levels than delineated in the resource block model. Previously this manto was significantly below the water table, but conditions are now almost entirely dry as a result of ongoing dewatering efforts. As delineated in the Platosa resource

block model, the upper levels of the Rodilla Manto host mineralization grading approximately 800 g/t Ag, 7% Pb and 10% Zn on an undiluted basis. Much of this "bonus" mineralization encountered was materially higher grade on a diluted basis, with approximately 1,600 tonnes of ore produced from Rodilla grading in excess of 1,000 g/t Ag, 10% Pb and 10% Zn. During the period, water management at Platosa was effective at controlling inflows, though continues to limit productivity and development in the operation, particularly in the 623 and Guadalupe South mantos.

In Q1 2016, silver and lead production of 211,557 ounces and 1.3 million pounds respectively were comparable to Q1 2015 as lower grades were offset by the higher tonnage milled in the quarter. Zinc production of 1.6 million pounds was lower by 29% relative to Q1 2015, primarily a result of lower zinc grades mined, but an improvement from the previous quarter. Overall, the Company produced 363,552 silver equivalent ounces in Q1 2016 compared to 408,095 silver equivalent ounces in Q1 2015 and 259,885 silver equivalent ounces in the previous quarter.

During Q1 2016, the Company generated lower net revenues of \$4.2 million compared to \$5.1 million in Q1 2015 primarily due to lower zinc production of 1.6 million pounds and realized price of \$0.81/lb in Q1 2016 compared to 2.3 million pounds and realized zinc price of \$0.93/lb in Q1 2015, along with lower silver prices. Revenues improved from the previous quarter primarily due to accessing the Rodilla Manto where high grades improved production to 329,200 silver equivalent ounces payable in Q1 2016 compared to 230,270 silver equivalent ounces in Q4 2015. Approximately 2,300 tonnes of ore milled during the quarter were extracted from historic stockpiles and settling ponds at Platosa at minimal cost with grades of approximately 150 g/t silver and 1-2% lead and zinc. High-grade ore produced during the quarter was blended with this lower grade material to improve recoveries and concentrate payability.

Production costs decreased to \$3.3 million during the quarter from \$4.6 million in Q1 2015, a 28% improvement, primarily due to continuous improved maintenance practices on pumps and mobile equipment.

The Company recorded a net loss of \$2.6 million in Q1 2016 compared to a net loss of \$0.2 million in Q1 2015. The Company's adjusted net loss of \$0.7 million in Q1 2016 reflects the current period's results before recording a \$1.9 million fair value adjustment loss on embedded derivatives and warrants related to outstanding convertible debentures in accordance with IFRS, the amount of which is included in finance cost. The fair value adjustment derives primarily from the strong performance of the Company's stock during the period, with the market price increasing from \$0.31 as of December 31, 2015 to \$0.61 as of March 31, 2016, resulting in significant increases in valuation/cost upon the potential conversion or exercise of the debentures or warrants, respectively. Q4 2015 adjusted net income reflects the period's results before recording a \$0.3 million fair value adjustment loss on embedded derivatives and warrants related to the convertible debentures and an impairment of \$0.7 million on the DeSantis property in Canada to reflect the estimated fair value of the property for its sale to [Oban Mining Corp.](#) The transfer of the mining claims composing the DeSantis property were completed in early Q2 2016, while the transfer of the mining leases is expected to close by the end of the quarter.

Cash corporate administrative expenses of \$0.5 million in Q1 2016 decreased by 18% compared to Q1 2015 (\$0.6 million), reflecting continued cost discipline at the corporate head office in Toronto.

Exploration expenses of \$0.1 million in Q1 2016 decreased compared to \$0.2 million in Q1 2015. Exploration activity continues to be limited in an effort to conserve funds in the current silver price environment. Planning for additional drilling continues as 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.

The Company invested \$0.6 million in capital expenditures during Q1 2016 for mine development compared to \$0.4 million in Q1 2015. Mine development continues to be a priority for 2016 as the Company accesses the Rodilla and high-grade 623 mantos, the latter of which hosts mineral resources of 83,000 tonnes at 1,232 g/t Ag (1,777 g/t AgEq).

Cash cost per silver ounce payable was \$10.38/oz in Q1 2016 improved by 27% compared to \$14.24 for Q1 2015 and 48% compared to the previous quarter due to increased byproduct credits and improved production. AISC of \$16.98 during Q1 2016 improved by 18% compared to \$20.69 in Q1 2015, despite producing 5% fewer silver payable ounces in the quarter. Notably AISC was \$11.72 in March 2016 as operations accessed mineralization in the Rodilla manto under dry mining conditions. AISC is expected to fluctuate from month to month as the Company continues implementation of the Platosa optimization program, but the low cost profile achieved in March is illustrative of the opportunity to materially reduce production costs at Platosa under dry mining conditions.

Excellon defines AISC per silver ounce as the sum of total cash costs (including treatment charges and net of byproduct 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 news release should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2016 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 reference to "cash flows from operations before changes in working capital items", "cash cost per payable silver equivalent ounce net of byproducts", "all-in cost per payable silver equivalent ounce", and "adjusted net income" 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 quarter ended March 31, 2016, for a reconciliation of these measures to reported IFRS results.

Optimization Plan

As announced on June 2, 2015 and November 2, 2015 and summarized in the National Instrument 43-101 technical report on the Platosa Property dated July 9, 2015, the Company has developed an optimization program to comprehensively manage water at Platosa in the future through an enhanced pumping system.

The Company expects the optimization plan to be fully implemented during the latter half of 2016, but expects to see incremental benefits during the implementation period. The second phase of the program, drilling of the primary dewatering wells, is underway. Further updates on the progress of this program will be provided regularly during the implementation period.

Production Highlights

Mine production for the three month periods ended March 31, 2016, December 31, 2015 and March 31, 2015 are as follows:

	Q1 2016 ⁽¹⁾	Q4 2015 ⁽¹⁾	Q1 2015 2014 ⁽¹⁾
Tonnes of ore produced	12,778	13,145	13,920
Tonnes of ore processed	14,720	12,999	13,828
Ore grades:			
Silver (g/t)	483	406	533
Lead (%)	4.80	3.65	5.37
Zinc (%)	6.15	5.33	8.83
Recoveries:			
Silver (%)	91.6	88.9	91.7
Lead (%)	83.6	79.8	79.2
Zinc (%)	79.3	81.3	83.7
Production:			
Silver - (oz)	211,557	152,628	217,079
Silver equivalent ounces (oz) ⁽²⁾	363,552	259,885	408,095
Lead - (lb)	1,318,916	837,903	1,252,796
Zinc - (lb)	1,588,778	1,261,072	2,239,313
Payable: ⁽³⁾			
Silver ounces - (oz)	193,514	135,928	204,224
Silver equivalent ounces (oz) ⁽²⁾	329,200	230,270	379,279
Lead - (lb)	1,251,340	780,634	1,253,665
Zinc - (lb)	1,345,013	1,061,270	1,960,490
Realized prices: ⁽⁴⁾			
Silver - (\$US/oz)	15.48	13.95	16.22
Lead - (\$US/lb)	0.81	0.75	0.81
Zinc - (\$US/lb)	0.81	0.69	0.93

- (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) Silver equivalent ounces established using average metal prices during the period indicated applied to the recovered metal content of the concentrates.
- (3) Payable metal is based on the metals shipped and sold during the period and may differ from production due to these reasons.
- (4) 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.

About Excellon

Excellon's 100%-owned Platosa Mine in Durango is Mexico's highest grade silver mine, with lead and zinc by-products historically 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 the rest of Excellon's exploration properties are available at

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 and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties, and particularly the July 9, 2015 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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