

Excellon Resources to Acquire Otis Gold Creating a New Multi-Asset Precious Metals Company

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TORONTO, Feb. 24, 2020 - [Excellon Resources Inc.](#) (TSX:EXN, EXN.WT, OTC:EXLLF and FRA:E4X1) ("Excellon" or the "Company") and [Otis Gold Corp.](#) (TSX-V:OOO, OTC:OGLDF, FRA:4OG) ("Otis Gold") are pleased to announce that they have entered into a definitive agreement (the "Agreement") today whereby Excellon will acquire all the issued and outstanding shares of Otis Gold pursuant to a plan of arrangement under the Business Corporations Act (British Columbia) (the "Transaction").

The combined company will be a well-financed precious metals producer with established silver production in Mexico and an attractive gold development project in the United States. The Transaction is an initial step in Excellon becoming a larger multi-asset precious metals company.

Transaction Highlights

- Enhanced portfolio of projects for the new precious metals bull market: Combines Platosa's high-grade silver production with high return and low risk Kilgore development project, creating a pipeline for growth.
- Significant exploration upside: Active exploration on four key mineral trends including the CRD and Fresnillo epithermal silver trends in Mexico, the re-emerging Idaho gold region, and the historic Freiberg district in Saxony, all known for multi-million ounce precious metal discoveries.
- Geographic diversification: Diverse, well-established mining jurisdictions across two continents, reducing single asset risk.
- Enhanced capital market profile: The combined company will be well financed with US\$10 million in cash and available funds and is expected to have a market capitalization of approximately C\$124 million and will be listed on the Toronto Stock Exchange ("TSX") in Canada. Excellon also intends to apply for a listing on the NYSE American LLC ("NYSE American") in the United States.
- Proven board and management: Integrates board and management that can discover, permit, finance, develop and operate mining assets to industry leading standards, with proven experience in North America.
- Unanimous board approval and shareholder support: The Board of Directors of both companies have unanimously recommended support for the Transaction. Additionally, 25% of Otis Gold and 20% (including Eric Sprott) of Excellon shareholders have entered into voting support agreements.

Excellon President & CEO Brendan Cahill stated: "The acquisition of Otis Gold represents an exceptional opportunity to further Excellon's vision of creating wealth. We believe that we are at the dawn of a new bull market in precious metals. The Kilgore deposit multiplies our resource base and increases our precious metal exposure from approximately fifty percent to over ninety percent. Kilgore represents a low-cost, high-IRR development opportunity that complements and enhances our existing growth pipeline of production and exploration. With Kilgore, we will maintain our focus on exploration, the lifeblood of our industry. We have an immediate plan to grow the existing Kilgore resource and define the larger, multi-million ounce opportunity."

Otis Gold President & CEO Craig Lindsay stated: "We are excited to partner with an experienced producer to aggressively move the Kilgore Project forward. We believe that Kilgore is on the cusp of significant growth, and we strongly feel that Excellon's technical and management team are well-positioned to both re-imagine and fast-track the project's development. Additionally, Excellon's existing production in Mexico, its suite of exciting exploration projects in Mexico and Germany, coupled with our US gold exposure, creates a very balanced and compelling investment thesis."

Benefits to Excellon Shareholders

- Adds two significantly undervalued gold assets: the Kilgore Project hosting an Indicated resource of 825,000 oz Au @ 0.58 g/t and an Inferred resource of 136,000 oz Au @ 0.45 g/t, and the Oakley Project hosting an Inferred resource of 163,000 oz Au @ 0.51 g/t;
- Amplifies exposure to precious metals in the early stages of a bull market by increasing measured and indicated resources by 450% and precious metal exposure from 50% to over 90%;
- Enhances growth profile with the addition of Kilgore, an advanced-stage gold development asset, with PEA highlights including a post-tax NPV_{5%} of US\$185M and an IRR of 54% (@ US\$1,500 Au), with initial capital of US\$81 million;
- Affords significant exploration upside to expand the existing Kilgore resource, follow-up on high-grade results including 85.4 m of 2.50 g/t Au in 16OKR-338 near surface and 30.5 m of 5.37 g/t Au in 16OKR-315;
- Diversifies asset base into the favourable mining jurisdiction of Idaho and positions Excellon for further growth in the United States;
- Increases capital markets presence, trading liquidity and shareholder base through the proposed listing of the combined company on the NYSE American exchange; and
- Provides re-rating potential in-line with larger precious metal peers.

Benefits to Otis Gold Shareholders

- Delivers immediate and significant premiums of 47% and 55% based on the spot and 20-day VWAP of Otis Gold shares on the TSX-V;
- Accesses a proven team with the ability to discover, permit, finance, develop and operate to industry leading standards;
- Diversifies existing "single asset development" risk through exposure to Excellon's producing asset and additional exploration properties;
- Provides continued exposure to the Kilgore Project and the anticipated benefits of the transaction through the ownership of Excellon shares;
- Positions the combined company for a rising precious metal price environment through ownership of a larger combined entity with existing silver production and a robust gold development pipeline in top jurisdictions;
- Increases trading liquidity significantly through receiving Excellon shares and through the proposed listing of the combined company on the NYSE American exchange; and
- Provides re-rating potential in-line with larger precious metal peers.

Transaction Particulars

Under the terms of the Transaction, Excellon will acquire all outstanding shares of Otis at a share exchange ratio of 0.23 Excellon shares for each Otis share (the "Exchange Ratio"). Each Otis warrant will become exercisable for Excellon common shares, as adjusted in accordance with the Exchange Ratio. Each Otis option outstanding will be exchanged for an Excellon option to acquire Excellon common shares as adjusted in accordance with the Exchange Ratio. Based on the Exchange Ratio, upon completion of the Transaction, existing Excellon shareholders will own 74% and former Otis shareholders will own 26% of the combined company.

Upon completion of the Transaction, Excellon as the combined company will have approximately 154 million common shares issued and outstanding prior to the Proposed Consolidation (as defined below).

The Transaction is expected to be structured as a plan of arrangement under the Business Corporations Act (British Columbia) and, in addition to other customary closing conditions, is subject to regulatory, stock exchange and court approvals or orders. The Transaction will require the approval of (A) (i) two-thirds of the votes cast by Otis Gold shareholders at a shareholder meeting and (ii) if required, a simple majority of the votes cast by Otis Gold shareholders at a shareholder meeting, excluding the votes held by certain persons as required by Multilateral Instrument 61-101 Protection of Minority Securityholders in Special Transactions, and (B) a simple majority of the votes cast by Excellon shareholders at a shareholder meeting. The Proposed Consolidation requires the approval of two-thirds of the votes cast by Excellon shareholders at a shareholder meeting.

Officers, directors and certain shareholders of Otis Gold, who collectively hold 25% of Otis Gold's issued common shares, have entered into voting support agreements in favour of the Transaction. Officers, directors and certain shareholders of Excellon, who collectively hold 20% of Excellon's issued common shares, have entered into voting support agreements in favour of the Transaction.

The special meetings of Otis Gold and Excellon are expected to be held in April 2020. It is expected that a

joint information circular of Excellon and Otis Gold detailing the terms and conditions of the Transaction and setting out the resolutions to be approved at the respective meetings of Otis Gold and Excellon shareholders will be filed with regulatory authorities and mailed to the shareholders of both companies in March 2020 in accordance with applicable securities laws.

The Agreement includes customary deal-protection provisions, including non-solicitation of alternative transactions and a reciprocal break fee of C\$1 million payable by either party, under certain circumstances.

Combined Company Asset Portfolio

On completion of the Transaction, Excellon will continue to own and operate the high-grade, silver-lead-zinc Platosa Mine in Mexico, offering immediate and significant leverage to silver prices. Platosa is located within a 14,000-ha land package with significant opportunity to grow resources near existing mine infrastructure and identify new deposits regionally.

Excellon will also own 100% of the development stage Kilgore gold project located in Idaho, United States. The Kilgore project is caldera-related epithermal gold deposit with current Indicated Resource of 44.6 million tonnes at 0.58 g/t Au for 825,000 ounces Au and an Inferred Resource of 9.4 million tonnes at 0.45 g/t Au for 136,000 ounces Au. The property includes historical mine workings dating back to the early 1900s with further drilling in the 1980s that revealed the potential for mineralization well outside of the existing resource area, with limited follow up to date. Kilgore displays similar characteristics to Kinross Gold's Round Mountain Mine, which has produced over 14 million ounces of gold to date.

In 2019, Otis Gold completed a preliminary economic assessment that supports the potential for a low capital intensity, low operating cost, open-pit, heap-leach mining operation, which projects an initial capital cost of US\$81 million, producing 112,500 ounces of gold per year over a 4.9 year mine life and generating highly attractive economics at US\$1,300 gold, including a post-tax US\$110 million NPV_{5%} and 34% IRR. At US\$1,500 gold, the project delivers a projected post-tax US\$185 million NPV_{5%} and 53% IRR (see Otis Gold press release dated August 27, 2019). Multiple opportunities exist to enhance the project, including significant exploration potential.

The Kilgore project is scalable in size and throughput and is open for expansion to the north, south and west. Opportunities for step-out drilling exist around the current area of mineralization. Immediately to the north of the deposit 16OKR-338 intersected 85.4 metres of 2.50 g/t Au near surface in the volcanic sequence, an area of the deposit that requires follow up along strike. Additionally, drilling has identified mineralization in the Aspen formation, a permeable sedimentary unit lying below the volcanic package that has seen minimal drilling with multiple holes ending in mineralization. Drill results from the Aspen formation include:

- 56.4 m of 2.05 g/t Au in 15OKR 304;
- 59.5 m of 3.79 g/t Au in 15OKR-305;
- 50.3 m of 4.24 g/t Au in 15OKR-308;
- 94.5 m of 4.21 g/t Au in 15OKR-309; and
- 30.5 m of 5.37 g/t Au in 16OKR-315.

Drilling at the Kilgore Project in 2020 will be performed under a Plan of Operations approved by the U.S. Forest Service. Results from this work will be incorporated into an updated resource estimate. Modelling is underway to improve understanding of the controls on high-grade mineralization, which represents the feeders of the mineralizing system, and to further define the receptive volcanic and sedimentary rock units that make up the bulk of the current resource. These units are open beyond the current resource. These assessments are designed to create new targets for expansion in 2020.

Excellon will also own a portfolio of precious metals exploration projects in the United States, Mexico and Germany including the Evolución Project in Zacatecas, the Oakley gold project in Idaho and the Silver City Project in Saxony, Germany.

Board & Management

Excellon will be managed by a combination of individuals from the two companies to ensure continuity with the core assets and current work programs. The proposed Board will comprise seven individuals including André Fortier, Laurie Curtis, Andrew Farncomb and Brendan Cahill from Excellon, Roger Norwich and Craig Lindsay from Otis Gold and Mike Timmins (CEO and Director of Trillium Mining Corp. and former VP Corporate Development of [Agnico Eagle Mines Ltd.](#)). Mr. Timmins led Agnico's C\$5 million strategic

investment in Otis Gold in 2017 to further the Kilgore Project.

Key members of the continuing management team will be Brendan Cahill, President & CEO, Anna Ladd-Kruger CFO & VP Corporate Development, Ben Pullinger, Senior Vice President Geology, Alan Roberts, VP Exploration (US) and Craig Ford, VP Corporate Responsibility.

NYSE American Listing Application and Share Consolidation

In connection with the Transaction, Excellon is seeking to make an application to list the common shares of the combined company on the NYSE American. A listing on the NYSE American is expected to materially increase Excellon's exposure to a larger and more diverse group of institutional and retail investors which the board and management believe will improve trading liquidity and expand Excellon's shareholder base.

To meet the minimum share price requirements of listing on the NYSE America (US\$2.00), Excellon will propose a consolidation of its issued and outstanding common shares, if necessary, on the basis of between one (1) post-consolidated common share for every five (5) to ten (10) pre-consolidated common shares (the "Proposed Consolidation"). A separate announcement will be made by Excellon in due course. The listing of Excellon's common shares on the NYSE American will be subject to the approval of the NYSE American and the satisfaction of all applicable listing and regulatory requirements.

Sprott Lending Bridge Facility to Excellon

Excellon has signed a non-binding term sheet in respect of a US\$6-million bridge-loan credit facility (the "Facility") with Sprott Private Resource Lending II (Collector), LP ("Sprott Lending"). Proceeds of the Facility will be used for, among other things, general working capital purposes relating to Excellon's projects and ongoing corporate development opportunities.

The Facility bears interest at 10% per annum, compounded and payable monthly, and due and payable in full on or before August 28, 2020. In consideration for the Facility, Excellon will issue partner alignment shares ("Alignment Shares") to Sprott Lending with a value of US\$180,000 (3% of the principal amount of the Facility), with the number of Excellon Shares issuable to be based on a 10% discount to the 5-day volume weighted average trading price of the Excellon Shares on the TSX immediately prior to the closing date of the Facility, which is expected to be on or about February 28, 2020 subject to mutually satisfactory documentation and other customary conditions precedent. The Alignment Shares will be subject to a hold period of four months and one day from the date of issuance under applicable securities laws.

Bridge Loan to Otis

Excellon has agreed to advance Otis Gold a bridge loan in the principal amount of up to C\$500,000 ("Loan") in two tranches of \$250,000. The proceeds of the Loan are to be used by Otis Gold to provide general working capital during the period from the execution of the Definitive Agreement until closing of the Transaction. The Loan shall bear interest at a rate of 10% per annum and shall be repayable in cash or shares, at Excellon's option, with the conversion price per Otis Gold share being equal to the 5-day volume weighted average trading price of the Otis Gold common shares on the TSX Venture Exchange prior to the date of conversion, subject to a minimum price of \$0.125.

Advisors and Counsel

PI Financial Corp. ("PI Financial") is acting as financial advisor and Bennett Jones LLP is acting as legal counsel to Excellon. DuMoulin Black LLP is acting as legal counsel to Otis Gold. Cormark Securities Inc. ("Cormark") is acting as financial advisor to the special committee of the Board of Directors of Otis Gold (the "Special Committee").

Board of Directors Recommendation

PI Financial has provided a fairness opinion to the Board of Directors of Excellon that, subject to the assumptions, limitations and qualifications set out in such fairness opinion, the consideration to be paid by Excellon pursuant to the Transaction is fair, from a financial point of view, to Excellon shareholders.

Cormark has provided an opinion to the Special Committee of the Board of Directors of Otis Gold stating that, based upon and subject to the assumptions, limitations and qualifications set forth therein, the

consideration offered to Otis Gold shareholders pursuant to the Transaction is fair, from a financial point of view, to Otis Gold shareholders.

Conference Call and Webcast

Excellon and Otis Gold will host a joint conference call and webcast on February 24, 2020 at 10:00 AM EDT, to discuss the Transaction. Those interested in participating in the conference call should dial in use the following numbers:

North American Toll Free: 1-800-319-4610

Toronto Toll: +1-416-915-3239 (valid internationally)

Webcast link: <http://services.choruscall.ca/links/excellon20200224.html>

The webcast will be archived on both the Excellon and Otis Gold websites until the Transaction closes.

Qualified Persons

Mr. Ben Pullinger, P. Geo., Senior Vice President Geology has acted as the Qualified Person for Excellon, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information in this press release.

Mr. Alan Roberts, MSc, CPG, Vice President of Exploration of Otis Gold, has acted as the Qualified Person, as defined in NI 43-101, with respect to the disclosure of the scientific and technical information in this press release.

About Excellon

Excellon's 100%-owned Platosa Mine has been Mexico's highest-grade silver mine since production commenced in 2005. The Company is focused on optimizing Platosa's cost and production profile, discovering further high-grade silver and carbonate replacement deposit mineralization on the 14,000-hectare Platosa Project and epithermal silver mineralization on the 100%-owned 45,000-hectare Evolución Property, and capitalizing on current market conditions by acquiring undervalued projects. The Company also holds an option on the 164 km² Silver City Project in Saxony, Germany, a high-grade epithermal silver district with 750 years of mining history and no modern exploration.

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

About Otis Gold

Otis Gold is a resource company focused on the acquisition, exploration, and development of precious metal deposits in Idaho, USA. Otis is currently developing its flagship property, the Kilgore Project, located in Clark County, Idaho and the Oakley Project, located in Cassia County, Idaho.

Additional details on Otis Gold's properties are available at www.otisgold.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Canadian securities laws. Such statements in this press release include, without limitation, statements regarding the timing of the completion of the Transaction, synergies of the Transaction; the anticipated benefits of the Transaction to shareholders of Excellon and Otis Gold; the third-party approvals required to complete the Transaction; the conditions required to be satisfied to complete the Transaction; the ability of the companies to complete the Transaction on terms announced; the future results of operations of the combined company following the completion of the Transaction, the timing of the companies to hold their respective shareholders' meetings; the expected timing to finalize and mail the joint management information circular; the Proposed Consolidation and listing on the NYSE American; the intentions, plans and future actions of the companies participating in the transactions described herein; the board and management of the combined company; timing to list the common shares of Excellon on the NYSE American, performance and achievements of the combined company, including potential property acquisitions, the timing, content, cost and results of proposed work programs, the continued availability of the Loan, 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 and market trends and future operating revenues. Although the companies believe 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 companies caution investors that any forward-looking statements 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, the inability to satisfy the conditions required to complete the Transaction; the companies not being able to obtain third-party approvals; the Agreement being terminated; 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, the 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. The companies do not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

The public disclosure filings of Excellon and Otis Gold may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the mineral properties of the combined companies, and particularly the September 7, 2018 NI 43-101 technical report prepared by SRK Consulting (Canada) 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. The distribution of the Excellon Shares in connection with the transactions described herein will not be registered under the United States Securities Act of 1933 (the "U.S. Securities Act") and the Excellon Shares may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the Excellon Shares, nor shall there be any offer or sale of the Excellon Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

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