

# Excellon Announces Sale of Interest in Non-Core Oakley Project and Provides Corporate Update

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Sells Interest in Oakley Project for US\$1 Million Cash

Update on Convertible Debenture Restructuring and Asset Portfolio

Toronto, August 30, 2023 - [Excellon Resources Inc.](#) (TSX: EXN) (OTCQB: EXNRF) (FSE: E4X2) ("Excellon" or the "Company") is pleased to announce that Excellon Idaho Gold Inc. ("Excellon Idaho"), a wholly-owned subsidiary of Excellon, has entered into a definitive agreement (the "Purchase Agreement") with Centerra (U.S.) Inc. ("Centerra"), a wholly-owned subsidiary of Centerra Gold Inc. to sell Excellon's remaining minority interest in the Oakley Project ("Oakley") for US\$1 million in cash.

## Highlights

- Liquidity update:
  - Sale of Oakley will provide Excellon with US\$1 million in cash.
  - Excellon expects to arrange an additional up to US\$1 million in liquidity from non-dilutive sources, targeting early Q4 2023.
- Debenture restructuring:
  - Continuing discussions with debentureholders on a potential restructuring, repricing and extension of existing convertible debentures.
- Excellon asset portfolio update:
  - Oakley Project: Successful monetization through sale of remaining minority interest to Centerra.
  - Kilgore Project: Update on 2022 drill results in Q3 2023 and reassess exploration program for 2024.
  - Silver City: Creation of a new Europe-focused precious and base metals explorer, leading with the 340 km<sup>2</sup> Silver City land package, one of the largest mineral tenures in Saxony, Germany.
  - Mexico Operations: Exploring strategic options following wind-down of Platosa.

Shawn Howarth, President and CEO of Excellon, commented, "First, we are pleased to reach an agreement with Centerra on the sale of Oakley. By selling Oakley, Excellon secures necessary financial liquidity in the short term while mitigating future cash outflows that would otherwise be required to maintain pro forma interest in the project."

Mr. Howarth added, "Excellon's future growth is currently underpinned by its core assets, the Kilgore and Silver City projects. The Company sees tremendous value potential in both assets and has invested significant capital and effort to advance these projects, at a time when the Excellon narrative was overshadowed by headwinds at our Mexican operations and the wind-down of Platosa. With Kilgore, we see significantly greater exploration potential and are excited to be able to announce 2022 drill results shortly."

With Silver City, we see optionality in a district-scale exploration growth story, or the ability to capitalize on expected market trends as new Europe-focused exploration opportunities begin to emerge."

#### Sale of Oakley

Excellon Idaho, a wholly-owned subsidiary of Excellon, has entered into the Purchase Agreement with Centerra to sell its remaining 30% minority interest in Oakley for US\$1 million paid in cash.

Immediately prior to the execution of the Purchase Agreement, Centerra had earned into a 70% interest in Oakley by spending US\$7 million in exploration expenditures since 2020. As per the terms of the earn-in agreement with Centerra, Excellon would be required to fund future expenditures on a 70%/30% pro rata basis. If Excellon chose to waive its pro rata expenditures, the Company would be diluted to an effective 2% net smelter returns royalty on Oakley.

The completion of the transaction is subject to customary conditions for a transaction of this nature, including the receipt of necessary regulatory and third party approvals. The transaction is expected to close prior to September 30, 2023.

#### Debenture Restructuring Update

The Company is in advanced discussions with debentureholders representing approximately 66<sup>2/3</sup>% of the aggregate principal amount of the 5.75% secured convertible debentures of the Company (the "Debentures") on a potential restructuring, repricing and further extension of the Debentures. While all parties are committed to seeing an agreeable outcome, there can be no guarantee such agreement will be reached, or the terms of such agreement.

The Company will continue to provide further updates when available.

#### Capital Resources, 12-month Outlook and Next Steps

##### Current Liquidity

By early Q4 2023, the Company expects to have up to US\$2 million in liquidity available through the sale of non-core assets, German VAT receivables and other non-dilutive sources of financing under review.

These proceeds will be used to restructure accrued payables, unsecured liabilities and fund ongoing near-term working capital.

The following 12-month plan is subject to obtaining additional financial resources and therefore expectations for the projects may change based on market conditions. While the Company does not anticipate selling or liquidating further assets, there can be no assurance additional financing will be received, or the timing of obtaining additional capital.

##### 12-month Outlook

Management believes in the value potential of the Company's core assets and that the following plans are executable and can return value to Excellon shareholders, upon successful completion.

##### Kilgore Project, Idaho

Kilgore is an advanced exploration-stage project located in Clark County, Idaho. A preliminary economic assessment was completed on Kilgore in 2019 that demonstrated potential as a low-cost, open pit, heap-leach mining operation<sup>1</sup>. The Company acquired Kilgore for approximately US\$20 million in 2020 at a

time when the average gold price was approximately US\$1,600/oz.

Management sees greater upside potential for Kilgore in a renewed focus on exploration and the potential for mineralization growth. During the summer of 2022, Excellon embarked on a phase one drill program testing high-grade structure within the existing pit, and continuity of mineralization into the Aspen formation. The Company plans to release the remainder of assays pending by end of September. A second phase of the drill program will test known step-out areas and continue to refine targets for further mineralization growth.

Financing additional work at Kilgore is contingent on raising additional equity, proceeds from asset sales or an exploration joint venture on the project. The Company will provide further updates on financing in due course.

#### Silver City Project, Germany

Silver City, in the heart of the "Ore Mountains of Germany", is comprised of four mineral licenses totalling 340 km<sup>2</sup>. Excellon's focused drill program in 2021 and 2022 invested approximately C\$8 million in exploration expenditures including over 22,000 metres.

Saxony Germany is an area incredibly rich in a wide range of mineralization including both precious and critical minerals such as lithium, graphite, cobalt and other EV minerals previously considered uneconomic. As modern mining and processing techniques are applied to these critical mineral veins, the exploration potential in Saxony Germany is shifting. The Silver City project is located at the heart of this activity.

Excellon was successful intersecting high-grade silver, lead and zinc epithermal vein mineralization. The potential exists, however, that additional mineralization could be discovered and modern exploration techniques allow the Company to efficiently explore beyond where historic regional mining took place.

Excellon believes this is an opportune time to be exploring for minerals in Europe. The European framework for minerals investment is rapidly changing to support domestic supply security<sup>2</sup> and the new "Saxon Raw Materials Strategy" was recently published supporting the importance of promoting a local mining industry<sup>3</sup>.

Excellon will continue to assess the market for a spin-out of the project. Priorities with a spin-out are to raise sufficient capital to adequately fund the next exploration campaign and a valuation that justifies return on historical exploration capital. Excellon maintains excellent relationships with the local government and as the holding costs for Silver City are exceptionally low relative to other exploration jurisdictions globally, Excellon has the benefit of optionality and timing to successfully deliver the project into the capital markets.

#### Mexico Operations

The Company holds two mineralized properties in Mexico. The Platosa mineral concessions are located approximately five kilometres north of the town of Bermejillo and 45 kilometres north of the city of Torreón. The historically mined deposit consisted of a series of high-grade carbonate-replacement deposits (CRD) occurring as mantos. The Evolucion Property covering 310 km<sup>2</sup> covers a 17 km strike along the Fresnillo trend, hosting epithermal quartz veins proximal to the San Sebastian Mine.

As the Platosa Mine was placed on care and maintenance in early Q4 2022, the Company is assessing its strategic options, including the potential sale of select properties or complete divestiture of the Mexico operations. The Company will provide further updates on the Mexico operations as necessary.

#### Annual Meeting of Shareholders

The Company also announces that it has been granted a further extension by the Toronto Stock Exchange to hold its annual meeting of shareholders by no later than November 10, 2023. The Company will provide further details regarding its annual meeting 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](http://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 sale of its remaining interest in Oakley; the status of discussions with respect to a potential restructuring of the Debentures; liquidity initiatives and future financial health; interim financing options; corporate development and strategic opportunities (including divestitures, merges or spin offs of the Company's assets) and purpose or outcome thereof; the timing and ability of the Company to complete the sale of its remaining interest in Oakley; the timing and ability of the Company to receive necessary regulatory and third party approvals for the sale of its remaining interest in Oakley; Excellon's vision and advancement of its portfolio; and any updates to the market regarding 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. 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 failure to complete the sale of Oakley, the inability of the Company to satisfy the conditions precedent to the sale of Oakley, including the receipt of necessary regulatory and third party approvals, the termination of the Purchase Agreement, the inability of the Company to further advance discussions with respect to a potential restructuring of the Debentures, 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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<sup>1</sup> Source: Independent Technical Report and Preliminary Economic Assessment, Kilgore Project, dated August 26, 2019.

<sup>2</sup> European Critical Raw Materials Act, March 16, 2023

([https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip\\_23\\_1661/IP\\_23\\_1661\\_EN.pdf](https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_23_1661/IP_23_1661_EN.pdf))

<sup>3</sup> Saxon Raw Material Strategy (<https://publikationen.sachsen.de/bdb/artikel/29774/documents/43489>)

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