

EXCELLON RESOURCES INC.

- and -

LATEEGRA GOLD CORP.

ARRANGEMENT AGREEMENT

May 30, 2011

Heenan Blaikie LLP

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ARRANGEMENT AGREEMENT

THIS AGREEMENT made as of the 30th day of May, 2011.

BETWEEN:

EXCELLON RESOURCES INC., a company existing under the *Business Corporations Act* (British Columbia), having an office at 20 Victoria Street, Suite 900, Toronto, Ontario, M5C 2N8

("Excellon")

AND:

LATEEGRA GOLD CORP., a company existing under the *Business Corporation Act* (British Columbia), having an office at 789 West Pender Street, Suite 1128, Vancouver, British Columbia, V6C 1H2

("Lateegra")

WITNESSES THAT WHEREAS:

A. Excellon proposes, and Lateegra has agreed, to enter into an Arrangement (as defined below) under section 288 of the *Business Corporation Act* (British Columbia) involving Lateegra's shareholders under which Excellon will become the sole shareholder of Lateegra and the shareholders of Lateegra will become shareholders of Excellon, subject to the terms and conditions of this Agreement and the Arrangement; and

B. Excellon and Lateegra have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such Arrangement,

NOW THEREFORE in consideration of the mutual premises and the respective covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Excellon and Lateegra agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, but not the Schedules hereto:

"**Acquisition Proposal**" has the meaning ascribed thereto in Section 6.1;

"**Act**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;

"**Applicable Securities Laws**" means such of the Canadian Securities Laws, the U.S. Securities Exchange Act and the U.S. Securities Act, as applicable to a transaction or a person;

"**Arrangement Resolution**" means the proposed special resolution to be considered by Lateegra Shareholders at the Lateegra Meeting substantially in the form set out in Schedule "A" to this Agreement;

"**Arrangement**" means an Arrangement under section 288 of the Act giving effect to the transactions described in the Plan of Arrangement;

"**Benefit Plan**" means any:

- (a) pension, retirement, deferred compensation, registered retirement savings plan, savings, profit-sharing, stock option, stock purchase, bonus, incentive, vacation pay, severance pay, supplemental unemployment benefit, employee assistance, death benefit or other employee or post-retirement benefit plan, trust, arrangement, contract, agreement, policy or commitment (including any arrangement to provide pension benefits in excess of the maximum amounts which are allowed under the Income Tax Act to be provided through a registered pension plan) from which current or former employees or consultants of a Party or any of its Subsidiaries (or their affiliates), in Canada or any other country, benefit or have the potential to benefit; or
- (b) group or individual insurance policy or coverage (including self-insured coverage) for accident and sickness or life insurance (including any individual insurance policy under which any employee or former employee of a Party or any of its Subsidiaries is the named insured and as to which a Party or any of its Subsidiaries makes premium payments, whether or not the Party or any of its Subsidiaries is the owner, beneficiary or both of that policy), or other insured or covered expense reimbursement coverage, from which current or former employees or consultants of a Party or any of its Subsidiaries (or their affiliates), in Canada or any other country, benefit or have the potential to benefit,

which is intended to provide or does provide benefits to any or all current or former employees or consultants of a Party or any of its Subsidiaries (or their affiliates), and to which a Party or any of its Subsidiaries is a party or by which a Party or any of its Subsidiaries (or any of the rights, properties or assets of a Party or any of its Subsidiaries) is bound, or with respect to which a Party or any of its Subsidiaries has any liability or potential liability, whether or not any of the foregoing is funded or unfunded, written or oral, formal or informal, and whether or not a Party or any of its Subsidiaries still maintains such plan, trust, arrangement, contract, agreement, policy or commitment;

"**Business Day**" means a day which is not a Saturday, Sunday or a civic or statutory holiday in the provinces of Ontario or British Columbia, on which banks are open for business in the cities of Toronto and Vancouver;

"**Canadian Securities Laws**" means: (a) the *Securities Act* (Ontario) or the equivalent legislation in each Province and Territory of Canada; (b) the rules, regulations, instruments and policies adopted by the securities regulatory authority of any Province or Territory of Canada, as amended from time to time; and (c) the TSX Company Manual and the policies of the TSXV, each as amended from time to time;

"**Circular**" means the notice of meeting proxy form and the accompanying management information circular and the exhibits thereto to be sent to Lateegra Shareholders in connection with the Lateegra Meeting;

"**Confidentiality Agreement**" means the confidentiality agreement between Excellon and Lateegra dated May 19, 2011;

"**Consideration**" means the consideration to be received by Lateegra Shareholders pursuant to the Plan of Arrangement as consideration for their Lateegra Common Shares, consisting of 0.54 of an Excellon Common Share for each Lateegra Common Share;

"**Contaminants**" means any radioactive materials, asbestos materials, urea formaldehyde, hydrocarbon contaminants, underground or above-ground tanks, pollutants, contaminants, deleterious substances, dangerous substances or goods, hazardous, corrosive, or toxic substances, special waste or waste of any kind, or any other substance, the storage, manufacture, disposal, treatment, generation, use, transport, remediation, or Release into the Environment of which is prohibited, controlled, or regulated under Environmental Laws;

"**Court**" means the Supreme Court (British Columbia);

"**Depository**" means any trust company, bank or financial institution agreed to in writing between Excellon and Lateegra for the purpose of, among other things, exchanging certificates representing Lateegra Common Shares for certificates representing Excellon Common Shares in connection with the Arrangement;

"**Depository Agreement**" means a depository agreement to be dated on or prior to the Effective Date between Excellon, Lateegra, and the Depository, pursuant to which the Depository agrees to act in the capacity of the Depository for the purposes of the Plan of Arrangement, and to undertake the actions of the Depository provided for therein;

"**Dissent Rights**" means the rights of dissent exercisable by the Lateegra Shareholders in respect of the Arrangement Resolution described in the Plan of Arrangement;

"**Effective Date**" has the meaning ascribed thereto in Section 2.8;

"**Effective Time**" means the time on the Effective Date when the Arrangement will be deemed to be completed as may be agreed to by the Parties and as denoted on the filings with the Registrar, to the extent that such filings are required;

"**Encumbrances**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, adverse rights or claims, other third party interest or encumbrance of any kind, whether

contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Environment**" includes the air (including all layers of the atmosphere), land (including soil, sediment deposited on land, fill, and lands submerged under water), and water (including oceans, lakes, rivers, streams, groundwater, and surface water);

"**Environmental Laws**" means all laws relating in any way to the Environment, environmental assessment, health, occupational health and safety, or the use, purchase, storage, treatment, transportation or disposal of Contaminants;

"**Environmental Permits**" means all permits or program participation requirements with or from any Governmental Authority under any Environmental Laws;

"**Excellon Common Shares**" means the common shares in the authorized share capital of Excellon;

"**Excellon Contracts**" has the meaning ascribed thereto in Subsection 3.2(dd);

"**Excellon Debt Agreements**" has the meaning ascribed thereto in Subsection 3.2(n)(ii);

"**Excellon Options**" means options granted to acquire Excellon Common Shares;

"**Excellon Public Record**" has the meaning ascribed thereto in Subsection 3.2(p);

"**Excellon Shareholders**" means the holders from time to time of Excellon Common Shares;

"**Excellon Stock Option Plan**" means Excellon's stock option plan approved by the Excellon Shareholders on January 25, 2005, as amended;

"**Excellon Subsidiaries**" means, collectively, Destorbelle Mines Limited, Minera Excellon de Mexico S.A. de C.V., Excellon Resources U.S.A., Inc., Excellon Resources (Bahamas) Inc., Excellon New Mining Projects, S.A. de C.V., Silver Eagle Mines Inc., San Pedro Resources, S.A. de C.V., Servicios Mineros San Pedros, S.A. de C.V. and Prestadora de Servicios Miguel Auza, S.A. de C.V.;

"**Exchange Ratio**" means the ratio of 0.54 Excellon Common Shares for every one (1) Lateegra Common Share;

"**Final Order**" means the final order of the Court in a form acceptable to Excellon and Lateegra, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Excellon and Lateegra, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**GAAP**" means Canadian generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants or any successor institute, applied on a consistent basis;

"**Governmental Authority**" means any:

- (a) multinational, federal, provincial, state, county, regional, municipal, local or other government, governmental or public department or ministry, central bank or Tribunal, domestic or foreign;
- (b) subdivision, agent or representative of any of the foregoing; or
- (c) quasi-governmental or private body exercising any administrative, regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including stock exchanges;

"**IFRS**" means the standards and interpretations adopted by the International Financial Reporting Standards as adopted by the Canadian Institute of Chartered Accountants, as amended from time to time, applied on a consistent basis;;

"**Income Tax Act**" means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended;

"**Interim Order**" means the interim order of the Court providing for, among other things, the calling and holding of the Lateegra Meeting, as the same may be amended, supplemented or varied (with the consent of Excellon and Lateegra, each acting reasonably);

"**Lateegra Common Shares**" means the common shares in the authorized share capital of Lateegra;

"**Lateegra Contracts**" has the meaning ascribed thereto in Subsection 3.1(dd);

"**Lateegra Financial Statements**" has the meaning ascribed thereto in Subsection 3.1(s);

"**Lateegra Meeting**" means the special meeting of the Lateegra Shareholders to be held pursuant to the Interim Order, called for the purpose of considering the Arrangement, including any adjournment or adjournments thereof;

"**Lateegra Optionholders**" means the holders from time to time of Lateegra Options;

"**Lateegra Options**" means options to acquire Lateegra Common Shares granted under the Lateegra Stock Option Plan;

"**Lateegra Public Record**" has the meaning ascribed thereto in Subsection 3.1(q);

"**Lateegra Shareholder Approval**" has the meaning ascribed thereto in Subsection 2.2(a)(ii);

"**Lateegra Shareholders**" means the holders from time to time of Lateegra Common Shares;

"**Lateegra Stock Option Plan**" means Lateegra's stock option plan as approved by the Lateegra Shareholders on March 31, 2011, as amended;

"**Lateegra Subsidiaries**" means Minera Lateegra, S.A. de C.V., Minera Bacoachi, S.A. de C.V.; Lateegra Ecuador S.A. and Zorin Industries Inc.;

"**Lateegra Support Agreement**" means the voting support agreement dated as of the date hereof in the form provided to Lateegra and duly executed by Excellon and the Locked-up Shareholders;

"**Lateegra Warrantholders**" means the holders from time to time of Lateegra Warrants;

"**Lateegra Warrants**" means warrants to acquire Lateegra Common Shares;

"**Law**" or "**Laws**" means all:

- (a) laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies or guidelines;
- (b) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, decrees or awards, including general principles of common and civil law; and
- (c) terms and conditions of any grant of approval, permission, authority or licence of any Governmental Authority,

domestic or foreign, and the term "**Applicable**" with respect to such Laws and in a context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property, assets or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its or their business, undertaking, property, assets or securities;

"**Locked-up Shareholders**" means all of the officers and directors of Lateegra;

"**material adverse change**" means, in respect of any person, any one or more changes, events or occurrences, and "material adverse effect" means, in respect of any person, any one or more changes, effects, events or occurrences, which, in either case, either individually or in the aggregate, is or would reasonably be expected to be material and adverse to the business, operations, results of operations or financial condition of that person and its Subsidiaries taken as a whole, or that would prevent or materially impede the completion of the Arrangement, except any change, effect, event or occurrence resulting from or relating to: (a) the public announcement of the execution of this Agreement or the transactions contemplated hereby or the performance of any obligation hereunder or, in the case of Lateegra, communication by Excellon of its plans or intentions with respect to Lateegra and/or any of its Subsidiaries; (b) any change in applicable Laws or in the interpretation thereof by any Governmental Authority (other than orders, judgments or decrees against the person and its Subsidiaries) or in GAAP or IFRS; (c) any natural disaster; (d) changes affecting the mining industry generally or the price of gold, silver, lead or zinc; (e) general economic, financial, currency exchange, securities or commodity market conditions; (f) any act of terrorism or outbreak or escalation of hostilities or armed conflict; or (g) any change in the market price of the Lateegra Common Shares or the Excellon Common Shares, as applicable, (it being understood without limiting the applicability of paragraphs (a) to (g), the cause or causes of any such change in the

market price of the Lateegra Common Shares or Excellon Common Shares may constitute, in and of itself, a material adverse change or material adverse effect and may be taken into account in determining whether a material adverse change or material adverse effect has occurred), provided further that any change, effect, event or occurrence referred to in paragraphs (a) to (g) does not relate primarily only to (or have the effect of relating primarily only to) such person or have a materially disproportionate effect on such person and its Subsidiaries (taken as a whole) relative to comparable mining companies and references in this Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a "material adverse effect" or a "material adverse change" has occurred;

"**material fact**" has the meaning attributed to such phrase in the *Securities Act* (Ontario);

"**Party**" means any party to this Agreement;

"**Plan of Arrangement**" means the plan setting out the transactions giving effect to the Arrangement and substantially in the form annexed as Appendix A to Schedule "A" to this Agreement;

"**Registrar**" means the "registrar" as defined in the Act;

"**Release**" includes any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, migration, disposal or dumping;

"**Replacement Options**" means options to acquire Excellon Common Shares that will be granted by Excellon to holders of Lateegra Options pursuant to the Arrangement;

"**Replacement Warrants**" means Warrants to acquire Excellon Common Shares that will result from the amendment of the Lateegra Warrants pursuant to the Arrangement;

"**Representatives**" means, collectively, the directors, officers, employees, counsel, accountants, financial advisors, consultants, agents and other authorized representatives of a Party or its Subsidiaries;

"**SEC**" means the United States Securities and Exchange Commission;

"**Securities Authorities**" means the applicable securities commissions and other securities regulatory authorities in each of the provinces and territories of Canada;

"**Special Committee**" means the special committee of the board of directors of Lateegra;

"**Subsidiary**" means, with respect to a specified body corporate, any body corporate, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such body corporate and, for the purpose of this definition, "control" means the direct or indirect possession of the power to direct or cause the direction of the management and policies of another, whether through the ownership of voting securities, by contract or otherwise;

"**Superior Proposal**" has the meaning ascribed thereto in Section 6.1;

"Tax Returns" means all returns, declarations, reports, information returns and statements required to be filed with any taxing authority relating to Taxes, including any attached schedules, claim for refund, amended return or declarations of estimated Tax;

"Taxes" means all taxes, fees, imports, assessments or charges of any kind whatsoever and however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Authority, which Taxes include all income taxes (including any tax on or based upon net income, gross income, income that is specifically defined, earnings, profits or selected items of income), capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan premiums, excise, social security premiums, workers' compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties, pension or health plan assessments, mining taxes, mining or mineral royalties, governmental charges and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its Subsidiaries is required to pay, withhold or collect;

"Termination Fee" means \$500,000;

"Tribunal" means:

- (a) any court (including a court of equity or civil court);
- (b) any multinational, federal, provincial, state, county, regional, municipal, local or other governmental or public commission, board, bureau, agency, authority or instrumentality;
- (c) any securities commission, stock exchange or other regulatory or self-regulatory body;
- (d) any board of trade, chamber of commerce or other business or professional organization or association;
- (e) any arbitrator or arbitration tribunal; and
- (f) any other tribunal,

"TSX" means the Toronto Stock Exchange;

"TSXV" means the TSX Venture Exchange Inc.;

"United States" or **"U.S."** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"U.S. Person" has the meaning ascribed thereto in Regulation S under the U.S. Securities Act;

"U.S. Securities Act" means the *United States Securities Act of 1933*, as amended; and

"U.S. Securities Exchange Act" means the *United States Securities Exchange Act of 1934*, as amended.

1.2 Construction

In this Agreement, unless otherwise expressly stated or the context or the subject matter otherwise requires:

- (a) the division of this Agreement into Articles, Sections and Subsections, the provision of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation hereof;
- (b) the words "**this Agreement**", "**hereof**", "**herein**", "**hereto**", "**hereunder**" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section, Subsection or other part hereof and references to an "**Article**", "**Section**", "**Subsection**" or "**Schedule**" followed by a number and/or letter refers to the specified Article, Section or Subsection of, or Schedule to, this Agreement;
- (c) words importing the singular include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, general and limited partnerships, trusts, unincorporated associations or organizations, Governmental Authorities and other legal entities;
- (d) references to "**include**", "**includes**", "**including**" or "**in particular**" will be deemed to be followed by the words "**without limitation**";
- (e) the word "**or**" is not exclusive;
- (f) a reference to "**approval**", "**authorization**" or "**consent**" in this Agreement means written approval, authorization or consent;
- (g) reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted, supplemented or replaced and includes any regulation, rule or other subordinate legislation made thereunder, as such regulation, rule or subordinate legislation may from time to time be amended, supplemented or replaced;
- (h) if any date on which any action is required or permitted to be taken under this Agreement is not a Business Day, such action will be required or permitted to be taken on the next succeeding Business Day;
- (i) unless otherwise indicated, all references in this Agreement to sums of money are expressed and will be payable in lawful money of Canada;

- (j) all accounting terms used in this Agreement have the meanings attributable to them under GAAP or IFRS, as applicable, and all determinations of an accounting nature required to be made will be made in a manner consistent with IFRS;
- (k) reference to the "**knowledge**" of a Party means to the best of the knowledge of any of the officers of such Party, after having made due enquiry;
- (l) reference to the "**ordinary course of business**", or any variation thereof, of any person refers to the business of such person, carried on in the regular and ordinary course, including commercially reasonable and business-like actions that are in the regular and ordinary course of business for a company operating in the industry in which such business is conducted; and
- (m) where a word, term or phrase is defined in this Agreement, its derivatives or other grammatical forms have a corresponding meaning.

1.3 Entire Agreement

This Agreement and the Confidentiality Agreement constitute the entire agreement and understanding between the Parties with respect to the Arrangement and other transactions contemplated hereby and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect thereto. The Parties have not entered into this Agreement in reliance upon any representation, warranty or undertaking of any Party that is not expressly set out or referred to in this Agreement. In the event of a conflict between this Agreement and the Confidentiality Agreement, this Agreement shall prevail.

1.4 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario, except for the Arrangement which will be governed by the Act.

1.5 Attornment

Except for the implementation of the Arrangement, the Interim Order and the Final Order, to the fullest extent permitted by applicable Law, the Parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

1.6 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, then:

- (a) that provision will (to the extent of the invalidity, illegality or unenforceability) be deemed severed from this Agreement and will be given no effect;

- (b) the validity, legality or enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired by the severance of the invalid, illegal or unenforceable provisions thereof; and
- (c) the Parties will use all reasonable commercial efforts to replace each invalid, illegal or unenforceable provision with a valid, legal and enforceable substitute provision, the effect of which is as close as possible to the intended effect of the invalid, illegal or unenforceable provision.

1.7 Waiver

No waiver by any Party will be effective unless in writing and any waiver will affect only the matter and the occurrence thereof specifically identified and will not extend to any other matter or occurrence.

1.8 Schedules

The following schedules are attached to this Agreement and will be deemed to be incorporated in and form a part hereof:

<u>Schedule</u>	<u>Title</u>
Schedule A	Arrangement Resolution

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

Lateegra and Excellon agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order

- (a) As soon as reasonably practicable following the execution of this Agreement and in any event on or before June 27, 2011, Lateegra shall apply to the Court in a manner acceptable to Excellon, acting reasonably, pursuant to section 291 of the Act and prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:
 - (i) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Lateegra Meeting and for the manner in which such notice is to be provided;
 - (ii) that the requisite approval for the Arrangement Resolution shall be 66 2/3% of the votes cast on the Arrangement Resolution by the Lateegra

Shareholders present in person or by proxy at the Lateegra Meeting and voting as a single class (the "**Lateegra Shareholder Approval**");

- (iii) that, in all other respects, the terms, conditions and restrictions of the articles and notice of articles of Lateegra, including the quorum requirement and other matters, shall apply in respect of the Lateegra Meeting;
 - (iv) for the grant of Dissent Rights as contemplated in the Plan of Arrangement;
 - (v) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
 - (vi) that the Lateegra Meeting may be adjourned or postponed from time to time by Lateegra subject to the terms of this Agreement without the need for additional approval of the Court; and
 - (vii) that the record date for Lateegra Shareholders entitled to notice of and to vote at the Lateegra Meeting will not change in respect of any adjournment(s) of the Lateegra Meeting.
- (b) Lateegra shall advise the Court of the Parties' intention to rely upon the exemption provided by Section 3(a)(10) of the U.S. Securities Act to issue and exchange Excellon securities for the Lateegra Common Shares, the Lateegra Options and Lateegra Warrants.

2.3 Lateegra Meeting

- (a) Subject to the terms of this Agreement, Lateegra agrees to use commercially reasonable efforts to convene and conduct the Lateegra Meeting as soon as reasonably practicable and in any event on or before the date that 40 days following the date the Interim Order is issued in accordance with the Interim Order, Lateegra's articles of incorporation, notice of articles and applicable Law provided, however, that if the mailing of the Circular is delayed by reason of Excellon not having provided to Lateegra the information required to be included in the Circular in accordance with Section 2.4(c), or not having provided Lateegra with such other assistance in the preparation of the Circular as may be reasonably requested by Lateegra in order that the Circular comply in all material respects with applicable Laws, then the date of the Meeting shall be delayed until such date as is reasonably necessary to comply with applicable Laws or Excellon has provided such information to Lateegra.
- (b) Subject to the terms of this Agreement, except as required for quorum purposes or otherwise permitted under this Agreement, Lateegra shall not adjourn (except as required by Law or by valid Lateegra Shareholder action), postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the Lateegra Meeting without Excellon's prior written consent.

- (c) Subject to the terms of this Agreement, and the compliance by the directors and officers of Lateegra with their fiduciary duties, Lateegra will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by, and at the expense of, Excellon, using recognized proxy solicitation services.
- (d) Lateegra will advise Excellon, as Excellon may reasonably request, and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Lateegra Meeting, as to the aggregate tally of the proxies received by Lateegra in respect of the Arrangement Resolution.
- (e) Lateegra will promptly advise Excellon of any written notice of dissent or purported exercise by any Lateegra Shareholder of Dissent Rights received by Lateegra in relation to the Arrangement and any withdrawal of Dissent Rights received by Lateegra and, subject to applicable Law, any written communications sent by or on behalf of Lateegra to any Lateegra Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement.
- (f) Upon receipt by Lateegra from Excellon of all necessary documents required to be executed by it, Lateegra will use commercially reasonable efforts to prepare or cause to be prepared and provide to Excellon lists of the holders of all classes and series of securities of Lateegra, including lists of the Lateegra Shareholders and the holders of Lateegra Options and Lateegra Warrants, as well as a security position listing from each depository of its securities, including The Canadian Depository for Securities Limited and The Depository Trust Company, as applicable, within five Business Days after the date hereof and will obtain and deliver to Excellon thereafter on demand supplemental lists setting out any changes thereto, all such deliveries to be in printed form and, if available, in computer-readable format.
- (g) Lateegra shall provide notice to Excellon of the Lateegra Meeting and allow Excellon's Representatives to attend the Lateegra Meeting, unless such attendance is prohibited by the Interim Order.
- (h) Subject to applicable Laws, except for non-substantive communications, Lateegra shall furnish promptly to Excellon a copy of each notice, report, schedule or other document or communication delivered, filed or received by Lateegra in connection with any dealings with Governmental Authorities in connection with, or in any way affecting, the Arrangement or the other transactions contemplated herein.

2.4 Lateegra Circular

- (a) Lateegra shall prepare, with the assistance of Excellon, the Circular in compliance in all material respects with applicable Securities Laws and file on a timely basis the Circular with respect to the Lateegra Meeting in all jurisdictions where the same is required to be filed and mail the same as required in accordance with all applicable Laws and with respect to the Circular, as required by the Interim Order, in all

jurisdictions where the same is required. Lateegra shall, in consultation with Excellon, use all commercially reasonable efforts to abridge the timing contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as provided in Section 2.20 thereof (it being agreed that such efforts shall not necessarily include the making of an application for a waiver or exemption from such National Instrument).

- (b) Lateegra shall ensure that the Circular complies in all material respects with all applicable Securities Laws, and, without limiting the generality of the foregoing, that the Circular will contain sufficient detail to enable the Lateegra Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Lateegra Meeting and, subject to Section 2.4(c) below, not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to or provided by Excellon and its affiliates, including Excellon Common Shares). In accordance with Section 2.2(b), Lateegra will include such information in the Circular as is necessary to describe the Parties' intention to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act to issue and exchange Excellon securities for Lateegra Common Shares, Lateegra Options and Lateegra Warrants pursuant to the Arrangement. Subject to the terms of this Agreement, Lateegra will include in the Circular the unanimous recommendation of the Lateegra Board (with Messrs. Crossgrove and Ryan abstaining) that Lateegra Shareholders vote in favour of the Arrangement Resolution. Lateegra will include in the Circular a statement that each director of Lateegra intends to vote all of such director's Lateegra Common Shares (including any Lateegra Common Shares issued upon the exercise of any Lateegra Options) in favour of the Arrangement Resolution, subject to the other terms of this Agreement and the Lateegra Support Agreement.
- (c) Excellon shall promptly, but in any event in sufficient time for Lateegra to convene and conduct the Meeting in accordance with Section 2.3(a), provide to Lateegra all information including any pro forma financial statements regarding Excellon, its affiliates and the Excellon Common Shares, including any financial statements prepared in accordance with applicable Laws as required by the Interim Order or applicable Laws for inclusion in the Circular or in any amendments or supplements to such Circular. Excellon shall also use commercially reasonable efforts to obtain any necessary consents from any of its Qualified Persons, auditors and any other advisors to the use of any financial, technical or other expert information (including pro forma financial statements) required to be included in, or incorporated by reference into, the Circular and to the identification in the Circular of each such advisor. Excellon shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Circular in order to make any information so furnished or any information concerning Excellon not misleading in light of the circumstances in which it is

disclosed and shall constitute full, true and plain disclosure of such information concerning Excellon and its subsidiaries.

- (d) Excellon and its legal counsel shall be given a reasonable opportunity to review and comment on the Circular prior to the Circular being printed and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Excellon and its counsel, provided that all information relating solely to Excellon, its affiliates and the Excellon Common Shares included in the Circular shall be in form and content satisfactory to Excellon, acting reasonably. Lateegra shall provide Excellon with final copies of the Circular prior to the mailing to the Lateegra Shareholders.
- (e) Lateegra and Excellon shall each promptly notify each other if at any time before the Effective Date either becomes aware (in the case of Lateegra only with respect to Lateegra or its Subsidiaries and in the case of Excellon only with respect to Excellon or its Subsidiaries) that the Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Circular and the Parties shall cooperate in the preparation of any amendment or supplement to the Circular, as required or appropriate, and Lateegra shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Circular to Lateegra Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

2.5 Securities Law Compliance

Excellon and Lateegra shall reasonably cooperate with each other in the prompt and diligent preparation of any application for the regulatory approvals with the Securities Authorities and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by either of the Parties to be necessary to discharge its respective obligations under this Agreement or otherwise required or advisable under applicable Laws in connection with the Arrangement, this Agreement or the Plan of Arrangement, including, without limitation, the Circular. Excellon may elect, at its sole discretion, to make such securities and other regulatory filings in the United States or other jurisdictions as may be necessary or desirable in connection with the completion of the Arrangement. Lateegra shall use its commercially reasonable efforts to provide to Excellon all information regarding Lateegra and its affiliates as required by applicable Securities Laws in connection with such filings. Lateegra shall also use commercially reasonable efforts to obtain any necessary consents from any of its Qualified Persons, auditors and any other advisors to the use of any financial, technical or other expert information required to be included in such filings and to the identification in such filings of each such advisor.

2.6 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Lateegra Meeting by the Lateegra Shareholders as provided for in the Interim Order and as required by applicable Law, Lateegra shall, subject to the terms of this Agreement, as soon as reasonably practicable thereafter, and, in any event, within three (3) Business Days following the approval of the Arrangement Resolution at the Lateegra Meeting, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 291 of the Act.

The motion for the application for the Final Order will inform the Court that, based on the Court's approval of the Arrangement (including the fairness thereof) in the Final Order, Excellon will rely on Section 3(a)(10) of the U.S. Securities Act for an exemption from the registration requirements of the U.S. Securities Act with respect to the issuance of the Excellon securities in exchange for the Lateegra Common Shares, Lateegra Options and Lateegra Warrants pursuant to the Arrangement. Lateegra will ensure that each Lateegra Shareholder, Lateegra Optionholder and Lateegra Warrantholder entitled to receive Excellon securities pursuant to the Arrangement will be given timely and adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right.

2.7 Court Proceedings

Subject to the terms of this Agreement, Excellon will cooperate with, assist and consent to Lateegra seeking the Interim Order and the Final Order, including by providing Lateegra on a timely basis any information required to be supplied by Excellon in connection therewith. Lateegra will provide legal counsel to Excellon with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Lateegra will also provide legal counsel to Excellon on a timely basis with copies of any notice of appearance or notice of intent to oppose and any evidence served on Lateegra or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Subject to applicable Law, Lateegra will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated by this Section 2.7 or with Excellon's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Excellon to agree or consent to any increase in Consideration or other modification or amendment to such filed or served materials that expands or increases Excellon's obligations set forth in any such filed or served materials or under this Agreement.

2.8 Effective Date

The Arrangement shall be effective on the date (the "**Effective Date**") agreed to by Excellon and Lateegra in writing as the effective date of the Arrangement, which date shall be no later than the fifth Business Day after the satisfaction or, where not prohibited, the waiver (subject to applicable Law) of the conditions (excluding conditions that, by their terms, cannot be satisfied until

the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Effective Date) set forth in Article 5, unless another date is agreed to in writing by the Parties. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the Act.

2.9 Issue of Excellon Common Shares

Excellon will, following receipt by Lateegra of the Final Order and prior to the Effective Time, ensure that the Depository has been provided with sufficient Excellon Common Shares in escrow to issue the aggregate Consideration pursuant to the Arrangement.

2.10 Lateegra Options

All unexercised Lateegra Options held by Lateegra Optionholders shall, as at the Effective Time pursuant to the Arrangement and in accordance with the Plan of Arrangement, be exchanged for Replacement Options.

Following the Effective Date, the Replacement Options may not be exercised in the United States or by, or on behalf or for the benefit of, a U.S. Person, unless an exemption is available from the registration requirements of the U.S. Securities Act and any applicable state securities laws, and the holder furnishes to Excellon an opinion of counsel or other evidence of exemption satisfactory to Excellon to such effect.

2.11 Lateegra Warrants

All unexercised Lateegra Warrants held by Lateegra Warrantholders shall, as at the Effective Time pursuant to the Arrangement and in accordance with the Plan of Arrangement, be deemed to be amended as provided in the Plan of Arrangement.

Following the Effective Date, the Replacement Warrants may not be exercised in the United States or by, or on behalf or for the benefit of, a U.S. Person, unless an exemption is available from the registration requirements of the U.S. Securities Act and any applicable state securities laws, and the holder furnishes to Excellon an opinion of counsel or other evidence of exemption satisfactory to Excellon to such effect.

2.12 Announcement and Shareholder Communication

Excellon and Lateegra shall each make a public announcement of the transactions contemplated hereby promptly following the execution of this Agreement by Excellon and Lateegra, the text and timing of such announcement to be approved by Excellon and Lateegra in advance, acting reasonably. Excellon and Lateegra agree to cooperate in the preparation of presentations, if any, to Lateegra Shareholders regarding the Plan of Arrangement, and no Party shall (a) issue any press release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed) or (b) make any filing with any Governmental Authority, with the TSX or TSXV with respect thereto without prior consultation with the other Party; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing

required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

2.13 Withholding Taxes

Excellon, Lateegra and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any person hereunder and from all dividends or other distributions otherwise payable to any former Lateegra Shareholder such amounts as Excellon, Lateegra or the Depositary may be required or permitted to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Lateegra

Lateegra represents and warrants to Excellon as follows and acknowledges that Excellon is relying upon these representations and warranties in entering into this Agreement:

Organization

- (a) Lateegra is a corporation incorporated and validly existing under the laws of British Columbia, has the corporate power and capacity to own or lease its property and assets and to carry on its business as presently owned, leased or conducted, and is duly registered, licensed or qualified to carry on business, and is in good standing, in each jurisdiction in which the character of its properties and assets, owned or leased, or the nature of its business make such qualification, registration or licensing necessary.

Capitalization

- (b) Lateegra's authorized capital consists of an unlimited number of common shares without par value, of which, as of the date hereof, 47,241,707 Lateegra Common Shares are validly issued and outstanding as fully paid and non-assessable shares free of any pre-emptive rights.
- (c) The issued and outstanding Lateegra Common Shares are listed and posted for trading on the TSXV.
- (d) Other than the issued and outstanding Lateegra Common Shares, there are no issued and outstanding shares in the capital of Lateegra.

- (e) Except for 2,975,000 Lateegra Options validly granted as of the date hereof under the Lateegra Stock Option Plan all of which are held by Lateegra Optionholders, 16,638,165 Lateegra Warrants validly granted as of the date hereof all of which are held by Lateegra Warrantholders, and Lateegra Common Shares issuable pursuant to mineral property option agreements, as disclosed in the Lateegra Public Record, there are not now, and at the Effective Date there will not be, any options, warrants, conversion privileges, rights, agreements, understandings, commitments or other obligations (whether by law, pre-eruptive or contractual) of Lateegra to:
 - (i) issue, sell, or deliver any shares or other ownership interests in Lateegra or securities or obligations of any kind convertible into or exchangeable for shares or other ownership interests in Lateegra; or
 - (ii) acquire any shares of or ownership interests in any other person.
- (f) There are not now, and at the Effective Date there will not be, any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income, share price or any other attribute of Lateegra or its business or operations.
- (g) There are not now, and at the Effective Date there will not be, any outstanding bonds, debentures or other evidences of indebtedness of Lateegra having the right to vote (or convertible into or exchangeable for securities having the right to vote) with Lateegra Shareholders or on any matter.
- (h) All securities of Lateegra (including all options, warrants, rights or other convertible or exchangeable securities) have been issued in compliance, with all Applicable Securities Laws and all securities to be issued upon exercise of any such options, warrants, rights and other convertible or exchangeable securities will be issued in compliance with all Applicable Securities Laws.

Subsidiaries

- (i) Each of the Lateegra Subsidiaries is a corporation incorporated and validly existing under the laws of its jurisdiction of incorporation, has the corporate power and capacity to own or lease its property and assets and to carry on its business as presently owned, leased or conducted by it, and is duly registered, licensed or qualified to carry on business, and is in good standing, in each jurisdiction in which the character of its properties and assets, owned or leased, or the nature of its business makes such qualification, registration or licensing necessary.
- (j) Lateegra, directly or indirectly, beneficially owns all of the issued and outstanding shares and other ownership interests of each of the Lateegra Subsidiaries and there are no contracts, commitments, agreements, understandings, arrangements or restrictions which require any Lateegra Subsidiary to issue, sell or deliver any shares in its share capital or other ownership interests, or any securities or obligations

convertible into or exchangeable for, any shares of its share capital or other ownership interests.

Authority Relative to this Agreement

- (k) Lateegra has the corporate power and capacity to enter into and perform its obligations under this Agreement and all documents and agreements contemplated by this Agreement to which Lateegra is or will be a party.
- (l) The execution and delivery of this Agreement by Lateegra and the performance by Lateegra of its obligations hereunder have been duly authorized by the board of directors of Lateegra and no other corporate proceeding on the part of Lateegra is necessary to authorize this Agreement or the transactions contemplated hereby, other than the approval of:
 - (i) the Circular and other matters relating solely thereto, by the board of directors of Lateegra;
 - (ii) materials to be filed with the Court in connection with the applications for the Interim and Final Orders by the board of directors of Lateegra;
 - (iii) any matters required by the Interim Order or the Final Order to be authorized by the board of directors of Lateegra or the Lateegra Shareholders; and
 - (iv) the Arrangement Resolution by the Lateegra Shareholders.
- (m) This Agreement has been duly executed and delivered by Lateegra and is a legal, valid and binding obligation of Lateegra, enforceable against Lateegra in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other laws relating to or affecting creditors' rights generally and to the availability of equitable remedies.
- (n) The execution and delivery by Lateegra of this Agreement does not, and the performance by Lateegra of its obligations hereunder and the completion of the Arrangement do not and will not:
 - (i) conflict with, violate or breach any provision of:
 - (A) Lateegra's constating documents or any resolution of their respective directors or shareholders;
 - (B) any applicable Laws that would, individually or in the aggregate, have a material adverse effect on Lateegra or would prevent or delay completion of the Arrangement;

- (ii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, require any consent to be obtained under, or give to others any rights of termination, amendments, acceleration or cancellation of or under:
 - (A) any licence, permit (including any Environmental Permit), certificate, order, consent, approval or other authorization of Lateegra or by which Lateegra or any of its properties or assets is bound or affected, that would, individually or in the aggregate, have a material adverse effect on Lateegra or would prevent or delay completion of the Arrangement;
 - (B) any agreement, arrangement, commitment or understanding to which Lateegra is a party or by which Lateegra or any of its properties or assets is bound or affected that would, individually or in the aggregate, have a material adverse effect on Lateegra or would prevent or delay completion of the Arrangement;
- (iii) result in the imposition of an Encumbrance upon any of the properties or assets of Lateegra that would, individually or in the aggregate, have a material adverse effect on Lateegra; or
- (iv) give rise to any option, right of first refusal or similar right becoming exercisable by a third party that would have a material adverse effect on Lateegra or prevent or delay the completion of the Arrangement.

Fairness Opinion

- (o) The Special Committee and the Lateegra Board have received the opinion of Fraser MacKenzie Limited, the financial advisor to the Special Committee and the Lateegra Board, to the effect that, as of the date of such opinion, subject to the assumptions and limitations set out therein, the Consideration to be received by the Lateegra Shareholders (other than Excellon and its affiliates) in connection with the transactions contemplated by this Agreement is fair, from a financial point of view, to such Lateegra Shareholders (other than Excellon and its affiliates).

Disclosure

- (p) Lateegra is a "reporting issuer" in good standing or the equivalent under the Applicable Canadian Securities Laws of the Provinces of British Columbia and Alberta.
- (q) Since October 1, 2010, Lateegra has prepared and filed with appropriate Governmental Authorities all documents required to be filed by it under Applicable Securities Laws (collectively, the "**Lateegra Public Record**") and such documents, as of the time they were filed:

- (i) did not contain any misrepresentations (as defined in applicable Canadian Securities Laws relating to such document);
 - (ii) did not fail to state a material fact required to be stated in order to make the statements contained in such document not misleading in light of the circumstances in which they were made; and
 - (iii) complied in all material respects with the requirements of Applicable Securities Laws.
- (r) Lateegra has not filed a confidential material change report or the equivalent thereof under Applicable Securities Laws with any Governmental Authority that currently remains confidential.

Financial Statements

- (s) Lateegra's audited consolidated financial statements as at and for the fiscal year ended September 30, 2010 (including the notes thereto) and Lateegra's unaudited consolidated financial statements as at and for the three months ended December 31, 2010 (collectively, the "**Lateegra Financial Statements**") were prepared in accordance with GAAP consistently applied (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of the audited consolidated financial statements, in the related report of Lateegra's independent auditors, or (ii) in the case of unaudited consolidated interim financial statements, are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Lateegra and the Lateegra Subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited consolidated interim financial statements, to normal period-end adjustments) and reflect reserves required by GAAP in respect of all material contingent liabilities, if any, of Lateegra and the Lateegra Subsidiaries on a consolidated basis. There has been no material change in Lateegra's accounting policies, except as described in the notes to the Lateegra Financial Statements, since September 30, 2010.

Material Liabilities

- (t) Except as disclosed to Excellon in writing or as fully disclosed in the Lateegra Public Record, Lateegra does not have any material liabilities or obligations of any nature (whether contingent or absolute, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due, including any liability for Taxes), including guarantees, support obligations or other similar obligations with respect to the obligations of any person, except liabilities and obligations adequately reflected or reserved against in the audited financial statements of Lateegra as at and for the financial year ended September 30, 2010 or in the interim unaudited financial

statements of Lateegra as at and for the financial period ended December 31, 2010 or incurred in the ordinary course of business since the end of such periods.

Books and Records

- (u) The books, records and accounts of Lateegra, in all material respects:
 - (i) have been maintained in accordance with good business practices on a basis consistent with prior years;
 - (ii) are stated in reasonable detail and accurately and fairly reflect the transactions, including the acquisition and disposition of properties and assets, of Lateegra; and
 - (iii) accurately and fairly reflect the basis for Lateegra's financial statements.

Minute Books

- (v) The minute books of Lateegra and each of the Lateegra Subsidiaries are true, correct and complete in all material respects.

Lateegra Information

- (w) All information provided to Excellon in relation to Excellon's due diligence requests is accurate in all material respects as at its respective date as stated therein. To the extent that there has been a material change to any of the information provided to Excellon since the date provided to Excellon, such information is accurate in all material respects or is no longer relevant or material to Lateegra or additional information has been provided to Excellon which supersedes or replaces such information.

Internal Control over Financial Reporting

- (x) To the knowledge of Lateegra, prior to the date of this Agreement there is no fraud, whether or not material, that involves management or other employees who have a significant role in Lateegra's internal control over financial reporting. Since September 30, 2010 and prior to the date of this Agreement, Lateegra has received no (x) material complaints from any source regarding accounting, internal accounting controls or auditing matters or (y) expressions of concern from employees of Lateegra regarding questionable accounting or auditing matters.

Absence of Changes

- (y) Except as disclosed in the Lateegra Public Record, since October 1, 2010, Lateegra has conducted its business only in the ordinary course of business and consistent with past practice and:

- (i) no material adverse change has occurred with respect to Lateegra;
- (ii) Lateegra has not incurred liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) which would, individually or the aggregate, have an, adverse material effect on Lateegra;
- (iii) Lateegra has not experienced any damage, destruction or loss, whether covered by insurance or not, that would have a material adverse effect on Lateegra;
- (iv) Lateegra has not acquired or sold property or assets aggregating more than five percent of Lateegra's total property and assets as at September 30, 2010;
- (v) Lateegra has not entered into, amended, relinquished, terminated or failed to renew any material agreement, arrangement, commitment, understanding, licence, permit, certificate, order, consent, approval or authorization that would individually or in the aggregate, have a material adverse affect on Lateegra;
- (vi) there has been no increase in or modification to the compensation payable or to become payable by Lateegra to any of its directors, officers or employees, or any grant by Lateegra to any of its directors, officers or employees of any increase in severance or termination pay, except in the ordinary course of business;
- (vii) there has not been any increase in or modification to any Benefit Plan for any of Lateegra's current or former employees or consultants (or their relatives), except in the ordinary course of business;
- (viii) Lateegra has not made any material change in its accounting methods, principles or practices, including the basis upon which its assets and liabilities are recorded on its books or its earnings, profits and losses are ascertained;
- (ix) Lateegra has not amended its constating documents;
- (x) Lateegra has not declared, paid or set aside for payment any dividend or distribution of any kind in respect of any of its outstanding securities or made any repayments of capital;
- (xi) Lateegra has not redeemed, repurchased or otherwise acquired any Lateegra Common Shares;
- (xii) no resolution to approve a subdivision, consolidation or reclassification of any of the Lateegra Common Shares has been approved by or presented to the Lateegra Shareholders; and

- (xiii) Lateegra has not entered into any agreements, arrangements, commitments or understandings to take any action which, if taken prior to the date of this Agreement, would have made any representation or warranty of Lateegra in this Agreement materially untrue or incorrect as of the date when made.

Restrictions on Business Activities

- (z) there are no agreements, arrangements, commitments, understandings, judgments, orders, warrants, writs, injunctions or decrees binding upon Lateegra that has or could have the effect of prohibiting or materially restricting or impairing any business practice of Lateegra, any acquisition of property or assets by Lateegra or the conduct of business by Lateegra as currently conducted, other than any such agreements, arrangements, commitments, understandings, judgments, orders, awards, writs, injunctions or decrees which would not, individually or in the aggregate, have a material adverse effect on Lateegra.

Compliance

- (aa) Lateegra has complied with and is not in violation of:
 - (i) its constating documents, or any resolution of its directors or shareholders; or
 - (ii) any applicable Laws;other than instances of non-compliance or violations that would not, individually or in the aggregate, have a material adverse effect on Lateegra.

Regulatory Approvals

- (bb) No consent, approval, order or authorization of, or filing with, any Governmental Authority with jurisdiction over Lateegra or any of its properties, assets or businesses is required to be obtained by Lateegra in connection with the execution and delivery by Lateegra of this Agreement, the performance by Lateegra of its obligations hereunder or the completion of the Arrangement other than:
 - (i) in connection with or in compliance with Applicable Securities Laws;
 - (ii) obtaining the Interim Order and Final Order, obtaining any approvals required by the Interim Order or the Final Order and filing any documents as may be required to be filed with the Registrar; and
 - (iii) authorizations, consents, approvals, orders or filings, the failure of which to obtain or make would not, individually or in the aggregate, prevent or delay completion of the Arrangement or have a material adverse effect on Lateegra.

Licenses and Permits

- (cc) Lateegra has obtained and is in compliance with all material permits required by applicable Laws which are necessary to lawfully conduct its current businesses as it is now being conducted or as intended to be conducted as set forth in the Lateegra Public Record (which, for greater certainty, includes the exploration for and exploitation of mineral deposits) or which are necessary for the lawful ownership, use and occupation of its properties and assets. All such permits are in full force and effect and, to the knowledge of Lateegra, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such permits as are necessary to conduct the business of Lateegra as it is proposed to be conducted. Each such permit can be renewed in the ordinary course of business by Lateegra. Lateegra has received no notice of any actual or threatened proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such permit and, to the knowledge of Lateegra, there is no valid basis for any such proceeding, including on the basis of the transactions contemplated hereby. Lateegra has received no notice of any actual or threatened administrative or governmental action or proceeding in connection with the expiration, continuance or renewal of any such permit and, to the knowledge of Lateegra, there is no valid basis for any such proceeding.

Material Contracts

- (dd) Lateegra has provided to Excellon a list of and has made available to Excellon for review all of the agreements, arrangements, commitments and understandings to which Lateegra is a party or by which Lateegra or any of its properties or assets is bound or affected that are material to the business and operations of Lateegra (collectively the "**Lateegra Contracts**").
- (ee) Each Lateegra Contract is a valid and binding agreement of Lateegra is in full force and effect.
- (ff) Lateegra is not in breach of, and no event of default (including an event which with notice or lapse of time or both would become a default) relating to Lateegra has occurred under any Lateegra Contract and, to the knowledge of Lateegra, none of the other parties to any of the Lateegra Contracts are in breach of and no event of default (including an event which with notice or lapse of time or both would become a default) relating to such other party has occurred under any of the Lateegra Contracts, except for breaches or events of default that have been cured or waived or breaches or events of default that would not, individually or in the aggregate, have a material adverse effect on Lateegra.

Employment Matters

- (gg) Lateegra has provided to Excellon complete copies of, or information describing the material terms of:

- (i) all employment agreements or contracts for services between Lateegra and any of its directors, officers or employees who have an annual salary greater than \$100,000;
 - (ii) all written or oral policies, agreements, obligations or understandings providing for severance or termination payments to any director, officer or employee of Lateegra, except for obligations to provide reasonable notice to employees hired for indefinite terms who are dismissed without cause; and
 - (iii) all Benefit Plans of Lateegra.
- (hh) There are no current, pending or, to the knowledge of Lateegra, threatened strikes or lockouts at any of Lateegra's facilities.
- (ii) There are currently no written or oral agreements, obligations or understandings providing for termination or other payments to any director, officer or employee of Lateegra on a change of control of Lateegra.
- (jj) Lateegra is not subject to any claim for wrongful dismissal, constructive dismissal or any other claim in contract or in tort, nor is any such claim or any litigation, arbitration or mediation pending or, to the knowledge of Lateegra, threatened, relating to employment or termination of employment of employees or independent contractors, other than claims, litigation, arbitration or mediation that, individually or in aggregate, amount to less than \$50,000.
- (kk) Lateegra has operated in all material respects in accordance with all applicable Laws with respect to employment and labour, including employment and labour standards, occupational health and safety laws, workers' compensation, social insurance and pension contribution, human rights and labour relations, and there are no pending or, to the knowledge of Lateegra, threatened proceedings against Lateegra before any Governmental Authority with respect to any of the foregoing matters, other than claims, litigation, arbitration or proceedings that, individually or in aggregate, amount to less than \$50,000.
- (ll) The execution and delivery of this Agreement, the performance by Lateegra of its obligations under this Agreement and the completion of the Arrangement will not constitute an event or condition under any Benefit Plan that entitles an employee or former employee to a payment, promise of payment, acceleration or vesting of any other benefit to which that individual would not otherwise be entitled.

Title to Properties and Assets

- (mm) Lateegra has good and sufficient right and title to its properties and assets (other than property and assets as to which Lateegra is a lessee, in which case it has a valid lease interest) and to its mineral interests and rights (including any claims, concessions, exploration licences, exploitation licences, prospecting permits, royalty interests, mining leases and mining rights) necessary to permit the operation of its

business as presently conducted, except for such defect in title that, individually or in the aggregate, would not have a material adverse effect on Lateegra.

- (nn) The properties, assets and mineral rights in which Lateegra holds an interest are held free and clear of all Encumbrances.
- (oo) Lateegra has not received notice of any default in its title to any of its properties, assets or mineral rights, which default is continuing and, individually or in the aggregate, would have a material adverse affect on Lateegra or subject the title of Lateegra to any of its properties or assets to cancellation or termination.
- (pp) Any and all of the agreements and other documents and instruments pursuant to which Lateegra holds its property and assets (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with terms thereof, Lateegra is not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged. None of the properties (or any interest in, or right to earn an interest in, any property) of Lateegra is subject to any right of first refusal or purchase or acquisition right.

Environmental Matters

- (qq) Except for matters that would not, individually or in the aggregate, have a material adverse effect on Lateegra:
 - (i) Lateegra is in possession of all licenses, permits, certificates, orders, consents, approvals or other authorizations necessary under Environmental Laws to own, lease and operate its properties and to conduct its respective business and operations as now conducted (collectively, the "**Environmental Permits**"); and
 - (ii) Lateegra (and its businesses and operations) have been and are now in material compliance with all Environmental Permits and Environmental Laws.
- (rr) Lateegra is not subject to:
 - (i) any Environmental Permits or Environmental Laws that require or may require:
 - (A) any material work, repairs, construction, change in business practices or operations; or
 - (B) any expenditures, including capital expenditures, for facility upgrades, Environmental investigation and remediation expenditures, or any other similar expenditures;

- (ii) any written demand, written notice of default, summons, notice of judgment or commencement of proceedings with respect to any breach, liability or remedial action (or any alleged breach, liability or remedial action) arising under Environmental Laws;
- (iii) any obligation to remedy, pay compensation, or make any payment in the nature of a fine in relation to any breach of Environmental Permits or Environmental Laws;
- (iv) or aware of any pending, material renewal, modification, revocation, reissuance, alteration, transfer or amendment of any Environmental Permit; or
- (v) or aware of any pending, review by, or approval of, any Governmental Authority required, in relation to Environmental Permit or Environmental Laws, in connection with the execution and delivery of this Agreement, the completion of the Arrangement or the continuation of the business or operations of Lateegra following completion of the Arrangement,

that would, individually or in the aggregate, have a material adverse effect on Lateegra.

Litigation

- (ss) There is no claim, suit, action, arbitration, review, proceeding or investigation pending, or to the knowledge of Lateegra, threatened by or against Lateegra or affecting any of its properties, assets or businesses before or by any Governmental Authority that if adversely determined, individually or in the aggregate, would have a material adverse effect on Lateegra or prevent or delay consummation of the Arrangement or the other transactions contemplated by this Agreement, nor to the knowledge of Lateegra is there any basis for any such claim, suit, action, arbitration, review, proceeding or investigation.
- (tt) Neither Lateegra nor any of its assets, properties or businesses, is subject to an outstanding judgment, order, decision, ruling, decree, award or injunction exceeding \$50,000 or which would have a material adverse effect on Lateegra or prevent or delay consummation of the Arrangement or the other transactions contemplated by this Agreement.

Insurance

- (uu) Lateegra has policies of insurance currently in force naming one or more of Lateegra or a Lateegra Subsidiary as an insured. All such policies of insurance will remain in force and effect from the date hereof to and including the Effective Date and will not be cancelled or otherwise terminated as a result of the Arrangement or the other transactions contemplated by this Agreement other than such cancellations as would not, individually or in the aggregate, have a material adverse affect on Lateegra.

Tax Matters

- (vv) Except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect with respect to Lateegra:
- (i) Lateegra and each Lateegra Subsidiary has duly and in a timely manner made or prepared all Tax Returns required to be made or prepared by it, and duly and in a timely manner filed all Tax Returns required to be filed by it with the appropriate Governmental Authority, such Tax Returns are complete and correct in all material respects and Lateegra and each Lateegra Subsidiary has paid all Taxes, including instalments on account of Taxes for the current year required by applicable Law, which are due and payable by it whether or not assessed by the appropriate Governmental Entity and Lateegra has provided adequate accruals in accordance with GAAP in the most recently published financial statements of Lateegra for any Taxes for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business;
 - (ii) Lateegra and each Lateegra Subsidiary has duly and timely withheld all Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any person) and has duly and timely remitted to the appropriate Governmental Authority such Taxes or other amounts required by applicable Law to be remitted by it;
 - (iii) Lateegra and each Lateegra Subsidiary has duly and timely collected all amounts on account of any sales or transfer Taxes, including goods and services, harmonized sales and provincial and territorial taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Authority such amounts required by Law to be remitted to it;
 - (iv) other than actions in the ordinary course, there are no actions, suits, proceedings, investigations or claims threatened against Lateegra or any Lateegra Subsidiary in respect of Taxes, or any matters under discussion with any Governmental Authority relating to Taxes asserted by any such authority;
 - (v) neither Lateegra nor any Lateegra Subsidiary has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which: (A) to file any Tax Return covering any Taxes for which Lateegra or any Lateegra Subsidiary is or may be liable; (B) to file any elections, designations or similar filings

relating to Taxes for which Lateegra or any Lateegra Subsidiary is or may be liable; (C) Lateegra or any Lateegra Subsidiary is required to pay or remit any Taxes or amounts on account of Taxes; or (D) any Governmental Authority may assess or collect Taxes for which Lateegra or any Lateegra Subsidiary is or may be liable;

- (vi) other than ordinary course audits and claims, there are no proceedings, investigations audits or claims in progress or, to the knowledge of Lateegra, pending or threatened against Lateegra nor any Lateegra Subsidiary in respect of Taxes and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes;
- (vii) neither Lateegra nor any Lateegra Subsidiary has acquired property from a non-arm's length person, within the meaning of the Income Tax Act: (A) for consideration the value of which is less than the fair market value of the property; or (B) as a contribution of capital for which no shares were issued by the acquirer of the property;
- (viii) Lateegra has made available to Excellon copies of: (A) all Tax Returns relating to the Taxes of Lateegra or any Lateegra Subsidiary that to the knowledge of Lateegra have been filed in the last three (3) years; and (B) all material written communications to or from any Governmental Authority relating to the Taxes of Lateegra or any Lateegra Subsidiary that to the knowledge of Lateegra has been received or sent in the last three (3) years;
- (ix) for the purposes of the Income Tax Act: (A) Lateegra is resident in Canada; and (B) other than Zorin Industries Inc., each of the Lateegra Subsidiaries is not resident in Canada; and
- (x) there are no Encumbrances for Taxes upon any properties or assets of Lateegra or of any of the Lateegra Subsidiaries (other than Liens relating to Taxes not yet due and payable and for which adequate reserves have been recorded on the consolidated balance sheet included in Lateegra's audited consolidated financial statements as at and for the year ended September 30, 2010).

Fees and Commissions

- (ww) No person is entitled to any broker's or finder's fee or other fee, commission or compensation payable by Lateegra in connection with the Arrangement or any of the other transactions contemplated by this Agreement, except for:
 - (i) fees payable to Lateegra's legal, financial and accounting advisors; and
 - (ii) fees payable to Governmental Authorities in the ordinary course in respect of the Arrangement.

Absence of Cease Trade Orders

- (xx) No order ceasing or suspending trading of the Lateegra Common Shares or any other securities of Lateegra has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Lateegra, are pending, contemplated or threatened under and Securities Laws or by any other regulatory authority.

Related Party Transactions

- (yy) Except as contemplated hereby, there are no contracts or other transactions currently in place between Lateegra or any Lateegra Subsidiary, on the one hand, and (i) to the knowledge of Lateegra, any officer or director of Lateegra or any Lateegra Subsidiary; (ii) to the knowledge of Lateegra, any holder of record or, to the knowledge of Lateegra, beneficial owner of 10% or more of the Lateegra Common Shares; and (iii) to the knowledge of Lateegra, any affiliate or associate (including any spouse, parent, sibling or descendant of such person and any trust for the benefit of any of the foregoing persons) of any such, officer, director, holder of record or beneficial owner, on the other hand.

Expropriation

- (zz) Since September 30, 2010, no material part of the property or assets of Lateegra or any Lateegra Subsidiary has been taken, condemned or expropriated by any Governmental Authority nor has any written notice, acknowledgement or proceeding in respect thereof been received by Lateegra or any Lateegra Subsidiary.

Rights of Other Persons

- (aaa) No person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Lateegra, any Lateegra Subsidiary or any part thereof.

Registration Rights

- (bbb) No Lateegra Shareholder has any right to compel Lateegra to register or otherwise qualify the Lateegra Common Shares (or any of them) for public sale or distribution.

United States Securities Laws

- (ccc) Lateegra is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Securities Exchange Act and Lateegra is not required to register as an "investment company" under the United States *Investment Company Act of 1940*, as amended.
- (ddd) Lateegra is not required to file reports pursuant to Sections 13(a) or 15(d) of the U.S. Securities Exchange Act and the Lateegra Common Shares are not registered, or required to be registered, under Section 12 of U.S. Securities Exchange Act.

- (eee) Lateegra, including all entities “controlled by” Lateegra for purposes of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, does not and prior to completion of the Arrangement will not, hold assets located in the United States with a fair market value in excess of U.S.\$66.0 million in the aggregate; during the 12-month period ended September 30, 2010, (A) Lateegra did not make sales in or into the United States in excess of U.S.\$66.0 million in the aggregate, and (B) the assets that Lateegra will hold as of immediately prior to completion of the Arrangement did not generate sales in or into the United States in excess of U.S.\$66.0 million in the aggregate.

Stock Exchange Compliance

- (a) Lateegra is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the TSXV.

3.2 Representations and Warranties of Excellon

Excellon represents and warrants to Lateegra as follows and acknowledges that Lateegra is relying upon these representations and warranties in entering into this Agreement:

Organization

- (a) Excellon is a corporation incorporated and validly existing under the laws of British Columbia, has the corporate power and capacity to own or lease its property and assets and to carry on its business as presently owned, leased or conducted, and is duly registered, licensed or qualified to carry on business, and is in good standing, in each jurisdiction in which the character of its properties and assets, owned or leased, or the nature of its business make such qualification, registration or licensing necessary.

Capitalization

- (b) Excellon's authorized capital consists of an unlimited number of common shares without par value, of which, as of the date hereof, 250,288,446 Excellon Common Shares are validly issued and outstanding as fully paid and non-assessable shares.
- (c) The issued and outstanding Excellon Common Shares are listed and posted for trading on the TSX.
- (d) Other than the issued and outstanding Excellon Common Shares, there are no issued and outstanding shares in the capital of Excellon.
- (e) Except for 12,009,992 Excellon Options validly granted as of the date hereof under the Excellon Stock Option Plan there are no options, warrants, conversion privileges, rights, agreements, understandings, commitments or other obligations (whether by law, pre-emptive or contractual) of Excellon to issue, sell or deliver any shares or

other ownership interests in Excellon or securities or obligations of any kind convertible into or exchangeable for shares or other ownership interests in Excellon.

- (f) There are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income, share price or any other attribute of Excellon or its business or operations.
- (g) There are no outstanding bonds, debentures or other evidences of indebtedness of Excellon having the right to vote (or convertible into or exchangeable for securities having the right to vote) with Excellon Shareholders on any matter.
- (h) Following the Effective Date, (i) there shall be no resale restrictions on the Excellon Common Shares issued or issuable pursuant to the Arrangement or the Replacement Options or the Replacement Warrants under securities Laws in Canada, except in respect of those holders who are subject to restrictions on resale as a result of being a "control person" under securities Laws in Canada; and (ii) the Excellon Common Shares issued or issuable pursuant to the Arrangement and the Replacement Options and the Replacement Warrants shall not be subject to any statutory hold or restricted period under the U.S. Securities Act or the rules promulgated thereunder, or under any blue sky or state securities laws, subject to the restrictions on transfer applicable to persons who are "affiliates" (as that term is used in U.S. securities laws) of Excellon after the Effective Date or within 90 days prior to the Effective Date)..

Subsidiaries

- (i) Each of the Excellon Subsidiaries is a corporation incorporated and validly existing under the laws of its jurisdiction of incorporation, has the corporate power and capacity to own or lease its property and assets and to carry on its business as presently owned, leased or conducted by it, and is duly registered, licensed or qualified to carry on business, and is in good standing, in each jurisdiction in which the character of its properties and assets, owned or leased, or the nature of its business makes such qualification, registration or licensing necessary.
- (j) Excellon, directly or indirectly, beneficially owns all of the issued and outstanding shares and other ownership interests of each of the Excellon Subsidiaries and there are no contracts, commitments, agreements, understandings, arrangements or restrictions which require any Excellon Subsidiary to issue, sell or deliver any shares in its share capital or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares of its share capital or other ownership interests

Authority Relative to this Agreement

- (k) Excellon has the corporate power and capacity to enter into and perform its obligations under this Agreement and all documents and agreements contemplated by this Agreement to which Excellon is or will be a party.

- (l) The execution and delivery of this Agreement by Excellon and the performance by Excellon of its obligations hereunder have been duly authorized by the board of directors of Excellon and no other corporate proceeding on the part of Excellon is necessary to authorize this Agreement or the transactions contemplated hereby or thereby.
- (m) This Agreement has been duly executed and delivered by Excellon and is a legal, valid and binding obligation of Excellon, enforceable against Excellon in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other laws relating to or affecting creditors' rights generally and to the availability of equitable remedies.
- (n) The execution and delivery by Excellon of this Agreement does not, and the performance by Excellon of its obligations hereunder and thereunder and the completion of the Arrangement do not and will not:
 - (i) conflict with, violate or breach any provision of:
 - (A) Excellon's or any of its Subsidiaries' constating documents or any resolution of their respective directors or shareholders; or
 - (B) any applicable Laws that would, individually or in the aggregate, have a material adverse effect on Excellon or would prevent or delay completion of the Arrangement;
 - (ii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, require any consents to be obtained under, or give to others any rights of termination, amendment, acceleration or cancellation of or under, any credit agreement, note, bond, mortgage, indenture or other similar contract, agreement or instrument relating to indebtedness for borrowed money (the "**Excellon Debt Agreements**") to which Excellon or any of its Subsidiaries is a party or by which Excellon or any of its Subsidiaries or any of their respective properties or assets is bound or affected;
 - (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, require any consent to be obtained under, or give to others any rights of termination, amendments, acceleration or cancellation of or under:
 - (A) any license, permit (including any Environmental Permit), certificate, order, consent, approval or other authorization of Excellon or any of its Subsidiaries or by which Excellon, any of its Subsidiaries or any of their respective properties or assets is bound or affected, that would, individually or in the aggregate, have a material adverse effect on Excellon or would prevent or delay completion of the Arrangement;

- (B) any agreement, arrangement, commitment or understanding to which Excellon or any of its Subsidiaries is a party or by which Excellon, any of its Subsidiaries or any of their respective properties or assets is bound or affected that would, individually or in the aggregate, have a material adverse effect on Excellon or would prevent or delay completion of the Arrangement;
- (iv) result in the imposition of an Encumbrance upon any of the properties or assets of Excellon or any of its Subsidiaries that would, individually or in the aggregate, have a material adverse effect on Excellon; or
- (v) give rise to any option, right of first refusal or similar right becoming exercisable by a third party that would have a material adverse effect on Excellon or prevent or delay the completion of the Arrangement.

Disclosure

- (o) Excellon is a "reporting issuer" not in default or the equivalent under the Applicable Securities Laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (p) Since August 1, 2008 Excellon has prepared and filed with appropriate Governmental Authorities all documents required to be filed by it under Applicable Securities Laws (collectively, the "**Excellon Public Record**") and such documents, as of the time they were filed:
 - (i) did not contain any misrepresentations (as defined in applicable Canadian Securities Laws relating to such document);
 - (ii) did not fail to state a material fact required to be stated in order to make the statements contained in such document not misleading in light of the circumstances in which they were made; and
 - (iii) complied in all material respects with the requirements of Applicable Securities Laws.
- (q) Excellon has not filed any confidential material change report or the equivalent thereof under Applicable Securities Laws with any Governmental Authority that currently remains confidential.

Financial Statements

- (r) Excellon's audited consolidated financial statements as at and for the fiscal year ended December 31, 2010 (including the notes thereto) were prepared in accordance with GAAP consistently applied and Excellon's unaudited consolidated financial statements as at and for the three months ended March 31, 2011 (collectively, the

"Excellon Financial Statements") were prepared in accordance with IFRS consistently applied (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of the audited consolidated financial statements, in the related report of Excellon's independent auditors, or (ii) in the case of unaudited consolidated interim financial statements, are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Excellon and the Excellon Subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited consolidated interim financial statements, to normal period-end adjustments) and reflect reserves required by GAAP or IFRS, as applicable, in respect of all material contingent liabilities, if any, of Excellon and the Excellon Subsidiaries on a consolidated basis. There has been no material change in Excellon's accounting policies, except as described in the notes to the Excellon Financial Statements, since December 31, 2010.

Material Liabilities

- (s) Other than as fully disclosed in the Excellon Public Record, neither Excellon nor any of its Subsidiaries has any material liabilities or obligations of any nature (whether contingent or absolute, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due, including any liability for Taxes), including guarantees, support obligations or other similar obligations with respect to the obligations of any person, except liabilities and obligations adequately reflected or reserved against in the audited consolidated financial statements of Excellon as at and for the financial year ended December 31, 2010 or in the interim unaudited consolidated financial statements of Excellon as at and for the financial period ended March 31, 2011 or incurred in the ordinary course of business since the end of such periods.

Books and Records

- (t) The books, records and accounts of Excellon, in all material respects:
 - (i) have been maintained in accordance with good business practices on a basis consistent with prior years;
 - (ii) are stated in reasonable detail and accurately and fairly reflect the transactions, including the acquisition and disposition of properties and assets, of Excellon; and
 - (iii) accurately and fairly reflect the basis for Excellon's financial statements.

Minute Books

- (u) The minute books of Excellon and each of the Excellon Subsidiaries are true, correct and complete in all material respects.

Excellon Information

- (v) All information provided to Lateegra in relation to Lateegra's due diligence requests is accurate in all material respects as at its respective date as stated therein. To the extent that there has been a material change to any of the information provided to Excellon since the date provided to Lateegra, such information is accurate in all material respects or is no longer relevant or material to Excellon or additional information has been provided to Lateegra which supersedes or replaces such information.

Disclosure Controls and Procedures

- (w) Excellon has devised and maintained a system of disclosure controls and procedures designed to ensure that information required to be disclosed by Excellon under applicable Securities Laws is recorded, processed, summarized and reported within the time periods specified in the applicable Securities Laws. Such disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Excellon in the reports and other filings under applicable Securities Laws is accumulated and communicated to Excellon's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

- (x) Excellon maintains internal control over financial reporting. Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP or IFRS, as applicable, and includes policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Excellon and the Excellon Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP or IFRS, as applicable, and that receipts and expenditures of Excellon and the Excellon Subsidiaries are being made only in accordance with authorizations of management and directors of Excellon and the Excellon Subsidiaries; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Excellon's and the Excellon Subsidiaries' assets that could have a material effect on its financial statements. To the knowledge of Excellon, prior to the date of this Agreement: (A) there are no significant deficiencies in the design or operation of, or material weaknesses in, Excellon's internal controls over financial reporting that are reasonably likely to adversely affect the ability to record, process, summarize and report financial information on or after the Effective Time, and (B) there is no fraud, whether or not material, that involves management or other employees who have a significant role in Excellon's internal control over financial reporting. Since

December 31, 2010 and prior to the date of this Agreement, Excellon has received no (x) material complaints from any source regarding accounting, internal accounting controls or auditing matters or (y) expressions of concern from employees of Excellon regarding questionable accounting or auditing matters.

Absence of Changes

- (y) Except as disclosed in the Excellon Public Record or previously disclosed in writing to Lategra on or prior to the date hereof, since January 1, 2010, Excellon and each of its Subsidiaries has conducted its business only in the ordinary course of business and consistent with past practice and:
 - (i) no material adverse change has occurred with respect to Excellon;
 - (ii) neither Excellon nor any of its Subsidiaries have incurred liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) which would, individually or in the aggregate, have an adverse material effect on Excellon;
 - (iii) neither Excellon nor any of its Subsidiaries have experienced any damage, destruction or loss, whether covered by insurance or not, that would have a material adverse effect on Excellon;
 - (iv) neither Excellon nor any of its Subsidiaries have acquired or sold property or assets aggregating more than five percent of Excellon's total consolidated property and assets as at December 31, 2010;
 - (v) neither Excellon nor any of its Subsidiaries have entered into, amended, relinquished, terminated or failed to renew any material agreement, arrangement, commitment, understanding, license, permit, certificate, order, consent, approval or authorization that would, individually or in the aggregate, have a material adverse affect on Excellon;
 - (vi) Excellon has not made any material change in its accounting methods, principles or practices, including the basis upon which its assets and liabilities are recorded on its books or its earnings, profits and losses are ascertained;
 - (vii) neither Excellon nor any of its Subsidiaries have amended their constating documents;
 - (viii) Excellon has not declared, paid or set aside for payment any dividend or distribution of any kind in respect of any of its outstanding securities nor made any repayments of capital;
 - (ix) Excellon has not redeemed, repurchased or otherwise acquired any Excellon Common Shares;

- (x) no resolution to approve a subdivision, consolidation or reclassification of any of the Excellon Common Shares has been approved by or presented to the Excellon Shareholders; and
- (xi) neither Excellon nor any of its Subsidiaries have entered into any agreements, arrangements, commitments or understandings to take any action which, if taken prior to the date of this Agreement, would have made any representation or warranty of Excellon in this Agreement materially untrue or incorrect as of the date when made.

Restrictions on Business Activities

- (z) There are no agreements, arrangements, commitments, understandings, judgments, orders, warrants, writs, injunctions or decrees binding upon Excellon or any of its Subsidiaries that has or could have the effect of prohibiting or materially restricting or impairing any business practice of Excellon or any of its Subsidiaries, any acquisition of property or assets by Excellon or any of its Subsidiaries or the conduct of business by Excellon or any of its Subsidiaries as currently conducted, other than any such agreements, arrangements, commitments, understandings, judgments, orders, awards, writs, injunctions or decrees which would not, individually or in the aggregate, have a material adverse effect on Excellon.

Compliance

- (aa) Excellon and each of its Subsidiaries has complied with and is not in violation of:

- (i) its constating documents or any resolution of its directors or shareholders; or
- (ii) any applicable Laws, including Environmental Laws,

other than instances of non-compliance or violations that would not, individually or in the aggregate, have a material adverse effect on Excellon.

Approvals

- (bb) No consent, approval, order or authorization of, or filing with, any Governmental Authority with jurisdiction over Excellon, any of its Subsidiaries or any of their respective properties, assets or businesses is required to be obtained by Excellon or any of its Subsidiaries in connection with the execution and delivery by Excellon of this Agreement, the performance by Excellon of its obligations hereunder or the completion of the Arrangement other than:

- (i) in connection with or in compliance with Applicable Securities Laws; and
- (ii) authorizations, consents, approvals, orders or filings, the failure of which to obtain or make would not, individually or in the aggregate, prevent or delay completion of the Arrangement or have a material adverse effect on Excellon.

Licenses and Permits

- (cc) Excellon and each of its Subsidiaries has obtained and is in compliance with all material permits required by applicable Laws which are necessary to lawfully conduct its current businesses as it is now being conducted or as intended to be conducted as set forth in the Excellon Public Record (which, for greater certainty, includes the exploration for and exploitation of mineral deposits) or which are necessary for the lawful ownership, use and occupation of its properties and assets. All such permits are in full force and effect and, to the knowledge of Excellon, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such permits as are necessary to conduct the business of Excellon as it is proposed to be conducted. Each such permit can be renewed in the ordinary course of business by Excellon. Excellon has received no notice of any actual or threatened proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such permit and, to the knowledge of Excellon, there is no valid basis for any such proceeding, including on the basis of the transactions contemplated hereby. Excellon has received no notice of any actual or threatened administrative or governmental action or proceeding in connection with the expiration, continuance or renewal of any such permit and, to the knowledge of Excellon, there is no valid basis for any such proceeding..

Material Contracts

- (dd) Neither Excellon nor any of its Subsidiaries is in breach of, and no event of default (including an event which with notice or lapse of time or both would become a default) relating to Excellon or any of its Subsidiaries has occurred under any of the agreements, arrangements, commitments and understandings that are material to the business and operations of Excellon and its Subsidiaries, taken as a whole (collectively the "**Excellon Contracts**") and, to the knowledge of Excellon, none of the other parties to any of the Excellon Contracts are in breach of and no event of default (including an event which with notice or lapse of time or both would become a default) relating to such other party has occurred under any of the Excellon Contracts; except for breaches or events of default that have been cured or waived or breaches or events of default that would not, individually or in the aggregate, have a material adverse effect on Excellon.

Employment Matters

- (ee) There are no current, pending or, to the knowledge of Excellon, threatened strikes or lockouts at any of Excellon's facilities.
- (ff) Except as disclosed in the Excellon Public Record, Excellon is not subject to any claim for wrongful dismissal, constructive dismissal or any other claim in contract or in tort, nor is any such claim or any litigation, arbitration or mediation pending or, to the knowledge of Excellon, threatened, relating to employment or termination of employment of employees or independent contractors, other than claims, litigation,

arbitration or mediation that, individually or in aggregate, amount to less than \$50,000.

- (gg) Excellon has operated in all material respects in accordance with all applicable Laws with respect to employment and labour, including employment and labour standards, occupational health and safety laws, workers' compensation, social insurance and pension contribution, human rights and labour relations, and there are no pending or, to the knowledge of Excellon, threatened proceedings against Excellon before any Governmental Authority with respect to any of the foregoing matters, other than claims, litigation, arbitration or proceedings that, individually or in aggregate, amount to less than \$50,000.

Title to Properties and Assets

- (hh) Excellon and its Subsidiaries have good and sufficient right and title to their respective properties and assets (other than a property or an asset as to which Excellon or its Subsidiaries is a lessee, in which case it has a valid lease interest) and to its mineral interests and rights (including any claims, concessions, exploration licences, exploitation licences, prospecting permits, royalty interests, mining leases and mining rights) necessary to permit the operation of its business as presently conducted, except for such defect in title that, individually or in the aggregate, would not have a material adverse effect on Excellon.
- (ii) Except as disclosed in the Excellon Public Record, the properties, assets and mineral rights in which Excellon or any of its Subsidiaries holds an interest are held free and clear of all Encumbrances.
- (jj) Neither Excellon nor any of its Subsidiaries has received notice of any default in its title to any of its properties, assets or mineral rights which default is continuing and, individually or in the aggregate, would have a material adverse affect on Excellon or subject the title of Excellon or any of its Subsidiaries to any of their properties or assets to cancellation or termination.
- (kk) Any and all of the agreements and other documents and instruments pursuant to which Excellon or any of its Subsidiaries holds its property and assets (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with terms thereof, neither Excellon nor any of its Subsidiaries is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged. None of the properties (or any interest in, or right to earn an interest in, any property) of Excellon or any of its Subsidiaries is subject to any right of first refusal or purchase or acquisition right.

Mineral Reserves

- (ll) The measured, indicated and inferred resources and proven and probable reserves for the various mineral properties in which Excellon or any of the Excellon Subsidiaries holds an interest, as set forth in Excellon's annual information form for its financial year ended December 31, 2010, were prepared in accordance with sound mining, engineering, geoscience and other applicable industry standards and practices, and in accordance with the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and were, at such date, true and correct in all material respects. There has been no material reduction in the aggregate amount of estimated mineral reserves or estimated mineral resources of Excellon or the Excellon Subsidiaries from the amounts disclosed in the Excellon Public Record other than as a result of mining activities undertaken in the ordinary course.

Environmental Matters

- (mm) Except for matters that would not, individually or in the aggregate, have a material adverse effect on Excellon:
- (i) each of Excellon and its Subsidiaries is in possession of all Environmental Permits; and
 - (ii) Excellon and its Subsidiaries (and their respective businesses and operations) have been and are now in material compliance with all Environmental Permits and Environmental Laws.
- (nn) Neither Excellon nor any of its Subsidiaries is subject to:
- (i) any Environmental Permits or Environmental Laws that require or may require:
 - (A) any material work, repairs, construction, change in business practices or operations; or
 - (B) any expenditures, including capital expenditures, for facility upgrades, Environmental investigation and remediation expenditures, or any other similar expenditures;
 - (ii) any written demand, written notice of default, summons, notice of judgment or commencement of proceedings with respect to any breach, liability or remedial action (or any alleged breach, liability or remedial action) arising under Environmental Laws;
 - (iii) any obligation to remedy, pay compensation, or make any payment in the nature of a fine in relation to any breach of Environmental Permits or Environmental Laws;

- (iv) or aware of any pending, material renewal, modification, revocation, reissuance, alteration, transfer or amendment of any Environmental Permit; or
- (v) or aware of any pending, review by, or approval of, any Governmental Authority required, in relation to Environmental Permit or Environmental Laws, in connection with the execution and delivery of this Agreement, the completion of the Arrangement or the continuation of the business or operations of Excellon or any of its Subsidiaries following completion of the Arrangement;

that would, individually or in the aggregate, have a material adverse effect on Excellon.

Litigation

- (oo) Except as has been disclosed in the Excellon Public Record, there is no claim, suit, action, arbitration, review, proceeding or investigation pending, or to the knowledge of Excellon, threatened by or against Excellon or any of its Subsidiaries or affecting any of their respective properties, assets or businesses before or by any Governmental Authority that if adversely determined, individually or in the aggregate, would have a material adverse effect on Excellon or prevent or delay consummation of the Arrangement or the other transactions contemplated by this Agreement, nor to the knowledge of Excellon is there any basis for any such claim, suit, action, arbitration, review, proceeding or investigation.
- (pp) Neither Excellon, nor any of its Subsidiaries, nor any of their respective assets, properties or businesses, is subject to an outstanding judgment, order, award, writ, injunction or decree which would have a material adverse effect on Excellon or prevent or delay consummation of the Arrangement or the other transactions contemplated by this Agreement.

Insurance

- (qq) Excellon and its Subsidiaries have policies of insurance currently in force naming one or more of Excellon or its Subsidiaries as an insured that adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Excellon and its Subsidiaries, having regard to the nature of the relevant risks and the relative cost of obtaining insurance. All such policies of insurance will remain in force and effect from the date hereof to and including the Effective Date and will not be cancelled or otherwise terminated as a result of the Arrangement or the other transactions contemplated by this Agreement other than such cancellations as would not, individually or in the aggregate, have a material adverse affect on Excellon.

Tax Matters

- (rr) Except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect with respect to Excellon:

- (i) Excellon and each Excellon Subsidiary has duly and in a timely manner made or prepared all Tax Returns required to be made or prepared by it, and duly and in a timely manner filed all Tax Returns required to be filed by it with the appropriate Governmental Authority, such Tax Returns are complete and correct in all material respects and Excellon and each Excellon Subsidiary has paid all Taxes, including instalments on account of Taxes for the current year required by applicable Law, which are due and payable by it whether or not assessed by the appropriate Governmental Entity and Excellon has provided adequate accruals in accordance with GAAP in the most recently published financial statements of Excellon for any Taxes for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business;
- (ii) Excellon and each Excellon Subsidiary has duly and timely withheld all Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any person) and has duly and timely remitted to the appropriate Governmental Authority such Taxes or other amounts required by applicable Law to be remitted by it;
- (iii) Excellon and each Excellon Subsidiary has duly and timely collected all amounts on account of any sales or transfer Taxes, including goods and services, harmonized sales and provincial and territorial taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Authority such amounts required by Law to be remitted to it;
- (iv) other than actions in the ordinary course, there are no actions, suits, proceedings, investigations or claims threatened against Excellon or any Excellon Subsidiary in respect of Taxes, or any matters under discussion with any Governmental Authority relating to Taxes asserted by any such authority;
- (v) neither Excellon nor any Excellon Subsidiary has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which: (A) to file any Tax Return covering any Taxes for which Excellon or any Excellon Subsidiary is or may be liable; (B) to file any elections, designations or similar filings relating to Taxes for which Excellon or any Excellon Subsidiary is or may be liable; (C) Excellon or any Excellon Subsidiary is required to pay or remit any Taxes or amounts on account of Taxes; or (D) any Governmental Authority may assess or collect Taxes for which Excellon or any Excellon Subsidiary is or may be liable;

- (vi) other than ordinary course audits and claims, there are no proceedings, investigations audits or claims in progress or, to the knowledge of Excellon, pending or threatened against Excellon nor any Excellon Subsidiary in respect of Taxes and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes;
- (vii) neither Excellon nor any Excellon Subsidiary has acquired property from a non-arm's length person, within the meaning of the Income Tax Act: (A) for consideration the value of which is less than the fair market value of the property; or (B) as a contribution of capital for which no shares were issued by the acquirer of the property;
- (viii) for the purposes of the Income Tax Act: (A) Excellon is resident in Canada; and (B) except for Silver Eagle Mines Inc., each of the Excellon Subsidiaries is not resident in Canada; and
- (ix) there are no Encumbrances for Taxes upon any properties or assets of Excellon or of any of the Excellon Subsidiaries (other than Liens relating to Taxes not yet due and payable and for which adequate reserves have been recorded on the consolidated balance sheet included in Excellon's audited consolidated financial statements as at and for the fiscal year ended July 31, 2008).

Fees and Commissions

- (ss) No person is entitled to any broker's or finder's fee or other fee, commission or compensation payable by Excellon or any of its Subsidiaries in connection with the Arrangement or any of the other transactions contemplated by this Agreement, except for:
 - (i) fees payable to Excellon's legal, financial and accounting advisors; and
 - (ii) fees payable to Governmental Authorities in the ordinary course in respect of the Arrangement.

Absence of Cease Trade Orders

- (tt) No order ceasing or suspending trading of the Excellon Common Shares or any other securities of Excellon has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Excellon, are pending, contemplated or threatened under and Securities Laws or by any other regulatory authority.

Related Party Transactions

- (uu) there are no contracts or other transactions currently in place between Excellon or any Excellon Subsidiary, on the one hand, and (i) to the knowledge of Excellon, any

officer or director of Excellon or any Excellon Subsidiary; (ii) to the knowledge of Excellon, any holder of record or, to the knowledge of Excellon, beneficial owner of 10% or more of the Excellon Common Shares; and (iii) to the knowledge of Excellon, any affiliate or associate (including any spouse, parent, sibling or descendant of such person and any trust for the benefit of any of the foregoing persons) of any such, officer, director, holder of record or beneficial owner, on the other hand.

Expropriation

- (vv) Since December 31, 2010, no material part of the property or assets of Excellon or any Excellon Subsidiary has been taken, condemned or expropriated by any Governmental Authority nor has any written notice, acknowledgement or proceeding in respect thereof been received by Excellon or any Excellon Subsidiary.

Rights of Other Persons

- (ww) No person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Excellon, any Excellon Subsidiary or any part thereof.

Issuance of Excellon Common Shares

- (xx) The Excellon Shares to be issued as part of the Consideration will, when issued pursuant to the Arrangement, be duly and validly issued as fully paid and non-assessable common shares in the capital of Excellon.

Use of Short Form Prospectus

- (yy) Excellon meets the general eligibility requirements for use of a short form prospectus under National Instrument 44-101 –Short Form Prospectus of the Securities Authorities.

Stock Exchange Compliance

- (zz) Excellon is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the TSX.

Share Ownership.

- (aaa) Neither Excellon, nor any of its affiliates, is the beneficial owner of any securities of Lateegra.

3.3 Survival of Representations and Warranties

The representations and warranties of each of Lateegra and Excellon contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated

on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 COVENANTS

4.1 Covenants of Lateegra Regarding the Conduct of Business

Lateegra covenants and agrees that from the date of this Agreement until the Effective Time or the earlier termination of this Agreement pursuant to Section 10.1, except as expressly contemplated or permitted by this Agreement, required by applicable Law or Governmental Authority or consented to by Excellon in writing, Lateegra will, and will cause each Lateegra Subsidiary to:

- (a) not, and will not permit any Lateegra Subsidiary, directly or indirectly, to do or permit any of the following to occur:
 - (i) issue, sell, pledge, hypothecate, lease, dispose of, Encumber or agree to issue, sell, pledge, lease, dispose of or Encumber any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Lateegra, other than pursuant to the exercise of outstanding Lateegra Options or Lateegra Warrants or pursuant to existing mineral property option agreements, as disclosed in the Lateegra Public Record; or
 - (ii) grant any stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the share price, book value, income or any other attribute of Lateegra or any of its businesses or operations;
 - (iii) amend or propose to amend its articles, notice of articles or other constating documents;
 - (iv) subdivide, combine or reclassify any of its outstanding securities, or declare, set aside or pay any dividend or other distribution payable in cash, securities, property, assets or otherwise with respect to its securities;
 - (v) redeem, purchase or offer to purchase any of its securities, unless otherwise required by the terms of such securities;
 - (vi) reorganize, amalgamate, enter into an arrangement with or merge, or agree with any other person to reorganize, amalgamate, enter into an arrangement with or merge;
 - (vii) acquire or agree to acquire, any securities or business of any person or acquire or agree to acquire any properties or assets which are, individually or in the aggregate, material to Lateegra except for purchases of assets,

inventory or equipment in the ordinary course of business consistent with past practice;

- (viii) satisfy or settle any claims, liabilities or legal actions which are, individually or in the aggregate, material to Lateegra, except such as have been reserved against in Lateegra's financial statements previously filed in the Lateegra Public Record;
- (ix) relinquish any contractual rights, which are, individually or in the aggregate, material to Lateegra;
- (x) enter into any interest rate, currency, metal or other commodity swaps, hedges or other similar financial or derivative instruments;
- (xi) incur or commit to provide guarantees, incur any indebtedness for borrowed money or issue any debt securities;
- (xii) except pursuant to existing employment, termination or compensation arrangements or policies or Benefit Plans:
 - (A) enter into, or modify any employment, severance, collective bargaining or similar agreements, policies or arrangements with; or
 - (B) grant any bonuses, salary increases, stock options, pension or supplemental pension benefits, profit sharing, retirement allowances, deferred compensation, incentive compensation, severance or termination pay to, or make any loan to,

any employees, officers or directors of Lateegra;
- (xiii) incur or commit to make any capital expenditures or capital related spending commitments except for capital expenditures or capital related spending in the ordinary course of business consistent with past practice;
- (xiv) settle any claim brought by any present, former or purported holder of any of its securities in connection with the Arrangement or the other transactions contemplated by this Agreement;
- (xv) except as required by applicable Law or in the ordinary course of business consistent with past practice, modify in any material respect any Lateegra Contract or enter into any new contract, agreement, commitment or arrangement which new contract, or series of related new contracts, would be material to, or which would have a material adverse effect on, Lateegra;
- (xvi) make any changes to its existing accounting practices, except as required by applicable Laws or a change in GAAP or IFRS, or make any material tax election inconsistent with past practice; or

- (xvii) any action that would, or may reasonably be expected to, be inconsistent with, interfere with or significantly impede the completion of the Arrangement or the other transactions contemplated by this Agreement;
- (b) use its reasonable commercial efforts to cause its insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
- (c) use its reasonable commercial efforts to preserve intact its business organization and goodwill, to keep available the services of its officers and employees as a group up to the Effective Date and to maintain satisfactory relationships with contractors, suppliers, agents and others having business relationships with Lateegra;
- (d) promptly inform Excellon of:
 - (i) any material adverse change, or any change which could reasonably be expected to become a material adverse change, in respect of Lateegra;
 - (ii) any event occurring prior to the Effective Time that, to the knowledge of Lateegra, would render any representation or warranty of Lateegra herein untrue in any material respect if made on and as of the Effective Date; or
 - (iii) any breach by Lateegra of its obligations under this Agreement;
- (e) use all commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent set forth in Section 5.1 and 5.2 to the extent that satisfaction of such conditions precedent is within Lateegra's control and to use commercially reasonable efforts to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Arrangement, including Lateegra's commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from any other parties to the agreements, arrangements, commitments or understandings to which Lateegra is a party or by which Lateegra or any of its properties or assets is bound;
 - (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable Laws;
 - (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of any Party before Governmental Authorities;

- (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate the Arrangement or the other transactions contemplated hereby;
- (v) fulfil all conditions and satisfy all provisions of this Agreement and the Arrangement; and
- (vi) cooperate with Excellon in connection with the performance of its obligations hereunder;
- (f) subject to applicable Laws, in all material respects, conduct itself so as to keep Excellon fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business; and
- (g) make or cooperate as necessary in the making of all other necessary filings and applications under all applicable Laws required in connection with the Arrangement and the transactions contemplated herein and take all reasonable action necessary to be in compliance with such applicable Laws.

4.2 Covenants of Excellon Regarding the Conduct of Business

Excellon covenants and agrees that from the date of this Agreement until the Effective Time or the earlier termination of this Agreement pursuant to Section 10.1, except as expressly contemplated or permitted by this Agreement, required by applicable Law or Governmental Authority or consented to by Lateegra in writing, Excellon will, and will cause each Excellon Subsidiary to:

- (a) not, directly or indirectly, take or permit any action that would, or that reasonably may be expected to, be inconsistent with, interfere with or significantly impede the completion of the Arrangement or the transactions contemplated under this Agreement, or would render, or that reasonably may be expected to render, any representation or warranty of Excellon to be untrue in any material respect at any time prior to the Effective Time as if made at that time;
- (b) not issue any Excellon Common Shares or securities or financial instruments convertible or exercisable into Excellon Common Shares other than pursuant to the exercise of outstanding Excellon Options or Excellon Options granted in the ordinary course of business consistent with past practice under the Excellon Stock Option Plan;
- (c) not subdivide, combine or reclassify any of its outstanding securities, or declare, set aside or pay any dividend or other distribution payable in cash, securities, property, assets or otherwise with respect to its securities;
- (d) not redeem, purchase or offer to purchase any of its securities, unless otherwise required by the terms of such securities;

- (e) not reorganize, amalgamate, enter into an arrangement with or merge, or agree with any other person to reorganize, amalgamate, enter into an arrangement with or merge;
- (f) promptly inform Lateegra of:
 - (i) any material adverse change, or any change which could reasonably be expected to become a material adverse change, in respect of Excellon;
 - (ii) any event occurring prior to the Effective Time that, to the knowledge of Excellon, would render any representation or warranty of Excellon untrue in any material respect if made on and as of the Effective Date; or
 - (iii) any breach by Excellon of its obligations under this Agreement;
- (g) use all commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent set forth in Section 5.1 and 5.3 to the extent that satisfaction of such conditions precedent is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Arrangement, including its commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to Excellon Debt Agreements and other agreements, arrangements, commitments, or understandings to which Excellon or any of its Subsidiaries is a party or by which Excellon, any of its Subsidiaries or any of their respective properties or assets is bound;
 - (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable Laws,
 - (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of any Party before Governmental Authorities;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate the Arrangement or the other transactions contemplated hereby;
 - (v) fulfil all conditions and satisfy all provisions of this Agreement and the Arrangement; and
 - (vi) cooperate with Lateegra in connection with the performance of its obligations hereunder;

- (h) make or cooperate as necessary in the making of all other necessary filings and applications under all applicable Laws required in connection with the Arrangement and the other transactions contemplated herein and take all reasonable action necessary to be in compliance with such applicable Laws;
- (i) not take any action except in the ordinary course of business and use its reasonable commercial efforts to preserve intact its business organization and goodwill, to keep available the services of its officers and employees as a group up to the Effective Date and to maintain satisfactory relationships with contractors, suppliers, agents and others having business relationships with Excellon; and
- (j) use its reasonable commercial efforts to conduct its affairs so that all of its representations and warranties contained herein will be true and correct in all material respects on and as of the Effective Date as if made thereon.

4.3 Covenants of Excellon Relating to the Arrangement

Excellon covenants and agrees that until the Effective Time or the earlier termination of this Agreement pursuant to Section 10.1, except as expressly contemplated or permitted in this Agreement or consented to by Lateegra in writing, it will, and will cause its Subsidiaries and Representatives to:

- (a) subject to applicable Laws, except for non-substantive communications, furnish promptly to Lateegra a copy of each notice, report, schedule or other document or communication delivered, filed or received by Excellon in connection with any dealings with Governmental Authorities in connection with, or in any way affecting, the Arrangement or the other transactions contemplated herein;
- (b) prepare and file with all applicable securities commissions or similar securities regulatory authorities of Canada and the United States of all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the Applicable Securities Laws of the provinces of Canada and the United States for the issue by Excellon of Excellon Common Shares, pursuant to the Arrangement and the resale of such securities (other than by "control persons" of Excellon, as that term or its equivalent is used in applicable Canadian Securities Laws, or "affiliates" of Excellon as that term is used in the U.S. Securities Laws);
- (c) at or prior to the Effective Time, allot and reserve for issuance a sufficient number of Excellon Common Shares to meet the obligations of Excellon under the Arrangement (for the avoidance of doubt, including upon the exercise of the Replacement Options and Replacement Warrants);
- (d) at or prior to the Effective Time, create and grant a sufficient number of Replacement Options and Replacement Warrants to meet the obligations of Excellon under the Arrangement; and

- (e) take all necessary actions to have the Excellon Common Shares issued in connection with the Arrangement and upon the exercise of the Replacement Options and Replacement Warrants listed and posted for trading on the TSX.

4.4 Pre-Acquisition Reorganization

- (a) Provided it has been provided at least ten (10) Business Days' prior written notice, Lateegra shall effect such reorganization of its business, operations, subsidiaries and assets or such other transactions (each, a "**Pre-Acquisition Reorganization**") as Excellon may reasonably request prior to the Effective Date, and the Plan of Arrangement, if required, shall be modified accordingly; provided, however, that Lateegra need not effect a Pre-Acquisition Reorganization which in the opinion of Lateegra, acting reasonably: (i) would require Lateegra to obtain the prior approval of the Lateegra Shareholders in respect of such Pre-Acquisition Reorganization other than at the Lateegra Meeting; or (ii) would impede or materially delay the consummation of the Arrangement. Without limiting the foregoing and other than as set forth in clause (i) above, Lateegra shall use its commercially reasonable efforts to obtain all necessary consents, approvals or waivers from any persons to effect each Pre-Acquisition Reorganization, and Lateegra shall cooperate with Excellon in structuring, planning and implementing any such Pre-Acquisition Reorganization. Excellon shall provide written notice to Lateegra of any proposed Pre-Acquisition Reorganization at least ten (10) Business Days prior to the date of the Lateegra Meeting. In addition:
 - (i) Excellon shall indemnify and save harmless the officers, directors, employees, agents, advisors and representatives of Lateegra and the Lateegra Subsidiaries from and against any and all liabilities, Taxes, losses, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of any Pre-Acquisition Reorganization;
 - (ii) Excellon shall pay the implementation costs of the Pre-Acquisition Reorganization and any direct or indirect costs and liabilities thereof, including employment costs, Taxes and liabilities as well as any costs, Taxes and liabilities that may be incurred to unwind any such Pre-Acquisition Reorganization (including actual out-of-pocket costs and expenses for Filing fees and external counsel);
 - (iii) any Pre-Acquisition Reorganization or required cooperation of Lateegra in structuring, planning and implementing any Pre-Acquisition Reorganization shall not become effective unless Excellon shall have confirmed in writing the satisfaction or waiver of all conditions in its favour in Section 5.1 and Section 5.2 and shall have confirmed in writing that it is prepared to promptly without condition (other than the satisfaction of the condition contemplated by Section 5.2(a)) to proceed to effect the Arrangement;

- (iv) any Pre-Acquisition Reorganization or required cooperation of Lateegra in structuring, planning and implementing any Pre-Acquisition Reorganization shall not unreasonably interfere in material operations prior to the Effective Time of Lateegra or any Lateegra Subsidiary;
 - (v) unless the Parties otherwise agree, any Pre-Acquisition Reorganization shall not require any filings with, notifications to or approvals of any Governmental Authority or third party (other than such Tax rulings, and filing such Tax elections or notifications and pre-filings or pre-clearances with corporations branches or similar Governmental Authorities, as are necessary or advisable in the circumstances);
 - (vi) any Pre-Acquisition Reorganization shall not require Lateegra or any Lateegra Subsidiary to contravene any applicable Laws, their respective organizational documents or any Contract;
 - (vii) Lateegra and the Lateegra Subsidiaries shall not be obligated to take any action that could result in any Taxes being imposed on, or any adverse Tax or other consequences to, any securityholder of Lateegra incrementally greater than the Taxes or other consequences to such party in connection with the consummation of the Arrangement in the absence of any Pre-Acquisition Reorganization;
 - (viii) Lateegra, acting reasonably, shall have determined that such Pre-Acquisition Reorganization can be unwound without adversely affecting Lateegra or any of Lateegra's Subsidiaries in the event the Arrangement does not become effective; and
 - (ix) such cooperation does not require the directors, officers, employees or agents of Lateegra or the Lateegra Subsidiaries to take any action in any capacity other than as a director, officer or employee.
- (b) Excellon acknowledges and agrees that the planning for and implementation of any Pre-Acquisition Reorganization shall not be considered a breach of any covenant under this Agreement and shall not be considered in determining whether a representation or warranty of Lateegra hereunder has been breached. Excellon and Lateegra shall work cooperatively and use reasonable commercial efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization. For greater certainty, Lateegra shall not be liable for the failure of Excellon to benefit from any anticipated tax efficiency as a result of a Pre-Acquisition Reorganization.

ARTICLE 5 CONDITIONS

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the transactions contemplated herein are subject to the fulfilment of the following conditions at or prior to the Effective Time, each of which may be waived with the written consent of the Parties:

- (a) the Court shall have granted the Interim Order in form and substance satisfactory to Excellon and Lateegra, acting reasonably, and the Interim Order shall not have been set aside or modified in a manner unacceptable to Excellon or Lateegra, each acting reasonably, on appeal or otherwise;
- (b) the Lateegra Shareholders shall have approved the Arrangement Resolution at the Lateegra Meeting in accordance with the Interim Order, the articles and notice of articles of Lateegra and any applicable Laws, and the Arrangement Resolution shall not have been rescinded or amended in a manner unacceptable to Excellon or Lateegra;
- (c) the Court shall have granted the Final Order in form and substance satisfactory to both Excellon and Lateegra, acting reasonably, and will not have been modified or set aside in a manner that is unacceptable to Excellon or Lateegra, acting reasonably, on appeal or otherwise;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order of Law or under any applicable legislation, against Excellon or Lateegra which shall prevent the consummation of the Arrangement;
- (e) the Arrangement Agreement shall not have been terminated pursuant to Article 10;
- (f) the TSX has conditionally approved the listing thereon of the Excellon Common Shares to be issued to Lateegra Shareholders pursuant to the Arrangement and the Excellon Common Shares issuable pursuant to the Replacement Options and Replacement Warrants, subject only to such conditions, including the filing of documentation, as are acceptable to Excellon and Lateegra, acting reasonably; and
- (g) the distribution of the Excellon securities pursuant to the Arrangement is exempt from the registration requirements of the U.S. Securities Act and, except with respect to persons who are "affiliates" (as that term is used in the U.S. securities laws) of Excellon after the Effective Date or within 90 days prior to the Effective Date, the Excellon securities to issued pursuant to the Arrangement are not subject to resale restrictions under applicable U.S. securities laws; provided, however, that Lateegra shall not be entitled to rely on the provisions of this Section 5.1(f) in failing to consummate the Arrangement in the event that Lateegra fails to advise the Court prior to the hearing in respect of the Final Order, as required by the terms of the

foregoing exemption, that Excellon will rely on the foregoing exemption based on the Court's approval of the Arrangement (including the fairness thereof).

The conditions precedent in this Section 5.1 are for the mutual benefit of the Parties and may be waived, in whole or in part, at any time if waived by both Parties, such waiver being without prejudice to any other rights that each Party may have.

5.2 Conditions to Obligations of Excellon

The obligations of Excellon to complete the transactions contemplated herein are subject to the fulfilment of the following conditions at or prior to the Effective Time:

- (a) the representations and warranties made herein by Lateegra will be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions contemplated or permitted by this Agreement, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not have a material adverse effect on Lateegra or prevent or delay the completion of the Arrangement or the other transactions contemplated hereby), and Lateegra will have provided to Excellon a certificate of the President and Chief Financial Officer of Lateegra, certifying such accuracy on the Effective Date;
- (b) Lateegra will have complied with its covenants herein (except to the extent that the failure to comply with such covenants has not had or would not have, individually or in the aggregate, a material adverse effect on Lateegra or prevent or delay the completion of the Arrangement or the other transactions contemplated herein), and Lateegra will have provided to Excellon, a certificate of the President and Chief Financial Officer of Lateegra, certifying that Lateegra has complied with its covenants herein;
- (c) from the date hereof up to and including the Effective Time, there will have been no material adverse change in relation to Lateegra;
- (d) the board of directors of Lateegra will have made and will not have modified or amended, in any material respect, prior to the Lateegra Meeting, their unanimous affirmative recommendation (with Messrs. Crossgrove and Ryan abstaining) that the Lateegra Shareholders and approve the Arrangement Resolution;
- (e) Excellon will have received resignations and releases in favour of Lateegra from such directors and officers of Lateegra as Excellon may be direct in writing, such resignations to be effective as of the Effective Time and in form and substance satisfactory to Excellon, acting reasonably;
- (f) The Lateegra Support Agreement shall not have been terminated, and no event shall have occurred, that with notice or lapse of time or both, would give Excellon the right to terminate any of the Lateegra Support Agreement; and

- (g) holders of no more than 10% of the Lateegra Common Shares shall have exercised Dissent Rights.

The foregoing conditions precedent are for the benefit of Excellon and may be waived, in whole or in part, by Excellon in writing at any time.

5.3 Conditions to Obligations of Lateegra

The obligation of Lateegra to complete the transactions contemplated herein is subject to the following conditions on or before the Effective Date or such other time as specified below:

- (a) the representations and warranties made herein by Excellon will be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions contemplated or permitted by this Agreement, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not have a material adverse effect on Excellon or materially impede the completion of the Arrangement or the other transactions contemplated hereby), and Excellon will have provided to Lateegra a certificate of the President and Chief Financial Officer of Excellon certifying such accuracy on the Effective Date;
- (b) Excellon will have complied with its covenants herein (except to the extent that the failure to comply with such covenants has not had or would not have, individually or in the aggregate, a material adverse effect on Excellon or prevent or delay the completion of the Arrangement or the other transactions contemplated herein), and Excellon will have provided to Lateegra, a certificate of the President and Chief Financial Officer of Excellon certifying that Excellon has complied with its covenants herein;
- (c) from the date hereof up to and including the Effective Date, there will have been no material adverse change in relation to Excellon;
- (d) Excellon and the Depositary will have executed and delivered the Depositary Agreement, in form and substance satisfactory to Lateegra, acting reasonably;
- (e) Excellon will have allotted and issued the Excellon Common Shares to be exchanged for Lateegra Common Shares pursuant to the Arrangement and delivered duly executed and countersigned certificates representing such Excellon Common Shares to the Depositary in accordance with the terms of the Arrangement;
- (f) Excellon will have granted the Replacement Options and Replacement Warrants in exchange for the Lateegra Options held by Lateegra Optionholders and Lateegra Warrantholders (as the case may be), as at the Effective Time pursuant to the Arrangement and will have executed and delivered counterparts for stock option agreements in respect of such Replacement Options and warrant certification in respect of such Replacement Warrants (as may be necessary);

- (g) Excellon shall have delivered evidence to Lateegra, acting reasonably, of the approval of the listing and posting for trading on the TSX of the Excellon Common Shares to be issued pursuant to the Arrangement and upon the exercise of Replacement Options and Replacement Warrants;
- (h) i) there shall be no resale restrictions on the Excellon Common Shares issued or issuable pursuant to the Arrangement or the Replacement Options or the Replacement Warrants under securities Laws in Canada, except in respect of those holders who are subject to restrictions on resale as a result of being a "control person" under securities Laws in Canada; and (ii) the Excellon Common Shares issued or issuable pursuant to the Arrangement and the Replacement Options and the Replacement Warrants shall not be subject to any statutory hold or restricted period under the U.S. Securities Act or the rules promulgated thereunder, or under any blue sky or state securities laws, subject to the restrictions on transfer applicable to persons who are "affiliates" (as that term is used in U.S. securities laws) of Excellon after the Effective Date or within 90 days prior to the Effective Date);;
- (i) Excellon will have complied with Section 2.9 (and the Depository shall have confirmed receipt of the Excellon Common Shares to be issued under the Arrangement), 8.1 and 8.2; and
- (j) Lateegra will have received a legal opinion addressed to Lateegra and dated on or prior to the Effective Date regarding title to Excellon's material mineral properties, which opinion will be satisfactory in form and substance in all material respects to Lateegra and its counsel, acting reasonably.

The foregoing conditions precedent are for the benefit of Lateegra and may be waived, in whole or in part, by Lateegra in writing at any time.

5.4 Merger of Conditions

The conditions in Sections 5.1, 5.2 and 5.3 shall be conclusively deemed to have been satisfied, waived or released at the Effective Time as contemplated herein.

ARTICLE 6 NON-SOLICITATION, RIGHT TO MATCH AND BREAK FEE

6.1 Covenants Regarding Non-Solicitation and Right to Match

- (a) When used in this Agreement, the following terms shall have the following meanings:

"Acquisition Proposal" means other than the Arrangement and the transaction provided for in this Agreement: (i) any merger, take-over bid, amalgamation, plan of arrangement, business combination, consolidation, recapitalization, liquidation, dissolution or winding-up in respect of Lateegra or any Lateegra Subsidiary; (ii) any sale or acquisition of 20% or more of the fair market value of the assets of Lateegra

and its Subsidiaries on a consolidated basis; (iii) any sale or acquisition of 20% or more of Lateegra's shares of any class or rights or interests therein or thereto; (vi) any sale of any interest in any material mineral properties of Lateegra; or (vii) any similar business combination or transaction, of or involving Lateegra or any Lateegra Subsidiary, other than with Excellon; or (viii) any proposal or offer to, or public announcement of an intention to do, any of the foregoing from any person other than Excellon; and

"Superior Proposal" means an unsolicited bona fide Acquisition Proposal made by a third party to Lateegra in writing: (i) that is reasonably capable of being completed within a reasonable period of time, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal; (ii) in respect of which any required financing (if any) to complete such Acquisition Proposal has been demonstrated to the satisfaction of the board of directors of Lateegra, acting in good faith, is reasonably likely to be obtained; (iii) which is not subject to a due diligence and/or access condition which would allow access to the books, records, personnel or properties of Lateegra or any Lateegra Subsidiary or their respective representatives for a period exceeding five (5) Business Days (provided that any party afforded such access is offered no more than the same access to the same information made available to Excellon); (iv) in respect of which the board of directors of Lateegra determines in good faith (after receipt of advice from its financial advisors with respect to (y) below and outside legal counsel with respect to (x) below) that (x) failure to recommend such Acquisition Proposal to Lateegra Shareholders would be inconsistent with its fiduciary duties and (y) which would, taking into account all of the terms and conditions of such Acquisition Proposal, if consummated in accordance with its terms, result in a transaction more favourable to Lateegra Shareholders from a financial point of view than the Arrangement.

- (b) Except as otherwise provided in this Article 6, Lateegra shall not, directly or indirectly, through any officer, director, employee, representative (including for greater certainty any financial or other advisors) or agent of Lateegra or any Lateegra Subsidiary take any action to: (i) solicit, assist, initiate, encourage or otherwise knowingly facilitate (including by way of furnishing non-public information, permitting any visit to any facilities or properties of Lateegra or any Lateegra Subsidiary, including any material mineral properties, or entering into any form of written or oral agreement) any inquiries, proposals or offers regarding any Acquisition Proposal; (ii) engage in any discussions or negotiations regarding, or provide any confidential information with respect to, any Acquisition Proposal provided that for greater certainty, Lateegra may advise any person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the board of directors of Lateegra has so determined or respond to a request for information that would reasonably be expected to lead to an actual or potential Acquisition Proposal, by advising that no information can be provided unless a written Acquisition Proposal is made and then only in compliance with this Article 6; (iii) withdraw, modify or qualify, or propose publicly to

withdraw, modify or qualify, in any manner adverse to Excellon, the approval or recommendation of the board of directors of Lateegra or any committee thereof of this Agreement or the Arrangement; (iv) approve or recommend, or remain neutral with respect to, or propose publicly to approve or recommend, or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal until 15 calendar days following the public announcement of such Acquisition Proposal shall not be considered to be a violation of this subsection 6.1(b)); or (v) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal (other than a confidentiality agreement as contemplated in subsection 6.1(c) hereof).

- (c) Notwithstanding subsection 6.1(b) hereof and any other provision of this Agreement, the board of directors of Lateegra shall be permitted during the period commencing on the date hereof and ending at the time of Lateegra Shareholder Approval of the Arrangement to engage in discussions or negotiations with, or provide information pursuant to this Section 6.1 to, any person who delivers a written Acquisition Proposal (that did not result from a breach of Section 6.1(b)), if and only to the extent that: (A) the board of directors of Lateegra has determined in good faith based on information then available and after consultation with its financial advisors that such negotiations could reasonably be expected to lead to a Superior Proposal; (B) prior to providing any information or data to such person in connection with such Acquisition Proposal, Lateegra's board of directors receives from such person an executed confidentiality agreement which includes a standstill provision (on terms no less favourable to Lateegra than those contained in the Confidentiality Agreement) that restricts such person from announcing an intention to acquire, or acquiring, any securities or assets of Lateegra without the approval of Lateegra (other than pursuant to a Superior Proposal) for a period of not less than 12 months from the date of such confidentiality agreement; and provided further that Lateegra sends a copy of any such confidentiality agreement to Excellon promptly upon its execution and that Excellon is promptly provided with copies of any information provided to such person that was not previously made available to Excellon; and (C) prior to providing any information or data to any such person or entering into discussions or negotiations with any such person, Lateegra has complied with subsection 6.1(e) hereof.
- (d) Except as otherwise provided in this Article 6, Lateegra shall cease and cause to be terminated any existing solicitation, encouragement, activity, discussion or negotiation with any person by Lateegra or any Lateegra Subsidiary or any of its or their representatives or agents with respect to any Acquisition Proposal, whether or not initiated by Lateegra, and, in connection therewith, Lateegra shall discontinue access to any data rooms (virtual or otherwise) and shall request (and exercise all rights it has to require) the return or destruction of all information regarding Lateegra and its Subsidiaries previously provided to any such person and shall request (and exercise all rights it has to require) the destruction of all material

including or incorporating or otherwise reflecting any information regarding Lateegra and the Lateegra Subsidiaries. Lateegra shall not release any third party from any confidentiality agreement or standstill agreement (except to allow such party to propose, make and consummate a Superior Proposal).

- (e) Lateegra shall promptly (and in any event within 24 hours after it has received an Acquisition Proposal) notify Excellon, at first orally and then in writing, of such Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Lateegra or any Lateegra Subsidiary or any material mineral property received by Lateegra or of which Lateegra's directors, officers, representatives or agents are or became aware, or any amendments to the foregoing. Such notice shall include a description of the terms and conditions of, and the identity of the person making the Acquisition Proposal (including any amendment thereto) and shall include copies of any such Acquisition Proposal or any amendment thereto. Lateegra shall also provide such other details of the Acquisition Proposal or any amendment thereto, as Excellon may reasonably request. Lateegra shall keep Excellon promptly and fully informed of the status, including any change to the material terms, of any Acquisition Proposal or any amendment thereto, and shall respond promptly to all inquiries by Excellon with respect thereto.
- (f) Lateegra shall ensure that its officers, directors, representatives, agents and legal and financial advisors, and the Lateegra Subsidiaries and their officers, directors, representatives, agents and legal and financial advisors, are aware of the provisions of subsections 6.1(b) to 6.1(e) hereof and agree to be bound thereby, and it shall be responsible for any breach of such provisions by any of them.
- (g) Notwithstanding subsection 6.1(b) hereof and any other provision of this Agreement, Lateegra may during the period commencing on the date hereof and ending at the time of Lateegra Shareholder Approval: (X) accept, approve or recommend or enter into any agreement relating to, an Acquisition Proposal (other than a confidentiality agreement contemplated by subsection 6.1(c) hereof); or (Y) withdraw, modify or qualify its approval or recommendation of this Agreement and recommend or approve an Acquisition Proposal if:
 - (i) the Acquisition Proposal constitutes a Superior Proposal;
 - (ii) Lateegra has complied with subsections 6.1(b) through 6.1(h) hereof, inclusive;
 - (iii) Lateegra has provided Excellon with notice in writing that there is a Superior Proposal together with all documentation related to and detailing the Superior Proposal (including a copy of the confidentiality agreement between Lateegra and the person making the Superior Proposal if not previously delivered) at least five (5) Business Days prior to the date on which the board of directors of Lateegra proposes to accept, approve,

recommend or to enter into any agreement relating to such Superior Proposal;

- (iv) five (5) Business Days shall have elapsed from the later of the date Excellon received notice of Lateegra's proposed determination to accept, approve, recommend or to enter into any agreement relating to such Acquisition Proposal, and the date Excellon received a copy of the written proposal in respect of the Acquisition Proposal (for avoidance of doubt only if such a written Acquisition Proposal exists) and, if Excellon has proposed to amend the terms of the Arrangement in accordance with subsection 6.1(h) hereof, the board of directors of Lateegra (after receiving advice from its financial advisors and outside legal counsel) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Arrangement or other such amended offer by Excellon;
 - (v) if Lateegra proposes to accept, approve, recommend or enter into a definitive agreement with respect to an Acquisition Proposal after complying with this subsection 6.1(g), Lateegra concurrently terminates this Agreement pursuant to Section 10.1 hereof; and
 - (vi) in the case of (v) above, Lateegra has previously, or concurrently shall have, paid to Excellon the Termination Fee.
- (h) Lateegra acknowledges and agrees that, during the five (5) Business Day period referred to in subsection 6.1(g)(iv) hereof, Excellon shall have the opportunity, but not the obligation, to propose to amend the terms of the Arrangement, including but not limited to the opportunity to amend the structure of Excellon's offer. The board of directors of Lateegra shall review any proposal by Excellon to amend the terms of the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether Excellon's proposal to amend the Arrangement or such other amended offer by Excellon would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the terms of the Arrangement.

The board of directors of Lateegra shall promptly reaffirm its recommendation of the Arrangement by press release after: (x) any Acquisition Proposal (which is determined not to be a Superior Proposal) is publicly announced or made; or (y) the board of directors of Lateegra determines that a proposed amendment to the terms of the Arrangement would result in the Acquisition Proposal which is publicly announced or made not being a Superior Proposal, and Excellon has so amended the terms of the Arrangement. Excellon and its counsel and other advisors shall be given a reasonable opportunity to review and comment on the form and content of any such press release.

Nothing in this Agreement shall prevent the board of directors of Lateegra from responding through a directors' circular or otherwise as required by applicable Securities Laws to an Acquisition Proposal that it determines is not a Superior Proposal.

- (i) Lateegra also acknowledges and agrees that each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of this Section 6.1.

6.2 Break Fee

- (a) Lateegra shall pay the Termination Fee to Excellon, by way of a wire transfer in immediately available funds to an account specified by Excellon, if:
 - (i) this Agreement is terminated in the circumstances set out in subsections 10.1(f) or 10.1(g); or
 - (ii) (A) prior to the termination of this Agreement a *bona fide* Acquisition Proposal is publicly announced or otherwise made; and (B) during the period commencing on the date hereof and ending 12 months following the termination of this Agreement (X) such Acquisition Proposal is consummated, or (Y) the board of directors of Lateegra approves or recommends such Acquisition Proposal, or Lateegra enters into a definitive agreement with respect to such Acquisition Proposal, and that Acquisition Proposal is subsequently consummated at any time thereafter.

Such payment shall be due: (A) in the case of a termination specified in clause (i) or (ii) above, forthwith (and in any event within two (2) Business Days) following the termination of this Agreement but prior to or concurrently with termination in the case of a termination pursuant to subsection 10.1(g) hereof; and (B) in the case of the circumstances specified in clause (iii) above, prior to or concurrently with the consummation of the Acquisition Proposal.

- (b) Excellon acknowledges that the amount set out in this Section 6.2 in respect of the Termination Fee represents liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which Excellon shall suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. Lateegra irrevocably waives any respective rights it may have to raise as a defence that any such liquidated damages are excessive or punitive.

ARTICLE 7 CLOSING

7.1 Pre-Closing

Pre-closing of the Arrangement shall take place at the offices of Heenan Blaikie LLP at Bay Adelaide Centre, 333 Bay St., Suite 2900, Toronto, Ontario at 2:00 p.m. on the second Business Day after the Final Order is granted by the Court (or at such other time or on such other date as they may agree) and each Party will deliver to the other Party the documents required to be delivered by it hereunder to complete the transactions contemplated hereby (provided that each such document required to be dated the Effective Date will be dated as of the Effective Date and held in escrow).

7.2 Post-Closing Obligations

Excellon covenants and agrees to perform all acts required by it pursuant to the terms of or in connection with the Arrangement following the Effective Date.

ARTICLE 8 INDEMNIFICATION AND INSURANCE

8.1 Indemnification of Directors and Officers

For a period of six years after the Effective Date, Excellon shall: (i) maintain in effect the current or substantially similar provisions regarding indemnification of directors and officers contained in the constating documents of Lateegra and any directors, officers or employees indemnification agreements of Lateegra; and (ii) indemnify the directors and officers of Lateegra to the fullest extent to which Lateegra are permitted to indemnify such directors and officers under their respective constating documents and applicable Law.

8.2 Insurance

In addition to its obligations in Section 8.1, Excellon shall maintain in effect for a period of six years after the Effective Date on a "trailing" or "run-off" basis, Lateegra's current policy or policies or comparable policies of directors' and officers' liability insurance and fiduciary liability insurance providing coverage to the directors and officers of Lateegra with respect to claims arising from facts or events which occurred on or before the Effective Date. Such coverage shall be on the same terms, in all material respects, as the coverage currently provided under policies maintained by Lateegra for the protection of directors and officers.

8.3 Beneficiaries

This Article 8 shall survive the consummation of the Arrangement and is intended to be for the benefit of, and shall be enforceable by, the persons described above and their respective heirs, executors, administrators and personal representatives and shall be binding on the Lateegra and its successors and assigns, and, for such purpose, Lateegra hereby confirms that it is acting as agent and trustee on behalf of the persons described above and Excellon acknowledges that this provision shall

enure to the benefit of any successor corporation of the Lateegra, including by way of wind-up or dissolution.

ARTICLE 9 AMENDMENT

9.1 Amendment

Subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement may, at any time, and from time to time before and after the holding of the Meeting but not later than the Effective Date, be amended by written agreement of the Parties without further notice to or authorization on the part of the Lateegra Shareholders, and any such amendment may without limitation:

- (a) change the time for performance of any of the obligations or acts of any of the Parties;
- (b) waive any inaccuracies or modify any representation contained herein or in any documents to be delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants or conditions herein contained or waive or modify performance of any of the obligations of any of the Parties hereto;
- (d) waive compliance with or modify any mutual conditions precedent set out herein; and
- (e) complete or modify any Schedule of this Agreement, whether or not it is in substantially the form attached hereto.

ARTICLE 10 TERMINATION

10.1 Termination

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of Excellon and Lateegra;
- (b) by either Party if the Lateegra Meeting shall have been held and the Shareholders do not approve the Arrangement Resolution in the manner required by the Interim Order;
- (c) by either Party if the Effective Date shall not have occurred by August 31, 2011 except that the right to terminate this Agreement under this Section 10.1(c) shall not be available to any Party in circumstances where the failure of the Effective Date to

have occurred by August 31, 2011 is the result, directly or indirectly, of such Party's breach of the Agreement;

- (d) by Lateegra, if (i) Excellon has not complied in all material respects with its covenants or obligations under this Agreement; or (ii) any representation or warranty of Excellon set out in this Agreement shall have been at the date hereof untrue or incorrect or shall have become untrue or incorrect in a material respect at any time prior to the Effective Time (except for those expressly stated to speak at or as of any earlier time) and such non-compliance or untrue or incorrect representation or warranty (i) would cause the conditions set forth in Sections 5.1 or 5.3 not to be satisfied and (ii) is not curable or, if curable, is not cured by the earlier of such date which is fifteen (15) days from the date of notice of such breach and the August 31, 2011, except for such non-compliance or untrue or incorrect representations or warranties which, individually or in the aggregate, would not, or would not reasonably be expected to, have a material adverse effect on Excellon, provided that Excellon is not then in material default of any of its covenants or obligations under this Agreement and such default would, or would reasonably be expected to, prevent or materially delay the completion of the Arrangement;
- (e) by Excellon, if (i) Lateegra has not complied in all material respects with any of its covenants or obligations under this Agreement; or (ii) any representation or warranty of Lateegra set out in this Agreement shall have been at the date hereof untrue or incorrect or shall have become untrue or incorrect at any time prior to the Effective Time (except for those expressly stated to speak at or as of any earlier time) and such non-compliance or untrue or incorrect representation or warranty (i) would cause the conditions set forth in Sections 5.1 or 5.2 not to be satisfied and (ii) is not curable or, if curable, is not cured by the earlier of such date which is fifteen (15) days from the date of notice of such breach and August 31, 2011, except for such non-compliance or untrue or incorrect representations or warranties which, individually or in the aggregate, would not, or would not reasonably be expected to, prevent or materially delay the completion of the Arrangement or have a material adverse effect on Lateegra, provided that Excellon is not then in material default of any of its covenants or obligations under this Agreement and such default would, or would reasonably be expected to, prevent or materially delay the completion of the Arrangement;
- (f) by Excellon, if the board of directors of Lateegra or any committee thereof fails to recommend or withdraws, modifies, changes or qualifies its approval or recommendation of this Agreement or the Arrangement in any manner adverse to Excellon including, without limitation, failing to publicly affirm its approval or recommendation of the Arrangement within five (5) calendar days of any written request to do so from Excellon (it being understood that the board of directors of Lateegra or any committee thereof may remain neutral or take no position during the 15 calendar day period set out in subsection 6.1(b) hereof, but that taking no position or remaining neutral beyond such period shall be considered an adverse modification), an Acquisition Proposal; and

- (g) by Lateegra, if Lateegra proposes to accept, approve, recommend or enter into a definitive agreement with respect to a Superior Proposal (other than a confidentiality agreement contemplated by subsection 6.1(c)) or approves or recommends a Superior Proposal in each case in compliance with the provisions of subsection 6.1(g) hereof, provided that Lateegra has previously or concurrently shall have paid to Excellon the Termination Fee.

10.2 Effect of Termination

If the termination rights are exercised in accordance with Section 10.1, written notice thereof shall be given to the other Party, specifying the provisions hereof pursuant to which such termination is made and except as set out in this Section 10.2, Sections 1.3, 4.4, 6.2, 10.1 and 10.3 which provisions shall survive the termination of this Agreement, no Party shall have any further liability to perform its obligations under this Agreement. Excellon hereby agrees that, upon any termination of this Agreement under circumstances where Excellon is entitled to the Termination Fee and such Termination Fee is paid in full to Excellon, Excellon shall be precluded from any other remedy against Lateegra, at law or in equity or otherwise, and Excellon shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against Lateegra or any of Lateegra's Subsidiaries, or any of their respective directors, officers, employees, partners, managers, members, shareholders or affiliates in connection with this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, no termination of this Agreement and nothing in this Section 10.2 shall relieve any Party to this Agreement of liability for willful or intentional breach or any liability arising prior to such termination.

10.3 Remedies

Subject to Section 10.2, the Parties acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any Party or its Representatives and any such breach would cause the non-breaching Party irreparable harm. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by one of the Parties, the non-breaching Party will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to each of the Parties.

ARTICLE 11 GENERAL

11.1 Access to Information and Confidentiality

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing contracts, Lateegra shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to Excellon and to the officers, employees, agents and representatives of Excellon such access as Excellon may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their

officers, employees, agents, properties, books, records and contracts, and shall furnish Excellon with all data and information as Excellon may reasonably request. Excellon and Lateegra acknowledge and agree that information furnished pursuant to this Section 11.1 shall be subject to the terms and conditions of the Confidentiality Agreement.

11.2 Expenses

Except as otherwise provided in this Agreement, the Parties agree that all out-of-pocket third party transaction expenses of the Arrangement, including legal fees, financial advisor fees, regulatory filing fees, all disbursements by advisors and printing and mailing costs, will be paid by the Party incurring such expense.

11.3 Notice

Any notice, direction or other instrument required or permitted to be given hereunder will be in writing and may be given by delivering the same or sending the same by facsimile transmission addressed as follows:

(a) if to Excellon:

Excellon Resources Inc.
20 Victoria Street
Suite 900
Toronto, Ontario, M5C 2N8

Facsimile No: (416) 416-364-6745
Attention: André Fortier, Director

and with a copy to:

Heenan Blaikie LLP
Bay Adelaide Center
333 Bay Street, Suite 1900
Toronto, Ontario M5H 2T4

Facsimile No: (416) 360-8425
Attention: James McVicar

if to Lateegra:

Lateegra Gold Corp.
789 West Pender Street
Suite 1128
Vancouver, British Columbia V6C 1H2

Facsimile No: (905) 875-3829
Attention: Brendan Cahill, Director

and with a copy to:

Bennett Jones LLP
3400, One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Facsimile No: (416) 863-1716
Attention: Adam Taylor

Any such notice, direction or other instrument, whether delivered or transmitted by facsimile transmission, will be deemed to have been given at the time and on the date on which it was delivered to or received in the office of the addressee, as the case may be, if delivered or transmitted prior to 4:30 p.m. (local time) on a Business Day or at 9:00 a.m. (local time) on the subsequent Business Day if delivered or transmitted subsequent to such time.

- (b) Either Party hereto may change its address for service from time to time by notice given to the other Party hereto in accordance with this Section 11.3.
- (c) Any notice, direction or other instrument delivered under this Agreement will be signed by one or more duly authorized officers of the Party delivering it.
- (d) The delivery of any notice, direction or other instrument, or a copy thereof, to a Party hereunder will be deemed to constitute the representation and warranty of the Party who has delivered it to the other Party that such delivering Party is authorized to deliver such notice, direction or other instrument at such time under this Agreement (unless the receiving Party has actual knowledge to the contrary) and the receiving Party will not be required to make any inquiry to confirm such authority.

11.4 Time of Essence

Time is of the essence of this Agreement.

11.5 Enurement

This Agreement will be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

11.6 Prohibition Against Assignment

None of the Parties hereto may assign its rights or obligations under this Agreement without the prior written consent of the other Party.

11.7 Third Party Beneficiaries

Except as provided in Article 8 (which is intended to be for the benefit of the persons covered thereby and may be enforced by such persons at any time), each Party hereto intends that this Agreement will not benefit or create any right or give rise to any action on behalf of any person other than the Parties hereto, and no person other than the Parties hereto will be entitled to rely on the provisions hereof.

11.8 Further Assurances

Each Party shall, from time to time, and at all times hereafter at the reasonable request of the other Party, but without further consideration, do all such other acts and execute and deliver all such further documents and instruments as shall reasonably be required in order to fully perform and carry out the terms and intent hereof, including the Plan of Arrangement. In particular, the Parties shall take commercially reasonable steps to ensure that pursuant to the Agreement and the Plan of Arrangement the Lateegra Warrantholders and the Lateegra Optionholders will not be considered to have disposed of their Lateegra Warrants and/or Lateegra Options (as the case may be) for proceeds of disposition greater than their adjusted cost base for the purposes of the Tax Act.

11.9 Counterpart Executions and Facsimile Transmissions

This Agreement may be executed in counterparts, each of which when delivered (whether in originally executed form or by facsimile or ".pdf" transmission) will be deemed to be an original and all of which together will constitute one and the same document.

[remainder of page blank]

IN WITNESS WHEREOF this Agreement has been signed, sealed and delivered by the parties hereto as of the date first above written.

EXCELLON RESOURCES INC.

By: "André Fortier"
André Fortier
Director

LATEEGRA GOLD CORP.

By: "Brendan Cahill"
Brendan Cahill
Director

SCHEDULE "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCCA**") involving Lateegra Gold Corp. (the "**Company**"), as more particularly described and set forth in the management proxy circular (the "**Circular**") of the Company dated ●, 2011, accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with its terms), is hereby authorized, approved and adopted.
2. The plan of arrangement (the "**Plan of Arrangement**") involving the Company (as it has been or may be amended, modified or supplemented in accordance with its terms) and the implementation of the Arrangement, the full text of which is set out in Appendix A to this resolution, is hereby authorized, approved and adopted.
3. The (i) arrangement agreement dated as of May 30, 2011 between the Company and Excellon Resources Inc. (the "**Arrangement Agreement**") and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. The Company be and is hereby authorized to apply for a final order (the "**Final Order**") from the Supreme Court (British Columbia) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court (British Columbia), the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Registrar under the BCCA such documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement and the Final Order, such determination to be conclusively evidenced by the execution and delivery of such documents.
7. Any one officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be

delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX A
PLAN OF ARRANGEMENT MADE PURSUANT TO SECTION 288 OF THE *BUSINESS*
CORPORATION ACT (BRITISH COLUMBIA)

ARTICLE 1
INTERPRETATION

1.1 Definition

In this Plan, the following terms have the following respective meanings:

"**Act**" means the *Business Corporations Act* (British Columbia) as now in effect and as it may be amended from time to time prior to the Effective Date;

"**Arrangement**" means the arrangement of Lateegra proposed under the Act and contemplated by this Plan;

"**Business Day**" means, with respect to any action to be taken, any day other than Saturday, Sunday or a statutory holiday in the place where such action is to be taken;

"**Circular**" means the information circular, together with all appendices thereto, relating to the Meeting;

"**Court**" means the Supreme Court of British Columbia;

"**Depository**" means any trust company, bank or financial institution agreed to in writing between Excellon and Lateegra for the purpose of, among other things, exchanging certificates representing Lateegra Common Shares for certificates representing Excellon Common Shares in connection with the Arrangement;

"**Dissent Procedures**" has the meaning ascribed thereto in Section 4.1;

"**Dissenting Shareholder**" means a Lateegra Shareholder who dissents in respect of the Arrangement in strict compliance with the Dissent Procedures;

"**Effective Date**" means the date agreed to by Excellon and Lateegra in writing as the effective date of the Arrangement, which date shall be no later than the fifth Business Day after the satisfaction or, where not prohibited, the waiver (subject to applicable Law) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Effective Date) set forth in Article 5, unless another date is agreed to in writing by the Parties;

"**Effective Time**" means the time on the Effective Date when the Arrangement will be deemed to be completed as may be agreed to by the Parties and as denoted on the filings with the Registrar, to the extent that such filings are required;

"**Excellon**" means Excellon Resources Inc.;

"**Excellon Common Share**" means a common share in the share capital of Excellon;

"**Excellon Share Certificates**" means certificates representing Excellon Common Shares;

"**Final Order**" means the final order of the Court in a form acceptable to Excellon and Lateegra, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Excellon and Lateegra, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**Interim Order**" means the interim order of the Court providing for, among other things, the calling and holding of the Lateegra Meeting, as the same may be amended, supplemented or varied (with the consent of Excellon and Lateegra, each acting reasonably);

"**Lateegra**" means Lateegra Gold Corp.;

"**Lateegra Common Share**" means a common share in the share capital of Lateegra;

"**Lateegra Optionholder**" means a holder of Lateegra Options;

"**Lateegra Options**" means options to purchase Lateegra Common Shares; and "Lateegra Shareholder" means a holder of Lateegra Common Shares;

"**Lateegra Warrantholders**" means a holder of Lateegra Warrants;

"**Lateegra Warrants**" means warrants to purchase Lateegra Common Shares;

"**Letter of Transmittal**" means the letter of transmittal delivered to Lateegra Shareholders with the Circular which, when duly completed, executed and returned with a certificate or certificates for Lateegra Common Shares, will enable an Lateegra Shareholder to exchange such certificate or certificates for Excellon Share Certificates that such Lateegra Shareholder has a right to receive pursuant to the Arrangement;

"**Meeting**" means the special general meeting of the Lateegra Shareholders, including any adjournment thereof, to be held to consider and, if deemed advisable, approve the Arrangement;

"**Plan**" means this Arrangement plan, including all appendices to this plan, as amended or supplemented from time to time, and "hereby", "hereof", "herein" "hereunder", "herewith" and similar expressions refer to the Arrangement and not to any particular provision of this Plan;

"**Registrar**" means the "registrar" as defined in the Act;

"**Replacement Option**" has the meaning set out in subsection 3.1(d); and

"**Share Exchange Ratio**" has the meaning set out in subsection 3.1(b).

1.2 Headings

The section and article headings in this Plan have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Plan.

1.3 Interpretation

Words importing the singular number only shall include the plural and vice versa. Words importing gender shall include all genders. Where the word "**including**" or "**includes**" is used in this Plan it means "**including without limitation**" or "**includes without limitation**", respectively.

The words "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Plan and include every instrument supplemental or ancillary to or in implementation of this Plan and, except where the context otherwise requires, not to any particular article, section or other portion hereof or thereof. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

1.4 Funds

All dollar amounts referred to in this Plan are in lawful money of Canada.

1.5 Calculation of Days

Unless otherwise specified, time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following, if the last day of the period is not a Business Day.

In the event that any day on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Governing Law

The provisions of this Plan shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.7 Statutory References

A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

1.8 Time

Time is of the essence in the performance of the parties' respective obligations.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 Arrangement

This Plan of Arrangement constitutes an arrangement as referred to in Section 288 of the Act. This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on (i) Lateegra, (ii) Excellon, (iii) all holders and all beneficial owners of Common Shares, (iv) all holders and all beneficial owners of Lateegra Options and Lateegra Warrants, (v) the Depository, and (vi) the registrar and transfer agent in respect of the Lateegra Shares and the Excellon Shares.

ARTICLE 3
ARRANGEMENT

3.1 Steps

At the Effective Time, each of the following shall occur and be deemed to occur in the sequence set out below, without further act or formality:

- (a) each Lateegra Common Share held by a Dissenting Shareholder shall be deemed to have been transferred by the holder thereof, without any further act or formality on its part, and free and clear of all liens, claims and encumbrances, to Excellon, and Excellon shall thereupon be obligated to pay the amount therefor determined and payable in accordance with Article 4 hereof, and the name of such holder shall be removed from the securities register as a holder of Lateegra Common Shares and Excellon shall be recorded as the registered holder of the Lateegra Common Shares so transferred and shall be deemed to be the legal owner of such Lateegra Common Shares;
- (b) each Lateegra Common Share held by a Lateegra Shareholder (other than a Dissenting Shareholder or Excellon or any subsidiary of Excellon) shall be transferred to Excellon and in consideration therefor Excellon shall issue Excellon Common Shares on the basis of 0.54 of a fully paid and non-assessable Excellon Common Share (the "**Share Exchange Ratio**") for each Lateegra Common Share, subject to Article 5 hereof;
- (c) each Lateegra Warrant outstanding immediately prior to the Effective Time, whether or not vested, will be deemed to be amended to provide that the holder shall be entitled to acquire, on the same terms and conditions as were applicable to such Warrants immediately prior to the Effective Time, the number (rounded down to the nearest whole number) of Excellon Common Shares equal to the product of: (A) the number of Lateegra Common Shares subject to such Lateegra Warrant immediately prior to the Effective Time and (B) the Share Exchange Ratio. The exercise price per Excellon Common Share shall be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Lateegra Common Share subject to such Lateegra Warrant immediately before the Effective

Time divided by (B) the Share Exchange Ratio. Except as set out above, the terms of each Replacement Warrant shall be the same as the terms of the Lateegra Warrant for which it was exchanged, and shall be governed by the terms of the certificate previously evidencing the Lateegra Warrant; and

- (d) each Lateegra Option outstanding immediately prior to the Effective Time, whether or not vested, shall be exchanged for an option issued by Excellon (a "**Replacement Option**") to acquire (on the same terms and conditions as were applicable to such Lateegra Option immediately before the Effective Time under the Lateegra Option Plan and the agreement evidencing the grant), the number (rounded down to the nearest whole number) of Excellon Common Shares equal to the product of: (A) the number of Lateegra Common Shares subject to such Lateegra Option immediately prior to the Effective Time and (B) the Share Exchange Ratio. The exercise price per Excellon Common Share subject to any such Replacement Option shall be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Lateegra Common Share subject to such Lateegra Option immediately before the Effective Time divided by (B) the Share Exchange Ratio. Replacement Options held by directors, senior officers, consultants and employees of the Lateegra who shall cease to hold any such position at (or immediately before or after) the Effective Time shall maintain their original expiry dates as if such persons held such position until the applicable expiry date notwithstanding that their directorship, employment or position has been terminated in connection with the Arrangement. Except as set out above, the terms of each Replacement Option shall be the same as the terms of the Lateegra Option for which it was exchanged, and shall be governed by the terms of the Lateegra Option Plan and any certificate or agreement previously evidencing the Lateegra Option shall thereafter evidence and be deemed to evidence such Replacement Option, and such Replacement Options shall be designed to meet the requirements under subsection 7(1.4) of the Income Tax Act. On and after the Effective Time, no further Lateegra Options will be granted under the Lateegra Option Plan. The obligations of Lateegra under the Lateegra Option Plan in respect of the Lateegra Options will be assumed by Excellon.

ARTICLE 4 DISSENTING SHAREHOLDERS

4.1 Rights of Dissent

Holders of Lateegra Common Shares may exercise rights of dissent in connection with this Plan in the manner set forth in section 238 of the Act as modified by the Interim Order, the Final Order and this Section 4.1 (the "**Dissent Procedures**"). In particular, notwithstanding subsection 238(2) of the Act, the written objection to the special resolution approving the Arrangement referred to in subsection 238(2) of the Act must be received by Lateegra not later than 5:00 p.m. on the second Business Day preceding the Meeting or any date to which the Meeting may be postponed or adjourned and provided further that holders of Lateegra Common Shares who:

- (a) are ultimately entitled to be paid the fair value of their Lateegra Common Shares, will not be entitled to any other payment or consideration including any payment that would be payable under the Arrangement had such Registered Holders not exercised their Dissent Right; or
- (b) are ultimately not entitled, for any reason, to be paid the fair value of their Lateegra Common Shares, will be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as all of the other holders of Lateegra Common Shares.

4.2 Recognition of Dissenting Shareholders

Neither the Corporation, any of the parties to the Arrangement Agreement nor any other person shall be required to recognize a Dissenting Shareholder as a holder of Lateegra Common Shares from and after the Effective Time, nor as having any interest in Lateegra, Excellon or any other Party hereto, and, from and after the Effective Time, the names of Dissenting Shareholders shall be deleted from the register of holders of Lateegra Common Shares maintained by Lateegra.

ARTICLE 5 OUTSTANDING CERTIFICATES

5.1 Right to Certificates

- (a) On or before the Effective Time, Excellon shall deposit with the Depositary, for the benefit of the Lateegra Shareholders (other than Dissenting Shareholders) certificates representing that number of Excellon Common Shares to be delivered pursuant to Section 3.1 hereof upon the exchange of the Lateegra Common Shares.
- (b) As soon as practicable following the later of the Effective Time and the date of deposit with the Depositary of a duly completed Letter of Transmittal, the certificates which immediately prior to the Effective Time represented the Lateegra Common Shares, and such other documents and instruments as the Depositary may reasonably require, Excellon shall cause the Depositary:
 - (i) to forward or cause to be forwarded by first class mail (postage prepaid) to each Lateegra Shareholder (other than Dissenting Shareholders) at the address specified in the Letter of Transmittal;
 - (ii) if requested by such Lateegra Shareholder in the Letter of Transmittal, to make available at the Depositary for pick-up by such Lateegra Shareholder; or
 - (iii) if the Letter of Transmittal neither specifies an address nor contains a request for pick-up, to forward or cause to be forwarded to such Lateegra Shareholder at the address of such Lateegra Shareholder on the share register of Lateegra, by first class mail (postage prepaid);

certificates representing that number of Excellon Common Shares and which such Lateegra Shareholder has the right to receive and the certificate representing the Lateegra Common Shares so surrendered shall be cancelled.

- (c) After the Effective Time, each certificate formerly representing Lateegra Warrants will be deemed to represent warrants to acquire Excellon Common Shares as provided in Article 3, provided that upon any transfer of such certificate formerly representing Lateegra Warrants after the Effective Time, Excellon shall issue a new certificate representing the relevant warrants of Excellon and such certificate formerly representing Lateegra Warrants shall be deemed to be cancelled.
- (d) After the Effective Time, until surrendered as contemplated by this Section 5.1, each certificate which immediately prior to the Effective Time represented Lateegra Common Shares that were transferred and exchanged pursuant to Article 3 shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender, subject to Section 5.4, the entitlements described in this Article 5.

5.2 Withholding Rights

Excellon and the Depositary will be entitled to deduct and withhold from any consideration payable to any person hereunder all amounts that Excellon or the Depositary is required to deduct and withhold with respect to that payment under the *Income Tax Act* (Canada), the United States Internal Revenue Code of 1986, in each case as amended, or any applicable provision of federal, provincial, territorial, state, local or foreign tax law, and to remit such withheld amounts to the relevant taxation authorities. To the extent that amounts are so withheld, those withheld amounts will be treated for all purposes of this Arrangement as having been paid to such person in respect of which that deduction and withholding was made, provided that those withheld amounts are actually remitted to the appropriate taxation authority.

5.3 Distributions with Respect to Unsurrendered Certificates

No dividends or other distributions declared or made effective after the Effective Time with respect to Excellon Common Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered certificate (which immediately prior to the Effective Time represented outstanding Lateegra Common Shares which were exchanged pursuant to Section 3.1) unless or until the holder of such certificate shall surrender such certificate in accordance with Section 5.1. Subject to applicable law, at the time of such surrender of any such certificate (or, in the case of clause (ii) below, at the appropriate payment date), there shall be paid to the Registered Holder, without interest (i) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Excellon Common Shares, to which such Registered Holder is entitled; or (ii) on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date subsequent to surrender, payable with respect to the Excellon Common Shares, to which such holder is entitled.

5.4 No Fractional Shares

No certificates representing fractional Excellon Common Shares shall be issued upon the surrender for exchange pursuant to Section 5.1 of certificates representing Lateegra Common Shares. The number of Excellon Common Shares to be received by a Lateegra Shareholder will be rounded up to the nearest whole Excellon Common Share, in the event that the former Lateegra Common Shareholder is entitled to receive a fractional share representing 0.5 or more of an Excellon Common Share and be rounded down to the nearest whole Excellon Common Share, in the event that the former Lateegra Common Shareholder is entitled to receive a fractional share representing less than 0.5 of an Excellon Common Share.

5.5 Extinguishment of Rights

Notwithstanding any of the other provisions hereof, any certificate which immediately prior to the Effective Time represented outstanding Lateegra Common Shares that were exchanged pursuant to Section 3.1, if it has not been surrendered with all other instruments required by this Section 5.5 on or prior to the sixth anniversary of the Effective Date, shall cease to represent a claim or interest of any kind or nature against any party. In such circumstances, the Registered Holder ultimately entitled to receive Excellon Common Shares hereunder shall be deemed to have surrendered such entitlement to Excellon, respectively, or its successor entity, as applicable, together with all entitlement to dividends, distributions and cash thereon held for such former Lateegra Shareholder for no consideration.

5.6 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Lateegra Common Shares that were to be exchanged pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, any certificates pursuant to this Section 5.6 deliverable in accordance with such holder's Letter of Transmittal. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the holder to whom certificates are to be delivered and issued shall, as a condition precedent to the delivery and issuance thereof, give a bond satisfactory to Excellon, or its respective successor entities, and their respective transfer agents in such sum as Excellon, or its respective successor entities, may direct, or otherwise indemnify Excellon and its respective successor entities, in a manner satisfactory to Excellon and its respective successor entities, against any claim that may be made against Excellon, or its respective successor entities, with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 6 GENERAL

6.1 Right to Amendment

The parties to the Arrangement Agreement may amend, modify or supplement this Plan from time to time and at any time prior to the Effective Time, provided that any such amendment,

modification or supplement must be (i) set out in writing; (ii) agreed to by the parties to the Arrangement Agreement in accordance with the Arrangement Agreement; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to the Lateegra Shareholders in the manner required by the Court (if so required).

6.2 Amendments Before Meeting

Any amendment, modification or supplement to this Plan may be proposed by the parties to the Arrangement Agreement at any time prior to or at the Meeting with or without any other prior notice or communication, and if so proposed and accepted by the Lateegra Shareholders voting at the Meeting, in the manner required by the Interim Order, shall become part of this Plan for all purposes.

6.3 Amendment After Meeting

Any amendment, modification or supplement to this Plan which is approved by the Court following the Meeting shall be effective only if (i) it is consented to by the parties to the Arrangement Agreement; and (ii) if required by the Court or applicable law, it is consented to by the Lateegra Shareholders.

6.4 Amendments of an Administrative Nature

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date by Excellon, provided that it concerns a matter which, in the reasonable opinion of Excellon, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any former holder of Common Shares, Lateegra Options or Lateegra Warrants.

6.5 Withdrawal

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Agreement.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Lateegra and Excellon shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

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