

SCHEDULE A  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 4 CLAIMS

State of Maine Project - Master Claim List

Fox Lode Mining Claim Group

Tombstone Mining District, Cochise County, Arizona

Claims Located July, 1950; October, 1967; January &amp; March, 1968; Relocated November, 1988; Amended March, 1968

Claim Name/Number	*Noted			B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Exceptions of Record	County Recording Book	Page						
Fox #1	1	42	392	A-MC-86264	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #1		536	279						
Fox #2	1	42	394	A-MC-86265	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #2		536	280						
Fox #3	2	42	393	A-MC-86266	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #3		536	281						
Fox #4	2	508	453	A-MC-86267	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #4		536	282						
Fox #5	2	508	455	A-MC-86268	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #5		536	283						
Fox #6	2	508	457	A-MC-86269	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #6		536	284						
Fox #7	1	508	459	A-MC-86270	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #7		536	285						
Fox #8	1	508	461	A-MC-86271	NE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #8		536	286						
Fox #9	3	508	463	A-MC-86272	SE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #9		536	287						
Fox #10	3	508	465	A-MC-86273	SE1/4	17	20S.	22E.	G.&S.R.B.M.
Amended Fox #10		536	288						
Fox #11	2	524	308	A-MC-86274	NE1/4	17	20S.	22E.	G.&S.R.B.M.
					NW1/4	17	20S.	22E.	G.&S.R.B.M.
Fox #11 Rerecorded		532	401						
Amended Fox #11		532	403						
Amended Fox #11 Rerecorded		536	268						
Fox #12	2	524	309	A-MC-86275	NE1/4	17	20S.	22E.	G.&S.R.B.M.
					NW1/4	17	20S.	22E.	G.&S.R.B.M.
Fox #12 Rerecorded		532	404						
Amended Fox #12		532	406						
Amended Fox #12 Rerecorded		536	269						
Fox #13	2	524	310	A-MC-86276	NE1/4	17	20S.	22E.	G.&S.R.B.M.
					NW1/4	17	20S.	22E.	G.&S.R.B.M.
Fox #13 Rerecorded		532	407						
Amended Fox #13		532	409						
Amended Fox #13 Rerecorded		536	270						

SCHEDULE A, Continued  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 4 CLAIMS

State of Maine Project - Master Claim List

Fox Lode Mining Claim Group

Tombstone Mining District, Cochise County, Arizona

Claims Located July, 1950; October, 1967; January & March, 1968; Relocated November, 1988; Amended March, 1968

Claim Name/Number	*Noted			B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Exceptions of Record	County Recording Book	Page						
Fox #14	2	524	311	A-MC-86277	NE1/4	17	20S.	22E.	G.&S.R.B.M.
					NW1/4	17	20S.	22E.	G.&S.R.B.M.
Fox #14 Rerecorded		532	410						
Amended Fox #14		532	412						
Amended Fox #14 Rerecorded		536	271						
Fox Ext. #N-9	3	532	393	A-MC-86283	NE1/4	17	20S.	22E.	G.&S.R.B.M.
					SE1/4	17	20S.	22E.	G.&S.R.B.M.
Fox Ext. #N-9 Rerecorded		536	267						
Fox Ext. #N-10	3	532	394	A-MC-86284	NE1/4	17	20S.	22E.	G.&S.R.B.M.
					SE1/4	17	20S.	22E.	G.&S.R.B.M.

State of Maine Project - Master Claim List

Misy Lode Mining Claim Group

Tombstone Mining District, Cochise County, Arizona

Claims Located August, 1967, February, 1968, & Amended March, 1968

Claim Name/Number	*Noted			B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Exceptions of Record	County Recording Book	Page						
Misy #1	4	508	445	A-MC-86285	NW1/4	15	20S.	22E.	G.&S.R.B.M.
Amended Misy #1		536	327						
Misy #2	4	508	447	A-MC-86286	NW1/4	15	20S.	22E.	G.&S.R.B.M.
Amended Misy #2		536	328						
Misy #3	5	508	449	A-MC-86287	SW1/4	10	20S.	22E.	G.&S.R.B.M.
Amended Misy #3		536	329						
Misy #4	5	508	451	A-MC-86288	SW1/4	10	20S.	22E.	G.&S.R.B.M.
Amended Misy #4		536	330						
Misy #5	6	536	331	A-MC-86289	NW1/4	15	20S.	22E.	G.&S.R.B.M.
Misy #6	7	536	332	A-MC-86290	SW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #7	8	536	350	A-MC-86291	SW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #8	6	536	333	A-MC-86292	NW1/4	15	20S.	22E.	G.&S.R.B.M.
Misy #9	4	536	334	A-MC-86293	NW1/4	15	20S.	22E.	G.&S.R.B.M.
					SW1/4	15	20S.	22E.	G.&S.R.B.M.
Misy #10	9	536	335	A-MC-86294	NW1/4	15	20S.	22E.	G.&S.R.B.M.
					SW1/4	15	20S.	22E.	G.&S.R.B.M.

SCHEDULE A, Continued  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 4 CLAIMS

## State of Maine Project - Master Claim List

## Misy Lode Mining Claim Group

Tombstone Mining District, Cochise County, Arizona

Claims Located August, 1967, February, 1968, &amp; Amended March, 1968

Claim Name/Number	*Noted			B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Exception of Record	County Recording Book	Page						
Misy #11	9	536	336	A-MC-86295	NW1/4	15	20S.	22E.	G.&S.R.B.M.
					SW1/4	15	20S.	22E.	G.&S.R.B.M.
Misy #12	10	536	337	A-MC-86296	NW1/4	15	20S.	22E.	G.&S.R.B.M.
					SW1/4	15	20S.	22E.	G.&S.R.B.M.
Misy #13	11	536	338	A-MC-86297	NW1/4	10	20S.	22E.	G.&S.R.B.M.
					SW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #14	11	536	339	A-MC-86298	NW1/4	10	20S.	22E.	G.&S.R.B.M.
					SW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #15	12	536	340	A-MC-86299	NW1/4	10	20S.	22E.	G.&S.R.B.M.
					SW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #16	12	536	341	A-MC-86300	NW1/4	10	20S.	22E.	G.&S.R.B.M.
					SW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #17	12	536	342	A-MC-86301	NW1/4	17	20S.	22E.	G.&S.R.B.M.
Misy #19	11	536	344	A-MC-86303	SW1/4	3	20S.	22E.	G.&S.R.B.M.
					NW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #20	12	536	345	A-MC-86304	NW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #21	12	536	346	A-MC-86305	NW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #22	11	536	347	A-MC-86306	SW1/4	3	20S.	22E.	G.&S.R.B.M.
					NW1/4	10	20S.	22E.	G.&S.R.B.M.
Misy #24	12	536	349	A-MC-86308	NW1/4	10	20S.	22E.	G.&S.R.B.M.

## State of Maine Project - Master Claim List

## West Fox Mining Claim Group

Tombstone Mining District, Cochise County, Arizona

Claims Located October, 1979

Claim Name/Number	*Noted			B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Exception of Record	County Recording Book	Page						
West Fox #1	23	1372	81	A-MC-93371	NW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #2	24	1372	83	A-MC-93372	NW1/4	17	20S.	22E.	G.&S.R.B.M.
					NE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #3	23	1372	84	A-MC-93373	NW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #4	24	1372	85	A-MC-93374	NW1/4	17	20S.	22E.	G.&S.R.B.M.
					NE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #5	23	1372	86	A-MC-93375	NW1/4	17	20S.	22E.	G.&S.R.B.M.

SCHEDULE A, Continued  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 4 CLAIMS

State of Maine Project - Master Claim List  
West Fox Mining Claim Group  
Tombstone Mining District, Cochise County, Arizona  
Claims Located October, 1979

Claim Name/Number	*Noted Exception County of Recording			B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Record	Book	Page						
West Fox #6	24	1372	87	A-MC-93376	NW1/4	17	20S.	22E.	G.&S.R.B.M.
					NE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #7	23	1372	88	A-MC-93377	NW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #8	24	1372	89	A-MC-93378	NW1/4	17	20S.	22E.	G.&S.R.B.M.
					NE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #9	23	1372	90	A-MC-93379	NW1/4	17	20S.	22E.	G.&S.R.B.M.
					SW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #10	24	1372	91	A-MC-93380	NW1/4	17	20S.	22E.	G.&S.R.B.M.
					SW1/4	17	20S.	22E.	G.&S.R.B.M.
					NE1/4	18	20S.	22E.	G.&S.R.B.M.
					SE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #11	23	1372	92	A-MC-93381	SW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #12	23	1372	93	A-MC-93382	SW1/4	17	20S.	22E.	G.&S.R.B.M.
					SE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #13	23	1372	94	A-MC-93383	SW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #14	24	1372	95	A-MC-93384	SW1/4	17	20S.	22E.	G.&S.R.B.M.
					SE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #15	23	1372	96	A-MC-93385	SW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #16	24	1372	97	A-MC-93386	SW1/4	17	20S.	22E.	G.&S.R.B.M.
					SE1/4	18	20S.	22E.	G.&S.R.B.M.
West Fox #17	26	1372	98	A-MC-93387	SW1/4	17	20S.	22E.	G.&S.R.B.M.
West Fox #18	25	1372	99	A-MC-93388	SW1/4	17	20S.	22E.	G.&S.R.B.M.
					SE1/4	18	20S.	22E.	G.&S.R.B.M.

State of Maine Project - Master Claim List  
Solstice Lode Mining Claim Group  
Tombstone Mining District, Cochise County, Arizona  
Claims Located August, 1967, February, 1968, & Amended March, 1968

Claim Name/Number	*Noted Exception County of Recording			B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Record	Book	Page						
Solstice #1	7	508	429	A-MC-86244	SE1/4	9	20S.	22E.	G.&S.R.B.M.
Amended Solstice #1		536	307						
Solstice #2	13	508	431	A-MC-86245	SE1/4	9	20S.	22E.	G.&S.R.B.M.
Amended Solstice #2		536	308						
Solstice #3	11	508	433	A-MC-86246	SE1/4	9	20S.	22E.	G.&S.R.B.M.
Amended Solstice #3		536	309						

SCHEDULE A, Continued  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 4 CLAIMS

State of Maine Project - Master Claim List  
Solstice Lode Mining Claim Group  
Tombstone Mining District, Cochise County, Arizona  
Claims Located August, 1967, February, 1968, & Amended March, 1968

Claim Name/Number	*Noted Exception of Record			County Recording Book Page	B.L.M. Serial Number	Legal	Sec- tion	Town- ship	Range	Meridian
	Record	Book	Page							
Solstice #4	4	508	435	A-MC-86247	SE1/4	9	20S.	22E.	G.&S.R.B.M.	
Amended Solstice #4		536	310							
Solstice #5	11	508	437	A-MC-86248	SE1/4	9	20S.	22E.	G.&S.R.B.M.	
Amended Solstice #5		536	311							
Solstice #6	14	508	439	A-MC-86249	SE1/4	9	20S.	22E.	G.&S.R.B.M.	
Amended Solstice #6		536	312							
Solstice #7		508	441	A-MC-86250	SE1/4	9	20S.	22E.	G.&S.R.B.M.	
Amended Solstice #7		536	313							
Solstice #8	14	508	443	A-MC-86251	SE1/4	9	20S.	22E.	G.&S.R.B.M.	
Amended Solstice #8		536	314							
Solstice #9	15	536	315	A-MC-86252	SE1/4	9	20S.	22E.	G.&S.R.B.M.	
					SW1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice #10	15	536	316	A-MC-86253	NE1/4	9	20S.	22E.	G.&S.R.B.M.	
					NW1/4	9	20S.	22E.	G.&S.R.B.M.	
					SE1/4	9	20S.	22E.	G.&S.R.B.M.	
					SW1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #1	17	536	317	A-MC-86254	NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #2	16	536	318	A-MC-86255	SE1/4	4	20S.	22E.	G.&S.R.B.M.	
					NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #3		536	319	A-MC-86256	NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #4	16	536	320	A-MC-86257	SE1/4	4	20S.	22E.	G.&S.R.B.M.	
					NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #5	18	536	321	A-MC-86258	NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #6	19	536	322	A-MC-86259	SE1/4	4	20S.	22E.	G.&S.R.B.M.	
					NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #7	18	536	323	A-MC-86260	NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #8	20	536	324	A-MC-86261	SE1/4	4	20S.	22E.	G.&S.R.B.M.	
					NE1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #9	21	536	325	A-MC-86262	NE1/4	9	20S.	22E.	G.&S.R.B.M.	
					NW1/4	9	20S.	22E.	G.&S.R.B.M.	
Solstice Ext. #10	22	536	326	A-MC-86263	SE1/4	4	20S.	22E.	G.&S.R.B.M.	
					SW1/4	4	20S.	22E.	G.&S.R.B.M.	
					NE1/4	9	20S.	22E.	G.&S.R.B.M.	
					NW1/4	9	20S.	22E.	G.&S.R.B.M.	

## \*Noted Exceptions of Record

1. Less state surface ownership (in whole) and fee simple surface/mineral ownership (in part).
2. Less state surface ownership (in whole).

SCHEDULE A, Continued  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 4 CLAIMS

3. Less state surface ownership (in whole), fee simple surface/mineral ownership (in part) and a noted conflict with junior located mineral rights (in part).
4. Less fee simple surface/mineral ownership (in part) and a noted conflict with junior located mineral rights (in part).
5. Less fee simple surface/mineral ownership (in part), conflicts with senior located mineral rights (in part) and 100 ft. road right-of-way (in part).
6. Less 25 ft. powerline and 10 ft. pipeline right-of-ways (in part) and a noted conflict with junior located mineral rights (in part).
7. Less 100 ft. road right-of-way (in part) and conflicts with senior located mineral rights (in part).
8. Less 100 ft. road right-of-way (in part).
9. Less fee simple surface/mineral ownership (in part), 10 ft. pipeline right-of-way (in part) and a noted conflict with junior located mineral rights (in part).
10. Less fee simple surface/mineral ownership (in part), 25 ft. powerline right-of-way (in part) and a noted conflict with junior located mineral rights (in part).
11. Less fee simple surface/mineral ownership (in part).
12. Less fee simple surface/mineral ownership (in part) and conflicts with senior located mineral rights (in part).
13. Less fee simple surface/mineral ownership (in part) and 100 ft. road right-of-way (in part).
14. Noted conflict with junior located mineral rights (in part).
15. Less fee simple surface/mineral ownership (in part), fee simple surface ownership (in part) and conflicts with senior located mineral rights (in part).
16. Less state surface/mineral ownership (in part).
17. Less conflicts with senior located mineral rights (in part).
18. Less fee simple surface ownership (in part).
19. Less state surface/mineral ownership (in part) fee simple surface ownership (in part).
20. Less fee simple surface ownership (in whole).
21. Less fee simple surface ownership (in part) and conflicts with senior located mineral rights (in part).
22. Less state surface/mineral ownership (in part), fee simple surface ownership (in part) and conflicts with senior located mineral rights (in part).
23. Less state surface ownership (in whole).
24. Less state surface ownership (in whole) on valid portion of claim and state surface/mineral ownership (in part).
25. Less state surface ownership (in whole) on valid portion of claims, state surface/mineral ownership (in part) and a noted conflict with junior located mineral rights (in part).
26. Less state surface ownership (in whole) and a noted conflict with junior located mineral rights (in part).

STATE OF ARIZONA )  
COUNTY OF Pima ) ss.

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial Seal)

\_\_\_\_\_  
Notary Public in and for  
Residing in \_\_\_\_\_  
My commission expires:  
\_\_\_\_\_

STATE OF ARIZONA )  
 )  
COUNTY OF Cochise ) ss.

On this \_\_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared \_\_\_\_\_, known to me (or proved to me on the basis of satisfactory evidence) to be the \_\_\_\_\_ of CHARLOU CORPORATION, the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires: \_\_\_\_\_



CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_ day of \_\_\_\_\_, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Secretary, respectively, of EXCELLON RESOURCES U.S.A., INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for Ontario

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_ day of \_\_\_\_\_, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Chairman, respectively, of EXCELLON RESOURCES INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for Ontario

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

Block 5

[DRAFT NO. 1: MARCH 9, 1993]

TOMBSTONE PROPERTY ACQUISITION AGREEMENT (BLOCK NO. 5)

THIS AGREEMENT made and dated for reference the 24th day of February, 1993, the effective date.

AMONG:

JABA, INC., a corporation duly incorporated under the laws of the State of Arizona, and having an office at 2100 N. Wilmot Road, #218, Tucson, Arizona, U.S.A. 85712

(hereinafter called "JABA")

AND:

EXCELLON RESOURCES U.S.A., INC., a corporation duly incorporated under the laws of the State of Arizona and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon U.S.")

AND:

EXCELLON RESOURCES INC., a company duly incorporated under the laws of the Province of British Columbia, Canada and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon")

W H E R E A S :

A. JABA represents that it has applied for and, upon the issuance thereof by the State of Arizona, will be the sole legal and beneficial owner of and will be in possession of three Arizona State Prospecting Permits situate in Tombstone Mining District, Cochise County, Arizona;

B. JABA has agreed to sell, assign and transfer all its rights in and to the Property to Excellon U.S., and Excellon U.S. has agreed to purchase the same, upon the terms and conditions hereinafter set forth, subject to the issuance of such permits by the State of Arizona; and

C. Excellon U.S. has agreed to issue shares of its capital stock to Excellon in consideration of Excellon issuing shares of its capital stock to JABA as hereinafter provided.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by each of Excellon U.S. and Excellon to JABA (the receipt and sufficiency of which is hereby expressly acknowledged by JABA) and of the promises and mutual covenants and agreements herein contained, the parties agree each with the other as follows:

1. INTERPRETATION

1.1 In this Agreement and in any Schedules or Exhibits hereto, the following words and phrases will have the following meanings:

- (a) "Closing Date" means the later to occur of:
  - (i) the fifth business day after the day upon which Excellon has received written notification from the Exchange that the Exchange has accepted this Agreement for filing, and
  - (ii) with respect to each of the three permits, the date upon which such permit has been finally issued to JABA and all prerequisites to the validity thereof have been satisfied by JABA;
- (b) "Exchange" means the Vancouver Stock Exchange;
- (c) "Property" means the three Arizona State Prospecting Permits which have been applied for by JABA as more particularly set forth and described in Schedule "A", together with all rights held or to be held by JABA which are appurtenant or relate thereto, to the development thereof or to the operation of a mine thereon, including, without limitation, all water rights, and including all and any forms of after acquired, successor or substitute mineral tenure or rights to mine, extract or develop mines or minerals in respect of such claims including, without limitation, Arizona State Mining Leases;
- (d) "Royalty" means the applicable percentage of net smelter returns payable to JABA pursuant to subsection 3.1 (subject to reduction under subsection 4.1), calculated and paid in accordance with Schedule "B" attached hereto; and
- (e) "Shares" means the common shares in the capital stock of Excellon to be allotted and issued to JABA pursuant to subsection 3.1;

- (f) "1933 Act" means the United States Securities Act of 1933.

2. **REPRESENTATIONS AND WARRANTIES**

2.1 Excellon U.S. and Excellon each represent and warrant to JABA that:

- (a) it is a corporation duly organized and validly subsisting under the laws of its incorporating jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;
- (d) Excellon U.S. is an Arizona Corporation which is a wholly owned subsidiary of Excellon;
- (e) it is not in default of any contract, lease, or other agreement to which it is a party; and
- (f) it has disclosed to JABA all material information pertaining to its business and financial condition and to the transactions contemplated hereby.

2.2 JABA represents and warrants to each of Excellon U.S. and Excellon that:

- (a) it is a corporation duly organized and validly subsisting under the laws of Arizona, and has good right, full power and absolute authority to assign all right, title and interest which JABA has or may hereafter acquire in and to the Property in the manner set out in this Agreement;
- (b) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated, materially conflict with, result in a material breach of or accelerate the performance required by, any agreement to which JABA is a party;

- (c) the execution and delivery of this Agreement and the agreements or instruments contemplated hereby will not materially violate or result in a material breach of the laws of any jurisdiction applicable to or pertaining thereto;
- (d) JABA has, prior to the execution of this Agreement, provided to Excellon U.S. and its representatives true and correct copies of all deeds, easements or other documents in its possession and to the best of its knowledge which bear upon the title of JABA to the Property (additional details of which are more fully described on Schedule A);
- (e) the applications for the prospecting permits comprised in the Property have been duly and validly made, all necessary filing fees in connection therewith have been paid, and JABA knows of no reason why such prospecting permits should not be issued to JABA in the normal course;
- (f) upon issuance of the prospecting permits comprised in the Property, the same may be duly and validly transferred to Excellon U.S. in accordance with the terms and conditions of this Agreement;
- (g) JABA is not entering into this transaction as a result of any material changes with respect to the affairs of Excellon known to it (except for this transaction) which, to its knowledge, were not publicly disclosed as of the date hereof;
- (h) in entering into this Agreement and selling the Property to Excellon U.S. in exchange for Shares, JABA is acting as principal, and will be acquiring the Shares as principal, for its own account and not on behalf of others and for the purpose of investment and not with the intention of effecting a distribution, and no other person, corporation, firm or other organization will have a beneficial interest in the Shares;
- (i) JABA is a resident of Arizona for the purposes of all securities laws applicable to the transactions herein contemplated; and
- (j) JABA is familiar with Excellon's business affairs as disclosed in publicly available information, and acknowledges that Excellon has made available to its and to the person acting as its Purchaser Representative (as such term is defined in the 1933 Act), all publicly available documents and records of Excellon in its

possession, and has offered to JABA and its Purchaser Representative an opportunity to discuss this investment with Excellon and representatives of Excellon and to obtain any additional information necessary to verify the accuracy of any information furnished, provided that JABA acknowledges that no information furnished by Excellon constitutes investment, accounting, legal or tax advice and that JABA is relying solely upon itself and its professional advisers for such advice.

2.3 JABA represents , but does not warrant, to each of Excellon U.S. and Excellon that:

(a) to the best of JABA's knowledge and belief, with respect to the Arizona State prospecting permits comprised in the Property and subject to the paramount title of the State of Arizona, upon the issuance thereof:

- (i) the permits will be free and clear of all liens, charges and encumbrances,
- (ii) the permits will have been properly laid out, monumented and posted, all required filings will have been properly and timely made in the real property records of Cochise County, Arizona and in accordance with applicable laws, statutes and regulations of the State of Arizona,
- (iii) all required location and validation work will have been properly performed on the permits, and
- (iv) no other person, firm, corporation, partnership or other entity whatsoever will claim any interest in the permits;

2.4 The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement and will not merge but will survive the acquisition of any interest in the Property by Excellon U.S. and each party will indemnify and save the others harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement.

2.5 JABA acknowledges that the Shares to be issued to JABA



hereunder will not be registered under the 1933 Act as the transaction in which they are being acquired is exempt under section 4(2) of the 1933 Act as not involving any public offering, that the reliance of Excellon and others on this exemption is predicated in part upon the representations and warranties of JABA, and that JABA will be acquiring the Shares for its own account, with no present intention of selling or otherwise distributing the same to the public, and that the Shares are therefore subject to restrictions on transfer in the United States or to a U.S. person, unless subsequently registered under the 1933 Act or an exemption from registration is available.

2.6 Concurrently with the execution of this Agreement by JABA, JABA will execute and deliver to Excellon an originally executed copy of the Investment Letter in the form attached hereto as Schedule "D".

### 3. PURCHASE AND SALE

3.1 JABA hereby agrees to sell, assign and transfer to Excellon U.S., and Excellon U.S. agrees to purchase from JABA, all interest of JABA in and to the Property, subject to the payment to JABA of a TWO AND ONE-HALF (2-1/2%) PERCENT Royalty, for and in consideration of the allotment and issuance by Excellon to JABA of 73,875 Shares.

3.2 On the Closing Date, and subject to the completion of the purchase and sale set forth in subsection 3.1, Excellon U.S. will allot and issue to Excellon common shares in its capital stock equal in value to the deemed value of the shares issued to JABA by Excellon.

3.3 Notwithstanding that JABA retains the Royalty, the parties acknowledge that neither Excellon nor Excellon U.S. is under any obligation whatsoever to undertake any activities or perform any work on or with respect to the Property other than that required by law. The parties affirm that the expectation of JABA in entering into this Agreement is the belief that Excellon U.S. desires and intends to diligently proceed with the exploration on and, if warranted, development of, the Property. However, no covenants or conditions relating to the exploration, development, mining or related operations on or in connection with the Property, or the timing thereof, will exist or be implied. After commencing any exploration, development, mining or related operations on or in connection with the Property, Excellon and Excellon U.S. may in their sole discretion curtail or cease such operations.

3.4 Subject to the sale of the Property to Excellon U.S. and issuing of Shares, as contemplated herein, upon the Closing Date and thereafter, unless Excellon U.S. surrenders or abandons its

rights to the Property as provided in section 16.1, Excellon U.S. shall be the party of record responsible for dismissing all obligations and fees required to keep the Property in active and valid tenure with the jurisdiction of paramount title thereto.

4. ACQUISITION OF ROYALTY INTEREST

4.1 For and in consideration of payment of the sum of One (U.S. \$1.00) Dollar in lawful currency of the United States by Excellon U.S. to JABA on the execution of this Agreement, Excellon U.S. will have, and JABA hereby gives and grants to Excellon U.S., the option (the "NSR Option") to purchase from JABA, at any time within twenty-one (21) years after the date of execution of this Agreement, all of the right, title and interest of JABA in and to two-fifths (2/5) of the two and one-half (2-1/2%) percent Royalty held by JABA pursuant to subsection 3.1, for an adjusted total consideration, as provided hereinbelow, of Two Hundred and Fifty Thousand (\$250,000) Dollars in lawful money of the United States (the "NSR Option Price"). Excellon U.S. may exercise the NSR Option at any time by delivering written notice to that effect to JABA, accompanied by cash or a certified cheque or bank draft in payment of the NSR Option Price. Forthwith after receipt of such notice and cash, certified cheque or bank draft, JABA will do or cause to be done all such acts, execute and deliver all such instruments, deeds or agreements, and give all such further assurances as may be reasonably necessary or desirable to give effect to the exercise of the NSR Option and to carry out the transfer to Excellon U.S. of all of the right, title and interest of JABA in and to two-fifths (2/5) of such Royalty. From and after the exercise of the NSR Option, the Royalty payable to JABA pursuant to subsection 3.1 will be equal to one and one-half (1-1/2%) percent, and Excellon U.S. will pay such reduced Royalty to JABA. Commencing sixty (60) months from the effective date of this Agreement and continuing thereafter for so long as the NSR Option is in effect, the NSR Option Price shall be adjusted upward to its equivalent dollar value by multiplying the initial NSR Option Price of Two Hundred and Fifty Thousand (\$250,000) Dollars by a percentage equal to one hundred (100) plus the percentage difference shown by the Consumer Price Index published by the U.S. Bureau of Labor Statistics from the effective date of this Agreement to the date of the end of the last calendar month before the NSR Option is exercised. Nothing in this paragraph or Agreement shall be interpreted to preclude JABA from transferring its interest in or right to assign the Royalty, provided such transfer or assignment is subject to the NSR Option.

5. **DELIVERIES AT OR FOLLOWING CLOSING**

5.1 On the Closing Date, JABA will deliver to Excellon U.S. a duly executed and recordable quitclaim deed in the form attached hereto as Schedule "C" and such other documents as may be required under the laws of Arizona to transfer to Excellon U.S. all interest in the Property.

5.2 On the Closing Date, Excellon will deliver to JABA share certificates representing an aggregate of 73,875 Shares.

5.3 Within sixty (60) days after the Closing Date, JABA will deliver all data in its possession with respect to the Property including, without limitation, all files, records, reports, maps, plans, drill logs, assays, sample pulps and drill cores, provided that it is understood and agreed that JABA may make and retain, for its own use, copies of all such data as it may deem necessary or desirable.

6. **TAXES AND CONVEYANCES FEES AND EXPENSES**

6.1 Excellon U.S. will pay and be responsible for the preparation of all and any conveyances, assignments, bills of sale and transfer documents and the payment of all federal, state and local transfer, sales or use taxes and fees which may be or become payable as a result of or in connection with the sale of the Property hereunder.

6.2 Subject to subsection 6.1, each party will bear its own costs and pay all its expenses (including legal, accounting and other professional fees) in connection with the negotiation and execution of this Agreement, the performance of its obligations hereunder, and the consummation of the transactions contemplated hereby.

7. **ACCEPTANCE FOR FILING BY VANCOUVER STOCK EXCHANGE**

7.1 This Agreement is subject to the acceptance for filing hereof on behalf of Excellon by the Exchange. Forthwith after the execution of this Agreement by all parties, Excellon will submit this Agreement to the Exchange and request acceptance for filing, and will diligently thereafter pursue such acceptance. If such acceptance for filing has not been received by Excellon on or before April 15, 1993, Excellon may at its option and upon not less than fifteen (15) days notice to JABA, terminate this Agreement and all of its obligations hereunder. In such case, Excellon shall direct Excellon U.S. and Excellon U.S. shall comply in providing JABA with a release to all Property covered by this Agreement upon or before the date of termination. Thereafter neither Excellon nor

Excellon U.S. will have an interest, either in whole or in part, direct or indirect, in the Property.

8. COVENANTS OF JABA

8.1 During the currency of this Agreement, JABA will:

- (a) not do any act or thing which would or might in any way adversely affect the rights of Excellon U.S. hereunder;
- (b) promptly provide Excellon U.S. with any and all notices and correspondence from government agencies in respect to the Property; and
- (c) at the request of Excellon U.S., co-operate, at JABA consulting rates, with Excellon U.S. as necessary to permit Excellon U.S. to obtain Arizona State Mining Leases in respect of such portion of the ground to be held under the Arizona State prospecting permits comprised in the Property as it may desire.

8.2 JABA warrants and will defend title to the Property and the ground covered thereby against all persons claiming by, through or under JABA.

9. RECORDATION OF AGREEMENT

9.1 Either JABA or Excellon U.S. will, at its expense, have the right at any time to record a short form memorandum with respect to this Agreement in the real property records of Cochise County, Arizona, and each party agrees to execute and deliver a short form memorandum satisfactory to the others in a form appropriate for recordation, if so requested.

10. APPLICABLE LAWS

10.1 This Agreement will be governed by and interpreted in accordance with the laws of the State of Arizona. The courts of the County of Cochise will have exclusive jurisdiction in respect of any matters arising therefrom and the parties hereby irrevocably attorn to such jurisdiction. The venue for all such proceedings will be the County of Cochise.

11. FURTHER ASSURANCES

11.1 The parties agree to execute all such further documents, instruments or deeds, give all such further assurances and do or cause to be done all such acts and things necessary, both before and after the Closing Date, to implement and carry into effect this Agreement to the full extent contemplated herein.

11.2 In so much that Excellon U.S. is a fully owned subsidiary of Excellon, Excellon, under the fullest extent of the law shall use its best efforts to cause, direct, and provide means for Excellon U.S. to comply with, abide by, and conform with the terms, conditions and obligations undertaken herein by Excellon U.S. as they relate to JABA.

12. NOTICES

12.1 Any notice, statement, approval, direction or other instrument required or permitted to be given under this Agreement will be in writing and will be given by delivery of the same or by mailing of the same by prepaid registered or certified mail or by telecopier, in each case addressed as follows:

(a) if to JABA:

JABA, Inc.  
2100 N. Wilmot Road, #218  
Tucson, Arizona  
U.S.A. 85712  
Telecopier No.: (602) 721-2768  
Attention: James A. Briscoe

with a copy for information purposes only to:

Hecker & Phillips  
405 W. Franklin  
Tucson, AZ, USA 85701  
Telecopier No.: (602) 620-0405  
Attention: Lawrence M. Hecker, Esq.

(b) if to Excellon U.S. or Excellon:

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6  
Telecopier No.: (416) 867-1109  
Attention: A. Douglas MacKenzie, President

with a copy for information purposes only to:

Smith, Lyons, Torrance, Stevenson & Mayer  
#550 - 999 Canada Place  
Vancouver, B.C.  
V6C 3C8  
Telecopier No.: (604) 685-8542  
Attention: Lawrence W. Talbot

12.2 Any notice, if delivered, will be deemed to have been given and received on the day it was delivered, if sent by telecopier, to have been given and received on the day after it was so sent and, if mailed, be deemed to have been given and received on the tenth (10th) business day following the day of such mailing except in the event of a disruption of the postal services of Canada or the United States, in which event notice will be deemed to have been received only when actually received by the intended recipient.

12.3 Any party may at any time give to the others notice in writing of any change of address of such party, and from and after receipt of such notice, the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

### 13. DEFAULT

13.1 If any party (a "Defaulting Party") is in default of any requirement set forth in this Agreement, the party affected by such default ("Affected Party") will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement unless within thirty (30) days after the giving of a notice of default by the Affected Party the Defaulting Party has not cured the default by the appropriate performance, unless such default is of such a nature as cannot be cured within such thirty (30) day period and the Defaulting Party commences within such thirty (30) day period to remedy such default and thereafter continues to diligently use its best efforts to remedy such default. If the default is not cured as aforesaid, the Affected Party will be entitled to seek any remedy it may have on account of such default, including specific performance or other equitable remedy, damages or termination of this Agreement.

### 14. SUCCESSORS AND ASSIGNS

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

14.2 Either Excellon or Excellon U.S. may assign all or any portion of their rights in and to the Property or this Agreement to any party without restriction, provided that no such assignment shall become effective until the transferee has agreed in writing with JABA to be bound by the provisions of this Agreement.

14.3 From and after the date hereof and until the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any part of its interest in and to the Property or this Agreement. After the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any of its interest in this Agreement or the Royalty without the prior written consent of Excellon and Excellon U.S., which consent will not be unreasonably withheld.

14.4 No change or division in the ownership of or entitlement to the Royalty pursuant to subsection 14.3, however accomplished, shall enlarge the obligations or diminish the rights of either Excellon U.S. or Excellon hereunder. JABA covenants that, subject to subsection 14.3, any change in the ownership of or entitlement to the Royalty shall only be effected in such a manner that neither Excellon nor Excellon U.S. shall be required to make payments, provide information or give notices to more than one person, firm, corporation or other entity, and upon breach of this covenant, Excellon U.S. or Excellon, as the case may be, may retain all moneys otherwise due pursuant to the Royalty until such breach has been cured. In no event will any change or division in the ownership of or entitlement to the Royalty be binding on either Excellon or Excellon U.S. unless and until:

- (a) any transferee or assignee has acknowledged in writing with Excellon U.S. that the interest in the Royalty acquired by them is subject to the NSR Option; and
- (b) thirty (30) days after JABA has given Excellon U.S. a certified copy of the recorded instrument evidencing such change or division.

15. **ENTIRE AGREEMENT**

15.1 This Agreement constitutes the entire agreement between the parties hereto and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations, warranties and representations, whether verbal or written, expressed or implied, statutory or otherwise, between the parties, or between a party and James A. Briscoe, with respect to the subject matter herein.

**16. SURRENDER OR ABANDONMENT OF PROPERTY**

16.1 If, at any time after the Closing Date, Excellon U.S. determines that, for any reason, it does not wish to retain any one or more of the parcels, tracts or claims comprising the Property, then Excellon U.S. may surrender or abandon such parcels, tracts or claims. If at any time Excellon U.S. proposes to so surrender or abandon any parcels, tracts or claims, it will deliver a notice in writing to JABA specifying its intention to do so at least ninety (90) days prior to the proposed surrender or abandonment, which notice will list the proposed parcels, tracts or claims to be surrendered or abandoned. If, within fifteen (15) days of receipt of such notice, JABA advises Excellon U.S. that it wishes to acquire one or more of such parcels, tracts or claims to be surrendered or abandoned, Excellon U.S. will deliver to JABA a duly executed quitclaim deed in recordable form quitclaiming in favour of JABA, without any warranties as to title, all interest of Excellon U.S. in and to such parcels, tracts or claims. Effective upon the delivery of such quitclaim deed or, if JABA does not elect to acquire the surrendered or abandoned parcels, tracts or claims, upon such surrender or abandonment, neither Excellon or Excellon U.S. will thereafter have any further obligation to JABA with respect to any such parcels, tracts or claims including, without limitation, any obligation to pay any Royalty in respect thereof.

16.2 Notwithstanding subsection 16.1, Excellon U.S. will have the right at any time after the Closing Date (but not the obligation) to:

- (a) amend or relocate any or all of the Arizona State prospecting permits; or
- (b) where Excellon U.S. may be required, or finds it appropriate, to abandon certain rights in order to secure additional or ongoing rights to explore and mine the Property pursuant to any new or amended laws of the United States and/or State of Arizona concerning the acquisition and maintenance of mineral rights on the public domain of the United States and/or State lands, to do so.

16.3 JABA may, but is under no obligation to, prepare and publish professional papers and articles on or concerning the Property including, but not limited to, such matters as exploration philosophy, methodology, and models of the genesis of potential ore deposition. Any such papers or articles shall be first open to inspection by Excellon and Excellon U.S. for written approval, such written approval not to be unreasonably denied. For greater certainty, it is confirmed that no interest in the Property is retained by JABA by virtue of this subsection 16.3, and that



nothing herein shall preclude Excellon or Excellon U.S. from preparing or publishing any information with respect to the Property without notice to JABA. However, where deemed professionally appropriate by Excellon and Excellon U.S., credit shall be given to JABA.

16.4 In the event of assignment to JABA of the Property in part or in its entirety pursuant to subsection 16.1, Excellon U.S. shall, within ninety (90) days after such assignment, at JABA's cost, make available to JABA at the place of storage all available drill chip, core and sample rejects, and deliver to JABA copies of all maps, drill logs, assay results and other technical data compiled by Excellon U.S., pertaining to that portion of the Property assigned. Neither Excellon nor Excellon U.S. shall in any event be liable for the accuracy or comprehensiveness of any data furnished to JABA.

17. ACCESS

17.1 JABA and its employees, on reasonable notice to Excellon U.S., may have access to the Property in order to examine same, provided that:

- (a) none of JABA or its employees shall interfere with or obstruct the operations of Excellon U.S., its employees or agents on the Property;
- (b) JABA and its employees shall enter on the Property at their own risk and expense; and
- (c) each of JABA and its employees shall defend, indemnify and save each of Excellon U.S., Excellon and their respective directors, officers, employees and representatives harmless from and against all and any loss or damage of any kind or nature whatsoever in any way referable to the entry, presence or activities of JABA or its employees on the Property, including, without limitation, bodily injuries or death or damage to property at any time resulting therefrom.

17.2 All information, of whatever kind or nature, obtained by JABA or its employees as a result of the exercise of the right of access contained in subsection 17.1 shall be kept confidential by JABA and such employees and shall not be disclosed to any third party or to the public without the prior written consent of Excellon U.S. except with respect to disclosure of such information:

- (a) to JABA's professional advisers who require such information in order to advise JABA, and who are bound by law to keep such information confidential; or
- (b) as and to the extent required by law.

**18. TAXES AND ASSESSMENTS**

18.1 Following the Closing Date, Excellon U.S., subject to, and until it exercises its rights under, section 16, and subject to its rights to dispute the requirement for or amount or legitimacy of any obligations or amounts due, shall or shall cause to be made, paid or performed:

- (a) all applicable assessment work or work requirements on the prospecting permits and/or leases comprised in the Property;
- (b) all necessary filings;
- (c) all rentals, royalties, reasonable taxes, assessments, special assessments; and
- (d) any other obligation required to hold the Property under any other form of tenure contemplated by this Agreement,

in order to keep all mineral rights valid to the Property.

**19. SUBSTITUTE DAMAGE AND RESTORATION BOND**

19.1 Excellon U.S. acknowledges that a condition precedent to the completion of the issuance of an Arizona State Prospecting Permit is that the holder post, either in cash or through an acceptable bonding company, a "Damage and Restoration Bond" in the amount required by the State of Arizona. Accordingly, upon the transfer to Excellon U.S. of each of the prospecting permits comprised in the Property, Excellon U.S. will promptly take the necessary steps to provide the appropriate bond in substitution for that posted by JABA in connection with the issuance of the permit

in order to permit JABA to secure the release or return of its posted bond.

**IN WITNESS WHEREOF** each of the parties has executed this Agreement as of the day and year first above written.

ATTEST: JABA, INC.

\_\_\_\_\_  
Corporate Secretary Per: \_\_\_\_\_  
President

The Corporate Seal of EXCELLON )  
RESOURCES INC. was hereunto )  
affixed in the presence of: )

\_\_\_\_\_  
Authorized Signatory )

c/s

\_\_\_\_\_  
Authorized Signatory )

ATTEST: EXCELLON RESOURCES U.S.A., INC.

\_\_\_\_\_  
Corporate Secretary Per: \_\_\_\_\_  
President

SCHEDULE "A"

DESCRIPTION OF PROPERTY

Three Arizona State Prospecting Permits, as follows:

<u>Name/ Number</u>	<u>Appli- cant</u>	<u>Application Date</u>	<u>Issue Date</u>	<u>Section</u>	<u>Legal</u>	<u>Acres</u>
█	JABA	█	█	19	SE $\frac{1}{4}$	160
	JABA			29	N $\frac{1}{2}$ SW $\frac{1}{4}$	80
	JABA			30	SE $\frac{1}{4}$	160

All situate in Township 20S, Range 22E, Cochise County, Arizona

SCHEDULE "B"

NET SMELTER RETURNS

1. The Royalty which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") pursuant to subsection 3.1 of the Agreement will be the applicable percentage (subject to reduction pursuant to subsection 4.1 of the Agreement) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Schedule "B". Terms having defined meanings in this Agreement and used herein will have the same meanings in this Schedule as assigned to them in the Agreement unless otherwise specified or the context otherwise requires.
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such month to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all concentrates, metals, aggregates, sand, gravel, and industrial minerals, but for the purposes of calculating the Royalty does not include Mineral Products such as aggregates, sand or gravel, which are used by the Payor on the Property;
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection

with the Mineral Products or measured by the value thereof (but not including income taxes),

- (iii) any royalties or fees paid to the United States or any State in connection with Mineral Products,
- (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,
- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and
- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the fair market value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver; and
- (e) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a selection of the three (3) nearest independent purchasers of such product(s).

4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.
5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty

pursuant to this Schedule "B" (it being the intent of the parties that the Payor will have the unrestricted right to market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and



will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.

SCHEDULE "C"

Recording Requested by  
and Return to:

Lawrence W. Talbot  
Smith, Lyons, Torrance, Stevenson & Mayer  
World Trade Centre  
#550 - 999 Canada Place  
Vancouver, B.C.  
CANADA V6C 3C8

QUITCLAIM DEED

THIS INDENTURE is made the \_\_\_\_ day of \_\_\_\_\_, 1993,  
by and between JABA, Inc., an Arizona corporation of 2100 N. Wilmot  
Road, #218, Tucson, Arizona, U.S.A. 85712 (hereinafter referred to  
as the "Grantor"); and EXCELLON RESOURCES U.S.A., INC., an Arizona  
corporation of Suite 200, 20 Adelaide Street East, Toronto,  
Ontario, Canada M5C 2T6 (hereinafter referred to as the "Grantee").

W I T N E S S E T H :

WHEREAS the Grantor, for and in consideration of the sum  
of TEN (\$10.00) DOLLARS in lawful money of the United States, to it  
in hand paid by the Grantee, the receipt of which is hereby  
acknowledged, does hereby GRANT, RELEASE, and FOREVER QUITCLAIM  
unto the Grantee, and to its successors and assigns forever, all  
the right, title and interest which the Grantor has or may  
hereafter acquire in and to those certain Arizona State Prospecting  
Permits situate in Tombstone Mining District, Cochise County, State  
of Arizona, and more particularly described on Exhibit "A" attached  
hereto and by this reference made a part hereof (the "Property").

TOGETHER WITH all metals and minerals and all veins and  
lode of mineral-bearing rock therein and all dips, spurs and angles  
thereof and all mining and other rights thereto, including  
extralateral rights and water rights attached or belonging thereto.

TOGETHER WITH all rights, privileges and franchises  
thereto incident and the appurtenances thereto and all rents,  
issues and profits thereof, and all right, title and interest of  
the Grantor therein or thereto, or which it may hereafter acquire.

EXCEPTING AND RESERVING UNTO THE GRANTOR two and one-half  
(2-1/2%) percent of the Net Smelter Returns on Mineral Products,  
calculated and paid in accordance with Exhibit "B" attached hereto  
and by this reference made a part hereof.

TO HAVE AND TO HOLD the said Property, together with the appurtenances, unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF the Grantor has executed and delivered these presents the day and year first above written.

ATTEST:

JABA, INC.

\_\_\_\_\_

Per: \_\_\_\_\_

President

EXHIBIT "B"

NET SMELTER RETURNS

1. The royalty (the "Royalty") which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") will be TWO AND ONE-HALF (2-1/2%) PERCENT (subject to the Payor's right to purchase a portion of such Royalty) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Exhibit "B".
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such month to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all concentrates, metals, aggregates, sand, gravel, and industrial minerals, but for the purposes of calculating the Royalty does not include Mineral Products such as aggregates, sand or gravel, which are used by the Payor on the Property;
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the Mineral Products or measured by the value thereof (but not including income taxes),

- (iii) any royalties or fees paid to the United States or any State in connection with Mineral Products,
- (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,
- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and
- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the fair market value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver;
- (e) "Property" means the Arizona Prospecting Permits more particularly set forth and described in Exhibit "A" to the within quitclaim deed, and includes any Arizona State Mining Leases which may be issued in respect thereof; and
- (f) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a

selection of the three (3) nearest independent purchasers of such product(s).

4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.
5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging

transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty pursuant to this Exhibit "B" (it being the intent of the parties that the Payor will have the unrestricted right to market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before

commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.



SCHEDULE "D"

Investment Letter

March , 1993

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6

Attention: Mr. A. Douglas MacKenzie

Dear Sirs:

In connection with the acquisition by the undersigned of 73,875 common shares (the "Shares") without par value in the capital of Excellon Resources Inc. (the "Company"), a Canadian corporation, in exchange for certain Arizona State prospecting permits pursuant to an agreement dated for reference February 24, 1993 (the "Agreement"), the undersigned represents and acknowledges as follows:

1. The Shares are not registered under the Securities Act of 1933 (the "Act") as the transaction in which they are being acquired is exempt under Section 4(2) of the Act as not involving any public offering. Reliance of the Company and others upon this exemption is predicated in part upon our representation (which we hereby confirm) that we are acquiring these securities for our own account with no present intention of selling or otherwise distributing the same to the public. We understand that in the view of the United States Securities and Exchange Commission (the "SEC") the statutory and administrative basis for exemption would not be present if, notwithstanding our representation, we have in mind merely acquiring these securities for sale upon the occurrence or non-occurrence of some predetermined event such as, for example, holding the securities for a market rise, or for sale if the market does not rise, or for a fixed or determinable period in the future.
2. The Shares must be held by the undersigned indefinitely unless they are subsequently registered under the Act or an exemption from registration is available. Any routine sales of these securities made in reliance upon the exemption afforded by Rule 144 of the SEC can be made only in limited amounts in accordance with the terms and conditions of that rule, and, in the event this rule is for some reason inapplicable, compliance with Regulations A or S of the SEC or some other disclosure exemption will be required.

3. The undersigned has retained the following person/firm/corporation as its "Purchaser Representative" in respect of its acquisition of the Shares, and hereby certifies that its Purchaser Representative:
- (a) is not an affiliate, director or officer or other employee of Excellon or Excellon Resources U.S.A., Inc., or any 10% shareholder of Excellon;
  - (b) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment in Excellon; and
  - (c) has disclosed to the undersigned any material relationships between itself or its affiliates and Excellon and its affiliates that exists, that is mutually contemplated to exist or that has existed at any time in the past 2 years, and any compensation received or to be received as a result of such relationships.

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Business/Profession: \_\_\_\_\_

THE UNDERSIGNED HAS CAREFULLY READ THE FOREGOING AND UNDERSTANDS THAT EXCELLON RESOURCES INC. WILL RELY ON ITS STATEMENTS HEREIN IN ENTERING INTO THE AGREEMENT. THE UNDERSIGNED ALSO UNDERSTANDS THAT THE FOREGOING RELATES TO RESTRICTIONS ON ITS ABILITY TO SELL AND/OR TRANSFER THE SHARES ACQUIRED PURSUANT TO THE AGREEMENT. THE UNDERSIGNED HAS RETAINED A COPY OF THIS LETTER FOR ITS RECORDS.

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

JABA, INC.

Per: \_\_\_\_\_  
President

STATE OF ARIZONA )  
 )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_ day of \_\_\_\_\_, 1993 before me the undersigned, a notary public, personally appeared \_\_\_\_\_, known to me (or proved to me on the basis of satisfactory evidence) to be the \_\_\_\_\_ of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires: \_\_\_\_\_

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Chairman, respectively, of EXCELLON RESOURCES INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Secretary, respectively, of EXCELLON RESOURCES U.S.A., INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

STATE OF ARIZONA

COUNTY OF \_\_\_\_\_

)  
)  
)

ss.

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_

\_\_\_\_\_  
My commission expires:  
\_\_\_\_\_

[DRAFT NO. 12: MARCH 916, 1993]

TOMBSTONE PROPERTY ACQUISITION AGREEMENT (BLOCK NO. 5)

THIS AGREEMENT made and dated for reference the 24th day of February, 1993, the effective date.

AMONG:

JABA, INC., a corporation duly incorporated under the laws of the State of Arizona, and having an office at 2100 N. Wilmot Road, #218, Tucson, Arizona, U.S.A. 85712

(hereinafter called "JABA")

AND:

EXCELLON RESOURCES U.S.A., INC., a corporation duly incorporated under the laws of the State of Arizona and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon U.S.")

AND:

EXCELLON RESOURCES INC., a company duly incorporated under the laws of the Province of British Columbia, Canada and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon")

W H E R E A S :

A. JABA represents that it has applied for and, upon the issuance thereof by the State of Arizona, will be the sole legal and beneficial owner of and will be in possession of three Arizona State Prospecting Permits situate in Tombstone Mining District, Cochise County, Arizona;

B. JABA has agreed to sell, assign and transfer all its rights in and to the Property to Excellon U.S., and Excellon U.S. has agreed to purchase the same, upon the terms and conditions hereinafter set forth, subject to the issuance of such permits by the State of Arizona; and

C. Excellon U.S. has agreed to issue shares of its capital stock to Excellon in consideration of Excellon issuing shares of its capital stock to JABA as hereinafter provided.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by each of Excellon U.S. and Excellon to JABA (the receipt and sufficiency of which is hereby expressly acknowledged by JABA) and of the promises and mutual covenants and agreements herein contained, the parties agree each with the other as follows:

1. INTERPRETATION

1.1 In this Agreement and in any Schedules or Exhibits hereto, the following words and phrases will have the following meanings:

- (a) "Closing Date" means the later to occur of:
  - (i) the fifth business day after the day upon which Excellon has received written notification from the Exchange that the Exchange has accepted this Agreement for filing, and
  - (ii) with respect to each of the three permits, the date upon which such permit has been finally issued to JABA and all prerequisites to the validity thereof have been satisfied by JABA;
- (b) "Exchange" means the Vancouver Stock Exchange;
- (c) "Property" means the three Arizona State Prospecting Permits which have been applied for by JABA as more particularly set forth and described in Schedule "A", together with all rights held or to be held by JABA which are appurtenant or relate thereto, to the development thereof or to the operation of a mine thereon, including, without limitation, all water rights, and including all and any forms of after acquired, successor or substitute mineral tenure or rights to mine, extract or develop mines or minerals in respect of such claimspermits including, without limitation, Arizona State Mining Leases;
- (d) "Royalty" means the applicable percentage of net smelter returns payable to JABA pursuant to subsection 3.1 (subject to reduction under subsection 4.1), calculated and paid in accordance with Schedule "B" attached hereto; and
- (e) "Shares" means the common shares in the capital stock of Excellon to be allotted and issued to JABA pursuant to subsection 3.1;



(f) "1933 Act" means the United States Securities Act of 1933.

2. REPRESENTATIONS AND WARRANTIES

2.1 Excellon U.S. and Excellon each represent and warrant to JABA that:

- (a) it is a corporation duly organized and validly subsisting under the laws of its incorporating jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;
- (d) Excellon U.S. is an Arizona Corporation which is a wholly owned subsidiary of Excellon;
- (e) it is not in default of any contract, lease, or other agreement to which it is a party; and
- (f) it has disclosed to JABA all material information pertaining to its business and financial condition and to the transactions contemplated hereby.

2.2 JABA represents and warrants to each of Excellon U.S. and Excellon that:

- (a) it is a corporation duly organized and validly subsisting under the laws of Arizona, and has good right, full power and absolute authority to assign all right, title and interest which JABA has or may hereafter acquire in and to the Property in the manner set out in this Agreement;
- (b) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated, materially conflict with, result in a material breach of or accelerate the performance required by, any agreement to which JABA is a party;

- (c) the execution and delivery of this Agreement and the agreements or instruments contemplated hereby will not materially violate or result in a material breach of the laws of any jurisdiction applicable to or pertaining thereto;
- (d) JABA has, prior to the execution of this Agreement, provided to Excellon U.S. and its representatives true and correct copies of all deeds, easements or other documents in its possession and to the best of its knowledge which bear upon the title of JABA to the Property (additional details of which are more fully described on Schedule A);
- (e) the applications for the prospecting permits comprised in the Property have been duly and validly made, all necessary filing fees in connection therewith have been paid, and JABA knows of no reason why such prospecting permits should not be issued to JABA in the normal course;
- (f) upon issuance of the prospecting permits comprised in the Property, the same may be duly and validly transferred to Excellon U.S. in accordance with the terms and conditions of this Agreement;
- (g) JABA is not entering into this transaction as a result of any material changes with respect to the affairs of Excellon known to it (except for this transaction) which, to its knowledge, were not publicly disclosed as of the date hereof;
- (h) in entering into this Agreement and selling the Property to Excellon U.S. in exchange for Shares, JABA is acting as principal, and will be acquiring the Shares as principal, for its own account and not on behalf of others and for the purpose of investment and not with the intention of effecting a distribution, and no other person, corporation, firm or other organization will have a beneficial interest in the Shares;
- (i) JABA is a resident of Arizona for the purposes of all securities laws applicable to the transactions herein contemplated; and
- (j) JABA is familiar with Excellon's business affairs as disclosed in publicly available information, and acknowledges that Excellon has made available to its and to the person acting as its Purchaser Representative (as such term is defined in the 1933 Act), all publicly available documents and records of Excellon in its

possession, and has offered to JABA and its Purchaser Representative an opportunity to discuss this investment with Excellon and representatives of Excellon and to obtain any additional information necessary to verify the accuracy of any information furnished, provided that JABA acknowledges that no information furnished by Excellon constitutes investment, accounting, legal or tax advice and that JABA is relying solely upon itself and its professional advisers for such advice.

2.3 JABA represents , but does not warrant, to each of Excellon U.S. and Excellon that:

(a) to the best of JABA's knowledge and belief, with respect to the Arizona State prospecting permits comprised in the Property and subject to the paramount title of the State of Arizona, upon the issuance thereof:

(i) the permits will be free and clear of all liens, charges and encumbrances,

(ii) ~~the permits will have been properly laid out, monumented and posted, all required filings will have been properly and timely made in the real property records of Cochise County, Arizona and in accordance with applicable laws, statutes and regulations of the State of Arizona, and~~

~~(iii) all required location and validation work will have been properly performed on the permits, and~~

(iv) no other person, firm, corporation, partnership or other entity whatsoever will claim any interest in the permits;

2.4 The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement and will not merge but will survive the acquisition of any interest in the Property by Excellon U.S. and each party will indemnify and save the others harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement.

2.5 JABA acknowledges that the Shares to be issued to JABA

hereunder will not be registered under the 1933 Act as the transaction in which they are being acquired is exempt under section 4(2) of the 1933 Act as not involving any public offering, that the reliance of Excellon and others on this exemption is predicated in part upon the representations and warranties of JABA, and that JABA will be acquiring the Shares for its own account, with no present intention of selling or otherwise distributing the same to the public, and that the Shares are therefore subject to restrictions on transfer in the United States or to a U.S. person, unless subsequently registered under the 1933 Act or an exemption from registration is available.

2.6 Concurrently with the execution of this Agreement by JABA, JABA will execute and deliver to Excellon an originally executed copy of the Investment Letter in the form attached hereto as Schedule "D".

### 3. PURCHASE AND SALE

3.1 JABA hereby agrees to sell, assign and transfer to Excellon U.S., and Excellon U.S. agrees to purchase from JABA, all interest of JABA in and to the Property, subject to the payment to JABA of a TWO AND ONE-HALF (2-1/2%) PERCENT Royalty, for and in consideration of the allotment and issuance by Excellon to JABA of 73,875 Shares.

3.2 On the Closing Date, and subject to the completion of the purchase and sale set forth in subsection 3.1, Excellon U.S. will allot and issue to Excellon common shares in its capital stock equal in value to the deemed value of the shares issued to JABA by Excellon.

3.3 Notwithstanding that JABA retains the Royalty, the parties acknowledge that neither Excellon nor Excellon U.S. is under any obligation whatsoever to undertake any activities or perform any work on or with respect to the Property other than that required by law. The parties affirm that the expectation of JABA in entering into this Agreement is the belief that Excellon U.S. desires and intends to diligently proceed with the exploration on and, if warranted, development of, the Property. However, no covenants or conditions relating to the exploration, development, mining or related operations on or in connection with the Property, or the timing thereof, will exist or be implied. After commencing any exploration, development, mining or related operations on or in connection with the Property, Excellon and Excellon U.S. may in their sole discretion curtail or cease such operations.

3.4 Subject to the sale of the Property to Excellon U.S. and issuing of Shares, as contemplated herein, upon the Closing Date and thereafter, unless Excellon U.S. surrenders or abandons its

rights to the Property as provided in section 16.1, Excellon U.S. shall be the party of record responsible for dismissing all obligations and fees required to keep the Property in active and valid tenure with the jurisdiction of paramount title thereto.

#### 4. ACQUISITION OF ROYALTY INTEREST

4.1 For and in consideration of payment of the sum of One (U.S. \$1.00) Dollar in lawful currency of the United States by Excellon U.S. to JABA on the execution of this Agreement, Excellon U.S. will have, and JABA hereby gives and grants to Excellon U.S., the option (the "NSR Option") to purchase from JABA, at any time within twenty-one (21) years after the date of execution of this Agreement, all of the right, title and interest of JABA in and to two-fifths (2/5) of the two and one-half (2-1/2%) percent Royalty held by JABA pursuant to subsection 3.1, for an adjusted total consideration, as provided hereinbelow, of Two Hundred and Fifty Thousand (\$250,000) Dollars in lawful money of the United States (the "NSR Option Price"). Excellon U.S. may exercise the NSR Option at any time by delivering written notice to that effect to JABA, accompanied by cash or a certified cheque or bank draft in payment of the NSR Option Price. Forthwith after receipt of such notice and cash, certified cheque or bank draft, JABA will do or cause to be done all such acts, execute and deliver all such instruments, deeds or agreements, and give all such further assurances as may be reasonably necessary or desirable to give effect to the exercise of the NSR Option and to carry out the transfer to Excellon U.S. of all of the right, title and interest of JABA in and to two-fifths (2/5) of such Royalty. From and after the exercise of the NSR Option, the Royalty payable to JABA pursuant to subsection 3.1 will be equal to one and one-half (1-1/2%) percent, and Excellon U.S. will pay such reduced Royalty to JABA. Commencing sixty (60) months from the effective date of this Agreement and continuing thereafter for so long as the NSR Option is in effect, the NSR Option Price shall be adjusted upward to its equivalent dollar value by multiplying the initial NSR Option Price of Two Hundred and Fifty Thousand (\$250,000) Dollars by a percentage equal to one hundred (100) plus the percentage difference shown by the Consumer Price Index published by the U.S. Bureau of Labor Statistics from the effective date of this Agreement to the date of the end of the last calendar month before the NSR Option is exercised. Nothing in this paragraph or Agreement shall be interpreted to preclude JABA from transferring its interest in or right to assign the Royalty, provided such transfer or assignment is subject to the NSR Option.

5. DELIVERIES AT OR FOLLOWING CLOSING

5.1 On the Closing Date, JABA will deliver to Excellon U.S. a duly executed and recordable quitclaim deed in the form attached hereto as Schedule "C" and such other documents as may be required under the laws of Arizona to transfer to Excellon U.S. all interest in the Property.

5.2 On the Closing Date, Excellon will deliver to JABA share certificates representing an aggregate of 73,875 Shares.

5.3 Within sixty (60) days after the Closing Date, JABA will deliver all data in its possession with respect to the Property including, without limitation, all files, records, reports, maps, plans, drill logs, assays, sample pulps and drill cores, provided that it is understood and agreed that JABA may make and retain, for its own use, copies of all such data as it may deem necessary or desirable.

6. TAXES AND CONVEYANCES FEES AND EXPENSES

6.1 Excellon U.S. will pay and be responsible for the preparation of all and any conveyances, assignments, bills of sale and transfer documents and the payment of all federal, state and local transfer, sales or use taxes and fees which may be or become payable as a result of or in connection with the sale of the Property hereunder.

6.2 Subject to subsection 6.1, each party will bear its own costs and pay all its expenses (including legal, accounting and other professional fees) in connection with the negotiation and execution of this Agreement, the performance of its obligations hereunder, and the consummation of the transactions contemplated hereby.

7. ACCEPTANCE FOR FILING BY VANCOUVER STOCK EXCHANGE

7.1 This Agreement is subject to the acceptance for filing hereof on behalf of Excellon by the Exchange. Forthwith after the execution of this Agreement by all parties, Excellon will submit this Agreement to the Exchange and request acceptance for filing, and will diligently thereafter pursue such acceptance. If such acceptance for filing has not been received by Excellon on or before April 15, 1993, Excellon may at its option and upon not less than fifteen (15) days notice to JABA, terminate this Agreement and all of its obligations hereunder. In such case, Excellon shall direct Excellon U.S. and Excellon U.S. shall comply in providing JABA with a release to all Property covered by this Agreement upon or before the date of termination. Thereafter neither Excellon nor

Excellon U.S. will have an interest, either in whole or in part, direct or indirect, in the Property.

8. COVENANTS OF JABA

8.1 During the currency of this Agreement, JABA will:

- (a) not do any act or thing which would or might in any way adversely affect the rights of Excellon U.S. hereunder;
- (b) promptly provide Excellon U.S. with any and all notices and correspondence from government agencies in respect to the Property; and
- (c) at the request of Excellon U.S., co-operate, at JABA consulting rates, with Excellon U.S. as necessary to permit Excellon U.S. to obtain Arizona State Mining Leases in respect of such portion of the ground to be held under the Arizona State prospecting permits comprised in the Property as it may desire.

8.2 JABA warrants and will defend title to the Property and the ground covered thereby against all persons claiming by, through or under JABA.

9. RECORDATION OF AGREEMENT

9.1 Either JABA or Excellon U.S. will, at its expense, have the right at any time to record a short form memorandum with respect to this Agreement in the real property records of Cochise County, Arizona, and each party agrees to execute and deliver a short form memorandum satisfactory to the others in a form appropriate for recordation, if so requested.

10. APPLICABLE LAWS

10.1 This Agreement will be governed by and interpreted in accordance with the laws of the State of Arizona. The courts of the County of Cochise will have exclusive jurisdiction in respect of any matters arising therefrom and the parties hereby irrevocably attorn to such jurisdiction. The venue for all such proceedings will be the County of Cochise.

11. FURTHER ASSURANCES

11.1 The parties agree to execute all such further documents, instruments or deeds, give all such further assurances and do or cause to be done all such acts and things necessary, both before and after the Closing Date, to implement and carry into effect this Agreement to the full extent contemplated herein.

11.2 In so much that Excellon U.S. is a fully owned subsidiary of Excellon, Excellon, under the fullest extent of the law shall use its best efforts to cause, direct, and provide means for Excellon U.S. to comply with, abide by, and conform with the terms, conditions and obligations undertaken herein by Excellon U.S. as they relate to JABA.

12. NOTICES

12.1 Any notice, statement, approval, direction or other instrument required or permitted to be given under this Agreement will be in writing and will be given by delivery of the same or by mailing of the same by prepaid registered or certified mail or by telecopier, in each case addressed as follows:

(a) if to JABA:

JABA, Inc.  
2100 N. Wilmot Road, #218  
Tucson, Arizona  
U.S.A. 85712  
Telecopier No.: (602) 721-2768  
Attention: James A. Briscoe

with a copy for information purposes only to:

Hecker & Phillips  
405 W. Franklin  
Tucson, AZ, USA 85701  
Telecopier No.: (602) 620-0405  
Attention: Lawrence M. Hecker, Esq.

(b) if to Excellon U.S. or Excellon:

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6  
Telecopier No.: (416) 867-1109  
Attention: A. Douglas MacKenzie, President

with a copy for information purposes only to:



Smith, Lyons, Torrance, Stevenson & Mayer  
#550 - 999 Canada Place  
Vancouver, B.C.  
V6C 3C8  
Telecopier No.: (604) 685-8542  
Attention: Lawrence W. Talbot

12.2 Any notice, if delivered, will be deemed to have been given and received on the day it was delivered, if sent by telecopier, to have been given and received on the day after it was so sent and, if mailed, be deemed to have been given and received on the tenth (10th) business day following the day of such mailing except in the event of a disruption of the postal services of Canada or the United States, in which event notice will be deemed to have been received only when actually received by the intended recipient.

12.3 Any party may at any time give to the others notice in writing of any change of address of such party, and from and after receipt of such notice, the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

### 13. DEFAULT

13.1 If any party (a "Defaulting Party") is in default of any requirement set forth in this Agreement, the party affected by such default ("Affected Party") will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement unless within thirty (30) days after the giving of a notice of default by the Affected Party the Defaulting Party has not cured the default by the appropriate performance, unless such default is of such a nature as cannot be cured within such thirty (30) day period and the Defaulting Party commences within such thirty (30) day period to remedy such default and thereafter continues to diligently use its best efforts to remedy such default. If the default is not cured as aforesaid, the Affected Party will be entitled to seek any remedy it may have on account of such default, including specific performance or other equitable remedy, damages or termination of this Agreement.

### 14. SUCCESSORS AND ASSIGNS

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

14.2 Either Excellon or Excellon U.S. may assign all or any portion of their rights in and to the Property or this Agreement to any party without restriction, provided that no such assignment shall become effective until the transferee has agreed in writing with JABA to be bound by the provisions of this Agreement.

14.3 From and after the date hereof and until the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any part of its interest in and to the Property or this Agreement. After the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any of its interest in this Agreement or the Royalty without the prior written consent of Excellon and Excellon U.S., which consent will not be unreasonably withheld.

14.4 No change or division in the ownership of or entitlement to the Royalty pursuant to subsection 14.3, however accomplished, shall enlarge the obligations or diminish the rights of either Excellon U.S. or Excellon hereunder. JABA covenants that, subject to subsection 14.3, any change in the ownership of or entitlement to the Royalty shall only be effected in such a manner that neither Excellon nor Excellon U.S. shall be required to make payments, provide information or give notices to more than one person, firm, corporation or other entity, and upon breach of this covenant, Excellon U.S. or Excellon, as the case may be, may retain all moneys otherwise due pursuant to the Royalty until such breach has been cured. In no event will any change or division in the ownership of or entitlement to the Royalty be binding on either Excellon or Excellon U.S. unless and until:

- (a) any transferee or assignee has acknowledged in writing with Excellon U.S. that the interest in the Royalty acquired by them is subject to the NSR Option; and
- (b) thirty (30) days after JABA has given Excellon U.S. a certified copy of the recorded instrument evidencing such change or division.

## 15. ENTIRE AGREEMENT

15.1 This Agreement constitutes the entire agreement between the parties hereto and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations, warranties and representations, whether verbal or written, expressed or implied, statutory or otherwise, between the parties, or between a party and James A. Briscoe, with respect to the subject matter herein.

16. SURRENDER OR ABANDONMENT OF PROPERTY

16.1 If, at any time after the Closing Date, Excellon U.S. determines that, for any reason, it does not wish to retain any one or more of the parcels, ~~or tracts or claims~~ comprising the Property, then Excellon U.S. may surrender or abandon such parcels, ~~or tracts or claims~~. If at any time Excellon U.S. proposes to so surrender or abandon any parcels, ~~or tracts or claims~~, it will deliver a notice in writing to JABA specifying its intention to do so at least ninety (90) days prior to the proposed surrender or abandonment, which notice will list the proposed parcels, ~~or tracts or claims~~ to be surrendered or abandoned. If, within fifteen (15) days of receipt of such notice, JABA advises Excellon U.S. that it wishes to acquire one or more of such parcels, ~~or tracts or claims~~ to be surrendered or abandoned, Excellon U.S. will deliver to JABA a duly executed quitclaim deed in recordable form quitclaiming in favour of JABA, without any warranties as to title, all interest of Excellon U.S. in and to such parcels, ~~or tracts or claims~~. Effective upon the delivery of such quitclaim deed or, if JABA does not elect to acquire the surrendered or abandoned parcels, ~~or tracts or claims~~, upon such surrender or abandonment, neither Excellon or Excellon U.S. will thereafter have any further obligation to JABA with respect to any such parcels, ~~or tracts or claims~~ including, without limitation, any obligation to pay any Royalty in respect thereof.

16.2 Notwithstanding subsection 16.1, Excellon U.S. will have the right at any time after the Closing Date (but not the obligation) to:

- (a) amend or relocate ~~reapply for~~ any or all of the Arizona State prospecting permits ~~comprising the Property; or~~
- (b) ~~apply for, reapply for or convert any or all of the Arizona State prospecting permits to leases; or~~
- (c) where Excellon U.S. may be required, or finds it appropriate, to abandon certain rights in order to secure additional or ongoing rights to explore and mine the Property pursuant to any new or amended laws of the ~~United States and/or State of Arizona~~ concerning the acquisition and maintenance of mineral rights on the ~~public domain of the United States and/or State lands~~, to do so.

16.3 JABA may, but is under no obligation to, prepare and publish professional papers and articles on or concerning the Property including, but not limited to, such matters as exploration philosophy, methodology, and models of the genesis of potential ore deposition. Any such papers or articles shall be first open to

inspection by Excellon and Excellon U.S. for written approval, such written approval not to be unreasonably denied. For greater certainty, it is confirmed that no interest in the Property is retained by JABA by virtue of this subsection 16.3, and that nothing herein shall preclude Excellon or Excellon U.S. from preparing or publishing any information with respect to the Property without notice to JABA. However, where deemed professionally appropriate by Excellon and Excellon U.S., credit shall be given to JABA.

16.4 In the event of assignment to JABA of the Property in part or in its entirety pursuant to subsection 16.1, Excellon U.S. shall, within ninety (90) days after such assignment, at JABA's cost, make available to JABA at the place of storage all available drill chip, core and sample rejects, and deliver to JABA copies of all maps, drill logs, assay results and other technical data compiled by Excellon U.S., pertaining to that portion of the Property assigned. Neither Excellon nor Excellon U.S. shall in any event be liable for the accuracy or comprehensiveness of any data furnished to JABA.

## 17. ACCESS

17.1 JABA and its employees, on reasonable notice to Excellon U.S., may have access to the Property in order to examine same, provided that:

- (a) none of JABA or its employees shall interfere with or obstruct the operations of Excellon U.S., its employees or agents on the Property;
- (b) JABA and its employees shall enter on the Property at their own risk and expense; and
- (c) each of JABA and its employees shall defend, indemnify and save each of Excellon U.S., Excellon and their respective directors, officers, employees and representatives harmless from and against all and any loss or damage of any kind or nature whatsoever in any way referable to the entry, presence or activities of JABA or its employees on the Property, including, without limitation, bodily injuries or death or damage to property at any time resulting therefrom.

17.2 All information, of whatever kind or nature, obtained by JABA or its employees as a result of the exercise of the right of access contained in subsection 17.1 shall be kept confidential by JABA and such employees and shall not be disclosed to any third party or to the public without the prior written consent of

Excellon U.S. except with respect to disclosure of such information:

- (a) to JABA's professional advisers who require such information in order to advise JABA, and who are bound by law to keep such information confidential; or
- (b) as and to the extent required by law.

18. TAXES AND ASSESSMENTS

18.1 Following the Closing Date, Excellon U.S., subject to, and until it exercises its rights under, section 16, and subject to its rights to dispute the requirement for or amount or legitimacy of any obligations or amounts due, shall or shall cause to be made, paid or performed:

- (a) all applicable assessment work or work requirements on the prospecting permits and/or leases comprised in the Property;
- (b) all necessary filings;
- (c) all rentals, royalties, reasonable taxes, assessments, special assessments; and
- (d) any other obligation required to hold the Property under any other form of tenure contemplated by this Agreement,

in order to keep all mineral rights valid to the Property.

19. SUBSTITUTE DAMAGE AND RESTORATION BOND

19.1 Excellon U.S. acknowledges that a condition precedent to the completion of the issuance of an Arizona State Prospecting Permit is that the holder post, either in cash or through an acceptable bonding company, a "Damage and Restoration Bond" in the amount required by the State of Arizona. Accordingly, upon the transfer to Excellon U.S. of each of the prospecting permits comprised in the Property, Excellon U.S. will promptly take the necessary steps to provide the appropriate bond in substitution for that posted by JABA in connection with the issuance of the permit



SCHEDULE "A"  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 5

DESCRIPTION OF PROSPECTING PERMITS

Three Arizona State Prospecting Permits, as follows:

Name/ Number	Lessee	Noted Exceptions of Record	Issue Date	Expiration Date	Sec- tion	Legal	Acres
08-52658-00	JABA	1	3/17/93	3/16/98	19	SE1/4	160
08-52656-00	JABA	2	3/17/93	3/16/98	29	N1/2SW1/4	80
08-52657-00	JABA	2	3/17/93	3/16/98	30	SE1/4	160

All situated in Township 20S, Range 22E, Cochise County, Arizona

\*Noted Exceptions of Record

1. Subject to surface grazing lease (in whole).
2. Subject to surface grazing lease (in whole), 100 ft. highway, 25 ft. powerline and 10 ft. right-of-way (in part)

**\*NOTES: Rental paid through 3/16/95 by JABA; Prospecting permits are for a term of five years, renewable annually upon completion of annual maintenance work and pre-payment of rentals.**

## SCHEDULE "B"

### NET SMELTER RETURNS

1. The Royalty which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") pursuant to subsection 3.1 of the Agreement will be the applicable percentage (subject to reduction pursuant to subsection 4.1 of the Agreement) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Schedule "B". Terms having defined meanings in this Agreement and used herein will have the same meanings in this Schedule as assigned to them in the Agreement unless otherwise specified or the context otherwise requires.
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such ~~monthquarter~~ to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all ~~ores, concentrates, and metals, aggregates, sand, gravel, and industrial minerals,~~ but for the purposes of calculating the Royalty does not include Mineral Products such as aggregates, sand or gravel, which are used by the Payor on the Property;
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection



with the Mineral Products or measured by the value thereof (but not including income taxes),

- (iii) any royalties or fees paid to the ~~United States or any State~~ in connection with Mineral Products,
- (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,
- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and
- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the fair market value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver; and
- (e) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a selection of the three (3) nearest independent purchasers of such product(s).

4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.
5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty

pursuant to this Schedule "B" (it being the intent of the parties that the Payor will have the unrestricted right to market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and

will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.

SCHEDULE "C"

Recording Requested by  
and Return to:

Lawrence W. Talbot  
Smith, Lyons, Torrance, Stevenson & Mayer  
World Trade Centre  
#550 - 999 Canada Place  
Vancouver, B.C.  
CANADA V6C 3C8

QUITCLAIM DEED

THIS INDENTURE is made the \_\_\_\_ day of \_\_\_\_\_, 1993, by and between JABA, Inc., an Arizona corporation of 2100 N. Wilmot Road, #218, Tucson, Arizona, U.S.A. 85712 (hereinafter referred to as the "Grantor"); and EXCELLON RESOURCES U.S.A., INC., an Arizona corporation of Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6 (hereinafter referred to as the "Grantee").

W I T N E S S E T H :

WHEREAS the Grantor, for and in consideration of the sum of TEN (\$10.00) DOLLARS in lawful money of the United States, to it in hand paid by the Grantee, the receipt of which is hereby acknowledged, does hereby GRANT, RELEASE, and FOREVER QUITCLAIM unto the Grantee, and to its successors and assigns forever, all the right, title and interest which the Grantor has or may hereafter acquire in and to those certain Arizona State Prospecting Permits situate in Tombstone Mining District, Cochise County, State of Arizona, and more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof (the "Property").

TOGETHER WITH all metals and minerals and all veins and lode of mineral-bearing rock therein and all dips, spurs and angles thereof and all mining and other rights thereto, including extralateral rights and water rights attached or belonging thereto.

TOGETHER WITH all rights, privileges and franchises thereto incident and the appurtenances thereto and all rents, issues and profits thereof, and all right, title and interest of the Grantor therein or thereto, or which it may hereafter acquire.

EXCEPTING AND RESERVING UNTO THE GRANTOR two and one-half (2-1/2%) percent of the Net Smelter Returns on Mineral Products, calculated and paid in accordance with Exhibit "B" attached hereto and by this reference made a part hereof.

TO HAVE AND TO HOLD the said Property, together with the appurtenances, unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF the Grantor has executed and delivered these presents the day and year first above written.

ATTEST:

JABA, INC.

Per: \_\_\_\_\_  
President

EXHIBIT "A"  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 5

DESCRIPTION OF PROSPECTING PERMITS

Three Arizona State Prospecting Permits, as follows:

Name/ Number	Lessee	Noted Exceptions of Record	Issue Date	Expiration Date	Sec- tion	Legal	Acres
08-52658-00	JABA	1	3/17/93	3/16/98	19	SE1/4	160
08-52656-00	JABA	2	3/17/93	3/16/98	29	N1/2SW1/4	80
08-52657-00	JABA	2	3/17/93	3/16/98	30	SE1/4	160

All situated in Township 20S, Range 22E, Cochise County, Arizona

\*Noted Exceptions of Record

1. Subject to surface grazing lease (in whole).
2. Subject to surface grazing lease (in whole), 100 ft. highway, 25 ft. powerline and 10 ft. right-of-way (in part)

**\*NOTES: Rental paid through 3/16/95 by JABA; Prospecting permits are for a term of five years, renewable annually upon completion of annual maintenance work and pre-payment of rentals.**

EXHIBIT "B"

NET SMELTER RETURNS

1. The royalty (the "Royalty") which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") will be TWO AND ONE-HALF (2-1/2%) PERCENT (subject to the Payor's right to purchase a portion of such Royalty) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Exhibit "B".
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such ~~monthquarter~~ to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all ~~ores, concentrates, and metals, aggregates, sand, gravel, and industrial minerals, but for the purposes of calculating the Royalty does not include Mineral Products such as aggregates, sand or gravel, which are used by the Payor on the Property;~~
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the Mineral Products or measured by the value thereof (but not including income taxes),



- (iii) any royalties or fees paid to the ~~United States~~ or ~~any State~~ in connection with Mineral Products,
- (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,
- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and
- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the fair market value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver;
- (e) "Property" means the Arizona Prospecting Permits more particularly set forth and described in Exhibit "A" to the within quitclaim deed, and includes any Arizona State Mining Leases which may be issued in respect thereof; and
- (f) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a

selection of the three (3) nearest independent purchasers of such product(s).

4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.
5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging

transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty pursuant to this Exhibit "B" (it being the intent of the parties that the Payor will have the unrestricted right to market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before

commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.

STATE OF ARIZONA   )  
  )  
COUNTY OF       Pima  )    SS.

On this \_\_\_ day of \_\_\_\_\_, 1993 before me the undersigned, a notary public, personally appeared JAMES A. BRISCOE known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires:  
\_\_\_\_\_

SCHEDULE "D"

Investment Letter

March , 1993

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6

Attention: Mr. A. Douglas MacKenzie

Dear Sirs:

In connection with the acquisition by the undersigned of 73,875 common shares (the "Shares") without par value in the capital of Excellon Resources Inc. (the "Company"), a Canadian corporation, in exchange for certain Arizona State prospecting permits pursuant to an agreement dated for reference February 24, 1993 (the "Agreement"), the undersigned represents and acknowledges as follows:

1. The Shares are not registered under the Securities Act of 1933 (the "Act") as the transaction in which they are being acquired is exempt under Section 4(2) of the Act as not involving any public offering. Reliance of the Company and others upon this exemption is predicated in part upon our representation (which we hereby confirm) that we are acquiring these securities for our own account with no present intention of selling or otherwise distributing the same to the public. We understand that in the view of the United States Securities and Exchange Commission (the "SEC") the statutory and administrative basis for exemption would not be present if, notwithstanding our representation, we have in mind merely acquiring these securities for sale upon the occurrence or non-occurrence of some predetermined event such as, for example, holding the securities for a market rise, or for sale if the market does not rise, or for a fixed or determinable period in the future.
2. The Shares must be held by the undersigned indefinitely unless they are subsequently registered under the Act or an exemption from registration is available. Any routine sales of these securities made in reliance upon the exemption afforded by Rule 144 of the SEC can be made only in limited amounts in accordance with the terms and conditions of that rule, and, in the event this rule is for some reason inapplicable, compliance with Regulations A or S of the SEC or some other disclosure exemption will be required.

3. The undersigned has retained the following person/firm/corporation as its "Purchaser Representative" in respect of its acquisition of the Shares, and hereby certifies that its Purchaser Representative:

- (a) is not an affiliate, director or officer or other employee of Excellon or Excellon Resources U.S.A., Inc., or any 10% shareholder of Excellon;
- (b) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment in Excellon; and
- (c) has disclosed to the undersigned any material relationships between itself or its affiliates and Excellon and its affiliates that exists, that is mutually contemplated to exist or that has existed at any time in the past 2 years, and any compensation received or to be received as a result of such relationships.

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Business/Profession: \_\_\_\_\_

THE UNDERSIGNED HAS CAREFULLY READ THE FOREGOING AND UNDERSTANDS THAT EXCELLON RESOURCES INC. WILL RELY ON ITS STATEMENTS HEREIN IN ENTERING INTO THE AGREEMENT. THE UNDERSIGNED ALSO UNDERSTANDS THAT THE FOREGOING RELATES TO RESTRICTIONS ON ITS ABILITY TO SELL AND/OR TRANSFER THE SHARES ACQUIRED PURSUANT TO THE AGREEMENT. THE UNDERSIGNED HAS RETAINED A COPY OF THIS LETTER FOR ITS RECORDS.

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

JABA, INC.

Per: \_\_\_\_\_  
President

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Chairman, respectively, of EXCELLON RESOURCES INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire



CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Secretary, respectively, of EXCELLON RESOURCES U.S.A., INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

STATE OF ARIZONA )  
 )  
COUNTY OF Pima ) SS.

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial Seal)

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires:  
\_\_\_\_\_

[DRAFT 1: MARCH 16, 1993]

Recording Requested by  
and Return to:

Lawrence W. Talbot  
Smith, Lyons, Torrance, Stevenson & Mayer  
#550 - 999 Canada Place  
Vancouver, B.C.  
V6C 3C8

MEMORANDUM OF ACQUISITION AGREEMENT

NOTICE IS HEREBY GIVEN that pursuant to that certain agreement entitled "Tombstone Property Acquisition Agreement (Block No. 5)" (the "Agreement") dated for reference and effective the 24th day of February, 1993 (the "effective date") by and among JABA, Inc., an Arizona corporation ("JABA"), Excellon Resources U.S.A., Inc., an Arizona corporation ("Excellon U.S.") and Excellon Resources Inc., a British Columbia, Canada corporation ("Excellon"), JABA agreed to sell, assign and transfer all of its rights in and to those certain Arizona State Prospecting Permits situated in Tombstone Mining District, Cochise County, State of Arizona and more particularly described on Schedule "A" attached hereto and by this reference made a part hereof (the "Property") and that by a quitclaim deed made the \_\_\_\_ day of \_\_\_\_\_, 1993 between JABA and Excellon U.S., has granted, released and forever quitclaimed unto Excellon U.S. all of its right, title and interest in and to the Property, subject to reservation of a Royalty as hereinafter set forth.

This memorandum is executed for the purpose of affording notice of the existence of the Agreement and the terms and provisions thereof, which terms and provisions are incorporated herein by reference for all purposes. This memorandum is not intended to alter or vary the terms of the Agreement. All capitalized words in this memorandum have the same meaning as assigned to them in the Agreement. Some of the terms and provisions of the Agreement are hereby summarized as follows:

I. Pursuant to the Agreement, for TEN (\$10.00) DOLLARS and other valuable consideration, JABA has sold, assigned and transferred to Excellon U.S. all of its right, title and interest in and to the Property subject to the reservation of a Royalty equal to two and one-half (2-1/2%) percent of Net Smelter Revenue from Mineral Products produced from the Property calculated and paid in accordance with Schedule "B" to the Agreement.

II. Excellon U.S. has, and JABA has given and granted to Excellon U.S., the NSR Option to purchase from JABA, at any time within 21 years after February 24, 1993, all of the right, title

and interest of JABA in and to two-fifths (2/5ths) of the two and one-half (2-1/2%) percent Royalty reserved by JABA for an adjusted total consideration as set forth in subsection 4.1 of the Agreement. The purchase price is subject to adjustment in accordance with changes in the Consumer Price Index published by the U.S. Bureau of Labor Statistics. Upon the exercise of the NSR Option, the Royalty reserved by and payable to JABA will be reduced to one and one-half (1-1/2%) percent.

III. If, at any time after [Closing Date], Excellon U.S. determines that it does not wish to retain any one or more of the parcels or tracts comprising the Property, then Excellon U.S. may surrender or abandon such parcels or tracts upon at least ninety (90) days prior notice to JABA. JABA will have fifteen (15) days after receipt of such notice to advise Excellon U.S. that it wishes to acquire one or more of such parcels or tracts and, if JABA exercises such right, Excellon U.S. will deliver to JABA a duly executed quitclaim deed in recordable form quitclaiming in favour of JABA, without any warranties as to title, all interest of Excellon U.S. in and to such parcels or tracts. In the event of assignment of the Property in part or in its entirety to JABA, Excellon U.S. shall within ninety (90) days after the assignment provide JABA at its cost, access to and copies of all available technical data and physical samples pertaining to the assigned parcels or tracts.

IV. Excellon U.S. will have the right at any time after [Closing Date], 1993 (but not the obligation) to:

- A. amend or reapply for any or all of the Arizona State prospecting permits comprising The Property; or
- B. apply for, reapply for or convert any or all of the Arizona State prospecting permits to leases; or
- C. where Excellon U.S. may be required, or finds it appropriate, to abandon certain rights in order to secure additional or ongoing rights to explore and mine the Property pursuant to any new or amended laws of the State of Arizona concerning the acquisition of maintenance of mineral rights on State lands, to do so.

V. Either Excellon or Excellon U.S. may assign any or all portion of their rights in and to the Property or the Agreement to any party without restriction, provided that no such assignment shall become effective until the transferee has agreed in writing with JABA to be bound by the provisions of the Agreement.

VI. JABA shall not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate any or all of its interest in

the Agreement or the Royalty without the prior written consent of Excellon and Excellon U.S., which consent will not be unreasonably withheld, provided that no change or division in the ownership of or entitlement to the Royalty, however accomplished, shall enlarge the obligations or diminish the rights of either Excellon U.S. or Excellon under the Agreement. In no event will any change or division in the ownership of or entitlement to the Royalty be binding upon either Excellon or Excellon U.S. unless and until:

- A. any transferee or assignee has acknowledged in writing with Excellon U.S. that the interest in the Royalty acquired by them is subject to Excellon U.S.'s NSR Option to purchase a portion thereof; and
- B. thirty (30) days after JABA has given Excellon U.S. a certified copy of the recorded instrument evidencing such change or division.

VII. A copy of the Agreement is on file with counsel for Excellon, whose address is:

Smith, Lyons, Torrance, Stevenson & Mayer  
Suite 550, 999 Canada Place  
Vancouver, B.C.  
Canada V6C 3C8  
Attention: Lawrence W. Talbot  
EXECUTED effective as of this

day of March, 1993.

JABA, INC.

By: \_\_\_\_\_

EXCELLON RESOURCES U.S.A., INC.

By: \_\_\_\_\_

EXCELLON RESOURCES INC.

By: \_\_\_\_\_

SCHEDULE "A"  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 5

DESCRIPTION OF PROSPECTING PERMITS

Three Arizona State Prospecting Permits, as follows:

Name/ Number	Lessee	Noted Exceptions of Record	Issue Date	Expiration Date	Sec- tion	Legal	Acres
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All situated in Township 20S, Range 22E, Cochise County, Arizona

\*Noted Exceptions of Record

1. Subject to surface grazing lease (in whole).
2. Subject to surface grazing lease (in whole), 100 ft. highway, 25 ft. powerline and 10 ft. right-of-way (in part)

**\*NOTES: Rental paid through 3/16/95 by JABA; Prospecting permits are for a term of five years, renewable annually upon completion of annual maintenance work and pre-payment of rentals.**

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_ day of \_\_\_\_\_, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Chairman, respectively, of EXCELLON RESOURCES INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for Ontario

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

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(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for Ontario

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire



STATE OF ARIZONA )  
COUNTY OF Pima ) ss.

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires: \_\_\_\_\_

[DRAFT NO. 3-2: MARCH 23-16, 1993]

TOMBSTONE PROPERTY ACQUISITION AGREEMENT (BLOCK NO. 5)

THIS AGREEMENT made and dated for reference the 24th day of February, 1993, the effective date.

AMONG:

JABA, INC., a corporation duly incorporated under the laws of the State of Arizona, and having an office at 2100 N. Wilmot Road, #218, Tucson, Arizona, U.S.A. 85712

(hereinafter called "JABA")

AND:

EXCELLON RESOURCES U.S.A., INC., a corporation duly incorporated under the laws of the State of Arizona and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon U.S.")

AND:

EXCELLON RESOURCES INC., a company duly incorporated under the laws of the Province of British Columbia, Canada and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon")

W H E R E A S :

A. JABA represents that it ~~is has applied for and, upon the issuance thereof by the State of Arizona, will be the sole legal and beneficial owner of and is will be in possession of three Arizona State Prospecting Permits situate in Tombstone Mining District, Cochise County, Arizona;~~

B. JABA has agreed to sell, assign and transfer all its rights in and to the Property to Excellon U.S., and Excellon U.S. has agreed to purchase the same, upon the terms and conditions hereinafter set forth, ~~subject to the issuance of such permits by the State of Arizona;~~ and ✓

C. Excellon U.S. has agreed to issue shares of its capital stock to Excellon in consideration of Excellon issuing shares of its capital stock to JABA as hereinafter provided.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by each of Excellon U.S. and Excellon to JABA (the receipt and sufficiency of which is hereby expressly acknowledged by JABA) and of the promises and mutual covenants and agreements herein contained, the parties agree each with the other as follows:

1. INTERPRETATION

1.1 In this Agreement and in any Schedules or Exhibits hereto, the following words and phrases will have the following meanings:

- (a) "Closing Date" means ~~the later to occur of:~~
- ~~(i) the fifth business day after the day upon which Excellon has received written notification from the Exchange that the Exchange has accepted this Agreement for filing, and~~
  - ~~(ii) with respect to each of the three permits, the date upon which such permit has been finally issued to JABA and all prerequisites to the validity thereof have been satisfied by JABA;~~
- (b) "Exchange" means the Vancouver Stock Exchange;
- (c) "Property" means <sup>are in the possession of</sup> the three Arizona State Prospecting Permits which ~~have been applied for by~~ JABA as more particularly set forth and described in Schedule "A", together with all rights held ~~or to be held~~ by JABA which are appurtenant or relate thereto, to the development thereof or to the operation of a mine thereon, including, without limitation, all water rights, and including all and any forms of after acquired, successor or substitute mineral tenure or rights to mine, extract or develop mines or minerals in respect of such permits including, without limitation, Arizona State Mining Leases;
- (d) "Royalty" means the applicable percentage of net smelter returns payable to JABA pursuant to subsection 3.1 (subject to reduction under subsection 4.1), calculated and paid in accordance with Schedule "B" attached hereto; and

- (e) "Shares" means the common shares in the capital stock of Excellon to be allotted and issued to JABA pursuant to subsection 3.1;
- (f) "1933 Act" means the United States Securities Act of 1933.

2. **REPRESENTATIONS AND WARRANTIES**

2.1 Excellon U.S. and Excellon each represent and warrant to JABA that:

- (a) it is a corporation duly organized and validly subsisting under the laws of its incorporating jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;
- (d) Excellon U.S. is an Arizona Corporation which is a wholly owned subsidiary of Excellon;
- (e) it is not in default of any contract, lease, or other agreement to which it is a party; and
- (f) it has disclosed to JABA all material information pertaining to its business and financial condition and to the transactions contemplated hereby.

2.2 JABA represents and warrants to each of Excellon U.S. and Excellon that:

- (a) it is a corporation duly organized and validly subsisting under the laws of Arizona, and has good right, full power and absolute authority to assign all right, title and interest which JABA has or may hereafter acquire in and to the Property in the manner set out in this Agreement;
- (b) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated, materially conflict

with, result in a material breach of or accelerate the performance required by, any agreement to which JABA is a party;

- (c) the execution and delivery of this Agreement and the agreements or instruments contemplated hereby will not materially violate or result in a material breach of the laws of any jurisdiction applicable to or pertaining thereto;
- (d) JABA has, prior to the execution of this Agreement, provided to Excellon U.S. and its representatives true and correct copies of all deeds, easements or other documents in its possession and to the best of its knowledge which bear upon the title of JABA to the Property (additional details of which are more fully described on Schedule A);
- (e) the applications for the prospecting permits comprised in the Property have been duly and validly made ~~and, all necessary filing fees in connection therewith have been paid, and JABA knows of no reason why such prospecting permits should not be issued to JABA in the normal course;~~
- (f) ~~upon issuance of the prospecting permits comprised in the Property, the same~~ may be duly and validly transferred to Excellon U.S. in accordance with the terms and conditions of this Agreement;
- (g) JABA is not entering into this transaction as a result of any material changes with respect to the affairs of Excellon known to it (except for this transaction) which, to its knowledge, were not publicly disclosed as of the date hereof;
- (h) in entering into this Agreement and selling the Property to Excellon U.S. in exchange for Shares, JABA is acting as principal, and will be acquiring the Shares as principal, for its own account and not on behalf of others and for the purpose of investment and not with the intention of effecting a distribution, and no other person, corporation, firm or other organization will have a beneficial interest in the Shares;
- (i) JABA is a resident of Arizona for the purposes of all securities laws applicable to the transactions herein contemplated; and
- (j) JABA is familiar with Excellon's business affairs as disclosed in publicly available information, and

acknowledges that Excellon has made available to its and to the person acting as its Purchaser Representative (as such term is defined in the 1933 Act), all publicly available documents and records of Excellon in its possession, and has offered to JABA and its Purchaser Representative an opportunity to discuss this investment with Excellon and representatives of Excellon and to obtain any additional information necessary to verify the accuracy of any information furnished, provided that JABA acknowledges that no information furnished by Excellon constitutes investment, accounting, legal or tax advice and that JABA is relying solely upon itself and its professional advisers for such advice.

2.3 JABA represents , but does not warrant, to each of Excellon U.S. and Excellon that +

~~(a)~~ to the best of JABA's knowledge and belief, with respect to the Arizona State prospecting permits comprised in the Property and subject to the paramount title of the State of Arizona, ~~upon the issuance thereof:~~

~~(a)~~ ~~(i)~~ the permits ~~are~~ will be free and clear of all liens, charges and encumbrances, +

~~(b)~~ ~~(ii)~~ all required filings will have been properly and timely made in accordance with applicable laws, statutes and regulations of the State of Arizona, + and

~~(c)~~ ~~(iii)~~ no other person, firm, corporation, partnership or other entity ~~whatsoever will claim~~ any interest in the permits, +

2.4 The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement and will not merge but will survive the acquisition of any interest in the Property by Excellon U.S. and each party will indemnify and save the others harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement.

2.5 JABA acknowledges that the Shares to be issued to JABA hereunder will not be registered under the 1933 Act as the transaction in which they are being acquired is exempt under section 4(2) of the 1933 Act as not involving any public offering, that the reliance of Excellon and others on this exemption is predicated in part upon the representations and warranties of JABA, and that JABA will be acquiring the Shares for its own account,

with no present intention of selling or otherwise distributing the same to the public, and that the Shares are therefore subject to restrictions on transfer in the United States or to a U.S. person, unless subsequently registered under the 1933 Act or an exemption from registration is available.

2.6 Concurrently with the execution of this Agreement by JABA, JABA will execute and deliver to Excellon an originally executed copy of the Investment Letter in the form attached hereto as Schedule "D".

### 3. PURCHASE AND SALE

3.1 JABA hereby agrees to sell, assign and transfer to Excellon U.S., and Excellon U.S. agrees to purchase from JABA, all interest of JABA in and to the Property, subject to the payment to JABA of a TWO AND ONE-HALF (2-1/2%) PERCENT Royalty, for and in consideration of the allotment and issuance by Excellon to JABA of 73,875 Shares.

3.2 On the Closing Date, and subject to the completion of the purchase and sale set forth in subsection 3.1, Excellon U.S. will allot and issue to Excellon common shares in its capital stock equal in value to the deemed value of the shares issued to JABA by Excellon.

3.3 Notwithstanding that JABA retains the Royalty, the parties acknowledge that neither Excellon nor Excellon U.S. is under any obligation whatsoever to undertake any activities or perform any work on or with respect to the Property other than that required by law. The parties affirm that the expectation of JABA in entering into this Agreement is the belief that Excellon U.S. desires and intends to diligently proceed with the exploration on and, if warranted, development of, the Property. However, no covenants or conditions relating to the exploration, development, mining or related operations on or in connection with the Property, or the timing thereof, will exist or be implied. After commencing any exploration, development, mining or related operations on or in connection with the Property, Excellon and Excellon U.S. may in their sole discretion curtail or cease such operations.

3.4 Subject to the sale of the Property to Excellon U.S. and issuing of Shares, as contemplated herein, upon the Closing Date and thereafter, unless Excellon U.S. surrenders or abandons its rights to the Property as provided in section 16.1, Excellon U.S. shall be the party of record responsible for dismissing all obligations and fees required to keep the Property in active and valid tenure with the jurisdiction of paramount title thereto.

**4. ACQUISITION OF ROYALTY INTEREST**

4.1 For and in consideration of payment of the sum of One (U.S. \$1.00) Dollar in lawful currency of the United States by Excellon U.S. to JABA on the execution of this Agreement, Excellon U.S. will have, and JABA hereby gives and grants to Excellon U.S., the option (the "NSR Option") to purchase from JABA, at any time within twenty-one (21) years after the date of execution of this Agreement, all of the right, title and interest of JABA in and to two-fifths (2/5) of the two and one-half (2-1/2%) percent Royalty held by JABA pursuant to subsection 3.1, for an adjusted total consideration, as provided hereinbelow, of Two Hundred and Fifty Thousand (\$250,000) Dollars in lawful money of the United States (the "NSR Option Price"). Excellon U.S. may exercise the NSR Option at any time by delivering written notice to that effect to JABA, accompanied by cash or a certified cheque or bank draft in payment of the NSR Option Price. Forthwith after receipt of such notice and cash, certified cheque or bank draft, JABA will do or cause to be done all such acts, execute and deliver all such instruments, deeds or agreements, and give all such further assurances as may be reasonably necessary or desirable to give effect to the exercise of the NSR Option and to carry out the transfer to Excellon U.S. of all of the right, title and interest of JABA in and to two-fifths (2/5) of such Royalty. From and after the exercise of the NSR Option, the Royalty payable to JABA pursuant to subsection 3.1 will be equal to one and one-half (1-1/2%) percent, and Excellon U.S. will pay such reduced Royalty to JABA. Commencing sixty (60) months from the effective date of this Agreement and continuing thereafter for so long as the NSR Option is in effect, the NSR Option Price shall be adjusted upward to its equivalent dollar value by multiplying the initial NSR Option Price of Two Hundred and Fifty Thousand (\$250,000) Dollars by a percentage equal to one hundred (100) plus the percentage difference shown by the Consumer Price Index published by the U.S. Bureau of Labor Statistics from the effective date of this Agreement to the date of the end of the last calendar month before the NSR Option is exercised. Nothing in this paragraph or Agreement shall be interpreted to preclude JABA from transferring its interest in or right to assign the Royalty, provided such transfer or assignment is subject to the NSR Option.

**5. DELIVERIES AT OR FOLLOWING CLOSING**

5.1 On the Closing Date, JABA will deliver to Excellon U.S. a duly executed and recordable quitclaim deed in the form attached hereto as Schedule "C" and such other documents as may be required under the laws of Arizona to transfer to Excellon U.S. all interest in the Property.



5.2 On the Closing Date, Excellon will deliver to JABA share certificates representing an aggregate of 73,875 Shares.

5.3 Within sixty (60) days after the Closing Date, JABA will deliver all data in its possession with respect to the Property including, without limitation, all files, records, reports, maps, plans, drill logs, assays, sample pulps and drill cores, provided that it is understood and agreed that JABA may make and retain, for its own use, copies of all such data as it may deem necessary or desirable.

6. **TAXES AND CONVEYANCES FEES AND EXPENSES**

6.1 Excellon U.S. will pay and be responsible for the preparation of all and any conveyances, assignments, bills of sale and transfer documents and the payment of all federal, state and local transfer, sales or use taxes and fees which may be or become payable as a result of or in connection with the sale of the Property hereunder.

6.2 Subject to subsection 6.1, each party will bear its own costs and pay all its expenses (including legal, accounting and other professional fees) in connection with the negotiation and execution of this Agreement, the performance of its obligations hereunder, and the consummation of the transactions contemplated hereby.

7. **ACCEPTANCE FOR FILING BY VANCOUVER STOCK EXCHANGE**

7.1 This Agreement is subject to the acceptance for filing hereof on behalf of Excellon by the Exchange. Forthwith after the execution of this Agreement by all parties, Excellon will submit this Agreement to the Exchange and request acceptance for filing, and will diligently thereafter pursue such acceptance. If such acceptance for filing has not been received by Excellon on or before April 30-15, 1993, Excellon may at its option and upon not less than fifteen (15) days notice to JABA, terminate this Agreement and all of its obligations hereunder. In such case, Excellon shall direct Excellon U.S. and Excellon U.S. shall comply in providing JABA with a release to all Property covered by this Agreement upon or before the date of termination. Thereafter neither Excellon nor Excellon U.S. will have an interest, either in whole or in part, direct or indirect, in the Property.

8. COVENANTS OF JABA

8.1 During the currency of this Agreement, JABA will:

- (a) not do any act or thing which would or might in any way adversely affect the rights of Excellon U.S. hereunder;
- (b) promptly provide Excellon U.S. with any and all notices and correspondence from government agencies in respect to the Property; and
- (c) at the request of Excellon U.S., co-operate, at JABA consulting rates, with Excellon U.S. as necessary to permit Excellon U.S. to obtain Arizona State Mining Leases in respect of such portion of the ground to be held under the Arizona State prospecting permits comprised in the Property as it may desire.

8.2 JABA warrants and will defend title to the Property and the ground covered thereby against all persons claiming by, through or under JABA.

9. RECORDATION OF AGREEMENT

9.1 Either JABA or Excellon U.S. will, at its expense, have the right at any time to record a short form memorandum with respect to this Agreement in the real property records of Cochise County, Arizona, and each party agrees to execute and deliver a short form memorandum satisfactory to the others in a form appropriate for recordation, if so requested.

10. APPLICABLE LAWS

10.1 This Agreement will be governed by and interpreted in accordance with the laws of the State of Arizona. The courts of the County of Cochise will have exclusive jurisdiction in respect of any matters arising therefrom and the parties hereby irrevocably attorn to such jurisdiction. The venue for all such proceedings will be the County of Cochise.

11. FURTHER ASSURANCES

11.1 The parties agree to execute all such further documents, instruments or deeds, give all such further assurances and do or cause to be done all such acts and things necessary, both before and after the Closing Date, to implement and carry into effect this Agreement to the full extent contemplated herein.

11.2 In so much that Excellon U.S. is a fully owned subsidiary of Excellon, Excellon, under the fullest extent of the law shall use its best efforts to cause, direct, and provide means for Excellon U.S. to comply with, abide by, and conform with the terms, conditions and obligations undertaken herein by Excellon U.S. as they relate to JABA.

12. NOTICES

12.1 Any notice, statement, approval, direction or other instrument required or permitted to be given under this Agreement will be in writing and will be given by delivery of the same or by mailing of the same by prepaid registered or certified mail or by telecopier, in each case addressed as follows:

(a) if to JABA:

JABA, Inc.  
2100 N. Wilmot Road, #218  
Tucson, Arizona  
U.S.A. 85712  
Telecopier No.: (602) 721-2768  
Attention: James A. Briscoe

with a copy for information purposes only to:

Hecker & Phillips  
405 W. Franklin  
Tucson, AZ, USA 85701  
Telecopier No.: (602) 620-0405  
Attention: Lawrence M. Hecker, Esq.

(b) if to Excellon U.S. or Excellon:

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6  
Telecopier No.: (416) 867-1109  
Attention: A. Douglas MacKenzie, President

with a copy for information purposes only to:

Smith, Lyons, Torrance, Stevenson & Mayer  
#550 - 999 Canada Place  
Vancouver, B.C.  
V6C 3C8  
Telecopier No.: (604) 685-8542  
Attention: Lawrence W. Talbot

12.2 Any notice, if delivered, will be deemed to have been given and received on the day it was delivered, if sent by telecopier, to have been given and received on the day after it was so sent and, if mailed, be deemed to have been given and received on the tenth (10th) business day following the day of such mailing except in the event of a disruption of the postal services of Canada or the United States, in which event notice will be deemed to have been received only when actually received by the intended recipient.

12.3 Any party may at any time give to the others notice in writing of any change of address of such party, and from and after receipt of such notice, the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

### 13. DEFAULT

13.1 If any party (a "Defaulting Party") is in default of any requirement set forth in this Agreement, the party affected by such default ("Affected Party") will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement unless within thirty (30) days after the giving of a notice of default by the Affected Party the Defaulting Party has not cured the default by the appropriate performance, unless such default is of such a nature as cannot be cured within such thirty (30) day period and the Defaulting Party commences within such thirty (30) day period to remedy such default and thereafter continues to diligently use its best efforts to remedy such default. If the default is not cured as aforesaid, the Affected Party will be entitled to seek any remedy it may have on account of such default, including specific performance or other equitable remedy, damages or termination of this Agreement.

### 14. SUCCESSORS AND ASSIGNS

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

14.2 Either Excellon or Excellon U.S. may assign all or any portion of their rights in and to the Property or this Agreement to any party without restriction, provided that no such assignment shall become effective until the transferee has agreed in writing with JABA to be bound by the provisions of this Agreement.

14.3 From and after the date hereof and until the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or

grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any part of its interest in and to the Property or this Agreement. After the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any of its interest in this Agreement or the Royalty without the prior written consent of Excellon and Excellon U.S., which consent will not be unreasonably withheld.

14.4 No change or division in the ownership of or entitlement to the Royalty pursuant to subsection 14.3, however accomplished, shall enlarge the obligations or diminish the rights of either Excellon U.S. or Excellon hereunder. JABA covenants that, subject to subsection 14.3, any change in the ownership of or entitlement to the Royalty shall only be effected in such a manner that neither Excellon nor Excellon U.S. shall be required to make payments, provide information or give notices to more than one person, firm, corporation or other entity, and upon breach of this covenant, Excellon U.S. or Excellon, as the case may be, may retain all moneys otherwise due pursuant to the Royalty until such breach has been cured. In no event will any change or division in the ownership of or entitlement to the Royalty be binding on either Excellon or Excellon U.S. unless and until:

- (a) any transferee or assignee has acknowledged in writing with Excellon U.S. that the interest in the Royalty acquired by them is subject to the NSR Option; and
- (b) thirty (30) days after JABA has given Excellon U.S. a certified copy of the recorded instrument evidencing such change or division.

15. **ENTIRE AGREEMENT**

15.1 This Agreement constitutes the entire agreement between the parties hereto and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations, warranties and representations, whether verbal or written, expressed or implied, statutory or otherwise, between the parties, or between a party and James A. Briscoe, with respect to the subject matter herein.

16. **SURRENDER OR ABANDONMENT OF PROPERTY**

16.1 If, at any time after the Closing Date, Excellon U.S. determines that, for any reason, it does not wish to retain any one or more of the parcels or tracts comprising the Property, then Excellon U.S. may surrender or abandon such parcels or tracts. If

at any time Excellon U.S. proposes to so surrender or abandon any parcels or tracts, it will deliver a notice in writing to JABA specifying its intention to do so at least ninety (90) days prior to the proposed surrender or abandonment, which notice will list the proposed parcels or tracts to be surrendered or abandoned. If, within fifteen (15) days of receipt of such notice, JABA advises Excellon U.S. that it wishes to acquire one or more of such parcels or tracts to be surrendered or abandoned, Excellon U.S. will deliver to JABA a duly executed quitclaim deed in recordable form quitclaiming in favour of JABA, without any warranties as to title, all interest of Excellon U.S. in and to such parcels or tracts. Effective upon the delivery of such quitclaim deed or, if JABA does not elect to acquire the surrendered or abandoned parcels or tracts, upon such surrender or abandonment, neither Excellon or Excellon U.S. will thereafter have any further obligation to JABA with respect to any such parcels or tracts including, without limitation, any obligation to pay any Royalty in respect thereof.

16.2 Notwithstanding subsection 16.1, Excellon U.S. will have the right at any time after the Closing Date (but not the obligation) to:

- (a) amend or reapply for any or all of the Arizona State prospecting permits comprising the Property;
- (b) apply for, reapply for or convert any or all of the Arizona State prospecting permits to leases; or
- (c) where Excellon U.S. may be required, or finds it appropriate, to abandon certain rights in order to secure additional or ongoing rights to explore and mine the Property pursuant to any new or amended laws of the State of Arizona concerning the acquisition and maintenance of mineral rights on the State lands, to do so.

16.3 JABA may, but is under no obligation to, prepare and publish professional papers and articles on or concerning the Property including, but not limited to, such matters as exploration philosophy, methodology, and models of the genesis of potential ore deposition. Any such papers or articles shall be first open to inspection by Excellon and Excellon U.S. for written approval, such written approval not to be unreasonably denied. For greater certainty, it is confirmed that no interest in the Property is retained by JABA by virtue of this subsection 16.3, and that nothing herein shall preclude Excellon or Excellon U.S. from preparing or publishing any information with respect to the Property without notice to JABA. However, where deemed professionally appropriate by Excellon and Excellon U.S., credit shall be given to JABA.

16.4 In the event of assignment to JABA of the Property in part or in its entirety pursuant to subsection 16.1, Excellon U.S. shall, within ninety (90) days after such assignment, at JABA's cost, make available to JABA at the place of storage all available drill chip, core and sample rejects, and deliver to JABA copies of all maps, drill logs, assay results and other technical data compiled by Excellon U.S., pertaining to that portion of the Property assigned. Neither Excellon nor Excellon U.S. shall in any event be liable for the accuracy or comprehensiveness of any data furnished to JABA.

17. ACCESS

17.1 JABA and its employees, on reasonable notice to Excellon U.S., may have access to the Property in order to examine same, provided that:

- (a) none of JABA or its employees shall interfere with or obstruct the operations of Excellon U.S., its employees or agents on the Property;
- (b) JABA and its employees shall enter on the Property at their own risk and expense; and
- (c) each of JABA and its employees shall defend, indemnify and save each of Excellon U.S., Excellon and their respective directors, officers, employees and representatives harmless from and against all and any loss or damage of any kind or nature whatsoever in any way referable to the entry, presence or activities of JABA or its employees on the Property, including, without limitation, bodily injuries or death or damage to property at any time resulting therefrom.

17.2 All information, of whatever kind or nature, obtained by JABA or its employees as a result of the exercise of the right of access contained in subsection 17.1 shall be kept confidential by JABA and such employees and shall not be disclosed to any third party or to the public without the prior written consent of Excellon U.S. except with respect to disclosure of such information:

- (a) to JABA's professional advisers who require such information in order to advise JABA, and who are bound by law to keep such information confidential; or
- (b) as and to the extent required by law.

**18. TAXES AND ASSESSMENTS**

18.1 Following the Closing Date, Excellon U.S., subject to, and until it exercises its rights under, section 16, and subject to its rights to dispute the requirement for or amount or legitimacy of any obligations or amounts due, shall or shall cause to be made, paid or performed:

- (a) all applicable assessment work or work requirements on the prospecting permits and/or leases comprised in the Property;
- (b) all necessary filings;
- (c) all rentals, royalties, reasonable taxes, assessments, special assessments; and
- (d) any other obligation required to hold the Property under any other form of tenure contemplated by this Agreement,

in order to keep all mineral rights valid to the Property.

**19. SUBSTITUTE DAMAGE AND RESTORATION BOND**

19.1 Excellon U.S. acknowledges that a condition precedent to the completion of the issuance of an Arizona State Prospecting Permit is that the holder post, either in cash or through an acceptable bonding company, a "Damage and Restoration Bond" in the amount required by the State of Arizona. Accordingly, upon the transfer to Excellon U.S. of each of the prospecting permits comprised in the Property, Excellon U.S. will promptly take the necessary steps to provide the appropriate bond in substitution for that posted by JABA in connection with the issuance of the permit in order to permit JABA to secure the release or return of its posted bond.

**IN WITNESS WHEREOF** each of the parties has executed this Agreement as of the day and year first above written.

ATTEST:

JABA, INC.

\_\_\_\_\_  
Corporate Secretary

Per: \_\_\_\_\_  
President



The Corporate Seal of EXCELLON )  
RESOURCES INC. was hereunto )  
affixed in the presence of: )

\_\_\_\_\_)  
Authorized Signatory )

c/s

\_\_\_\_\_)  
Authorized Signatory )

ATTEST:

EXCELLON RESOURCES U.S.A., INC.

\_\_\_\_\_  
Corporate Secretary

Per: \_\_\_\_\_  
President

SCHEDULE "A"  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 5

DESCRIPTION OF PROSPECTING PERMITS

Three Arizona State Prospecting Permits, as follows:

Name/ Number	Lessee	Noted Exceptions of Record	Issue Date	Expiration Date	Sec- tion	Legal	Acres
08-52658-00	JABA	1	3/17/93	3/16/98	19	SE1/4	160
08-52656-00	JABA	2	3/17/93	3/16/98	29	N1/2SW1/4	80
08-52657-00	JABA	2	3/17/93	3/16/98	30	SE1/4	160

All situated in Township 20S, Range 22E, Cochise County, Arizona

\*Noted Exceptions of Record

1. Subject to surface grazing lease (in whole).
2. Subject to surface grazing lease (in whole), 100 ft. highway, 25 ft. powerline and 10 ft. right-of-way (in part)

**\*NOTES: Rental paid through 3/16/95 by JABA; Prospecting permits are for a term of five years, renewable annually upon completion of annual maintenance work and pre-payment of rentals.**

## SCHEDULE "B"

### NET SMELTER RETURNS

1. The Royalty which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") pursuant to subsection 3.1 of the Agreement will be the applicable percentage (subject to reduction pursuant to subsection 4.1 of the Agreement) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Schedule "B". Terms having defined meanings in this Agreement and used herein will have the same meanings in this Schedule as assigned to them in the Agreement unless otherwise specified or the context otherwise requires.
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such quarter to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all ores, concentrates and metals;
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the Mineral Products or measured by the value thereof (but not including income taxes),

- (iii) any royalties or fees paid to the State of Arizona in connection with Mineral Products,
- (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,
- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and
- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the Fair Market Value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver; and
  - (e) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a selection of the three (3) nearest independent purchasers of such product(s).
4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross

Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.

5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty pursuant to this Schedule "B" (it being the intent of the parties that the Payor will have the unrestricted right to

market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing

weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.

SCHEDULE "C"

Recording Requested by  
and Return to:

Lawrence W. Talbot  
Smith, Lyons, Torrance, Stevenson & Mayer  
World Trade Centre  
#550 - 999 Canada Place  
Vancouver, B.C.  
CANADA V6C 3C8

QUITCLAIM DEED

THIS INDENTURE is made the \_\_\_\_ day of \_\_\_\_\_, 1993,  
by and between JABA, Inc., an Arizona corporation of 2100 N. Wilmot  
Road, #218, Tucson, Arizona, U.S.A. 85712 (hereinafter referred to  
as the "Grantor"); and EXCELLON RESOURCES U.S.A., INC., an Arizona  
corporation of Suite 200, 20 Adelaide Street East, Toronto,  
Ontario, Canada M5C 2T6 (hereinafter referred to as the "Grantee").

W I T N E S S E T H :

WHEREAS the Grantor, for and in consideration of the sum  
of TEN (\$10.00) DOLLARS in lawful money of the United States, to it  
in hand paid by the Grantee, the receipt of which is hereby  
acknowledged, does hereby GRANT, RELEASE, and FOREVER QUITCLAIM  
unto the Grantee, and to its successors and assigns forever, all  
the right, title and interest which the Grantor has or may  
hereafter acquire in and to those certain Arizona State Prospecting  
Permits situate in Tombstone Mining District, Cochise County, State  
of Arizona, and more particularly described on Exhibit "A" attached  
hereto and by this reference made a part hereof (the "Property").

TOGETHER WITH all metals and minerals and all veins and  
lode of mineral-bearing rock therein and all dips, spurs and angles  
thereof and all mining and other rights thereto, including  
extralateral rights and water rights attached or belonging thereto.

TOGETHER WITH all rights, privileges and franchises  
thereto incident and the appurtenances thereto and all rents,  
issues and profits thereof, and all right, title and interest of  
the Grantor therein or thereto, or which it may hereafter acquire.

EXCEPTING AND RESERVING UNTO THE GRANTOR two and one-half  
(2-1/2%) percent of the Net Smelter Returns on Mineral Products,  
calculated and paid in accordance with Exhibit "B" attached hereto  
and by this reference made a part hereof.



TO HAVE AND TO HOLD the said Property, together with the appurtenances, unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF the Grantor has executed and delivered these presents the day and year first above written.

ATTEST:

JABA, INC.

\_\_\_\_\_

Per: \_\_\_\_\_  
President

EXHIBIT "A"  
TOMBSTONE PROPERTY ACQUISITION AGREEMENT  
BLOCK 5

DESCRIPTION OF PROSPECTING PERMITS

Three Arizona State Prospecting Permits, as follows:

Name/ Number	Lessee	Noted Exceptions of Record	Issue Date	Expiration Date	Sec- tion	Legal	Acres
08-52658-00	JABA	1	3/17/93	3/16/98	19	SE1/4	160
08-52656-00	JABA	2	3/17/93	3/16/98	29	N1/2SW1/4	80
08-52657-00	JABA	2	3/17/93	3/16/98	30	SE1/4	160

All situated in Township 20S, Range 22E, Cochise County, Arizona

\*Noted Exceptions of Record

1. Subject to surface grazing lease (in whole).
2. Subject to surface grazing lease (in whole), 100 ft. highway, 25 ft. powerline and 10 ft. right-of-way (in part)

**\*NOTES: Rental paid through 3/16/95 by JABA; Prospecting permits are for a term of five years, renewable annually upon completion of annual maintenance work and pre-payment of rentals.**

EXHIBIT "B"

NET SMELTER RETURNS

1. The royalty (the "Royalty") which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") will be TWO AND ONE-HALF (2-1/2%) PERCENT (subject to the Payor's right to purchase a portion of such Royalty) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Exhibit "B".
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such quarter to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all ores, concentrates and metals;
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the Mineral Products or measured by the value thereof (but not including income taxes),
    - (iii) any royalties or fees paid to the State of Arizona in connection with Mineral Products,
    - (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the

Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,

- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and

- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the Fair Market Value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver;
- (e) "Property" means the Arizona State Prospecting Permits more particularly set forth and described in Exhibit "A" to the within quitclaim deed, and includes any Arizona State Mining Leases which may be issued in respect thereof; and
- (f) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a selection of the three (3) nearest independent purchasers of such product(s).

4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.
5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty

pursuant to this Exhibit "B" (it being the intent of the parties that the Payor will have the unrestricted right to market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and

will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.

STATE OF ARIZONA  
COUNTY OF ~~PIMA~~<sup>M</sup>

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires:  
\_\_\_\_\_



SCHEDULE "D"

Investment Letter

March , 1993

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6

Attention: Mr. A. Douglas MacKenzie

Dear Sirs:

In connection with the acquisition by the undersigned of 73,875 common shares (the "Shares") without par value in the capital of Excellon Resources Inc. (the "Company"), a Canadian corporation, in exchange for certain Arizona State prospecting permits pursuant to an agreement dated for reference February 24, 1993 (the "Agreement"), the undersigned represents and acknowledges as follows:

1. The Shares are not registered under the Securities Act of 1933 (the "Act") as the transaction in which they are being acquired is exempt under Section 4(2) of the Act as not involving any public offering. Reliance of the Company and others upon this exemption is predicated in part upon our representation (which we hereby confirm) that we are acquiring these securities for our own account with no present intention of selling or otherwise distributing the same to the public. We understand that in the view of the United States Securities and Exchange Commission (the "SEC") the statutory and administrative basis for exemption would not be present if, notwithstanding our representation, we have in mind merely acquiring these securities for sale upon the occurrence or non-occurrence of some predetermined event such as, for example, holding the securities for a market rise, or for sale if the market does not rise, or for a fixed or determinable period in the future.
2. The Shares must be held by the undersigned indefinitely unless they are subsequently registered under the Act or an exemption from registration is available. Any routine sales of these securities made in reliance upon the exemption afforded by Rule 144 of the SEC can be made only in limited amounts in accordance with the terms and conditions of that rule, and, in the event this rule is for some reason inapplicable, compliance with Regulations A or S of the SEC or some other disclosure exemption will be required.

3. The undersigned has retained the following person/firm/corporation as its "Purchaser Representative" in respect of its acquisition of the Shares, and hereby certifies that its Purchaser Representative:

- (a) is not an affiliate, director or officer or other employee of Excellon or Excellon Resources U.S.A., Inc., or any 10% shareholder of Excellon;
- (b) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment in Excellon; and
- (c) has disclosed to the undersigned any material relationships between itself or its affiliates and Excellon and its affiliates that exists, that is mutually contemplated to exist or that has existed at any time in the past 2 years, and any compensation received or to be received as a result of such relationships.

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Business/Profession: \_\_\_\_\_

THE UNDERSIGNED HAS CAREFULLY READ THE FOREGOING AND UNDERSTANDS THAT EXCELLON RESOURCES INC. WILL RELY ON ITS STATEMENTS HEREIN IN ENTERING INTO THE AGREEMENT. THE UNDERSIGNED ALSO UNDERSTANDS THAT THE FOREGOING RELATES TO RESTRICTIONS ON ITS ABILITY TO SELL AND/OR TRANSFER THE SHARES ACQUIRED PURSUANT TO THE AGREEMENT. THE UNDERSIGNED HAS RETAINED A COPY OF THIS LETTER FOR ITS RECORDS.

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

JABA, INC.

Per: \_\_\_\_\_  
President

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Chairman, respectively, of EXCELLON RESOURCES INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Secretary, respectively, of EXCELLON RESOURCES U.S.A., INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

STATE OF ARIZONA

COUNTY OF PIMA

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires: \_\_\_\_\_  
\_\_\_\_\_

TOMBSTONE PROPERTY ACQUISITION AGREEMENT (BLOCK NO. 5)

THIS AGREEMENT made and dated for reference the 24th day of February, 1993, the effective date.

AMONG:

JABA, INC., a corporation duly incorporated under the laws of the State of Arizona, and having an office at 2100 N. Wilmot Road, #218, Tucson, Arizona, U.S.A. 85712

(hereinafter called "JABA")

AND:

EXCELLON RESOURCES U.S.A., INC., a corporation duly incorporated under the laws of the State of Arizona and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon U.S.")

AND:

EXCELLON RESOURCES INC., a company duly incorporated under the laws of the Province of British Columbia, Canada and having an office at Suite 200, 20 Adelaide Street East, Toronto, Ontario, Canada M5C 2T6

(hereinafter called "Excellon")

W H E R E A S :

A. JABA represents that it is the sole legal and beneficial owner of and is in possession of three Arizona State Prospecting Permits situate in Tombstone Mining District, Cochise County, Arizona;

B. JABA has agreed to sell, assign and transfer all its rights in and to the Property to Excellon U.S., and Excellon U.S. has agreed to purchase the same, upon the terms and conditions hereinafter set forth, subject to the issuance of such permits by the State of Arizona; and

C. Excellon U.S. has agreed to issue shares of its capital stock to Excellon in consideration of Excellon issuing shares of its capital stock to JABA as hereinafter provided.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by each of Excellon U.S. and Excellon to JABA (the receipt and sufficiency of which is hereby expressly acknowledged by JABA) and of the promises and mutual covenants and agreements herein contained, the parties agree each with the other as follows:

1. INTERPRETATION

1.1 In this Agreement and in any Schedules or Exhibits hereto, the following words and phrases will have the following meanings:

- (a) "Closing Date" means the fifth business day after the day upon which Excellon has received written notification from the Exchange that the Exchange has accepted this Agreement for filing;
- (b) "Exchange" means the Vancouver Stock Exchange;
- (c) "Property" means the three Arizona State Prospecting Permits which have been applied for by JABA as more particularly set forth and described in Schedule "A", together with all rights held or to be held by JABA which are appurtenant or relate thereto, to the development thereof or to the operation of a mine thereon, including, without limitation, all water rights, and including all and any forms of after acquired, successor or substitute mineral tenure or rights to mine, extract or develop mines or minerals in respect of such permits including, without limitation, Arizona State Mining Leases;
- (d) "Royalty" means the applicable percentage of net smelter returns payable to JABA pursuant to subsection 3.1 (subject to reduction under subsection 4.1), calculated and paid in accordance with Schedule "B" attached hereto; and
- (e) "Shares" means the common shares in the capital stock of Excellon to be allotted and issued to JABA pursuant to subsection 3.1;
- (f) "1933 Act" means the United States Securities Act of 1933.

2. REPRESENTATIONS AND WARRANTIES

2.1 Excellon U.S. and Excellon each represent and warrant to JABA that:

- (a) it is a corporation duly organized and validly subsisting under the laws of its incorporating jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;
- (d) Excellon U.S. is an Arizona Corporation which is a wholly owned subsidiary of Excellon;
- (e) it is not in default of any contract, lease, or other agreement to which it is a party; and
- (f) it has disclosed to JABA all material information pertaining to its business and financial condition and to the transactions contemplated hereby.

2.2 JABA represents and warrants to each of Excellon U.S. and Excellon that:

- (a) it is a corporation duly organized and validly subsisting under the laws of Arizona, and has good right, full power and absolute authority to assign all right, title and interest which JABA has or may hereafter acquire in and to the Property in the manner set out in this Agreement;
- (b) neither the execution and delivery of this Agreement, nor any of the agreements or instruments referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated, materially conflict with, result in a material breach of or accelerate the performance required by, any agreement to which JABA is a party;
- (c) the execution and delivery of this Agreement and the agreements or instruments contemplated hereby will not materially violate or result in a material breach of the



laws of any jurisdiction applicable to or pertaining thereto;

- (d) JABA has, prior to the execution of this Agreement, provided to Excellon U.S. and its representatives true and correct copies of all deeds, easements or other documents in its possession and to the best of its knowledge which bear upon the title of JABA to the Property (additional details of which are more fully described on Schedule A);
- (e) the applications for the prospecting permits comprised in the Property have been duly and validly made and all necessary filing fees in connection therewith have been paid;
- (f) the prospecting permits comprised in the Property may be duly and validly transferred to Excellon U.S. in accordance with the terms and conditions of this Agreement;
- (g) JABA is not entering into this transaction as a result of any material changes with respect to the affairs of Excellon known to it (except for this transaction) which, to its knowledge, were not publicly disclosed as of the date hereof;
- (h) in entering into this Agreement and selling the Property to Excellon U.S. in exchange for Shares, JABA is acting as principal, and will be acquiring the Shares as principal, for its own account and not on behalf of others and for the purpose of investment and not with the intention of effecting a distribution, and no other person, corporation, firm or other organization will have a beneficial interest in the Shares;
- (i) JABA is a resident of Arizona for the purposes of all securities laws applicable to the transactions herein contemplated; and
- (j) JABA is familiar with Excellon's business affairs as disclosed in publicly available information, and acknowledges that Excellon has made available to its and to the person acting as its Purchaser Representative (as such term is defined in the 1933 Act), all publicly available documents and records of Excellon in its possession, and has offered to JABA and its Purchaser Representative an opportunity to discuss this investment with Excellon and representatives of Excellon and to obtain any additional information necessary to verify the accuracy of any information furnished, provided that JABA

acknowledges that no information furnished by Excellon constitutes investment, accounting, legal or tax advice and that JABA is relying solely upon itself and its professional advisers for such advice.

2.3 JABA represents , but does not warrant, to each of Excellon U.S. and Excellon that to the best of JABA's knowledge and belief, with respect to the Arizona State prospecting permits comprised in the Property and subject to the paramount title of the State of Arizona:

- (a) the permits are free and clear of all liens, charges and encumbrances;
- (b) all required filings have been properly and timely made in accordance with applicable laws, statutes and regulations of the State of Arizona; and
- (c) no other person, firm, corporation, partnership or other entity claims any interest in the permits.

2.4 The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement and will not merge but will survive the acquisition of any interest in the Property by Excellon U.S. and each party will indemnify and save the others harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement.

2.5 JABA acknowledges that the Shares to be issued to JABA hereunder will not be registered under the 1933 Act as the transaction in which they are being acquired is exempt under section 4(2) of the 1933 Act as not involving any public offering, that the reliance of Excellon and others on this exemption is predicated in part upon the representations and warranties of JABA, and that JABA will be acquiring the Shares for its own account, with no present intention of selling or otherwise distributing the same to the public, and that the Shares are therefore subject to restrictions on transfer in the United States or to a U.S. person, unless subsequently registered under the 1933 Act or an exemption from registration is available.

2.6 Concurrently with the execution of this Agreement by JABA, JABA will execute and deliver to Excellon an originally executed copy of the Investment Letter in the form attached hereto as Schedule "D".

3. PURCHASE AND SALE

3.1 JABA hereby agrees to sell, assign and transfer to Excellon U.S., and Excellon U.S. agrees to purchase from JABA, all interest of JABA in and to the Property, subject to the payment to JABA of a TWO AND ONE-HALF (2-1/2%) PERCENT Royalty, for and in consideration of the allotment and issuance by Excellon to JABA of 73,875 Shares.

3.2 On the Closing Date, and subject to the completion of the purchase and sale set forth in subsection 3.1, Excellon U.S. will allot and issue to Excellon common shares in its capital stock equal in value to the deemed value of the shares issued to JABA by Excellon.

3.3 Notwithstanding that JABA retains the Royalty, the parties acknowledge that neither Excellon nor Excellon U.S. is under any obligation whatsoever to undertake any activities or perform any work on or with respect to the Property other than that required by law. The parties affirm that the expectation of JABA in entering into this Agreement is the belief that Excellon U.S. desires and intends to diligently proceed with the exploration on and, if warranted, development of, the Property. However, no covenants or conditions relating to the exploration, development, mining or related operations on or in connection with the Property, or the timing thereof, will exist or be implied. After commencing any exploration, development, mining or related operations on or in connection with the Property, Excellon and Excellon U.S. may in their sole discretion curtail or cease such operations.

3.4 Subject to the sale of the Property to Excellon U.S. and issuing of Shares, as contemplated herein, upon the Closing Date and thereafter, unless Excellon U.S. surrenders or abandons its rights to the Property as provided in section 16.1, Excellon U.S. shall be the party of record responsible for dismissing all obligations and fees required to keep the Property in active and valid tenure with the jurisdiction of paramount title thereto.

4. ACQUISITION OF ROYALTY INTEREST

4.1 For and in consideration of payment of the sum of One (U.S. \$1.00) Dollar in lawful currency of the United States by Excellon U.S. to JABA on the execution of this Agreement, Excellon U.S. will have, and JABA hereby gives and grants to Excellon U.S., the option (the "NSR Option") to purchase from JABA, at any time within twenty-one (21) years after the date of execution of this Agreement, all of the right, title and interest of JABA in and to two-fifths (2/5) of the two and one-half (2-1/2%) percent Royalty held by JABA pursuant to subsection 3.1, for an adjusted total consideration, as provided hereinbelow, of Two Hundred and Fifty

Thousand (\$250,000) Dollars in lawful money of the United States (the "NSR Option Price"). Excellon U.S. may exercise the NSR Option at any time by delivering written notice to that effect to JABA, accompanied by cash or a certified cheque or bank draft in payment of the NSR Option Price. Forthwith after receipt of such notice and cash, certified cheque or bank draft, JABA will do or cause to be done all such acts, execute and deliver all such instruments, deeds or agreements, and give all such further assurances as may be reasonably necessary or desirable to give effect to the exercise of the NSR Option and to carry out the transfer to Excellon U.S. of all of the right, title and interest of JABA in and to two-fifths (2/5) of such Royalty. From and after the exercise of the NSR Option, the Royalty payable to JABA pursuant to subsection 3.1 will be equal to one and one-half (1-1/2%) percent, and Excellon U.S. will pay such reduced Royalty to JABA. Commencing sixty (60) months from the effective date of this Agreement and continuing thereafter for so long as the NSR Option is in effect, the NSR Option Price shall be adjusted upward to its equivalent dollar value by multiplying the initial NSR Option Price of Two Hundred and Fifty Thousand (\$250,000) Dollars by a percentage equal to one hundred (100) plus the percentage difference shown by the Consumer Price Index published by the U.S. Bureau of Labor Statistics from the effective date of this Agreement to the date of the end of the last calendar month before the NSR Option is exercised. Nothing in this paragraph or Agreement shall be interpreted to preclude JABA from transferring its interest in or right to assign the Royalty, provided such transfer or assignment is subject to the NSR Option.

5. DELIVERIES AT OR FOLLOWING CLOSING

5.1 On the Closing Date, JABA will deliver to Excellon U.S. a duly executed and recordable quitclaim deed in the form attached hereto as Schedule "C" and such other documents as may be required under the laws of Arizona to transfer to Excellon U.S. all interest in the Property.

5.2 On the Closing Date, Excellon will deliver to JABA share certificates representing an aggregate of 73,875 Shares.

5.3 Within sixty (60) days after the Closing Date, JABA will deliver all data in its possession with respect to the Property including, without limitation, all files, records, reports, maps, plans, drill logs, assays, sample pulps and drill cores, provided that it is understood and agreed that JABA may make and retain, for its own use, copies of all such data as it may deem necessary or desirable.

6. TAXES AND CONVEYANCES FEES AND EXPENSES

6.1 Excellon U.S. will pay and be responsible for the preparation of all and any conveyances, assignments, bills of sale and transfer documents and the payment of all federal, state and local transfer, sales or use taxes and fees which may be or become payable as a result of or in connection with the sale of the Property hereunder.

6.2 Subject to subsection 6.1, each party will bear its own costs and pay all its expenses (including legal, accounting and other professional fees) in connection with the negotiation and execution of this Agreement, the performance of its obligations hereunder, and the consummation of the transactions contemplated hereby.

7. ACCEPTANCE FOR FILING BY VANCOUVER STOCK EXCHANGE

7.1 This Agreement is subject to the acceptance for filing hereof on behalf of Excellon by the Exchange. Forthwith after the execution of this Agreement by all parties, Excellon will submit this Agreement to the Exchange and request acceptance for filing, and will diligently thereafter pursue such acceptance. If such acceptance for filing has not been received by Excellon on or before April 30, 1993, Excellon may at its option and upon not less than fifteen (15) days notice to JABA, terminate this Agreement and all of its obligations hereunder. In such case, Excellon shall direct Excellon U.S. and Excellon U.S. shall comply in providing JABA with a release to all Property covered by this Agreement upon or before the date of termination. Thereafter neither Excellon nor Excellon U.S. will have an interest, either in whole or in part, direct or indirect, in the Property.

8. COVENANTS OF JABA

8.1 During the currency of this Agreement, JABA will:

- (a) not do any act or thing which would or might in any way adversely affect the rights of Excellon U.S. hereunder;
- (b) promptly provide Excellon U.S. with any and all notices and correspondence from government agencies in respect to the Property; and
- (c) at the request of Excellon U.S., co-operate, at JABA consulting rates, with Excellon U.S. as necessary to permit Excellon U.S. to obtain Arizona State Mining Leases in respect of such portion of the ground to be

held under the Arizona State prospecting permits comprised in the Property as it may desire.

8.2 JABA warrants and will defend title to the Property and the ground covered thereby against all persons claiming by, through or under JABA.

9. **RECORDATION OF AGREEMENT**

9.1 Either JABA or Excellon U.S. will, at its expense, have the right at any time to record a short form memorandum with respect to this Agreement in the real property records of Cochise County, Arizona, and each party agrees to execute and deliver a short form memorandum satisfactory to the others in a form appropriate for recordation, if so requested.

10. **APPLICABLE LAWS**

10.1 This Agreement will be governed by and interpreted in accordance with the laws of the State of Arizona. The courts of the County of Cochise will have exclusive jurisdiction in respect of any matters arising therefrom and the parties hereby irrevocably attorn to such jurisdiction. The venue for all such proceedings will be the County of Cochise.

11. **FURTHER ASSURANCES**

11.1 The parties agree to execute all such further documents, instruments or deeds, give all such further assurances and do or cause to be done all such acts and things necessary, both before and after the Closing Date, to implement and carry into effect this Agreement to the full extent contemplated herein.

11.2 In so much that Excellon U.S. is a fully owned subsidiary of Excellon, Excellon, under the fullest extent of the law shall use its best efforts to cause, direct, and provide means for Excellon U.S. to comply with, abide by, and conform with the terms, conditions and obligations undertaken herein by Excellon U.S. as they relate to JABA.

12. **NOTICES**

12.1 Any notice, statement, approval, direction or other instrument required or permitted to be given under this Agreement will be in writing and will be given by delivery of the same or by mailing of the same by prepaid registered or certified mail or by telecopier, in each case addressed as follows:

(a) if to JABA:

JABA, Inc.  
2100 N. Wilmot Road, #218  
Tucson, Arizona  
U.S.A. 85712  
Telecopier No.: (602) 721-2768  
Attention: James A. Briscoe

with a copy for information purposes only to:

Hecker & Phillips  
405 W. Franklin  
Tucson, AZ, USA 85701  
Telecopier No.: (602) 620-0405  
Attention: Lawrence M. Hecker, Esq.

(b) if to Excellon U.S. or Excellon:

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6  
Telecopier No.: (416) 867-1109  
Attention: A. Douglas MacKenzie, President

with a copy for information purposes only to:

Smith, Lyons, Torrance, Stevenson & Mayer  
#550 - 999 Canada Place  
Vancouver, B.C.  
V6C 3C8  
Telecopier No.: (604) 685-8542  
Attention: Lawrence W. Talbot

12.2 Any notice, if delivered, will be deemed to have been given and received on the day it was delivered, if sent by telecopier, to have been given and received on the day after it was so sent and, if mailed, be deemed to have been given and received on the tenth (10th) business day following the day of such mailing except in the event of a disruption of the postal services of Canada or the United States, in which event notice will be deemed to have been received only when actually received by the intended recipient.

12.3 Any party may at any time give to the others notice in writing of any change of address of such party, and from and after receipt of such notice, the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

13. **DEFAULT**

13.1 If any party (a "Defaulting Party") is in default of any requirement set forth in this Agreement, the party affected by such default ("Affected Party") will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement unless within thirty (30) days after the giving of a notice of default by the Affected Party the Defaulting Party has not cured the default by the appropriate performance, unless such default is of such a nature as cannot be cured within such thirty (30) day period and the Defaulting Party commences within such thirty (30) day period to remedy such default and thereafter continues to diligently use its best efforts to remedy such default. If the default is not cured as aforesaid, the Affected Party will be entitled to seek any remedy it may have on account of such default, including specific performance or other equitable remedy, damages or termination of this Agreement.

14. **SUCCESSORS AND ASSIGNS**

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

14.2 Either Excellon or Excellon U.S. may assign all or any portion of their rights in and to the Property or this Agreement to any party without restriction, provided that no such assignment shall become effective until the transferee has agreed in writing with JABA to be bound by the provisions of this Agreement.

14.3 From and after the date hereof and until the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any part of its interest in and to the Property or this Agreement. After the Closing Date, JABA will not transfer, convey, assign, mortgage, charge or grant any option in respect of or grant a right to purchase or in any manner transfer or alienate all or any of its interest in this Agreement or the Royalty without the prior written consent of Excellon and Excellon U.S., which consent will not be unreasonably withheld.

14.4 No change or division in the ownership of or entitlement to the Royalty pursuant to subsection 14.3, however accomplished, shall enlarge the obligations or diminish the rights of either Excellon U.S. or Excellon hereunder. JABA covenants that, subject to subsection 14.3, any change in the ownership of or entitlement to the Royalty shall only be effected in such a manner that neither Excellon nor Excellon U.S. shall be required to make payments,



provide information or give notices to more than one person, firm, corporation or other entity, and upon breach of this covenant, Excellon U.S. or Excellon, as the case may be, may retain all moneys otherwise due pursuant to the Royalty until such breach has been cured. In no event will any change or division in the ownership of or entitlement to the Royalty be binding on either Excellon or Excellon U.S. unless and until:

- (a) any transferee or assignee has acknowledged in writing with Excellon U.S. that the interest in the Royalty acquired by them is subject to the NSR Option; and
- (b) thirty (30) days after JABA has given Excellon U.S. a certified copy of the recorded instrument evidencing such change or division.

15. **ENTIRE AGREEMENT**

15.1 This Agreement constitutes the entire agreement between the parties hereto and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations, warranties and representations, whether verbal or written, expressed or implied, statutory or otherwise, between the parties, or between a party and James A. Briscoe, with respect to the subject matter herein.

16. **SURRENDER OR ABANDONMENT OF PROPERTY**

16.1 If, at any time after the Closing Date, Excellon U.S. determines that, for any reason, it does not wish to retain any one or more of the parcels or tracts comprising the Property, then Excellon U.S. may surrender or abandon such parcels or tracts. If at any time Excellon U.S. proposes to so surrender or abandon any parcels or tracts, it will deliver a notice in writing to JABA specifying its intention to do so at least ninety (90) days prior to the proposed surrender or abandonment, which notice will list the proposed parcels or tracts to be surrendered or abandoned. If, within fifteen (15) days of receipt of such notice, JABA advises Excellon U.S. that it wishes to acquire one or more of such parcels or tracts to be surrendered or abandoned, Excellon U.S. will deliver to JABA a duly executed quitclaim deed in recordable form quitclaiming in favour of JABA, without any warranties as to title, all interest of Excellon U.S. in and to such parcels or tracts. Effective upon the delivery of such quitclaim deed or, if JABA does not elect to acquire the surrendered or abandoned parcels or tracts, upon such surrender or abandonment, neither Excellon or Excellon U.S. will thereafter have any further obligation to JABA with respect to any such parcels or tracts including, without limitation, any obligation to pay any Royalty in respect thereof.

16.2 Notwithstanding subsection 16.1, Excellon U.S. will have the right at any time after the Closing Date (but not the obligation) to:

- (a) amend or reapply for any or all of the Arizona State prospecting permits comprising the Property;
- (b) apply for, reapply for or convert any or all of the Arizona State prospecting permits to leases; or
- (c) where Excellon U.S. may be required, or finds it appropriate, to abandon certain rights in order to secure additional or ongoing rights to explore and mine the Property pursuant to any new or amended laws of the State of Arizona concerning the acquisition and maintenance of mineral rights on the State lands, to do so.

16.3 JABA may, but is under no obligation to, prepare and publish professional papers and articles on or concerning the Property including, but not limited to, such matters as exploration philosophy, methodology, and models of the genesis of potential ore deposition. Any such papers or articles shall be first open to inspection by Excellon and Excellon U.S. for written approval, such written approval not to be unreasonably denied. For greater certainty, it is confirmed that no interest in the Property is retained by JABA by virtue of this subsection 16.3, and that nothing herein shall preclude Excellon or Excellon U.S. from preparing or publishing any information with respect to the Property without notice to JABA. However, where deemed professionally appropriate by Excellon and Excellon U.S., credit shall be given to JABA.

16.4 In the event of assignment to JABA of the Property in part or in its entirety pursuant to subsection 16.1, Excellon U.S. shall, within ninety (90) days after such assignment, at JABA's cost, make available to JABA at the place of storage all available drill chip, core and sample rejects, and deliver to JABA copies of all maps, drill logs, assay results and other technical data compiled by Excellon U.S., pertaining to that portion of the Property assigned. Neither Excellon nor Excellon U.S. shall in any event be liable for the accuracy or comprehensiveness of any data furnished to JABA.

## 17. ACCESS

17.1 JABA and its employees, on reasonable notice to Excellon U.S., may have access to the Property in order to examine same, provided that:

- (a) none of JABA or its employees shall interfere with or obstruct the operations of Excellon U.S., its employees or agents on the Property;
- (b) JABA and its employees shall enter on the Property at their own risk and expense; and
- (c) each of JABA and its employees shall defend, indemnify and save each of Excellon U.S., Excellon and their respective directors, officers, employees and representatives harmless from and against all and any loss or damage of any kind or nature whatsoever in any way referable to the entry, presence or activities of JABA or its employees on the Property, including, without limitation, bodily injuries or death or damage to property at any time resulting therefrom.

17.2 All information, of whatever kind or nature, obtained by JABA or its employees as a result of the exercise of the right of access contained in subsection 17.1 shall be kept confidential by JABA and such employees and shall not be disclosed to any third party or to the public without the prior written consent of Excellon U.S. except with respect to disclosure of such information:

- (a) to JABA's professional advisers who require such information in order to advise JABA, and who are bound by law to keep such information confidential; or
- (b) as and to the extent required by law.

## 18. TAXES AND ASSESSMENTS

18.1 Following the Closing Date, Excellon U.S., subject to, and until it exercises its rights under, section 16, and subject to its rights to dispute the requirement for or amount or legitimacy of any obligations or amounts due, shall or shall cause to be made, paid or performed:

- (a) all applicable assessment work or work requirements on the prospecting permits and/or leases comprised in the Property;
- (b) all necessary filings;
- (c) all rentals, royalties, reasonable taxes, assessments, special assessments; and
- (d) any other obligation required to hold the Property under any other form of tenure contemplated by this Agreement,

in order to keep all mineral rights valid to the Property.

19. SUBSTITUTE DAMAGE AND RESTORATION BOND

19.1 Excellon U.S. acknowledges that a condition precedent to the completion of the issuance of an Arizona State Prospecting Permit is that the holder post, either in cash or through an acceptable bonding company, a "Damage and Restoration Bond" in the amount required by the State of Arizona. Accordingly, upon the transfer to Excellon U.S. of each of the prospecting permits comprised in the Property, Excellon U.S. will promptly take the necessary steps to provide the appropriate bond in substitution for that posted by JABA in connection with the issuance of the permit in order to permit JABA to secure the release or return of its posted bond.

IN WITNESS WHEREOF each of the parties has executed this Agreement as of the day and year first above written.

ATTEST:

JABA, INC.

\_\_\_\_\_  
Corporate Secretary

Per: \_\_\_\_\_  
President

The Corporate Seal of EXCELLON )  
RESOURCES INC. was hereunto )  
affixed in the presence of: )  
)  
)  
)  
)

c/s

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory

ATTEST:

EXCELLON RESOURCES U.S.A., INC.

\_\_\_\_\_  
Corporate Secretary

Per: \_\_\_\_\_  
President

**SCHEDULE "A"**  
**TOMBSTONE PROPERTY ACQUISITION AGREEMENT**  
**BLOCK 5**

**DESCRIPTION OF PROSPECTING PERMITS**

Three Arizona State Prospecting Permits, as follows:

Name/ Number	Lessee	Noted Exceptions of Record	Issue Date	Expiration Date	Sec- tion	Legal	Acres
08-52658-00	JABA	1	3/17/93	3/16/98	19	SE1/4	160
08-52656-00	JABA	2	3/17/93	3/16/98	29	N1/2SW1/4	80
08-52657-00	JABA	2	3/17/93	3/16/98	30	SE1/4	160

All situated in Township 20S, Range 22E, Cochise County, Arizona

**\*Noted Exceptions of Record**

1. Subject to surface grazing lease (in whole).
2. Subject to surface grazing lease (in whole), 100 ft. highway, 25 ft. powerline and 10 ft. right-of-way (in part)

**\*NOTES: Rental paid through 3/16/95 by JABA; Prospecting permits are for a term of five years, renewable annually upon completion of annual maintenance work and pre-payment of rentals.**

SCHEDULE "B"

NET SMELTER RETURNS

1. The Royalty which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") pursuant to subsection 3.1 of the Agreement will be the applicable percentage (subject to reduction pursuant to subsection 4.1 of the Agreement) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Schedule "B". Terms having defined meanings in this Agreement and used herein will have the same meanings in this Schedule as assigned to them in the Agreement unless otherwise specified or the context otherwise requires.
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such quarter to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all ores, concentrates and metals;
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the Mineral Products or measured by the value thereof (but not including income taxes),

- (iii) any royalties or fees paid to the State of Arizona in connection with Mineral Products,
- (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,
- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and
- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the fair market value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver; and
- (e) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a selection of the three (3) nearest independent purchasers of such product(s).

4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross

Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.

5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty pursuant to this Schedule "B" (it being the intent of the parties that the Payor will have the unrestricted right to



market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing

weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.

SCHEDULE "C"

Recording Requested by  
and Return to:

Lawrence W. Talbot  
Smith, Lyons, Torrance, Stevenson & Mayer  
World Trade Centre  
#550 - 999 Canada Place  
Vancouver, B.C.  
CANADA V6C 3C8

QUITCLAIM DEED

THIS INDENTURE is made the \_\_\_\_\_ day of \_\_\_\_\_, 1993,  
by and between JABA, Inc., an Arizona corporation of 2100 N. Wilmot  
Road, #218, Tucson, Arizona, U.S.A. 85712 (hereinafter referred to  
as the "Grantor"); and EXCELLON RESOURCES U.S.A., INC., an Arizona  
corporation of Suite 200, 20 Adelaide Street East, Toronto,  
Ontario, Canada M5C 2T6 (hereinafter referred to as the "Grantee").

W I T N E S S E T H :

WHEREAS the Grantor, for and in consideration of the sum  
of TEN (\$10.00) DOLLARS in lawful money of the United States, to it  
in hand paid by the Grantee, the receipt of which is hereby  
acknowledged, does hereby GRANT, RELEASE, and FOREVER QUITCLAIM  
unto the Grantee, and to its successors and assigns forever, all  
the right, title and interest which the Grantor has or may  
hereafter acquire in and to those certain Arizona State Prospecting  
Permits situate in Tombstone Mining District, Cochise County, State  
of Arizona, and more particularly described on Exhibit "A" attached  
hereto and by this reference made a part hereof (the "Property").

TOGETHER WITH all metals and minerals and all veins and  
lode of mineral-bearing rock therein and all dips, spurs and angles  
thereof and all mining and other rights thereto, including  
extralateral rights and water rights attached or belonging thereto.

TOGETHER WITH all rights, privileges and franchises  
thereto incident and the appurtenances thereto and all rents,  
issues and profits thereof, and all right, title and interest of  
the Grantor therein or thereto, or which it may hereafter acquire.

EXCEPTING AND RESERVING UNTO THE GRANTOR two and one-half  
(2-1/2%) percent of the Net Smelter Returns on Mineral Products,  
calculated and paid in accordance with Exhibit "B" attached hereto  
and by this reference made a part hereof.

TO HAVE AND TO HOLD the said Property, together with the appurtenances, unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF the Grantor has executed and delivered these presents the day and year first above written.

ATTEST:

JABA, INC.

\_\_\_\_\_

Per: \_\_\_\_\_

President

**EXHIBIT "A"**  
**TOMBSTONE PROPERTY ACQUISITION AGREEMENT**  
**BLOCK 5**

**DESCRIPTION OF PROSPECTING PERMITS**

Three Arizona State Prospecting Permits, as follows:

Name/ Number	Lessee	Noted Exceptions of Record	Issue Date	Expiration Date	Sec- tion	Legal	Acres
08-52658-00	JABA	1	3/17/93	3/16/98	19	SE1/4	160
08-52656-00	JABA	2	3/17/93	3/16/98	29	N1/2SW1/4	80
08-52657-00	JABA	2	3/17/93	3/16/98	30	SE1/4	160

All situated in Township 20S, Range 22E, Cochise County, Arizona

**\*Noted Exceptions of Record**

1. Subject to surface grazing lease (in whole).
2. Subject to surface grazing lease (in whole), 100 ft. highway, 25 ft. powerline and 10 ft. right-of-way (in part)

**\*NOTES: Rental paid through 3/16/95 by JABA; Prospecting permits are for a term of five years, renewable annually upon completion of annual maintenance work and pre-payment of rentals.**

EXHIBIT "B"

NET SMELTER RETURNS

1. The royalty (the "Royalty") which is payable to JABA (hereinafter called the "Payee") by Excellon U.S. (hereinafter called the "Payor") will be TWO AND ONE-HALF (2-1/2%) PERCENT (subject to the Payor's right to purchase a portion of such Royalty) of the Net Smelter Revenue (as hereinafter defined) and will be calculated and paid to the Payee in accordance with the terms of this Exhibit "B".
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will, subject to paragraph 7 hereof, be equal to Gross Revenue less Permissible Deductions for such quarter.
3. The following words will have the following meanings:
  - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products,
    - (ii) the Fair Market Value of all Mineral Products sold by the Payor in such quarter to persons not dealing at arm's length with the Payor, and
    - (iii) any proceeds of insurance on Mineral Products.
  - (b) "Mineral Products" means the end products derived from operating the Property as a mine including but not limited to all ores, concentrates and metals;
  - (c) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are paid in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the Mineral Products or measured by the value thereof (but not including income taxes),
    - (iii) any royalties or fees paid to the State of Arizona in connection with Mineral Products,
    - (iv) transportation costs for Mineral Products in their concentrated and/or saleable form from the

Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,

- (v) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement, smelting and/or beneficiation of Mineral Products after leaving the Property, including all weighing, sampling, assaying and representation costs, metal losses, any umpire charges, and any penalties charged by the processor, refinery or smelter, and

- (vi) all insurance costs on Mineral Products,

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such cost or expense may be deducted, but only as to the lesser of the actual cost incurred by the Payor or the fair market value thereof, calculated at the time of such transaction and under all the circumstances thereof;

- (d) "Precious Metals" means Mineral Products which are gold and silver;
- (e) "Property" means the Arizona State Prospecting Permits more particularly set forth and described in Exhibit "A" to the within quitclaim deed, and includes any Arizona State Mining Leases which may be issued in respect thereof; and
- (f) "Fair Market Value" means whenever Mineral Products are delivered for direct sale or future processing thereof to a processing or sales facility owned or controlled by Payor, an affiliate or an assign (other than a processing facility constructed on the Property), or which processes or sells such Mineral Products on a toll basis for the Payor, an affiliate, or assign, the Net Smelter Revenue from such sale shall be an amount not less than the amount which would have been realized by Payor if the sale had been at the best price obtainable from a selection of the three (3) nearest independent purchasers of such product(s).

4. The Royalty will be calculated and paid within thirty (30) days after the end of each calendar quarter in which Gross Revenue is realized. At such time smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.
5. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in paragraph 4 hereof, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
6. All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "Objection Notice") describing and setting forth a specific objection to the calculation thereof within six (6) months after receipt by the Payee of the Statement. If the Payee objects to a particular Statement as herein provided, the Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency or excess of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if an excess or a deficiency of two and one-half (2-1/2%) percent or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept, at the option of the Payor, in accordance with either United States or Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such six (6) month period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter.
7. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to Mineral Products which are Precious Metals (collectively, "Hedging Transactions") are specifically excluded from calculations of the Royalty



pursuant to this Exhibit "B" (it being the intent of the parties that the Payor will have the unrestricted right to market and sell Mineral Products to third parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Precious Metals subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 7 and not paragraph 2. As to Precious Metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, and for silver, the quarterly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver quoted by and at the closing of COMEX reported for the calendar quarter in question by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to the deductions permitted by paragraph 3(c). Any Precious Metals subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, on the date of final settlement in which the amount of refined Precious Metals is allocated to the account of the Payor by a third party refinery, irrespective of such transactions. Furthermore, the Payor will have no obligation to fulfil, with Mineral Products, any futures contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its associates or affiliates may hold.

8. The Payor may stockpile any Mineral Products at such place or places as the Payor may elect after first weighing and sampling in accordance with sound mining and metallurgical practices, either upon the Property or upon other properties. No Royalty will be payable in respect of such stockpiled Mineral Products unless and until Gross Revenue is received in respect of such Mineral Products. Any Mineral Products removed from the Property shall remain subject to this Agreement until Payor has paid the applicable Royalty to Payee therefor.
9. The Payor may commingle Mineral Products with ores, minerals or other products from other properties ("Other Ore"). Before commingling, the Payor will weigh and sample the Mineral Products and Other Ore for moisture and metal content in accordance with sound mining and metallurgical practice and

will assay the samples to determine metal content. The Payor will keep records including sample splits and pulps showing weights or volumes, moisture, percent metal content and gross metal content of the Mineral Products and Other Ore. The Royalty will be allocated between the Mineral Product and the Other Ore on the basis of gross metal content.

10. By notice given to the Payor on or before December 1 of any calendar year the Payee may elect to have all Royalties payable with respect to Precious Metals payable in the next succeeding calendar year, and each succeeding calendar year thereafter until notice is so given on or before the above date by the Payee that Payee desires to terminate its election as provided herein, paid in kind by credit to the Payee's metals account at the refiner or bullion dealer at which the Payor causes Precious Metals to be refined for its account. The election will be for an entire calendar year and will be irrevocable within that period. Before crediting the Royalty to the Payee's metals account, the Payor will deduct the Payee's share of Permissible Deductions, determined by using the prices of Precious Metals used in determining Gross Revenue.

STATE OF ARIZONA  
COUNTY OF PIMA

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires:  
\_\_\_\_\_

SCHEDULE "D"

Investment Letter

March , 1993

Excellon Resources Inc.  
Suite 200, 20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6

Attention: Mr. A. Douglas MacKenzie

Dear Sirs:

In connection with the acquisition by the undersigned of 73,875 common shares (the "Shares") without par value in the capital of Excellon Resources Inc. (the "Company"), a Canadian corporation, in exchange for certain Arizona State prospecting permits pursuant to an agreement dated for reference February 24, 1993 (the "Agreement"), the undersigned represents and acknowledges as follows:

1. The Shares are not registered under the Securities Act of 1933 (the "Act") as the transaction in which they are being acquired is exempt under Section 4(2) of the Act as not involving any public offering. Reliance of the Company and others upon this exemption is predicated in part upon our representation (which we hereby confirm) that we are acquiring these securities for our own account with no present intention of selling or otherwise distributing the same to the public. We understand that in the view of the United States Securities and Exchange Commission (the "SEC") the statutory and administrative basis for exemption would not be present if, notwithstanding our representation, we have in mind merely acquiring these securities for sale upon the occurrence or non-occurrence of some predetermined event such as, for example, holding the securities for a market rise, or for sale if the market does not rise, or for a fixed or determinable period in the future.
2. The Shares must be held by the undersigned indefinitely unless they are subsequently registered under the Act or an exemption from registration is available. Any routine sales of these securities made in reliance upon the exemption afforded by Rule 144 of the SEC can be made only in limited amounts in accordance with the terms and conditions of that rule, and, in the event this rule is for some reason inapplicable, compliance with Regulations A or S of the SEC or some other disclosure exemption will be required.

3. The undersigned has retained the following person/firm/corporation as its "Purchaser Representative" in respect of its acquisition of the Shares, and hereby certifies that its Purchaser Representative:
- (a) is not an affiliate, director or officer or other employee of Excellon or Excellon Resources U.S.A., Inc., or any 10% shareholder of Excellon;
  - (b) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment in Excellon; and
  - (c) has disclosed to the undersigned any material relationships between itself or its affiliates and Excellon and its affiliates that exists, that is mutually contemplated to exist or that has existed at any time in the past 2 years, and any compensation received or to be received as a result of such relationships.

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Business/Profession: \_\_\_\_\_

THE UNDERSIGNED HAS CAREFULLY READ THE FOREGOING AND UNDERSTANDS THAT EXCELLON RESOURCES INC. WILL RELY ON ITS STATEMENTS HEREIN IN ENTERING INTO THE AGREEMENT. THE UNDERSIGNED ALSO UNDERSTANDS THAT THE FOREGOING RELATES TO RESTRICTIONS ON ITS ABILITY TO SELL AND/OR TRANSFER THE SHARES ACQUIRED PURSUANT TO THE AGREEMENT. THE UNDERSIGNED HAS RETAINED A COPY OF THIS LETTER FOR ITS RECORDS.

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

JABA, INC.

Per: \_\_\_\_\_  
President

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Chairman, respectively, of EXCELLON RESOURCES INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

CANADA  
PROVINCE OF ONTARIO  
COUNTY OF

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me the undersigned, a notary public, personally appeared A. Douglas MacKenzie and Richard Brissenden, known to me or proved to me to be President and Secretary, respectively, of EXCELLON RESOURCES U.S.A., INC., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for

\_\_\_\_\_  
Residing in \_\_\_\_\_  
My Commission does not expire

STATE OF ARIZONA  
COUNTY OF PIMA

)  
) ss.  
)

On this \_\_\_\_\_ day of March, 1993 before me, the undersigned, a notary public, personally appeared JAMES A. BRISCOE, known to me (or proved to me on the basis of satisfactory evidence) to be the President of JABA, INC., the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

(Notarial  
Seal)

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_  
Residing in \_\_\_\_\_  
My commission expires:  
\_\_\_\_\_