

EXCELLON RESOURCES

www.excellonresources.com



BECOMING MAJOR MINERS

President and CEO Jeremy Wyeth talks about how this Canadian junior mining company is moving into the mid-tier with a diversified portfolio of silver, gold and rare earths

When Jeremy Wyeth joined Excellon as its president and CEO in July 2011 it was something of a homecoming for a man who had spent 25 years travelling round the world on behalf of big companies like De Beers and Anglo American. In the last 12 years he has spent little time in his native South Africa. His last assignment was an iron ore project in Brazil; before that he spent a year in Russia and from 2002 to 2008 he was operations vice president of De Beers' Victor Project. This involved building a diamond mine and mill 550 miles north of Timmins in the frozen muskeg of the James Bay lowlands in Northern Ontario. Wyeth came in at the pre-feasibility stage, with one employee on site, and handed it over as an operating mine six years later.

Wyeth is not Canadian by birth and Excellon's main project is a silver mine in Mexico – so in what way is this a homecoming? It's simple enough: Jeremy Wyeth is a very popular figure around Timmins, where De Beers invested a billion dollars and Wyeth over six years established an extraordinary personal rapport with the community, from the numerous First Nation groups in the area to the Economic Development Corporation and the mayor.

When Excellon acquired Lateega Gold in August it took on two gold properties in Canada, the DeSantis property, very close to Timmins, and the Beschefer property just over the border in Québec. Wyeth was highly motivated to get involved

Checking core
at La Platos



with Excellon. Victor had reminded him of the excitement and pioneering spirit of building an operation from scratch, and this was his chance to move away from the majors.

The other factor that attracted his attention was the strength of its board: executive chairman Peter Crossgrove is on the board of Barrick Gold and is a former CEO of Placer Dome Inc, and the other directors are outstanding for a junior. “I thought I could probably get a lot closer to what I enjoyed most. I saw this as a great opportunity to come in and take Excellon from being a silver producer to being potentially a diversified company that has a great opportunity for growth.”

But if you look at the Excellon website you will not see much about the gold prospects, which are at an early stage. The current focus is all on the massive sulphide manto deposits it is already mining in Mexico. Excellon is a rare beast, a junior with cash flow: \$18 million in treasury as at September 30, 2011. In the third quarter of this year it sold 276,942 ounces of silver as well as 1.5 million pounds of lead and 2.5 million pounds of zinc. The Platosa mine, which



Core at La Platosa

has been producing since 2005, is located east of the Sierra Madres in semi-desert terrain, along the famous Mexican CRD (carbonate replacement deposit) belt where many significant silver, zinc, lead and copper deposits have been found – and it has the highest grades in Mexico with an average of more than 800 grams of silver per tonne.

This is a wet mine, but over the past

18 months the company has invested to manage the infrastructure, putting in extra pumping capacity, watertight doors underground and pump columns to surface. “A lot of the water challenges are related to faulting so as we go through our development phase and we hit a fault we can pick up inflows. We now have the infrastructure in place to manage that,” he says.

But first things first, says Wyeth. “I think to get investor confidence we need sustainable production, exceeding our budgets on a regular basis. My focus has been to get Platosa producing well this year, and my plan for the next year is a 20 percent increase in throughput.”

This is the plan he has been selling



Core removal from the casing

“I SAW THIS AS A GREAT OPPORTUNITY TO COME IN AND TAKE EXCELLON FROM BEING A SILVER PRODUCER TO BEING POTENTIALLY A DIVERSIFIED COMPANY”



Working the
rig at La Platosa

to the markets. It's not so much that Excellon needs short term investment to fund its drilling programme over the next year – its own positive cash flow takes care of that – as what is expected to emerge from that drilling programme. Because what you see is only a tiny bit of what Excellon is confident it's going to get.

The deposits already being mined in Mexico are manto deposits, which are very high grade deposits hosted by a fragmental limestone, he explains. “In the Mexican silver belt, very close to us, there are examples of mines that started off this way and then found the source of those deposits. The current model tells us that we should potentially find our own source within eight kilometres of our mine. That would change this company from one that has a resource base of 600,000 tonnes to one that may have tens of millions of tonnes.” As he informs potential investors, this



Safety is the first priority

is a company that does not need their money right now – but funding will be needed for development once the source has been found.

In 2009 Excellon acquired a company called Silver Eagle, specifically to get its hands on the mill Silver Eagle had built at Miguel Auza, 230 kilometres to the south. Crushed ore is trucked from Platosa to the mill and concentrates from

“IN 2009 EXCELLON ACQUIRED A COMPANY CALLED SILVER EAGLE, SPECIFICALLY TO GET ITS HANDS ON THE MILL SILVER EAGLE HAD BUILT AT MIGUEL AUZA”



Mine entrance and maintenance shops

“I SEE HUGE POTENTIAL IN THE SILVER BUSINESS AND A LOT OF UPSIDE IN THE GOLD BUSINESS”

the mill to the port at Manzanillo. At present the mill is running at about 60 percent of its 650 tonnes per day capacity: next year as throughput increases that percentage will go up, and Wyeth believes that the remaining spare capacity can be potentially taken up by toll treating material for other companies.

The goal for 2012 is sustainable production and growth in Mexico, backed by a \$6 million drilling programme to extend the existing mantos and find the

source. At the same time Excellon will be keeping a weather eye open for rare earth elements (REEs). A number of these, predominantly in the ‘light’ category and including lanthanum, cerium, praseodymium, neodymium, samarium as well as the ‘heavy’ REEs dysprosium and yttrium, turned up in re-evaluation of earlier drilling to the north of Platosa. Wyeth believes this is the first recent discovery of REEs in Mexico: they are in great demand from China and while the

discovery will not be allowed to divert attention from the main job of finding the source of the silver deposit, he says he is cautiously optimistic and that company geologists are now reviewing the area for further consideration.

Back in Canada Excellon has been busy drilling on its DeSantis property and is getting ready to start an 8,000 metre winter drilling programme on the Beschefer property in Québec once the swampy ground has frozen up. Timmins is a fantastic gold producing area having yielded up more than 70 million ounces in its 100+ year history says Wyeth. “Here we have another opportunity to take the positive cash flow Excellon has generated from its Mexican mining operations and

use it to diversify in a positive way. It spreads risk. I see huge potential in the silver business and a lot of upside in the gold business.”

He has his eye open for other gold opportunities in the Timmins area and is clearly looking forward to renewing and extending the friendships he has there. The clincher: having moved his family from continent to continent over the last decade he has promised his children they can finish high school in Canada without further interruption. **BE**

For more information about
Excellon Resources visit:
www.excellonresources.com

EXCELLON
RESOURCES

www.excellonresources.com