

# **Excellon Resources Inc.**

Interim Consolidated Financial Statements

September 30, 2010

(unaudited)

(These consolidated financial statements have not been reviewed or audited by the Company's external auditors)

**Excellon Resources Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	<b>September 30, 2010</b>	December 31, 2009
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	2,868,525	4,692,698
Short – term investments	-	10,898
Accounts receivable	1,469,171	4,278,719
Prepaid expenses and deposits	1,291,239	971,987
Inventory <i>(note 5)</i>	1,314,273	455,921
Income taxes receivable	1,886,058	866,102
	<u>8,829,266</u>	<u>11,276,325</u>
Mineral properties <i>(note 4)</i>	10,895,464	12,682,628
Property, plant and equipment, net <i>(note 6)</i>	16,756,522	15,194,771
	<u>36,481,252</u>	<u>39,153,724</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	4,129,977	3,539,711
Asset retirement obligation <i>(note 7)</i>	530,741	431,975
Employee future benefits	118,400	114,332
Future income taxes	90,474	808,869
	<u>4,869,592</u>	<u>4,894,887</u>
Commitments and contingencies <i>(notes 4 and 7)</i>		
Shareholders' Equity		
Share capital <i>(note 8)</i>	56,559,041	55,641,977
Contributed surplus <i>(note 8)</i>	7,879,469	7,822,962
Accumulated other comprehensive loss	(2,455,431)	-
Deficit	(30,371,419)	(29,206,102)
	<u>31,611,660</u>	<u>34,258,837</u>
	<u>36,481,252</u>	<u>39,153,724</u>

*The notes on pages 6 to 14 form an integral part of these financial statements*

**Excellon Resources Inc.**  
**CONSOLIDATED STATEMENTS OF**  
**OPERATIONS**  
(unaudited)

	Three months ended		Nine months ended	
	September 30, 2010 \$	October 31, 2009 \$	September 30, 2010 \$	October 31, 2009 \$
<b>Revenue</b>	6,303,229	9,829,218	24,734,078	25,277,173
Cost of production	4,248,016	4,855,722	13,095,194	10,947,553
Depletion, depreciation and amortization	620,986	500,614	1,941,191	1,440,743
<b>Income from mine operations</b>	1,434,227	4,472,882	9,697,693	12,888,877
General and administration	1,090,001	903,677	3,196,799	4,169,831
Stock - based compensation	119,776	197,293	447,904	259,754
Exploration	2,063,770	1,511,072	7,632,329	2,257,967
Accretion	10,670	6,424	37,974	26,782
<b>Income (loss) from operations</b>	(1,849,990)	1,854,416	(1,617,313)	6,174,543
<b>Other expenses</b>				
Foreign exchange gain (loss)	(302,278)	30,236	(182,952)	(1,110,383)
Interest income (expense)	255	(31,712)	19	898
	(302,023)	(1,476)	(182,933)	(1,109,485)
Income (loss) before taxes	(2,152,013)	1,852,940	(1,800,246)	5,065,058
Income tax expense (recovery):				
Current income taxes	12,973	752,581	82,788	2,779,015
Future income taxes	(32,376)	133,226	(717,718)	(571,335)
	(19,403)	885,807	(634,930)	2,207,680
Net income (loss) for the period	(2,132,610)	967,133	(1,165,316)	2,857,378
<b>Income (loss) per share</b>				
Basic	(0.01)	0.00	0.00	0.01
Diluted	(0.01)	0.00	0.00	0.01
<b>Weighted average number of common shares</b>				
Basic	243,014,760	240,199,036	242,521,728	211,282,201
Diluted	248,054,480	240,199,036	247,561,448	211,282,201

The notes on pages 6 to 14 form an integral part of these financial statements

**Excellon Resources Inc.**  
**CONSOLIDATED STATEMENTS OF**  
**DEFICIT**  
(unaudited)

	Three months ended		Nine months ended	
	September 30, 2010 \$	October 31, 2009 \$	September 30, 2010 \$	October 31, 2009 \$
<b>Deficit, beginning of period</b>	(28,238,809)	(29,943,140)	(29,206,102)	(31,833,385)
Net income (loss) for the period	(2,132,610)	967,133	(1,165,316)	2,857,378
<b>Deficit, end of period</b>	<b>(30,371,419)</b>	<b>(28,976,007)</b>	<b>(30,371,419)</b>	<b>(28,976,007)</b>

**Excellon Resources Inc.**  
**CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE LOSS**  
(unaudited)

	Three months ended		Nine months ended	
	September 30, 2010 \$	October 31, 2009 \$	September 30, 2010 \$	October 31, 2009 \$
<b>Net income (loss) for the period</b>	(2,132,610)	967,133	(1,165,316)	2,857,378
Other comprehensive loss:				
Foreign exchange loss on translation of self-sustaining foreign operations	1,094,835	-	(2,455,431)	-
<b>Comprehensive loss</b>	<b>(1,037,775)</b>	<b>967,133</b>	<b>(3,620,747)</b>	<b>2,857,378</b>

**Excellon Resources Inc.**  
**CONSOLIDATED STATEMENTS OF**  
**ACCUMULATED COMPREHENSIVE LOSS**  
(unaudited)

	Three months ended		Nine months ended	
	September 30, 2010 \$	October 31, 2009 \$	September 30, 2010 \$	October 31, 2009 \$
<b>Accumulated other comprehensive loss, beginning of period</b>	(3,550,266)	-	-	-
Other comprehensive loss:				
Foreign exchange loss on translation of self-sustaining foreign operations	1,094,835	-	(2,455,431)	-
<b>Accumulated other comprehensive loss, end of period</b>	<b>(2,455,431)</b>	<b>-</b>	<b>(2,455,431)</b>	<b>-</b>

**Excellon Resources Inc.**  
**CONSOLIDATED STATEMENTS OF**  
**CASH FLOWS**  
(unaudited)

	Three months ended		Nine months ended	
	September 30, 2010 \$	October 31, 2009 \$	September 30, 2010 \$	October 31, 2009 \$
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	(2,132,610)	967,133	(1,165,316)	2,857,378
Add (deduct) items not affecting cash				
Future income tax (recovery)	(32,376)	133,226	(718,395)	(571,335)
Stock –based compensation	119,776	197,293	447,904	373,097
Amortization of property, plant and equipment	495,053	180,060	1,339,555	504,442
Amortization of acquisition and deferred development costs	604,256	-	676,094	673,636
Amortization of deferred financing costs	-	47,930	-	341,591
Employee future benefits	-	2,650	-	114,332
Accretion of asset retirement obligation	10,670	6,424	37,974	26,782
	(935,231)	1,534,716	617,816	4,319,923
Net change in non-cash working capital balances related to operations	(1,077,754)	353,544	1,202,253	(4,566,867)
<b>Cash provided by (used in) operating activities</b>	<b>(2,012,985)</b>	<b>1,888,260</b>	<b>1,820,069</b>	<b>(246,944)</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(1,451,932)	(914,587)	(3,215,130)	(2,265,461)
Short-term investments			10,898	
Proceeds on sale of property, plant and equipment	-	-	-	12,838
Acquisition costs net of cash acquired	-	-	-	(1,216,528)
<b>Cash used in investing activities</b>	<b>(1,451,932)</b>	<b>(914,587)</b>	<b>(3,204,232)</b>	<b>(3,469,151)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital (note 8)	146,500	273,000	525,666	13,549,113
Share issuance costs	-	-	-	(1,560,169)
Repayment of short-term loan	-	-	-	(602,672)
<b>Cash provided by financing activities</b>	<b>146,500</b>	<b>273,000</b>	<b>525,666</b>	<b>11,386,272</b>
Effect of exchange rate changes on cash	1,255,581	(13,200)	(965,676)	165,864
<b>Net (decrease) increase in cash during the period</b>	<b>(2,062,836)</b>	<b>1,233,473</b>	<b>(1,824,173)</b>	<b>7,836,041</b>
Cash and cash equivalents, beginning of period	4,931,361	7,204,051	4,692,698	601,483
<b>Cash and cash equivalents, end of period</b>	<b>2,868,525</b>	<b>8,437,524</b>	<b>2,868,525</b>	<b>8,437,524</b>
<b>Supplemental cash flow information</b>				
Interest paid	-	449	-	83,157
Income tax paid	-	429,188	628,000	429,188

*The notes on pages 6 to 14 form an integral part of these financial statements*

**Excellon Resources Inc.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL**

**STATEMENTS**

(unaudited)

September 30, 2010

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**1. NATURE OF OPERATIONS**

Excellon Resources Inc., a company incorporated under the laws of the province of British Columbia and its wholly-owned subsidiaries (the "Company") are engaged in the acquisition, exploration, development and extraction of high-grade silver-zinc-lead metals in Mexico. The Company owns and operates the Platosa Property in Durango State and the Miguel Auza Property in Zacatecas State, Mexico.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future.

While the Company has successfully raised financing to date, there can be no assurance that it will be able to do so in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and balance sheet classifications that would be necessary if the going concern assumption were inappropriate. These adjustments could be material.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These interim consolidated financial statements, which have been prepared in Canadian dollars, do not include all information and disclosures required under Canadian generally accepted accounting principles ("GAAP") and should be read in conjunction with the consolidated financial statements of the Company for the period ended December 31, 2009.

The interim financial statements follow the same accounting policies and methods of their application as the financial statements ended December 31, 2009 except that effective January 1, 2010, the Company's foreign subsidiaries were deemed to be operationally and financially self sufficient, and accordingly, classified as self sustaining foreign operations. Prior to 2010 these subsidiaries were considered to be integrated foreign operations since they were financially and operationally dependent upon Excellon.

This change results in the use of the current rate translation method where asset and liabilities are translated at period end rates and revenue and expenses are translated at monthly average exchange rates for the period. Foreign exchange gains or losses on translation are recorded as Other Comprehensive Income.

In December 2009 the Company changed its year end to December 31 from July 31. The year end change was desirable to make the Company's financial statements directly comparable to other mining companies on a quarterly basis and to have a consistent year end with its subsidiaries. This change in year end required the Company to have a transition year with a five month period ended December 31, 2009. The comparative period in these financial statements is for the three month period ended October 31, 2009.

**Excellon Resources Inc.****NOTES TO INTERIM CONSOLIDATED FINANCIAL****STATEMENTS**

(unaudited)

September 30, 2010

**3. ACQUISITION**

On September 2, 2009, the Company completed the acquisition of all the outstanding common shares of Silver Eagle Mines Inc. for a purchase price of \$5,488,722 comprised of \$3,370,000 in common shares and \$2,118,722 in cash payments for acquisition transaction costs. The results from these operations have been included from the date of acquisition.

Specifically, the Company has purchased Silver Eagle Mines Inc. ("SEG") and its subsidiaries: San Pedro Resources, S.A. de C.V., Servicios Mineros San Pedro, S.A. de C.V., and Prestadora De Servicios Miguel Auza, S.A. de C.V. SEG is currently in the process of exploring and evaluating mineral properties which are located near the town of Miguel Auza, State of Zacatecas, Mexico (see note 4). SEG has conducted mine exploration and development activities, including expanding its mill capacity.

Under the terms of the acquisition, SEG shareholders received 0.2704 common shares of the Company in exchange for each SEG share held. The total number of shares issued by the Company for the acquisition of SEG was 14,997,796 common shares.

The following table shows a breakdown of the purchase price:

<b>Purchase Price</b>	<b>\$</b> <b>5,488,722</b>
<b>Purchase Price Allocation</b>	
Current Assets, including cash of \$902,194	2,148,130
Land	261,407
Property, Plant & Equipment	9,464,947
Asset Retirement Cost	314,317
Mineral Interests	1,686,000
Accounts Payable	(5,413,989)
Asset Retirement Obligation	(314,317)
Net assets acquired	<u>8,146,495</u>
Negative goodwill (a)	<u>(2,657,773)</u>
<b>Purchase Price</b>	<b><u>5,488,722</u></b>

(a) Negative goodwill was allocated, on a pro rata basis, to tangible assets as follows;

Applied to:	FMV	Goodwill Allocated	Adjusted NBV
Mineral interests	1,686,000	(382,121)	1,303,879
Property, plant & equipment	9,464,947	(2,145,168)	7,319,779
Land	261,407	(59,246)	202,161
Asset retirement obligation	314,317	(71,238)	243,079

In addition, the Company acquired unused non-capital tax losses in Mexico totaling \$25,096,000, which can be carried forward and applied against taxable income of future years in Mexico. No portion of the purchase price has been allocated to this potential future tax asset.

**Excellon Resources Inc.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

(unaudited)

September 30, 2010

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**4. MINERAL PROPERTIES**

**Platosa Property**

As at September 30, 2010, the Company owns an interest in the Platosa Property (the "Property") located in northeastern Durango State, Mexico. The Property is divided into four areas:

The first area (the "Core Area") contains the existing resource. The Core Area is owned 100% by the Company subject to a net smelter return royalty ("NSR") payable to Golden Minerals Ltd formerly Apex Silver Mines Limited ("Apex"). An NSR of \$99,753 (December 31, 2009 - \$362,233) for the three month period ended September 30, 2010 is included in cost of production. The NSR rate for the three month period ended September 30, 2010 is 1.0%. As at September 30, 2009, the cumulative NSR earned by Apex is U.S. \$4,136,302 (December 31, 2009 - U.S. \$4,036,549). Included in accounts payable and accrued liabilities as at September 30, 2010 is \$1,279,465 (July 31, 2009 - \$1,087,071) due to Apex.

The second area (the "Joint Venture Area") adjoins the Core Area largely to the north, east and south. On November 13, 2009 the Company purchased the remaining 49% joint venture interest from Golden Minerals Company, for US\$2.0 million in cash and a 1% Net Smelter Returns royalty and now has a 100% interest in this area.

The third area (the "Saltierra Properties") adjoins the Core Area and the Joint Venture Area, largely to the west. The Company has acquired a 100% interest in this area from Exploraciones del Altiplano, S.A. de C.V. ("Altiplano"), subject to a 3% NSR payable to Altiplano. The 3% NSR payable to Altiplano can be reduced to 1.5% by paying U.S. \$2,000,000. During the year ended July 31, 2008, the Company acquired two additional concessions, for a nominal amount, adjoining and to the west of the Saltierra Properties. These concessions are subject to the 3% NSR payable to Altiplano.

The fourth area (the "Other Properties") adjoins the Joint Venture Area to the north. The Other Properties were acquired during fiscal 2006 and are 100% owned by the Company and are not subject to any underlying agreement or royalty.

During the year ended July 31, 2008, the Company acquired surface rights adjacent to the Property from a group of local land owners for U.S. \$1,030,000, representing the land cost and applicable legal and transfer fees. In a separate transaction, the Company acquired other surface rights totaling five hectares for U.S. \$7,468,889 located in nearby Coahuila State.

**Excellon Resources Inc.****NOTES TO INTERIM CONSOLIDATED FINANCIAL****STATEMENTS**

(unaudited)

September 30, 2010

**Miguel Auza Property**

The Company, through its wholly-owned subsidiary, has exclusive and irrevocable rights to explore, develop, exploit and commercialize mineral properties. The Company's mineral rights include concessions known as: the Amanda Gaitan Moreno Concessions (Santa Maria, Santa Fe, Olivia, El Calvario, La Zacatecana and El Rayo claims), the Javier Martinez Lomas Concession (La Antigua claim), the Enrique Gaitan Enriquez Concessions (Negrillas Fracc. A, Negrillas Fracc. B, Mariana Fracc. A, Mariana Fracc. B, and Mariana Fracc. C claims), the Michael Francis Neumann Florence Concession (Thelma claim), the San Pedro Concessions (Ampliacion Thelma, Ampliacion Thelma Fracc. 1 and Ampliacion Thelma Fracc. 2, as staked and registered as to title), and the Don Pedro Concession. Further, during 2006 a mining concession was staked known as El Siete, registered with the Director General of Mining for Mexico. On May 18, 2007, San Pedro obtained clear title over the mining concession known as El Siete, which is not subject to any royalty or payment to third parties, except for applicable taxes. The properties have legacy mines with numerous shafts, head-frames, and historic workings.

Effective November 23, 2006, SEG agreed to certain amendments to the Thelma Claim agreement (dated September 17, 2003) between Michael Neumann and a subsidiary of the Company. The Thelma Claim is adjacent to, and forms part of, the Miguel Auza Project. The original Thelma Claim agreement, which provided for a 1% net smelter return ("NSR") and no buyout right, was amended to provide for a 3% NSR, net of a minimum monthly royalty of U.S. \$20,000, commencing May 15, 2007; furthermore, San Pedro now has the right, exercisable at any time at its sole discretion, to buyout the royalty and title to this claim for U.S. \$2 million. Commencing December 1, 2009 the monthly royalty amount was reduced to U.S. \$5,000 from U.S. \$20,000 with all other agreement terms remaining unchanged.

**Mineral Properties**

	<b>September 30, 2010</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Carrying value</b>
	\$	\$	\$
<b>Acquisition costs</b>	8,673,340	7,144,685	1,528,655
<b>Deferred development costs</b>			
Mineral rights	2,598,581	552,702	2,045,879
Property	10,814,766	3,945,986	6,868,780
Road	77,069	63,124	13,945
Mine development	1,294,694	954,017	340,677
Metallurgic	81,185	59,325	21,860
Milling	102,044	85,922	16,122
Administration	277,515	217,969	59,546
	<u>15,245,854</u>	<u>5,879,045</u>	<u>9,366,809</u>
	<u>23,919,194</u>	<u>13,023,730</u>	<u>10,895,464</u>

**Excellon Resources Inc.****NOTES TO INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

(unaudited)

September 30, 2010

	<b>December 31, 2009</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Carrying value</b>
	\$	\$	\$
<b>Acquisition costs</b>	8,673,340	7,030,896	1,642,444
<b>Deferred development costs</b>			
Mineral rights	2,738,936	548,196	2,190,740
Property	12,576,601	4,432,707	8,143,894
Road	110,031	86,811	23,220
Mine development	1,811,089	1,291,112	519,977
Metallurgical	115,909	79,542	36,367
Milling	145,689	118,846	26,843
Administration	396,207	297,064	99,143
	<u>17,894,462</u>	<u>6,854,278</u>	<u>11,040,184</u>
	<u>26,567,802</u>	<u>13,885,174</u>	<u>12,682,628</u>

All development costs incurred until production commenced were capitalized. These costs are being amortized on a unit-of-production basis.

**5. INVENTORY**

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
	\$	\$
Ore	68,813	225,700
Production spares	1,245,460	230,221
	<u>1,314,273</u>	<u>455,921</u>

**Excellon Resources Inc.****NOTES TO INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

(unaudited)

September 30, 2010

**6. PROPERTY, PLANT AND EQUIPMENT**

	September 30, 2010		December 31, 2009	
	Cost \$	Accumulated Amortization \$	Net book value \$	Net book value \$
Mining equipment	5,641,363	1,515,498	4,125,865	3,288,135
Trucks	379,547	189,779	189,767	205,650
Office equipment	591,091	421,039	170,052	46,994
Furniture and fixtures	174,064	97,815	76,249	60,929
Buildings	4,864,644	39,015	4,825,629	45,668
Leasehold improvements	253,262	173,376	79,885	119,799
Asset Retirement Cost	454,793	75,888	378,905	403,332
Mill Equipment	7,497,710	988,272	6,509,438	6,538,817
Construction in progress	400,730	-	400,730	4,485,447
	<u>20,257,204</u>	<u>3,500,682</u>	<u>16,756,522</u>	<u>15,194,771</u>

**7. ASSET RETIREMENT OBLIGATION**

The key assumptions on which the fair value of the ARO is based include the estimated future cash flows, the timing of those cash flows, and the credit-adjusted risk-free rate or rates at which the estimated cash flows have been discounted. As of September 30, 2010, undiscounted cash outflows approximating \$965,800 are expected over an eight and ten year period for the Platosa and Miguel Auza properties, respectively.

In view of the uncertainties concerning future asset retirement and progressive reclamation costs, the ultimate costs to the Company could differ materially from the amounts estimated. The estimate for the future liability is subject to change based on possible amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively as a change in an accounting estimate.

The total discounted asset retirement obligations using a discount rate of 15% is \$530,741 at September 30, 2010 (December 31, 2009 - \$431,975).

**Excellon Resources Inc.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

(unaudited)

September 30, 2010

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**8. SHARE CAPITAL**

Share capital consists of the following:

**Authorized**

An unlimited number of common shares

	<b>Shares</b>	<b>Amount</b>	<b>Contributed Surplus</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>
<b>Issued</b>			
<b>Balance at October 31, 2009</b>	239,449,036	54,964,281	7,565,935
Shares issued on exercise of options	1,965,000	677,696	(278,096)
Options granted	-	-	535,123
<b>Balance at December 31, 2009</b>	241,414,036	55,641,977	7,822,962
Shares issued on exercise of options (a)	825,000	209,000	241,640
Options granted	-	162,312	(162,312)
<b>Balance at March 31, 2010</b>	242,239,036	56,013,289	7,902,290
Shares issued on exercise of options (a)	583,333	170,167	68,634
Options granted	-	131,551	(131,551)
<b>Balance at June 30, 2010</b>	242,822,369	56,315,007	7,839,473
Shares issued on exercise of options (a)	550,000	146,500	137,530
Options granted	-	97,534	(97,534)
<b>Balance at September 30, 2010</b>	243,372,369	56,559,041	7,879,469

[a] Stock-based compensation plan

The Company has a fixed price stock option plan. Under the plan, the Company may grant options to its employees for up to 10% of the common shares issued and outstanding. Under the plan, the exercise price of each option may not be less than the market price of the Company's common shares on the date of grant, and an option's maximum term is five years. Options may be granted by the Board of Directors at any time and may vest immediately upon grant.

**Excellon Resources Inc.****NOTES TO INTERIM CONSOLIDATED FINANCIAL****STATEMENTS**

(unaudited)

September 30, 2010

The fair value of the stock options is estimated at the date of grant using the Black-Scholes option valuation model with the following weighted average assumptions:

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
	\$	\$
Risk-free interest rate	1.79%	2.42%
Expected dividend rate	0%	0%
Expected volatility	0.9523	0.9697
Expected life of options	5 years	5 years

The Black-Scholes option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restrictions. In addition, this model requires the input of highly subjective assumptions, including future stock price volatility and expected time until exercise. Because the Company's outstanding stock options have characteristics which are significantly different from those of traded options, and because changes in any of the assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

A summary of the status of the Company's fixed stock option plan at September 30, 2010 and December 31, 2009 is presented below:

	<b>September 30, 2010</b>		<b>December 31, 2009</b>	
	<b>Options</b>	<b>Weighted average exercise price</b>	<b>Options</b>	<b>Weighted average exercise price</b>
	#	\$	#	\$
<b>Outstanding, beginning of period</b>	12,721,312	1.00	12,486,312	1.00
Granted	600,000	0.75	2,900,000	0.13
Exercised	(1,958,333)	0.26	(1,965,000)	0.20
Expired	(166,667)	0.56	(700,000)	0.33
<b>Outstanding, end of period</b>	<b>11,196,312</b>	<b>0.71</b>	<b>12,721,312</b>	<b>1.00</b>

**Excellon Resources Inc.**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

(unaudited)

September 30, 2010

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**9. SEGMENTED REPORTING AND INFORMATION**

The Company operates in one business segment, the exploration, mine development and extraction of metals, and in two geographic areas, Canada and Mexico.

	<b>Canada</b>		<b>Mexico</b>	
	<b>September 30, 2010</b>	<b>December 31, 2009</b>	<b>September 30, 2010</b>	<b>December 31, 2009</b>
	\$	\$	\$	\$
Revenue	-	-	24,734,078	16,031,660
Property, plant and equipment	143,297	202,689	16,613,225	14,992,082
Capital expenditures	(23,928)	(5,744)	(3,191,202)	(2,865,100)
Total assets	1,735,991	3,703,580	34,745,261	35,450,144

**10. RELATED PARTY TRANSACTION**

An officer of the Company is a partner in a firm that provides legal services to the Company. During the nine month period ended September 30, 2010, the Company paid an aggregate of \$129,637 (nine months ended October 31, 2009- \$407,754) for legal services from the firm. These services were provided in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

**11. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current period's presentation.

**12. SUBSEQUENT EVENT**

On October 1, 2010, compensation options in the amount of 3,881,077 were exercised for proceeds of \$931,458.