



Excellon Resources Inc.

Condensed Interim Consolidated Financial Statements

March 31, 2012
in thousands of U.S. dollars
(unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

May 7, 2012

Excellon Resources Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(in thousands of U.S. dollars)

	March 31, 2012	December 31, 2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	15,333	22,262
Marketable securities (note 3)	4,685	-
Trade receivables	2,988	548
Income taxes receivable	154	-
Inventories (note 4)	2,362	1,459
Other current assets	1,438	1,030
	<u>26,960</u>	<u>25,299</u>
Non-current assets		
Long term investments	140	71
Property, plant and equipment (note 5)	22,450	21,154
Mineral rights (note 6)	21,494	20,719
Total assets	<u>71,044</u>	<u>67,243</u>
Liabilities		
Current liabilities		
Trade payables	4,372	2,503
Income taxes payable	-	3,970
	<u>4,372</u>	<u>6,473</u>
Non-current liabilities		
Provisions (note 7)	1,595	1,429
Deferred income tax liabilities	362	331
Total liabilities	<u>6,329</u>	<u>8,233</u>
Equity		
Share capital (note 8)	78,009	77,797
Contributed surplus	9,434	9,639
Accumulated other comprehensive income	1,523	1,445
Deficit	(24,251)	(29,871)
Total equity	<u>64,715</u>	<u>59,010</u>
Total liabilities and equity	<u>71,044</u>	<u>67,243</u>

The accompanying notes are an integral part of these Interim consolidated financial statements.

Approved by the Board

Director

Director

"Timothy J. Ryan"

"Alan R. McFarland"

Excellon Resources Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

For the three months ended March 31, 2012 and 2011

(Unaudited)

(in thousands of U.S. dollars, except per share data)

	March 31, 2012	March 31, 2011
	\$	\$
Revenues	13,106	7,385
Cost of Sales (note 9)	(4,841)	(4,638)
	<u>8,265</u>	<u>2,747</u>
Corporate administrative expenses (note 9)	(1,804)	(1,467)
Exploration	(2,080)	(800)
Other income (expenses) (note 9)	2,208	413
Income before financing and tax	<u>6,589</u>	<u>893</u>
Finance income	15	-
Finance costs	(19)	(16)
Net finance costs	<u>(4)</u>	<u>(16)</u>
Income before income tax	<u>6,585</u>	<u>877</u>
Income tax (note 11)	(965)	(422)
Net income	<u>5,620</u>	<u>455</u>
Other comprehensive income		
Unrealized gains on available for sale securities	68	-
Foreign currency translation differences	10	484
Total other comprehensive income	<u>78</u>	<u>484</u>
Total comprehensive income	<u>5,698</u>	<u>939</u>
Earnings per share:		
Basic	\$ 0.02	\$ 0.00
Diluted	\$ 0.02	\$ 0.00
Weighted average number of shares		
Basic	278,855,535	248,406,446
Diluted	279,743,197	251,312,579

The accompanying notes are an integral part of these Interim consolidated financial statements.

Excellon Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity For the three months ended March 31, 2012 and 2011

(Unaudited)

(in thousands of U.S. dollars)

	Share capital \$	Contributed surplus \$	Accumulated other com- prehensive income \$	Deficit \$	Total equity \$
Balance - January 1, 2011	55,937	7,655	1,471	(34,304)	30,759
Net income for the period	-	-	-	455	455
Total other comprehensive income	-	-	484	-	484
Total comprehensive income	-	-	484	455	939
Employee share options:					
Value of services recognized	-	334	-	-	334
Proceeds on issuing shares	2,595	(1,029)	-	-	1,566
Balance - March 31, 2011	58,532	6,960	1,955	(33,849)	33,598
Balance - January 1, 2012	77,797	9,639	1,445	(29,871)	59,010
Net income for the period	-	-	-	5,620	5,620
Total other comprehensive income	-	-	78	-	78
Total comprehensive income	-	-	78	5,620	5,698
Employee share options:					
Value of services recognized	-	265	-	-	265
Proceeds on issuing shares	-	-	-	-	-
Share payment for mineral rights (note 6)	648	-	-	-	648
Repurchased shares	(436)	(470)	-	-	(906)
Balance - March 31, 2012	78,009	9,434	1,523	(24,251)	64,715

The accompanying notes are an integral part of these Interim consolidated financial statements.

Excellon Resources Inc.

Condensed Interim Consolidated Statements of Cash Flow

For the three months ended March 31, 2012 and 2011

(Unaudited)

(in thousands of U.S. dollars)

	March 31, 2012	March 31, 2011
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income for the period	5,620	455
Adjustments for:		
Depletion, depreciation and amortization	716	697
Deferred income tax	-	326
Share-based compensation	265	336
Post-employment benefits	15	48
Rehabilitation provision - accretion	19	14
Unrealized loss on marketable securities	315	-
Unrealized gain on foreign intercompany loans	(2,628)	-
Changes in items of working capital:		
Trade receivables	(2,440)	(71)
Income taxes payable	(4,124)	(91)
Inventories	(903)	(69)
Other current assets	(408)	110
Trade payables	1,869	290
Net cash provided by (used in) operating activities	<u>(1,684)</u>	<u>2,045</u>
Investing activities		
Purchase of marketable securities	(5,000)	-
Purchase of property, plant and equipment	(596)	(388)
Purchase of mineral rights	-	(51)
Net cash used in investing activities	<u>(5,596)</u>	<u>(439)</u>
Financing activities		
Proceeds on issuance of shares	-	1,566
Shares repurchased from market	(906)	-
Net cash provided by financing activities	<u>(906)</u>	<u>1,566</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,257</u>	<u>(229)</u>
Increase (decrease) in cash and cash equivalents	(6,929)	2,943
Cash and cash equivalents - Beginning of the period	22,262	1,978
Cash and cash equivalents - End of the period	<u>15,333</u>	<u>4,921</u>

Cash paid for income tax 4,934 -

The accompanying notes are an integral part of these Interim consolidated financial statements.

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2012 and 2011

(Unaudited) (in thousands of US Dollars)

1. GENERAL INFORMATION

Excellon Resources Inc. and its subsidiaries (together the Company or Excellon) is involved in the exploration, development and extraction of high-grade silver-lead-zinc metals in Mexico and the exploration of gold in properties in Canada.

Excellon is domiciled in Canada and incorporated under the laws of the province of British Columbia. The address of its principal office is 20 Victoria Street, Suite 900, Toronto, Ontario, M5C 2N8, Canada.

2. BASIS OF PRESENTATION

a. Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including IAS34 Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2011 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and the application adopted are consistent with those disclosed in Note 3 to the Company's consolidated financial statements for the year ended December 31, 2011.

Areas of critical accounting estimates and judgments that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are disclosed in Note 2 of the Company's consolidated financial statements as at and for the year ended December 31, 2011.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 7, 2012.

3. MARKETABLE SECURITIES

The Company invested \$5,000 in the Sprott Physical Silver Trust to hold units reflecting an underlying investment in 134,732 ounces of silver. These securities have been classified as a "held for trading financial instrument" during the period. An unrealized loss of \$314 was recorded in income in recognition of a decrease in value as at March 31, 2012.

4. INVENTORIES

	Mar 31, 2012	Dec 31, 2011
	\$	\$
Ore	851	450
Production spares	1,511	1,009
	<hr/>	<hr/>
	2,362	1,459
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Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2012 and 2011

(Unaudited) (in thousands of US Dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Mining properties \$	Mining equipment \$	Processing equipment \$	Assets under construction \$	Total \$
At January 1, 2011					
Cost	20,443	8,778	7,127	3,968	40,316
Accumulated depreciation	(12,566)	(2,628)	(1,317)	-	(16,511)
Net book value	<u>7,877</u>	<u>6,150</u>	<u>5,810</u>	<u>3,968</u>	<u>23,805</u>
Year ended December 31, 2011					
Opening net book value	7,877	6,150	5,810	3,968	23,805
Additions	1,957	837	-	1,351	4,145
Reclassification	367	280	1,784	(2,431)	-
Disposals	-	(41)	-	(28)	(69)
Depreciation	(625)	(841)	(865)	-	(2,331)
Write-down (1)	-	-	-	(1,273)	(1,273)
Exchange differences	(1,322)	(945)	(36)	(820)	(3,123)
Closing net book value	<u>8,254</u>	<u>5,440</u>	<u>6,693</u>	<u>767</u>	<u>21,154</u>
At December 31, 2011					
Cost	20,584	8,636	8,814	767	38,801
Accumulated depreciation	(12,330)	(3,196)	(2,121)	-	(17,647)
	<u>8,254</u>	<u>5,440</u>	<u>6,693</u>	<u>767</u>	<u>21,154</u>
Period ended March 31, 2012					
Opening net book value	8,254	5,440	6,693	767	21,154
Additions	436	86	-	74	596
Depreciation	(207)	(248)	(220)	-	(675)
Exchange differences	649	494	161	71	1,375
Closing net book value	<u>9,132</u>	<u>5,772</u>	<u>6,634</u>	<u>912</u>	<u>22,450</u>
At March 31, 2011					
Cost	22,323	9,421	8,973	912	41,629
Accumulated depreciation	(13,191)	(3,649)	(2,339)	-	(19,179)
	<u>9,132</u>	<u>5,772</u>	<u>6,634</u>	<u>912</u>	<u>22,450</u>

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2012 and 2011

(Unaudited) (in thousands of US Dollars)

6. MINERAL RIGHTS

	Minera (Mexico) \$	Beschefer (Canada) \$	Desantis (Canada) \$	Total \$
At January 1, 2011				
Cost	2,547	-	-	2,547
Accumulated depreciation	(577)	-	-	(577)
	1,970	-	-	1,970
Year ended December 31, 2010				
Opening net book value	1,970	-	-	1,970
Additions	-	8,163	10,960	19,123
Depreciation	(168)	-	-	(168)
Exchange differences	(206)	-	-	(206)
Closing net book value	1,596	8,163	10,960	20,719
At December 31, 2011				
Cost	2,255	8,163	10,960	21,378
Accumulated depreciation	(659)	-	-	(659)
	1,596	8,163	10,960	20,719
Period ended March 31, 2012				
Opening net book value	1,596	8,163	10,960	20,719
Additions	-	648	-	648
Depreciation	(41)	-	-	(41)
Exchange differences	145	23	-	168
Closing net book value	1,700	8,834	10,960	21,494
At March 31, 2012				
Cost	2,461	8,834	10,960	22,255
Accumulated depreciation	(761)	-	-	(761)
	1,700	8,834	10,960	21,494

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2012 and 2011

(Unaudited) (in thousands of US Dollars)

7. PROVISIONS

	Post - retirement benefits (1) \$	Rehabilitation provision \$	Total \$
At January 1, 2011			
Opening balance	987	388	1,375
Year ended December 31, 2011			
Opening balance	987	388	1,375
Change in estimate	(628)	824	196
Accretion for the period	-	34	34
Exchange differences	(131)	(45)	(176)
Closing Balance	228	1,201	1,429
Period ended March 31, 2012			
Opening balance	228	1,201	1,429
Change in estimate	15	-	15
Accretion for the period	-	19	19
Exchange differences	21	111	132
Closing Balance	264	1,331	1,595

- (1) Post-retirement benefits: The Company provides post retirement benefits supplements as well as leaving indemnities to employees at the Mexican operations. Under Mexican Labour Law, the Company provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months wages plus 20 days wages for each year of service payable upon involuntary termination without just cause.

Key financial assumptions used in the above estimate include an annual discount rate of 7%, annual salary and minimum wage increase rate of 3.5% and the life of the mine of ten years.

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2012 and 2011

(Unaudited) (in thousands of US Dollars)

8. SHARE CAPITAL

	Number of shares (000s)	\$
Year ended December 31, 2011		
Opening balance at January 1, 2011	247,873	55,937
Shares issued on exercise of stock options	3,165	2,856
Shares issued on Lateegra acquisition	27,031	18,400
Share issued on Beschefer agreement	1,080	855
Share purchase buyback	(852)	(251)
Balance at December 31, 2011	<u>278,297</u>	<u>77,797</u>
Period ended March 31, 2012		
Opening balance at January 1, 2011	278,297	77,797
Share issued on Beschefer agreement	1,080	648
Share purchase buyback	(1,515)	(436)
Balance at March 31, 2012	<u>277,862</u>	<u>78,009</u>

STOCK OPTIONS

Share option program (equity-settled)

The Company has a share option program that entitles directors, officers, employees and consultants to purchase shares in the Company. Under the program, the Company may grant options for up to 10% of the common shares issued and outstanding. Under the program, 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.

The Company uses the fair value method of accounting for all stock-based payments to employees, directors and officers. Under this method, the Company recorded a stock compensation expense of \$265 for the quarter ended March 31, 2012 (2011 - \$336) with a corresponding credit to contributed surplus.

The fair value of the stock options granted at the date of the grant using the Black-Scholes pricing model assumes risk-free interest rates of 2.36% (2011 - 2.36%), no dividend yield, expected life of 5 years (2011 - 5 years) with an expected price volatility of 93.00% (2011 - 93.00%). Volatility is determined using daily volatility over the expected life of the options. A forfeiture rate of 2.99% is applied (2011 - 2.99%) and at March 31, 2012, there was \$1,107 of unamortized stock compensation expense (March 31, 2011 - \$1,107). During the quarter, no options were issued or exercised.

WARRANTS

As at March 31, 2012, there were 1,768,082 warrants outstanding with an exercise price of CAD \$0.75. In April 2012, all these outstanding warrants expired, unexercised.

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2012 and 2011

(Unaudited) (in thousands of US Dollars)

9. EXPENSE BY NATURE

Cost of sales is comprised of the following:

	Mar 31, 2012	Mar 31, 2011
	\$	\$
Direct mining and milling costs (1)	3,994	3,868
Depletion, depreciation and amortization	695	672
Royalties	152	98
Cost of sales	<u>4,841</u>	<u>4,638</u>

- (1) Cost of sales consists of direct mining and milling costs; which include personnel, general and administrative, fuel and electricity, maintenance and repair costs as well as operating supplies, external services, third party smelting, refining and transport fees.

Corporate administrative expenses consist of the following:

	Mar 31, 2012	Mar 31, 2011
	\$	\$
Office and overhead costs	777	555
Salaries and wages	741	551
Share based compensation	265	336
Depletion, depreciation and amortization	21	25
Corporate administrative expenses	<u>1,804</u>	<u>1,467</u>

Other (income) expenses consist of the following:

	Mar 31, 2012	Mar 31, 2011
	\$	\$
Unrealized loss on marketable securities	315	-
Foreign exchange (gain)	(2,523)	(413)
Other (income) expenses	<u>(2,208)</u>	<u>(413)</u>

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2012 and 2011

(Unaudited) (in thousands of US Dollars)

10. RELATED PARTIES

An officer of the Company is a partner in a firm that provides legal services to the Company. During the period, the Company incurred legal services of \$68 (March 31, 2011 – \$31) with an outstanding payable balance of \$50 at March 31, 2012 (March 31, 2011 – \$32).

11. INCOME TAX

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimate average annual rate used for the year ended December 31, 2011 was 28% and the three months ended March 31, 2012 was 26%. The reduction is due to the previously announced decrease in Canadian deferral and provincial tax rates.

12. SUBSEQUENT EVENTS

In April 2012, the Company issued 842,000 common shares valued at \$445 as the second instalment for a 100% interest in the mineral rights of the DeSantis Property. The property is subject to a 0.5 to 2% net smelting royalty to the Optionors.

In April 2012, Company has repurchased 1,186,000 of its own common shares for CAD \$620 under a normal course issuer bid program that expires November 30, 2012.