



Excellon Resources Inc.

Condensed Interim Consolidated Financial Statements

March 31, 2013

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.

April 30, 2013

Excellon Resources Inc.

Condensed Interim Consolidated Statements of Financial Position

(unaudited)

(in thousands of U.S. dollars)

	March 31, 2013 \$	December 31, 2012 \$
Assets		
Current assets		
Cash and cash equivalents	2,391	1,369
Marketable securities (note 3)	3,850	4,152
Trade receivables	5,243	5,467
Income taxes receivable	3,584	3,122
Inventories (note 4)	1,884	2,022
Other current assets	1,713	1,555
	18,665	17,687
Non-current assets		
Long term investments	20	20
Property, plant and equipment (note 5)	22,297	20,972
Mineral rights (note 6)	23,936	24,405
Deferred income tax assets	8,423	8,059
Total assets	73,341	71,143
Liabilities		
Current liabilities		
Trade payables	5,389	2,377
Non-current liabilities		
Provisions (note 7)	1,762	1,637
Total liabilities	7,151	4,014
Equity		
Share capital (note 8)	77,391	77,453
Contributed surplus	9,903	9,329
Accumulated other comprehensive income	960	1,810
Deficit	(22,064)	(21,463)
Total equity	66,190	67,129
Total liabilities and equity	73,341	71,143

The accompanying notes are an integral part of these condensed 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 (loss) and Comprehensive Income (loss)

For the three months ended March 31, 2013 and 2012

Unaudited

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

	March 31, 2013	March 31, 2012
	\$	\$
Revenues	10,055	13,106
Cost of Sales (note 9a)	(5,963)	(4,841)
	4,092	8,265
Corporate administrative expenses (note 9b)	(1,783)	(1,804)
Exploration	(4,839)	(2,080)
Other income (note 9c)	2,112	2,208
Income (loss) before financing and tax	(418)	6,589
Finance income	-	15
Finance costs	(19)	(19)
Net finance costs	(19)	(4)
Income (loss) before income tax	(437)	6,585
Income tax expense (note 11)	(164)	(965)
Net income (loss)	(601)	5,620
Other comprehensive income (loss)		
Unrealized gain on available for sale securities	-	68
Foreign currency translation differences	(850)	10
Total other comprehensive income (loss)	(850)	78
Total comprehensive income (loss)	(1,451)	5,698
Earnings (loss) per share		
Basic	\$ (0.00)	\$ 0.02
Diluted	\$ (0.00)	\$ 0.02
Weighted average number of shares		
Basic	275,140,623	278,855,535
Diluted	275,732,695	279,743,197

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

Excellon Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended March 31, 2013 and 2012

(Unaudited)

(in thousands of U.S. dollars)

	Share capital \$	Contributed surplus \$	Accumulated other com- prehensive income \$	Deficit \$	Total equity \$
Balance - January 1, 2012	77,797	9,639	1,445	(29,871)	59,010
Net income (loss) for the period	-	-	-	5,620	5,620
Total other comprehensive income (loss)	-	-	78	-	78
Total comprehensive income (loss)	-	-	78	5,620	5,698
Employee share options:					
Value of services recognized	-	265	-	-	265
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
Balance - January 1, 2013	77,453	9,329	1,810	(21,463)	67,129
Net income (loss) for the period	-	-	-	(601)	(601)
Total other comprehensive income (loss)	-	-	(850)	-	(850)
Total comprehensive income (loss)	-	-	(850)	(601)	(1,451)
Employee share options:					
Value of services recognized	-	605	-	-	605
Repurchased shares	(62)	(31)	-	-	(93)
Balance - March 31, 2013	77,391	9,903	960	(22,064)	66,190

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

Excellon Resources Inc.
Consolidated Statements of Cash Flow
For the three months ended March 31, 2013 and 2012
(Unaudited)

(in thousands of U.S. dollars)

	March 31, 2013	March 31, 2012
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income (loss) for the period	(601)	5,620
Adjustments for:		
Depletion, depreciation and amortization	958	716
Deferred income tax	54	-
Share-based compensation	605	265
Post-employment benefits	18	15
Rehabilitation provision - accretion	19	19
Unrealized loss on marketable securities	302	315
Unrealized loss (gain) on foreign intercompany loans	(1,931)	(2,628)
Changes in items of working capital:		
Trade receivables	224	(2,440)
Income taxes payable	(462)	(4,124)
Inventories	138	(903)
Other current assets	(158)	(408)
Trade payables	3,012	1,869
Net cash provided by (used in) operating activities	2,178	(1,684)
Investing activities		
Purchase of marketable securities	-	(5,000)
Purchase of property, plant and equipment	(1,138)	(596)
Net cash provided by (used) in investing activities	(1,138)	(5,596)
Financing activities		
Shares repurchased from market	(93)	(906)
Net cash provided by (used in) financing activities	(93)	(906)
Effect of exchange rate changes on cash and cash equivalents	75	1,257
Increase (decrease) in cash and cash equivalents	1,022	(6,929)
Cash and cash equivalents - Beginning of the period	1,369	22,262
Cash and cash equivalents - End of the period	2,391	15,333
Interest	-	-
Cash paid for income tax	377	4,934

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

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2013 and 2012

(Unaudited) (in thousands of U.S. 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 Ontario. 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”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Canadian Institute of Chartered Accountants including IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012.

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, 2012 except as those described below.

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013.

IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS, 13, *Fair value measurement*, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company has adopted the amendments to IAS 1 *Presentation of Financial Statements* effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

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 4 of the Company’s consolidated financial statements as at and for the year ended December 31, 2012.

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2013 and 2012

(Unaudited) (in thousands of U.S. Dollars)

All financial information presented in USD has been rounded to the nearest thousand unless otherwise stated.

These condensed interim consolidated financial statements were approved by the Board of Directors on April 30, 2013.

3. MARKETABLE SECURITIES

The Company invested \$5,000 in the Sprott Physical Silver Trust to hold units reflecting an underlying investment in ounces of silver. These securities have been classified as a "held for trading financial instrument" during the period. An unrealized loss of \$302 was recorded in income in recognition of a decrease in value as at March 31, 2013 (March 31, 2012 - \$314).

4. INVENTORIES

	March 31, 2013 \$	December 31, 2012 \$
Ore	50	29
Concentrate	286	578
Production spares	1,547	1,415
	<u>1,883</u>	<u>2,022</u>

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2013 and 2012

(Unaudited) (in thousands of U.S. Dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Mining properties \$	Mining equipment \$	Processing equipment \$	Assets under construction \$	Total \$
At January 1, 2012					
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>
Year ended December 31, 2012					
Opening net book value	8,254	5,440	6,693	767	21,154
Additions	1,115	856	38	768	2,777
Reclassification	-	864	185	(1,049)	-
Disposals	-	(3)	(1,741)	-	(1,744)
Depreciation	(615)	(1,066)	(1,023)	-	(2,704)
Write-down	-	-	(100)	-	(100)
Exchange differences	546	409	587	47	1,589
Closing net book value	<u>9,300</u>	<u>6,500</u>	<u>4,639</u>	<u>533</u>	<u>20,972</u>
At December 31, 2012					
Cost	22,810	10,928	7,685	533	41,956
Accumulated depreciation	(13,510)	(4,428)	(3,046)	-	(20,984)
	<u>9,300</u>	<u>6,500</u>	<u>4,639</u>	<u>533</u>	<u>20,972</u>
Period ended March 31, 2013					
Opening net book value	9,300	6,500	4,639	533	20,972
Additions	357	531	160	90	1,138
Depreciation	(271)	(333)	(239)	-	(843)
Exchange differences	403	350	247	30	1,030
Closing net book value	<u>9,789</u>	<u>7,048</u>	<u>4,807</u>	<u>653</u>	<u>22,297</u>
At March 31, 2013					
Cost	23,757	12,001	8,245	653	44,656
Accumulated depreciation	(13,968)	(4,953)	(3,438)	-	(22,359)
	<u>9,789</u>	<u>7,048</u>	<u>4,807</u>	<u>653</u>	<u>22,297</u>

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2013 and 2012

(Unaudited) (in thousands of U.S. Dollars)

6. MINERAL RIGHTS

	Platosa (Mexico) \$	Beschefer (Canada) \$	Desantis (Canada) \$	Total \$
At January 1, 2012				
Cost	2,255	8,163	10,960	21,378
Accumulated depreciation	(659)	-	-	(659)
	1,596	8,163	10,960	20,719
Year ended December 31, 2012				
Opening net book value	1,596	8,163	10,960	20,719
Additions	2,400	648	804	3,852
Depreciation	(189)	-	-	(189)
Exchange differences	222	(81)	(118)	23
Closing net book value	4,029	8,730	11,646	24,405
At December 31, 2012				
Cost	4,927	8,730	11,646	25,303
Accumulated depreciation	(898)	-	-	(898)
	4,029	8,730	11,646	24,405
Period ended March 31, 2013				
Opening net book value	4,029	8,730	11,646	24,405
Additions	-	-	-	-
Depreciation	(115)	-	-	(115)
Exchange differences	36	(167)	(223)	(354)
Closing net book value	3,950	8,563	11,423	23,936
At March 31, 2013				
Cost	5,007	8,563	11,423	24,993
Accumulated depreciation	(1,057)	-	-	(1,057)
	3,950	8,563	11,423	23,936

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2013 and 2012

(Unaudited) (in thousands of U.S. Dollars)

7. PROVISIONS

	Post-retirement benefits (1) \$	Rehabilitation provision \$	Total \$
Year ended December 31, 2012			
Opening balance	228	1,201	1,429
Change in estimate	59	(34)	25
Accretion for the year	-	75	75
Exchange differences	18	90	108
Closing Balance	305	1,332	1,637
Period ended March 31, 2013			
Opening balance	305	1,332	1,637
Change in estimate	18	-	18
Accretion for the period	-	19	19
Exchange differences	17	71	88
Closing Balance	340	1,422	1,762

- (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 6.5% (2012 – 7%), annual salary and minimum wage increase rate of 3.5% (2012 – 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, 2013 and 2012

(Unaudited) (in thousands of U.S. Dollars)

8. SHARE CAPITAL

	Number of shares (000's)	\$
Year ended December 31, 2012		
Opening balance	278,297	77,797
Shares issued on exercise of stock options	84	71
Shares issued on Beschefer agreement	1,080	648
Shares issued on Desantis agreement	842	414
Share purchase buyback	(5,124)	(1,477)
Balance at December 31, 2012	275,179	77,453
Period ended March 31, 2013		
Opening balance	275,179	77,453
Share purchase buyback	(218)	(62)
Balance at March 31, 2013	274,961	77,391

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 \$605 for the quarter (March 31, 2012 - \$265) 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 1.32% (2012 - 2.36%), no dividend yield, expected life of 5 years (2012 - 5 years) with an expected price volatility of 92.65% (2012 - 93.00%). Volatility is determined using daily volatility over the expected life of the options. A forfeiture rate of 4.65% is applied (2012 - 2.99%) and at March 31, 2013, there was \$832 of unamortized stock compensation expense (March 31, 2012 - \$525).

During the period 2,750,000 options were issued to directors, officers and employees of the Company at an exercise price of \$0.52 and 2,303,720 options expired with a weighted average exercise price of \$1.68 leaving an outstanding balance of 12,693,264 options at March 31, 2013 (March 31, 2012 - 12,914,956 options).

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2013 and 2012

(Unaudited) (in thousands of U.S. Dollars)

9. EXPENSE BY NATURE

(a) Cost of sales is comprised of the following:

	March 31, 2013 \$	March 31, 2012 \$
Direct mining and milling costs (1)	4,720	4,395
Changes in inventories	300	(401)
Depletion, depreciation and amortization	887	695
Royalties	56	152
Cost of sales	5,963	4,841

(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.

(b) Corporate administrative expenses consist of the following:

	March 31, 2013 \$	March 31, 2012 \$
Office and overhead costs	609	777
Salaries and wages	498	741
Share based compensation	605	265
Depletion, depreciation and amortization	71	21
Corporate administrative expenses	1,783	1,804

(c) Other income consist of the following:

	March 31, 2013 \$	March 31, 2012 \$
Unrealized loss on marketable securities	306	315
Foreign exchange gain	(2,418)	(2,523)
Other income	(2,112)	(2,208)

10. RELATED PARTIES

The corporate secretary 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 \$43 (2012 – \$68) with an outstanding payable balance of \$14 at March 31, 2013 (March 31, 2012 – \$50).

Excellon Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2013 and 2012

(Unaudited) (in thousands of U.S. Dollars)

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, 2012 was 26.5% and the three months ended March 31, 2013 was 26.5%.

12. SEGMENT REPORTING

	Canada		Mexico	
	March 31, 2013 \$	March 31, 2012 \$	March 31, 2013 \$	March 31, 2012 \$
Property, plant and equipment	7	24	22,290	22,426
Capital expenditures	-	-	(1,138)	(596)
Mineral rights	19,986	19,794	3,950	1,700
Total assets	24,904	26,631	48,437	44,413
Revenue	-	-	10,055	13,106
Cost of sales	-	-	(5,963)	(4,841)
Corporate administrative expenses	(1,783)	(1,804)	-	-
Exploration	(1,512)	(973)	(3,327)	(1,107)
Other expenses	377	(112)	1,735	2,320
Net finance costs	-	15	(19)	(19)
Income tax	-	-	(164)	(965)
Net income (loss)	(2,918)	(2,874)	2,317	8,494

13. SUBSEQUENT EVENTS

In April 2013, the Company issued 540,000 common shares valued at \$181 as the final payment for a 100% interest in the mineral rights of the DeSantis Property. The property is subject to a 1.5% to 3.5% net smelting royalty to the Optionor.

At the Company's annual and special shareholders meeting held on April 30, 2013, the shareholders approved the consolidation of the issued and outstanding common shares on the basis of one post-consolidated common share for every five pre-consolidated common share issued and outstanding (the "Share Consolidation"). The Share Consolidation is pending final approval from the Toronto Stock Exchange.