



Excellon Resources Inc.

Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023
in thousands of U.S. dollars
(unaudited)

Notice to Reader

The accompanying unaudited interim financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Excellon Resources Inc.

Condensed Consolidated Statements of Financial Position
(unaudited) (in thousands of U.S. dollars)

		March 31	December 31
		2024	2023
	<i>Notes</i>	\$	\$
Assets			
Current assets			
Cash and cash equivalents		338	691
VAT recoverable		199	134
Other current assets		380	416
		917	1,241
Non-current assets			
Mineral rights	3	15,321	15,359
Other assets		-	41
Total assets		16,238	16,641
Liabilities			
Current liabilities			
Trade and other payables		9,609	9,987
VAT payable		3,030	2,991
Convertible debentures	4	-	11,942
Provisions and lease liabilities		763	800
		13,402	25,720
Non-current liabilities			
Convertible debentures	4	2,675	-
Provisions		775	748
Total liabilities		16,852	26,468
Shareholders' equity (deficit)			
Share capital	5	150,780	143,393
Contributed surplus	5	39,368	33,700
Accumulated other comprehensive loss		(12,274)	(12,451)
Deficit		(176,941)	(174,469)
		933	(9,827)
Non-controlling interests	4	(1,547)	-
Total deficit		(614)	(9,827)
Total liabilities and deficit		16,238	16,641

Basis of presentation and going concern (Note 2)

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

Approved by the Board

Director

Director

"Laurence Curtis"

"Craig Lindsay"

Excellon Resources Inc.

Condensed Consolidated Statements of Comprehensive (Loss) Income

For the three months ended March 31, 2024 and 2023

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

		March 31 2024	March 31 2023
	<i>Notes</i>	\$	\$
Administrative expenses	6	(254)	(1,154)
Share-based payment expenses	5	(181)	(108)
Care and maintenance and wind down expenses		-	(184)
Amortization		(39)	(44)
General and administrative expenses		(474)	(1,490)
Gain on deconsolidation of San Pedro		-	24,255
Reclassification of currency translation adjustments		-	(6,923)
Exploration and holding expenses	7	(43)	(513)
Other (expense) income	6	(720)	1,580
Finance expenses	8	(1,235)	(1,009)
(Loss) income before income taxes		(2,472)	15,900
Income tax recovery		-	743
Net (loss) income		(2,472)	16,643
Attributable to:			
Shareholders of the Company		(2,472)	16,643
Non-controlling interest		-	-
Net (loss) income		(2,472)	16,643
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences		177	(2,213)
Reclassification of currency translation adjustments		-	6,923
Total other comprehensive income		177	4,710
Total comprehensive (loss) income		(2,295)	21,353
Attributable to:			
Shareholders of the Company		(2,295)	21,353
Non-controlling interest		-	-
Total comprehensive (loss) income		(2,295)	21,353
(Loss) income per share			
Basic		(\$0.04)	\$0.44
Diluted		(\$0.04)	\$0.42
Weighted average number of shares			
Basic		59,055,632	38,236,371
Diluted		59,055,632	41,615,616

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

Excellon Resources Inc.

Condensed Consolidated Statements of Cash Flow
For the three months ended March 31, 2024 and 2023
(unaudited) (in thousands of U.S. dollars)

	Three months ended	
	March 31 2024	March 31 2023
	\$	\$
Cash flow generated by (used in)		
Operating activities		
Net (loss) income for the year	(2,472)	15,902
Adjustments for non-cash items:		
Loss on convertible debenture restructuring	812	-
Gain on deconsolidation of San Pedro	-	(24,255)
Reclassification of currency translation adjustments	-	6,923
Depletion and amortization	39	44
Income tax recovery	-	(2)
Share-based payment expenses	181	108
Finance Expenses	1235	1,009
Other income and foreign exchange gains and losses	(35)	(1,580)
Operating cash flows before changes in working capital	(240)	(1,851)
Changes in non-cash working capital		
Trade receivables	-	690
VAT recoverable	(68)	(304)
Other assets	30	127
Trade and other payables	(67)	1,003
Provisions	-	(409)
VAT payable	-	330
Net cash used in operating activities	(345)	(414)
Investing activities		
Interest received (paid)	5	(3)
Net cash generated (used) by investing activities	5	(3)
Financing activities		
Lease payments	-	(42)
Net cash used in financing activities	-	(42)
Effect of exchange rate changes on cash and cash equivalents	(13)	(543)
Change in cash and cash equivalents	(353)	(1,002)
Cash and cash equivalents – beginning of period	691	1,468
Cash and cash equivalents - end of period	338	466

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

Excellon Resources Inc.

Condensed Consolidated Statements of Changes in Deficit

For the three months ended March 31, 2024 and 2023

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

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Attributable to Shareholders of the Company \$	Non-controlling interests \$	Total deficit \$
Balance - January 1, 2023	141,051	34,760	(16,703)	(181,003)	(21,895)	-	(21,895)
Net income for the period	-	-	-	15,902	15,902	-	15,902
Total other comprehensive loss	-	-	4,710	-	4,710	-	4,710
Total comprehensive loss	-	-	4,710	15,902	20,612	-	20,612
Share options:							
Share-based compensation	-	28	-	-	28	-	28
Deferred and restricted share units:							
Shares issued on RSUs / DSUs exercise	232	(232)	-	-	-	-	-
Share-based compensation	-	80	-	-	80	-	80
Balance – March 31, 2023	141,283	34,636	(11,993)	(165,101)	(1,175)	-	(1,175)
Balance - January 1, 2024	143,393	33,700	(12,451)	(174,469)	(9,827)	-	(9,827)
Net loss for the period	-	-	-	(2,472)	(2,472)	-	(2,472)
Total other comprehensive income	-	-	177	-	177	-	177
Total comprehensive income	-	-	177	(2,472)	(2,295)	-	(2,295)
Share options:							
Share-based compensation	-	58	-	-	58	-	58
Deferred and restricted share units:							
Shares issued on RSUs / DSUs exercise	77	(77)	-	-	-	-	-
Share-based compensation	-	430	-	-	430	-	430
Convertible debentures – Note 4:							
Shares issued on restructuring	6,318	-	-	-	6,318	-	6,318
Value of conversion option	-	5,257	-	-	-	-	5,257
Non-controlling interests	-	-	-	-	-	(1,547)	(1,547)
Interest paid in shares	992	-	-	-	992	-	992
Balance – March 31, 2024	150,780	39,368	(12,274)	(176,941)	933	(1,547)	(614)

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

Excellon Resources Inc.

Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

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

1. GENERAL INFORMATION

Excellon Resources Inc. (the "Company" or "Excellon") is engaged in the acquisition, exploration, and advancement of mineral properties. The Company is listed on the Toronto Stock Exchange (the "TSX") under the symbol EXN, the OTCQB Venture Market (the "OTCQB") in the United States under the symbol EXNRF, and the Frankfurt Stock Exchange under the symbol E4X2. Excellon's vision is to realize opportunities for the benefit of its employees, communities and shareholders, through the acquisition of advanced development or producing assets with further potential to gain from an experienced management team. The Company is advancing a portfolio of gold, silver and base metals assets including Kilgore, an advanced gold exploration project in Idaho; and Silver City, a high-grade epithermal silver district in Saxony, Germany.

Excellon is domiciled in Canada and incorporated under the laws of the Province of Ontario. The address of its registered office is 3400 One First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1A4. These condensed consolidated financial statements were approved by the Board of Directors on May 15, 2024.

2. BASIS OF PRESENTATION AND GOING CONCERN

a) *Statement of compliance and going concern*

The Company prepares its condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023.

In Q4 2022 the Company's sole producing mine was placed on care and maintenance. Revenues ceased after the wind down of operations and, therefore, the Company must pursue other financing transactions to fund its working capital requirements, corporate expenditures and exploration activities. The Company incurred losses, has a total deficit of \$614, and negative working capital of \$12,485 as of March 31, 2024.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and therefore realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent on its ability obtain the necessary financing to fund its working capital requirements, advance its exploration projects and meet its ongoing corporate overhead costs. Although the Company has been successful in obtaining debt and equity financing in the past, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. The Company is considering various financing, corporate development opportunities and strategic alternatives that may include acquisitions, divestitures, mergers or spin-offs of the Company's or third parties' assets, as applicable.

On March 28, 2024, the Company announced the closing of the Debenture Restructuring (Note 4) and on April 4, 2024, the Company announced a non-brokered private placement offering (Note 9).

Excellon Resources Inc.

Notes to the Condensed Consolidated Financial Statements

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

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated financial statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business at amounts different from those in the accompanying condensed consolidated financial statements. Such adjustments could be material.

b) Summary of significant accounting policies, judgments, and estimates

These condensed consolidated financial statements have been prepared using the same accounting policies, methods of computation, judgments and estimates as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2023. The Company also exercised judgement in determining the appropriate assumptions and valuation techniques used in valuing the restructured convertible debt (Note 4).

3. MINERAL RIGHTS

	Silver City (Germany) ⁽¹⁾	Kilgore (Idaho) ⁽²⁾	Oakley (Idaho) ⁽³⁾	Total
	\$	\$	\$	\$
Year ended December 31, 2023				
Opening net book value	1,565	13,750	5,195	20,510
Impairment loss	-	-	(4,195)	(4,195)
Proceeds on disposal	-	-	(1,000)	(1,000)
Exchange differences	44	-	-	44
Closing net book value	1,609	13,750	-	15,359
Period ended March 31, 2024				
Opening net book value	1,609	13,750	-	15,359
Exchange differences	(38)	-	-	(38)
Closing net book value	1,571	13,750	-	15,321

(1) In Q1 2024, and as part of the convertible debenture Restructuring (Note 4), the Company issued a 25% interest in Saxony Silver Corp. to the Debentureholders in partial consideration for the cancellation of C\$10.41 million aggregate principal amount of the original convertible debentures.

(2) In Q1 2024, and as part of the convertible debenture Restructuring (Note 4), the Company issued contingent value rights providing for payments equal to the equivalent of up to 1,500 troy ounces of gold upon the achievement of certain milestones, and a 2% NSR royalty on the unpatented claims comprising the Kilgore Project, to the Debentureholders in partial consideration for the cancellation of C\$10.41 million aggregate principal amount of the original convertible debentures.

(3) In Q3 2023, the Company announced that it had entered into a definitive agreement with Centerra (U.S.) Inc., to sell Excellon's remaining minority interest in the Oakley Project for \$1,000 in cash. The sale was completed in Q4 2023.

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4. CONVERTIBLE DEBENTURE RESTRUCTURING

On September 21, 2023, the Company announced that it had entered into a binding term sheet with holders of greater than 66^{2/3}% of the convertible debentures (“Debentureholders”), to reduce the outstanding principal amount from C\$17.91 million to C\$7.5 million, representing a 58% reduction in principal, and to amend the terms of the remaining debentures to, among other things, further extend the maturity date to August 31, 2026 (the “Debenture Restructuring”). Completion of the Debenture Restructuring was subject to approval by the requisite majorities of Debentureholders and shareholders, as well as the approval of the Toronto Stock Exchange.

On March 28, 2024, the Company announced the closing of the Debenture Restructuring. As a result, the remaining debentures’ conversion price decreased from C\$5.30 to C\$0.10, the interest rate payable in cash increased from 5.75% to 6.50% per annum, while the Company retained the option to satisfy interest in Common Shares at an effective interest rate of 10% per annum. In consideration for the cancellation of C\$10.41 million in principal amount of the convertible debentures, the Company issued 38,888,878 common shares of the Company (“Share Consideration”), contingent value rights providing for cash payments equal to the equivalent of up to 1,500 troy ounces of gold upon the achievement of certain milestones at Kilgore (“CVR”), a 2% net smelter returns royalty on the unpatented claims comprising the Kilgore Project (“Kilgore NSR”), and a 25% interest in Saxony Silver Corp., which holds the Silver City Project (“Saxony Shares”).

The Debenture Restructuring was accounted for as an extinguishment of the original convertible debenture (C\$16,086), and the recognition of a revised convertible debenture (C\$10,725), non-controlling interest related to the Saxony Shares (C\$2,094 - debit) and the issuance of the Share Consideration (C\$8,555), which resulted in a loss on restructuring (C\$1,100). The fair value of the revised convertible debenture with conversion price of C\$0.10, the Share Consideration, and hence the loss on restructuring, was driven by an increase in the Company’s share price from the date of the term sheet (\$0.09) to the closing on March 28, 2024 (\$0.22). The Company determined that the CVR and Kilgore NSR are contingent on future transactions and hence do not meet the IFRS criteria for recognition at this time (Note 3).

The Company recorded interest expense of C\$1,637 (\$1,218) and C\$1,348 (\$991) for the three months ended March 31, 2024 and 2023, respectively.

	\$ CAD	\$ USD
Year ended December 31, 2023		
Opening balance	15,280	11,282
Interest expense – pre-Extension	3,603	2,672
Value of shares issued to settle interest payable – pre-Extension	(888)	(668)
Extinguishment of original convertible debenture	(17,995)	(13,842)
Fair value of extended convertible debenture	13,077	10,124
Interest expense – post-Extension	2,718	2,018
Value of shares issued to settle interest payable – post-Extension ⁽¹⁾	-	-
Exchange differences	-	356
Closing balance	15,795	11,942

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

	\$ CAD	\$ USD
Period ended March 31, 2024		
Opening balance	15,795	11,942
Value of shares issued to settle interest payable – H2 2023 ⁽¹⁾	(903)	(673)
Interest expense – pre-restructuring	1,625	1,205
Value of shares issued to settle interest payable – up to restructuring	(431)	(318)
Exchange differences	-	(276)
Extinguishment of original convertible debentures	(16,086)	(11,880)
Fair value of consideration recognized on closing	17,186	12,692
Loss on restructuring	1,100	812
Fair value of revised convertible debentures	10,725	7,918
Debt component	3,607	2,662
Equity conversion option (residual)	7,118	5,257
Fair value of the new debt component	3,607	2,662
Interest expense – post-restructuring	12	9
Exchange differences	-	-
Closing balance	3,619	2,671

(1) As the payment date December 31, 2023 fell on a weekend, the shares were issued on January 2, 2024 and hence not recorded in 2023.

5. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares.

	Number of shares (000's)	\$
Year ended December 31, 2023		
Opening balance	38,054	141,051
Shares issued on exercise of RSUs and DSUs	641	880
Extension fees settled in shares (Note 9)	6,888	794
Shares issued to settle interest on convertible debentures	3,553	668
Balance at December 31, 2023	49,136	143,393
Period ended March 31, 2024		
Opening balance	49,136	143,393
Shares issued to settle interest on debentures – H2 2023 (Note 4)	8,591	674
Shares issued on exercise of RSUs and DSUs	163	77
Shares issued to settle interest on debentures – Q1 2024 (Note 4)	2,846	318
Shares issued on Debenture Restructuring (Note 4)	38,889	6,318
Balance at March 31, 2024	99,625	150,780

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For the three months ended March 31, 2024 and 2023

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

The outstanding number and weighted average exercise prices of equity-settled Stock Options, Warrants, Deferred Share Units (“DSUs”) and Restricted Share Units (“RSUs”) are as follows:

	Options		Warrants		RSUs Outstanding	DSUs Outstanding
	Options Outstanding	Weighted Average Exercise Price (CAD)	Warrants Outstanding	Weighted Average Exercise Price (CAD)		
Outstanding at January 1, 2023	1,450,737	1.84	1,143,428	5.75	1,186,000	706,160
Granted/issued	30,000	0.38	-	-	60,000	-
Exercised/settled	-	0.00	-	-	(336,333)	(305,287)
Expired	(544,430)	2.74	(1,143,428)	5.75	(20,000)	-
Forfeited	(155,000)	0.56	-	-	(485,000)	-
Outstanding at December 31, 2023	781,307	1.41	-	-	404,667	400,873
Exercisable at December 31, 2023	646,307	1.58	-	-	-	63,362
Outstanding at January 1, 2024	781,307	1.41	-	-	404,667	400,873
Granted/issued ⁽¹⁾	2,550,000	0.10	-	-	1,957,169	3,661,711
Exercised/settled	-	-	-	-	(163,033)	-
Expired	(131,500)	3.85	-	-	(4,800)	-
Forfeited	-	-	-	-	-	-
Outstanding at March 31, 2024	3,199,807	0.27	-	-	2,194,003	4,062,584
Exercisable at March 31, 2024	1,287,307	0.51	-	-	225,000	-

(1) Issued 1,282,169 RSU and 2,314,392 DSU in settlement of amounts owing to management and directors of the Company.

Options outstanding and exercisable are as follows:

Exercise Price Range (CAD)	Stock Options Outstanding	Weighted Avg Remaining Contractual Life (years)	Stock Options Exercisable	Weighted Average Exercise Price (CAD)
\$0.00 to \$0.49	2,550,000	2.77	637,500	0.10
\$0.50 to \$0.99	567,000	1.28	567,000	0.58
\$1.50 to \$8.00	82,807	0.81	82,807	3.16
	3,199,807	2.46	1,287,307	0.27

Share-based payment expense is recognized over the vesting period of the grant with the corresponding equity impact recorded in contributed surplus. Share-based payment expense comprises the following:

	Three months ended	
	March 31 2024	March 31 2023
	\$	\$
Stock options	58	28
RSUs	41	80
DSUs	82	-
	181	108

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Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

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

6. EXPENSES BY NATURE

(a) Administrative expense consists of the following:

	Three months ended	
	March 31	March 31
	2024	2023
	\$	\$
Salaries, benefits, directors and professional fees	101	638
Office, insurance and overhead	77	350
Corporate development and legal	42	115
Public company costs	34	51
Administrative expense	254	1,154

(b) Other (income) expense consists of the following:

	Three months ended	
	March 31	March 31
	2024	2023
	\$	\$
Loss on Debenture Restructuring (Note 4)	812	-
Fair value (gain) loss on marketable securities and warrants	(3)	1
Unrealized foreign exchange gain	(44)	(1,649)
Realized foreign exchange gain	-	(12)
Interest income	(5)	-
Other	(40)	80
Other income	720	(1,580)

7. FINANCE EXPENSES

Finance expense consists of the following:

	Three months ended	
	March 31	March 31
	2024	2023
	\$	\$
Interest expense - convertible debentures	1,218	991
Accretion on provisions	17	15
Interest expense - other	-	3
Finance expenses	1,235	1,009

8. FINANCIAL INSTRUMENTS

Fair values of non-derivative financial instruments

All financial assets and financial liabilities, other than derivatives, are initially recognized at the fair value of consideration paid or received, net of transaction costs, as appropriate, and are subsequently carried at fair

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For the three months ended March 31, 2024 and 2023

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

value or amortized cost. At March 31, 2024, the carrying amounts of trade and other payables, VAT recoverable and payables and other current assets are considered to be reasonable approximations of their respective fair values due to the short-term nature of these instruments.

Fair value hierarchy

The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

	Fair value hierarchy	March 31 2024 \$	March 31 2023 \$
Financial assets			
Fair value through profit and loss			
Marketable securities	Level 1	54	-
Warrants	Level 2	-	4
		54	4

There were no transfers between Levels 1 or 2 during the three months ended March 31, 2024.

Valuation techniques and inputs used to determine fair values include:

- Marketable securities – the use of quoted market prices; and
- Warrants – based on a Black-Scholes model which uses quoted observable inputs.

9. SUBSEQUENT EVENTS

On April 4, 2024, the Company announced a non-brokered private placement offering of up to 7.5 million units of the Company (the “Units”) at a price of C\$0.18 per Unit for aggregate gross proceeds to the Company of up to C\$1.35 million (the “Offering”). Each Unit is comprised of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant will entitle the holder thereof to acquire one Common Share at a price of C\$0.27 per Common Share for a period of 24 months from the closing date.

On May 15, 2024, the Company announced closing of the Offering for aggregate gross proceeds of approximately C\$1.32 million. The Company also paid cash finder’s fees in the amount of C\$44K and issued a total of 104,210 non-transferable finder’s warrants to certain arm’s length parties in consideration of Units sold to subscribers introduced by such parties.