Excellon Resources Inc.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023
in thousands of U.S. dollars

Independent auditor's report

To the Shareholders of
Excellon Resources Inc.

Opinion

We have audited the consolidated financial statements of **Excellon Resources Inc.** and its subsidiaries [the "Company"], which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statements of changes in equity (deficit) for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Company has no source of operating cash flows, incurred a net loss of $5,288 thousand for the year ended December 31, 2024, and had current liabilities in excess of current assets of $3,864 thousand as at December 31, 2024, and therefore, the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital to continue the exploration of its mineral properties. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the *Material uncertainty related to going concern* section for our report, we have determined the matter described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Convertible debt valuation	
As a result of the Company reducing the principal and amending the terms of the Company's convertible debentures, management was required to assess if these amendments represented a modification or an extinguishment of the convertible debentures. It was determined that it was an extinguishment as the terms of the financial liability were substantially different since the discounted present value of the cash flows under the new terms discounted using the original effective interest rate was greater than 10% different from the discounted present value of the remaining cash flows of the original financial liability. As a result of the extinguishment, management recorded the revised convertible debt at a fair value of $2,664 thousand. The determination of fair value required judgment to determine the appropriate assumptions. Auditing management's fair value of convertible debt was complex given the degree of judgment and subjectivity in evaluating management's estimates and assumptions. The significant assumption used in the determination of the fair value of the convertible debt included comparability to public credit spreads and current market or economic trends.	Based on our risk assessment, with assistance from our valuation specialists, we performed the following procedures: • Assessed the terms of the convertible debt restructuring agreement and performed recalculations of the effective interest rate; • Evaluated the discount rate utilized by management, which involved comparing to available public credit spreads and current market or economic trends specific to the Company; and • Assessed the adequacy of the disclosures included in note 7 to the consolidated financial statements in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis**.**

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Kerr.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 27, 2025

Excellon Resources Inc.
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(in thousands of U.S. dollars)

	Notes	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents		1,362	691
VAT recoverable		240	134
Other assets	*5*	224	416
		1,826	1,241
Non-current assets			
Mineral rights	*6*	15,230	15,359
Other assets	*5*	1,332	41
Total assets		18,388	16,641
Liabilities			
Current liabilities			
Payables and accruals	*9*	3,450	9,987
Other VAT liabilities	*9*	990	2,991
Promissory note	*8*	1,250	-
Convertible debentures	*7*	-	11,942
Provisions	*9*	-	800
		5,690	25,720
Non-current liabilities			
Convertible debentures	*7*	3,250	-
Provisions	*9*	-	748
Total liabilities		8,940	26,468
Shareholders' equity (deficit)			
Share capital	*10*	153,602	143,393
Contributed surplus	*10*	40,529	33,700
Accumulated other comprehensive loss		(3,466)	(12,451)
Deficit		(179,689)	(174,469)
		10,976	(9,827)
Non-controlling interest	*6, 7*	(1,528)	-
Total equity (deficit)		9,448	(9,827)
Total liabilities and equity (deficit)		18,388	16,641

Basis of presentation and going concern (Note 2)

Approved by the Board	**Director**	**Director**
	"Laurence Curtis"	*"Craig Lindsay"*

Excellon Resources Inc.

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(in thousands of U.S. dollars, except per share data)

	Notes	2024 $	2023 $
Administrative expenses	*12*	(1,607)	(3,660)
Share-based payment (expenses) reversals	*10*	(905)	180
Care and maintenance and wind down expenses		-	(540)
Amortization		(40)	(172)
General and administrative expenses		(2,552)	(4,192)
Gain on deconsolidation of Mexican subsidiaries	*9*	8,288	24,255
Reclassification of currency translation adjustments	*9*	(7,622)	(6,923)
Exploration and holding expenses		(281)	(1,448)
Other (expense) income	*12*	(678)	4,475
Impairment loss	*6, 9*	-	(5,612)
Finance expenses	*13*	(2,443)	(4,764)
(Loss) income before income taxes		(5,288)	5,791
Income tax recovery	*14*	-	743
Net (loss) income		(5,288)	6,534
Attributable to:			
Shareholders of the Company		(5,220)	6,534
Non-controlling interest		(68)	-
Net (loss) income		(5,288)	6,534
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences		1,450	(2,671)
Reclassification of currency translation adjustments	*9*	7,622	6,923
Total other comprehensive income		9,072	4,252
Total comprehensive income		3,784	10,786
Attributable to:			
Shareholders of the Company		3,765	10,786
Non-controlling interest		19	-
Total comprehensive income		3,784	10,786
Net (loss) income per share			
Basic	*11*	($0.05)	$0.16
Diluted	*11*	($0.05)	$0.15

Excellon Resources Inc.

Consolidated Statements of Cash Flow

For the years ended December 31, 2024 and 2023

(in thousands of U.S. dollars)

	2024	**2023**
	$	**$**
Cash flow generated by (used in)		
Operating activities		
Net (loss) income for the year	(5,288)	6,534
Adjustments for non-cash items:		
Gain on deconsolidation of Mexican subsidiaries	(8,288)	(24,255)
Reclassification of currency translation adjustments	7,622	6,923
Amortization	40	172
Income tax recovery	-	(743)
Share-based payment expense (reversal)	905	(180)
Gain on settlement of payables	(282)	-
Fair value loss on marketable securities	9	-
Finance expenses	2,443	4,764
Rehabilitation provision – change in estimate	-	(62)
Impairment loss	-	5,612
Loss (gain) on Debenture Restructuring (Extension)	812	(3,718)
Convertible debenture extension fee paid in shares	-	813
Other income and foreign exchange gains and losses	206	(687)
Operating cash flows before changes in working capital	(1,821)	(4,827)
Changes in non-cash working capital		
Trade receivables	-	708
VAT recoverable	(123)	576
Other current assets	15	718
Payables and accruals	1,027	842
Other VAT liabilities	155	392
Net cash used in operating activities	**(747)**	**(1,591)**
Investing activities		
Upfront funding and transaction costs related to Mallay	(1,332)	-
Interest received	8	11
Proceeds from sale of marketable securities	28	-
Proceeds from sale of mineral properties – Oakley	-	1,000
Net cash (used in) generated by investing activities	**(1,296)**	**1,011**
Financing activities		
Net proceeds from private placements	2,280	-
Proceeds from promissory note	1,250	-
Lease payments	-	(17)
Net cash generated by (used in) financing activities	**3,530**	**(17)**
Effect of exchange rate changes on cash and cash equivalents	(816)	(180)
Change in cash and cash equivalents	671	(777)
Cash and cash equivalents – beginning of year	691	1,468
Cash and cash equivalents – end of year	**1,362**	**691**

Excellon Resources Inc.

Consolidated Statements of Changes in Equity (Deficit)
For the years ended December 31, 2024 and 2023
(in thousands of U.S. dollars)

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Attributable to Shareholders of the Company $	Non-controlling interest $	Total (deficit) equity $
Balance – January 1, 2023	141,051	34,760	(16,703)	(181,003)	(21,895)	-	(21,895)
Net income for the year	-	-	-	6,534	6,534	-	6,534
Total other comprehensive income	-	-	4,252	-	4,252	-	4,252
Total comprehensive income	-	-	4,252	6,534	10,786	-	10,786
Share options: Share-based compensation	-	36	-	-	36	-	36
Deferred and restricted share units:							
Shares issued on RSUs / DSUs exercise	880	(880)	-	-	-	-	-
Share-based compensation	-	(216)	-	-	(216)	-	(216)
Convertible debentures:							
Extension fees settled in shares	794	-	-	-	794	-	794
Interest paid in shares	668	-	-	-	668	-	668
Balance – December 31, 2023	143,393	33,700	(12,451)	(174,469)	(9,827)	-	(9,827)
Balance – January 1, 2024	143,393	33,700	(12,451)	(174,469)	(9,827)	-	(9,827)
Net loss for the year	-	-	-	(5,220)	(5,220)	(68)	(5,288)
Total other comprehensive income	-	-	8,985	-	8,985	87	9,072
Total comprehensive income (loss)	-	-	8,985	(5,220)	3,765	19	3,784
Share options: Share-based compensation	-	109	-	-	109	-	109
Deferred and restricted share units:							
Shares issued on RSUs / DSUs exercise	261	(261)	-	-	-	-	-
Share-based compensation	-	1,105	-	-	1,105	-	1,105
Convertible debentures (Notes 7 and 10):							
Shares issued on restructuring	6,318	-	-	-	6,318	-	6,318
Value of conversion option	-	5,257	-	-	5,257	-	5,257
Non-controlling interest	-	-	-	-	-	(1,547)	(1,547)
Interest paid in shares	1,396	-	-	-	1,396	-	1,396
Private placements: Shares & warrants issued (N 10)	1,661	619	-	-	2,280	-	2,280
Shares issued to settle payables (Note 10)	573	-	-	-	573	-	573
Balance – December 31, 2024	**153,602**	**40,529**	**(3,466)**	**(179,689)**	**10,976**	**(1,528)**	**9,448**

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 OTC Pink Market (the "OTC") in the United States under the symbol EXNRF, and the Frankfurt Stock Exchange under the symbol E4X2. 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. The Company has also entered into an agreement to acquire the Mallay Property, which includes the past-producing Ag-Zn-Pb Mallay Mine and the Tres Cerros Exploration Property, located in Peru.

Excellon is domiciled in Canada and incorporated under the laws of the Province of Ontario. The address of its registered office is 3400 First Canadian Place, 100 King Street West, Toronto, M5X 1A4. These consolidated financial statements were approved by the Board of Directors on March 27, 2025.

2. BASIS OF PRESENTATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value. Selected comparative financial information has been reclassified to conform to the current year presentation. The accounting policies set out below were consistently applied to all periods presented.

The Company is subject to the risks of an exploration company. These risks include the challenges of securing adequate capital for exploration and development. As at December 31, 2024, the Company has no source of operating cash flows, incurred a net loss of $5,288 for the year ended December 31, 2024 (2023: net income of $6,534) and had current liabilities in excess of current assets of $3,864 (2023: $24,479). The Company’s ability to continue as a going concern is dependent upon its ability to raise additional capital to continue the exploration of its mining properties.

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 to 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.

These 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 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 consolidated financial statements. Such adjustments could be material.

3. USE OF ESTIMATES AND JUDGEMENTS

Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The preparation of the consolidated financial statements requires management to make estimates and judgements that may have a significant impact on the consolidated financial statements. Critical judgements exercised in applying accounting policies and key sources of estimation uncertainty that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- **Convertible debentures (Note 7)** – the Debenture Restructuring was accounted for as an extinguishment of the compound instrument and the recognition of the revised instrument at fair value, estimated using valuation techniques. The Company exercised judgement in determining the appropriate assumptions, as at the date of the restructuring, to value the revised debt.

- **Share capital and warrants (Note 10)** – the Company exercised judgement in determining the assumptions and valuation techniques used in valuing the private placement equity and warrants.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Consolidation

i. Subsidiaries – are entities controlled by the Company where control is achieved when the Company has the power to govern the financial and operating policies of the entity. The Company owns directly and indirectly 100% of all the subsidiaries, except for Saxony Silver Corp. (75% – Note 7). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

ii. Transactions eliminated on consolidation – intercompany transactions, balances, income and expenses are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions and translation

The Mexican peso ("MXN"), U.S. dollar ("USD"), Euro ("EUR") and the Canadian dollar ("CAD") are the functional currencies of subsidiaries of the Company, while the parent company has a CAD functional currency, and the consolidated financial statements of the Company are presented in USD.

i. Transactions and balances – foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Company's consolidated statements of comprehensive income.

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within other income (expense).

ii. Translation – the results and financial position of all the Company's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences have been recognized in other comprehensive income and accumulated as a separate component of equity.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and highly liquid short-term investments (including GICs) with a maturity date of three months or less when acquired. The cash equivalents held on December 31, 2024 are $1,255 (2023 – $432).

(d) Financial instruments

Financial assets
Routine purchases and sales of financial assets are recognized on the trade date, the date on which the Company commits to purchase or sell the asset. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

Subsequent measurement of debt instruments depends on the classification of financial assets determined at initial recognition. Classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company classifies and provides for financial assets as follows:

- Financial assets at fair value through profit or loss include principally the Company's cash and cash equivalents. A financial asset is classified in this category if it does not meet the criteria for amortized cost or fair value through other comprehensive income, or is a derivative instrument not designated for hedging. Gains and losses arising from changes in fair value are presented in the consolidated statements of comprehensive income in the period in which they arise.

- Financial assets at amortized cost are financial assets with the objective to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This includes the entities trade, and non-trade receivables. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated statements of comprehensive income and presented in other income (expense), together with foreign exchange gains and losses.

At each consolidated statement of financial position date, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. When sold or impaired, any accumulated fair value adjustments previously recognized are included in the consolidated statement of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

Financial liabilities that are not held for trading or designated as at fair value through profit or loss are measured at amortized cost using the effective interest method. Financial liabilities at amortized cost include trade payables, convertible debentures and the promissory note.

Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in the consolidated statements of comprehensive income within finance expenses.

Transaction costs associated with financial instruments carried at fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability. The amortization of debt issue costs is calculated using the effective interest method.

(e) Exploration and evaluation expenditures

Acquisitions of mineral rights are capitalized. Subsequent exploration and evaluation costs related to an area of interest are expensed as incurred on a project-by-project basis. When a licence is relinquished or a project is abandoned, the related costs are immediately recognized in the consolidated statements of comprehensive income.

Exploration properties that contain estimated proven and probable mineral reserves, but for which a development decision has not yet been made, are subject to periodic review for impairment when events or changes in circumstances indicate the project's carrying value may not be recoverable. At present, the Company does not hold an interest in any properties with mineral reserves.

Exploration and evaluation assets are reclassified to mining properties – mines under construction when the technical feasibility and commercial viability of extracting the mineral resources or mineral reserves are demonstrable and construction has commenced or a decision to construct has been made. Exploration and evaluation assets are assessed for impairment before reclassification to mines under construction, and the impairment loss, if any, is recognized in the consolidated statements of comprehensive income.

(f) Mineral rights

Mineral rights are carried at cost and amortized using a units-of-production method based on the resources that exist in the location that has access to such rights. Methods of amortization and estimated useful lives are reassessed annually and any change in estimate is taken into account in the determination of future amortization charges.

(g) Impairment

i. Financial assets – a financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

ii. Non-financial assets – the carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of the value-in-use and fair value less costs of disposal.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into cash-generating units ("CGUs"), the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or the CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statements of comprehensive income. Impairment losses recognized in respect of the CGU are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statements of comprehensive income.

(h) Current and deferred income tax

The tax expense for the year is comprised of current and deferred tax. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws substantively enacted at the consolidated statement of financial position date in the countries where the Company's entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, the Company establishes provisions expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except in the case of a subsidiary where timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined on a non-discount basis using tax rates (and laws) that have been substantively enacted by the consolidated statement of financial position dates and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In assessing the need to recognize a deferred tax asset, management considers all available evidence including past operating results, estimates of future taxable income and the feasibility of ongoing tax planning strategies.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Share-based payments

i. Share option plan – employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

   In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

ii. Equity-settled transactions – the costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted using the Black-Scholes option-pricing model.

   The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period, and the corresponding amount is represented in contributed surplus. No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

A Deferred Share Unit ("DSU") Plan was established for directors of the Company. The cost of the DSUs is measured initially at fair value based on the closing price of the common shares preceding the day the DSUs are granted. The Company has the option of settling the DSUs in cash or common shares either from treasury or from market purchases. The Company has the intent to always settle the DSUs in shares; therefore, the expense is recorded in the consolidated statements of comprehensive income as share-based payments and credited to equity under contributed surplus.

A Restricted Share Unit ("RSU") Plan was established for directors, certain employees and eligible contractors of the Company. The cost of the RSUs is measured initially at fair value on the authorization date based on the market price of the common shares preceding the day the RSUs are authorized by the Board of Directors. The Company has the option of settling the RSUs in cash or common shares either from treasury or from market purchases. The Company has the intent to always settle the RSUs in shares; therefore, the expense is recorded in the consolidated statements of comprehensive income in share-based payments and credited to equity under contributed surplus.

(j) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to equity owners by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. Excellon's potentially dilutive common shares comprise stock options, RSUs, DSUs, convertible debentures and warrants.

(k) Segment reporting

The Company has a single reportable segment as presented in these consolidated financial statements.

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

5. OTHER ASSETS

	2024 $	2023 $
CURRENT		
Prepaid expenses, deposits and bonds	189	303
Marketable securities and warrants (1)	13	53
Other	22	60
	224	**416**
NON-CURRENT		
Upfront funding and deferred transactions costs (2)	1,332	-
Other	-	41
	1,332	**41**

(1) Marketable securities and warrants are measured at fair value with changes recorded in other (expense) income. In 2023, the Company sold a royalty on the Beartrack-Arnett Project to Revival Gold Inc. for cash consideration of C$75 and 200,000 shares. In 2024, the Company sold 133,333 shares for proceeds of $28.

(2) On October 31, 2024, the Company announced entering into an agreement to acquire the Mallay Property (Note 19). In accordance with the agreement, the Company advanced upfront funding of $1,100 to the seller to fund expenses pursuant to the realization proceedings. This upfront funding is expected to be capitalized as part of the consideration for the Mallay Property on closing of the transaction. The Company expects to account for the transaction as an asset acquisition and hence will also capitalize transaction costs ($232) on closing of the transaction.

6. 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**
Year ended December 31, 2024				
Opening net book value	1,609	13,750	-	15,359
Exchange differences	(129)	-	-	(129)
Closing net book value	**1,480**	**13,750**	**-**	**15,230**

(1) In 2023, the Company exercised an option to acquire a 100% interest in the Bräunsdorf exploration licence of the Silver City Project in Saxony, Germany from Globex Mining Enterprises Inc. ("Globex"). Globex was granted

a gross metals royalty of 3% for precious metals and 2.5% for other metals, both of which may be reduced by 1% upon a payment of $1,500. Additional one-time payments of C$300 and C$700 are to be made by the Company following any future announcement of a maiden mineral resource estimate on the property and upon the achievement of commercial production from the project, respectively.

The Frauenstein, Mohorn and Oederan exploration licences were granted to the Company following applications to the Sächsisches Oberbergamt (Saxon Mining Authority) in 2021, increasing the Silver City ground position by 17,600 hectares. In 2023, the Frauenstein, Mohorn and Oederan exploration licences were extended to March 2027.

(2) In 2024, and as part of the Debenture Restructuring (Note 7), 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 at Kilgore ("Kilgore CVR"), and a 2% NSR royalty on the unpatented claims comprising the Kilgore Project ("Kilgore NSR"), to the Debentureholders in partial consideration for the cancellation of C$10.41 million aggregate principal amount of the original convertible debentures.

(3) In 2023, the Company sold its remaining minority interest in the Oakley Project to Centerra (U.S.) Inc. for $1,000 in cash. The Company recorded an impairment of $4,195 on the disposal of the Oakley Project.

7. CONVERTIBLE DEBENTURES

2023

In 2023, the Company completed the previously announced binding agreement with the holders of more than $66^{2/3}$% of the convertible debentures ("Debentureholders") to extend the maturity date of the convertible debentures by 367 days from July 30, 2023 to July 31, 2024 (the "Extension"). In consideration for the Extension, the Company agreed to a fee equal to 6% of the aggregate C$17.91 million principal amount of the convertible debentures payable in common shares of the Company priced at C$0.156 per common share (the "Extension Fee").

The Extension was accounted for as an extinguishment of the original compound instrument and the recognition of the revised instrument at fair value, which resulted in a gain of $3,718 recorded in other income. The equity component of the revised instrument had a nominal value at the unchanged conversion price of $5.20 per common share, while the debt component was recorded at amortized cost and was being accreted to the principal amount over the extended term of the convertible debentures. The Extension Fee was expensed. In 2022, the Company received approval from the Debentureholders to transfer the security under the convertible debentures from the Company's Mexican assets to its Kilgore assets in Idaho.

2024

On March 28, 2024, the Company closed the previously announced binding term sheet with the 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"). 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"), Kilgore CVR, Kilgore NSR and a 25% interest in Saxony Silver Corp., which owns the Silver City mineral rights (Note 6) (the "Saxony Shares").

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

The Debenture Restructuring was accounted for as an extinguishment of the original convertible debenture ($11,880 or C$16,086), and the recognition of a revised convertible debenture ($7,921 or C$10,725), non-controlling interest related to the Saxony Shares ($1,547 or C$2,094 **–** debit) and the issuance of the Share Consideration ($6,318 or C$8,555), which resulted in a loss on restructuring ($812 or 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 Kilgore CVR and Kilgore NSR are contingent on future transactions and hence do not meet the IFRS criteria for recognition at this time (Note 6).

	$ 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 on Extension	(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**
Year ended December 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 convertible debentures on restructuring	16,086	11,880
Fair value of consideration recognized on closing	(17,186)	(12,692)
Loss on restructuring (Note 12)	(1,100)	(812)
Fair value of the new debt component	3,607	2,664
Interest expense – post-restructuring	1,637	1,181
Value of shares issued to settle interest payable – post-restructuring	(570)	(405)
Exchange differences	-	(190)
Closing balance	**4,674**	**3,250**

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

8. PROMISSORY NOTE

In connection with the announced agreement to acquire the shares of Minera CRC S.A.C., which holds a 100% interest in the Mallay Property, including the past-producing Mallay Silver Mine and the Tres Cerros Exploration Property in Peru (the "Mallay Acquisition") (Notes 1 and 19), the Company entered into a non-brokered private placement offering of up to 19,500,000 units of the Company at a price of $0.105 per unit for aggregate gross proceeds of up to C$2,048 (Note 10), and a non-brokered private placement offering of $1,250 aggregate principal amount of an unsecured non-convertible promissory note of the Company.

The promissory note is due May 1, 2026, bears interest at 10% per annum payable on maturity and, at the election of the holder, may be applied as a prepayment against a portion of the purchase price payable by the holder to exercise its Back In Right pursuant to an agreement (the "Back In Right Agreement") to be entered into in connection with the Mallay Acquisition (the "Tres Cerros Prepayment Election"). If the Mallay Acquisition is not completed prior to the outside date (April 29, 2025), the promissory note and any accrued interest are repayable within 30 days of the outside date, hence the current classification of the promissory note. The Company may elect, at any time, to prepay in cash any or all of the principal amount plus any accrued interest.

The promissory note was recorded at fair value of $1,250 as it is repayable within 30 days if the Mallay Acquisition is not completed prior to the outside date. In Q4 2024, the Company recorded interest expense of $22 on the promissory note (Note 13).

9. DECONSOLIDATION OF MEXICAN SUBSIDIARIES

A Mexican former subsidiary of the Company, San Pedro Resources S.A. de C.V. ("San Pedro"), was party to an action by a claimant in respect of damages under a property agreement regarding the La Antigua mineral concession. Following the full and final dismissal of San Pedro's appeal of the $22,175 award to a Mexican plaintiff, and the processing of the last ore from the Platosa Mine in Q4 2022, San Pedro voluntarily filed a petition for insolvency with the Mexican Bankruptcy Court. In 2023, the Court-appointed auditor completed its review of San Pedro's petition and confirmed San Pedro's insolvency. As a result of the loss of control, the assets and liabilities of San Pedro were deconsolidated from the consolidated financial statements of the Company in 2023. The gain on deconsolidation of San Pedro ($24,255) reflected the provision for litigation ($22,303), payables and accruals ($1,034), post-retirement provision ($193) and rehabilitation provision ($725). In accordance with IFRS requirements for the deconsolidation of a foreign subsidiary, the Company also recognized a non-cash loss of $6,923 on the reclassification of currency translation adjustment from accumulated other comprehensive income to net income before income taxes. In 2023, the Company also recorded an impairment of Mexican VAT credits of $1,323.

In 2024, Minera Excellon de México, S.A. de C.V. ("MEM"), a subsidiary of the Company, voluntarily filed a petition for insolvency with the Mexican Bankruptcy Court. MEM holds the Platosa Mine, which ceased operations in late 2022. In Q2 2024, the Court-appointed auditor completed its review of MEM's petition and confirmed MEM's insolvency. As a result of the loss of control, the assets and liabilities of MEM, and its subsidiary Excellon Servicios, S.A. de C.V., were deconsolidated from the consolidated financial statements of the Company in 2024. The gain on deconsolidation of MEM ($8,288) reflected payables and accruals ($5,290), other assets ($71), other VAT liabilities ($1,658), rehabilitation ($719) and post-retirement ($692) provisions. In accordance with IFRS requirements for the deconsolidation of a foreign subsidiary, the Company also recognized a non-cash loss of $7,622 on the reclassification of currency translation adjustment from accumulated other comprehensive income to net income before income taxes.

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

10. 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
Convertible debenture extension fees settled in shares	6,888	794
Shares issued to settle interest on convertible debentures	3,553	668
Balance at December 31, 2023	**49,136**	**143,393**
Year ended December 31, 2024		
Opening balance	49,136	143,393
Shares issued to settle interest on debentures – H2 2023 (Note 7)	8,591	673
Shares issued on exercise of RSUs and DSUs	2,500	261
Shares issued to settle interest on debentures – 2024 (Note 7)	8,047	723
Shares issued on Debenture Restructuring (Note 7)	38,889	6,318
Shares issued in private placements (1) (2)	26,857	1,661
Shares issued to settle payables (3)	7,621	573
Balance at December 31, 2024	**141,641**	**153,602**

(1) On April 12 and May 9, 2024, the Company closed a previously announced non-brokered private placement offering of 7,356,632 units at a price of C$0.18 per unit for aggregate gross proceeds of C$1,320. Each unit comprised one common share and one common share purchase warrant of the Company. Each warrant entitles the holder 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. The Company paid finder's fees in the amount of C$42 and issued a total of 237,210 finder's warrants. The net proceeds of C$1,168 ($855) after transaction costs, were allocated proportionally between the fair values of the Common Shares ($541) and the Warrants ($314). The fair value of the Warrants was calculated based on a Black-Scholes model, which uses quoted observable inputs including the stock price ($0.23), exercise price ($0.27), expected volatility (115%), risk-free interest rate (4.1%), expected dividend yield (0%), and the expected term (2 years) of the Warrants.

(2) On December 3, 2024, and in connection with the Mallay Acquisition (Notes 1 and 19), the Company closed previously announced agreements with respect to a non-brokered private placement offering of 19,500,000 units of the Company at a price of $0.105 per unit for aggregate gross proceeds of C$2,048, and a non-brokered private placement offering of $1,250 of a unsecured non-convertible promissory note of the Company (Note 8). Each unit comprised one common share and one-half common share purchase warrant of the Company. Each warrant entitles the holder to acquire one Common Share at a price of C$0.15 per Common Share for a period of 24 months from the closing date. The net proceeds of C$2,026 ($1,425) after transaction costs, were allocated proportionally between the fair values of the Common Shares ($1,120) and the Warrants ($305). The fair value of the Warrants was calculated based on a Black-Scholes model, which uses quoted observable inputs including the stock price ($0.10), exercise price ($0.15), expected volatility (122%), risk-free interest rate (3%), expected dividend yield (0%), and the expected term (2 years) of the Warrants.

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

(3) In 2024, the Company issued 7.6 million Common Shares as part of the settlement of $0.9 million (C$1.3 million) in payables resulting in a gain on settlement of $282 recorded in other expense (Note 12).

The outstanding number and weighted average exercise prices of equity-settled Stock Options, Warrants, DSUs and RSUs are as follows:

	Options		**Warrants**			
	Options Outstanding	**Weighted Average Exercise Price (CAD)**	**Warrants Outstanding**	**Weighted Average Exercise Price (CAD)**	**RSUs Outstanding**	**DSUs Outstanding**
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	-	-	-	-	(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	2,550,000	0.10	17,343,842	0.20	3,412,169	5,140,011
Exercised/settled	-	-	-	-	(2,500,202)	-
Expired	(176,807)	3.47	-	-	(4,800)	-
Outstanding at December 31, 2024	3,154,500	0.23	17,343,842	0.20	1,311,834	5,540,884
Exercisable at December 31, 2024	1,879,500	0.33	17,343,842	0.20	637,000	5,540,884

The Company issued the following warrants as part of the private placements in 2024:

- 7,593,842 warrants with an exercise price of C$0.27 and an expiry of April 12 or May 9, 2026, and
- 9,750,000 warrants with an exercise price of C$0.15 and an expiry of December 3, 2026.

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	2.02	1,275,000	0.10
$0.50 to $0.99	567,000	0.53	567,000	0.58
$1.00 to $4.50	37,500	0.92	37,500	4.13
	3,154,500	**1.74**	**1,879,500**	**0.23**

The grant date fair values of the options were measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the option fair values at grant date were the following:

	2024	**2023**
Fair value at grant date (CAD)	$0.06	$0.23
Share price at grant date (CAD)	$0.10	$0.39
Exercise price (CAD)	$0.10	$0.39

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

	2024	2023
Risk-free interest rate	3.43%	3.79%
Expected life of options in years	3.00	3.00
Expected volatility	101.46%	88.82%
Expected dividend yield	0.00%	0.00%

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 (reversal) comprises the following:

	2024	2023
	$	$
Stock options	109	36
RSUs	582	(216)
DSUs	214	-
	905	**(180)**

11. (LOSS) INCOME PER SHARE

	2024	2023
Net (loss) income for the year – attributable to shareholders	$ (5,220)	$ 6,534
Weighted average number of shares outstanding – basic	100,507,973	42,079,599
Effect of dilutive RSUs and DSUs	6,852,718	805,540
Weighted average number of shares outstanding – dilutive	107,360,691	42,885,139
Net (loss) income per share – basic	$ (0.05)	$ 0.16
Net (loss) income per share – diluted	$ (0.05)	$ 0.15

When calculating earnings per share, the calculation of diluted earnings per share excludes any incremental shares or earnings from the assumed conversion of stock options, RSUs, DSUs, convertible debentures and warrants if they would be anti-dilutive.

12. EXPENSES BY NATURE

(a) Administrative expenses consist of the following:

	2024	2023
	$	$
Office, insurance and overhead expenses	252	1,114
Salaries, consultant, director and professional fees	698	1,045
Corporate development and legal expenses	563	1,308
Public company costs	94	193
Administrative expenses	**1,607**	**3,660**

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

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

	2024	2023
	$	$
Loss (gain) on Debenture Restructuring (Extension) (Note 7)	812	(3,718)
Unrealized foreign exchange loss (gain)	206	(1,349)
Realized foreign exchange gain	(11)	(33)
Interest and other income	(32)	(11)
Fair value loss on marketable securities and warrants	9	29
Gain on settlement of payables (Note 10)	(282)	-
Convertible debenture extension fee paid in shares (Note 7)	-	813
Gain on sale of NSR royalty	-	(111)
Rehabilitation provision – change in estimate	-	(62)
Insurance cancelled	-	(124)
Other	(24)	91
Other expense (income)	**678**	**(4,475)**

13. FINANCE EXPENSES

Finance expenses consist of the following:

	2024	2023
	$	$
Interest expense – convertible debentures (Note 7)	2,386	4,692
Interest expense – promissory note (Note 8)	22	-
Other interest expense and accretion on provisions	35	72
Finance expenses	**2,443**	**4,764**

14. INCOME TAXES

The Company's provision for income tax differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to the (loss) income before income tax as a result of the following:

	2024	2023
	$	$
Statutory tax rates	**26.5%**	**26.5%**
Income tax (recovery) expense computed at the statutory rates	(1,401)	1,535
Gain on deconsolidation of Mexican Subsidiaries	(2,196)	(6,428)
Reversal of deferred tax liability	-	(743)
Change in tax benefit not recognized	3,597	4,893
Income tax recovery	**-**	**(743)**

The tax provision calculation applies enacted or substantively enacted tax rates of 26.5% in Canada and 30% in Mexico.

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

Income tax recovery consists of the following:

	2024 $	2023 $
Current income taxes	-	-
Deferred income taxes	-	(743)
	-	**(743)**

15. KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

Remuneration to directors and key management who have the authority and responsibility for planning, directing and continuing the activities of the Company:

	2024 $	2023 $
Salaries, fees and benefits	326	720
Director's fees – settled in DSUs	170	203
Share-based compensation	278	(86)
	774	**837**

The Company had amounts owing to management and directors of $144 at December 31, 2024 (2023: $309). Management and directors settled the 2023 amounts through the issuance of RSUs and DSUs in 2024.

In Q4 2024, the Company received a bridge loan of $100 from a director in connection with the Mallay Acquisition. $38 was repaid in cash in Q4 2024 (including interest of $1), and $62 (in payables and accruals) was settled through the issuance of Common Shares in Q1 2025.

16. LEGAL PROCEEDINGS

The Company is involved in legal proceedings and business disputes from time to time arising from the normal course of business. Management, after consultation with legal counsel, believes that the outcome of these proceedings will not have a material impact on the Company's consolidated financial position, results of operations or liquidity.

17. 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 value or amortized cost. At December 31, 2024, the carrying amounts of payables and accruals, VAT recoverable and liabilities, the promissory note 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	2024 $	2023 $
Financial assets			
Fair value through profit and loss			
Marketable securities	Level 1	13	52
Warrants	Level 2	-	1
		13	53

There were no transfers between Levels 1 or 2 during the year ended December 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.

Risk management policies and hedging activities

The Company is sensitive to changes in foreign exchange rates. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company addresses its exposures through the use of options, futures, forwards and derivative contracts where appropriate.

Credit risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes the credit risk on cash and cash equivalents is low since the Company's cash and cash equivalents are held at large international financial institutions with strong credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to determine the funds required to meet its operating and growth objectives. To the extent that the Company may foresee insufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

Currency risk

The MXN, USD, EUR and CAD are the functional currencies of subsidiaries of the Company, while the parent company has a CAD functional currency. As a result, currency exposures arise from transactions and balances in currencies other than the functional currencies.

Translational exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of an operation are periodically revalued to the functional currency equivalents as at that date, and the associated unrealized gain or loss is recorded in the consolidated statements of comprehensive income to reflect this risk.

Interest rate risk

Cash and cash equivalents earn interest at floating rates dependent upon market conditions.

18. CAPITAL MANAGEMENT

The Company's objectives of capital management are intended to safeguard the entity's ability to continue as a going concern (Note 2) and to continue the exploration and development of its mineral properties.

The capital of the Company consists of the elements within shareholders' equity (deficit). Risk and capital management are monitored by the Board of Directors. The Company manages the capital structure and makes adjustments depending on economic conditions. Funds have been primarily secured through issuances of equity capital. The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, all held with major financial institutions. Significant risks are monitored, and actions are taken, when necessary, according to the Company's approved policies.

19. SUBSEQUENT EVENTS

On October 31, 2024, the Company announced entering into an agreement to acquire the shares of Minera CRC S.A.C., which holds a 100% interest in the Mallay Property, including the past-producing Mallay Silver Mine and the Tres Cerros Exploration Property, in Peru. In connection with the Mallay Acquisition, the Company also announced non-brokered private placements of units and notes for aggregate gross proceeds of up to C$3.8 million (US$2.725 million) (the "Concurrent Financings") (Note 10).

On March 12, 2025, the Company announced that Adar Mining Corp. ("Adar") and Premier Silver Corp. entered into a definitive agreement, which provides Excellon with a court-supervised path to ownership of the Mallay Property. As part of the settlement agreement, Premier Silver Corp. will receive C$400 in Excellon shares, priced at the value of Excellon shares based on a five-day volume-weighted average price ("VWAP"), on the close of the acquisition.

In addition, Excellon and Adar have amended the Acquisition Agreement announced October 31, 2024, to provide for (i) an increase of the upfront cash payments payable to Adar to US$1.565 million (from US$1.25 million), with any portion of such upfront payments that is not spent by Adar prior to closing of the Mallay Acquisition continuing to remain with Minera CRC S.A.C.; (ii) an increase of the termination fee payable by Adar to Excellon to US$3.1 million (from US$2.5 million) in the event that Excellon does not acquire the shares of Minera CRC S.A.C. in the bankruptcy proceedings and Adar receives repayment of indebtedness owed to Adar by the parent company of Minera CRC S.A.C.; and (iii) an extension of the outside date to complete the Mallay Acquisition to April 29, 2025, which may be extended by 30 days up to four additional times through Excellon making a cash payment in the amount of US$250 to Adar for each such 30-day extension.