



Excellon Resources Inc.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024
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 "Group"], which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive (loss) income, consolidated statement of changes in equity and consolidated statement of cash flows 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 Group as at December 31, 2025 and 2024, 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 Group 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 does not currently have a source of operating cash flows and incurred a net loss of \$4,292 thousand for the year ended December 31, 2025, and had current liabilities in excess of current assets of \$5 thousand as at December 31, 2025. The Company's ability to continue as a going concern is dependent on its ability to obtain the necessary capital, either through external financing sources or through cash flows generated from the restart of the Mallay Mine and the ramp-up of production, in order to fund its working capital requirements, advance its projects and meet its ongoing corporate overhead costs. 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 the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each 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
Acquisition of Minera CRC S.A.C [“Minera CRC”]	
<p>On June 23, 2025, the Group completed the acquisition of Minera CRC, a Peruvian company that holds 100% interest in the Mallay and Tres Cerros mines, for a total consideration of \$6,132 thousand, as disclosed in Note 5 of the consolidated financial statements. The transaction was accounted for as an asset acquisition.</p> <p>Auditing the asset acquisition was complex due to the subjective nature in determining the accounting treatment of this acquisition, and required the application of significant auditor judgment in assessing the fair value of the consideration paid and management’s allocation of the purchase consideration to the relative fair value of assets acquired and liabilities assumed.</p>	<p>To test the Group’s accounting for the acquisition of Minera CRC, we performed the following procedures, among others:</p> <ul style="list-style-type: none">• Read the executed purchase agreements related to the acquisition to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations;• Evaluated the Group’s determination that the acquisition represented an asset acquisition;• Involved our valuation and mining specialists to assist in evaluating the fair value of the exploration asset acquired by comparing implied valuation multiples to those observed in comparable transactions;• Assessed the allocation of the purchase consideration to the relative fair value of assets acquired and liabilities assumed;• Tested the consideration paid including assessing the fair value of common shares issued by comparing the share price used to an independent source; and• Assessed the adequacy of the Group’s disclosure included in note 5 of 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group’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 Group 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 Group 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 Omar Salas.

Ernst & Young LLP

Toronto, Canada
April 28, 2026

Chartered Professional Accountants
Licensed Public Accountants



Excellon Resources Inc.

Consolidated Statements of Financial Position

As at December 31, 2025 and 2024

(in thousands of U.S. dollars)

	<i>Notes</i>	2025	2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		7,161	1,362
VAT recoverable	5	3,263	240
Other assets	8	257	224
		10,681	1,826
Non-current assets			
Mineral rights	5, 6	19,557	15,230
Property, plant and equipment	5, 7	5,638	-
Restricted cash	5	5,730	-
Other assets	8	-	1,332
Total assets		41,606	18,388
Liabilities			
Current liabilities			
Payables and accruals		4,890	3,450
Other VAT liabilities		1,117	990
Promissory note	10	1,250	1,250
Convertible debentures	9	3,429	-
		10,686	5,690
Non-current liabilities			
Provision for rehabilitation	5	5,734	-
Convertible debentures	9	-	3,250
Total liabilities		16,420	8,940
Shareholders' equity			
Share capital	12	173,794	153,602
Contributed surplus	12	40,653	40,529
Accumulated other comprehensive loss		(3,669)	(3,466)
Deficit		(184,051)	(179,689)
		26,727	10,976
Non-controlling interest	6	(1,541)	(1,528)
Total equity		25,186	9,448
Total liabilities and equity		41,606	18,388

Basis of presentation and going concern (Note 2)

Approved by the Board

Director

"Laurence Curtis"

Director

"Craig Lindsay"

Excellon Resources Inc.

Consolidated Statements of Comprehensive (Loss) Income

For the years ended December 31, 2025 and 2024

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

	<i>Notes</i>	2025	2024
		\$	\$
Administrative expenses	14	(2,188)	(1,607)
Share-based payment expenses	12	(717)	(905)
Amortization		-	(40)
General and administrative expenses		(2,905)	(2,552)
Gain on deconsolidation of Mexican subsidiaries	11	-	8,288
Reclassification of currency translation adjustments	11	-	(7,622)
Exploration and holding expenses		(360)	(281)
Other income (expense)	14	626	(678)
Finance expenses	15	(1,653)	(2,443)
Loss before income taxes		(4,292)	(5,288)
Income tax	16	-	-
Net loss		(4,292)	(5,288)
Attributable to:			
Shareholders of the Company		(4,362)	(5,220)
Non-controlling interest		70	(68)
Net loss		(4,292)	(5,288)
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences		(286)	1,450
Reclassification of currency translation adjustments	11	-	7,622
Total other comprehensive (loss) income		(286)	9,072
Total comprehensive (loss) income		(4,578)	3,784
Attributable to:			
Shareholders of the Company		(4,565)	3,765
Non-controlling interest		(13)	19
Total comprehensive (loss) income		(4,578)	3,784
Net loss per share			
Basic and diluted	13	(\$0.02)	(\$0.05)

Excellon Resources Inc.

Consolidated Statements of Cash Flow

For the years ended December 31, 2025 and 2024

(in thousands of U.S. dollars)

	2025	2024
	\$	\$
Cash flow generated by (used in)		
Operating activities		
Net loss for the year	(4,292)	(5,288)
Adjustments for non-cash items:		
Finance expenses	1,653	2,443
Share-based payment expense	717	905
Loss (gain) on settlement of payables	18	(282)
Fair value (gain) loss on marketable securities	(4)	9
Gain on deconsolidation of Mexican subsidiaries	-	(8,288)
Reclassification of currency translation adjustments	-	7,622
Amortization	-	40
Loss on Debenture Restructuring	-	812
Other income and foreign exchange (gains) and losses	(22)	206
Operating cash flows before changes in working capital	(1,930)	(1,821)
Changes in non-cash working capital		
VAT recoverable	(399)	(123)
Other current assets	1,053	15
Payables and accruals	(776)	1,027
Other VAT liabilities	-	155
Net cash used in operating activities	(2,052)	(747)
Investing activities		
Upfront funding and transaction costs related to Mallay	(1,942)	(1,332)
Cash invested in Mallay mining properties and mineral rights	(5,190)	-
Cash acquired on acquisition of Minera CRC	22	-
Convertible debenture interest paid in cash	(135)	-
Interest received	107	8
Proceeds from sale of marketable securities	11	28
Net cash used in investing activities	(7,127)	(1,296)
Financing activities		
Net proceeds from private placements	13,119	2,280
Proceeds from exercise of warrants	1,888	-
Proceeds from promissory note	-	1,250
Net cash generated by financing activities	15,007	3,530
Effect of exchange rate changes on cash and cash equivalents	(29)	(816)
Change in cash and cash equivalents	5,799	671
Cash and cash equivalents – beginning of year	1,362	691
Cash and cash equivalents – end of year	7,161	1,362

Excellon Resources Inc.

Consolidated Statements of Changes in Equity For the years ended December 31, 2025 and 2024 (in thousands of U.S. dollars)

<i>Notes</i>	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Attributable to Shareholders of the Company \$	Non- controlling interest \$	Total (deficit) equity \$
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
RSU: Shares issued on exercise	261	(261)	-	-	-	-	-
RSU/DSU: Share-based compensation	-	1,105	-	-	1,105	-	1,105
Convertible debentures: Shares issued on restructuring ⁹	6,318	-	-	-	6,318	-	6,318
Convertible debentures: Value of conversion option ⁹	-	5,257	-	-	5,257	-	5,257
Convertible debentures: Non-controlling interest ⁹	-	-	-	-	-	(1,547)	(1,547)
Convertible debentures: Interest paid in shares ⁹	1,396	-	-	-	1,396	-	1,396
Private placements: Shares and warrants issued ¹²	1,661	619	-	-	2,280	-	2,280
Shares issued to settle payables	573	-	-	-	573	-	573
Balance – December 31, 2024	153,602	40,529	(3,466)	(179,689)	10,976	(1,528)	9,448
Balance – January 1, 2025	153,602	40,529	(3,466)	(179,689)	10,976	(1,528)	9,448
Net (loss) income for the year	-	-	-	(4,362)	(4,362)	70	(4,292)
Total other comprehensive loss	-	-	(203)	-	(203)	(83)	(286)
Total comprehensive loss	-	-	(203)	(4,362)	(4,565)	(13)	(4,578)
Share-based compensation	-	717	-	-	717	-	717
RSU: Shares issued on exercise	130	(130)	-	-	-	-	-
Convertible debentures: Shares issued on conversion ⁹	939	-	-	-	939	-	939
Convertible debentures: Conversion option reversed ⁹	1,232	(1,232)	-	-	-	-	-
Convertible debentures: Interest paid in shares ⁹	272	-	-	-	272	-	272
Warrants: Shares issued on exercise ¹²	2,489	(661)	-	-	1,828	-	1,828
Asset acquisition: Value of shares issued ⁵	2,858	-	-	-	2,858	-	2,858
Private placements: Shares and warrants issued ¹²	11,689	1,430	-	-	13,119	-	13,119
Shares issued to settle payables	583	-	-	-	583	-	583
Balance – December 31, 2025	173,794	40,653	(3,669)	(184,051)	26,727	(1,541)	25,186

Excellon Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(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 Venture Stock Exchange (the "TSXV") under the symbol EXN, the OTC Market (the "OTC") in the United States under the symbol EXNRF, and the Frankfurt Stock Exchange under the symbol E4X2. The Company is focused on the potential restart of the Mallay Silver Mine in Peru. The Company also holds a portfolio of exploration-stage projects, including the Tres Cerros Gold/Silver Exploration Property in Peru; Kilgore, an advanced gold exploration project in Idaho; and Silver City, a high-grade epithermal silver district in Saxony, Germany, providing additional growth upside.

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 April 28, 2026.

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 and development stage mining company. These risks include the challenges of securing adequate capital for exploration and development activities, the operational risks inherent in the mining industry, and the impact of global economic conditions and metal price volatility. The Company does not currently have a source of operating cash flows and incurred a net loss of \$4,292 for the year ended December 31, 2025 (2024: \$5,288), and had current liabilities in excess of current assets of \$5 as at December 31, 2025 (2024: \$3,864). The Company's ability to continue as a going concern is dependent on its ability to obtain the necessary capital, either through external financing sources or through cash flows generated from the restart of the Mallay Mine and the ramp-up of production, in order to fund its working capital requirements, advance its projects and meet its ongoing corporate overhead costs.

These conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. 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.

Excellon Resources Inc.

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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:

- **Acquisition of Minera CRC (Note 5)** – the Acquisition of Minera CRC was accounted for as an asset acquisition. The Company exercised significant judgement to determine that this accounting treatment was appropriate, including the determination that the acquiree was not a business under IFRS 3, Business Combinations, because it did not have significant inputs, substantive processes and outputs that together constitute a business. The Company exercised significant judgement and estimates allocating the consideration paid to the assets acquired and liabilities assumed.
- **Provision for rehabilitation (Note 5)** - the Company records any rehabilitation obligations as a liability in the period in which the related environmental disturbance occurs, based on the present value of the estimated future costs. This obligation is adjusted at the end of each reporting period to reflect the passage of time and changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows, inflation rates and discount rates.
- **Share capital and warrants (Note 12)** – 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 6). 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 Peruvian Sol ("PEN"), 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.

Excellon Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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

- 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 (loss) income.

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive (loss) 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 (loss) 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, and restricted cash

Cash and cash equivalents consist of cash on hand, bank deposits and highly liquid short-term investments with a maturity date of three months or less when acquired. The cash equivalents held on December 31, 2025, are \$nil (2024 – \$1,255). Restricted cash relates to closure bonds required by the Peruvian Ministry of Energy and Mines in connection with Mallay Mine.

(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 (loss) 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 (loss) income in the period in which they arise.

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For the years ended December 31, 2025 and 2024

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- 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 (loss) 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 (loss) 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 (loss) 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 (loss) 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

Excellon Resources Inc.

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For the years ended December 31, 2025 and 2024

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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 (loss) 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) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization and any impairment charges. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets (major components) of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statements of comprehensive (loss) income as incurred.

Amortization is recorded over the useful life of the asset, or over the remaining life of the mine, if shorter, as follows:

- Mining properties – on a units-of-production basis;
- Machinery and equipment – 3-10 years on a straight-line basis;
- Buildings – 20 years on a straight-line basis; and
- Processing equipment – 4-8 years on a straight-line basis.

Amortization charges on a unit-of-production basis are based on measured and indicated mineral resources.

The method of amortization, estimates of residual values and useful lives are reassessed at least at each financial year-end, and any change in estimate is taken into account in the determination of future amortization charges.

(h) Development expenditures

Development expenditures incurred by or on behalf of the Company are accumulated separately for each property in which an indicated resource has been identified. Such expenditures comprise costs directly attributable to the construction or restart of a mine and the related infrastructure.

General and administrative costs are allocated to a development asset only to the extent that those costs can be related directly to development activities in the relevant area of interest. Once a development decision has been taken, the development expenditure is classified under property, plant and equipment as development properties. A development property is reclassified as a mining property at the end of the commissioning

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phase, when the mine is capable of operating in the manner intended by management. No amortization is recognized in respect of development properties until they are reclassified as mining properties. Each development property is tested for impairment in accordance with the Company's impairment policy.

(i) Mining properties

When further development expenditures are incurred in respect of a mining property after the commencement of production, such expenditures are carried forward as part of the mining property when it is probable that additional future economic benefits associated with the expenditure will flow to the consolidated entity. Otherwise, such expenditures are classified as a cost of production.

Amortization is charged using the units-of-production method. The units-of-production basis results in an amortization charge proportional to the depletion of measured and indicated resources. Mine properties are tested for impairment in accordance with the Company's impairment policy.

(j) Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation, to the extent those risks are not reflected in the estimated cash flows. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining asset.

The periodic unwinding of the discount applied in establishing the net present value of provisions due to the passage of time is recognized in the consolidated statements of comprehensive (loss) income as a finance cost. Changes in the rehabilitation estimate attributable to development will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

(k) 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

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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 (loss) 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 (loss) income.

(I) 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 (loss) 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.

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(m) 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.

(n) 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.

(o) Segment reporting

The Company has one reportable segment – Peru. The Peruvian operation is principally engaged in the exploration, evaluation and development of mineral properties. The segment is reviewed by the CEO, who is considered to be the chief operating decision maker.

(p) Asset acquisitions

Where the Company acquires control of an entity whose underlying activities do not constitute a business under IFRS 3, Business Combinations, the acquisition is accounted for as an asset acquisition. The Company identifies and recognizes the individual identifiable assets acquired and liabilities assumed. Identifiable

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assets and liabilities that are required to be measured at an amount other than cost by another IFRS Standard, are measured in accordance with that Standard. The remaining purchase consideration is allocated to the other identifiable assets and liabilities based on their relative fair values at the acquisition date. Contingent consideration that is dependent on the Company's future activity is excluded from the initial measurement of consideration paid.

5. ACQUISITION OF MINERA CRC

On June 23, 2025, the Company completed the acquisition of Minera CRC S.A.C. ("Minera CRC"), a Peruvian company that holds a 100% interest in the Mallay Silver Mine ("Mallay") and the nearby Tres Cerros Gold/Silver Exploration Property ("Tres Cerros") located in Central Peru.

Excellon acquired Minera CRC in exchange for the issuance of 17,864,773 common shares, cash consideration of \$2,215 in upfront and bridge payments, and certain contingent considerations and rights as described below.

At closing, Minera CRC did not meet the definition of a business under IFRS 3, Business Combinations. As a result, the transaction was accounted for as an asset acquisition. In accordance with the Company's accounting policy, identifiable assets and liabilities that are required to be measured at an amount other than cost by another IFRS Standard, are measured in accordance with that Standard. The remaining purchase consideration is allocated to the other identifiable assets and liabilities based on their relative fair values at the acquisition date.

The purchase price has been determined and allocated as follows:

		June 23, 2025
		<u>\$</u>
Purchase price	Common shares of Excellon issued at C\$0.22	2,858
	Upfront cash payments to Adar and Minera CRC	2,215
	Contingent consideration and rights ⁽¹⁾	-
	Transaction and other costs	1,059
		<u>6,132</u>
Assets acquired	Cash	22
	Current assets and consumables	20
	VAT recoverable	2,617
	Restricted cash ⁽²⁾	5,730
	Plant, property and equipment	483
	Mineral rights	3,620
Liabilities assumed	Current liabilities	(1,387)
	Provisions for rehabilitation obligations ⁽²⁾	(4,973)
		<u>6,132</u>

(1) Contingent consideration and rights include a back in right agreement providing for the sale of up to 49% of Tres

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Cerros at an exercise price equal to 1.5x historical expenditures incurred; royalty agreements providing for a 1.0% NSR royalty (the “Royalty”) and an existing 2% NSR royalty purchase option; and a stream agreement providing for a 5%-8% zinc and lead metals stream until 12 million pounds of each have been delivered. Excellon has the right to purchase one-half of the Royalty for US\$1.5 million within 18 months of commencement of commercial production. Excellon has also committed to incur \$7.5 million in Qualifying Expenditures on Tres Cerros over three years, consisting of US\$ 1 million in year 1, US\$2.5 million in year 2, and US\$4 million in year 3.

In accordance with the Company’s accounting policy for asset acquisitions, contingent consideration that is dependent on the Company’s future activity is excluded from the initial measurement of consideration paid. No liability is recognized at acquisition for such contingent amounts.

- (2) Minera CRC holds a \$5,730 Carta Fianza deposit as required by the Peruvian Ministry of Energy and Mines in connection with Mally Mine Closure Plan. On acquisition, the related provision for rehabilitation of \$4,973 has been estimated based on independent 3rd party cost reports, assuming an annual discount rate of 6.4%, an inflation rate of 2.0% and expected timing of cashflows between 2025 and 2034. The Company recorded accretion of \$163, and a change of estimate of \$598 based on the 5.8% discount rate at December 31, 2025, for a closing provision of \$5,734.
- (3) Excellon’s obligations under the Stream, Royalty and Back-in Right agreements are secured by security over Excellon’s shares of Minera CRC and related receivables, together with Peruvian share pledges, asset and mineral pledges, and mining mortgages over the Mally and Tres Cerros properties.

6. MINERAL RIGHTS

	Mally (Peru) ⁽¹⁾	Tres Cerros (Peru) ⁽¹⁾	Silver City (Germany) ⁽²⁾	Kilgore (Idaho) ⁽³⁾	Total
	\$		\$	\$	\$
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
Period ended December 31, 2025					
Opening net book value	-	-	1,480	13,750	15,230
Mally and Tres Cerros acquisition	2,743	877	-	-	3,620
Additions	-	553	-	-	553
Exchange differences	61	19	74	-	154
Closing net book value	2,804	1,449	1,554	13,750	19,557

(1) On June 23, 2025, the Company completed the acquisition of Minera CRC, a Peruvian company that holds a 100% interest in Mally and Tres Cerros in Central Peru (Note 5).

(2) The Company holds the Bräunsdorf, Frauenstein, Mohorn and Oederan exploration licences, a 340 km² silver district in Saxony, Germany (the “Silver City Project”).

On acquisition of the Bräunsdorf license, a gross metals royalty of 3% for precious metals and 2.5% for other metals was issued to the vendor, both of which may be reduced by 1% upon a payment of C\$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, respectively.

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In 2024 as part of the Debenture Restructuring (Note 9), the Company issued a 25% interest in Saxony Silver Corp. to the debenture holders (“Saxony Shares”) in partial consideration for the cancellation of C\$10.41 million aggregate principal amount of the original convertible debentures. The Company continues to consolidate Saxony Silver Corp. and record a non-controlling interest related to the 25% held by the debenture holders.

- (3) The Kilgore Project consists of approximately 5,489 hectares of mineral concessions located in Clark County, situated in eastern Idaho, USA. In 2024 as part of the Debenture Restructuring (Note 9), 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 debenture holders in partial consideration for the cancellation of C\$10.41 million aggregate principal amount of the original convertible debentures.

7. PROPERTY, PLANT AND EQUIPMENT

	Mining properties \$	Machinery and equipment \$	Development costs \$	Total \$
Year ended December 31, 2025				
Acquisition of Minera CRC – Note 5	467	16	-	483
Additions ⁽¹⁾	-	132	4,719	4,851
Exchange differences ⁽²⁾	-	-	304	304
Closing net book value	467	148	5,023	5,638

- (1) Development costs include underground rehabilitation, mine development, administrative and other costs directly attributable to the restart of the mine and the related infrastructure. These costs will be reclassified to mining properties when the mine achieves commercial production. No amortization is recognized in respect of development costs until they are reclassified as mining properties.
- (2) Unrealized foreign exchange gains on translation of Peruvian sol assets at the period-end exchange rate.

8. OTHER ASSETS

	2025 \$	2024 \$
CURRENT		
Prepaid expenses, deposits and bonds	228	189
Consumables	17	-
Marketable securities and warrants	-	13
Other	12	22
	257	224
NON-CURRENT		
Upfront funding and deferred transactions costs ⁽¹⁾	-	1,332
	-	1,332

- (1) Upfront funding and transaction costs related to the Acquisition of Minera CRC were capitalized on closing of the transaction (Note 5).

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9. CONVERTIBLE DEBENTURES

In March 2024, the Company completed the restructuring of its debentures, reducing the outstanding principal amount from C\$17.91 million to C\$7.5 million, and amending the terms of the remaining debentures to, among other things, further extend the maturity date to August 31, 2026 (the “Debenture Restructuring”). The debentures are accounted for at amortized cost and are convertible into Common Shares of the Company at a conversion price of C\$0.10 per share. They bear interest at 6.50% per annum if paid in cash, while the Company has the option to satisfy interest in shares at an effective interest rate of 10% per annum.

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, 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.

The Company recorded interest expense of C\$1,907 (\$1,366) and C\$3,262 (\$2,386) for the year ended December 31, 2025 and 2024, respectively.

	\$ CAD	\$ USD
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 14)	(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
Year ended December 31, 2025		
Opening balance	4,674	3,250
Interest expense	1,907	1,366
Conversion of debentures ⁽²⁾	(1,327)	(961)
Value of shares issued to settle interest payable ⁽³⁾	(372)	(272)
Cash paid to settle interest payable ⁽³⁾	(187)	(135)
Exchange differences	-	181
Closing balance	4,695	3,429

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- (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.
- (2) During the year ended December 31, 2025, debenture holders elected to convert debenture principal of C\$1,758 into 17,580,000 shares of the Company in accordance with the debenture indenture. The Company derecognized the amortized cost of the Debentures converted and recorded an increase in share capital.

Subsequent to December 31, 2025, debenture holders elected to convert debenture principal of C\$219 into 2,190,000 shares of the Company. As at the date of these financial statements, the remaining principal amount outstanding is C\$5,523 (\$4,002).
- (3) In Q3 2025, the Company issued 1,741,276 shares to settle interest payable for the period December 31, 2024 to June 29, 2025 of C\$372 (\$272). The Company satisfied the interest payable for the June 30, 2025 to December 30, 2025 period in cash of C\$187 (\$135).

10. PROMISSORY NOTE

In connection with the Mallay Acquisition, the Company entered into an unsecured, non-convertible promissory note in the aggregate principal amount of \$1,250 in November 2024. The promissory note is due May 1, 2026, bears interest at 10% per annum payable at 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 the Back-In Right Agreement. The Company expects to repay the promissory note plus accrued interest on the maturity date.

The Company has accrued interest of \$146 (included in Payables and accruals), of which \$124 was expensed in 2025 (2024: \$22) (Note 14).

11. DECONSOLIDATION OF MEXICAN SUBSIDIARIES

In 2024, a subsidiary of the Company voluntarily filed a petition for insolvency with the Mexican Bankruptcy Court. The subsidiary holds the Platosa Mine, which ceased operations in late 2022. In Q2 2024, the Court-appointed auditor completed its review of the petition and confirmed the subsidiary's insolvency. As a result of the loss of control, the assets and liabilities of that subsidiary and its subsidiary were deconsolidated from the Company's consolidated financial statements in 2024. The gain on deconsolidation (\$8,288) reflected payables and accruals (\$5,290), other assets (\$71), other VAT liabilities (\$1,658), and 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 the cumulative translation adjustment from accumulated other comprehensive income to net income before income taxes.

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12. 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, 2024		
Opening balance	49,136	143,393
Shares issued to settle interest on debentures – H2 2023 (Note 9)	8,591	673
Shares issued on exercise of RSUs	2,500	261
Shares issued to settle interest on debentures – 2024 (Note 9)	8,047	723
Shares issued on Debenture Restructuring (Note 9)	38,889	6,318
Shares issued in private placements ⁽¹⁾	26,857	1,661
Shares issued to settle payables	7,621	573
Balance at December 31, 2024	141,641	153,602
Year ended December 31, 2025		
Opening balance	141,641	153,602
Shares issued on exercise of RSUs	956	130
Shares issued to settle interest on debentures – H1 2025 (Note 9)	1,741	272
Shares issued on debenture conversion (Note 9) ⁽²⁾	17,580	2,171
Shares issued in private placements ⁽³⁾	136,769	11,689
Shares issued on warrant exercise	17,602	2,489
Shares issued in asset acquisition (Note 5)	17,865	2,858
Shares issued to settle payables	3,278	583
Balance at December 31, 2025	337,432	173,794

(1) On April 12 and May 9, 2024, the Company closed a non-brokered private placement of 7.4 million units at a price of C\$0.18 per unit for gross proceeds of C\$1,320. Each unit comprised one share and one share purchase warrant. Each warrant entitles the holder to acquire one share at a price of C\$0.27 per 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 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.

On December 3, 2024, and in connection with the Mallay Acquisition (Note 5), the Company closed a non-brokered private placement of 19.5 million units at a price of \$0.105 per unit for gross proceeds of C\$2,048, and an unsecured non-convertible promissory note of \$1.25 million (Note 10). Each unit comprised one share and one-half share purchase warrant. Each warrant entitles the holder to acquire one share at a price of C\$0.15 per share for a period of 24 months from the closing date. The net proceeds from the unit offering of C\$2,026 (\$1,425) after transaction costs, were allocated proportionally between the fair values of the 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.

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- (2) During the year ended December 31, 2025, debenture holders elected to convert debenture principal of C\$1,758 into 17,580,000 shares of the Company in accordance with the debenture indenture. The share capital of \$2,171 reflects the amortized cost of the Debentures converted (\$939) and the corresponding portion of the conversion option (\$1,232) which is reclassified from contributed surplus. Subsequent to December 31, 2025, debenture holders elected to convert debenture principal of C\$219 into 2,190,000 shares of the Company. As at the date of these financial statements, the remaining principal amount outstanding is C\$5,523 (\$4,002).
- (3) On May 14, 2025, the Company closed a brokered private placement of 76.2 million units at C\$0.105 per unit for gross proceeds of C\$8,000 (\$5,772), with each unit consisting of one share and one-half warrant exercisable at C\$0.15 for 36 months. The Company paid agent fees of C\$456 (\$329), issued broker warrants valued at C\$334 (\$240), 0.6 million finders' shares valued at C\$64 (\$46), and paid transaction costs of C\$379 (\$273). The net proceeds of C\$6,831 (\$4,928) after transaction costs, were allocated proportionally between the fair values of the shares (C\$5,179 or \$3,736) and the warrants (C\$1,652 or \$1,190). The fair value of the warrants and broker warrants were calculated based on a Black-Scholes model, which uses quoted observable inputs including the stock price (\$0.11), exercise price (\$0.15 for the warrants, \$0.105 for the broker warrants), expected volatility (114%), risk-free interest rate (2.5%), expected dividend yield (0%), and the expected term of 3 years.

On September 9, 2025, the Company completed a brokered private placement of 60 million shares at C\$0.20 per share for gross proceeds of C\$12,000 (\$8,676). The Company paid agent fees of C\$684 (\$495) and transaction costs of C\$315 (\$228). The net proceeds after transaction costs were C\$11,001 (\$7,953).

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

	Options		Warrants ⁽¹⁾		RSUs Outstanding	DSUs Outstanding
	Options Outstanding	Weighted Average Exercise Price (CAD)	Warrants Outstanding	Weighted Average Exercise Price (CAD)		
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
Outstanding at January 1, 2025	3,154,500	0.23	17,343,842	0.20	1,311,834	5,540,884
Granted/issued	7,985,000	0.29	42,456,880	0.15	930,000	1,701,900
Exercised/settled	-	-	(17,601,563)	0.14	(956,334)	-
Expired	(589,500)	0.72	-	-	(14,500)	-
Outstanding at December 31, 2025	10,550,000	0.25	42,199,159	0.17	1,271,000	7,242,784
Exercisable at December 31, 2025	5,307,500	0.19	42,199,159	0.17	414,000	7,242,784

(1) The outstanding Warrant terms are:

- 6,857,621 warrants with an exercise price of C\$0.27 and an expiry of April 12 or May 9, 2026;
- 9,714,300 warrants with an exercise price of C\$0.15 and an expiry of December 3, 2026; and
- 25,627,238 warrants with an exercise price of C\$0.15 and an expiry of May 14, 2028.

Since December 31, 2025, a total of 7,626,288 warrants have been exercised, for proceeds of C\$1,878 (\$1,371). As of the date of these financial statements, 34,272,871 warrants remain outstanding.

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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	10,535,000	2.29	5,292,500	0.24
\$0.50 to \$4.50	15,000	0.21	15,000	4.14
	10,550,000	2.29	5,307,500	0.25

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:

	2025	2024
Fair value at grant date (CAD)	\$0.19	\$0.06
Share price at grant date (CAD)	\$0.28	\$0.10
Exercise price (CAD)	\$0.29	\$0.10
Risk-free interest rate	2.52%	3.43%
Expected life of options in years	2.93	3.00
Expected volatility	114.74%	101.46%
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:

	2025	2024
	\$	\$
Stock options	494	109
RSUs	94	582
DSUs	129	214
	717	905

13. LOSS PER SHARE

	2025	2024
Net loss – attributable to shareholders – basic and diluted	\$ (4,362)	\$ (5,220)
Weighted average number of shares – basic and diluted	233,151,974	100,507,973
Loss per share – basic and diluted	\$ (0.02)	\$ (0.05)

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, warrants (Note 12) and convertible debentures (Note 9), if they would be anti-dilutive.

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14. EXPENSES BY NATURE

(a) Administrative expenses consist of the following:

	2025	2024
	\$	\$
Office, insurance and overhead expenses	229	252
Salaries, consulting, director and professional fees	1,244	698
Corporate development and legal expenses	426	563
Public company costs	289	94
Administrative expenses	2,188	1,607

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

	2025	2024
	\$	\$
Unrealized foreign exchange (gain) loss	(525)	206
Realized foreign exchange loss (gain)	9	(11)
Interest and other income	(107)	(32)
Fair value (gain) loss on marketable securities and warrants	(4)	9
Loss on Debenture Restructuring (Note 9)	-	812
Loss (gain) on settlement of payables	18	(282)
Other	(17)	(24)
Other (income) expense	(626)	678

15. FINANCE EXPENSES

Finance expenses consist of the following:

	2025	2024
	\$	\$
Interest expense – convertible debentures (Note 9)	1,366	2,386
Interest expense – promissory note (Note 10)	124	22
Other interest expense and accretion on provisions	163	35
Finance expenses	1,653	2,443

16. 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 before income tax as a result of the following:

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	2025	2024
	\$	\$
Statutory tax rates	26.5%	26.5%
Income tax recovery computed at the statutory rates	(1,137)	(1,401)
Non-deductible items	367	-
Gain on deconsolidation of Mexican Subsidiaries	-	(2,196)
Foreign tax differentials	11	-
Change in tax benefit not recognized	415	3,597
Other	344	-
Income tax expense (recovery)	-	-

The tax provision calculation applies enacted or substantively enacted tax rates of 26.5% in Canada and 29.5% in Peru.

The following temporary differences have not been recognized in the consolidated financial statements.

	2025	2024
	\$	\$
Non-capital losses carried forward	46,742	32,341
Capital losses	22,301	22,136
Resource related deductions	23,355	22,240
Share issuance costs	195	248
Property, plant and equipment	0	0
Prepaid expenses, deposits and other	(1,084)	(618)
	91,509	76,347

As at December 31, 2025, the Company has non-capital losses to be carried forward and applied against taxable income of future years. The non-capital losses have expiry dates as follows:

	2025	2024
	\$	\$
2024		5,445
2025	12,056	8,113
2026	17,085	13,919
2027	9,358	5,295
2028	7,494	6,370
2029 and thereafter	31,303	31,303
	77,296	70,445

The company recognized no deferred tax liabilities nor deferred tax assets as at December 31, 2025 or 2024.

As at December 31, 2025, the Company has Canadian capital losses of \$4,174 (2024: \$4,036) that may be carried forward indefinitely and applied against capital gains of future years. The Company also has Canadian non-capital loss carried forwards of \$14,546, which may be carried forward for up to 20 years and applied against taxable income of future periods.

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The Company also has loss carryforwards of approximately \$9,807 for U.S. tax purposes. Of this amount, \$5,544 expires between 2033 and 2037 fiscal years, and \$4,263 is not subject to expiration.

In addition, the Company has Peruvian tax loss carryforwards of \$12,296. Under Peruvian income tax legislation, tax losses may be utilized under one of two elected regimes: (i) carried forward and applied against taxable income generated in the subsequent four tax years, after which any unused balance expires ("System A"); or (ii) carried forward indefinitely, subject to a limitation of 50% of taxable income in each subsequent year ("System B"). The Company has elected System A, under which the losses incurred may be applied against taxable income generated in the following four tax years.

17. 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:

	2025	2024
	\$	\$
Salaries, fees and benefits	713	425
Directors' fees – settled in DSUs	203	170
Share-based compensation	638	278
	1,554	873

The Company had amounts owing to management of \$215 at December 31, 2025 (2024: \$181). 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 2024 payables and accruals) was settled through the issuance of Common Shares in Q1 2025.

18. 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.

19. 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, 2025, the carrying amounts of payables and accruals, VAT recoverable, other VAT liabilities, the promissory note, the restricted cash and other current assets are considered to be reasonable approximations of their respective fair values due to the nature of these instruments.

Fair value hierarchy

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

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- 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	2025 \$	2024 \$
Financial assets			
Fair value through profit and loss			
Marketable securities	Level 1	-	13
		-	13

There were no transfers between Levels 1 or 2 during the years ended December 31, 2025 or 2024.

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 PEN, 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.

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Interest rate risk

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

20. 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.

21. SEGMENT REPORTING

	PERU		CORP & OTHER		TOTAL	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
Property, plant and equipment	5,638	-	-	-	5,638	-
Mineral rights	4,253	-	15,304	15,230	19,557	15,230
Total assets	19,027	-	22,579	18,388	41,606	18,388
Total liabilities	7,284	-	9,136	8,940	16,420	8,940

	2025	2024
	\$	\$
PERU		
Net income	381	-
CORPORATE AND OTHER		
Net loss	(4,673)	(5,288)
Net loss	(4,292)	(5,288)

22. SUBSEQUENT EVENTS

On March 12, 2026, the Company closed a bought deal private placement and a concurrent private placement for aggregate gross proceeds of C\$21,822 (\$15,987) through the issuance of 36.4 million shares at \$0.60 per share.