



## **Excellon Resources Inc.**

Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020  
in thousands of U.S. dollars  
(unaudited)

## Excellon Resources Inc.

### Condensed Consolidated Statements of Financial Position

(unaudited) (in thousands of U.S. dollars)

	<i>Notes</i>	<b>March 31 2021 \$</b>	<b>December 31 2020 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,501	8,380
Marketable securities and warrants	3	1,831	2,350
Trade receivables		1,254	1,782
VAT recoverable		4,981	5,573
Inventories	4	2,982	2,385
Other current assets		1,472	1,323
		<b>19,021</b>	<b>21,793</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	24,682	25,830
Mineral rights	6	20,448	20,511
Deferred income tax assets		4,981	5,145
<b>Total assets</b>		<b>69,132</b>	<b>73,279</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	6,776	8,172
VAT payable		3,208	3,415
Current portion of long-term lease liabilities		353	405
		<b>10,337</b>	<b>11,992</b>
<b>Non-current liabilities</b>			
Convertible debentures	9	8,012	7,283
Long-term lease liabilities		375	425
Provisions	8	2,183	2,208
Deferred income tax liabilities		895	929
<b>Total liabilities</b>		<b>21,802</b>	<b>22,837</b>
<b>Equity</b>			
Share capital	10	136,363	136,199
Contributed surplus		34,634	34,015
Accumulated other comprehensive loss		(16,353)	(15,380)
Deficit		(107,314)	(104,392)
<b>Total equity</b>		<b>47,330</b>	<b>50,442</b>
<b>Total liabilities and equity</b>		<b>69,132</b>	<b>73,279</b>

Commitments and contingencies (Note 11)

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

**Approved by the Board**

**Director**

"André Fortier"

**Director**

"Andrew Farncomb"

## Excellon Resources Inc.

### Condensed Consolidated Statements of Comprehensive Loss

For the three months ended March 31, 2021 and 2020

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

		Three months ended	
		March 31	March 31
		2021	2020
	Notes	\$	\$
Revenues	12, 18	9,781	5,561
Production costs		(6,153)	(5,479)
Depletion and amortization		(1,790)	(1,269)
Cost of Sales	13.a	(7,943)	(6,748)
<b>Gross Profit (Loss)</b>		1,838	(1,187)
Administrative expenses	13.b	(1,443)	(933)
Share-based payments	10	(765)	(149)
Amortization		(134)	(81)
General and administrative expenses		(2,342)	(1,163)
Exploration	14	(1,073)	(373)
Other expenses	13.c, 18	(651)	(605)
Finance expenses	15	(725)	(2,091)
<b>Loss before income taxes</b>		(2,953)	(5,419)
Income tax recovery (expense)		31	(953)
<b>Net Loss</b>		(2,922)	(6,372)
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences		(973)	(7,260)
<b>Total other comprehensive loss</b>		(973)	(7,260)
<b>Total comprehensive loss</b>		(3,895)	(13,632)
<b>Loss per share</b>			
Basic and diluted		\$ (0.09)	\$ (0.28)
<b>Weighted average number of shares</b>			
Basic and diluted		32,371,125	22,501,763

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

## Excellon Resources Inc.

Condensed Consolidated Statements of Cash Flow  
For the three months ended March 31, 2021 and 2020  
(unaudited) (in thousands of U.S. dollars)

	Three months ended	
	March 31	March 31
	2021	2020
	\$	\$
<b>Cash flow provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(2,922)	(6,372)
Adjustments for non-cash items:		
Depletion and amortization	1,902	1,323
Income tax (recovery) expense	(31)	845
Share-based compensation	765	135
Interest and accretion expense	739	255
Unrealized loss on currency hedges	21	1,837
Loss on disposal of mineral rights	-	188
Unrealized loss on marketable securities and purchase warrants	543	19
Taxes paid	(98)	(79)
Operating cash flows before changes in working capital	919	(1,849)
Changes in non-cash working capital		
Trade receivables	528	1,615
VAT recoverable	592	4
Inventories	(597)	233
Other assets	(170)	(79)
Trade payables	(1,890)	85
VAT payable	(207)	95
<b>Net cash (used in) from operating activities</b>	<b>(825)</b>	<b>104</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(884)	(3,029)
Purchase of mineral rights	(75)	-
Payments received under earn-in agreement	75	-
Loan to Otis Gold Corp.	-	(355)
<b>Net cash used in investing activities</b>	<b>(884)</b>	<b>(3,384)</b>
<b>Financing activities</b>		
Proceeds from Credit Facility	-	5,871
Proceeds from options and warrants exercised	18	-
Lease payments	(123)	(82)
Interest paid	(15)	(8)
<b>Net cash (used in) from financing activities</b>	<b>(120)</b>	<b>5,781</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(50)</b>	<b>(403)</b>
<b>Change in cash and cash equivalents</b>	<b>(1,879)</b>	<b>2,098</b>
<b>Cash and cash equivalents - Beginning of the period</b>	<b>8,380</b>	<b>6,344</b>
<b>Cash and cash equivalents - End of the period</b>	<b>6,501</b>	<b>8,442</b>

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

**Excellon Resources Inc.**

## Condensed Consolidated Statements of Changes in Equity

For the three months ended March 31, 2021 and 2020

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

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total equity \$
<b>Balance - January 1, 2020</b>	114,840	28,730	(13,006)	(88,372)	42,192
Net loss for the period	-	-	-	(6,372)	(6,372)
Total other comprehensive loss	-	-	(7,260)	-	(7,260)
Total comprehensive loss	-	-	(7,260)	(6,372)	(13,632)
Shares issued as part of Credit Facility	180	-	-	-	180
Share options:					-
Value of services recognized	-	33	-	-	33
Deferred and restricted share units:					-
Value of units recognized and shares issued	154	(51)	-	-	103
<b>Balance - March 31, 2020</b>	115,174	28,712	(20,266)	(94,744)	28,876
<b>Balance - January 1, 2021</b>	136,199	34,015	(15,380)	(104,392)	50,442
Net loss for the period	-	-	-	(2,922)	(2,922)
Total other comprehensive loss	-	-	(973)	-	(973)
Total comprehensive loss	-	-	(973)	(2,922)	(3,895)
Share options:					
Value of services recognized	-	203	-	-	203
Proceeds on issuing shares	27	(9)	-	-	18
Deferred and restricted share units:					
Shares issued on exercise of RSUs and DSUs	137	(123)	-	-	14
Value of units recognized	-	548	-	-	548
<b>Balance - March 31, 2021</b>	136,363	34,634	(16,353)	(107,314)	47,330

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

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

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### 1. GENERAL INFORMATION

Excellon Resources Inc. (the “Company” or “Excellon”) is a silver mining and exploration company listed on the Toronto Stock Exchange and NYSE American, LLC exchange (the “NYSE American”) under the symbol EXN and the Frankfurt Stock Exchange under the symbol E4X2. Excellon’s vision is to create wealth by realizing strategic opportunities through discipline and innovation for the benefit of employees, communities and shareholders. The Company is advancing a precious metals growth pipeline that includes: Platosa, Mexico’s highest-grade silver mine since production commenced in 2005; Kilgore, a high quality gold development project in Idaho; and an option on Silver City, a high-grade epithermal silver district in Saxony, Germany with 750 years of mining history and no modern exploration. The Company also aims to continue capitalizing on current market conditions by acquiring undervalued projects.

On April 22, 2020, the Company completed the acquisition of Otis Gold Corp. (“Otis”) by way of a statutory plan of arrangement resulting in Otis becoming a wholly-owned subsidiary of Excellon.

In September 2020, the Company completed a consolidation of its common shares at a ratio of five pre-consolidation common shares for one post-consolidation common share effective September 10, 2020, and the listing of its common shares on the NYSE American, LLC exchange effective September 23, 2020. As a result of the consolidation, shares issuable pursuant to the Company’s outstanding options, warrants, restricted share units and other convertible securities were proportionally adjusted on the same basis. All common share numbers, numbers of shares issuable under stock options, warrants and restricted share units and related per share amounts in these consolidated condensed financial statements have been retrospectively adjusted to reflect the share consolidation.

Excellon is domiciled in Canada and incorporated under the laws of the province of Ontario. The address of its registered office is 10 King Street East, Suite 200, Toronto, Ontario, M5C 1C3, Canada.

These condensed consolidated financial statements were approved by the Board of Directors on May 13, 2021.

### 2. BASIS OF PRESENTATION

#### a) *Statement of compliance and going concern*

The Company prepares its condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and note disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, have been omitted or condensed. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company applies judgment in assessing the future impact of COVID-19 on its business and operations, future commodity prices, and continued access to debt and/or equity financing. Management anticipates that the Company will have sufficient cash

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

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resources to fund the next 12 months of planned expenditures and discharge its liabilities in the normal course of operations.

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

These condensed consolidated financial statements have been prepared using the same accounting policies, methods of computation, judgments and estimates as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2020. Certain items in the statement of cash flow have been reclassified to conform with the current interim period classification.

### 3. MARKETABLE SECURITIES AND WARRANTS

In 2018, the Company entered into an option agreement to farm-out its Beschefer property to Wallbridge Mining Company Ltd. ("Wallbridge"), receiving an initial consideration of 500,000 Wallbridge Shares (TSX:WM). On March 17, 2020, the Company entered into an amended agreement to receive an additional 3,000,000 Wallbridge Shares and 500,000 Warrants to relinquish all interest in the Beschefer Property ("Wallbridge Consideration") (Note 7). The Warrants have a strike price of C\$1.00 and a term of five years from the date of issuance.

The Wallbridge Shares and Warrants are measured at fair value with changes recorded in other income/expense.

	<b>March 31</b>	<b>December 31</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Marketable securities at fair value</b>		
Opening balance	2,138	348
Additions	-	995
Unrealized (loss) gain on revaluation	(469)	645
Exchange differences	21	150
Closing balance	1,690	2,138
<b>Warrants at fair value</b>		
Opening balance	212	-
Additions	-	128
Unrealized (loss) gain on revaluation	(74)	67
Exchange differences	3	17
Closing balance	141	212
<b>Marketable securities and warrants</b>	<b>1,831</b>	<b>2,350</b>

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

### 4. INVENTORIES

	March 31 2021 \$	December 31 2020 \$
Ore stockpiles	393	463
Concentrate inventory	367	4
Production spare parts	2,699	2,441
Obsolescence Provision - spare parts	(477)	(523)
	<b>2,982</b>	<b>2,385</b>

### 5. PROPERTY, PLANT AND EQUIPMENT

	Mining properties \$	Mining equipment \$	Processing equipment \$	Assets under construction \$	Right of use assets \$	Total \$
At January 1, 2020						
Cost	31,774	16,887	6,160	5,071	1,646	61,538
Accumulated amortization	(20,198)	(11,267)	(5,036)	-	(219)	(36,720)
	11,576	5,620	1,124	5,071	1,427	24,818

#### Year ended December 31, 2020

Opening net book value	11,576	5,620	1,124	5,071	1,427	24,818
Additions	1,416	1,873	673	3,658	48	7,668
Reclassification	4,046	3,333	-	(7,325)	(54)	-
Depletion and amortization	(2,191)	(2,101)	(298)	-	(202)	(4,792)
Exchange differences <sup>(2)</sup>	(377)	164	(503)	(882)	(266)	(1,864)
Closing net book value	14,470	8,889	996	522	953	25,830

#### At December 31, 2020

Cost	36,400	21,576	6,075	522	1,640	66,213
Accumulated amortization	(21,930)	(12,687)	(5,079)	-	(687)	(40,383)
	14,470	8,889	996	522	953	25,830

#### Period ended March 31, 2021

Opening net book value	14,470	8,889	996	522	953	25,830
Additions <sup>(1)</sup>	867	33	49	512	13	1,474
Depletion and amortization	(1,048)	(684)	(49)	-	(61)	(1,842)
Exchange differences <sup>(2)</sup>	(448)	(275)	(32)	(17)	(8)	(780)
Closing net book value	13,841	7,963	964	1,017	897	24,682

#### At March 31, 2021

Cost	36,398	20,950	5,930	1,017	1,645	65,940
Accumulated amortization	(22,557)	(12,987)	(4,966)	-	(748)	(41,258)
	13,841	7,963	964	1,017	897	24,682



# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

### For the three months ended March 31, 2021 and 2020

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

(1) During the three months ended March 31, 2021, the Company incurred \$512 in sustaining capital expenditures recorded as assets under construction (March 31, 2020: \$2,105), primarily relating to ventilation and dewatering systems at the Platosa Mine. The associated assets will be reclassified to their appropriate asset class when commissioned.

(2) Unrealized foreign exchange losses on translation of Mexican peso assets at the period-end exchange rate.

#### 6. MINERAL RIGHTS

	Platosa (Mexico) \$	Beschefer (Canada) <sup>(1)</sup> \$	Silver City (Germany) <sup>(2)</sup> \$	Kilgore (Idaho) <sup>(3)</sup> \$	Oakley (Idaho) <sup>(4)</sup> \$	Total \$
<b>At January 1, 2020</b>						
Cost	3,785	1,428	245	-	-	5,458
Accumulated amortization	(2,782)	-	-	-	-	(2,782)
	1,003	1,428	245	-	-	2,676
<b>Year ended December 31, 2020</b>						
Opening net book value	1,003	1,428	245	-	-	2,676
Acquisitions	-	-	317	13,711	5,332	19,360
Additions	-	-	-	45	32	77
Disposals	-	(1,348)	-	-	-	(1,348)
Depletion and amortization	(178)	-	-	-	-	(178)
Exchange differences	(21)	(80)	25	-	-	(76)
Closing net book value	804	-	587	13,756	5,364	20,511
<b>At December 31, 2020</b>						
Cost	3,721	-	587	13,756	5,364	23,428
Accumulated amortization	(2,917)	-	-	-	-	(2,917)
	804	-	587	13,756	5,364	20,511
<b>Period ended March 31, 2021</b>						
Opening net book value	804	-	587	13,756	5,364	20,511
Additions	-	-	75	-	-	75
Payments received under earn-in agreement	-	-	-	-	(75)	(75)
Depletion and amortization	(60)	-	-	-	-	(60)
Exchange differences	(9)	-	6	-	-	(3)
Closing net book value	735	-	668	13,756	5,289	20,448
<b>At March 31, 2021</b>						
Cost	3,680	-	668	13,756	5,289	23,393
Accumulated amortization	(2,945)	-	-	-	-	(2,945)
	735	-	668	13,756	5,289	20,448

(1) See Note 3. In accordance with the Company's farm-out accounting policy, the initial fair value of the Wallbridge Consideration was credited to the Beschefer Mineral Rights and a loss on disposal (\$188) was recorded in the condensed consolidated statement of comprehensive loss.

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

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- (2) On September 24, 2019 the Company signed an option agreement (the “Globex Agreement”) with Globex Mining Enterprises Inc. (“Globex”) to acquire a 100% interest in the Braunsdorf exploration license for the Silver City Project in Saxony, Germany, pursuant to which the Company agreed to pay total aggregate consideration of C\$500 in cash and issue common shares valued at C\$1,600 over a period of three years. Upon completion of the payments and common share issuances the Company will grant Globex 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 will be made by the Company following any future announcement of a maiden resource on the property and upon achievement of commercial production from the project, respectively. The first issuance of 45,367 common shares (valued at C\$225) and the first cash payment (C\$100) were made on the effective date of the Globex Agreement and recorded as an addition to mineral rights (\$245). On September 21, 2020, the second issuance of 65,657 common shares (valued at C\$325) and the second cash payment (C\$100) were made and recorded as an addition to mineral rights (\$317).

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

- (3) On April 22, 2020, the Company acquired the Kilgore Gold Project as part of the Otis acquisition. The Company has a 100% interest in the Kilgore Gold property located in Clark County, Idaho, which consisted of 614 federal lode mining claims unencumbered by any underlying royalties. In Q4 2020, the Company staked 175 new claims expanding the Kilgore property by 28%.
- (4) On April 22, 2020, the Company acquired 100% ownership of the Oakley Project in Cassia County, Idaho as part of the Otis acquisition. The Oakley Project includes Blue Hill Creek, Matrix Creek, Cold Creek:
- Blue Hill Creek (“BHC”) – 44 unpatented federal lode mining claims and an adjacent 80 acre Idaho state lease, subject to a 2% net smelter returns (“NSR”) royalty on gold.
  - Matrix Creek – 61 unpatented federal lode mining claims and a 320 acre mineral lease, subject to a 2% NSR on gold. The NSRs at BHC and Matrix Creek can be purchased for a total of \$2,000.
  - Cold Creek – 117 unpatented federal lode mining claims.

On February 26, 2020, Otis entered into a definitive option agreement with Centerra Gold Inc. (“Centerra”) whereby Centerra can earn up to a 70% interest in the Oakley Project in exchange for total exploration expenditures of \$7 million and cash payments to the Company of \$550 over a six-year period. During the term of the Oakley Agreement, Excellon is Project Manager and earns 10% of the approved exploration expenditures for technical oversight and project management.

In Q1 2021, the Company received a payment of \$75 from Centerra under the earn-in agreement. In accordance with the Company’s farm-out accounting policy this amount was credited to the Oakley Project.

### 7. TRADE AND OTHER PAYABLES

The Company’s trade payables comprise accounts payable and accruals as at March 31, 2021. Accounts payable make up \$3,013 of the \$6,776 balance (as at December 31, 2020 – \$4,252 of the \$8,172 balance), of which \$2,329 relate to operations in Mexico (December 31, 2020 – \$2,429). Accruals and other payables of \$3,763 (as at December 31, 2020 – \$3,920) include administrative and operating costs, accounting and legal services, income taxes and statutory payroll withholding taxes.

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

### 8. PROVISIONS

	Post-retirement benefits <sup>(1)</sup>	Rehabilitation provision <sup>(2)</sup>	Total
	\$	\$	\$
<b>Year ended December 31, 2020</b>			
Opening balance	617	1,626	2,243
Termination payments	(113)	-	(113)
Change in estimate	233	-	233
Accretion for the period	40	61	101
Exchange differences	(125)	(131)	(256)
Closing Balance	652	1,556	2,208
<b>Period ended March 31, 2021</b>			
Opening balance	652	1,556	2,208
Accretion for the period	43	18	61
Exchange differences	(36)	(50)	(86)
Closing Balance	659	1,524	2,183

- (1) Post-retirement benefits: The Company provides post-retirement benefits supplements as well as leaving indemnities to employees at the Mexican operations. Under Mexican labour law, the Company provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Key financial assumptions used in the above estimate include an annual discount rate of 4.86% (December 31, 2020 – 4.86%), annual salary rate increase of 3.75% (December 31, 2020 – 3.75%) and minimum wage increase rate of 5.31% (December 31, 2020 – 5.31%) and the life of mine of approximately four years.
- (2) Rehabilitation provision: Key financial assumptions used in the above estimate include an annual discount rate of 4.73% (December 31, 2020 – 4.73%), Mexican inflation rate and the life of mine of approximately four years. The total undiscounted amount of estimated cash flows required to settle the Company's obligations is \$1,746 of which \$892 relates to the Platosa mine and \$854 relates to the Miguel Auza processing facility.

### 9. CONVERTIBLE DEBENTURES

On July 30, 2020, the Company closed a private placement (the "Financing") of secured convertible debentures (the "Debentures") for total proceeds of C\$17.91 million.

The Debentures have a term of 36 months and are convertible into common shares of the Company prior to maturity at a conversion price of C\$5.30 per common share. The Debentures bear interest at an annual rate of 5.75%, payable in cash semi-annually. Interest on the Debentures may alternatively be paid in common shares of the Company at the Company's option based on the 10-day volume-weighted average price ("VWAP") of the common shares prior to the payment date and an effective annual rate of 10%. The Debentures are secured against the Company's assets in Mexico.

On or after July 30, 2022 and prior to maturity, the Company may accelerate the conversion of the entire issuance of Debentures, provided that the 20-day VWAP of the common shares on or after such 24-month anniversary is equal to greater than C\$12.50.

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

### For the three months ended March 31, 2021 and 2020

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

The purchasers of the Debentures were also issued 1,006,542 common share purchase warrants (“Warrants”), with an exercise price of C\$5.75 and an expiry date of July 30, 2023. In connection with the Financing, the Company granted 136,887 common share purchase warrants (the “Broker Warrants”), with an exercise price of C\$5.75 and an expiry date of July 30, 2023.

Net proceeds from the Debentures were C\$17.1 million (\$12.8 million) after cash transaction costs of C\$768 (\$572) and were allocated between debt and equity components. On initial recognition, the fair value of the debt of C\$8,459 (\$6,298) was estimated using a coupled Black-Scholes model based on an expected term of 36 months and a coupon rate of 5.75%. The residual portion of C\$6,382 (\$4,751) represented the value of the conversion option and other features of the Debentures, and was recognized in equity net of a deferred tax recovery of C\$2,301 (\$1,713) related to a taxable temporary difference on this equity component.

The debt component is recorded at amortized cost and is accreted to the principal amount over the term of the Debentures. The Company elected to pay the first interest payment in common shares valued at C\$754 (\$588) on December 31, 2020. The Company recorded interest expense of C\$820 (\$648) for the three months ended March 31, 2021.

	\$ CAD	\$ USD
<b>Year ended December 31, 2020</b>		
Proceeds on issuance of Debenture	17,910	13,334
Transaction costs paid	(768)	(572)
Portion allocated to equity - conversion option and other features	(8,683)	(6,464)
Interest expense	1,594	1,222
Value of shares issued to settle interest payable	(754)	(588)
Exchange differences	-	351
<b>Closing balance</b>	<b>9,299</b>	<b>7,283</b>
<b>Period ended March 31, 2021</b>		
Opening balance	9,299	7,283
Interest expense	820	648
Exchange differences	-	81
<b>Closing balance</b>	<b>10,119</b>	<b>8,012</b>

## 10. SHARE CAPITAL

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

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

### For the three months ended March 31, 2021 and 2020

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

	Number of shares (000's)	\$
<b>Year ended December 31, 2020</b>		
Opening balance	22,491	114,840
Shares issued on exercise of stock options	261	602
Shares issued on exercise of RSUs and DSUs	382	1,627
Shares issued on exercise of warrants	2	8
Shares issued on acquisition of Otis Gold Corp <sup>(1)</sup>	8,131	16,370
Shares issued as part of Credit Facility <sup>(2)</sup>	107	180
Shares issued to settle payables <sup>(3)</sup>	671	1,738
Value of shares issued in asset acquisition <sup>(4)</sup>	66	246
Shares issued to settle interest on convertible debentures <sup>(5)</sup>	228	588
<b>Balance at December 31, 2020</b>	<b>32,339</b>	<b>136,199</b>
<b>Period ended March 31, 2021</b>		
Opening balance	32,339	136,199
Shares issued on exercise of stock options	8	27
Shares issued on exercise of RSUs and DSUs	33	137
<b>Balance at March 31, 2021</b>	<b>32,380</b>	<b>136,363</b>

(1) On April 22, 2020, the Company completed the acquisition of Otis. Otis shareholders received 0.046 of a common share for each Otis common share held (the "Exchange Ratio"), resulting in the issuance of 8,130,630 common shares valued at the market price of C\$2.85 per common share.

(2) On March 16, 2020, the Company closed a US\$6-million bridge-loan credit facility (the "Credit Facility") with Sprott Private Resource Lending II (Collector), LP ("Sprott Lending"). The Credit Facility bore interest of 10% per annum, compounded and payable monthly, and was due and payable in full on or before September 14, 2020. In consideration for the Credit Facility, Excellon issued 107,291 common shares to Sprott Lending. The Company repaid the Credit Facility on August 4, 2020 on the closing of the Financing (Note 9).

(3) During the second and third quarters of 2020, the Company issued 670,974 common shares in settlement of certain Otis transaction costs and Mexican trade payables totaling C\$2,098, as approved by the TSX. An amount of \$196 (C\$261) was recorded in other expenses to reflect the difference between the market value of the common shares issued and the carrying amount of the payables settled.

(4) On September 21, 2020 and in accordance with the Globex Agreement, the second issuance of 65,657 common shares (valued at C\$325) and the second cash payment (C\$100) were made and recorded as an addition to mineral rights (Note 6).

(5) On December 31, 2020, the Company elected to pay the first interest payment on the Debentures (Note 9) in common shares valued at C\$754 (\$588).

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

### For the three months ended March 31, 2021 and 2020

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

	Options		Warrants		RSUs Outstanding	DSUs Outstanding
	Options Outstanding	Weighted Average Exercise Price (CAD)	Warrants Outstanding ( <sup>2</sup> )	Weighted Average Exercise Price (CAD)		
Outstanding at January 1, 2020	461,000	5.59	1,092,500	7.00	572,485	467,572
Granted/issued/acquired <sup>(1)</sup>	1,002,395	3.34	1,448,488	5.23	337,331	217,264
Exercised/settled	(260,596)	1.93	(2,400)	3.45	(224,750)	(193,507)
Expired	(332,359)	5.20	-	-	(91,332)	-
Forfeited	(23,004)	4.26	-	-	(128,223)	-
Outstanding at December 31, 2020	847,437	4.21	2,538,588	6.00	465,511	491,330
Exercisable at December 31, 2020	548,009	4.52	2,538,588	6.00	-	98,417
Outstanding at January 1, 2021	847,437	4.21	2,538,588	6.00	465,511	491,330
Granted/issued	212,500	4.14	-	-	412,649	110,000
Exercised/settled	(7,500)	3.05	-	-	(38,117)	-
Expired	(5,000)	8.75	-	-	-	-
Outstanding at March 31, 2021	1,047,437	4.19	2,538,588	6.00	840,043	601,330
Exercisable at March 31, 2021	631,017	4.49	2,538,588	6.00	-	98,417

(1) On April 22, 2020, the Company issued 531,895 Options and 305,060 Warrants (“\$3.30 Warrants”) in replacement of Otis Options and Warrants outstanding at the date of acquiring Otis. In accordance with the Otis Stock Option Plan, 130,365 stock options expired on July 22, 2020, 90 days after the closing of the Transaction.

(2) The Company has the following warrants outstanding:

- 1,092,400 warrants with an exercise price of C\$7.00, expiring on August 27, 2021;
- 302,760 warrants with an exercise price of C\$3.30, expiring on March 29, 2022; and
- 1,143,428 warrants with an exercise price of C\$5.75, expiring on July 30, 2023 (Note 9).

Options outstanding and exercisable are as follows:

Exercise Price Range (CAD)	Stock Options Outstanding	Weighted Average Remaining	Stock Options Exercisable	Weighted Average
		Contractual Life (years)		Exercise Price (CAD)
\$2.00 to \$3.99	494,987	2.17	289,860	3.08
\$4.00 to \$5.99	456,450	3.11	245,157	4.62
\$6.00 to \$7.99	15,000	1.16	15,000	7.63
\$8.00 to \$9.99	81,000	1.37	81,000	8.52
	1,047,437	2.50	631,017	4.49

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

# Excellon Resources Inc.

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For the three months ended March 31, 2021 and 2020

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

	Three months ended	
	March 31 2021	March 31 2020
	\$	\$
Stock options	203	34
RSU	141	38
DSU	421	77
	765	149

### 11. COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's significant unrecognized commitments as of March 31, 2021:

	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$	\$	\$
Exploration License (Silver City Project) - Cash	79	158	-	-	-	237
Exploration License (Silver City Project) - Shares	335	492			-	827
Concession holding fees	411	675	618	692	692	3,088
	825	1,325	618	692	692	4,152

Excluded above is an NSR royalty on the Platosa Mine as such payments vary period to period based on production results and commodity prices. The NSR bears a rate of either (a) 1.25% in respect of manto or mineralization other than skarn mineralization or (b) 0.50% in respect of skarn or "Source" mineralization. Payments are made in cash semi-annually.

#### Legal contingencies

The Company is defending various legal claims including one against a subsidiary of the Company which is party to an action by a claimant in respect of damages under a property agreement regarding a non-material mineral concession within the Evolución Project. The concession is subject to an exploration and exploitation agreement with a purchase option (the "Antigua Agreement") dated December 3, 2006 between San Pedro Resources SA de CV ("San Pedro", now a subsidiary of Excellon) and the owner (the "Plaintiff") that provides, among other things, for a minimum payment of \$2.5 plus value added tax per month and the payment of a 3% NSR royalty. San Pedro has the right to purchase absolute title to La Antigua including the NSR royalty upon payment of \$500. San Pedro was under no contractual obligation to put the mine into production and has not done so. The Plaintiff was awarded damages in the court of first instance in Torreón, Coahuila. Both San Pedro and the Plaintiff appealed the decision to the Second District State Court in the Judicial District of Torreón. That Court confirmed the initial decision but, subsequently, pursuant to an order obtained by the Plaintiff, granted the Plaintiff an award of damages multiple times greater than any income the applicable NSR royalty could produce even in the event of commercial production. San Pedro is appealing this decision to the federal courts of Mexico and believes that the decision is without merit and not supported by the evidence, facts or law. The Company expects the likelihood of this decision in respect of damages is remote and will be reversed and rationalized in the federal court system. There is no impact to the ongoing operations of the business.

The Company has accrued an amount of \$126 (December 31, 2020: \$142) related to various labour disputes filed since 2010.

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

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### 12. REVENUES

Under the terms of the Company's concentrate sales contracts, lead-silver and zinc-silver concentrates are sold on a provisional pricing basis whereby sales are recognized at prevailing metal prices when the revenue recognition criteria have been met, namely when title and the risks and rewards of ownership have transferred to the customer. Final pricing of each delivery is not determined until one to three months post-delivery. The price recorded at the time of sale may differ from the actual final price received from the customer due to changes in market prices for metals. The price volatility is considered an embedded derivative in accounts receivable. The embedded derivative is recorded at fair value by mark-to-market adjustments at each reporting period until settlement occurs, with the changes in fair value recorded in revenues.

During the three months ended March 31, 2021, the Company recorded \$nil in revenues associated with the toll milling arrangement signed with Hecla Mining Company (March 31, 2020 – \$496).

The Company recognized the following amounts related to revenue:

	Note	Three months ended	
		March 31 2021	March 31 2020
		\$	\$
Concentrate revenues from contracts with customers		9,844	5,591
Provisional pricing adjustments on concentrate sales	18	(63)	(526)
Revenues from toll milling services		-	496
Total revenues		<b>9,781</b>	<b>5,561</b>

The following table sets out the disaggregation of revenue by metal and form of sale:

	Three months ended	
	March 31 2021	March 31 2020
	\$	\$
Concentrate revenues:		
Silver	6,601	3,078
Lead	1,313	858
Zinc	1,867	1,130
Revenues from toll milling services	-	496
Total revenues	<b>9,781</b>	<b>5,561</b>

The Company has offtake agreements with Trafigura Mexico, S.A. de C.V. ("Trafigura"), a subsidiary within the Trafigura group of companies. Due to the availability of alternative processing and commercialization options for its concentrate, the Company believes it would suffer no material adverse effect if it lost the services of Trafigura.



# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

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### 13. EXPENSES BY NATURE

(a) Cost of sales consist of the following:

	Three months ended	
	March 31	March 31
	2021	2020
	\$	\$
Direct mining and milling costs <sup>(1)</sup>	6,456	5,562
Changes in inventories <sup>(2)</sup>	(303)	(317)
Depletion and amortization	1,790	1,269
Toll milling costs	-	234
<b>Cost of sales</b>	<b>7,943</b>	<b>6,748</b>

(1) Direct mining and milling costs include personnel, general and administrative, fuel, electricity, maintenance and repair costs as well as operating supplies, external services and transport fees.

(2) Changes in inventories reflect the net cost of ore and concentrate (i) sold during the current period but produced in a previous period (an addition to direct mining and milling costs) or (ii) produced but not sold in the current period (a deduction from direct mining and milling costs).

(b) Administrative expenses consist of the following:

	Three months ended	
	March 31	March 31
	2021	2020
	\$	\$
Office and overhead costs	606	409
Salaries and wages	712	401
Corporate development and legal	68	74
Public company costs	57	49
<b>Administrative expenses</b>	<b>1,443</b>	<b>933</b>

(c) Other expenses consist of the following:

# Excellon Resources Inc.

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For the three months ended March 31, 2021 and 2020

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	Three months ended	
	March 31 2021	March 31 2020
	\$	\$
Unrealized loss on marketable securities (Note 3)	469	33
Unrealized loss (gain) on purchase warrants (Note 3)	74	(14)
Loss on disposal of assets (Note 6)	-	188
Unrealized foreign exchange loss (Note 18)	132	536
Realized foreign exchange gain	(63)	(66)
Interest income	(4)	(16)
Management fee income (Note 6)	(9)	-
Other	52	(56)
<b>Other expenses, net</b>	<b>651</b>	<b>605</b>

### 14. EXPLORATION EXPENSE

Exploration expenses were incurred on the following projects:

	Three months ended	
	March 31 2021	March 31 2020
	\$	\$
Platosa	418	103
Evolución	162	203
Silver City	204	67
Kilgore	289	-
	<b>1,073</b>	<b>373</b>

### 15. FINANCE EXPENSES

Finance expenses consist of the following:

	Three months ended	
	March 31 2021	March 31 2020
	\$	\$
Interest expense - Debentures	648	4
Interest expense - other	30	237
Rehabilitation provision - accretion	18	13
Post-retirement benefits - accretion	8	-
Unrealized loss on currency hedges	21	1,837
<b>Finance expenses</b>	<b>725</b>	<b>2,091</b>

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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### 16. 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 March 31, 2021, the carrying amounts of trade and other payables and other current assets are considered to be reasonable approximations of their respective fair values due to the short-term nature of these instruments. The methods and assumptions used in estimating the fair value of other financial assets and liabilities are as follows:

#### *Embedded derivatives – provisional pricing*

Revenues from the sale of metals produced are based on provisional prices at the time of shipment. Variations between the price recorded at the time of sale and the actual final price received from the customer are caused by changes in market prices for metals sold and final settlement weights and assays, which result in an embedded derivative in accounts receivable. The embedded derivative is recorded at fair value each reporting period until settlement occurs, with the changes in fair value recorded to revenues.

#### *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

		March 31	December 31
	Fair value	2021	2020
	hierarchy	\$	\$
<b>Financial assets</b>			
Fair value through profit and loss			
Marketable securities	Level 1	1,690	2,138
Warrants	Level 2	141	212
Trade receivables	Level 2	1,254	1,782
Forward foreign exchange contracts	Level 2	-	21
		<b>3,085</b>	<b>4,153</b>

There were no transfers between levels 1, 2 or 3 during the three months ended March 31, 2021.

#### *Valuation techniques and inputs used to determine fair values include:*

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

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

- Provisional pricing receivables – key inputs are payable metal and future metal prices, marked-to-market based on a quoted forward price and final settlement weights and assays
- Forward foreign currency contracts – present value of future cash flows based on the forward exchange rates at the balance sheet date

### 17. SEGMENT REPORTING

	MEXICO		CORPORATE		TOTAL	
	March 31 2021 \$	December 31 2020 \$	March 31 2021 \$	December 31 2020 \$	March 31 2021 \$	December 31 2020 \$
Property, plant and equipment	23,785	24,877	897	953	24,682	25,830
Capital expenditures	(1,461)	(7,620)	(13)	(48)	(1,474)	(7,668)
Mineral rights	735	804	19,713	19,707	20,448	20,511
Total assets	60,440	63,062	8,692	10,217	69,132	73,279
Total liabilities	11,877	12,441	9,925	10,396	21,802	22,837

	Three months ended	
	March 31 2021 \$	March 31 2020 \$
<b>MEXICO</b>		
Revenues	9,781	5,561
Cost of sales	(7,943)	(6,748)
Exploration	(580)	(306)
Other income (expense)	521	(411)
Finance expense	(45)	(1,850)
Income tax expense	-	(906)
Net income (loss)	1,734	(4,660)
<b>CORPORATE</b>		
Corporate administrative expenses	(2,342)	(1,163)
Exploration	(493)	(67)
Other expense	(1,172)	(194)
Finance expense	(680)	(241)
Income tax recovery (expense)	31	(47)
Net loss	(4,656)	(1,712)
<b>Net Loss</b>	<b>(2,922)</b>	<b>(6,372)</b>

### 18. COMPARATIVE PERIOD REVISION

Foreign exchange differences on provisionally priced sales in Mexico have been revised in the comparative period to conform with the current period and Q4 2020 presentation. These foreign exchange differences are now presented in Other expenses (income) in the Condensed Consolidated Statements of Comprehensive Loss, rather than within the provisional pricing adjustment presented in Revenue. There is no impact to net loss and comprehensive loss, and cash flows are unchanged. The full year impact totaling \$186 was adjusted for in the annual 2020 consolidated financial statements. Accordingly, there is no impact to the reported revenues and other expenses (income) in the consolidated financial statements for the year ended December 31, 2020.

# Excellon Resources Inc.

## Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

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	Three months ended			Six months ended	Nine months ended
	March 31	June 30	September 30	June 30	September 30
	2020	2020	2020	2020	2020
	\$	\$	\$	\$	\$
<b>Revenue</b>					
As reported	6,615	891	9,667	7,506	17,173
Revision	(1,054)	(204)	190	(1,258)	(1,068)
Revised	5,561	687	9,857	6,248	16,105
<b>Other expenses (income)</b>					
As reported	1,659	(968)	744	691	1,435
Revision	(1,054)	(204)	190	(1,258)	(1,068)
Revised	605	(1,172)	934	(567)	367