Excellon Resources Inc.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
in thousands of U.S. dollars

Management's Responsibility for Financial Reporting

The management of Excellon Resources Inc. is responsible for the integrity and fair presentation of the accompanying consolidated financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and reflect management's best estimates and judgements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized, and financial information is reliable. Any system of internal control over financial reporting has inherent limitations, including the possibility of circumvention and overriding of controls, and therefore, can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee, which is composed entirely of independent directors. The Audit Committee of the Board of Directors has met with the Company's independent auditor to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and control matters prior to submitting the consolidated financial statements to the Board for approval. The Audit Committee also reviews the quarterly financial statements and recommends them for approval to the Board of Directors and continues to review with management, on an ongoing basis, the Company's systems of internal control, and approves the scope of the independent auditor's audit and non-audit work.

The consolidated financial statements have been audited by Ernst & Young LLP, Chartered Professional Accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

(Signed) "*Shawn Howarth*"

President & Chief Executive Officer

(Signed) "*Daniel Hall*"

Chief Financial Officer

April 1, 2024

Independent auditor's report

To the Shareholders of
Excellon Resources Inc.

Opinion

We have audited the consolidated financial statements of **Excellon Resources Inc.** and its subsidiaries [the "Company"], which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income (loss), consolidated statements of cash flows and consolidated statements of changes in deficit for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Company has a shareholders' deficit of $9,827 thousand and negative working capital of $24,479 thousand as at December 31, 2023 and that the Company's revenue ceased after the wind down of operations and, therefore, the Company must utilize its current cash reserves and pursue other financing transactions to fund its working capital requirements, corporate expenditures and exploration activities. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Convertible debt valuation	
As a result of the Company extending the maturity date of the Company's convertible debentures, management was required to assess if the maturity extension represented a modification or an extinguishment of the convertible debentures. It was determined that it was an extinguishment as the terms of the financial liability were substantially different since the discounted present value of the cash flows under the new terms discounted using the original effective interest rate was greater than 10% different from the discounted present value of the remaining cash flows of the original financial liability. As a result of the extinguishment, management recorded the revised convertible debt at a fair value of $10,124 thousand. The determination of fair value required judgment to determine the appropriate assumptions. Auditing management's fair value of convertible debt was complex given the degree of judgment and subjectivity in evaluating management's estimates and assumptions. The significant assumptions used in the determination of the fair value of the convertible debt included comparability to the Company's prior convertible debt transaction and current market or economic trends.	Based on our risk assessment, with assistance from our valuation specialists, we performed the following procedures: • Assessed the terms of the convertible debt extension agreement and performed recalculations of the effective interest rate; • Evaluated the discount rate utilized by management, which involved assessing the Company's prior convertible debt transaction and current market or economic trends specific to the Company; and • Assessed the adequacy of the disclosures included in note 9 to the consolidated financial statements in relation to this matter.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 1, 2024

Excellon Resources Inc.

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(in thousands of U.S. dollars)

	Notes	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents		691	1,468
Trade receivables		-	690
VAT recoverable	*5*	134	1,906
Other current assets	*6*	416	1,861
		1,241	5,925
Non-current assets			
Mineral rights	*7*	15,359	20,510
Other assets		41	229
Total assets		16,641	26,664
Liabilities			
Current liabilities			
Trade and other payables	*8*	9,987	7,817
VAT payable		2,991	2,410
Convertible Debentures	*9*	11,942	11,282
Lease liabilities		47	174
Provision for litigation	*10*	-	22,229
Provisions	*11*	753	2,541
		25,720	46,453
Non-current liabilities			
Provisions	*11*	748	1,323
Deferred tax liabilities		-	736
Lease liabilities		-	47
Total liabilities		26,468	48,559
Shareholders' deficit			
Share capital	*12*	143,393	141,051
Contributed surplus	*12*	33,700	34,760
Accumulated other comprehensive loss		(12,451)	(16,703)
Deficit		(174,469)	(181,003)
Total shareholders' deficit		(9,827)	(21,895)
Total liabilities and shareholders' deficit		16,641	26,664

Basis of presentation and going concern (Note 2)

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

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

Excellon Resources Inc.

Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2023 and 2022
(in thousands of U.S. dollars, except share and per share data)

	Notes	**2023** $	**2022** $
Revenue		-	25,824
Production costs		-	(18,055)
Write-down of materials and supplies		-	(907)
Depletion and amortization		-	(7,497)
Cost of sales		-	(26,459)
Gross loss		-	(635)
Care and maintenance and wind down expenses		(540)	(771)
Administrative expenses	*14*	(3,660)	(4,139)
Share-based payment reversals (expenses)	*12*	180	(488)
Amortization		(172)	(323)
General and administrative expenses		(4,192)	(5,721)
Gain on deconsolidation of San Pedro	*10*	24,255	-
Reclassification of currency translation adjustments	*10*	(6,923)	-
Exploration and holding expenses		(1,448)	(5,576)
Other income	*14*	4,475	1,111
Impairment loss	*5,7*	(5,612)	(3,344)
Finance expenses	*15*	(4,764)	(4,294)
Income (loss) before income taxes		5,791	(18,459)
Income tax recovery (expense)	*16*	743	(379)
Net income (loss)		6,534	(18,838)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences		(2,671)	(852)
Reclassification of currency translation adjustments	*10*	6,923	-
Total other comprehensive income (loss)		4,252	(852)
Total comprehensive income (loss)		10,786	(19,690)
Income (loss) per share			
Basic	*13*	$0.16	($0.54)
Diluted	*13*	$0.15	($0.54)
Weighted average number of shares			
Basic and diluted	*13*	42,079,599	34,917,037

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

Excellon Resources Inc.
Consolidated Statements of Cash Flow
For the years ended December 31, 2023 and 2022
(in thousands of U.S. dollars)

	2023 $	2022 $
Cash flow generated by (used in)		
Operating activities		
Net income (loss) for the year (includes Exploration and holding expenses)	6,534	(18,838)
Adjustments for non-cash items:		
Gain on deconsolidation of San Pedro	(24,255)	-
Reclassification of currency translation adjustments	6,923	-
Depletion and amortization	172	7,820
Income tax (recovery) expense	(743)	379
Share-based payment (reversal) expenses	(180)	488
Write-down of materials and supplies	-	907
Finance Expenses	4,764	4,294
Rehabilitation provision – change in estimate	(62)	(730)
Onerous contract provision	-	1,706
Impairment loss	5,612	3,344
Gain on Convertible Debenture extension	(3,718)	-
Convertible debenture extension fee paid in shares	813	-
Other income and foreign exchange gains and losses	(687)	(365)
Taxes paid	-	(172)
Operating cash flows before changes in working capital	(4,827)	(1,167)
Changes in non-cash working capital		
Trade receivables	708	(254)
VAT recoverable	576	596
Provisions	-	(974)
Inventories	-	1,245
Other assets	718	8
Trade and other payables	842	(113)
VAT payable	392	438
Net cash used in operating activities	(1,591)	(221)
Investing activities		
Proceeds from sale of mineral properties – Oakley	1,000	100
Proceeds from sale of marketable securities	-	342
Purchase of property, plant and equipment	-	(1,397)
Proceeds from sale of property, plant and equipment		368
Purchase of mineral rights – Silver City	-	(151)
Net cash generated (used) by investing activities	1,000	(738)
Financing activities		
Lease payments	(17)	(209)
Interest received (paid)	11	(39)
Net cash used in financing activities	(6)	(248)
Effect of exchange rate changes on cash and cash equivalents	(180)	(1,396)
Change in cash and cash equivalents	(777)	(2,603)
Cash and cash equivalents – beginning of year	1,468	4,071
Cash and cash equivalents - end of year	**691**	**1,468**

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

Excellon Resources Inc.

Consolidated Statements of Changes in Deficit
For the years ended December 31, 2023 and 2022
(in thousands of U.S. dollars, except per share data)

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total shareholders' deficit $
Balance - January 1, 2022	138,961	34,568	(15,851)	(162,165)	(4,487)
Net loss for the period	-	-	-	(18,838)	(18,838)
Total other comprehensive loss	-	-	(852)	-	(852)
Total comprehensive loss	-	-	(852)	(18,838)	(19,690)
Share options:					
Share-based compensation	-	182	-	-	182
Deferred and restricted share units:					
Shares issued on RSUs / DSUs exercise	282	(282)	-	-	-
Share-based compensation	-	292	-	-	292
Value of shares issued in asset acquisition	450	-	-	-	450
Convertible Debentures:					
Interest paid in shares	1,358	-	-	-	1,358
Balance – December 31, 2022	141,051	34,760	(16,703)	(181,003)	(21,895)
Balance - January 1, 2023	141,051	34,760	(16,703)	(181,003)	(21,895)
Net income for the period	-	-	-	6,534	6,534
Total other comprehensive income	-	-	4,252	-	4,252
Total comprehensive income	-	-	4,252	6,534	10,786
Share options:					
Share-based compensation	-	36	-	-	36
Deferred and restricted share units:					
Shares issued on RSUs / DSUs exercise	880	(880)	-	-	-
Share-based compensation	-	(216)	-	-	(216)
Convertible Debentures – Note 9:					
Extension fees settled in shares	794	-	-	-	794
Interest paid in shares	668	-	-	-	668
Balance – December 31, 2023	143,393	33,700	(12,451)	(174,469)	(9,827)

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

1. GENERAL INFORMATION

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

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

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. The accounting policies set out below were consistently applied to all periods presented.

In January 2022, the Company announced that it was assessing the economic viability of mining at Platosa at achievable dewatering rates and with acceptable capital expenditures, beyond mid-2022. Underground and surface drilling continued throughout H1 2022; however, based on drilling results and consideration of economic factors, production ceased and the Platosa Mine was placed on care and maintenance in early Q4 2022. Revenues ceased after the wind down of operations and, therefore, the Company must pursue other financing transactions to fund its working capital requirements, corporate expenditures and exploration activities. The Company incurred losses, has a shareholders' deficit of $9,827, and negative working capital of $24,479 as of December 31, 2023.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and therefore realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent on its ability to restructure its Convertible Debentures (Note 9), obtain the necessary financing to advance its exploration projects and meet its ongoing corporate overhead costs. Although the Company has been successful in obtaining debt and equity financing in the past, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. The Company is considering various financing, corporate development opportunities and strategic alternatives that may include acquisitions, divestitures, mergers or spin-offs of the Company's or third parties' assets, as applicable.

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 and commitments in other than the normal course of business at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

Termination of the La Negra Acquisition

On January 8, 2023, the Company entered into a definitive acquisition agreement (the "Acquisition Agreement") to acquire the past-producing La Negra Mine located in Querétaro State, Mexico from Dalu S. à r.l. ("Dalu"), an entity owned by an investment fund managed by Orion Resource Partners ("Orion"), for aggregate consideration of $50 million to be paid through upfront payments totalling $20 million, payable in common shares of the Company, and a further $30 million of deferred, contingent consideration payable in common shares of the Company or in cash at the Company's option, following the restart of commercial production (the "La Negra Acquisition").

On July 20, 2023, the Company unexpectedly received a notice of termination of the La Negra Acquisition from Dalu. Prior to receipt of the termination notice, the Company had been in discussions with Orion regarding options to advance the acquisition of La Negra to closing, including securing the necessary financing.

Following the termination of the La Negra Acquisition, the Company significantly reduced its workforce, who had primarily been retained to assist in the restart of the La Negra Mine.

3. USE OF ESTIMATES AND JUDGEMENTS

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

- **Convertible Debentures (Note 9)** – The Convertible Debenture extension (Note 9) was accounted for as an extinguishment of the original compound instrument and the recognition of the revised instrument at fair value, estimated using valuation techniques. The Company exercised judgement in determining the appropriate assumptions, as at the date of the extension, to value the revised debt.

- **Rehabilitation provision (Note 11)** – the Company records any site rehabilitation obligation as a liability in the period in which the related environmental disturbance occurs, based on the present value of the estimated future costs of rehabilitation. This obligation is adjusted at the end of each reporting period to reflect the passage of time, changes in the estimated future costs and timing of the underlying obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used.

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

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

(b) Foreign currency transactions and translation

The Mexican peso (“MXN”), US 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.

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

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

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

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

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and highly liquid short-term investments (including GICs) with a maturity date of three months or less when acquired. The cash equivalents held on December 31, 2023 are $432 (December 31, 2022 - $ 30).

(d) Financial instruments

Financial assets

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

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

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

- Financial assets at amortized cost are financial assets with the objective to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This includes the entities trade, and non-trade receivables. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated statements of comprehensive income (loss) 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 (loss). The impairment methodology applied depends on whether there has been a significant increase in credit risk. When sold or impaired, any accumulated fair value adjustments previously recognized are included in the consolidated statement of comprehensive income (loss).

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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 finance lease obligations.

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

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

(e) Exploration and evaluation expenditures

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

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

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

(f) 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 assessments of the time value of money. 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 income (loss) 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.

(g) 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.

(h) 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, recoverable amount is estimated at the higher of the value-in-use and fair value less costs of disposal.

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

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

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

(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 income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) 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.

The Company recognizes neither the deferred tax asset regarding the temporary difference on the rehabilitation liability, nor the corresponding deferred tax liability regarding the temporary difference on the rehabilitation asset.

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.

(j) 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.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

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

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

(k) Revenue recognition

Company policy requires all production to be sold under contract. Revenue is only recognized on individual concentrate shipments when the following conditions are satisfied:

- Contracts with customers have been identified.
- Performance obligations in the contract have been identified.
- Transaction price is determined.
- Transaction price is allocated to the performance obligations in the contract.
- Performance obligation in the contract is satisfied.

Satisfaction of these conditions depends on the terms of trade with individual customers. Generally, control over goods is considered to have transferred to the customer upon delivery.
Concentrate products are sold on a provisional pricing basis where the sale price received by the group is subject to a final adjustment at the end of a period that may be up to three months after delivery to the customer. The final sale price is based on the market price on the quotational date in the contract of

sale. Sales are initially recognized when the revenue recognition criteria have been satisfied, using market prices at that date. At each reporting date, the provisionally priced shipment is marked to market based on the forward selling price for the quotational point specified in the contract until that point is reached. Revenue is only recognized on this basis where the forward selling price can be reliably measured.

Many of the Company's sales are subject to an adjustment based on confirmation of the technical specifications of each shipment by the customer. In such cases, revenue is recognized based on the company's best estimate of the technical specifications at the time of shipment, and any subsequent adjustments are recorded against revenue when final specifications are confirmed and agreed to by both parties, as per the offtake agreement terms.

(l) 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 granted to employees, convertible debentures and warrants.

(m) Segment reporting

Following the wind down of operations in Mexico, the Company has a single reportable segment as presented in these consolidated financial statements.

(n) Farm-out accounting

Mineral rights held by the Company that are subject to a farm-out arrangement, where a farmee incurs certain expenditures on a property to earn an interest in that property, are accounted as follows:

- The Company does not record exploration expenditures made by the farmee on the property;
- Any cash consideration and the initial fair value of any shares received is credited against the costs previously capitalized to the mineral rights;
- The change in fair value of any shares received by Company as part of a farm-out arrangement are recorded in the consolidated statement of comprehensive income (loss); and
- The Company uses the carrying value of the mineral rights before the farm-out arrangement as the carrying value for the portion of the interest retained (if any).

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

5. VAT RECOVERABLE

At December 31, 2023, the Company had VAT recoverable of $134 in Canada (December 31, 2022 – $1,906 including $699 in Germany, $119 in Canada and $1,088 in Mexico). The Company recovered the VAT of $699 in Germany and $119 in Canada in 2023. The Company determined that the VAT credits held in the Mexican entities were not recoverable following the termination of the La Negra transaction and considering the VAT payable in those entities. As a result, the Company recorded an impairment of $1,323 in Q3 2023.

6. OTHER CURRENT ASSETS

	2023 $	2022 $
Prepaid expenses, deposits and bonds	303	520
Marketable securities and warrants (1)	53	5
Income taxes recoverable	46	92
Deferred transactions costs (2)	-	1,232
Other	14	12
	416	**1,861**

(1) Marketable securities and warrants are measured at fair value with changes recorded in other income/expense. In 2022 the Company sold marketable securities for $342 and recorded fair value losses of $109. In Q3 2023 the Company sold a royalty on the Beartrack-Arnett Project, to Revival Gold Inc. for cash consideration of C$75 and 200,000 shares. The shares are tradeable in three equal batches 4, 12 and 18 months from the closing of the transaction.

(2) As the Company expected to account for the La Negra transaction as an asset acquisition, and capitalize transaction costs on closing, $1,409 in transaction costs had been recorded in Other current assets at June 30, 2023. Following the termination of the La Negra transaction, $776 of capitalized transaction costs payable only on successful closing of the transaction were written-off (with a corresponding reduction in Trade and other payables), and $633 were expensed in Q3 2023.

7. MINERAL RIGHTS

	Platosa (Mexico) $	Silver City (Germany) (1) $	Kilgore (Idaho) $	Oakley (Idaho) (2) $	Total $
Year ended December 31, 2022					
Opening net book value	193	1,035	13,750	5,295	20,273
Additions	-	601	-	-	601
Depletion and amortization	(187)	-	-	-	(187)
Payments received on earn-out	-	-	-	(100)	(100)
Exchange differences	(6)	(71)	-	-	(77)
Closing net book value	-	1,565	13,750	5,195	20,510

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

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

(1) In 2019, the Company entered into an option agreement with Globex Mining Enterprises Inc. ("Globex") to acquire a 100% interest in the Bräunsdorf exploration licence of the Silver City Project in Saxony, Germany.

The Company paid total aggregate consideration of C$500 in cash and issued common shares valued at C$1,600 over a period of three years to maintain its option on the Bräunsdorf exploration licence. In Q3 2023 the Company exercised the option to acquire the licence and in accordance with the option agreement, Globex was granted a gross metals royalty of 3% for precious metals and 2.5% for other metals, both of which may be reduced by 1% upon a payment of $1,500. Additional one-time payments of C$300 and C$700 are to be made by the Company following any future announcement of a maiden mineral resource estimate on the property and upon achievement of commercial production from the project, respectively.

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

(2) In 2020, the Company acquired a 100% ownership of the Oakley Project in Cassia County, Idaho, as part of the Otis acquisition. Otis had entered into an option agreement with Centerra (U.S.) Inc. ("Centerra"), a subsidiary of Centerra Gold Inc., whereby Centerra could earn up to a 70% interest in the Oakley Project in exchange for total exploration expenditures of $7,000 and cash payments to the Company of $550 over a six-year period.

In 2023, Centerra met the requirements for, and exercised the First and Second Options to earn a 70% interest in the Oakley Project. There was no accounting impact on the exercise of the First and Second Options. Following the exercise of the Second Option, the agreement required the parties to form a joint venture and fund expenditures going forward on a pro rata basis.

In Q3 2023 the Company announced that it had entered into a definitive agreement (the "Purchase Agreement") with Centerra, to sell Excellon's remaining minority interest in the Oakley Project ("Oakley") for $1,000 in cash. The Company recorded an impairment of $4,195 on the disposal of the Oakley Project. The sale was completed in Q4 2023.

8. TRADE AND OTHER PAYABLES

The Company's payables comprise trade payables, accruals and other payables as at December 31, 2023. Trade payables comprise $4,492 of the $9,987 balance (December 31, 2022 – $4,602 of the $7,817 balance), of which $1,554 relate to Mexico (December 31, 2022 – $2,611) following the deconsolidation of San Pedro (Note 10). Accruals and other payables of $5,494 (December 31, 2022 – $3,215) include administrative and operating costs, accounting and legal services and withholding taxes, of which $3,957 (December 31, 2022 – $1,689) relate to Mexico.

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

9. CONVERTIBLE DEBENTURES

On July 30, 2020, the Company closed a private placement (the "Financing") of secured convertible debentures (the "Convertible Debentures") for total proceeds of C$17.91 million, maturing on July 30, 2023, and convertible by the holder into common shares of the Company prior to maturity at a conversion price of C$5.30 per common share.

The original terms of the Convertible Debentures provided that the Convertible Debentures bear interest at an annual rate of 5.75%, payable in cash semi-annually and that interest on the Convertible 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 of the common shares prior to the payment date at an effective annual rate of 10%.

In 2022, the Company received approval to transfer the security under the Convertible Debentures from the Company's Mexican assets to its Kilgore assets in Idaho.

On July 24, 2023, the Company announced that it had entered into a binding agreement with holders of greater than $66^{2/3}$% of the Convertible Debentures ("Debentureholders"), to extend the maturity date of the Convertible Debentures by 367 days from July 30, 2023 to July 31, 2024 (the "Extension"). In consideration for the Extension, the Company agreed to a fee equal to 6% of the aggregate principal amount of the Convertible Debentures payable in common shares of the Company priced at C$0.156 per common share (the "Extension Fee"). All necessary regulatory and securityholder approvals were received and the Extension was completed in Q3 2023.

The Extension was accounted for as an extinguishment of the original compound instrument and the recognition of the revised instrument at fair value, which resulted in a gain of $3,718 recorded in Other income. The equity component of the revised instrument has a nominal value at the unchanged conversion price of $5.30 per common share, while the debt component is recorded at amortized cost and is accreted to the principal amount over the extended term of the Debentures. The Extension Fee was expensed.

On September 21, 2023, the Company announced that it had entered into a binding term sheet with Debentureholders to reduce the outstanding principal amount from C$17.91 million to C$7.5 million, representing a 58% reduction in principal, and to amend the terms of the remaining Debentures to, among other things, further extend the maturity date to August 31, 2026 (the "Debenture Restructuring"). Completion of the Debenture Restructuring was subject to, among other things, approval by the requisite majorities of Debentureholders and holders of Common Shares, as well as the approval of the Toronto Stock Exchange. The Debenture Restructuring closed in Q1 2024 (Note 20).

The Company elected to pay the June 30, 2022, December 31, 2022, June 30, 2023 and December 31, 2023 interest payments in common shares valued at C$888 ($694), C$903 ($664), C$888 ($668) and C$903 ($667), respectively. The Company recorded interest expense of C$6,320 ($4,692) for the year ended December 31, 2022 and C$5,469 ($4,056) for the year ended December 31, 2023.

	$ CAD	**$ USD**
Year ended December 31, 2022		
Opening balance	11,802	9,238
Interest expense	5,269	4,039
Value of shares issued to settle interest payable	(1,791)	(1,358)
Exchange differences	-	(637)
Closing balance	**15,280**	**11,282**

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

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

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

10. PROVISION FOR LITIGATION AND DECONSOLIDATION OF SAN PEDRO

A Mexican former subsidiary of the Company, San Pedro Resources S.A. de C.V. ("San Pedro"), is party to an action by a claimant (the "Plaintiff") in respect of damages under a property agreement regarding the La Antigua mineral concession ("La Antigua"), a non-material mineral concession. La Antigua is subject to an exploration and exploitation agreement between San Pedro and the Plaintiff dated December 3, 2006, with a purchase option and, among other obligations, a 3% NSR if the property is brought into production (the "Antigua Agreement"). Pursuant to the Antigua Agreement, San Pedro had 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 initially awarded damages of $700 in the court of first instance. On appeal by both parties, the appellate court confirmed the initial decision but, subsequently, in late 2019, granted the Plaintiff an award of $22,175 (the "Judgment"), which San Pedro and the Company both believe is multiple times greater than any income the applicable NSR royalty could ever have produced had La Antigua ever been put into commercial production. In Q3 2021, San Pedro's appeal of this decision was fully and finally dismissed by the Mexican Federal Court, with no further right of appeal in Mexico. Accordingly, the Company recorded a corresponding provision for litigation of $22 million.

The Judgment is solely against San Pedro as defendant and the Company believes that the Plaintiff has no recourse against the Company's other assets in Mexico, Idaho, Saxony, Germany or Canada. San Pedro was a wholly owned, indirect subsidiary of the Company that holds the Miguel Auza processing facility and various mineral concessions.

San Pedro continued to operate in the ordinary course until it had processed the last ore from the Platosa Mine following its completion of production and transition to care and maintenance in early Q4 2022 (Note 2). In 2022, the Plaintiff registered the Judgment against the real property and certain assets owned by San Pedro. With no further ore to process, and the continuing recourse of the Plaintiff under the Judgment, in Q4 2022 San Pedro voluntarily filed a petition for bankruptcy with the Mexican Bankruptcy Court, which was accepted for adjudication on December 15, 2022.

In Q1 2023, the Court-appointed auditor completed its review of San Pedro's petition and confirmed San Pedro's insolvency. The Company received notice that San Pedro was declared bankrupt by the Mexican Bankruptcy Court effective March 28, 2023. As a result of the loss of control, the assets and liabilities of San

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

Pedro were deconsolidated from the consolidated financial statements of the Company. The gain on deconsolidation of San Pedro ($24,255) reflected the provision for litigation ($22,303), payables and accruals ($1,034), post-retirement provision ($193) and rehabilitation provision ($725). In accordance with IFRS requirements for the deconsolidation of a foreign subsidiary, the Company also recognized a non-cash loss of $6,923 on the reclassification of currency translation adjustment from accumulated other comprehensive income to net income before income taxes.

11. PROVISIONS

	Post-retirement Benefits (1) $	Rehabilitation Provision (2) $	Onerous Contract (3) $	Total $
Year ended December 31, 2022				
Opening balance	1,795	1,813	-	3,608
Payments	(974)	-	-	(974)
Accretion for the year	79	128	-	207
Change in estimate	(174)	(730)	-	(904)
Exchange differences	109	112	-	221
Provision recognized	-	-	1,706	1,706
Closing balance	835	1,323	1,706	3,864
Current	835	-	1,706	2,541
Non-current	-	1,323	-	1,323
Period ended December 31, 2023				
Opening balance	835	1,323	1,706	3,864
Payments	(6)	-	-	(6)
Transfer to Trade and other payables	-	-	(1,706)	(1,706)
Deconsolidation of San Pedro (Note10)	(193)	(725)	-	(918)
Accretion for the period	-	63	-	63
Change in estimate	-	(62)	-	(62)
Exchange differences	117	149	-	266
Closing balance	753	748	-	1,501
Current	753	-	-	753
Non-current	-	748	-	748

(1) Post-retirement benefits: Under Mexican labour law, the Company provided post-retirement indemnities and severance benefits to its employees terminated under certain circumstances. The Company ceased operations in Mexico in Q4 2022, and settled termination benefits with 72% of its unionized and 80% of its non-unionized workforce in Mexico, prior to the remaining unionized employees entering into a strike. The December 31, 2022 and December 31, 2023 provisions were based on current assumptions (no discount rate, salary forecasts, timing estimates) due the short-term nature of the provision.

(2) Rehabilitation provision: Key financial assumptions used in the above estimate include an independent third party cost report, an annual discount rate of 9.4% (December 31, 2022 – 8.9%), Mexican target inflation rates

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

and the expected timing of rehabilitation work. The Company ceased operations in Mexico in Q4 2022, and placed the Platosa Mine in care and maintenance until further notice. No significant rehabilitation work is projected until 2033 while under care and maintenance. The total undiscounted amount of estimated cash flows required to settle the Company's obligations is $1,252.

(3) Onerous contract: A Mexican subsidiary of the Company had obligations under a power supply contract that expired in September 2023. Following the Platosa Mine closure in Q4 2022, the contract was deemed an onerous contract and a provision recognized based on the estimated costs of fulfilling the contract. The expense was recognized in other (income) expense (Note 14) in 2022. In 2023, the provision was transferred to Trade and other payables over the remaining term of the contract.

Contingent liability

A company retained to perform drilling services at the Kilgore Project in 2022 has commenced legal proceedings against the Company and has separately claimed a statutory lien on six of the project's unpatented mining claims, based on payments alleged as due under the drilling contract in the amount of $1,100. Excellon disputes the amounts claimed in such proceedings and asserted under the lien, including the basis therefor. Excellon believes that such legal proceedings and the lien are without merit and is vigorously defending itself against such claims, including advancing a rigorous defence and counterclaim in legal proceedings and challenge of the basis for and validity of the lien. Excellon will continue to steadfastly contest both such claims. Excellon has not accrued for any amounts in respect of these claims.

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, 2022		
Opening balance	33,763	138,961
Shares issued on exercise of RSUs and DSUs	162	282
Value of shares issued in asset acquisition	1,330	450
Shares issued to settle interest on Convertible Debentures (Note 9)	2,799	1,358
Balance at December 31, 2022	**38,054**	**141,051**
Period ended December 31, 2023		
Opening balance	38,054	141,051
Shares issued on exercise of RSUs and DSUs	641	880
Extension fees settled in shares (Note 9)	6,888	794
Shares issued to settle interest on convertible debentures	3,553	668
Balance at December 31, 2023	**49,136**	**143,393**

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:

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

	Options		Warrants			
	Options Outstanding	Weighted Average Exercise Price (CAD)	Warrants Outstanding	Weighted Average Exercise Price (CAD)	RSUs Outstanding	DSUs Outstanding
Outstanding at January 1, 2022	945,487	3.96	1,446,188	5.24	667,409	456,198
Granted/issued	942,000	0.58	-	-	1,124,948	380,417
Exercised/settled	-	0.00	-	-	(31,787)	(130,455)
Expired	(382,375)	4.01	(302,760)	3.30	-	-
Forfeited	(54,375)	1.76	-	-	(574,570)	-
Outstanding at December 31, 2022	1,450,737	1.84	1,143,428	5.75	1,186,000	706,160
Exercisable at December 31, 2022	808,987	2.83	1,143,428	5.75	-	368,649
Outstanding at January 1, 2023	1,450,737	1.84	1,143,428	5.75	1,186,000	706,160
Granted/issued	30,000	0.38	-	-	60,000	-
Exercised/settled	-	0.00	-	-	(336,333)	(305,287)
Expired	(544,430)	2.74	(1,143,428)	5.75	(20,000)	-
Forfeited	(155,000)	0.56	-	-	(485,000)	-
Outstanding at December 31, 2023	781,307	1.41	-	-	404,667	400,873
Exercisable at December 31, 2023	646,307	1.58	-	-	-	63,362

The Company's Warrants with an exercise price of C$5.75, expired on July 30, 2023.

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 $0.99	582,000	1.55	447,000	0.58
$1.00 to $1.99	-	-	-	-
$2.00 to $2.99	42,307	0.31	42,307	2.20
$3.00 to $3.99	12,500	1.97	12,500	3.82
$4.00 to $4.99	144,500	0.97	144,500	4.30
	781,307	1.39	646,307	1.58

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:

	Year ended December 31 2023	December 31 2022
Fair value at grant date (CAD)	$0.23	$0.32
Share price at grant date (CAD)	$0.39	$0.59
Exercise price (CAD)	$0.39	$0.59
Risk-free interest rate	3.79%	3.09%
Expected life of options in years	3.00	2.88

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

Expected volatility	88.82%	85.72%
Expected dividend yield	0.00%	0.00%
Estimated forfeiture rate	17.15%	5.82%

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 (reversal) expense comprises the following:

	2023 $	2022 $
Stock options	36	184
RSUs	(216)	126
DSUs	-	178
	(180)	488

13. LOSS PER SHARE

	2023	2022
Net income (loss) for the year	$ 6,534	$ (18,838)
Weighted average number of shares outstanding - basic	42,079,599	34,917,037
Effect of dilutive RSUs and DSUs	805,540	-
Weighted average number of shares outstanding - dilutive	42,885,139	34,917,037
Net income (loss) per share - basic	$ 0.16	$ (0.54)
Net income (loss) per share - diluted	$ 0.15	$ (0.54)

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

14. EXPENSES BY NATURE

(a) Administrative expense consists of the following:

	2023 $	2022 $
Office and overhead	1,114	2,087
Salaries and wages	1,045	1,395
Corporate development and legal (1)	1,308	507
Public company costs	193	150
Administrative expenses	**3,660**	**4,139**

(1) 2023 includes $633 related to La Negra transaction costs (Note 6).

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

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

	2023	2022
	$	$
Gain on Convertible Debenture extension (Note 9)	(3,718)	-
Convertible Debenture extension fee paid in shares (Note 9)	813	-
Gain on Sale of NSR royalty	(111)	-
Fair value loss on marketable securities and warrants	29	109
Gain on disposal of assets	-	(300)
Unrealized foreign exchange gain	(1,349)	(1,235)
Realized foreign exchange gain	(33)	(19)
Interest income	(11)	(50)
Rehabilitation provision – change in estimate (Note 11)	(62)	(730)
Insurance cancelled	(124)	-
Other	90	-
Insurance proceeds received	-	(592)
Provision for onerous contract (Note 11)	-	1,706
Other income	**(4,475)**	**(1,111)**

15. FINANCE EXPENSES

Finance expense consists of the following:

	2023	2022
	$	$
Interest expense - Convertible Debentures	4,692	4,039
Interest expense - other	9	48
Accretion on provisions	63	207
Finance expenses	**4,764**	**4,294**

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 loss before income tax as a result of the following:

	2023	2022
	$	$
Statutory tax rates	**26.5%**	**26.5%**
Income tax (recovery) computed at the statutory rates	1,535	(4,892)
Gain on deconsolidation of San Pedro	(6,428)	-
Reversal of deferred tax liability	(743)	-
Non-deductible (taxable) items	=	1,667
Change in tax benefit not recognized	4,893	3,838
Other	-	(234)
Income tax (recovery) expense	(743)	379

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

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

Income tax expense (recovery) consists of the following:

	2023 $	2021 $
Current income taxes	-	217
Deferred income taxes	(743)	162
	(743)	379

17. KEY MANAGEMENT TRANSACTIONS

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

	2023 $	2022 $
Salaries, fees and benefits	720	932
Director's fees	203	302
Share-based payments	(86)	354
	837	**1,588**

At December 31, 2023, the Company had amounts owing to current management and directors of the Company of $309. Current management and directors agreed to settle the amounts owing through the issuance of RSU and DSUs in 2024.

18. 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, 2023, the carrying amounts of trade and other payables, VAT recoverable and payables and other current assets are considered to be reasonable approximations of their respective fair values due to the short-term nature of these instruments. 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 trade receivables. 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.

	Fair value hierarchy	2023 $	2022 $
Financial assets			
Fair value through profit and loss			
Marketable securities	Level 1	52	-
Warrants	Level 2	1	5
Trade receivables from provisionally priced sales	Level 2	-	690
		53	695

There were no transfers between Levels 1 or 2 during the year ended December 31, 2023.

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
- 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

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 were 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.

With the closure of operations at Platosa in early Q4 2022, the Company's main source of liquidity will be derived from equity or debt transactions (Note 2).

Currency risk

The Mexican peso ("MXN"), US 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. As a result, currency exposures arise from transactions and balances in currencies other than the functional currencies. The Company's potential currency exposures comprise:

- Translational exposure in respect of non-functional currency monetary items.
- Transactional exposure in respect of non-functional currency expenditure and revenues.
- Commodity price risk; and
- Interest rate risk.

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 (loss) to reflect this risk.

Transactional exposure in respect of non-functional currency expenditure and revenues

Certain operating and capital expenditures were incurred by some operations in currencies other than their functional currency. Revenue was earned in currencies other than the functional currency of operations, and certain exchange controls may require that funds be maintained in currencies other than the functional currency of the operation.

Interest rate risk

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

19. 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' 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.

20. SUBSEQUENT EVENTS

On March 28, 2024, the Company announced the closing of the Debenture Restructuring (Note 9). As a result, the outstanding principal amount of the Convertible Debentures was reduced to C$7.5 million, the maturity date was extended to August 31, 2026, the conversion price was decreased to C$0.10, and the interest rate payable in cash was increased to 6.50% per annum while retaining the Company's option to satisfy interest in Common Shares at an effective interest rate of 10% per annum. In consideration for the repurchase for cancellation of C$10.41 million aggregate principal amount of the Convertible Debentures, the Company has issued aggregate consideration consisting of 38,888,878 common shares of the Company, contingent value rights of the Company, providing for aggregate cash payments equal to the equivalent of up to 1,500 troy ounces of gold upon the achievement of certain milestones, a 2% net smelter returns royalty on the unpatented claims comprising the Kilgore Project, and a 25% interest in Saxony Silver Corp., which holds the Silver City Project. Additionally, in connection with the Debenture Restructuring, the Company issued 2,846,147 common shares of the Company in satisfaction of accrued and unpaid interest on the Convertible Debentures to, but excluding, the date of the Debenture Restructuring.