Lexington Gold (LEX)

March 2021

Buying into Management's Dream

Lexington Gold, borne out of a reverse takeover, has four attractive gold exploration projects in the USA in an area with proven gold resources and gold production. In our view, investors are being asked to place their faith in management and buy into their dream. This is a team with multiple successes in exploration and development of gold and other precious metals. LEX offers investors the opportunity to get a foot in the door at the outset, in an investment that is highly appealing. We believe investors should grab this opportunity with both hands for the following reasons.

- **The projects are located in an area with proven gold resources and gold production**
  The region has significant historic gold production with the most recent success being the Haile Mine which, over the last decade, has progressed from an exploration project to an open pit mine with 4.8moz of JORC defined resources to underground development.

- **The prevailing strong gold price environment**
  In our opinion, the gold price is driven by financial and economic factors rather than supply and demand because gold is perceived as a safe haven. With the global pandemic and the ensuing global recession the gold price is likely to increase further or remain at these levels.

- **Experienced Board of Directors and JV Partner**
  The management team have extensive experience and success in gold and other precious metals from exploration to defining maiden JORC resources and feasibility through to production.
  Furthermore, Uwharrie Resources (URI), the JV partner has vast local knowledge and significant expertise in the local geology.

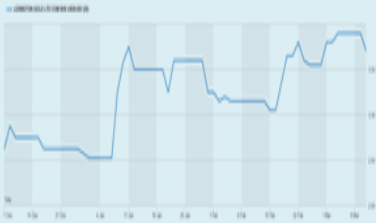
- **Established infrastructure**
  Easy access to modern roads, electricity and skilled labour.

- **Low Acquisition cost**

Company data

EPIC	LEX
Price (last close)	3.90p
52 week Hi/Low	3.90p/2.52p
Shares in issue	261.5m
Market cap	£10.2m
Market	AIM
Sector	Mining

12 months share price (p)



Source: LSE website

Company description

Lexington Gold is focused on the exploration and development of its four diverse gold projects in North and South Carolina, USA. The projects are situated in the highly prospective Carolina Super Terrane, which has seen significant historic gold production and is host to a number of multi-million-ounce mines operated by majors.

Contacts:

Lucy Williams
020 7469 0936
lw@peterhousecap.com

Duncan Vasey
020 7220 9797
dv@peterhousecap.com

Charles Goodfellow
020 7220 9791
cg@peterhousecap.com

Executive Management

The LEX management team are highly experienced in precious metals from exploration to defining maiden JORC resources and feasibility through to production.

Ed Nealon - Non-Executive Chairman

Mr Nealon is a geologist with 46 years experience in the mining and exploration industry. After graduating in 1974, he commenced his career in South Africa with Anglo American, before moving to Australia in 1980 where he spent two years in exploration with Rio Tinto. He founded his own consultancy in 1983 and has practiced in most of the world's major mining centres. Mr Nealon founded Aquarius Platinum, which was the fourth largest platinum producer in the world, serving as either its CEO or Executive Chairman for several years. He also co-founded Sylvania Platinum. He holds a Masters degree in Geology and is a member of the Australian Institute of Mining and Metallurgy.

- 1974-80 - Anglo American Gold in South Africa working on the President Brand And Free State Saiplaas Gold Mines
- 1980-83 - Rio Tinto Exploration in Western Australia, exploring for gold in Norseman Gold Belt and Pilbara Gold Belt.
- 1983- Present - Geological Consultant on gold exploration projects worldwide. Discovered Mt Henry gold deposit in Norseman, Western Australia for Australis Mining.
- Founded Aquarius Platinum in the 1990s which became the world's fourth largest platinum producer (also producing gold as a by-product), now taken over by Sibanye Gold.
- Co-Founder of Sylvania Platinum, then the world's sixth largest (and worlds cheapest) platinum producer (also producing gold).
- Previous Chairman of Bezant Resources and TanzaniteOne.

Bernard Olivier - Chief Executive Officer

Dr. Olivier is a qualified geologist and has been involved with the mining and exploration industry for the past 22 years. He has over 13 years experience as a public company director of ASX-listed and AIM-quoted mining and exploration companies. Dr. Olivier was previously the CEO of Richland (formerly TanzaniteOne) and was credited with restructuring and returning the group to profitability in 2010. TanzaniteOne paid approximately 35 cents in dividends to shareholders from operational profits but due to escalating illegal mining activities including violence against its employees and a lack of support by the Tanzanian Government the project became unsustainable.

As CEO of Bezant Resources, Dr. Olivier led the team which established a maiden JORC Resource estimate of 3.9m gold ounces at its Mankayan project and achieved an 8p per share return of capital to its shareholders.

He has also worked on various other gold projects in Southern Africa, Eastern Africa and Australia. Dr. Olivier is a Member of the Australasian Institute of Mining and Metallurgy.

Rhoderick Grivas - Non-Executive Director

Mr Grivas represents the vendors on the Board and is a geologist with over 30 years experience in the natural resources industry. He has been involved in gold exploration for over 30 years including the 1991 discovery of the 250koz Harmony gold deposit near Peak Hill, Western Australia, as well as the 1999 discovery of the 5moz+ Hornet-Rubicon and Pegasus deposits located near Kundana, Western Australia, currently being mined by ASX listed North Star Resources. Mr Grivas has overseen exploration in Australia, Burkina Faso, Liberia, Guinea, Cameroon, Africa, Canada, USA and Brazil.

Mr Grivas also has 20 years of board experience on ASX listed companies. Mr Grivas has held a number of director and management positions with publicly listed mining and exploration companies, including Managing Director of ASX and TSX listed gold miner Dioro Exploration NL, where he oversaw the discovery and development of a gold resource through feasibility to production. He is currently Non-Executive Chairman of Okapi Resources, Aldoro Resources, Andromeda Metals and Golden Mile Resources.

Mr Grivas has a strong combination of equity market, M&A, commercial, strategic and executive management capabilities. He is a member of the Australian Institute of Mining and Metallurgy.

Uwharrie Resources - JV Partner

URI has extensive local knowledge and significant expertise relating to the local geology and the four project areas, with over 130 years collective experience in gold exploration in the United States.

Jonathan Powers - Co-founder President, COO

Mr Powers has a PhD in Geology and over 20 years gold and base metal exploration experience in southeast USA.

Mr Powers has been an exploration geologist for Noranda and BHP and also served as a consultant for a number of junior explorers. His expertise includes all aspects of exploration from project generation to detailed site evaluation. Mr Powers establishes contact with property owners and negotiates mineral agreements. He was co-discoverer of the undeveloped Deep River Au-Cu-Mo porphyry deposit in North Carolina, one of the largest gold porphyry systems in the eastern USA.

Peter Evans - Co-Founder and Director

Mr Evans is a geologist with over 40 years of experience in southeast USA. He has worked for Amselco Minerals, Kennecott and several junior explorers. He lead the geological team that discovered the Ridgeway deposit (1.5moz) in South Carolina in 1980. The Ridgeway deposit is located in the Carolina Super Terrane where all four of LEX's projects are located. Mr Evans subsequently served as head of the Ridgeway development and permitting programs for Kennecott and was mine manager at Ridgeway from 1989 to 1993. His expertise includes leading negotiations of mineral agreements with property owners and managing exploration logistics including interfacing with regulatory authorities.

Strategy Going Forward

The current work programme for the projects comprises the following:

- The fixed-wing geophysics over Jones-Keystone-Loflin, Carolina Belle and Argo, will recommence shortly, after being halted due to the severe weather in southeast USA.
- Phase 1 Diamond drilling at Lofin has commenced to verify historical drilling, infill holes and stepping out.
- Resource estimation to include historical drilling at Loflin. Resource estimation might require a second drilling programme at Loflin depending on the results of Phase 1.
- Diamond drilling at Jones-Keystone, with the aim of verification of historical work, stepping out and infill with the aim of also establishing a maiden resource at Jones-Keystone.
- Additional ground to be acquired around Jones-Keystone-Loflin project (work in progress).
- Geophysics & Soil Geochemistry and trenching at Caroline Belle to assist larger RC drilling campaign.
- VTEM over Jennings Pioneer has been completed.
- Magnetic and IP to guide RC drilling campaign at Jennings Pioneer.

Jones-Keystone-Loflin Project (JKL)

The JKL project comprises multiple greenfield and brownfield exploration targets. Wide zones of moderate to high grade gold mineralisation and alteration have been defined with geological similarities to those observed at the regionally significant Haile, Ridgeway and Russell mines which typify mineralisation of the Carolina Super Terrane (CST). There remain a number of geophysical and geochemical anomalies that warrant further investigation to delineate disseminated sulphide-gold mineralisation.

Significant historic drill intersects from the Jones-Keystone (JK) property include:

- Hole JK10-006: 54m @ 1.56g/t Au from 184m including 28m @ 3.01g/t Au
- Hole JK11-017: 104m @ 1.27g/t Au from 28m including 40m @ 2.33g/t Au
- Hole JK11-048: 34.5m @ 1.11g/t Au from 45m including 24m @ 1.52g/t Au

Significant historic drill intersects from the Loflin property include:

- Hole LOC90-01: 48.8m @ 1.12g/t Au from surface including 18.3m @ 1.57g/t Au
- Hole LOC90-02: 81.7m @ 1.06g/t Au from surface including 17.4m @ 2.9g/t Au
- Hole LF10-018: 74m @ 1.12g/t Au from 14m including 30m @ 2.59g/t Au

LEX will be the first to combine the JK and Loflin properties. It has planned an exploration programme to assess the potential for Haile or Russell scale and style mineralisation at JKL.

An airborne geophysics and soil chemistry programme has been completed. A diamond core drill programme at Loflin will commence shortly with a confirmation hole at 610m to determine the ore source. Six holes are planned at this stage.

In our view, breaking down the project into smaller areas and determining a maiden resource first will likely add far more value for shareholders as opposed to exploring the entire project area from the outset.

The exploration programme is expected to comprise the following activities:

- Approach additional land owners in the immediate vicinity of the Loflin properties to seek to agree further lease agreements in respect of prospective areas currently beyond the existing Loflin properties. This will ensure that drill sites can be located at the optimum position to drill test both existing targets and allow for further step out drilling.
- A compilation of the available drill database at the properties to ensure the most comprehensive exploration datasets are available to aid geological understanding and to guide future exploration programmes across the target zones.
- Twining a select number of holes to assist with verifying the historic analytical results and mineralisation models and provide oriented core for structural interpretation and integration.
- Considering a 'Leapfrog Geo' modelling software style 3D analysis which might assist in visualising geology, geophysics, structural and mineralisation trends that could lead to the generation of new drill targeting concepts based on epithermal styles of mineralisation. Leapfrog visualisation technology should assist in understanding the current mineralisation distribution in relation to structural or lithological controls common to epithermal deposits that can also be used to plan infill or extension drill holes.
- Considering additional ground geophysical surveys along the target corridor, such as ground magnetics and IP, to help identify additional zones of disseminated sulphide mineralisation.
- Considering ground EM, which may also assist in defining the zones of interconnecting sulphide mineralisation that represent more intense alteration possibly associated with gold.
- Drill testing of the most compelling targets using RC or diamond drilling. Comprehensive geological, structural and alteration integration will be required to help confirm the mineralisation model.

Carolina Belle Project

The Carolina Belle project has several greenfield and brownfield exploration prospects with well-defined and potentially continuous zones of gold mineralisation already identified from historic mines, drilling and surface workings striking over 2km. There is potential to extend existing zones of gold mineralisation and discover additional feeder veins and alteration associated with a larger epithermal system along a targeted lithostratigraphic horizon.

Significant historical drill intercepts from the Carolina Belle project include:

- Hole GNCJ-1: 7.6m @ 1.06g/t Au from 33.5m including 1.5m @ 3.55g/t Au from 35.1m
- Hole GNCJ-4: 3m @ 2.65g/t Au from 85m

A range of surface rock chip samples (mullock dumps) returned grades between 0.5 to 28.1g/t, with multiple values > 10g/t. The project contains a collection of high grade historic gold mines with the majority of the prospects only worked to relatively shallow depths. Modern exploration techniques have not been applied to the mineral systems at Carolina Belle which, in our view, would greatly assist in generating high confidence drill targets.

LEX is combining two historically producing mines in this project. Similar to JL an airborne geophysics and soil chemistry programme has commenced. Furthermore, drilling will be done on both mine sites and the vertical shafts in between. The strategy is again to break up the project area and work on smaller areas.

The exploration programme is expected to comprise the following activities:

- Completing modern airborne (possibly drone) magnetic and other geophysical surveys as appropriate.
- Multi-element surface geochemical, alteration and geological mapping programmes to assist in defining the surface footprint of the existing mineralisation (in undisturbed areas) with a view to detecting new zones of gold mineralisation.
- Shallow AC/RAB drilling below the overlying Cretaceous sedimentary Coastal Plain cover sands, that may mask zones of geochemical anomalism.
- Examination of available LANDSAT imagery or ASTER data to identify any zones of strong alteration.
- Completing a phase of petrological studies on the mineralisation and host rocks to confirm the presence of epithermal textures.
- Undertaking ground geophysical surveys such as IP to delineate zones of concealed sulphide mineralisation or potential feeders to surface mineralisation.
- Drill testing the most compelling targets using RC or Diamond drilling.

Jennings-Pioneer Project (JP)

The Jennings-Pioneer project area has several greenfield exploration prospects with well-defined and potentially continuous zones of gold and base metal mineralisation already identified from historic mines and surface workings. There is potential to define:

- Volcanic Hosted Massive Sulphide (VHMS) style mineralisation and discover additional feeder veins and alteration associated with a large exhalative system along a well constrained lithostratigraphic horizon.
- Epithermal gold-silver mineralisation comprising Au-Ag-telluride veins contained within linear, silificified and pyritic (+barite) zones.

LEX has completed an airborne geophysics programme. The drilling programme will involve RC drilling instead of core drilling. In our opinion, LEX has chosen well in doing this as it allows for more drilling at a significantly lower price.

The exploration programme is expected to comprise the following activities:

- Additional searches to try and locate any historic exploration data from the region.
- Completing modern regional airborne (possibly drone) magnetics over the 3km radius area of interest.
- Multi-element surface geochemical, alteration and geological mapping programmes to assist in defining the surface footprint of the existing mineralisation, with a view to detecting new zones of gold and base metal mineralisation.
- Examination of any LANDSAT imagery or ASTER data to identify any zones of strong alteration.
- Undertaking ground geophysical surveys such as ground magnetics, EM to identify zones of massive sulphide mineralisation and IP to delineate zones of concealed sulphide mineralisation or potential feeders adjacent to the Barite Hill deposit.
- Drill testing of the most compelling targets using RC or Diamond drilling. Downhole EM and other methods may also be implemented.

Argo Project

The historic workings at the Argo project extend over hundreds of metres. There is potential to undertake systematic surface prospecting and mapping to define current known mineralisation and extensions thereto. The application of modern exploration techniques for epithermal or vein style mineralisation would include surface geochemistry, ground geophysics and drilling. A range of surface rock chip samples were submitted for analysis that returned grades between 0.5 to 12.7g/t, with multiple values > 5g/t. The project requires additional exploration prior to drill testing.

LEX will commence with an airborne geophyics programme. However, Argo is not a priority at this stage.

The exploration programme is expected to comprise the following activities:

- Completing modern airborne (possibly drone) magnetic and other geophysical surveys as appropriate.
- Multi-element surface geochemical, alteration and geological programmes to assist in defining the surface footprint of the existing mineralisation with a view to detecting new zones of gold mineralisation.
- Examination of all available LANDSAT imagery and ASTER data to identify any zones of strong alteration.
- Completing a phase of petrological studies on the mineralisation and host rocks to confirm the presence of epithermal textures.
- Undertaking ground geophysical surveys such as IP to delineate zones of concealed sulphide mineralisation or potential feeders to surface mineralisation.
- Drill testing of the most compelling targets using AC, RC or Diamond drilling.

Shareholding and Free Float

URI owns 15% in LEX, the directors own 4.25% with the balance of 80.75% being free float.

Background

Lexington Gold was born out of the 100% acquisition by Richland Resources of Global Asset Resources (GAR) in H2 2020. This constituted a reverse takeover pursuant to AIM Rule 14. As part of the acquisition the name was changed to Lexington Gold. GAR and its JV partner, URI, were paid AU$60,000 in cash and AU$1.04m in shares in LEX. Richland Resources also made non-refundable cash payments of US$52,158 to cover project costs. URI is the wholly owned subsidiary of Carolina Gold Resources, a privately-held Canadian precious and base metals exploration company.

As part of the acquisition process, LEX successfully raised approximately £3.3m by placing shares with institutional investors. The net proceeds of approximately £2.53m were used to fund the cash consideration in the acquisition with the balance being utilised to finance the planned two year work programme and working capital requirements. Shares were re-admitted to trading on AIM on 25 November 2020.

Principal Terms of the Acquisition Agreement

LEX acquired four gold exploration projects in the Carolina Gold Belt in North and South Carolina in the USA. URI owns 49% of these projects with LEX owning the balance of 51%.

The projects are:

- Jones Keystone & Loflin
- Carolina Belle
- Jennings-Pioneer
- Argo

Funding Requirements

For LEX to retain its 51% interest in the four projects, it has to make certain minimum funding contributions in respect of each of the projects in each of the four years and throughout the four year period totalling AU$5m.

Project	Total	AU$ Minimum Year 1	Minimum Year 2	Minimum Year 3	Minimum Year 4
JKL	1,500,000	250,000	150,000	150,000	150,000
Carolina Belle	1,500,000	250,000	100,000	100,000	100,000
Jennings-Pioneer	1,500,000	100,000	100,000	100,000	100,000
Argo	1,500,000	100,000	100,000	100,000	100,000
	5,000,000	**700,000**	**450,000**	**450,000**	**450,000**

If LEX does not satisfy these minimum funding requirements, URI has the option to acquire its 51% interest in the relevant project for a nominal sum of AU$1.

At the end of the four year period and the satisfaction of the minimum funding contributions, LEX will have the option to increase its interest to 80% by meeting further funding contributions in years 5 and 6, should URI elect not to fund its proportionate share of future costs.

A breakdown of the Further Funding Contributions is detailed below:

Project	Total	AU$ Minimum Year 5	Minimum Year 6
JKL	2,500,000	150,000	150,000
Carolina Belle	2,500,000	100,000	100,000
Jennings-Pioneer	1,500,000	100,000	100,000
Argo	1,500,000	100,000	100,000
	8,000,000	**450,000**	**450,000**

If LEX does not make the further funding contributions in years 5 and 6, it will retain its 51% interest in the four projects. If LEX decides against continuing with any particular project, the earn-in to 80% for the other projects will accordingly be reduced.

LEX can increase its interest in a particular project to 100% by paying a Net Smelter Royalty to URI of 0.5%. for future production up to 50,000oz gold equivalent, 2% for future production from 50,000 to 400,000oz gold equivalent and 1% for future production in excess of 400,000oz gold equivalent.

Deferred Consideration

The agreement also outlines deferred consideration. LEX is required to pay AU$1.5m (Tranche 1 Deferred Consideration) and AU$3.0m (Tranche 2 Deferred Consideration) to GAR and URI, in cash or shares subject to the achievement of certain performance milestones or the occurrence of certain Vesting Events within five years.

The Tranche 1 Performance Milestone comprises confirmation by an independent geologist and announcement by the Company of JORC 2012 compliant resources in respect of any one of the four projects of at least:

a) 0.8m ounces of gold at a grade of more than 1g/t; or

b) 0.6m ounces of gold at a grade of more than 2.5g/t; or

c) 0.4m ounces of gold at a grade of 5g/t or more.

The Tranche 1 Deferred Consideration, payable within 21 business days of achieving the milestones, comprises AU$1.299m payable in cash or shares to GAR and AU$201,000 payable in cash or shares to URI.

The Tranche 2 Performance Milestone comprises the commissioning from an independent geologist, completion and announcement by LEX, in accordance with the AIM Rules, of a pre-feasibility study in respect of any one of the four projects confirming a pre-tax NPV of more than US$50m at a discount rate of at least 8%.

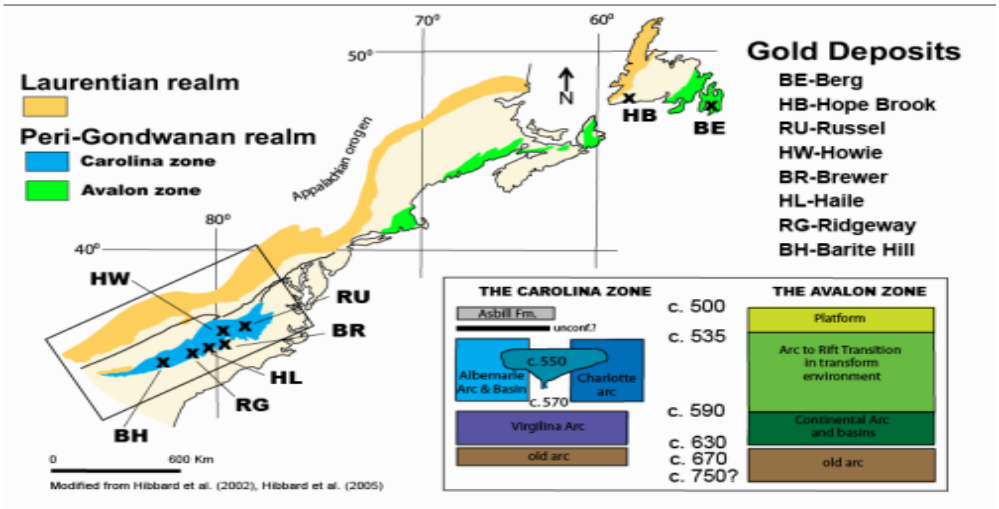
The Tranche 2 Deferred Consideration, payable within 21 business days of achieving the milestones, comprises AU$2.598m payable in cash or shares to GAR and AU$402,000 payable in cash or shares to URI.

Projects

The four gold projects are located within a well mineralised district running northeast through the states of North and South Carolina, in the USA, known as the Carolina Super Terrane. This area has a long history of gold prospecting and production and was the site of the initial North American gold rush in the early 1800s.

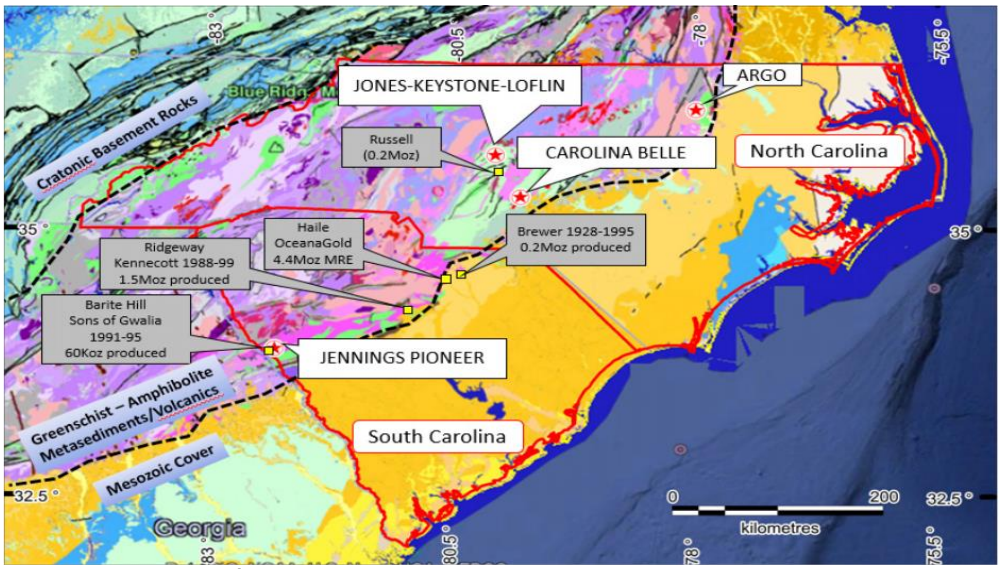
The CST region hosts large current and historical gold producers:

- Haile – 4.8moz Au (Oceana Gold)
- Ridgeway - 1.5moz Au (Rio Tinto)
- Barite Hill - 0.6moz Au & base metals
- Southern extension of Avalon Terrain including Hope Brook deposit (approximately 1moz)



Source: Competent Person's Report

The locations of LEX's four projects in relation to the other significant gold activity in the area is detailed in the map below:



Source: Competent Person's Report

All the projects are easily accessible by state highways, are in close proximity to the local electricity grid and have access to plentiful skilled labour.

Jones Keystone & Loflin Projects (JKL)

Location & Access

JKL is located in the Cid mining district in central North Carolina. The properties comprise 376 acres and are located within 3km of each other. They are easily accessible via a network of US highways, state roads and maintained county roads. Gravel roads exist across the properties allowing access for exploration activities.

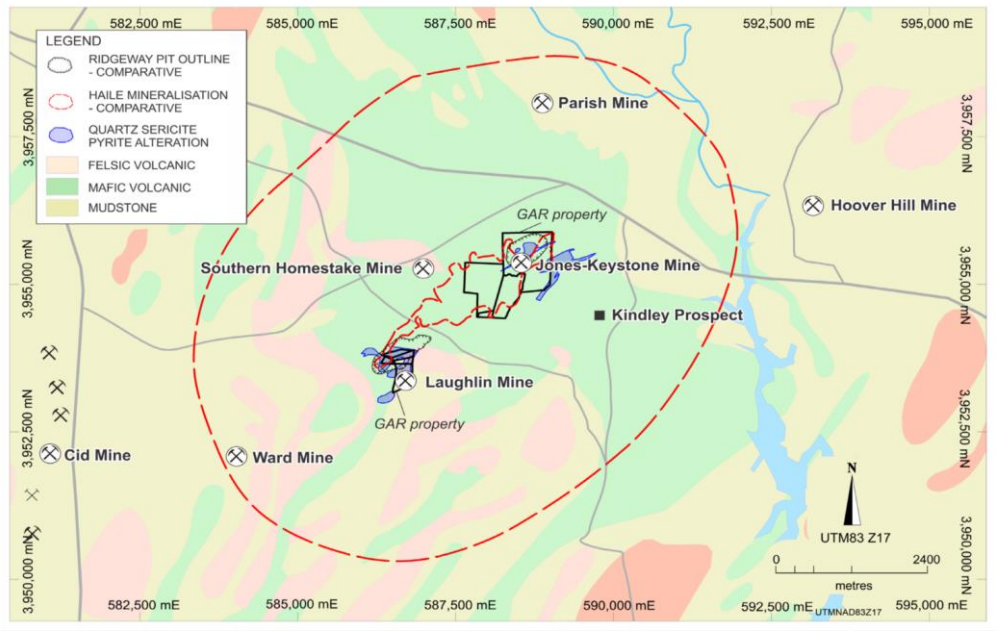
Previous Exploration

The JK project was initially mined by small scale prospectors from 1852 with intermittent production until the Civil War in 1861 and then again up until the mid-1930s. In 1948 US Geological Survey (USGS) geologists estimated that 30,000 to 40,000t of rock had been mined from two pits producing 5koz of gold. Between 1934 and the 1960s additional mining activities were undertaken with the development of two larger pits and several shafts with remnants of a mill and mill footings.

Along strike to the southwest, the Loflin properties show evidence of pits, trenches, shafts, adits and glory holes at several workings within a few hundred metres. Much of the mining activity was undertaken during the Depression years by local farmers during the winter months.

The geology of the JKL properties is similar to that found at the Ridgeway, Haile and Russell mines and other mineralised zones within the district. Between the late 1960s and 1990s these similarities were recognised by several companies including Noranda and Phelps Dodge as they explored JKL for bulk mineable style gold. Between 2010 and 2013 and then again between 2017 and 2019 the properties were explored by Revolution Resources and Orford Mining respectively.

In more recent years, since the discovery and development of the large-scale Ridgeway and Haile gold mines, the potential of the area to host large and often concealed gold mineralisation has seen an increase in exploration activity. In 2007 TSX listed Romarco Minerals, purchased the Haile property and conducted modern exploration activities which lead to the establishment of a NI43-101 compliant resource estimation of 4.8moz resource @ weighted average of 1.68 g/t. ASX listed Oceana Gold acquired Romarco Minerals for approximately C$856M in 2015. Haile produced 146,131oz in 2019 and is expected to produce up to 175koz in 2020.



Source: Lexington Gold

The NI43-101 report commissioned by Revolution Resources in 2012, states that a total of 55 holes for 11,704m has been drilled across the JK property since 1969. The most recent drilling was undertaken in 2018.

A total of 43 holes for 10,882m of drilling has been undertaken at Loflin since 1981 with the most recent drilling completed in 2011. Both properties have received various combinations of soil geochemistry, surface geophysics, mapping and grab sampling.

According to the USGS 2018, JKL is an example of the newly defined "Sawyer-type" mesozonal orogenic gold deposits. The report states "these Sawyer-type deposits are among the more attractive targets for modern precious metals exploration programs based on the indicated potential for large-tonnage, bulk-minable, low-grade deposits with relatively high gold recovery at low unit cost over a significant mine life."

LEX has planned an exploration programme to assess the potential for Haile or Russell scale and style mineralisation at JKL.

Carolina Belle Project

The Carolina Belle project comprises 431 acres and is located in central North Carolina and comprises four adjacent historic gold mines, Iola, Uwarra, Golconda and Martha Washington, that mined a series of gold bearing veins along 2km of strike. The Iola and Uwarra lodes were discovered in 1901 and the area was mined almost continuously until 1916 with Iola producing

approximately 45koz of gold and Uwarra producing approximately 5koz of gold. Grades were in excess of 10g/t. A dispute between the neighbouring mines prevented continued mining activities. Ores from the mines at Carolina Belle were reported as free-milling and successfully treated with cyanide with 95%+ recoveries. A single lode was mined down to 200m on the Iola mine side and to a depth of 100m at Uwarra along a combined strike of 650m with a reported mine grade between 10 - 15g/t.

Location & Access

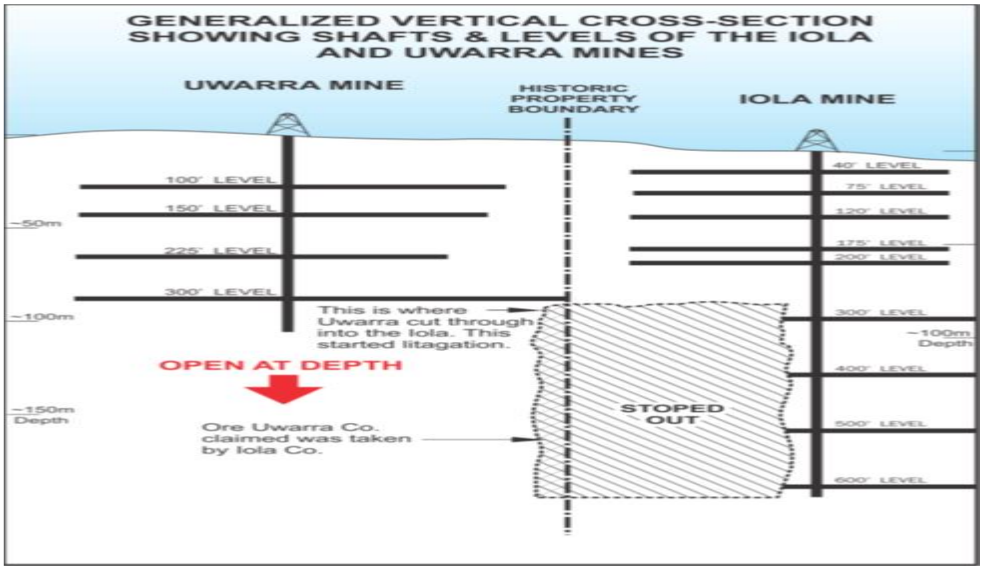
The project is located in Montgomery County, 4km northwest of Candor. Access is very good with sealed roads from Candor and other regional towns to the prospect area. There are limited facilities in the town of Candor but the project is located approximately 100km east of the major financial hub of Charlotte via Highway 24.

Previous Exploration

A total of nine diamond drill holes were drilled by US Borax in the 1980s targeting the underground workings of Iola-Uwarra, and one diamond core hole by Piedmont Mining in 1983. The US Borax drill programme results included:

- Hole GNCS-1: 1.5m @ 1.8g/t Au from 64m and 1.5m @ 0.98g/t Au from 68.6m
- Hole GNCJ-1: 7.6m @ 1.06g/t Au from 33.5m including 1.5m @ 3.55g/t Au from 35.1m
- Hole GNCJ-4: 3m @ 2.65g/t Au from 85m
- Hole GNCC-1: 1.5m @ 1.95g/t Au from 135m

In our view, the results are encouraging and confirm the mineralised structure of Iola and show thick intervals of halo grade mineralisation with evidence of higher grades within the main structure.



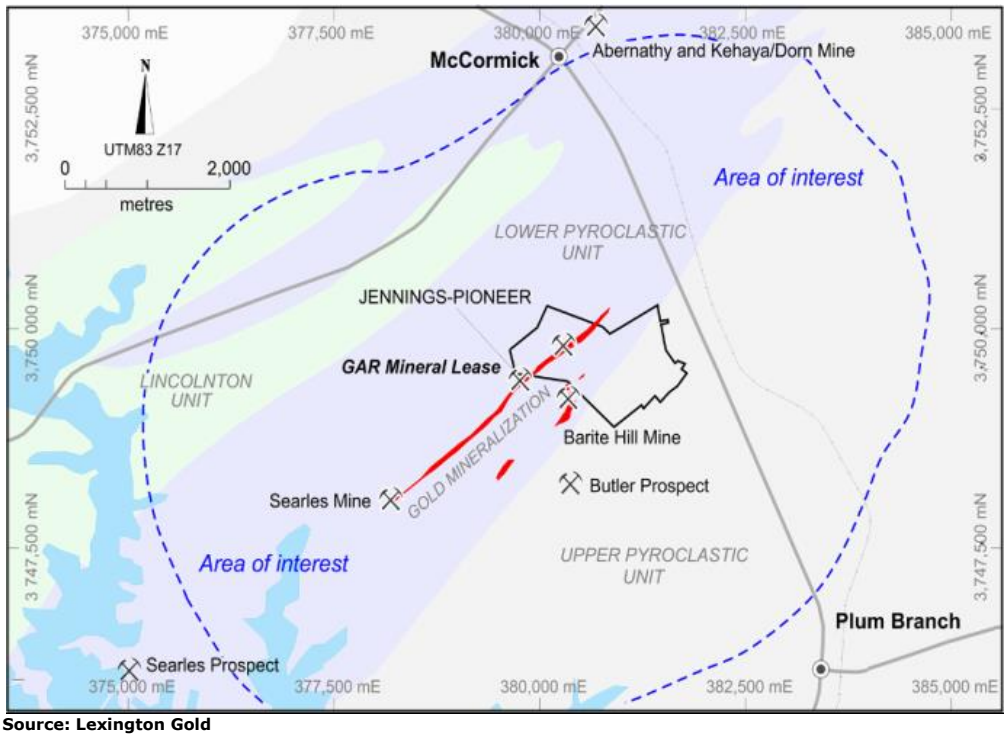
Source: Lexington Gold

Jennings-Pioneer Project

The JP project comprises 40 acres and forms part of the Barite Hill Gold district in South Carolina where several old mines and prospects are located within a 25km² area. The historic mines in the region include Dorn, Barite Hill, Jennings-Pioneer, Searles and the Self gold mines.

Gold production began in 1852 at the Dorn Mine where the oxidised sulphide ores provided some of the richest ores in Eastern USA. Historically, the Dorn mine produced approximately 45koz of gold, most of which was recovered during 1852-1859.

Efforts to reopen the Dorn and JP mines were made in the early 1930s. The JP mine was operated under the name of Pioneer Gold Mine during 1932-1934. Historic press records report that in June 1934 two shafts were sunk to 40m and 30m. The Pioneer Gold Mine operated for at least two years.



Source: Lexington Gold

Location & Access

The JP project forms part of the Barite Hill Gold District located in McCormick County, approximately 3 to 4km south of McCormick, South Carolina. Access is very good with sealed roads from McCormick until the Troy West gravel track. There are limited facilities in the town of McCormick but the project is located approximately 55km north-northwest of the city of Augusta via Highway 28.

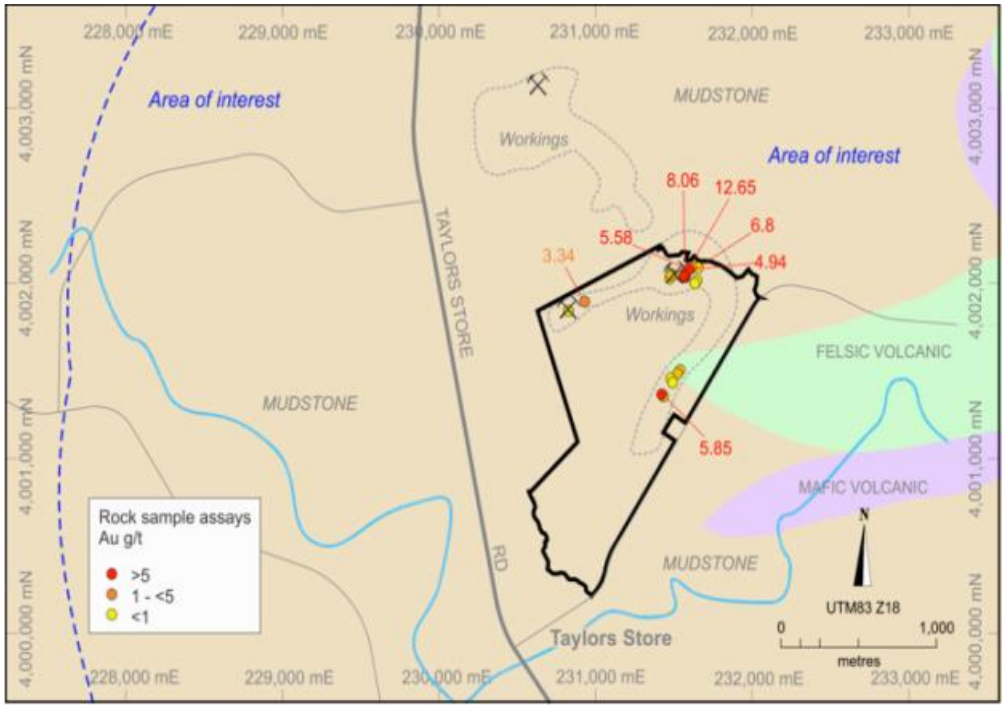
Previous Exploration

In recent years, Gold Fields and Amselco Minerals explored the general district in the 1980s with the latter identifying a small gold resource at Barite Hill. Nevada Goldfields developed and operated the Barite Hill Mine from 1990 to 1995 and was subsequently taken over by former ASX listed gold producer Sons of Gwalia in 1991. The Barite Hill Mine had approximately 0.6moz gold non JORC resource. Approximately 60koz of gold (average grade: 1.25 - 1.5 g/t) and 109koz of silver were produced from two open pits. It is a gold rich VMS deposit with Volcanic Arc related

signatures similar to the Haile Mine. JP is approximately 600m from the Barite Hill Mine and potential satellite deposit.

Argo Project

The Argo project comprises 380 acres with a number of shallowly worked historic pits and trenches. Two kilometres to the north of the workings, beyond the Argo mineral property, is the Mann-Arrington Mine that was last mined in 1894 where a shaft was dug to a depth of approximately 35m and a 25m long north striking shallow pit was excavated to a depth of 3m. Whilst there is some undocumented exploration work completed at the Mann-Arrington mine in the early 1930s, there is limited modern style exploration recorded for the Argo mineral property.



Source: Lexington Gold

Location & Access

The project is situated in the northwest corner of Nash County, 16km north of Nashville, North Carolina. Access is very good with sealed roads from Nashville to the prospect area. There are limited facilities in the town of Nashville, but the project is located less than one hour from the major city of Raleigh.

Contacts

Lucy Williams
Corporate Broking
020 7469 0936
lw@peterhousecap.com

Duncan Vasey
Corporate Broking
020 7220 9797
dv@peterhousecap.com

Charles Goodfellow
Corporate Broking
020 7220 9791
cg@peterhousecap.com

This report is intended for

Professional Clients, Self-certified High Net Worth or Sophisticated Investors only.

Peterhouse Capital Limited is Authorised and Regulated by the Financial Conduct Authority.

Peterhouse Capital Limited ("PCL") is retained to act as financial adviser for various clients, some or all of whom may now or in the future have an interest in the contents of this document and/or in the Company. In the preparation of this report PCL has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but make no guarantee as to the accuracy or completeness of the information or opinions contained herein.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom ('FSMA'). Any person who is not a relevant person under this section should not act or rely on this document or any of its contents. Research on its client companies produced and distributed by PCL is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent, as defined by the FCA, but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

This report is being provided to relevant persons by PCL to provide background information about the subject matter of the note. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. Self-certification by investors can be completed free of charge at www.fisma.org

PCL may in the future provide, or may have in the past provided, investment banking services to the Company. PCL, its Directors or persons connected may have in the future, or have had in the past, a material investment in the Company.

More information is available on our website

www.peterhousecap.com