LEXINGTON GOLD LTD
(FORMERLY KNOWN AS RICHLAND RESOURCES LTD)
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

LEXINGTON GOLD LTD

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FOR THE YEAR ENDED 31 DECEMBER 2020

CORPORATE DIRECTORY
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors:	Edward Nealon - Non-Executive Chairman Bernard Olivier - Chief Executive Officer Melissa Sturgess - Non-Executive Director Rhoderick Grivas – Non-Executive Director
Registered office:	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda Email: info@lexingtongold.co.uk Website: www.lexingtongold.co.uk
Transfer secretary:	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom Telephone: +44 (0)370 702 0003 Facsimile: +44 (0)370 703 6116 Website: www.computershare.com/uk
Nominated adviser:	Strand Hanson Limited 26 Mount Row, London W1K 3SQ Telephone: +44 (0)20 7409 3494
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Solicitors:	Joelson JD LLP 30 Portland Place, London W1B 1LZ
Auditors:	BDO Audit (WA) Pty Ltd 38 Station Street, Subiaco, WA 6008, Australia
Financial PR:	Yellow Jersey PR Limited Mappin House Oxford Street London W1W 8HF

LEXINGTON GOLD LTD

CHAIRMAN'S STATEMENT

Dear Fellow Shareholder,

I am pleased to present the Group's final results for the financial year ending 31 December 2020 and to report on the Company's ongoing activities to the date of this statement. Despite the challenges posed by COVID-19, 2020 has been a year of successful transformation for the Company and its shareholders.

During the year, the Company successfully achieved the following:

- Acquisition of 51 per cent. Interest in the Carolina Gold projects via GAR
- Readmission to trading on AIM
- Oversubscribed capital raising in conjunction with the readmission
- Corporate rebranding and name change
- Share consolidation
- Appointment of highly experienced Board members and management team
- Commencement of operations in the USA

Following the successful reverse acquisition of Global Asset Resources Ltd ("**GAR**"), the associated fundraising, and the readmission to AIM, we are now focussed on unlocking the excellent potential of our gold projects in the USA. All four projects, namely Jones-Keystone-Loflin ("**JKL**"), Carolina Belle, Jennings-Pioneer, and Argo, are situated in the highly prospective Carolina Super Terrane, a region that has seen both current and historic gold production but with little application of modern exploration techniques. The region is host to a number of multi-million-ounce gold mines with comparative geology to our own projects, and has attracted third party majors such as OceanaGold and Rio Tinto. The Carolinas represent a developed and stable jurisdiction, with modern local infrastructure and ready access to operational resources.

We are implementing modern exploration techniques over all four of our projects. All our projects have seen historical gold mining activities and various stages of exploration work, the data from which we have incorporated into our database and work programme design. The area has also recently been host to similar mining projects progressing from exploration to development as low cost mines, exemplified by the Haile Gold Mine which was explored by Romarco Minerals before being acquired by OceanaGold for over C$850m in 2015.

I am also pleased to have a highly experienced board of directors and management team in place, along with a strong local joint venture partner whose management has a combined experience of over 130 years in exploration in the USA.

Following readmission in November 2020, we have already made significant progress with our gold exploration activities. We have completed a helicopter borne VTEM geophysical survey over the Jennings-Pioneer project which identified two potential anomalies that will be followed up by soil sampling, trenching, and potential drilling. We have also completed a large scale, fixed-wing, airborne geophysical survey over the JKL, Carolina Belle, and Argo projects; the data interpretation and modelling is currently underway. At JKL, our first drilling campaign has recently been completed and we are very encouraged by the sulphide mineralisation that has been intersected in all six holes drilled, since gold at JKL has a known association with sulphides, and we eagerly await the assay results. Lexington Gold has also secured additional mineral exploration rights at the JKL project. The additional mineral rights were adjacent to the project's pre-existing mineral exploration rights, thereby representing a significant enhancement to our existing land package.

Last, but not least, on behalf of the Board I wish to express appreciation for the valued support of the Company's various stakeholders and shareholders.

Edward Nealon
Non-Executive Chairman

10 May 2021

CHIEF EXECUTIVE'S OPERATIONAL AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2020

1. Overview

On 2 January 2020, the Company announced that the disposal to Fura Gems Inc. of its wholly owned subsidiary, Richland Corporate Ltd, the holder of the Capricorn Sapphire Project (and the Company's loans to Richland Corporate Ltd), had completed further, *inter alia*, to the requisite approval by Shareholders at a general meeting of the Company held on 19 August 2019 as the disposal constituted a fundamental change of business for the Company.

Pursuant to the successful completion of the disposal, the Company became an AIM Rule 15 Cash Shell on 31 December 2019 and, as such, was required to make an acquisition, or acquisitions, which constitute(s) a reverse takeover under AIM Rule 14 (including seeking re-admission under the AIM Rules for Companies) within six months from completion of the disposal, failing which, the Company's Common Shares would be required to be suspended from trading pursuant to AIM Rule 40. Accordingly, the Company's Existing Common Shares were suspended from trading on 1 July 2020 pending completion of the Acquisition ("**Completion**") described further below.

On 27 July 2020, the Company announced that it had entered into a binding share purchase agreement to conditionally acquire the entire issued share capital of Global Asset Resources Ltd ("**GAR**"), a private Australian incorporated company, which, via its wholly owned subsidiary, Global Asset Resources Holdings, Inc., holds a 51 per cent. interest in and operatorship of four gold exploration projects in North and South Carolina in the United States (the "**Acquisition**"). The Acquisition constituted a reverse takeover transaction pursuant to Rule 14 of the AIM Rules.

The consideration for the Acquisition comprised an aggregate payment on Completion to the Sellers (including the Founder Sellers) and GAR's joint venture partner, Uwharrie Resources Inc. ("**URI**"), of AU$60,000 (approximately US$43,392) in cash and AU$1.04m (approximately US$752,128) in New Common Shares at the Placing Price. In addition, Lexington Gold made two non-refundable cash payments to GAR of US$29,340 on 31 July 2020 and US$22,818 on 30 September 2020, with such payments utilised to cover certain project costs pending Completion. Furthermore, the Company may also be required to make two additional future conditional deferred consideration payments to the Sellers and URI, in cash or New Common Shares at Lexington Gold's sole discretion, of, in aggregate, AU$1.5m and AU$3m, linked to the achievement of certain performance milestones or the occurrence of certain vesting events during the five year period following Completion.

In connection with the Acquisition, the Company raised, in aggregate, approximately £3.33 million (before expenses) via the issue of 120,989,112 Placing Shares and Subscription Shares to institutional and certain other investors at the Placing Price of 2.75 pence per share. The net proceeds of the Placing and Subscription of approximately £2.53 million were utilised to fund the initial cash consideration in respect of the Acquisition and are being applied on the enlarged group's planned initial two year work programme and requisite working capital requirements.

Due to its transformational nature, the Acquisition constituted a reverse takeover of the Company pursuant to the AIM Rules which was approved by Shareholders at the Annual General Meeting held on 23 November 2020. Following Completion, the Sellers became the beneficial owners of, in aggregate, 18,504,073 New Common Shares representing approximately 7.08 per cent. of the enlarged share capital.

The GAR Projects present a unique opportunity to explore a gold province in a first world country with excellent infrastructure that has seen limited modern exploration. Drilling forms part of the first phase of planned exploration with two of the four projects offering walk-up drill targets. The Jones-Keystone-Loflin Project properties are the most advanced and have previously returned significant drill intercepts that require systematic reverse circulation drilling to test existing mineralised zones that are open at depth and along strike. The Carolina Belle Project has existing historical underground workings that provide a well-defined target horizon virtually untested by drilling.

While the Company intends to identify and drill the more easily identifiable prospects, all four projects will benefit from more regional systematic based exploration, particularly under the shallow "coastal plain" transported cover that impeded historical prospecting. Detailed airborne geophysics over all of the GAR Projects, combined with ground mapping and shallow geochemical drilling, will form part of the first phase of exploration, which will also provide a greater regional understanding of the existing mineralisation and will help to pinpoint new targets.

In general, the planned exploration activities will be similar in nature to those conducted by TSX listed junior, Romarco Minerals Inc which conducted modern exploration activities on their Haile property in South Carolina, USA, which led to the establishment of a maiden formal NI43-101 compliant resource estimate of 4.5M oz @ 1.8 g/t.

2. Financial Performance

Net loss for the year was US$0.7 million from continuing operations against the prior year loss of US$0.5 million.

Total assets were US$5.5 million (2019: US$0.4 million) at the year end.

Net **cash** position of US$2.9 million (2019: US$0.01 million) as at the year end.

Total liabilities of US$0.09 million (2019: US$0.36 million) as at the year end.

3. Dividend

The directors have not declared a dividend (2019: Nil).

4. Corporate Activities

Fundraisings

a) On 13 January 2020, the Company announced that it had raised, in aggregate, approximately £150,000 (before expenses) through a placing of 105,000,000 Existing Common Shares (the "**January 2020 Placing Shares**") (the "**January 2020 Placing**") with certain new investors at an issue price of 0.10 pence per share (the "**Issue Price**") and a subscription for a further 45,000,000 new Common Shares (the "**Subscription Shares**") by a new investor also at the Issue Price (the "**January 2020 Subscription**") (the January 2020 Placing and January 2020 Subscription together being the "**January 2020 Equity Fundraising**"); and

b) On 12 March 2020, the Company announced that it had raised, in aggregate, approximately £100,000 (before expenses) through the placing of 83,333,333 Existing Common Shares (the "**March 2020 Placing Shares**") with an existing major shareholder, Mark Greenwood, and certain new investors at an issue price of 0.12 pence per share (the "**Issue Price**") (the "**March 2020 Equity Fundraising**"),

   (together, the "**2020 Pre admission Equity Fundraisings**").

c) On 23 November 2020, the Company announced the admission with effect from 25 November 2020 of its New Common Shares of US$0.003 each ("**New Common Shares**") to trading on the AIM Market of the London Stock Exchange ("**Admission**"). The Company's Admission followed a 1 for 10 share consolidation and successful placing and subscription, raising gross proceeds of £3.33 million via the issue of, in aggregate, 120,989,112 New Common Shares (the "**Admission Fundraising**") at a price of 2.75p per share.

Share consolidation

The share consolidation, which took place following the passing of Resolution 9 at the Annual General Meeting held on 23 November 2020, involved every 10 Existing Common Shares on the Record Date being consolidated into one New Common Share. The rights attached to the New Common Shares are the same as the rights attaching to the Existing Common Shares and the New Common Shares are now traded on AIM in place of the Existing Common Shares.

Change of Company's name

As approved at the Annual General Meeting held on 23 November 2020, the Company changed its name from Richland Resources Ltd to Lexington Gold Ltd, trading on AIM under its new name from 8 December 2020.

Issue of Options

The Company granted on 4 December 2020, in aggregate, 19,610,910 options over new common shares to its directors and senior managers exercisable at a price of 2.75 pence per share.

5. Post Period End

Following readmission and post the period end, the Company has made significant progress with its exploration programme including:

- Conducting a 207.3 line-kilometre Helicopter-borne VTEM and Horizontal Magnetic Gradiometer Geophysical Survey over the Jennings-Pioneer project
- Completing the interpretation and modelling of the VTEM data resulting in the identification of two potential anomalies which will now be further investigated through soil sampling, trenching and potential drilling
- Completing a fixed-wing airborne geophysical survey over the JKL, Carolina Belle and Argo Projects in North Carolina. Interpretation of the resulting data and modelling is currently underway
- Expanding its mineral exploration rights at the JKL Project through the execution of three additional Lease with Option to Purchase agreements which have been signed with certain landowners for an additional 129 acres of mineral exploration rights and a further 22 acres of surface rights
- Mineral exploration rights at Loflin increased from 50.66 acres to 179.66 acres, taking the Group's total project acreage to approximately 1,675 acres
- Completing the Phase 1 drill programme at the JKL Project
- All six holes intersected visible sulphide mineralisation, which is an encouraging indicator of the presence of gold
- Samples from the first four drill holes have been submitted to SGS Minerals Services Geochemical Laboratory ("**SGS**") in Vancouver for gold analysis
- Core logging, geophysical measurements and sampling of the final two drill holes in the campaign is currently being completed

The COVID-19 pandemic developed rapidly in 2020 and measures taken by various governments to contain the virus have affected economic activity throughout the year and beyond the year-end. At this stage, the impact on our business and results has not been significant, and based on our experience to date we expect this to remain the case.

6. Outlook

In line with the Company's stated strategy, the Directors believe that the Acquisition of GAR represents an excellent opportunity to create long-term shareholder value through the identification and exploration of gold deposits within a well-mineralised but under explored Super Terrane in North and South Carolina in the United States.

Bernard Olivier

Bernard Olivier
Chief Executive Officer

10 May 2021

LEXINGTON GOLD LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws and regulations. The directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). The financial statements are required to give a true and fair view of the state of affairs of the Group and the profit or loss of the Group for that period.

In preparing these financial statements the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures discussed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy, at any point in time, the financial position of the Group which are free from material misstatement whether due to fraud or error and to enable them to ensure that the financial statements comply with IFRS. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatements or loss.

DIRECTORS' DECLARATION

The directors confirm to the best of their knowledge that:
- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Lexington Gold Ltd and the undertakings included in the consolidation as a whole;
- the Report of the Directors includes a fair review of the development or performance of the business and the position of Lexington Gold Ltd and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face; and
- there are reasonable grounds to believe that the Group will be able to pay its debts when they become due and payable in the foreseeable future (at least 12 months from the date of this report).

On behalf of the board

Bernard Olivier

Bernard Olivier
Chief Executive Officer
Lexington Gold Ltd

10 May 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present this report, together with the audited consolidated financial statements for the year ended 31 December 2020 for Lexington Gold Ltd (the **"Company**", "**Lexington Gold**" or "**Lexington**") and its subsidiaries (the **"Group**").

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

On 2 January 2020, the Company announced that the disposal to Fura Gems Inc. of its wholly owned subsidiary, Richland Corporate Ltd, the holder of the Capricorn Sapphire Project (and the Company's loans to Richland Corporate Ltd), had completed further, *inter alia*, to the requisite approval by Shareholders at a general meeting of the Company held on 19 August 2019 as the disposal constituted a fundamental change of business for the Company.

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On 27 July 2020, the Company announced that it had entered into a binding share purchase agreement to conditionally acquire the entire issued share capital of Global Asset Resources Ltd ("**GAR**"), a private Australian incorporated company, which, via its wholly owned subsidiary, Global Asset Resources Holdings, Inc., holds a 51 per cent. interest in and operatorship of four gold exploration projects in North and South Carolina in the United States (the "**Acquisition**"). The Acquisition constituted a reverse takeover transaction pursuant to Rule 14 of the AIM Rules.

The consideration for the Acquisition comprised an aggregate payment on Completion to the Sellers (including the Founder Sellers) and GAR's joint venture partner, Uwharrie Resources Inc. ("**URI**"), of AU$60,000 (approximately US$43,392) in cash and AU$1.04m (approximately US$752,128) in New Common Shares at the Placing Price. In addition, Richland made two non-refundable cash payments to GAR of US$29,340 on 31 July 2020 and US$22,818 on 30 September 2020, with such payments utilised to cover certain project costs pending Completion. Furthermore, the Company may also be required to make two additional future conditional deferred consideration payments to the Sellers and URI, in cash or New Common Shares at Lexington Gold's sole discretion, of, in aggregate, AU$1.5m and AU$3m, linked to the achievement of certain performance milestones or the occurrence of certain Vesting Events during the five year period following Completion.

In connection with the Acquisition, the Company raised, in aggregate, approximately £3.33 million (before expenses) via the issue of 120,989,112 Placing Shares and Subscription Shares to institutional and certain other investors at the Placing Price of 2.75 pence per share. The net proceeds of the Placing and Subscription of approximately £2.53 million were utilised to fund the initial cash consideration in respect of the Acquisition and are being applied on the enlarged group's planned initial two year work programme and requisite working capital requirements.

Due to its transformational nature, the Acquisition constituted a reverse takeover of the Company pursuant to the AIM Rules which was approved by Shareholders at the Annual General Meeting held on 23 November 2020. Following Completion, the Sellers became the beneficial owners of, in aggregate, 18,504,073 New Common Shares representing approximately 7.08 per cent. of the enlarged share capital.

In line with the Company's stated strategy, the Directors believe that the Acquisition of GAR represents an excellent opportunity to create long-term shareholder value through the identification and exploration of gold deposits within a well-mineralised but under explored Super Terrane in North and South Carolina in the United States.

RESULTS

The consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 and the consolidated statement of financial position at that date are set out on pages 21 and 22 of this report respectively. The Group recorded a loss from continuing operations for the year ended 31 December 2020 of US$0.7 million (2019: US$0.5 million) and a loss from discontinued operations of US$nil (2019: US$0.3 million).

Taking into account these losses, fund raising and asset acquisition, shareholders' equity at 31 December 2020 was US$4.4 million (2019: US$0.025 million). The directors have not declared a dividend (2019: Nil).

A CLASS SHARE CAPITAL

When Lexington Gold historically acquired certain tanzanite assets from Afgem Limited ("**Afgem**"), a mechanism was put in place to accommodate any of Afgem's South African shareholders' desire to maintain their investment in the tanzanite assets and to comply with South African Reserve Bank ("**SARB**") foreign exchange regulations pertaining to foreign investments by South African citizens. This mechanism involved the creation of TanzaniteOne SA, a South African domiciled wholly-owned subsidiary of Lexington Gold Ltd.

In order to facilitate an exit for those TanzaniteOne SA A class shareholders, Lexington Gold made an offer to acquire their A class shares, where the offer shall be binding on Lexington Gold for a period of 20 years from April 2004.

On 28 February 2015, TanzaniteOne SA issued notice to Class A shareholders convening a Scheme meeting on 26 March 2015 and notice to shareholders convening a meeting of shareholders of TanzaniteOne SA on 26 March 2015, both meetings duly approved a Scheme of Arrangement the details of which are:

(a) each A class shareholder received one redeemable Class A share with no par value and a premium of R0.0003 per share in the capital of Rohstein Class A Proprietary Limited, Registration Number 2014/093972/07 ("**Rohstein**"), a wholly owned subsidiary of Lexington Gold for each Class A share they owned in the Company (the "**Scheme Consideration Shares**"); and

(b) all the TanzaniteOne SA class A shares were cancelled.

Lexington Gold made an offer on 25 February 2015 which expires on 29 April 2024 (the **"Offer**") to all holders of the Scheme Consideration Shares to purchase their Scheme Consideration Shares on *mutatis mutandis,* the same terms and conditions as the terms and conditions on which Lexington Gold offered to purchase each existing Class A share of TanzaniteOne SA.

On 27 March 2015, TanzaniteOne SA sold Rohstein to Lexington Gold so that the Scheme Consideration Shares are issued by a wholly owned subsidiary of Lexington Gold rather than TanzaniteOne SA.

DIRECTORS

The following directors have held office during and subsequent to the reporting year up to the date of sign-off:

Edward Nealon
Bernard Olivier
Melissa Sturgess
Rhoderick Grivas

DIRECTORS (CONTINUED)

The current Directors' biographical details:

Edward Nealon (70), Chairman

Mr Nealon is a geologist with over 45 years' experience in the mining and exploration industry. After graduating in 1974, he commenced his career in South Africa with Anglo American Corporation, before moving to Australia in 1980 where he spent two years in exploration with Rio Tinto. He founded his own consulting company in 1983 and has practiced in most of the world's major mining centres. Mr Nealon was the founder of Aquarius Platinum Ltd and served as either its CEO or Executive Chairman for a number of years. He holds a Masters degree in Geology and is a member of the Australian Institute of Mining and Metallurgy.

Bernard Olivier (45), Chief Executive Officer

Dr Olivier is a qualified geologist and has been involved with the mining and exploration industry for the past 22 years. Dr Olivier 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 Tanzanite One Limited) and was credited with restructuring and returning the group to profitability in 2010. He also led the team which established a maiden JORC Resource estimate of 3.9 million gold ounces for Bezant Resources plc's Mankayan project and achieved an 8 pence per share return of capital to its shareholders. Dr Olivier is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Melissa Sturgess (54), Non-Executive Director

Ms Sturgess holds a BSc. and an MBA and has many years' experience acting as a director of AIM-quoted and ASX-listed companies, mainly involved in the acquisition, structuring and financing of natural resources transactions across Africa. Ms Sturgess commenced her career in Australia as a member of the Executive Committee of Aquarius Platinum Limited, one of the first Australian/UK dual listed companies and a miner of platinum in South Africa and Zimbabwe. She was also founding director of Sylvania Resources Limited and a number of other companies operating in the metals and mining sector throughout Africa and quoted on AIM. Ms Sturgess relocated from Australia to London in 2006 and during her career has raised significant amounts of capital. She was a key driver in the successful recapitalisation of Messaging International plc during 2016 which subsequently changed its name to SigmaRoc Plc, acquired a building materials business from LaFargeHolcim via a reverse takeover and raised £50 million from a range of investors in the Channel Islands and the UK. Ms Sturgess is also a non-executive director and shareholder of Imperial X plc and CEO and a major shareholder of Ananda Developments Plc, both quoted on the Aquis Stock Exchange in the UK.

Rhoderick Grivas (54), Non-Executive Director

Mr Grivas is a professional geologist with over 25 years' experience in the natural resources industry. He is currently Non-Executive Chairman of ASX listed explorer Okapi Resources Limited (ASX: OKR). Mr Grivas has also 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 (ASX:DIO), where he oversaw the discovery and development of a gold resource through feasibility to production. Mr Grivas has a strong combination of equity market, M&A, commercial, strategic, and executive management capabilities. Mr Grivas is a member of the AusIMM and the Australian Institute of Company Directors and is currently also Non-executive Chairman of Aldoro Resources Limited, Andromeda Metals Limited and Golden Mile Resources Limited.

MEETINGS OF THE DIRECTORS

The number of meetings of the board of directors of the Company and its committees held during the year ended 31 December 2020 and the number of meetings attended by each director is tabled below:

2020

Director	Number of meetings held whilst in office				Number of meetings attended			
	Board	Remuneration and Succession Planning	Audit and Risk Management	Nomi-nation	Board	Remuneration and Succession Planning	Audit and Risk Management	Nomi-nation
Edward Nealon	6	2	2	1	5	2	2	1
Bernard Olivier	4	1	1	-	4	1	1	-
Melissa Sturgess	4	1	1	-	3	1	1	-
Rhoderick Grivas	1	1	-	-	1	1	-	-
Nicholas Sibley*	2	1	1	1	2	1	1	1
Anthony Brooke*	2	1	1	1	2	1	1	1

* Resigned

2019

Director	Number of meetings held whilst in office				Number of meetings attended			
	Board	Remuneration and Succession Planning	Audit and Risk Management	Nomi-nation	Board	Remuneration and Succession Planning	Audit and Risk Management	Nomi-nation
Edward Nealon	2	1	1	1	2	1	1	1
Nicholas Sibley	2	1	1	1	2	1	1	1
Anthony Brooke	2	-	1	1	2	-	1	1

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The interest of the current directors and their related entities in the shares of Lexington Gold were:

	As at 31 December 2020 Common Shares	As at date of report Common Shares
Edward Nealon	6,259,895	6,259,895
Bernard Olivier	1,776,937	1,776,937
Rhoderick Grivas	3,084,013	3,084,013

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

The board is responsible for determining and reviewing compensation arrangements for the directors and executive management. The board assesses the appropriateness of the nature and amount of emoluments of such officers on an annual basis by reference to industry and market conditions. In determining the nature and amount of officers' emoluments, the board takes into consideration the Group's financial and operational performance. Details of the nature and amount of each element of the remuneration of each director of the Group during the financial year are shown in the table below:

2020

	Directors' fees	Executive fees (1)	Share based payments	Total
	US$	US$	US$	US$
Edward Nealon	23,750	2,250	31,232	57,232
Bernard Olivier	28,875	13,000	49,451	91,326
Melissa Sturgess	9,375		31,232	40,607
Rhoderick Grivas	3,750	11,250	31,232	46,232
Nicholas Sibley	18,000			18,000
Anthony Brooke	18,000			18,000
	101,750	26,500	143,147	271,397

2019

	Directors' fees	Executive fees (1)	Share based payments	Fees waived 2018/2019 (2)	Total	Accrued and unpaid (3)
	US$	US$	US$		US$	US$
Edward Nealon	25,125	-	-	(28,438)	(3,313)	12,000
Nicholas Sibley	23,875	-	-	(25,729)	(1,854)	12,000
Anthony Brooke	32,000	80,250	-	(160,209)	(47,959)	12,000
	81,000	80,250	-	(214,376)	(53,126)	36,000

(1) For duties as executive director and consulting.

(2) The Directors agreed to waive accrued fees due to them for periods from 1 June 2018 up to and including 30 June 2019 (Note 21).

(3) The Directors have agreed to defer payment of these fees until the earlier of the completion of a transaction approved by shareholders and 30 June 2020.

(4) Outstanding fees of US$31,250 were converted to new common shares of US$0.0003 each in the capital of the Company at a price of 0.065 pence per new Common Share. The conversion price on 29 August 2019 represented a premium of approximately 3.17 per cent. to the Company's placing price of 0.063 pence per share for the equity fundraising of 4 July 2019.

DIRECTORS' AND EXECUTIVES' EMOLUMENTS (CONTINUED)

DIRECTORS' AND OFFICERS' INSURANCE

During the year, the Company paid an insurance premium in respect of an insurance contract, taken out against the liability of current directors and officers. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contract, as disclosure is prohibited under the terms of the contract.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Companies within the Group are required, on cessation of mining operations, to rehabilitate the relevant mining area on which mining operations have been conducted. Bernard Olivier, Chief Executive Officer, is the officer responsible for compliance on these matters for all mining properties within the Group. Environmental activities are continuously monitored to ensure that established criteria from each operation and environmental management programmes, approved by relevant authorities, have been met. There have been no known significant breaches of any environmental conditions.

CORPORATE GOVERNANCE

As an AIM-quoted company, Lexington Gold Ltd and its subsidiaries are required to apply a recognised corporate governance code, demonstrating how the Group complies with such corporate governance code and where it departs from it.

The Directors of the Company have formally taken the decision to apply the QCA Corporate Governance Code (the "**QCA Code**"). The Board recognises the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as Lexington, have been created.

THE BOARD

The Board has from, Admission on 25 November 2020, comprised of four Directors of which one is an executive and three are non-executive, reflecting a blend of different experience, expertise and backgrounds. The Board considers that Melissa Sturgess will be the sole independent non-executive director. Edward Nealon, in light of his significant tenure at the Company since 2004, and Rhod Grivas, in light of the potential for him to receive future payments from the Company pursuant to the Tranche 1 Deferred Consideration and Tranche 2 Deferred Consideration aspects of the acquisition of Global Asset Resources Ltd, will not be deemed to be independent non-executive directors. The Board notes that the presence of only one independent non-executive director does not currently and will not comply with principle 5 of the QCA Code, namely that a company should have at least two independent non-executive directors. Nevertheless, the Board believes that the proposed Board composition is appropriate in light of the balance of skills and experience of its members and the Company's size and early stage of development at Admission, however it will monitor this position on an ongoing basis as the Enlarged Group grows and develops and seek to make appropriate changes or additions to the composition of the Board as necessary. The Board is satisfied that it will have a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively, and that all Directors will have adequate time to fulfil their roles.

The Board further notes that the Company does not comply with Principle 7 of the QCA Code, being the requirement to evaluate board performance based on clear and relevant objectives, seeking continuous improvement. Given the size and nature of the Company, the Board does not currently consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code, but will closely monitor this situation as the Enlarged Group grows.

THE BOARD (CONTINUED)

The Board is responsible for determining policy and business strategy, setting financial and other performance objectives and monitoring achievement throughout the year and all major decisions will be taken by the full Board. The Chairman takes responsibility for the conduct of the Company and Board meetings and ensures that directors are properly briefed to enable full and constructive discussions to take place. The Enlarged Group's day-to-day operations will be managed by Bernard Olivier as Chief Executive Officer. All Directors will have access to the Company's solicitors, along with the Enlarged Group's Company Secretary and any Director requiring independent professional advice in the furtherance of his/her duties may obtain such advice at the expense of the Enlarged Group.

Details of the current Directors, their roles and background are set out on the Company's website at www.lexingtongold.co.uk.

The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit to maintain control of the Group. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance. The Chairman is considered independent and has adequate separation from the day-to-day running of the Group.

The role of the Chief Executive Officer is for the strategic development of the Group and for communicating it clearly to the Board and, once approved by the Board, for implementing it. In addition, the Chief Executive Officer is responsible for overseeing the management of the Group and its executive management.

Under the Company's Bye-laws, the appointment of all new Directors must be approved by shareholders in a general meeting. In addition, one third of Directors are required to retire and to submit themselves for re-election at each Annual General Meeting.

APPLICATION OF THE QCA CODE

In the spirit of the QCA Code it is the Board's job to ensure that the Group is managed for the long-term benefit of all shareholders and other stakeholders with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to the Group. The Board will continue to monitor the governance framework of the Group as it grows.

The Company seeks to promote long-term value for shareholders by leveraging the technical knowledge and experience of its directors and senior management to develop and realise value from its projects. The key performance indicators for the Company are therefore linked to the achievement of project milestones and the increase in overall enterprise value.

The Company announced on 25 November 2020 the completion of its proposed reverse takeover transaction to acquire 4 gold exploration projects in North Carolina and South Carolina, fundraising of £3.3m and re-admission of the Company's shares to trading on the AIM Market of the LSE under the ticker code LEX.

In considering the proposed reverse takeover transaction Lexington was focussed on a project whose operations are conducted in a manner that protects the environment, the health and safety of employees, third parties and local communities in general. Lexington believes that a successful project is best achieved through maintaining close working relationships with local communities, and this social ideology is at the forefront of all of Lexington's mining activities by establishing and maintaining co-operative relationships with local communities, hiring local personnel and using local contractors and suppliers. Where issues are raised, the Board takes the matters seriously and, where appropriate, steps are taken to ensure that these are integrated into the Company's strategy.

Careful attention is given to ensure that all exploration and mining activity is performed in an environmentally responsible manner and abides by all relevant mining and environmental acts. Lexington takes a conscientious role in all of its operations and is aware of its social responsibility and its environmental duty.

Both the engagement with local communities and the performance of all activities in an environmentally and socially responsible way are closely monitored by the Board to ensure that ethical values and behaviours are recognised.

CORPORATE GOVERNANCE COMMITTEES

The Board has established two committees comprising Non-Executive Directors and Executive Directors.

The composition of the committees is as follows:

Audit	**Remuneration**	**Nomination Committee**	**AIM Compliance**
Melissa Sturgess (*Chair*)	Edward Nealon (*Chair*)	Edward Nealon (*Chair*)	Melissa Sturgess (Chair)
Edward Nealon	Melissa Sturgess	Melissa Sturgess	Rhod Grivas
Bernard Olivier		Bernard Olivier	
		Rhod Grivas	

THE AUDIT COMMITTEE

The audit committee receives reports from management and the external auditors relating to the interim report and the annual report and financial statements, reviews reporting requirements and ensures that the maintenance of accounting systems and controls is effective.

The audit committee has unrestricted access to the Company's auditors. The audit committee also monitors the controls which are in force and any perceived gaps in the control environment. The Board believes that the current size of the Group does not justify the establishment of an independent internal audit department. Finance personnel are periodically instructed to conduct specific reviews of business functions relating to key risk areas and to report their findings to the Board.

The audit committee meets during the year to review the published financial information, the effectiveness of external audit and internal financial controls including the specific matters set out below.

The audit committee does not consider there is a need for an internal audit function given the size and nature of the Group.

Significant issues considered by the audit committee during the year have been the Principal Risks and Uncertainties and their effect on the financial statements. The audit committee tracked the Principal Risks and Uncertainties through the year and kept in contact with the Group's management, external service providers and advisers. The audit committee is satisfied that there has been appropriate focus and challenge on the high-risk areas.

BDO Audit (WA) Pty Ltd, the current external auditors, have been in office since 2015 which was the last time a tender for the audit took place. The external auditors present their annual audit findings to the Board.

REMUNERATION COMMITTEE

The remuneration committee determines the scale and structure of the remuneration of the executive Directors and approves the granting of options to Directors and senior employees and the performance related conditions thereof. The remuneration committee also recommends to the Board a framework for rewarding senior management, including Executive Directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience to make a significant contribution to the Group and ensure that the elements of the remuneration package are competitive and help in underpinning the performance-driven culture of the Group.

NOMINATIONS COMMITTEE

All the Board are members of the nominations committee which is involved in the identification and approval of Board members which the Board considers to be appropriate given the Company's size and nature, but it will continue to monitor the situation as it grows.

AIM RULES & MAR COMPLIANCE COMMITTEE

The AIM Rules and MAR Compliance Committee will monitor the Company's compliance with the AIM Rules and MAR and seek to ensure that the Company's Nominated Adviser is maintaining contact with the Company on a regular basis and vice versa. The committee will ensure that procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules and MAR. The committee will also ensure that each meeting of the Board includes a discussion of AIM matters and assesses (with the assistance of the Company's Nominated Adviser and other advisers as appropriate) whether the Directors are aware of their AIM responsibilities from time to time and, if not, will ensure that they are appropriately updated on their AIM responsibilities and obligations.

INTERNAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal control. Internal control systems manage rather than eliminate the risks to which the Group is exposed and such systems, by their nature, can provide reasonable but not absolute assurance against misstatement or loss. There is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The key procedures which the Directors have established with a view to providing effective internal control, are as follows:

- Identification and control of business risks
  The Board identifies the major business risks faced by the Group and determines the appropriate course of action to manage those risks.

- Budgets and business plans
  Each year the Board approves the business plan and annual budget. Performance is monitored and relevant action taken throughout the year through the regular reporting to the Board of changes to the business forecasts.

- Investment appraisal
  Capital expenditure is controlled by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Appropriate due diligence work is carried out if a business or asset is to be acquired.

- Annual review and assessment
  The Board during the year conducted a detailed review and assessment of the effectiveness of the Group's strategy, a process that will be maintained on an ongoing basis.

Financial Statements

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

BRIBERY AND ANTI-CORRUPTION POLICY

The Company has adopted an anti-corruption and bribery policy which applies to the Board and employees of the Company and will apply to management and employees of the Enlarged Group following Completion of the Acquisition; it also applies to suppliers, contractors and consultants to the Enlarged Group. It generally sets out the responsibilities of the management and employees of, and suppliers, contractors and consultants to, the Enlarged Group in observing and upholding a zero tolerance position on bribery and corruption in all the jurisdictions in which the Enlarged Group operates as well as providing guidance to those working for the Enlarged Group on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in an honest and ethical manner, be aware of and refer to this policy in all of their business activities and to conduct business on the Company's behalf in compliance with it.

SHARE DEALING CODE

The Company has adopted a share dealing code which sets out the requirements and procedures for the Board and applicable employees' dealings in any of its AIM securities in accordance with the provisions of MAR and of the AIM Rules. Following Admission, the Company will take all reasonable steps to ensure compliance with the Company's share dealing code by the Directors, related parties and any relevant employees.

RELATIONS WITH SHAREHOLDERS

The Board attaches considerable importance to the maintenance of good relationships with shareholders. Presentations by the Directors to institutional shareholders and City analysts are made as and when considered appropriate by the Board and the Company's advisers.

The Company's principal shareholder contact is its Chief Executive Officer Bernard Olivier

The Company has its own web-site (www.lexingtongold.co.uk) for the purposes of improving information flow to shareholders, as well as to potential investors.

DEPARTURE FROM THE QCA CODE

In accordance with the AIM Rules for Companies, Lexington departs from the QCA Code in the following way:

Principle 5 - "Maintain the board at a well-functioning, balanced team led by the chair."

The Board notes that the presence of only one independent non-executive director does not currently and will not comply with principle 5 of the QCA Code, namely that a company should have at least two independent non-executive directors. Nevertheless, the Board believes that the proposed Board composition is appropriate in light of the balance of skills and experience of its members and the Company's size and early stage of development of the Company, however it will monitor this position on an ongoing basis as the group grows and develops and seek to make appropriate changes or additions to the composition of the Board as necessary. The Board is satisfied that it will have a suitable balance between independence on the one hand, and knowledge of the Company's projects on the other, to enable it to discharge its duties and responsibilities effectively, and that all Directors will have adequate time to fulfil their roles.

Principle 7 - "Evaluate board performance based on clear and relevant objectives, seeking continuous improvement."

Lexington's board is small and extremely focussed on implementing the Company's strategy. However, given the size and nature of Lexington, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code. The Board will closely monitor this situation as it grows.

Shareholder Meetings held in Bermuda

The Company is incorporated in Bermuda and holds its Shareholder Meetings in Bermuda which does not facilitate shareholder engagement as much as a UK incorporated company holding meetings in England. The Company does provide detailed explanatory notes of all resolutions put to Shareholder Meetings in notices of shareholder meetings so as to assist shareholders in their voting decisions.

RISK FACTORS AND MANAGEMENT

The Company's Admission document dated 30 October 2020 at Part III on page 46 detailed the risk factors applicable to the Company and its operations. The Admission document can be downloaded from the Company's AIM Rule 26 web page. These risks include but are not limited to:

Commodity price risk

The inherent value and economic viability of the Company's exploration projects is linked to commodity prices generally and specifically to the price of gold.

Currency risk

The Group reports its financial results and maintains its accounts in United States Dollars, the currency in which the Group primarily operates. The Group does not have any currency hedges in place and is exposed to foreign currency movements.

Future funding requirements

The Company successfully raised £3.3m at the time of its re Admission to AIM on 25 November 2020 which it expects to i) utilise to satisfy the initial cash consideration in respect of the acquisition of Global Asset Resources Ltd, ii) fulfil the year 1 and 2 expenditure requirements across its 4 gold exploration projects in North Carolina and South Carolina of approximately £1 million, and iii) to satisfy the group's general working capital requirements but does not own a revenue generating business. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

Dependence on key personnel

The success of the Group is, and will continue to be, to a significant extent, dependent on retaining the services of the directors and senior management and the loss of one or more could have a materially adverse effect on the Group.

COVID-19 pandemic

The COVID-19 pandemic announced by the World Health Organisation in the first quarter of 2020 has had a markedly negative impact on general business activity in many countries and has created uncertainty in relation to future prospects for business in particular those related to travel and tourism. The Company has developed a policy and is evolving procedures to address the health and wellbeing of its directors, consultants and contractors, and their families, in the face of the COVID-19 outbreak. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potential in the future.

Signed in accordance with a resolution of the directors.

Bernard Olivier

Bernard Olivier
Chief Executive Officer
Lexington Gold Ltd

10 May 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Lexington Gold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lexington Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Bermuda Companies Act 1981*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with International Accounting Standards and the *Bermuda Companies Act 1981*.

Basis for opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the *Bermuda Companies Act 1981* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of Global Asset Resources Ltd

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 24 of the financial report, the Group completed the acquisition of Global Asset Resources Limited during the year. The group treated the transaction as an asset acquisition, rather than a business combination. Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset acquisition or business combination, estimating the fair value of the net assets acquired and estimating the fair value of the purchase consideration.	Our procedures included, but were not limited to the following: • Assessing management's conclusion of the acquisition meeting the definition of a business combination; • Reviewing the acquisition agreement to understand the key terms and conditions of the acquisition; • Assessing management's calculation of the total consideration including the key assumptions made in determining the contingent consideration; • Evaluating the assumptions and the methodology used in management's determination of the fair value of assets acquired and liabilities assumed; and • Assessing the adequacy of the Group's disclosures as disclosed in Note 24 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

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

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

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. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and the *Bermuda Companies Act 1981* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the International 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 10 May 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**2020** US$'000	2019 US$'000
CONTINUING OPERATIONS			
Other income		**-**	19
Operating expenses	4	**(712)**	(84)
Operating loss		**(712)**	(65)
Finance cost	5	**-**	(417)
Loss before taxation		**(712)**	(482)
Income tax charge	6	**-**	-
Loss for the year from continuing operations		**(712)**	(482)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	7	**-**	281
Loss for the year		**(712)**	(201)
Attributable to:			
Equity owners of the parent		**(712)**	(201)
- Continuing operations		**(712)**	(482)
- Discontinued operations		**-**	281
Other comprehensive income			
Loss for the year		**(712)**	(201)
Items that may be reclassified to profit or loss:			
Foreign exchange loss on translation of discontinued operations		**(3)**	(54)
Total comprehensive loss for the year		**(715)**	(255)
Attributable to:			
Equity owners of the parent		**(715)**	(255)
- Continuing operations		**(715)**	(482)
- Discontinued operations		**-**	227
Total comprehensive loss for the year		**(715)**	(255)
Loss per share attributable to the owners of the parent during the year			
Basic and diluted loss per share from continuing operations (US cents/share)	15	**(0.58)**	(0.70)
Basic and diluted profit/(loss) per share from discontinued operations (US cents/share)	15	**-**	0.40
Basic and diluted loss per share from all operations (US cents/share)	15	**(0.58)**	(0.30)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 US$'000	2019 US$'000
Assets			
Non-current assets			
Exploration and evaluation assets	8	**2,499**	-
Total non-current assets		**2,499**	-
Current assets			
Trade and other receivables	9	**56**	376
Cash and cash equivalents	10	**2,895**	12
Total current assets		**2,951**	388
Total assets		**5,450**	388
Equity			
Share capital	11	**787**	260
Share premium	12	**59,096**	54,782
Share option reserve	13	**234**	-
Foreign currency translation reserve	14	**(3)**	-
Accumulated loss		**(55,729)**	(55,017)
Total equity attributable to equity owners of the parent		**4,385**	25
Non-controlling interest	24	**971**	-
Total equity		**5,356**	25
Current liabilities			
Trade and other payables	16	**94**	363
Total current liabilities		**94**	363
Total equity and liabilities		**5,450**	388

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	**Common share capital US$'000**	**A class share capital US$'000**	**Total issued share capital US$'000**	**Share premium US$'000**	**Share option reserve US$'000**	**Foreign currency translation reserve US$'000**	**Accumu-lated loss US$'000**	**Total equity attributable to shareholders US$ '000**	**Non-controlling interest US$'000**	**Total equity US$'000**
Year ended 31 December 2020											
At start of year		**259**	**1**	**260**	**54,782**	**-**	-	**(55,017)**	**25**	**-**	**25**
Total comprehensive loss for the year		-	-	-	-	-	(3)	(712)	(715)	-	(715)
Loss for the year		-	-	-	-	-	-	(712)	(712)	-	(712)
Foreign exchange gain on translation	*14*	-	-	-	-	-	(3)	-	(3)	-	(3)
Transactions with owners in their capacity as owners:											
Issue of share capital	*11&12*	527	-	527	5,327	-	-	-	5,854	-	5,854
Share issue cost	*12*	-	-	-	(1,013)				(1,013)	-	(1,013)
Share options	*13*	-	-	-	-	234	-	-	234	-	234
Acquisition of subsidiary	*24*	-	-	-	-	-	-	-	-	971	971
At end of year		**786**	**1**	**787**	**59,096**	**234**	**(3)**	**(55,729)**	**4,385**	**971**	**5,356**
Year ended 31 December 2019											
At start of year		**172**	**1**	**173**	**54,644**	**47**	**54**	**(54,816)**	**102**	**-**	**102**
Total comprehensive loss for the year		-	-	-	-	-	(54)	(201)	(255)	-	(255)
Loss for the year		-	-	-	-	-	-	(201)	(201)	-	(201)
Foreign exchange gain on translation	*14*	-	-	-	-	-	(54)	-	(54)	-	(54)
Transactions with owners in their capacity as owners:											
Issue of share capital	*11&12*	87	-	87	145	-	-	-	232	-	232
Share issue cost	*12*	-	-	-	(7)	-	-	-	(7)	-	(7)
Share options	*13*	-	-	-	-	(47)	-	-	(47)	-	(47)
At end of year		**259**	**1**	**260**	**54,782**	**-**	**-**	**(55,017)**	**25**	**-**	**25**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Cash utilised by operations	17.1	**(266)**	(254)
Interest received		**-**	4
Interest and finance charges paid		**-**	(133)
Net cash flows utilised in operating activities		**(266)**	(383)
Cash flows from investing activities			
Purchase of exploration and evaluation assets		**(518)**	-
Purchase of intangibles		**-**	(10)
Acquisition of subsidiary, net of cash		**(165)**	-
Proceeds from sale of Disposal Group, net of cash	17.2	**-**	871
Net cash flows (utilised)/generated from investing activities		**(683)**	861
Cash flows from financing activities			
Proceeds from issue of shares	17.3	**3,741**	119
Loan from director		**100**	-
Proceeds from borrowings		**-**	244
Repayment of borrowings		**-**	(880)
Net cash flows generated/(utilised by) from financing activities		**3,841**	(517)
Net decrease in cash and cash equivalents		**2,892**	(39)
Movement in cash and cash equivalents			
Net foreign currency exchange losses		**(9)**	(8)
At the beginning of the year		**12**	59
Net increase/(decrease) in cash and cash equivalents		**2,892**	(39)
Cash and cash equivalents at the end of the year		**2,895**	12

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Lexington Gold Ltd (**the** "**Company**", "**Lexington Gold**" or "**Lexington**") and its subsidiaries (together "**the Group**") is focused on the exploration and development of its four diverse gold projects, covering a combined area of over 1,500 acres in North and South Carolina, USA.

The Company is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

The Company is quoted on the Alternative Investment Market ("**AIM**") of the London Stock Exchange. The financial statements were authorised for issue by the directors on 10 May 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") and Bermuda Companies Act, 1981. The consolidated financial statements have been prepared under the historical cost convention, as modified by:

- Share options measured at fair value; and
- Financial assets and liabilities at fair value through profit or loss.

(b) Significant judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are summarised below.

Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the consolidated financial statements include:

- The capitalisation and recoverability of exploration and evaluation expenditures – Note 2(m);
- Control over Projects – Note 2(d);
- Determining whether the acquisition of a business is an asset acquisition vs business combination – Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. The Group has determined that the Global Asset Resources Ltd acquisition is not deemed a business acquisition. In assessing the requirements of IFRS 3 Business Combinations, the Group has determined that the asset acquired does not constitute a business. The asset acquired consists of rights to explore. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on the fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired asset and assumed liabilities as the initial recognition exemption for deferred tax under IAS 12 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition.;
- Deferred consideration milestones being met – Note 24;
- Determining fair value of non-current assets or disposal groups held-for-sale and discontinued operations and reclassification – Note 2(l); and
- Determination of fair value of stock options and financial instruments – Note 2(h) and 2(f).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New and amended standards not early adopted by the Group

At the date of approval of these financial statements, the following Standards and Interpretations which may be applicable to the Group, but have not been applied in these financial statements, were in issue but not yet effective:

Standard	*Details of amendment*	*Effective date*
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	• *Annual Improvements to IFRS Standards 2018 – 2020*: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.	1 January 2022
IFRS 3 *Business Combinations*	• *Reference to the Conceptual Framework:* The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1 January 2022
IFRS 7 *Financial Instruments: Disclosures*	• *Interest Rate Benchmark Reform Phase 2:* The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. o The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.	1 January 2021
IFRS 9 *Financial Instruments*	• *Interest Rate Benchmark Reform Phase 2:* The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. o The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. o The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect: ▪ designating an alternative benchmark rate as the hedged risk; or ▪ changing the description of the hedged item, including the designated portion, or of the hedging instrument.	1 January 2021
	• *Annual Improvements to IFRS Standards 2018–2020:* The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	1 January 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New and amended standards not early adopted by the Group (continued)

Standard	*Details of amendment*	*Effective date*
IFRS 10 *Consolidated Financial Statements*	• *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*: Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealingwith the sale or contribution of assets betweenan investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice
IFRS 16 *Leases*	• *COVID-19-Related Rent Concessions:* Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.	1 June 2020
IAS 1 *Presentation of Financial Statements*	• *Classification of Liabilities as Current or Non- current:* Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2023
	• *Disclosure of Accounting Policies:* The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	• *Definition of Accounting Estimates:* The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023
IAS 39 *Financial Instruments: Recognition and Measurement*	• *Interest Rate Benchmark Reform Phase 2:* The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. o The amendments to IAS 39 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform by requiring companies to amend their hedging relationships to reflect: ▪ Designating an alternative benchmark rate as the hedged risk; ▪ changing the description of the hedged item, including the designated portion, or of the hedging instrument; or ▪ changing the description of how the entity would assess hedge effectiveness.	1 January 2021

The Group is in the process of assessing the impact that the adoption of these standards will have on its financial statements in the period of initial adoption.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(e) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in United States dollars ("**US$**") rounded to the nearest thousand unless stated otherwise.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency (continued)

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to US$ at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to US$ at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign currency differences are recognised directly in equity in the foreign currency translation reserve ("**FCTR**"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss. Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

(f) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:
- The entities business model for managing the financial asset;
- The contractual cash flow characteristics of the financial assets.

(iii) Subsequent measurement financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(iv) Impairment of Financial assets

IFRS 9's impairment requirements use more forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(v) Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

(vi) Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Share capital

Ordinary and A class shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Employee benefits

Share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Short-term employee benefits

Short-term employee benefits are those that are paid within 12 months after the end of the period in which the services have been rendered and are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contributions to defined contribution retirement benefit plans are recognised in profit or loss in the periods during which services are rendered by employees. The Group pays contributions to publicly administered pension insurance plans on a mandatory and contractual basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Expenses

Finance income and costs

Finance costs comprises interest payable on borrowings calculated using the effective interest rate method and unwinding of the discount on provisions.

Finance income is recognised in profit or loss as it accrues, using the effective interest method.

(j) Tax expense

Tax expense comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future; and
- the initial recognition of assets and liabilities in a transaction that is not a business combination.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rate enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

Additional taxes that arise from the distribution of dividends to A Class shareholders in South Africa are recognised at the same time as the liability to pay the related dividend.

(k) Earnings per share

The Group presents basic and diluted earnings per share (“**EPS**”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Non-current assets or disposal groups held-for-sale and discontinued operations

Non-current assets or disposal groups are classified as held-for-sale if their carrying amount will be recoverable principally through a sale transaction, not through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

These assets may be a component of an entity, a disposal group or an individual non-current asset. Upon initial classification as held-for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair values less cost to sell.

A discontinued operation is a significant distinguishable component of the Group's business that is abandoned or terminated pursuant to a single formal plan, and which represents a separate major line of business or geographical area of operation. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale.

The profit or loss on sale or abandonment of a discontinued operation is determined from the formalised discontinuance date. Discontinued operations are separately recognised in the financial statements once management has made a commitment to discontinue the operation without a realistic possibility of withdrawal which should be expected to qualify for recognition as a completed sale within one year of classification.

(m) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are transferred to development assets and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(n) Asset acquisition

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at cost and if not available their fair values at the acquisition date.

3 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incurs expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker ("**CODM**") which in the case of the Group is the Board of Directors. The CODM makes decisions about the resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions.

Segment information is presented in respect of the Group's business segment. The primary format, business segments, is based on the Group's management and internal reporting structures.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

3.1 Business operating segments

The Group had two reportable segments. The strategic business units offer different focus areas for the Group. The Group comprises the following reportable segments:

- Corporate
- Exploration activities

The accounting policies of the reportable segments are the same as described in note 2.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/loss before income tax, as included in the internal management reports that are reviewed by the Executive Committee. Segment profit/loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	Corporate **2020** **US$'000**	Corporate 2019 US$'000	Exploration USA **2020** **US$'000**	Exploration USA 2019 US$'000	Total **2020** **US$'000**	Total 2019 US$'000
External revenues	**-**	-	**-**	-	**-**	-
Finance income/(costs)	**-**	(341)	**-**	-	**-**	(341)
Reportable segment loss before income tax	**(712)**	(482)	**-**	-	**(712)**	(482)
Income tax (charge)/credit	**-**	-	**-**	-	**-**	-
Exploration expenditure	**-**	-	**(518)**	-	**(518)**	-
Reportable segment assets	**2,933**	388	**2,517**	-	**5,450**	388
Reportable segment liabilities	**84**	363	**10**	-	**94**	363

4 OPERATING EXPENSES

	2020	2019
	US$'000	US$'000
Auditors' remuneration	**(20)**	(30)
Directors' emoluments and fees	**(128)**	53
Net foreign exchange (loss)/gain	**(6)**	(30)
Office expenses	**(17)**	(29)
Professional and other services	**(287)**	(89)
Share option (expense)/income (Note 13)	**(234)**	47
Loss on settlement of fees (Note 11)	**(18)**	(1)
Travel and accommodation	**-**	(5)
Other expenses	**(2)**	-
Total operating expenses	**(712)**	(84)

5 FINANCE COST

Interest and finance charges paid	**-**	(417)
Total finance cost	**-**	(417)

6 INCOME TAX CREDIT

Current tax charge		
Current period	**-**	**-**
Deferred tax credit	**-**	**-**
Total income tax charge/(credit)	**-**	**-**

Most of the tax losses of the continuing operations were sustained in Bermuda. No income tax or capital gains tax is payable in Bermuda and therefore there is no contingent deferred tax asset.

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Loss before income tax	**(712)**	(482)
Taxation at 0%	**-**	-
Deferred tax assets not brought to account	**-**	-
Income tax charge/(credit)	**-**	-

7 NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Following a comprehensive review of the strategic options available for its mining operations in Australia, on 28 September 2018 Lexington announced that it was engaged in discussions with potential strategic investors to procure sufficient funding to enable the recommencement of production at the Capricorn Sapphire mine or, alternatively, was seeking to conclude ongoing negotiations with different parties in relation to the potential sale of all or a part of Capricorn Sapphire. Further to such announcement, an option agreement was entered into with Fura Gems Inc. ("**Fura**") on 26 June 2019 for the disposal of Lexington's wholly owned subsidiary, Richland Corporate Ltd, the holder of the Capricorn Sapphire Project (and the Company's loans to Richland Corporate Ltd) which was subsequently amended on 19 July 2019, 31 October 2019, 15 November 2019, 29 November 2019, 6 December 2019, 13 December 2019 and 20 December 2019 (the "**Disposal**").

Analysis of the results of discontinued operations and the results recognised on the measurement of assets of the disposal group is as follows:

	2020 US$'000	2019 US$'000
Consideration	**-**	1,250
Net assets disposed	**-**	(492)
Foreign currency translation reserve of group sold	**-**	47
Cost to sell	**-**	(105)
Profit on sale of disposal group	**-**	700
Revenue	**-**	32
Cost of sales	**-**	(390)
Other income	**-**	16
Operating expenses	**-**	(67)
Finance cost	**-**	(10)
Gain/(loss) before tax on discontinued operations	**-**	281
Tax (charge)/credit	**-**	-
Profit/(loss) for the year from discontinued operations	**-**	281

8 EXPLORATION AND EVALUATION ASSETS

Balance at beginning of year	**-**	-
Acquired (Note 24)	**2,385**	-
Additions	**114**	-
Carry forward at end of year	**2,499**	-

The amount above relates to exploration and development activities of the Group's 51% investment in four diverse gold projects, covering a combined area of over 1,500 acres in North and South Carolina, USA.

The projects are situated in the highly prospective Carolina Super Terrane ("**CST**"), which has seen significant historic gold production and is host to a number of multi-million-ounce mines operated by majors and was also the site of the first US gold rush in the early 1800s, before gold was discovered in California.

For the Company to retain its 51% membership interests in the GAR 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 following admission to the aggregate sum of AU$5 million.

In the event that the Minimum Funding Contributions are not satisfied by the Company, Uwharrie Resources Inc., the Company's joint venture partner, has the option to acquire the Company's 51% interest in the relevant project for a nominal sum of AU$1.

The directors have assessed the value of the intangible asset having considered any indicators of impairment, and in their opinion, based on a review of future expected availability of funds to develop the Projects and the intention to continue exploration and evaluation, no impairment is necessary (refer note 24).

9 TRADE AND OTHER RECEIVABLES

	2020 US$'000	2019 US$'000
Trade receivables	**8**	-
Prepayments	**48**	6
Receivable from Fura	**-**	370
	56	376

All of the Group's trade and other receivables have been reviewed for indicators of impairment. None of the receivables were found to be impaired. The receivable from Fura was received on 2 January 2020.

	2020 US$'000	2019 US$'000
Trade and other receivables consist of balances receivable in the following currencies:		
United States Dollars	**48**	376
Australian Dollars	**8**	-
	56	376

Translated into United States Dollars at foreign exchange rates applicable at the reporting date. The Group's exposure to credit risk and impairment losses related to trade receivables is disclosed in note 18.1.

10 CASH AND CASH EQUIVALENTS

	2020 US$'000	2019 US$'000
Cash at bank and on hand	**2,895**	12
	2,895	12
Cash and cash equivalents consist of balances denominated in the following currencies:		
United States Dollars	**2,401**	4
British Pounds*	**494**	8
	2,895	12

* Translated into United States Dollars at foreign exchange rates applicable at the reporting date. The Group's exposure to interest rate risk and sensitivity analysis for financial instruments is disclosed in note 18.

11 SHARE CAPITAL

11.1 Common share capital

	2020 US$'000	2019 US$'000
Authorised		
2,500,000,000 Existing Common Shares of US$0.0003 each	**-**	750
3,000,000,000 New Common Shares of US$0.0003 each	**9,000**	-
Issued		
859,139,558 Existing Common Shares of US$0.0003 each	-	259
261,478,810 New Common Shares of US$0.0003 each	786	-
Common share capital		
Balance at the beginning of the year	**259**	172
Share placement	**433**	48
Fees converted	**21**	39
Loan converted	**9**	-
Acquisition of subsidiary	**64**	-
Balance at the end of the year	**786**	259

11 SHARE CAPITAL (CONTINUED)

Each fully paid common share carries the right to one vote at a meeting of the Company. Holders of common shares also have the right to receive dividends and to participate in the proceeds from sale of all surplus assets in proportion to the total shares issued in the event of the Company winding up.

Reconciliation of number of Existing Common Shares in issue	**Number of shares 2020**	Number of shares 2019
Shares in issue at beginning of the year	**859,139,558**	568,353,850
Share placement	**233,333,333**	158,730,159(2)
Fees converted	**15,700,000**(1)	132,055,549(3)
Shares Consolidation of every 10 Common Shares to one New Common Share	**(1,108,172,891)**	-
Existing Common Shares in issue at end of the year	**-**	859,139,558

(1) As announced on 13 January 2020, Peterhouse were due 5 per cent. commission on the gross proceeds of the Placing and 1 per cent. commission on the gross proceeds of the Subscription which it had agreed to be settled by the issue of 5,700,000 Existing Common Shares to Peterhouse (the "**Existing Commission Shares**"). In addition, Peterhouse had agreed that its initial six monthly retainer fee for 2020 are to be settled by the issue to it of a further 10,000,000 Existing Common Shares at the Issue Price (the "**Broker Fee Shares**").

(2) As announced on 4 July 2019, the Company raised approximately £100,000 (before expenses) through a placing of 158,730,159 existing common shares of US$0.0003 each in the capital of the Company ("**Existing Common Shares**") (the "**Placing Shares**") (the "**Placing**") with certain new investors at an issue price of 0.063 pence per Placing Share (the "**Placing Price**"). The Placing Price represented a discount of approximately 16 per cent. to the closing middle market price of a Common Share of 0.075 pence on 3 July 2019.

(3) As announced on 4 July 2019, the Placing was arranged via Peterhouse Capital Limited ("**Peterhouse**") as agent of the Company. Peterhouse were due 5 per cent. commission on the gross proceeds of the Placing which it agreed to settle by the issue of 7,936,508 existing Common Shares to Peterhouse (the "**Existing Commission Shares**") at the Placing Price. Peterhouse were appointed the Company's sole broker on 4 July 2019 and also agreed that their initial six month retainer fee be settled by the issue to them of a further 15,873,016 existing Common Shares at the Placing Price (the "**Broker Fee Shares**").

As announced on 29 August 2019, a Director and senior management agreed to the conversion of an aggregate amount of US$86,250 of unpaid fees accrued for periods up to 30 June 2019 to be converted into Common Shares (the "**Fee Conversion**"). Pursuant to the Fee Conversion, the Company issued, in aggregate, 108,246,025 existing Common Shares (the "**Conversion Shares**") at an issue price of 0.065 pence per share (the "**Conversion Price**"), being the Company's closing mid-market share price on 28 August 2019 and representing a premium of approximately 3.17 per cent. to the Placing Price for the Company's last equity fundraising of 4 July 2019.

As announced on 23 November 2020 and approved by Shareholders, the Company undertook a Share Consolidation whereby every 10 Existing Common Shares were consolidated into one New Common Share. The Existing Common Shares have been cancelled from trading on AIM and the New Common Shares were admitted to trading on AIM on 25 November 2020.

Reconciliation of number of New Common Shares in issue	**Number of shares 2020**	Number of shares 2019
Shares Consolidation of every 10 Existing Common Shares to one New Common Share	**110,817,289**	-
Share placement	**120,989,112**	-
Fees converted	**5,464,212(1)**	-
Loan converted	**2,840,909(2)**	-
Consideration shares	**21,367,288**	-
New Common Shares in issue at end of the year	**261,478,810**	-

11 SHARE CAPITAL (CONTINUED)

(1) Pursuant to an engagement letter dated 26 March 2020, Strand Hanson agreed to act as the Company's financial adviser in connection with the Proposals and Admission and the Company's nominated adviser for the purposes of the AIM Rules. In consideration of the services set out in the engagement letter, the Company agreed to pay Strand Hanson a fee of which £35,000 was settled by way of the allotment and issue of 1,272,727 New Common Shares at the Placing Price.
The Company and CS Jordaan Investments Pty Ltd entered into an agreement with effect from 31 January 2020 pursuant to which, CS Jordaan Investments Pty Ltd is entitled to a 3 per cent. finder's fee in respect of the share consideration payable to the Sellers at Completion. The finder's fee was payable by the issue of 555,122 New Common Shares to CS Jordaan Investments Pty Ltd at the Placing Price.
Certain of the Existing Directors, former directors of the Company and certain other members of the Company's senior management were issued 3,636,363 New Common Shares as partial settlement of accrued fees due to them for the period up to Admission.

(2) On 29 September 2020, the Company entered into an agreement with Almaretta Pty Ltd ("Almaretta"), a company owned and controlled by Edward Nealon, the Company's Non-Executive Chairman, under which a three month, short term, unsecured and interest free working capital facility of US$100,000 was made available to the Company and subsequently drawn down in full. The Company and Almaretta agreed that the working capital facility be repaid and settled in full at Admission by way of the issue of 2,840,909 Loan Repayment Shares at the Placing Price based on an agreed exchange rate of GBP1 = US$1.28.

	2020 **US$'000**	2019 US$'000
11.2 **A class share capital**		
Authorised		
66,666,667 A class shares of ZAR 0.0003 each	**3**	3
Issued		
1,009,029 A class shares of ZAR 0.0003 each issued by the Company's wholly-owned subsidiary, Rohstein Class A (Proprietary) Limited ("**Rohstein Class A (Pty) Ltd**")	**1**	1
A class shares have been converted at the historical rate at 1 June 2004 of ZAR6.52 to the US Dollar.		
Total issued share capital (Common shares and A class shares)	**787**	260

Reconciliation of A Class share capital	**Number of shares 2020**	Number of shares 2019
Shares in issue at beginning and end of the year	**1,009,029**	1,009,029

An equivalent amount of common shares are held by Rembrandt Nominees via an account with Investec Wealth & Investment.

Rights attaching to A Class shares

The following rights, privileges and conditions attach to the Rohstein Class A (Pty) Ltd A Class shares:

Each Rohstein Class A (Pty) Ltd A class share has been issued on the basis that:

1. if the Lexington Gold common shares are consolidated or subdivided, the same will apply, *mutatis mutandis*, to the Rohstein Class A (Pty) Ltd A class shares;
2. if any rights issue is implemented by Lexington Gold, Rohstein Class A (Pty) Ltd will automatically have a rights issue in respect of the Rohstein Class A (Pty) Ltd A class shares on identical terms to the rights issue implemented by Lexington Gold, which will include but not be limited to the price per rights issue share and ratio of rights shares to existing shares; and
3. if the common shareholders of Lexington Gold receive shares in substitution for all their Lexington Gold common shares then the number of Rohstein Class A (Pty) Ltd A class shares will be automatically adjusted such that each Rohstein Class A (Pty) Ltd A class shareholder will own the number of Rohstein Class A (Pty) Ltd Class A shares as equals their existing number of Rohstein Class A (Pty) Ltd A class shares, multiplied by the number of substitution shares issued for each Lexington Gold common share.

11 SHARE CAPITAL (CONTINUED)

Rights attaching to A Class shares (continued)

The holders of the Rohstein Class A (Pty) Ltd A class shares will only be entitled to a dividend if Lexington Gold declares dividends in respect of any year, and then the Rohstein Class A (Pty) Ltd A class shares will be entitled to a preference dividend out of the profits of Rohstein Class A (Pty) Ltd available for distribution per Rohstein Class A (Pty) Ltd A class share equal to "D" calculated in accordance with the following formula:

$$D = A \times F$$

where

A = the dividend declared and payable by Lexington Gold in respect of each Lexington Gold common share; and

F = the spot foreign exchange rate quoted by Standard Bank of South Africa Limited on the date upon which the relevant Lexington Gold dividend is payable to Lexington Gold common shareholders.

Rohstein Class A (Pty) Ltd in general meeting or the directors of Rohstein Class A (Pty) Ltd shall be entitled to declare preference dividends in respect of the Rohstein Class A (Pty) Ltd A class shares on the basis that the preference dividend payable shall be payable, within four months after the date upon which the relevant dividend is declared to the shareholders of Lexington Gold, to the holders of the Rohstein Class A (Pty) Ltd A class shares registered as such on the declaration date of the relevant Lexington Gold dividend.

With respect to voting rights in Rohstein Class A (Pty) Ltd, each Rohstein Class A (Pty) Ltd ordinary share shall have 1,000,000 votes and each Rohstein Class A (Pty) Ltd A class share shall have one vote. The holders of Rohstein Class A (Pty) Ltd A class shares will be entitled to receive notice of and to attend and vote at any general meeting of Rohstein Class A (Pty) Ltd.

Payment in respect of preference dividends and any other payments will be made in the currency of South African Rand at the risk of the relevant holder of Rohstein Class A (Pty) Ltd A class shares either by cheque sent by prepaid registered post to the address of each holder of Rohstein Class A (Pty) Ltd A class shares as recorded in the register of Rohstein Class A (Pty) Ltd's shareholders or by electronic transfer to such bank account nominated in writing by any holder of Rohstein Class A (Pty) Ltd A class shares for such purpose.

All or any of the rights attaching to the issued Rohstein Class A (Pty) Ltd A class shares may not be modified, altered, varied, added to or abrogated, without the prior written consent of the:

1. holders of at least three-quarters of the issued Rohstein Class A (Pty) Ltd A class shares or the sanction of a resolution of the holders of the issued Rohstein Class A (Pty) Ltd A class shares passed at a separate general meeting of such holders and at which the holders of the Rohstein Class A (Pty) Ltd A class shares holding in the aggregate not less than one quarter of the total votes of all the holders of the Rohstein Class A (Pty) Ltd A class shares holding securities entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than three-quarters of the total votes to which the holders of the Rohstein Class A (Pty) Ltd A class shares present in person or by proxy are entitled to vote; and
2. holders of three quarters of the ordinary shares.

No shares in the capital of Rohstein Class A (Pty) Ltd, ranking in priority to or *pari passu* with the Rohstein Class A (Pty) Ltd A class shares of any class but excluding the issue of ordinary shares, shall be created or issued, without the prior written consent of the holders of at least three-quarters of the issued Rohstein Class A (Pty) Ltd A class shares or the sanction of a resolution of the holders of the issued Rohstein Class A (Pty) Ltd A class shares passed at a separate general meeting of such holders and at which the holders of the Rohstein Class A (Pty) Ltd A class shares holding in the aggregate not less than one quarter of the total votes of all the holders of the Rohstein Class A (Pty) Ltd A class shares holding securities entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than three-quarters of the total votes to which the holders of the Rohstein Class A (Pty) Ltd A class shares present in person or by proxy are entitled to vote.

Rohstein Class A (Pty) Ltd cannot be put into voluntary liquidation by its shareholders, without the prior written consent of the holders of at least three-quarters of the issued Rohstein Class A (Pty) Ltd A class shares or the sanction of a resolution of the holders of the issued Rohstein Class A (Pty) Ltd A class shares passed at a separate general meeting of such holders and at which the holders of the Rohstein Class A (Pty) Ltd A class shares holding in the aggregate not less than one quarter of the total votes of all the holders of the Rohstein Class A (Pty) Ltd A class shares holding securities entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than three-quarters of the total votes to which the holders of the Rohstein Class A (Pty) Ltd A class shares present in person or by proxy are entitled to vote.

11 SHARE CAPITAL (CONTINUED)

Rights attaching to A Class shares (continued)

Should Lexington Gold acquire any Rohstein Class A (Pty) Ltd A class shares, Rohstein Class A (Pty) Ltd will automatically redeem out of moneys which may be lawfully applied for that purpose those Rohstein Class A (Pty) Ltd A class shares on the basis that the price payable for each Rohstein Class A (Pty) Ltd A class share on redemption of same will be at a redemption price of 0.003 (point zero zero three) cents per Rohstein Class A (Pty) Ltd A class share. Notwithstanding the provisions of this clause, all of the Rohstein Class A (Pty) Ltd A class shares that are in issue at 21 April 2024 shall be automatically redeemed on the basis that the price payable for the redemption of each A share on redemption of same will be at a redemption price of 0.003 (point zero zero three) cents per Rohstein Class A (Pty) Ltd A class share.

At every meeting of the holders of the Rohstein Class A (Pty) Ltd A class shares the provisions of the articles of Rohstein Class A (Pty) Ltd relating to general meetings of holders of ordinary shares shall apply mutatis mutandis except that a quorum at any such general meeting of the holders of the A shares shall be a person or persons holding or representing by proxy at least 25% (twenty five per centum) of the issued Rohstein Class A (Pty) Ltd A class shares, provided that if at any adjournment of such meeting a quorum is not present, then the provisions of the relevant articles of Rohstein Class A (Pty) Ltd relating to adjourned meetings shall, mutatis mutandis, apply.

Upon the date of redemption of any Rohstein Class A (Pty) Ltd A class shares, there shall be paid on any Rohstein Class A (Pty) Ltd A class shares redeemed, all preference dividends (including any which are in arrears) accrued in respect of the same, up to the date fixed for redemption thereof, and the preference dividends thereon shall cease to accrue from that date unless, upon surrender of the share certificate in respect of the Rohstein Class A (Pty) Ltd A class shares, payment of the redemption moneys is not affected by Rohstein Class A (Pty) Ltd. The holders of the Rohstein Class A (Pty) Ltd A class shares shall deliver the certificate/s representing those Rohstein Class A (Pty) Ltd A class shares which are to be redeemed to Rohstein Class A (Pty) Ltd at its registered office. Upon such delivery of the share certificate/s Rohstein Class A (Pty) Ltd shall pay to the holders of the Rohstein Class A (Pty) Ltd A class shares the amount due in respect of the redemption and shall then be entitled to cancel the relevant Rohstein Class A (Pty) Ltd A class shares.

Rohstein Class A (Pty) Ltd shall not be liable to a shareholder of Rohstein Class A (Pty) Ltd A class shares for interest on any unclaimed redemption moneys and arrears of dividends.

Any dividends payable in respect of Rohstein Class A (Pty) Ltd A class shares (including any which are in arrears) that remain unclaimed for 3 (three) years may become the property of Rohstein Class A (Pty) Ltd.

The holders of the Rohstein Class A (Pty) Ltd A class shares shall not be entitled to dispose of any Rohstein Class A (Pty) Ltd A class shares to any party other than Lexington Gold and the share certificates issued in respect of the Rohstein Class A (Pty) Ltd A class shares shall be endorsed to this effect. Notwithstanding the provisions of this clause, a holder of the Rohstein Class A (Pty) Ltd A class shares shall be entitled to transfer the relevant Rohstein Class A (Pty) Ltd A class shares to a family entity or a family member provided that they pay any and all costs relating to the transfer.

No additional shares in the capital of Rohstein Class A (Pty) Ltd of the same or similar nature as the Rohstein Class A (Pty) Ltd A class shares shall be issued save as provided for above.

12 SHARE PREMIUM

	2020	2019
	US$'000	US$'000
Balance at beginning of the year	**54,782**	54,644
Share placement	**4,322**	78
Share issue costs	**(1,013)**	(7)
Fees converted	**208**	67
Loan converted	**96**	-
Acquisition of subsidiary	**701**	-
Balance at end of year	**59,096**	54,782

13 SHARE OPTION RESERVE

	2020 US$'000	2019 US$'000
Balance at beginning of the year	**-**	47
Share options forfeited/cancelled	**-**	(47)
Share options issued	**234**	-
Balance at end of year	**234**	-

Share-based payments

The terms and conditions of the share option plan and warrants are as follows:

Grant date	Number of share options/warrants	Vesting conditions	Contractual life
4 December 2020 (options)	19,610,910	3 years of service	10 years from vesting date
24 November 2020 (warrants)	7,844,364		3 years
Total options	27,455,274		

The number and weighted average exercise prices of share options and warrants are as follows:

	2020		2019	
	Weighted average exercise price (UK pence/ share)	**Number of options**	Weighted average exercise price (UK pence/ share)	Number of options/ warrants
Outstanding at the beginning year		**-**	3.5	3,500,000
Share options forfeited/cancelled		**-**	3.5	(3,500,000)
Options issued	**2.75**	**19,610,910**	-	-
Warrants issued	**2.75**	**7,844,364**		-
Exercisable at the end of the year		**27,455,274**		-

Share option assumptions at issue date	Senior employees
Share price	2.75 pence
Exercise price	2.75 pence
Expected volatility	100%
Expected dividends	0%
Risk-free interest rate (based on UK government bonds)	1.1%
Option life	10 years

The expected volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information. Options are stated in UK Pound Sterling as the Company is listed on the AIM market of the London Stock Exchange. The fair value per option was determined to be 2.45 UK pence per option.

14 FOREIGN CURRENCY TRANSLATION RESERVE

	2020 US$'000	2019 US$'000
Balance at beginning of the year	**-**	54
Translation of foreign operations in the year	**(3)**	(7)
Foreign operations translation disposed	**-**	(47)
Balance at end of the year	**(3)**	-

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

15 EARNINGS PER SHARE

Basic and diluted loss per share

As announced on 23 November 2020 and approved by Shareholders, the Company undertook a Share Consolidation whereby every 10 Existing Common Shares were consolidated into one New Common Share. Therefore the previously reported earnings per share has been restated. The calculation of basic and diluted loss per share at 31 December 2020 was based on the loss attributable to common shareholders from continuing operations of US$712,000 (2019: US$482,000), discontinued operations loss of US$Nil (2019: profit US$281,000) and a weighted average number of common shares outstanding during the year ended 31 December 2020 of 123,375,092 (2019: 69,485,085) calculated as follows:

	2020 US$'000	2019 US$'000
Loss attributable to common shareholders from continuing operations	**(712)**	(482)
Profit/(loss) attributable to common shareholders from discontinued operations	-	281
Weighted average number of common shares	**Number of shares 2020**	Number of shares 2019
Weighted average number of common shares	**123,375,092**	69,485,085
Basic and diluted loss per common share from continuing operations (US cents/share)	**(0.58)**	(0.70)
Basic and diluted profit/(loss) per common share from discontinued operations (US cents/share)	**-**	0.40
Basic and diluted loss per common share from all operations (US cents/share)	**(0.58)**	(0.30)

The diluted loss per share and the basic loss per share are recorded as the same amount, as conversion of share options decreases the basic loss per share, thus being anti-dilutive.

16 TRADE AND OTHER PAYABLES

	2020 US$'000	2019 US$'000
Trade and other payables	**94**	327
Short term advances due to directors (Note 21)	**-**	36
Total trade and other payables	**94**	363

The Directors have agreed to defer payment of the short-term advances due to them as at 31 December 2019 until the earlier of the completion of a transaction approved by shareholders and 30 June 2020.

Trade and other payables consist of balances payable in the following currencies:		
United States Dollars	**30**	187
Australian Dollars	**-**	34
British Pounds	**64**	126
Other currencies	**-**	16
	94	363

17 NOTES TO THE STATEMENT OF CASH FLOWS

	2020 US$'000	2019 US$'000
17.1 Cash utilised by operations		
Loss before income tax	**(712)**	(201)
Adjusted for:		
▪ Shares issued at discount to market value	**18**	1
▪ Finance cost	**-**	413
▪ Unwinding of discount	**-**	14
▪ Write off of inventory	**-**	3
▪ Profit on sale of group	**-**	(700)
▪ Share options expense/(income)	**234**	(47)
▪ Net foreign exchange difference	**6**	32
Cash from operations before working capital changes	**(454)**	(485)
Working capital changes:		
Inventories	**-**	13
Trade and other receivables	**327**	19
Trade and other payables	**(139)**	199
Cash utilised by operations before interest and tax	**(266)**	(254)
17.2 Proceeds from disposal of group, net of cash		
Property, plant and equipment	**-**	548
Intangible assets	**-**	68
Inventory	**-**	46
Receivables	**-**	48
Restricted cash	**-**	261
Cash and cash equivalents	**-**	9
Trade and other payables	**-**	(264)
Provisions	**-**	(224)
	-	492
Foreign currency translation	**-**	(47)
Accruals to settle liabilities	**-**	105
Profit on sale of group	**-**	700
Consideration	**-**	1,250
Consideration received from Fura post balance sheet date	**-**	(370)
Cash of group sold	**-**	(9)
Net cash proceeds	**-**	871
17.3 Proceeds from issue of shares		
Share capital and premium at end of year (Note 11 & 12)	**59,883**	55,042
Acquisition of GAR	**(765)**	-
Directors, consulting and other fees converted to shares(1)	**(217)**	(105)
Loan converted to shares(1)	**(100)**	-
Shares issued at discount(1)	**(18)**	(1)
Share capital and premium at beginning of year	**(55,042)**	(54,817)
	3,741	119

(1) Non-cash financing and investing activities

18 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

18.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from outstanding receivables from customers, cash and cash equivalents and bank deposits. Those balances reflect the maximum exposure to credit risk.

The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

18.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored on a monthly basis. At present, no liquidity risk is foreseen.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities
Financial liabilities are payable as follows:

	Trade and other payables US$'000
31 December 2020	
Less than one year	**94**
One to five years	**-**
31 December 2019	
Less than one year	363
One to five years	-

18.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

The Group is not exposed to significant interest rate risks as interest bearing borrowings are mainly of a short-term nature.

Foreign currency risk

The Group does not hedge foreign exchange fluctuations and therefore is exposed to all foreign currency movements.

In the normal course of business, the Group enters into transactions primarily denominated in US$. However, the Group has investments and liabilities in a number of different currencies. As a result, the Group is subject to translation exposure from fluctuations in foreign currency exchange rates. The Company's strategy towards managing its foreign currency exposure is through transacting using its functional currency.

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis
A 10 per cent. strengthening of the United States Dollar against the following currencies at 31 December would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as at 31 December 2019.

	2020 US$'000	2019 US$'000
Profit or loss		
Australian Dollars	**1**	3
British Pounds	**43**	12
Other currencies	**-**	1

A 10 per cent. weakening of the United States Dollar against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

18.4 Price risk

The Group's exposure to price risk on its financial assets is considered negligible as the Group does not hold any investments in either equity or debt securities.

18.5 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitor the level of dividends to ordinary shareholders.

The Group's target is to achieve a return on capital of between 12 and 16 per cent. The Group achieved a negative return on capital of 28% in 2020 (2019: 1,896%). There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

19 FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables and payables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. For receivables/payables with a remaining useful life of less than one year, the carrying amount is deemed to reflect fair value.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

The fair value of financial instruments together with the carrying amounts shown in the statement of financial position are as follows:

	Note	Carrying amount US$'000	Fair value US$'000
2020			
Trade and other receivables (excluding prepayments)	9	**8**	**8**
Cash at bank and on hand	10	**2,895**	**2,895**
Financial assets measured at amortised cost		**2,903**	**2,903**
Trade and other payables	16	**94**	**94**
Financial liabilities measured at amortised cost		**94**	**94**
2019			
Trade and other receivables (excluding prepayments)	9	370	370
Cash at bank and on hand	10	12	12
Financial assets measured at amortised cost		382	382
Trade and other payables	16	363	363
Financial liabilities measured at amortised cost		363	363

The carrying amount of bank overdraft and trade and other payable approximate their fair value.

20 COMMITMENTS AND CONTINGENCIES

21.1 ***Capital commitments***
No capital commitments existed at year end* (2019: US$ Nil).

* Refer to note 24 for minimum funding contribution required to retain 51% in projects.

There are no contingencies for the year ended 31 December 2020 (2019: Nil).

21 RELATED PARTIES

Identity of related parties
The Group has a related party relationship with its subsidiaries and key management personnel.

Related party transactions
During the year, the Company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with one another.

Current directors of the holding company and their close family members as at the date of this report control 4.25% (2019: 13.53%) of the voting shares of Lexington Gold.

	2020 US$'000	2019 US$'000
Short-term benefits		
Directors' emoluments for the year		
Services as directors of the Company		
Non-executive directors		
Salary	**86**	(5)*

21 RELATED PARTIES (CONTINUED)

	2020	2019
	US$'000	US$'000
Executive directors		
Salary	**42**	(48)*
Share options	**143**	-

* Credit due to waiver of fees as disclosed below.

Short term advances from directors (unpaid directors' fees)		
Edward Nealon	**-**	12
Nicholas Sibley	**-**	12
Bernard Olivier	**-**	12
	-	36

The Directors have agreed to defer payment of the short term 2019 advances due to them until the earlier of the completion of a transaction approved by shareholders and 30 June 2020.

Loan from director
On 29 September 2020, the Company entered into an agreement with Almaretta Pty Ltd ("Almaretta"), a company owned and controlled by Edward Nealon, under which a three month, short term, unsecured and interest free working capital facility of US$100,000 was made available to the Company and subsequently drawn down in full. The working capital facility was repaid and settled in full at Admission by way of the issue of 2,840,909 Loan Repayment Shares at the Placing Price based on an agreed exchange rate of GBP1 = US$1.28.

Share options
On 4 December 2020 the Company granted, in aggregate, 19,610,910 options over new common shares to its directors and senior managers exercisable at a price of 2.75 pence per share (the "**Options**") (refer note 13).

The Options vest in three equal tranches being: (i) one third on their date of issue; (ii) one third on 25 November 2021; and (iii) one third on 25 November 2022, and are exercisable for a period of 10 years from their date of grant. Details of the Options granted to directors are set out in the table below:

Directors	**Number of Options granted and resultant holding of Options**
Edward Nealon	2,614,788
Bernard Olivier	4,140,081
Melissa Sturgess	2,614,788
Rhoderick Grivas	2,614,788
Total:	11,984,445

2019 Waiver of Directors' and Management's Fees
As announced on 28 June 2019, in order to preserve cash reserves within the Company, the Directors and senior management personnel agreed to waive, in aggregate, US$452,559 of accrued fees due to them for periods from 1 June 2018 up to and including 30 June 2019 (the "**Fee Waiver**"), as detailed below:

Directors	**Amount waived (US$)**
Edward Nealon	28,438
Nicholas Sibley	25,729
Anthony ("Tony") Brooke	160,209
Total Directors	214,376
Gem Dreams (related to Tony Brooke)	18,750
Senior Management	219,433
Total Fee Waiver	452,559

The net effect of the above Fee Waiver by the Directors is that there was a credit to the Income Statement of US$53,125 during the 2019 year-end in respect of Directors' remuneration.

21 RELATED PARTIES (CONTINUED)

2019 Conversion of certain Directors' and Management's Fees into new Common Shares
As announced on 28 June 2019, in order to further conserve the Company's cash reserves, certain of the Directors and senior management personnel confirmed their intention, to convert, in aggregate, US$86,250 of unpaid fees due to them for periods from 1 June 2018 up to and including 30 June 2019 into new Common Shares (the "**Fee Conversion**"). The Fee Conversion was announced on 29 August 2019 and settled all remaining fees due to the current directors and senior management up to 30 June 2019 with the fees converted by such directors and senior management summarised in the table below:

Current Directors	**Fees converted (US$)**
Edward Nealon	Nil (as all outstanding fees waived)
Nicholas Sibley	Nil (as all outstanding fees waived)
Anthony ("Tony") Brooke	31,250
Senior Management	55,000

Remuneration of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of key management personnel recognised in profit or loss including salaries and other current employee benefits amounted to a debit of US$0.271 million (2019: credit of US$0.05 million). No terminal or other long term benefits were paid to key management personnel during the year (2019: Nil).

Group entities

Significant subsidiaries	**Country of incorporation**	**Products/Services**	**Net amounts owing by subsidiaries 2020 US$'000**	Net amounts owing by subsidiaries 2019 US$'000	**Functional currency**	**Share holding *2020***	**Share holding *2019***
Global Asset Resources Pty Ltd	Australia	Holding company	**(92)**	-	AUD	100%	-
Global Asset Resources Holdings, Inc	United States	Exploration company	**9**	-	US$	100%	-
Project Carolina Belle, LLC	United States	Exploration company	**(12)**	-	US$	51%	-
Project Jennings-Pioneer, LLC	United States	Exploration company	**(71)**	-	US$	51%	-
Project Argo, LLC	United States	Exploration company	**(15)**	-	US$	51%	-
Project JKL, LLC	United States	Exploration company	**(20)**	-	US$	51%	-
Rohstein Class A (Pty) Ltd	South Africa	A Class shareholding	**-**	-	ZAR	100%	100%

All transfers of funds between South African entities and non-South African entities are subject to South Africa's exchange control rules and regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 SUBSEQUENT EVENTS

As announced on 16 March 2021, the Company has expanded its mineral exploration rights at the Jones-Keystone-Loflin ("**JKL**") Project. Lexington Gold has entered into additional mining lease with option to purchase agreements on the south-western ("**Loflin**") side of the JKL Project with the key points summarised below:

- Three additional Lease with Option to Purchase agreements have been signed with certain landowners for an additional 129 acres of mineral exploration rights and a further 22 acres of surface rights;
- Mineral exploration rights at Loflin increased from 50.66 acres to 179.66 acres, taking the Group's total project acreage to approximately 1,675 acres;
- The agreements are each valid for a period of six years.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity even after year-end. At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case.

Other than these matters, no significant events have occurred subsequent to the reporting date that would have a material impact on the consolidated financial statements.

23 ULTIMATE HOLDING COMPANY

The company is widely owned by the public and has its primary listing on AIM, a market operated by the London Stock Exchange.

24 ACQUISITION OF SUBSIDIARY

In November 2020, the Company announced the completion of its acquisition of Global Asset Resources Ltd ("**GAR**") which, via its wholly owned US subsidiary, holds a 51 per cent. interest in four gold exploration projects in North and South Carolina in the United States for a consideration of US$ 175,000 and 21,367,288 fully paid New Common Shares in Lexington.

The acquisition-date values of the assets acquired and liabilities assumed and the consideration transferred were as follows:

	Acquisition US$ '000
Exploration and evaluation assets	2,385
Trade and other receivables	6
Cash and cash equivalents	10
Trade and other payables	(86)
Non-controlling interest	(971)
Net assets and liabilities acquired	1,344
Consideration	
- Issue of Lexington New Common Shares	(765)
- Cash paid	(175)
- Acquisition cost	(404)
Total consideration	(1,344)

Lexington is required to pay conditional deferred consideration, of, in aggregate, AU$1.5m (being the Tranche 1 Deferred Consideration if the Tranche 1 Performance Milestone detailed below is met) and the sum of, in aggregate, AU$3.0m (being the Tranche 2 Deferred Consideration if the Tranche 2 Performance Milestone detailed below is met) to the Sellers and URI, in cash or New Common Shares at the Company's sole discretion, subject to the achievement by the Enlarged Group of the Tranche 1 Performance Milestone and Tranche 2 Performance Milestone or the occurrence of certain Vesting Events within five years of Completion. No provision has been made for the payment of the deferred consideration as the Tranche 1 Performance Milestone, Tranche 2 Performance Milestone and Vesting Events have not occurred.

24 ACQUISITION OF SUBSIDIARY (CONTINUED)

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 GAR Projects (including any Additional Projects) that are not Excluded Projects of at least:

a) 0.8 million ounces of gold at a grade of more than 1 g/t; or
b) 0.6 million ounces of gold at a grade of more than 2.5 g/t; or
c) 0.4 million ounces of gold at a grade of 5 g/t or more.

The Tranche 1 Deferred Consideration, payable within 21 business days of the achievement of the Tranche 1 Performance Milestone or occurrence of certain Vesting Events, comprises AU$1,299,000, payable in cash or New Common Shares at the Relevant Price (in whole or in part) at the Company's sole discretion, to the Sellers; and AU$201,000, payable in cash or New Common Shares at the Relevant Price (in whole or in part) at the Company's sole discretion, to URI.

The Tranche 2 Performance Milestone comprises the commissioning from an independent geologist, completion and announcement by the Company, in accordance with the AIM Rules, of a pre-feasibility study in respect of any one of the GAR Projects (including any Additional Projects) that are not Excluded Projects confirming a pre-tax NPV of more than US$50m at a discount rate of at least 8 per cent.

The Tranche 2 Deferred Consideration, payable within 21 business days of the achievement of the Tranche 2 Performance Milestone or occurrence of certain Vesting Events, comprises AU$2,598,000, payable in cash or New Common Shares at the Relevant Price (in whole or in part) at the Company's sole discretion, to the Sellers; and AU$402,000, payable in cash or New Common Shares at the Relevant Price (in whole or in part) at the Company's sole discretion, to URI. If the Tranche 1 Deferred Consideration has not previously been paid at the time of achievement of the Tranche 2 Performance Milestone, the Tranche 1 Deferred Consideration will also become payable in cash or New Common Shares (at the Company's sole discretion) at such time.

The Joint Venture Implementation Deed between GAR, URI and Carolina Gold Resources also sets out certain Minimum Funding Contributions in respect of each of the GAR Projects to be provided by the Company in each of the four years and throughout the four year period following Admission in order to retain its 51 per cent. interest in the Projects which are summarised below. In the event that the Minimum Funding Contributions are not satisfied by Lexington (on both an annual and overall basis), URI has the option to acquire the Company's 51 per cent. membership interest (via GAR Holdings) in the relevant Project SPV for a nominal sum of AU$1. The Company similarly has the option to sell its 51 per cent. membership interest in any of the GAR Projects to URI at any time during the four-year period following Admission for AU$1 should the Board determine that the Company no longer wishes to proceed with one or more of the GAR Projects.

Minimum Funding Contributions for the Company to retain its 51 per cent. membership interests

			AU$		
Project	**Minimum Total**	**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	1,000,000	100,000	100,000	100,000	100,000
Argo	1,000,000	100,000	100,000	100,000	100,000
	5,000,000	**700,000**	**450,000**	**450,000**	**450,000**

At the end of the initial four year period following Admission and satisfaction of the Minimum Funding Contributions for a Project, if URI elects not to fund its proportionate share of future costs or fails to make an election then, in accordance with the terms of the Joint Venture Implementation Deed, the Company will potentially be able to increase its interest in each of the Project SPVs to 80 per cent. by meeting certain further funding commitments in years 5 and 6 (on both an annual and overall basis) following Admission (the "**Extended Period**").

24 ACQUISITION OF SUBSIDIARY (CONTINUED)

Extended Period funding contributions from the Company to acquire an additional 29 per cent. membership interest and increase its total interest to 80 per cent.

Project	Minimum Total	Minimum Year 5	Minimum Year 6
JKL	2,500,000	150,000	150,000
Carolina Belle	2500,000	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 the Company does not meet the Extended Period funding contributions in relation to a particular Project, it will retain its 51 per cent. initial interest in such Project SPV.

In the event that the Company increases its interest in any of the Project SPVs to 80 per cent. and URI elects not to fund its proportionate share of future costs in respect of its then 20 per cent. residual interest in the GAR Project concerned or fails to make an election, the Company is able to increase its interest in the relevant Project to 100 per cent. by agreeing to pay for the relevant Project a Net Smelter Royalty to URI of 0.5 per cent. for future production up to 50,000 oz gold equivalent, 2.0 per cent. for future production from 50,000 to 400,000 oz gold equivalent and 1.0 per cent. for future production in excess of 400,000 oz gold equivalent.