



14 September 2021

Lexington Gold Ltd
("Lexington Gold" or the "Company")

Interim Results for the half-year ended 30 June 2021

Lexington Gold (AIM: LEX), the gold exploration and development company with projects in North and South Carolina, USA, is pleased to announce its unaudited interim results for the six month period to 30 June 2021 ("**H1 2021**" or the "**Period**").

Highlights:

Corporate Summary:

The first half of 2021 has been an encouraging period for the Company, following a transformational 2020 in which the Company completed its acquisition of majority interests in four gold exploration projects in North and South Carolina in the United States (the "**Projects**") and was readmitted to trading on AIM on 25 November 2020. The Period has seen the Company build on such transformation, with exciting exploration progress made on its gold projects in the Carolinas.

Operational Highlights:

Jones-Keystone-Loflin ("JKL") Project:

- Good exploration progress with encouraging results obtained from the six-hole Phase 1 drilling campaign
- All six holes encountered intervals of gold mineralisation of over 1g/t Au above 100m depth
- Fixed-wing airborne geophysical survey completed
- Additional mining lease with option to purchase agreements entered into on the south-western ("**Loflin**") side of JKL

Carolina Belle Project:

- Fixed-wing airborne geophysical survey completed
- Soil sampling and rock sampling programme completed
- New gold anomaly identified over an initial surface area of approximately 350 metres x 250 metres, with individual surface rock assay samples returning up to 17 grammes per tonne ("**g/t**") gold
- Detailed modelling, interpretation and drill target generation undertaken

Jennings-Pioneer Project:

- Interpretation and modelling of helicopter-borne Versatile Time Domain Electromagnetics ("**VTEM**") geophysical survey completed
- VTEM survey identified two potential anomalies that will be further investigated through soil sampling, trenching and drilling

Argo Project:

- Fixed-wing airborne geophysical survey completed
- Interpretation of the resulting data and modelling underway

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Post Period End:

- Contract signed for a 5,000m Reverse Circulation (“RC”) drill programme at the JKL and Carolina Belle Projects
- Drill rig and crew scheduled to arrive on site during the week commencing 20 September 2021
- Assay results received following surface exploration sampling at Carolina Belle, with 10 samples out of 37 returning in excess of 1g/t Au
- Maiden resource estimate for Loflin expected to be received in the coming weeks from Pivot Mining Consultants Pty Ltd following completion of their resource and 3D modelling process

Financial Summary:

- Net loss for the Period from continuing operations was US\$0.47 million (H1 2020: US\$0.21 million)
- Total assets at the Period end were US\$5.0 million (31 December 2020: US\$5.5m)
- Net cash position at the Period end of US\$2.1m (31 December 2020: US\$2.9m)
- Total liabilities at the Period end of US\$0.027m (31 December 2020: US\$0.094m)

For further information, please contact:

Lexington Gold Ltd

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

Note to Editors:

Lexington Gold Ltd (AIM: LEX) is focused on the exploration and development of its four diverse gold projects, covering a combined area of approximately 1,675 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.

Further information is available on the Company’s website: www.lexingtongold.co.uk. Neither the contents of the Company’s website nor the contents of any website accessible from hyperlinks on the Company’s website (or any other website) is incorporated into, or forms part of, this announcement.

LEXINGTON GOLD

Chairman's Statement

Dear Fellow Shareholder

On behalf of the Board, I am pleased to present the Group's unaudited results for the six months to 30 June 2021. It has been a highly fruitful period, with Lexington Gold building on its readmission in 2020 by conducting targeted, effective exploration that has markedly progressed the Company's understanding and operations on its four promising gold projects.

Following the successful reverse acquisition of Global Asset Resources Ltd ("**GAR**"), the associated fundraising, and the Company's readmission to AIM, the Company's focus for 2021 involves unlocking the excellent potential of our gold projects in North and South Carolina, USA. We have been steadily delivering on this objective, with sustained and sophisticated exploration activities carried out that have to date confirmed our confidence in the prospectivity of our Projects.

Initially, our efforts were focused primarily on our most advanced projects, Jones-Keystone-Loflin and Carolina Belle in North Carolina. At the JKL Project, we conducted an encouraging Phase 1 drilling campaign during the Period, with the final results received in June 2021. All six holes intersected gold mineralisation including multiple broad zones of over 30m, with high grade gold mineralisation found close to surface. Post-Period end, we signed a contract for a Phase 2 drilling campaign with FTE Drilling. We are also expecting to receive a maiden resource estimate for the south-western (Loflin) side of the JKL Project in the coming weeks.

At Carolina Belle, we received the results of our recently completed surface exploration sampling programme. A new gold anomaly was identified over an initial surface area of approximately 350m x 250m and individual surface rock assay samples returned up to 17 grammes per tonne ("**g/t**") gold.

We have also carried out some initial exploration work at our earlier stage projects, Jennings-Pioneer and Argo. At the Jennings-Pioneer Project, we conducted a 207.3 line-kilometre VTEM geophysical survey. The aim of the VTEM survey was to identify any conductors located within and surrounding the Jennings-Pioneer Project area that could be associated with volcanic massive sulphide style mineralisation. The results of this survey have encouragingly identified two potential anomalies that will be further investigated through soil sampling, trenching and drilling.

At the Argo Project, concurrently with the JKL and Carolina Belle Projects, we carried out a fixed-wing airborne geophysical survey. The aim of the survey was to further define and delineate the known areas of mineralisation over the three projects, as well as identifying new targets for geological studies and potential drilling. An initial high-level overview of the unprocessed data, as received from the geophysical survey, has already returned promising results and we are expecting the full results in due course.

We feel we have taken great strides in delivering on our strategy to unlock the potential of these promising, underexplored gold projects through our initial exploration work and look forward to updating shareholders on further progress in due course. On behalf of the Board, I wish to express appreciation for the valued and ongoing support of the Company's various stakeholders and shareholders.



Mr Edward Nealon
Non-Executive Chairman
14 September 2021

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Chief Executive's Operational and Financial Review

1. Overview

On 2 February 2021, we announced that we had signed a contract with an experienced local drilling company for an initial minimum 610m diamond core drill programme at the JKL Project. JKL was selected as the first project for drilling due to its promising historical drill hole intersections and geological similarities with the third-party Haile Mine which has a mineral resource grade of 1.67 g/t Au.

The initial campaign was to focus on the south-western (Loflin) side of JKL, involving six holes by way of infill drilling and seeking to expand on and confirm the findings of historical third party drilling undertaken on the Loflin property. The Company also announced that a fixed-wing airborne geophysical survey had commenced over the JKL, Carolina Belle and Argo Projects in North Carolina.

On 26 May 2021, we announced a promising initial batch of assay results for the first three holes from this Phase 1 drilling campaign which indicated continuation of broad zones of shallow gold mineralisation. The results also showed good correlation to the historical drilling. These initial results were sufficiently encouraging for the Company to commence planning for a Phase 2 drill programme.

On 15 June 2021, we were able to announce assay results for the remaining three diamond drill holes from our Phase 1 drilling campaign, which revealed intersections of significant gold mineralisation above 50m depth. Looking at the results as a whole, all six holes of the campaign encountered intervals of gold mineralisation of over 1 g/t Au above 100m depth.

The Phase 1 drilling campaign added significantly to our understanding of the JKL Project's mineralisation and confirmed the presence of broad zones of particularly shallow gold mineralisation. The results have given us significant confidence in the project's potential economics and we plan to undertake additional drilling on the project area in due course as part of a Phase 2 drill programme.

On 23 June 2021, we announced an update for our project portfolio. We had appointed Pivot Mining Consultants ("**Pivot**") to review, interpret and model the complete dataset, including data from the Phase 1 drilling campaign, with the aim of working towards a potential maiden resource estimate for Loflin. As announced on 25 August 2021, we are now working with Pivot to plan the Phase 2 RC drilling campaign to either enable a maiden resource estimate to be published for JKL or expand on any estimate that can already be determined from the existing database.

We also announced that we had completed a soil sampling and rock sampling programme at the Carolina Belle Project, with rock samples sent to SGS in Vancouver and soil samples sent to American Assay Laboratories in Nevada. Alongside this, a drilling campaign was being planned for the Carolina Belle Project and, dependent on drill rig suitability and availability, was expected to be incorporated into the Phase 2 drill programme at JKL.

In light of the encouraging results and data already obtained from Phase 1, we also decided to extend an existing 4.05 acre mining lease with option to purchase agreement on Loflin for an additional six month period to 17 December 2021.

2. Financial Performance

- Net loss for the Period from continuing operations was US\$0.47 million (H1 2020: US\$0.21 million)
- Total assets at the Period end were US\$5.0 million (31 December 2020: US\$5.5m)

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- Net cash position at the Period end of US\$2.1m (31 December 2020: US\$2.9m)
- Total liabilities at the Period end of US\$0.027m (31 December 2020: US\$0.094m)

3. Dividend

The directors have not declared a dividend (2020: Nil).

4. Post Period End

On 12 July 2021, we were delighted to announce that the surface exploration sampling programme at the Carolina Belle Project had yielded a discovery of a new gold mineralised area at the project. Individual surface rock assay samples had returned up to 17 g/t Au and 10 samples assayed out of 37 returned in excess of 1 g/t Au, including: 17g/t; 5.1g/t; 3.5g/t, 3.2g/t; 2.7g/t; 2.2g/t.

We are extremely pleased with the progress made at Carolina Belle from this initial exploration programme which successfully evaluated and extended the known prospects, identified new areas of alteration and mineralisation, and helped us to identify additional drill targets in the project area.

These results gave us the confidence to incorporate a comprehensive drill programme at Carolina Belle into a much larger Phase 2 drilling campaign. Accordingly, on 25 August 2021 we announced that we had signed a contract for a 5,000m RC drill programme with FTE Drilling, a highly experienced international drilling company headquartered in Canada.

Core Geophysics in Perth, Australia has completed its modelling and interpretation of the geophysical data for both the JKL and Carolina Belle Project, with the drill targets generated for both projects included in the planned RC drilling programme for testing. Meanwhile, Pivot has completed its geological interpretation and data verification for the Loflin deposit and is currently assisting with planning certain drill locations for incorporation in the Phase 2 RC drilling programme at Loflin.

The drill rig and crew are due to arrive on site during the week commencing 20 September 2021.

5. Outlook

We are extremely pleased with the exploration progress made during the first six months of the year, particularly at the JKL and Carolina Belle Projects, and we are optimistic about moving these up the value chain as soon as possible. A maiden resource estimate for Loflin is expected to be received from Pivot in the coming weeks once their resource and 3D modelling process has been completed and we are extremely excited to get underway with the 5,000m Phase 2 drill programme in Q4 2021.

Lexington Gold remains well financed, with quality assets and a strong technical team. The exploration work performed to date, combined with the historical data, provides great encouragement to the Directors with respect to the potential for these projects and we look forward to providing further updates to the market as our further work progresses.

Dr Bernard Olivier
Chief Executive Officer
14 September 2021

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Interim Financial Statements

Lexington Gold Ltd

Condensed Consolidated Statement of Profit and Loss
For the Half Year ended 30 June 2021
(Unaudited)

		Unaudited Six months ended 30 June 2021 US\$'000	Unaudited Six months ended 30 June 2020 US\$'000
<u>CONTINUING OPERATIONS</u>			
Operating expenses	3	(467)	(212)
Loss before income tax		(467)	(212)
Income tax credit/(charge)		-	-
Loss for the period		(467)	(212)
Basic and diluted EPS from continuing operations (cents per share)	4	(0.18)	(0.20)

The accompanying notes form part of these financial statements.

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Lexington Gold Ltd
Condensed Consolidated Statement of Other Comprehensive Income
For the Half Year ended 30 June 2021
(Unaudited)

	Unaudited Six months ended 30 June 2021 US\$'000	Unaudited Six months ended 30 June 2020 US\$'000
Other comprehensive income		
Loss for the period	(467)	(212)
<i>Items that may be reclassified to profit or loss:</i>		
Foreign currency reserve movement	-	-
Total comprehensive loss for the period	(467)	(212)

The accompanying notes form part of these financial statements.

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Lexington Gold Ltd
Consolidated Statement of Financial Position
As at 30 June 2021 (Unaudited)

		Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
	Notes		
Non-current assets			
Exploration and evaluation assets	5	2,933	2,499
Total non-current assets		2,933	2,499
Current assets			
Trade and other receivables		26	56
Cash and cash equivalents		2,065	2,895
Total current assets		2,091	2,951
Total assets		5,024	5,450
Equity			
Share capital	6	787	787
Share premium	7	59,096	59,096
Share option reserve		342	234
Foreign currency translation reserve		(3)	(3)
Accumulated loss		(56,196)	(55,729)
Total equity attributable to equity owners of the parent		4,026	4,385
Non-controlling interest		971	971
Total equity		4,997	5,356
Current liabilities			
Trade and other payables		27	94
Total current liabilities		27	94
Total liabilities		27	94
Total equity and liabilities		5,024	5,450

The accompanying notes form part of these financial statements.

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Lexington Gold Ltd
Consolidated Statement of Changes in Equity
For the Half Year Ended 30 June 2021
(Unaudited)

	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 trans- lation reserve US\$'000	Accumu- lated loss US\$'000	Total equity attributa- ble to shareho- lders US\$'000	Non- controlli- ng interest US\$'000	Total equity US\$'000
Six months ended 30 June 2021 (unaudited)										
At start of period	786	1	787	59,096	234	(3)	(55,729)	4,385	971	5,356
Total comprehensi- ve loss for the period	-	-	-	-	-	-	(467)	(467)	-	(467)
Loss for the period	-	-	-	-	-	-	(467)	(467)	-	(467)
Foreign exchange gain on translation	-	-	-	-	-	-	-	-	-	-
Share options	-	-	-	-	108	-	-	108	-	108
At end of period	786	1	787	59,096	342	(3)	(56,196)	4,026	971	4,997
Six months ended 30 June 2020 (unaudited)										
At start of period	259	1	260	54,782	-	-	(55,017)	25	-	25
Total comprehensi- ve loss for the period	-	-	-	-	-	-	(212)	(212)	-	(212)
Loss for the period	-	-	-	-	-	-	(212)	(212)	-	(212)
Foreign exchange gain on translation	-	-	-	-	-	-	-	-	-	-
Issue of share capital	75	-	75	277	-	-	-	352	-	352
Share issue cost	-	-	-	(12)	-	-	-	(12)	-	(12)
At end of period	334	1	335	55,047	-	-	(55,229)	153	-	153

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The accompanying notes form part of these financial statements.

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Lexington Gold Ltd
Consolidated Statement of Cash Flows
For the Half Year Ended 30 June 2021
(Unaudited)

	Notes	Unaudited Six months ended 30 June 2021 US\$'000	Unaudited Six months ended 30 June 2020 US\$'000
Cash flows used in operating activities			
Cash (absorbed)/generated by operations	8	(399)	155
Net cash used in operating activities		(399)	155
Cash flows used in investing activities			
Payments for exploration		(434)	-
Prepayments		-	(385)
Net cash used in/by investing activities		(434)	(385)
Cash flows from financing activities			
Proceeds from issue of shares		-	330
Net cash generated from financing activities		-	330
Net (decrease)/increase in cash and cash equivalents		(833)	100
Movement in cash and cash equivalents			
Exchange gains/(losses)		3	(11)
At the beginning of the period		2,895	12
Decrease/increase		(833)	100
At the end of the period		2,065	101

The accompanying notes form part of these financial statements.

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Lexington Gold Ltd

Notes to the interim financial information
For the Half Year Ended 30 June 2021
(Unaudited)

1 Basis of preparation

The unaudited interim financial information set out above, which incorporates the financial information of the Company and its subsidiary undertakings (the “**Group**”), has been prepared using the historical cost convention and in accordance with International Financial Reporting Standards (“**IFRS**”) and with those parts of the Bermuda Companies Act, 1981 applicable to companies reporting under IFRS.

These interim results for the six months ended 30 June 2021 are unaudited and do not constitute statutory accounts as defined in section 87A of the Bermuda Companies Act, 1981. The financial statements for the year ended 31 December 2020 have been delivered to the Registrar of Companies and the auditors' report on those financial statements was unqualified.

2 Significant events

The World Health Organization declared coronavirus and COVID-19 a global health emergency on 30 January 2020 which had a markedly negative impact on global stock markets, currencies and general business activity. In January 2021 and subsequently in April 2021, due to second/third waves of the COVID-19 pandemic and cases diagnosed with new virus variants, some jurisdictions reimposed lockdowns and movement restrictions. The directors have considered the impact of COVID-19 on the Group and do not believe that it has had a material impact on carrying values and results during the reporting period.

3 Operating (expenses)/income

	Unaudited Six months ended 30 June 2021 US\$'000	Unaudited Six months ended 30 June 2020 US\$'000
Directors' emoluments and fees	(98)	(48)
Net foreign exchange gain/(loss)	3	(11)
Office expenses	(18)	(12)
Professional and other services	(246)	(127)
Share option expense	(108)	-
Shares issued at a discount	-	(9)
Other expenses	-	(5)
Total operating expenses	(467)	(212)

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4 Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended 30 June 2021 was based on the loss attributable to common shareholders from continuing operations of US\$467,000 (six months ended 30 June 2020: US\$212,000) and a weighted average number of common shares outstanding of 261,478,810 (six months ended 30 June 2020: 108,515,326).

5 Exploration and evaluation assets

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Balance at beginning of period	2,499	-
Acquired	-	2,385
Additions	434	114
	2,933	2,499

The amount above relates to exploration and development activities in respect of the Group's 51% investment in four diverse gold projects, covering a combined area of approximately 1,675 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.

In order for the Company to retain its 51% membership interests in the four Projects, it has to make certain minimum funding contributions in respect of each of the projects in each of the four years, and throughout the four year period following re-admission to AIM, in an aggregate amount of AU\$5 million (the "**Minimum Funding Contributions**"). The Minimum Funding Contributions are further detailed in note 9 below.

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.

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6 Share capital

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Common share capital		
Authorised		
3,000,000,000 New Common Shares of US\$0.0003 each	9,000	9,000
Issued		
261,478,810 New Common Shares of US\$0.0003 each	786	786
Common share capital		
Balance at the beginning of the period	786	259
Share placement	-	433
Fees converted	-	21
Loan converted	-	9
Acquisition of subsidiary	-	64
Balance at the end of the period	786	786

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

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 were cancelled from trading on AIM and the New Common Shares were admitted to trading on AIM on 25 November 2020.

	Unaudited 30 June 2021 Number of shares	Audited 31 December 2020 Number of shares
Reconciliation of number of Existing Common Shares in issue		
Shares in issue at beginning of period	-	859,139,558
Share placement	-	233,333,333
Fees converted	-	15,700,000 ⁽¹⁾
Share Consolidation of every 10 Common Shares to one New Common Share	-	(1,108,172,891)
Existing Common Shares in issue at end of the period	-	-

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- (1) As announced on 13 January 2020, Peterhouse Capital Limited ("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 agreed that its initial six monthly retainer fee for 2020 was to be settled by way of the allotment of a further 10,000,000 Existing Common Shares at the Issue Price (the "Broker Fee Shares").

Reconciliation of number of New Common Shares in issue	Unaudited 30 June 2021 Number of shares	Audited 31 December 2020 Number of shares
Shares in issue at beginning of period	261,478,810	-
Share 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
Shares in issue at end of the period	261,478,810	261,478,810

- (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 was entitled to a 3 per cent. finder's fee in respect of the share consideration payable to the sellers of GAR 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 payable for the period up to Admission.

- (2) On 29 September 2020, the Company entered into an agreement with Almareta Pty Ltd ("Almareta"), 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 Almareta 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.

Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
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A Class share capital

Authorised

66,666,667 A class shares of ZAR 0.0003 each

3	3
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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
	<hr/>	<hr/>
Total issued share capital (Common shares and A class shares)	787	787

A class shares have been converted at the historical rate at 1 June 2004 of ZAR6.52 to the US Dollar.

	Unaudited	Audited
	30 June	31
	2021	December
	Number of	Number of
	shares	shares
Reconciliation of A Class share capital in issue		
Shares in issue at beginning and end of period	1,009,029	1,009,029

7 Share premium

	Unaudited	Audited
	30 June	31
	2021	December
	US\$'000	US\$'000
Balance at beginning of the period	59,096	54,782
Share placement	-	4,322
Share issue costs	-	(1,013)
Fees converted	-	208
Loan converted	-	96
Acquisition of subsidiary	-	701
Balance at end of period	59,096	59,096

8 Cash (absorbed)/generated by operations

	Unaudited	Unaudited
	Six	Six
	months	months
	ended 30	ended 30
	June 2021	June 2020
	US\$'000	US\$'000
Loss before income tax	(467)	(212)
Adjusted for:		
▪ Shares issued at discount	-	9
▪ Share options expense	108	-
▪ Net foreign exchange difference	(3)	11

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Cash from operations before working capital changes	(362)	(192)
Working capital changes:		
Trade and other receivables	30	356
Trade and other payables	(67)	(9)
Cash (absorbed)/generated by operations before interest and tax	(399)	155

9 Commitments and contingencies

Pursuant to the terms of its acquisition of GAR and majority interests in, and operatorship of, the four gold exploration Projects in 2020, and as detailed in the Company's admission document of 30 October 2020, Lexington Gold 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 GAR's joint venture partner, Uwharrie Resources Inc ("**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.

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.

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The joint venture implementation deed between GAR, URI and Carolina Gold Resources (the “**Joint Venture Implementation Deed**”) 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 from 25 November 2020 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 Gold (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 Projects.

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

Project	Minimum Total	Minimum Year 1	AU\$		
			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) from 25 November 2020 (the “**Extended Period**”).

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

If 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 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.

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10 Related parties

Identity of related parties

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

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. Details of the nature and amount of each element of the remuneration of each director of the Group during the period are shown in the table below:

Six months ended 30 June 2021

	Directors' fees	Executive fees	Share based payments	Total
	US\$	US\$	US\$	US\$
Edward Nealon	11,250	6,750	14,415	32,415
Bernard Olivier	11,250	39,000	22,823	73,073
Melissa Sturgess	11,250	-	14,415	25,665
Rhoderick Grivas	11,250	6,750	14,415	32,415
	<u>45,000</u>	<u>52,500</u>	<u>66,068</u>	<u>163,658</u>

Six months ended 30 June 2020

	Directors' fees	Executive fees	Share based payments	Total
	US\$	US\$	US\$	US\$
Edward Nealon	12,000	-	-	12,000
Nicholas Sibley	18,000	-	-	18,000
Anthony Brooke	18,000	-	-	18,000
	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>48,000</u>

Current directors of the holding company and their close family members, as at the date of this report, control 4.25% (31 December 2020: 4.25%) of the voting shares of Lexington Gold.

11 Subsequent events

As announced on 12 July 2021, the surface exploration sampling programme at Carolina Belle had yielded a discovery of a new gold mineralised area at the project. Individual surface rock assay samples had returned up to 17 g/t Au and 10 samples assayed out of 37 returned in excess of 1 g/t Au.

On 25 August 2021, the Company signed a contract for a 5,000m RC drill programme with FTE Drilling, a highly experienced international drilling company headquartered in Canada.

On 25 August 2021, the Company also announced that Core Geophysics in Perth, Australia had completed its modelling and interpretation of the geophysical data for both the JKL and Carolina Belle Projects, with the drill targets generated for both projects included in the RC drilling programme for testing. Meanwhile, Pivot has completed its geological interpretation and data verification for the

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Loflin deposit. Pivot is currently assisting with planning certain drill locations for incorporation in the Phase 2 RC drilling programme at Loflin.

The drill rig and crew are due to arrive on site during the week commencing 20 September 2021.