LEXINGTON GOLD

LEXINGTON GOLD LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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CORPORATE DIRECTORY
FOR THE YEAR ENDED 31 DECEMBER 2021

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LEXINGTON GOLD LTD

CHAIRMAN'S STATEMENT

Dear Fellow Shareholder,

I am pleased to present Lexington Gold's second set of annual results, for its financial year ended 31 December 2021, and to report on the Company's ongoing activities to the date of this statement.

2021 was a year of further progress as we continued to deliver on our exploration programmes across our four gold projects: Carolina Belle, Jennings-Pioneer, Argo and Jones-Keystone-Loflin ("**JKL**"). Through extensive exploration work, including two drilling campaigns, the second involving the commencement of a 5,000m reverse circulation drilling programme across the Carolina Belle and JKL projects, we have made substantial progress with our projects and significantly increased our understanding of the nature and opportunities available in the Carolina Super Terrane region. We also announced our first independent JORC resource estimate of 65,000 oz of contained gold for the Loflin side of the JKL project. Based on the progress achieved we were confident in investing in additional leased acreage, with options to purchase, covering an additional 129 acres of mineral exploration rights at the JKL project, taking our total project acreage in the Carolinas to approximately 1,675 acres.

Further to obtaining a £335,000 unsecured convertible loan in late April 2022, post the reporting period end, the Group is now funded to continue with its exploration plans, with the intention of establishing a maiden JORC resource estimate for Jones-Keystone, to increase our current JORC resource and develop a thorough understanding of the total opportunity across all four gold projects in our portfolio. The conversion price was set at a level 30.6 per. cent. above the prevailing market share price, thereby serving to demonstrate the lenders, comprising two significant shareholders and three directors, belief in the Company's future potential.

Operating in a stable jurisdiction, the US, with transparent permitting, rules and regulations, reliable infrastructure, wide choice of contractors and in a region with recent and historic records of substantial million ounce plus producing gold mines, we have been able to focus all our attention on finding gold. Having made a good start with our exploration work, despite the challenges posed by COVID-19, we remain focused on implementing our remaining work programmes, and further scoping out the potential size of our gold assets. We look forward to an exciting period of discovery ahead.

I would like to take this opportunity to thank our entire team for their commitment to delivering results in line with our exploration plans. Together with our highly experienced local joint venture partner in the Carolinas, Uwharrie Resources Inc., we have been able to undertake a high impact exploration campaign, spending over US$1.3 million on exploration during 2021 and generating significant value in the process.

Global uncertainty appears likely to continue to support a robust gold price and our focus is on delivering our exploration programmes and building long-term shareholder value regardless of wider economic and financial conditions. Finally, on behalf of the Board, I wish to express thanks for the support received from our various stakeholders, all of whom share our vision for the Carolina Super Terrane region of the US.

Edward Nealon
Non-Executive Chairman

8 June 2022

LEXINGTON GOLD LTD

CHIEF EXECUTIVE'S OPERATIONAL AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Overview

2021 has been an extremely productive and encouraging year for the Company, following a transformational 2020 during 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 reporting period has seen the Company build on such transformation, with both exciting and substantial exploration successes achieved during the year on our gold projects in the Carolinas.

During 2021, Lexington Gold conducted the following exploration activities on its portfolio projects:

Helicopter borne VTEM survey

A 207.3 line-kilometre survey was conducted by Ontario based Geotech Airborne Geophysical Surveys ("**Geotech**") utilising its helicopter-borne geophysical system which collects both VTEM and Horizontal Magnetic Gradiometer Survey data. 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 ("**VMS**") style mineralisation.

The interpretation and modelling of the VTEM geophysical survey data obtained over the Jennings-Pioneer project was also completed. The survey successfully identified two potential anomalies at Jennings-Pioneer that will be further investigated through soil sampling, trenching and potential drilling in 2022.

Fixed-wing geophysics survey

In April 2021, Questor Surveys Ltd completed a 937 line-kilometre magnetic, radiometric and very-low-frequency ("**VLF**") fixed-wing airborne geophysical survey over the JKL, Carolina Belle and Argo projects. 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.

Core Geophysics, based in Perth, Australia, subsequently conducted the modelling and interpretation of the geophysical data. The results, combined with the results of a rock and soil sampling programme in conjunction with the Company's existing database, were used to design a maiden drill programme for Carolina Belle and a Phase 2 drill campaign for JKL.

Phase 1 Drilling Campaign on Loflin (part of the JKL project)

The Phase 1 drilling campaign comprised six diamond drill holes for a total of 562m at the JKL project. The campaign sought to confirm and expand on the historical third-party drilling performed at Loflin as well as assisting in defining the 3-dimensional shape, continuity and orientation of the mineralisation. A primary goal was also to enable the estimation of a maiden JORC resource estimate for the JKL project.

On 26 May 2021 and 15 June 2021, we announced two batches of assay results from this drilling campaign. The results indicated the continuation of broad zones of shallow gold mineralisation and also demonstrated good correlation to the historical drilling. All six holes in the Phase 1 drilling campaign encountered intervals of gold mineralisation of over 1g/t Au above 100m depth.

Highlighted intersections included:

- 35.7m @ 1.15 g/t Au from surface to 35.7m including:
  - 18.9m @ 1.57 g/t Au from surface to 18.9m
- 32m @ 0.97 g/t Au from 53.9m to 85.9m including:
  - 6.1m @ 3.36 g/t Au from 79.9m to 86m
  - 1.5m @ 9.5 g/t Au from 79.9m to 81.4m
- 12.2m @ 1.39 g/t Au from 23.5m to 35.7m including:
  - 4.1m @ 2.57 g/t Au from 23.5m to 27.6m
- 35m @ 0.79 g/t Au from 9.8m to 44.8m including:
  - 6m @ 2.26 g/t Au from 9.8m to 15.8m;
  - 4.6m @ 1.43 g/t Au from 29.5m to 34.1m

This Phase 1 drilling campaign added significantly to our understanding of JKL's mineralisation and confirmed the presence of broad zones of particularly shallow gold mineralisation as well as enabling the establishment of a maiden JORC resource estimate for the JKL project as discussed further below.

Maiden JORC Resource Estimate for Loflin (part of the JKL project)

The Phase 1 drilling campaign enabled the estimation of a maiden independent JORC Resource for Loflin. On 22 September 2021, the Company announced a major step forward for the JKL project by way of a Maiden JORC (2012) Mineral Resource Estimate completed by Pivot Mining Consultants Pty Ltd ("**Pivot**") for the Loflin side of the JKL project.

Pivot established a maiden JORC resource of approximately **2 million tonnes at 1 g/t gold for 65,000 oz of contained gold**. Their report further highlighted the following:

- Potential for the mineralisation at Loflin to remain open to the north-east and south-west, along the plunge of the syncline with the resource expected to grow via additional drilling
- A 3D geological model suggests that the gold mineralisation is associated with an isoclinal fold structure
- Potential for extensions, significant upgrading of the maiden resource classification and additional discoveries at JKL through additional drilling campaigns.

Securing of additional Mineral Rights

During the reporting period, the Company expanded its mineral exploration rights at the JKL project via the execution of three additional Lease with Option to Purchase agreements with certain landowners for an additional 129 acres of mineral exploration rights and a further 22 acres of surface rights. Accordingly, the total 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. In December 2021, the Company also extended a pre-existing 4.05 acre mining lease with an option to purchase agreement on the south-western ("Loflin") side of the JKL project for an additional six-year period to 17 December 2027.

Soil, surface and rock chip sampling campaign at Carolina Belle

Soil sampling was conducted on a 50m x 100m grid, covering the entire 391.98 acre Carolina Belle project area. A total of 325 soil samples were submitted to American Assay Laboratories in Nevada, for processing and fire assay, including sample duplicates, blanks and standards. In addition to the soil sampling, 37 surface rock chip and grab samples were submitted to SGS laboratories in Vancouver, Canada for fire assay. The surface exploration programme is the first known systematic surface sampling programme to be conducted at the Carolina Belle project and successfully evaluated, delineated and extended the known prospects within the project area. The results from the soil and rock chip sampling programmes were incorporated into the project database and assisted with the planning of a drill programme for Carolina Belle.

Furthermore, the surface exploration programme identified a new gold anomaly not associated with the known gold mineralisation in the project area. Rock chip and grab samples from the newly identified mineralised zone returned 10 samples with gold grades over 1g/t including 17g/t; 5.1g/t; 3.5g/t, 3.2g/t; 2.7g/t; and 2.2g/t. Soil sampling over the newly identified mineralised area suggests an initial surface gold anomaly footprint of approximately 350m by 250m. The newly identified mineralised area was named Martha Washington South.

5,000m Reverse Circulation ("RC") drill programme at the JKL and Carolina Belle projects

On 19 October 2021, drilling commenced at Carolina Belle as part of a 5,000m RC drilling campaign to be conducted on the Carolina Belle and JKL projects (both the Loflin and Jones-Keystone deposits). The primary objectives of the 5,000m drilling campaign included:

- First reconnaissance drilling of the Carolina Belle project
- Investigation of the potential extensions of mineralisation at Loflin, with the aim of further expanding the maiden resource estimate as detailed above
- Drilling of the Loflin South geophysical anomaly
- Drilling on the Jones-Keystone side of the JKL project with the aim of enabling the potential establishment of a maiden resource estimate for this area of the project

Drilling at Carolina Belle was completed in November 2021 and then commenced at the JKL project. A total of 32 drill holes for 2,630m were drilled at Carolina Belle.

In general terms, the exploration activities being conducted by Lexington Gold are similar in nature to those conducted by TSX listed junior, Romarco Minerals Inc. ("Romarco"). Romarco conducted modern exploration activities on its Haile property in South Carolina, USA, which led to the establishment of a formal NI43-101 compliant resource estimate of 4.5M oz @ 1.8 g/t and subsequent acquisition of Romarco by OceanaGold (ASX) for approximately C$856m in 2015.

The COVID-19 pandemic continued throughout 2021 and measures taken by various governments to contain the virus have affected global economic activity throughout the year and beyond the year-end. The pandemic impacted our business with regards to delays in delivery times, especially with regards to assay results as well as the availability of parts and contractors, resulting in various operational delays in respect of the drilling campaigns conducted during 2021.

2. Financial Performance

Net loss for the year was US$1.0 million from continuing operations against the prior year loss of US$0.7 million.

Total assets were US$4.8 million (2020: US$5.5 million) at the year end.

Net **cash** position of US$0.95 million (2020: US$2.9 million) as at the year end.

Total liabilities of US$0.1 million (2020: US$0.09 million) as at the year end.

3. Dividend

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

4. Corporate Activities

Fundraisings

There were no fundraising activities during the 2021 reporting period.

5. Post Period End

Post the reporting period end, the Company began receiving the assay results in respect of its Phase 2 5,000m RC Drilling campaign conducted over the Carolina Belle and JKL projects.

The Carolina Belle project is sub-divided into three targets or gold anomalies, namely ***Uwarra and Iola; MacMaster*** and the recently discovered ***Martha Washington South***. Highlighted results for all three targets are shown below.

Selected results from the ***Uwarra and Iola*** target:

- 4m @ 2.1 g/t Au from 64m to 68m
- 11m @ 1.01 g/t Au from 68m to 79m including:
    - 4m @ 1.62 g/t Au from 72m to 76m
- 4m @ 1.53 g/t Au from 48m to 52m
- 4m @ 0.71 g/t from 44m to 48m

Selected results from the ***McMaster*** target:

- 3m @ 3.68 g/t Au from 64m to 67m
- 4m @ 1 g/t Au from 28m to 32m
- 4m @1.8 g/t Au from 28m to 32m
- 4m @ 1.06 g/t Au from 20m to 24m

Selected results from the ***Martha Washington South*** target:

- 8m @ 1.07 g/t Au from surface to 8m
- 4m @ 1.1 g/t Au from 8m to 12m

- 4m @ 1.15 g/t Au from 52m to 56m
- 4m @ 1.19 g/t Au from 36m to 40m

The JKL project is subdivided into two main targets or gold anomalies namely, Loflin (which includes Loflin South) and Jones-Keystone. At the time of writing this review, the assay results for Loflin have been returned, but the Jones-Keystone results remain pending. Highlighted assay results for Loflin from the recent drilling campaign include:

- 36m @ 1.67 g/t Au and 1.89 g/t Ag from 20m to 56m including:
    - 12m @ 3.27 g/t Au and 2.9 g/t Ag from 28m to 40m
    - 4m @ 5.63 g/t Au and 3.5 g/t Ag from 32m to 36m

- 20m @ 1.52 g/t Au and 1.67 g/t Ag from 16m to 36m including:
    - 4m @ 3.01 g/t Au and 2.45 g/t Ag from 32m to 36m

- 8m @ 1.32 g/t Au from 80m to 88m including:
    - 4m @ 1.45 g/t Au from 80m to 84m

- 12m @ 1.26 g/t Au from 16m to 28m including:
    - 4m @ 1.78 g/t Au from 20m to 24m

- 24m @ 1.07 g/t Au and 2.76 g/t Ag from 4m to 28m including:
    - 4m @ 2.34 g/t Au and 6.41 g/t Ag from 24m to 28m

- 16m @ 1.27 g/t Au and 3.79 g/t Ag from 16m to 32m including:
    - 8m @ 1.76 g/t Au and 6.48 g/t Ag from 20m to 28m; and
    - 4m @ 1.93 g/t Au and 6.11 g/t Ag from 24m to 28m

£335,000 Convertible Loan obtained at approximately 30 per cent. above the mid-market closing price from two significant shareholders and three directors, including the Company's Chairman. The convertible loan note avoids excessive equity dilution for existing shareholders in the current uncertain and volatile market environment.

6. Outlook

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

Bernard Olivier

Bernard Olivier
Chief Executive Officer

8 June 2022

LEXINGTON GOLD LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

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

8 June 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present this report, together with the audited consolidated financial statements for the year ended 31 December 2021 for Lexington Gold Ltd (the **"Company**", "**Lexington Gold**" or "**Lexington**") and its subsidiaries (the **"Group**").

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

2021 has been an encouraging period for the Company, following a transformational 2020, in which the Company completed the acquisition of majority interests in four gold exploration projects in North and South Carolina in the United States and was readmitted to trading on AIM on 25 November 2020. The year ended 31 December 2021 has built on this transformation, with exciting exploration progress made on the Company's gold projects in the Carolinas.

GOING CONCERN

For the year ended 31 December 2021, the Group recorded a loss of US$1.0 million and had net cash outflows from operating activities of US$0.7 million. An operating loss is expected in the year subsequent to the date of these accounts. The ability of the entity to continue as a going concern is dependent on the Group generating positive operating cash flows and/or securing additional funding through the raising of debt or equity to fund its projects.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Company raised additional funding by way of a convertible loan of £335,000 on 25 April 2022;
- The Directors are confident that they will be able to raise additional funds to satisfy its immediate cash requirements; and
- The Director's have the ability to reduce expenditure in order to preserve cash if required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

RESULTS

The consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 and the consolidated statement of financial position at that date are set out on pages 23 and 24 of this report respectively. The Group recorded a loss from continuing operations for the year ended 31 December 2021 of US$1.0 million (2020: US$0.7 million).

Taking into account these losses and exploration expenditure, shareholders' equity at 31 December 2021 was US$3.7 million (2020: US$4.4 million). The directors have not declared a dividend (2020: 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 of these accounts:

- Edward Nealon
- Bernard Olivier
- Melissa Sturgess
- Rhoderick Grivas

The current Directors' biographical details:

Edward Nealon (71), Chairman

Mr Nealon is a geologist with over 46 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 (46), Chief Executive Officer

Dr Olivier is a qualified geologist and has been involved with the mining and exploration industry for the past 23 years. Dr Olivier has over 14 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 Resources Ltd (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 (55), 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 CEO and a major shareholder of Ananda Developments Plc, quoted on the Aquis Stock Exchange in the UK.

Rhoderick Grivas (55), Non-Executive Director

Mr Grivas is a professional geologist with over 30 years' experience in the natural resources industry. He is currently Non-Executive Chairman of ASX listed explorers Golden Mile Resources Limited (ASX: OKR) and Osmond Resources Ltd (ASX:OSM). 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.

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 2021 and the number of meetings attended by each director is tabled below:

2021

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	5	1	2	-	5	1	2	-
Bernard Olivier	5	-	2	-	5	-	2	-
Melissa Sturgess	5	1	2	-	5	1	2	-
Rhoderick Grivas	5	-	-	-	5	-	-	-

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

INTERESTS IN THE SHARES OF THE COMPANY

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

	As at 31 December 2021 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:

2021

	Directors' fees	Executive fees (1)	Share based payments (options) (2)	Total
	US$	US$	US$	US$
Edward Nealon	22,500	13,500	42,770	78,770
Bernard Olivier	22,500	78,000	67,719	168,219
Melissa Sturgess	22,500	-	42,770	65,270
Rhoderick Grivas	22,500	26,250	42,770	91,520
	90,000	117,750	196,029	403,779

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

(1) For duties as executive director and consulting.

(2) In accordance with the requirements of IFRS 2 Share-based payments, the estimated fair value for the share options granted was calculated using a Black Scholes option pricing model. None of the share options have been exercised as they are out of the money.

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**").

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

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 is 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 by the Company of Global Asset Resources Ltd, are not 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 current 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, 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 has 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 Group grows.

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 Group's day-to-day operations are managed by Bernard Olivier as Chief Executive Officer. All Directors will have access to the Company's solicitors, along with the 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 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 BOARD (CONTINUED)

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.

Strategy and Business model: The Company is a mining exploration Company and its strategy and business model is to seek to promote medium and long-term value for the Company by acquiring mining exploration projects and then leveraging the technical knowledge and experience of its directors and senior management to develop and realise value from its projects. As part of this strategy the Company use modern geological methods, analysis of historical exploration data and results of ongoing exploration activities to plan and reduce the risks of exploration activities on its projects. The Chief Executive's operational and financial review for the year ended 31st December 2021 in the Company's 2021 annual report provides a summary of the exploration activities undertaken during the period. The risks associated with the Company's strategy are summarised below under the heading Risk Factors and Management. The Company does not generate any revenue and as referred to in Note 2(a) of the Financial Statements, the Group intends to seek additional funding by way of further debt and/or equity raising. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future and management seeks to reduce the funds required by maintaining budget controls on ongoing corporate and exploration expenditure. 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 four committees comprising Non-Executive Directors and Executive Directors.

The composition of the committees is as follows:

Audit	**Remuneration**	**Nomination**	**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 and the last time a tender for the audit took place was in 2020. 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.

CORPORATE CULTURE

The Board believes that the Company and its employees and consultants should act in an ethical manner and compliance with relevant regulations governing its operations as a) this is the right practice to adopt and b) by adopting an ethically positive corporate culture this assist the Company in meeting its strategy and business plan objectives referred to above. In this regard the Company has as described below formed an AIM Rules & MAR Compliance committee, adopted an ESG policy, a Bribery and Anti-Corruption policy and a Share Dealing policy. The Company also ensures that all exploration activities undertaken on its projects are in compliance with local environmental rules and regulations. Adherence to the Corporate culture and its related policies are monitored and any exceptions reported to the Board.

AIM RULES & MAR COMPLIANCE COMMITTEE

The AIM Rules and MAR Compliance Committee monitors the Company's compliance with the AIM Rules and MAR and seeks to ensure that the Company's Nominated Adviser is maintaining contact with the Company on a regular basis and vice versa. The committee ensures 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 also ensures 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, ensures 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.

ESG POLICY

The Company is a mineral exploration company and its activities are, at this stage, confined to onsite exploration activities. The Board believes it is part of the Group's corporate responsibility to ensure its current and future operations are conducted in a responsible manner and in compliance with all local environmental regulations and that integrating ESG matters into its operations is an important element to being a responsible corporate citizen.

BRIBERY AND ANTI-CORRUPTION POLICY

The Company has adopted an anti-corruption and bribery policy which applies to the Board and employees, it also applies to suppliers, contractors and consultants to the Group. It generally sets out the responsibilities of the management and employees of, and suppliers, contractors and consultants to, the Group in observing and upholding a zero tolerance position on bribery and corruption in all the jurisdictions in which the Group operates as well as providing guidance to those working for the 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. The Company takes all reasonable steps to ensure compliance with the company's schedule 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 as 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 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, 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.

DEPARTURE FROM THE QCA CODE (CONTINUED)

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:

Title risk

The Group has diligently investigated its title to, and rights and interests in, the Mining Lease Agreements that constitute the GAR Projects, and, to the best of its knowledge, such title, rights and interests are in good standing, although this should not be construed as a guarantee of the same. The Mining Lease Agreements may be subject to undetected defects. If a defect does exist, it is possible that the Group may lose all or part of its interest in the Mining Lease Agreements to which the defect relates and its planned exploration programmes and future activities and prospects may accordingly be adversely affected.

General exploration and mining extraction risks

The business of exploration for, and development and exploitation of, mineral deposits is speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Mineral deposits assessed by the Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of mining projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

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 as the Company's current projects are all gold focussed.

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

As referred to in Note 2(a) of the Financial Statements, the Group intends to seek additional funding by way of further debt and/or equity raising. 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.

RISK FACTORS AND MANAGEMENT (CONTINUED)

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. A fifth wave is expected in 2022. 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 future activities.

Signed in accordance with a resolution of the directors.

Bernard Olivier

Bernard Olivier
Chief Executive Officer
Lexington Gold Ltd

8 June 2022

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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 2021, 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 presents fairly, in all material aspects, the financial position of the Group as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Codes.

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

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 6 to the financial report, the carrying value of capitalised exploration and evaluation assets represents a significant asset of the Group at 31 December 2021. In accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources, the recoverability of exploration and evaluation expenditure requires judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, AIM announcements and directors' minutes; • Considering whether any areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 2(m) and Note 6 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 2021, 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 the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that 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 statement is located in Appendix 1. This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

Ashleigh Woodley

Director

Perth, 8 June 2022

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APPENDIX 1 ADDITIONAL INFORMATION ON THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENT

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**2021** **US$'000**	2020 US$'000
CONTINUING OPERATIONS			
Other income		**-**	-
Operating expenses	4	**(1,022)**	(712)
Operating loss		**(1,022)**	(712)
Loss before taxation		**(1,022)**	(712)
Income tax charge	5	**-**	-
Loss for the year		**(1,022)**	(712)
Attributable to:			
Equity owners of the parent		**(1,021)**	(712)
Non-controlling interest		**(1)**	-
Other comprehensive income			
Loss for the year		**(1,022)**	(712)
Items that may be reclassified to profit or loss:			
Foreign exchange loss on translation of discontinued operations		**1**	(3)
Total comprehensive loss for the year		**(1,021)**	(715)
Attributable to:			
Equity owners of the parent		**(1,020)**	(715)
Non-controlling interest		**(1)**	-
Total comprehensive loss for the year		**(1,021)**	(715)
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)	14	**(0.39)**	(0.58)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 US$'000	2020 US$'000
Assets			
Non-current assets			
Exploration and evaluation assets	6	**3,764**	2,499
Total non-current assets		**3,764**	2,499
Current assets			
Trade and other receivables	7	**45**	56
Cash and cash equivalents	8	**953**	2,895
Total current assets		**998**	2,951
Total assets		**4,762**	5,450
Equity			
Share capital	9	**787**	787
Share premium	10	**59,096**	59,096
Share option reserve	11	**555**	234
Foreign currency translation reserve	12	**(2)**	(3)
Accumulated loss		**(56,750)**	(55,729)
Total equity attributable to equity owners of the parent		**3,686**	4,385
Non-controlling interest	13	**970**	971
Total equity		**4,656**	5,356
Current liabilities			
Trade and other payables	15	**106**	94
Total current liabilities		**106**	94
Total equity and liabilities		**4,762**	5,450

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	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 2021									
At start of year		**787**	**59,096**	**234**	**(3)**	**(55,729)**	**4,385**	**971**	**5,356**
Total comprehensive loss for the year		**-**	**-**	**-**	**1**	**(1,021)**	**(1,020)**	**(1)**	**(1,021)**
Loss for the year		**-**	**-**	**-**	**-**	**(1,021)**	**(1,021)**	**(1)**	**(1,022)**
Foreign exchange gain on translation	*12*	**-**	**-**	**-**	**1**	**-**	**1**	**-**	**1**
Transactions with owners in their capacity as owners:									
Share options	*11*	**-**	**-**	**321**	**-**	**-**	**321**	**-**	**321**
At end of year		**787**	**59,096**	**555**	**(2)**	**(56,750)**	**3,686**	**970**	**4,656**
Year ended 31 December 2020									
At start of year		**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	*12*	-	-	-	(3)	-	(3)	**-**	(3)
Transactions with owners in their capacity as owners:									
Issue of share capital	*9&10*	527	5,327	-	-	-	5,854	**-**	5,854
Share issue cost	*10*	-	(1,013)	-	-	-	(1,013)	-	(1,013)
Share options	*11*	-	-	234	-	-	234	-	234
Acquisition of subsidiary	*23*	-	-	-	-	-	-	971	971
At end of year		**787**	**59,096**	**234**	**(3)**	**(55,729)**	**4,385**	**971**	**5,356**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Cash utilised by operations	16.1	**(678)**	(266)
Net cash flows utilised in operating activities		**(678)**	(266)
Cash flows from investing activities			
Payments for exploration		**(1,265)**	(518)
Acquisition of subsidiary, net of cash		**-**	(165)
Net cash flows utilised by investing activities		**(1,265)**	(683)
Cash flows from financing activities			
Proceeds from issue of shares	16.2	**-**	3,741
Loan from director		**-**	100
Net cash flows generated from financing activities		**-**	3,841
Net (decrease)/increase in cash and cash equivalents		**(1,943)**	2,892
Movement in cash and cash equivalents			
Net foreign currency exchange losses		**1**	(9)
At the beginning of the year		**2,895**	12
Net (decrease)/increase in cash and cash equivalents		**(1,943)**	2,892
Cash and cash equivalents at the end of the year		**953**	2,895

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 8 June 2022.

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) Going concern basis of accounting

For the year ended 31 December 2021, the Group recorded a loss of US$1.0 million and had net cash outflows from operating activities of US$0.7 million. An operating loss is expected in the year subsequent to the date of these accounts. The ability of the entity to continue as a going concern is dependent on the Group generating positive operating cash flows and/or securing additional funding through the raising of debt or equity to fund its projects.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Company raised additional funding by way of a convertible loan of £335,000 on 25 April 2022;
- The Directors are confident that they will be able to raise additional funds to satisfy its immediate cash requirements; and
- The Director's have the ability to reduce expenditure in order to preserve cash if required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(b) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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(e);

(d) 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:

Details of amendment	*Effective date*
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Annual reporting periods beginning on or after 1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3) The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	Annual reporting periods beginning on or after 1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	Annual reporting periods beginning on or after 1 January 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Details of amendment	*Effective date*
Onerous Contracts -Cost of Fulfilling a Contract (Amendments to IAS 37) The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	Annual reporting periods beginning on or after 1 January 2022
Annual Improvements to IFRS Standards 2018 - 2020 Makes amendments to the following standards: • **IFRS 1** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • **IFRS 9** - The amendment clarifies which fees an entity includes when it applies the '10 per cent.' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • **IFRS 16** - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • **IAS 41** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	Annual reporting periods beginning on or after 1 January 2022
Classification of Liabilities as Current or Non-current - Deferral of Effective Date (Amendment to IAS 1) The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	Immediately available.
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) The amendments in *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	Annual reporting periods beginning on or after 1 January 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Details of amendment	*Effective date*
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	Annual reporting periods beginning on or after 1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8) The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	Annual reporting periods beginning on or after 1 January 2023
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	Annual reporting periods beginning on or after 1 April 2021
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	Annual reporting periods beginning on or after 1 January 2023

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.

(e) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Consolidation (continued)

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.

(f) Foreign currency

<u>Functional and presentation currency</u>

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.

<u>Foreign currency transactions</u>

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.

<u>Financial statements of foreign operations</u>

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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)

(g) 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)

(h) 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.

(i) 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)

(j) 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.

(k) 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.

(l) 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)

(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 at their fair value.

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 assesses its performance, where 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 has 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 **2021**	Corporate 2020	Exploration USA **2021**	Exploration USA 2020	Total **2021**	Total 2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
External revenues	**-**	-	**-**	-	**-**	-
Reportable segment loss before income tax	**(1,007)**	(712)	**(15)**	-	**(1,022)**	(712)
Income tax (charge)/credit	**-**	-	**-**	-	**-**	-
Exploration expenditure	**-**	-	**(1,265)**	(518)	**(1,265)**	(518)
Reportable segment assets	**858**	2,933	**3,904**	2,517	**4,762**	5,450
Reportable segment liabilities	**65**	84	**41**	10	**106**	94

4 OPERATING EXPENSES

	2021 US$'000	2020 US$'000
Auditors' remuneration	**(21)**	(20)
Directors' emoluments and fees	**(195)**	(128)
Net foreign exchange loss	**(5)**	(6)
Office expenses	**(32)**	(17)
Professional and other services	**(448)**	(287)
Share option expense (Note 11)	**(321)**	(234)
Loss on settlement of fees (Note 9)	**-**	(18)
Other expenses	**-**	(2)
Total operating expenses	**(1,022)**	(712)

5 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	**(1,022)**	(712)
Taxation at 0%	**-**	-
Deferred tax assets not brought to account	**-**	-
Income tax charge/(credit)	**-**	-

6 EXPLORATION AND EVALUATION ASSETS

Balance at beginning of year	**2,499**	-
Acquired (Note 23)	**-**	2,385
Additions	**1,265**	114
Carry forward at end of year	**3,764**	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 1,675 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 its re-admission to AIM in November 2020, in an aggregate amount of AU$5 million (the "**Minimum Funding Contributions**"). The Minimum Funding Contributions are further detailed in note 19.

6 EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 exploration and evaluation 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 to note 23).

7 TRADE AND OTHER RECEIVABLES

	2021	2020
	US$'000	US$'000
Trade receivables	**-**	8
Prepayments	**45**	48
	45	56

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.

Trade and other receivables consist of balances receivable in the following currencies:		
United States Dollars	**45**	48
Australian Dollars	**-**	8
	45	56

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 17.1.

8 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**953**	2,895
	953	2,895
Cash and cash equivalents consist of balances denominated in the following currencies:		
United States Dollars	**744**	2,401
Australian Dollars*	**4**	-
British Pounds*	**205**	494
	953	2,895

* 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 17.

9 SHARE CAPITAL

9.1 Common share capital

	2021 **US$'000**	2020 US$'000
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 year	**786**	259
Share placement	**-**	433
Fees converted	**-**	21
Loan converted	**-**	9
Acquisition of subsidiary	**-**	64
Balance at the end of the year	**786**	786

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 2021**	Number of shares 2020
Shares in issue at beginning of the year	**-**	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 year	**-**	-

(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 had agreed that its initial six monthly retainer fee for 2020 be settled by the issue to it of a further 10,000,000 Existing Common Shares at the Issue Price (the "**Broker Fee Shares**").

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.

Reconciliation of number of New Common Shares in issue	**Number of shares 2021**	Number of shares 2020
Shares in issue at beginning of the year	**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
New Common Shares in issue at end of the year	**261,478,810**	261,478,810

9 SHARE CAPITAL (CONTINUED)

(1) Pursuant to an engagement letter dated 26 March 2020, Strand Hanson Limited ("**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 such 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 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.

	2021 US$'000	2020 US$'000
***9.2* 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**	**787**

Reconciliation of A Class share capital	**Number of shares 2021**	Number of shares 2020
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.

9 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.

9 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.

10 SHARE PREMIUM

	2021	2020
	US$'000	US$'000
Balance at beginning of the year	**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 year	**59,096**	59,096

11 SHARE OPTION RESERVE

	2021	2020
	US$'000	US$'000
Balance at beginning of the year	**234**	-
Share-based payment expense	**321**	234
Balance at end of year	**555**	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	1/3 immediately, 1/3 in one year, 1/3 in two years	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:

	2021		2020	
	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	**2.75**	**27,455,274**		-
Options issued		**-**	2.75	19,610,910
Warrants issued		**-**	2.75	7,844,364
Exercisable at the end of the year		**27,455,274**		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 quoted on the AIM market of the London Stock Exchange. The fair value per option was determined to be 2.45 UK pence per option.

12 FOREIGN CURRENCY TRANSLATION RESERVE

	2021	2020
	US$'000	US$'000
Balance at beginning of the year	**(3)**	-
Translation of foreign operations in the year	**1**	(3)
Balance at end of the year	**(2)**	(3)

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

13 NON-CONTROLLING INTEREST

	2021 US$ '000	2020 US$ '000
Balance at beginning of year	**971**	-
49% interest in Project Carolina Belle, LLC, Project Jennings-Pioneer, LLC, Project Argo, LLC and Project JKL, LLC	**-**	971
Loss allocated	**(1)**	-
Balance at end of year	**970**	971

Project Carolina Belle, LLC, Project Jennings-Pioneer, LLC, Project Argo, LLC and Project JKL, LLC are 51% owned by the Group and have material non-controlling interests (NCI).

Summarised financial information in relation to Project Carolina Belle, LLC, Project Jennings-Pioneer, LLC, Project Argo, LLC and Project JKL, LLC before intra-group eliminations, is presented below together with amounts attributable to NCI:

Project Carolina Belle, LLC **For the period ended 31 December**	2021 US$ '000	2020 US$ '000
Operating expenses	**(2)**	-
Operating loss	**(2)**	-
Loss before taxation	**(2)**	-
Income tax charge	**-**	-
Loss for the year	**(2)**	-
Loss allocated to NCI	**(1)**	-
Other comprehensive loss allocated to NCI	**-**	-
Total comprehensive loss allocated to NCI	**(1)**	-

As at 31 December	2021 US$ '000	2020 US$ '000
Assets:		
Exploration and evaluation assets	**1,153**	507
Liabilities:		
Loans and other borrowings	**(658)**	(12)
Accumulated non-controlling interests	**(242)**	(243)

Project Jennings-Pioneer, LLC **As at 31 December**	2021 US$ '000	2020 US$ '000
Assets:		
Exploration and evaluation assets	**600**	566
Liabilities:		
Loans and other borrowings	**(105)**	(71)
Accumulated non-controlling interests	**(243)**	(243)

No profit or loss impact for the year ended 31 December 2021.

13 NON-CONTROLLING INTEREST (CONTINUED)

Project Argo, LLC **As at 31 December**	**2021** **US$ '000**	2020 US$ '000
Assets:		
Exploration and evaluation assets	**546**	510
Liabilities:		
Loans and other borrowings	**(51)**	(15)
Accumulated non-controlling interests	**(243)**	(243)

No profit or loss impact for the year ended 31 December 2021.

Project JKL, LLC **As at 31 December**	**2021** **US$ '000**	2020 US$ '000
Assets:		
Exploration and evaluation assets	**1,114**	515
Liabilities:		
Loans and other borrowings	**(619)**	(20)
Accumulated non-controlling interests	**(242)**	(243)

No profit or loss impact for the year ended 31 December 2021.

14 EARNINGS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share at 31 December 2021 was based on the loss attributable to common shareholders from continuing operations of US$1,022,000 (2020: US$712,000) and a weighted average number of common shares outstanding during the year ended 31 December 2021 of 261,478,810 (2020: 123,375,092) calculated as follows:

	2021 **US$'000**	2020 US$'000
Loss attributable to common shareholders from continuing operations	**(1,022)**	(712)
Weighted average number of common shares	**Number of shares 2021**	Number of shares 2020
Weighted average number of common shares	**261,478,810**	123,375,092
Basic and diluted loss per common share from continuing operations (US cents/share)	**(0.39)**	(0.58)

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.

15 TRADE AND OTHER PAYABLES

	2021 US$'000	2020 US$'000
Trade and other payables	**106**	94
Total trade and other payables	**106**	94
Trade and other payables consist of balances payable in the following currencies:		
United States Dollars	**106**	30
British Pounds	**-**	64
	106	94

16 NOTES TO THE STATEMENT OF CASH FLOWS

	2021 US$'000	2020 US$'000
16.1 Cash utilised by operations		
Loss before income tax	**(1,022)**	(712)
Adjusted for:		
▪ Shares issued at discount to market value	**-**	18
▪ Share options expense	**321**	234
▪ Net foreign exchange difference	**-**	6
Cash from operations before working capital changes	**(701)**	(454)
Working capital changes:		
Trade and other receivables	**10**	327
Trade and other payables	**13**	(139)
Cash utilised by operations before interest and tax	**(678)**	(266)
16.2 Proceeds from issue of shares		
Share capital and premium at end of year (Note 9 & 10)	**59,883**	59,883
Acquisition of GAR	**-**	(765)
Directors, consulting and other fees converted to shares[(1)]	**-**	(217)
Loan converted to shares[(1)]	**-**	(100)
Shares issued at discount[(1)]	**-**	(18)
Share capital and premium at beginning of year	**(59,883)**	(55,042)
	-	3,741

[(1)] Non-cash financing and investing activities

17 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.

17.1 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.

17 FINANCIAL RISK MANAGEMENT (CONTINUED)

17.2 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 2021	
Less than one year	**106**
One to five years	**-**
31 December 2020	
Less than one year	94
One to five years	-

17.3 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.

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 2020.

	2021 US$'000	2020 US$'000
Profit or loss		
Australian Dollars	**-**	(1)
British Pounds	**(21)**	(43)

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.

17 FINANCIAL RISK MANAGEMENT (CONTINUED)

17.4 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.

17.5 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 25% in 2021 (2020: 28%). 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.

18 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.

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
2021			
Trade and other receivables (excluding prepayments)	7	-	-
Cash at bank and on hand	8	953	953
Financial assets measured at amortised cost		**953**	**953**
Trade and other payables	15	106	106
Financial liabilities measured at amortised cost		**106**	**106**

18 FINANCIAL INSTRUMENTS (CONTINUED

2020			
Trade and other receivables (excluding prepayments)	7	8	8
Cash at bank and on hand	8	2,895	2,895
Financial assets measured at amortised cost		2,903	2,903
Trade and other payables	15	94	94
Financial liabilities measured at amortised cost		94	94

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

19 COMMITMENTS AND CONTINGENCIES

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 Uwharrie Resources Inc. ("**URI**"), in cash or New Common Shares at the Company's sole discretion, subject to the achievement by the Group of the Tranche 1 Performance Milestone and Tranche 2 Performance Milestone or the occurrence of certain Vesting Events within five years of completion of the Company's acquisition of Global Asset Resources Ltd ("**GAR**"). 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.

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.

19 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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**").

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	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 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.

There are no contingencies for the year ended 31 December 2021 (2020: Nil).

20 RELATED PARTIES

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

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

20 RELATED PARTIES (CONTINUED)

	2021	2020
	US$'000	US$'000
Short-term benefits		
Directors' emoluments for the year		
Services as directors of the Company		
Non-executive directors		
Salary	**90**	86
Executive directors		
Salary	**118**	42
Share options	**196**	143

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 to note 11).

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

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 US$0.26 million (2020: US$0.27 million). No terminal or other long term benefits were paid to key management personnel during the year (2020: Nil).

20 RELATED PARTIES (CONTINUED)

Group entities

Significant subsidiaries	**Country of incorporation**	**Products/Services**	**Net amounts owing by subsidiaries 2021 US$'000**	**Net amounts owing by subsidiaries** 2020 US$'000	**Functional currency**	**Share holding *2021***	**Share holding *2020***
Global Asset Resources Pty Ltd	Australia	Holding company	**(92)**	**(92)**	AUD	100%	100%
Global Asset Resources Holdings, Inc	United States	Exploration company	**(48)**	**9**	US$	100%	100%
Project Carolina Belle, LLC	United States	Exploration company	**(658)**	**(12)**	US$	51%	51%
Project Jennings-Pioneer, LLC	United States	Exploration company	**(105)**	**(71)**	US$	51%	51%
Project Argo, LLC	United States	Exploration company	**(51)**	**(15)**	US$	51%	51%
Project JKL, LLC	United States	Exploration company	**(619)**	**(20)**	US$	51%	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.

21 SUBSEQUENT EVENTS

As announced on 25 April 2022, the Company has entered into unsecured convertible loan agreements for an aggregate of £335,000 principal amount (the "**Convertible Loan**"), predominantly with certain of the Company's Directors and long term significant shareholders (together, the "**Lenders**") to support ongoing exploration work and working capital requirements. The lending group includes the participation of the Company's Chairman, Mr Edward Nealon (£50,000), Company Directors, Rhod Grivas (£25,000) and Melissa Sturgess (£10,000) as well as existing substantial shareholders Pure Ice Limited (£100,000) and Mark Greenwood (£100,000).

Principal Terms of Convertible Loan

Conversion Price	The conversion price is the lower of: a) 3.2 pence per share; or b) 0.9 times the price at which the Company issues any shares for cash prior to the conversion date (a "**Qualifying Financing**"); or c) 0.9 times the price offered by any person and their affiliates (an "**Offeror**") to buy shares with the objective of seeking to acquire more than a 30% relevant interest in the Company's issued shares (a "**General Offer**").
Duration	The Convertible Loan is unsecured and repayable with accrued interest on 30 April 2023.
Drawdown	The Convertible Loan principal amount was to be advanced by the Lenders by 6 May 2022.
Interest	6 per cent. per annum which is accruable to maturity and payable in full in new common shares if the Convertible Loan is converted. The interest rate increases to 10 per cent. per annum in the event of any unremedied default as set out in the underlying agreements.
Automatic Conversion	In the event of a Qualifying Financing.
Optional Conversion	In the event of a General Offer, a Lender can elect to convert their Convertible Loan and accrued interest into shares at the Conversion Price.

The COVID-19 pandemic developed rapidly in 2020 and 2021, with a significant number of cases. A fifth wave is expected in 2022. Measures taken by various governments to contain the virus have affected economic activity even after the year-end. At this stage, the impact on our business and results has largely been operational delays but 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.

22 ULTIMATE HOLDING COMPANY

The company is widely owned by the public and is quoted on AIM, a market operated by London Stock Exchange plc.

23 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

	Acquisition US$ '000
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 in note 19 is met) and the sum of, in aggregate, AU$3.0m (being the Tranche 2 Deferred Consideration if the Tranche 2 Performance Milestone detailed in note 19 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 Group of the Tranche 1 Performance Milestone and Tranche 2 Performance Milestone or the occurrence of certain Vesting Events within five years of completion of the Company's acquisition of GAR. 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.