LEXINGTON GOLD LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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LEXINGTON GOLD LTD

CORPORATE DIRECTORY
FOR THE YEAR ENDED 31 DECEMBER 2022

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LEXINGTON GOLD LTD

CHAIRMAN'S STATEMENT

Dear Fellow Shareholder,

I am delighted to report on another highly successful year for Lexington Gold Ltd ("**Lexington**" or the "**Company**") for the twelve months ended 31 December 2022. Since providing our half-year update, we have continued to advance our exploration activities across all of our existing projects, meeting our objectives in terms of significantly increasing our independently reported gold resource estimate and building shareholder value. We have also made significant progress during 2023 to date, having recently announced details of a proposed acquisition which we believe will potentially serve to transform our prospects and the scale of the Company.

The first half of 2022 was dominated by our focus on completing the drill programme on both the Loflin and Jones-Keystone sides of the Jones-Keystone-Loflin ("**JKL**") Project. Assay results confirmed a significant new discovery, named Loflin South, whilst we also received exceptional assay results for the six reverse circulation ("**RC**") drill holes at Jones-Keystone. In August 2022, we announced an updated independent JORC (2012) Mineral Resource Estimate for the Loflin deposit, including over 9,000 gold ounces from Loflin South, which increased the Loflin deposit resource estimate by 27%. The JORC resource estimation of 128,000 gold ounces for the Jones-Keystone side of the project announced towards the end of the year also surpassed our expectations, taking the total JORC inferred mineral resource estimate for the JKL Project to over 210,000 gold ounces.

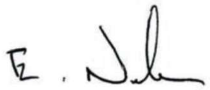
Further to completion of the Company's maiden 2021 drill campaign at Carolina Belle, the Company reviewed and updated its geological model for this project over the course of 2022. The maiden 2021 drill campaign achieved multiple intersections of 1g/t Au or more and improved the delineation of the historic third-party mining operations and the nature of the ore-zones targeted by such operations. Following extensive review of the project, a Phase II drilling campaign is currently being prepared.

Advancements were also made at our Jennings-Pioneer Project with assays from soil sample grid and rock sampling announced in April 2023. The analysis of soil assays in conjunction with field mapping, identified 13 gossans within three separate mineralisation trends: the Barite Hill Trend, the Jennings Trend and the Self Trend. The Barite Hill Trend is particularly exciting and represents the northeast extension of the historic Barite Hill Mine, which produced 59,000 oxide ounces in the early 1990s. The Barite Hill Trend continues 600m along strike onto the Company's tenured property, and surface sampling has outlined a siliceous alteration halo extending 600m to the northeast and sulphide mineralisation extending over 350m to the northeast, with gossanous surface rock chips returning up to 1.735g/t Au.

Post-period end, on 15 May 2023, the Company announced the exciting news that it had entered into conditional share subscription and loan agreements to acquire 76% of White Rivers Exploration Proprietary Limited ("**WRE**") (the "**Proposed WRE Acquisition**"), which has a substantial portfolio of gold assets estimated by WRE's management to potentially contain over 37 million ounces in a world-renowned gold-producing area of Witwatersrand in South Africa. This proposed transaction, which has been approved by the Company's shareholders at a shareholders meeting on 26 June 2023 is subject, *inter alia*, to conditions, has the potential to significantly enhance Lexington's future prospects whilst we continue to advance our existing projects in the Carolinas to build further shareholder value and further announcement(s) will be made in due course regarding the Proposed WRE Transaction.

Completion of the Proposed WRE Acquisition would see Mark Creasy, one of the mining industry's most successful entrepreneurs and founder of WRE, become a significant shareholder in Lexington and continue to play an important role in developing WRE's assets. At the same time, we will be looking to capitalise on WRE's Joint Venture arrangement with Avgold Limited, a subsidiary of Harmony Gold Mining Company Limited, the largest gold producer by volume in South Africa. If approved by Lexington's shareholders, the consideration payable in respect of the acquisition of WRE principally comprises up to £6.4m of new common shares in Lexington based on certain pre-determined milestones being satisfied and the provision of a £0.3m subordinated loan to WRE.

2023 is set to be a very significant year for Lexington. As always, we are most grateful for the team's unwavering commitment to advancing our projects and helping to build shareholder value. As a Company, we look forward to updating shareholders on our future progress.



Edward Nealon
Non-Executive Chairman

28 June 2023

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

1. Overview

2022 was a very successful year for Lexington Gold. The team has delivered on a series of important exploration milestones across the Company's existing project portfolio, including the commissioning and release of an updated and increased independent JORC resource estimate for the Loflin deposit, the completion of the latest reverse circulation ("RC") drilling campaign across both the Carolina Belle and JKL Projects and the establishment of a maiden independent JORC Mineral Resource Estimate for the Jones-Keystone side of the JKL Project towards the end of the year.

Post-year end, on 15 May 2023, the Company announced a major corporate development namely the proposed acquisition of 76% of White Rivers Exploration (Pty) Limited ("**WRE**") in South Africa, which has a number of significantly larger projects and prospects than those explored by Lexington Gold to date. The Company's strategic emphasis will remain on the exploration for, and development of, gold resources, with a particular focus on areas with known significant historical gold production. Successful completion of the proposed WRE acquisition will enable the Company to explore in the Witwatersrand gold fields, an area which was historically the largest single gold producing district in the world, alongside progression of the Company's existing projects in the Carolinas, USA, with the aim of maximising long term shareholder value. At the Company's Special General Meeting held on 26 June 2023 the Company's shareholders voted to approve such proposed acquisition.

During 2022, Lexington Gold conducted a number of key exploration activities on its portfolio existing projects as follows:

Initial and Maiden Drill Results for Carolina Belle

- In February 2022, the Company announced assay results received in respect of the first 11 holes from its 32 hole RC drill programme at the Carolina Belle Project. These drill results identified and confirmed the down-dip extension and main historical ore-zone mined during the historical third-party Iola and Uwarra gold mining operations. Selected highlights from the results included:
- 4m @ 2.1 g/t Au from 64m to 68m in hole CRBC-24
- 11m @ 1.01 g/t Au from 68m to 79m (combined Hangingwall, Footwall and mined out historical main ore-zone) in hole CRBC-22 including:
    - Footwall intersection of 4m @ 1.62 g/t Au from 72m to 76m
    - Hangingwall intersection of 4m @ 0.7 g/t from 68m to 72m
    - Main historical ore-zone intersected between 72.2m and 73.2m
- Potential second gold mineralised zone intersected approximately 25m above the main historical Iola and Uwarra ore-zone with:
    - 4m @1.53 g/t Au from 48m to 52m in hole CRBC-22

RC Drilling Programme at Jones-Keystone-Loflin Project ("JKL")

Progress continued in February 2022 as the Company also announced the completion of its Phase 2 RC drilling programme on the Loflin side of the JKL Project and mobilisation of the rig for a maiden drilling programme on the Jones-Keystone side of this project. A total of 18 drill holes for an aggregate of 1,695m were drilled at Loflin, with two additional RC drill holes drilled in a newly identified area due to the significant sulphide mineralisation intersected on the southern side, later named Loflin South, and outside of the previously known Loflin resource.

In March 2022, the Company completed its maiden drilling programme on the Jones-Keystone side of the JKL Project, drilling a total of 6 holes for an aggregate of 675m, and thereby concluded the overall 5,000m RC drilling campaign. Initial logging identified multiple intersections of alteration zones and sulphide mineralisation, with the largest combined intersection identified being over 50m. In the subsequent weeks, the Company announced the first drill results from Jones-Keystone which exceeded expectations, as they showed multiple intersections of 24m width and over and grades of between 1.37 g/t and 1.69 g/t gold, with all gold intersections starting above 100m depth and representing commercial grades and mineable widths. Key results included:

- Hole JKRC-002: 52m @ 0.99 g/t Au from 72m to 124m including:
    - 24m @ 1.37 g/t Au from 80m to 104m
    - 16m @ 1.7 g/t Au from 84m to 100m

  - 4m @ 2.75 g/t Au from 92m to 96m

- Hole JKRC-004: 40m @ 1.27 g/t Au from 20m to 60m including:
  - 28m @ 1.69 g/t Au from 28m to 56m
  - 16m @ 2.5 g/t Au from 28m to 44m
  - 4m @ 4.56 g/t Au from 36m to 40m

- Hole JKRC-003: 28m @ 1.37 g/t Au from 64m to 92m including:
  - 8m @ 3.1 g/t Au from 64m to 72m
  - 4m @ 4.96 g/t Au from 64m to 68m

Drill Results for Loflin

- Following completion of the abovementioned drilling programme, in March 2022 the Company announced initial assay results for Loflin relating to 8 of the 18 RC drill holes from the campaign, with 6 holes from Loflin South and 2 holes from the north-eastern extension of the main Loflin deposit. The assay results confirmed a significant new discovery, which was named Loflin South. Selected highlights from the assay results included: Hole LFRC-006: 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

- Hole LFRC-002: 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

- Hole LFRC-003: 8m @ 1.32 g/t Au from 80m to 88m including:
  - 4m @ 1.45 g/t Au from 80m to 84m

In May 2022, the Company announced the remaining assay results from Loflin which involved shallow-level infill drilling and testing of the North-Eastern, South-Western and Southern boundaries and extensions.

Selected results included:

- Hole LFRC-018: 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

- Hole LFRC-009: 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

- Hole LFRC-010: 4m @ 0.58 g/t Au from 48m to 52m

- Hole LFRC-016: 4m @ 0.73 g/t Au from 4m to 8m

27% upgrade to initial maiden JORC resource at Loflin

In July 2022, following completion of the drill programme, the Company also announced the results of the 1m sample re-splits at Loflin, which underlined the success of the RC drill campaign. The deposit exhibited significant shallow mineralisation, with grades of up to 10g/t gold achieved as well as multiple Intersections of 20m+ widths at mineable grades, including 34m at an average grade of 1.75 g/t gold. These results were incorporated into the existing geological model and database with the aim of achieving an upgrade to the pre-existing JORC Resource estimate for Loflin. In August 2022, the Company was pleased to confirm a 27% increase in the contained gold estimated for the Loflin deposit, with a total Inferred Resource of 2,596,000t @ 0.99 g/t Au for 82,700 oz of contained gold, which included over 9,000 gold ounces from the newly discovered Loflin South.

In November 2022, the Company was pleased to announce receipt of a maiden independent JORC Mineral Resource Estimate for the Jones-Keystone side of the JKL Project prepared by Pivot Mining

Consultants Pty Limited. The results exceeded expectations, with an estimated resource of 128,000oz, taking the aggregate inferred Mineral Resource Estimate for the JKL Project to over 210,000 oz of gold.

2. Financial Performance

Net loss for the year from continuing operations was US$0.9 million (2021: US$1.0 million).

Total assets were US$5.1 million (2021: US$4.8 million) at the year end.

Net cash position of US$0.42 million (2021: US$0.95 million) as at the year end.

Total liabilities of US$0.1 million (2021: US$0.1 million) as at the year end.

3. Dividend

The directors have not declared a dividend (2021: Nil).

4. Corporate Activities

Fundraisings

Lexington Gold carried out two fundraisings in 2022. In April, the Company signed unsecured convertible loan agreements with two significant shareholders and three of its directors with respect to borrowing an aggregate amount of £335,000, in order to provide it with additional working capital and financial flexibility. In light of market conditions at that time, and the subdued share price, the Board felt that this was the most appropriate funding route to avoid excessive dilution, which an equity raise would have caused. The conversion rights for the lenders concerned were set at a level of 3.2p per share (subject to adjustment in certain prescribed circumstances), which was approximately 30.6 per cent. above the prevailing closing middle market share price of 2.45p per share.

In October 2022, following a recovery in the Company's share price, the Company successfully completed a placing, raising £500,000 (before expenses) at 4.7p per share, which represented an approximate 13.6 per cent. premium to the 30 day volume weighted average price at that time. The abovementioned loan facility was converted in full, together with the accrued interest thereon, alongside such placing.

Joint Broker Appointment

On 15 August 2022, the Company appointed WH Ireland Limited as its Joint Broker.

5. Post-year end Events

The Company's momentum from 2022 has been maintained during the first half of 2023 to date. Following completion of soil sampling early on in the year at the Jennings-Pioneer Project, in April 2023 the Company announced the associated assays, with the results reaffirming the high potential of Jennings-Pioneer, particularly the mineralised extension from the historical Barite Hill pit onto the Company's property, with surface sampling returning up to 1.735g/t Au. As well as elevated gold values, the samples also indicated significant base metal assays, with the presence of barite and tellurium, which could add further potential value to the project given their diverse industrial applications.

In March 2023, the Company entered into a US$150,000 unsecured loan facility with Lexington Gold's Chairman, Edward Nealon, to support the group's ongoing working capital requirements and the costs associated with evaluating potential additional new gold projects/opportunities.

In May 2023, the Company announced a substantial development in the form of the proposed WRE acquisition of 76 per cent. of WRE, an exploration and development company with significant gold assets in the Witwatersrand gold fields in South Africa, which historically was the largest single gold producing district in the world. The aggregate amount payable by the Company under the associated WRE Acquisition and Loan Agreements is £0.3m, by way of the provision of a subordinated loan to WRE, and up to £6.4m to be settled by way of the issue of new common shares in Lexington Gold based on certain pre-determined milestones being satisfied, with any such shares being subject to a 12-month lock-up arrangement followed by a 12-month orderly market arrangement from the date of their issue.

WRE's current tenement interests have been estimated by WRE's management to contain non-code compliant potential resources of over 37 million ounces of gold. WRE has focussed its exploration efforts on shallow (200 to 1,200m depth) deposits close to well-established infrastructure. Its tenement interests comprise 10 prospecting rights (six granted licences and four renewal applications), which are grouped into five projects. This includes a joint venture (the Jelani Resources JV) with Avgold Limited, a subsidiary of Harmony Gold Mining Company Limited. Such JV project has a non-code compliant independently estimated resource of 6.02 million ounces of gold at an average grade of 6.47 g/t.

WRE was established by well-known Australian explorer, Mark Creasy, in 2002, with whom the Company has on 12 May 2023 entered into a one year unsecured loan agreement for a principal amount of £0.3m. Further details of the proposed WRE transaction and its conditions precedent are set out in the Company's announcement of 15 May 2023 and Note 23 to the financial statements.

Bernard Olivier

Bernard Olivier
Chief Executive Officer

28 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

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

28 June 2023

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present this report, together with the audited consolidated financial statements for the year ended 31 December 2022 for Lexington Gold Ltd (the "**Company**", "**Lexington Gold**" or "**Lexington**") and its subsidiaries (the "**Group**").

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Group's principal activity is gold exploration and development. The main focus, in the year under review, has been on its four diverse gold projects within a well mineralised Super Terrane in North and South Carolina, USA.

A detailed review of the Group's activities, the development of its business and an indication of likely future developments is set out in the Chief Executive's operational and financial review on pages 3 to 6.

GOING CONCERN

For the year ended 31 December 2022, the Group recorded a loss of US$0.9 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 secured additional funding by way of a US$150,000 unsecured loan facility on 14 March 2023;
- The Directors are confident that they will be able to raise additional funds to satisfy its immediate cash requirements; and
- The Directors 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 2022 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 2022 of US$0.9 million (2021: US$1.0 million).

Taking into account these losses and exploration expenditure, shareholders' equity at 31 December 2022 was US$4.0 million (2021: US$3.7 million). The directors have not declared a dividend (2021: 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 class A 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 (72), 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 (47), 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 (56), 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 (56), 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 2022 and the number of meetings attended by each director is tabled below:

2022

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	-	-	-

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	-	-	-

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 2022 Common Shares	As at date of report Common Shares
Edward Nealon	7,916,145	7,916,145
Bernard Olivier	1,776,937	1,776,937
Melissa Sturgess	331,250	331,250
Rhoderick Grivas	3,912,138	3,912,138

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:

2022

	Directors' fees	Executive fees (1)	Share based payments (options) (2)	Total
	US$	US$	US$	US$
Edward Nealon	22,500	13,500	12,862	48,862
Bernard Olivier	22,500	78,000	20,364	120,864
Melissa Sturgess	22,500	-	12,862	35,362
Rhoderick Grivas	22,500	13,500	12,862	48,862
	90,000	105,000	58,949	253,949

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

(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.

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 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 Rules/MAR 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 comply with relevant regulations governing its operations as a) this is the right practice to adopt and b) adopting an ethically positive corporate culture assists 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 such dealing code by the Directors, related parties and any relevant employees.

RELATIONS WITH SHAREHOLDERS

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

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

The Company has its own website (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 in 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 its 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)

Signed in accordance with a resolution of the directors.

Bernard Olivier
Chief Executive Officer
Lexington Gold Ltd

28 June 2023

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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 2022, 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 gives a true and fair view of the financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated 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 Standards on Auditing. 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 2022. 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 2022, 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

28 June 2023

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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	2022 US$'000	2021 US$'000
CONTINUING OPERATIONS			
Other income			-
Operating expenses	4	**(708)**	(1,022)
Operating loss		**(708)**	(1,022)
Fair value loss on derivative liability	17	**(149)**	-
Finance cost		**(67)**	-
Loss before taxation		**(924)**	(1,022)
Income tax charge	5	**-**	-
Loss for the year		**(924)**	(1,022)
Attributable to:			
Equity owners of the parent		**(924)**	(1,021)
Non-controlling interest		**-**	(1)
Other comprehensive income			
Loss for the year		**(924)**	(1,022)
Items that may be reclassified to profit or loss:			
Foreign exchange loss on translation of discontinued operations		**-**	1
Total comprehensive loss for the year		**(924)**	(1,021)
Attributable to:			
Equity owners of the parent		**(924)**	(1,020)
Non-controlling interest		**-**	(1)
Total comprehensive loss for the year		**(924)**	(1,021)
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	**(0.35)**	(0.39)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 US$'000	2021 US$'000
Assets			
Non-current assets			
Exploration and evaluation assets	6	**4,556**	3,764
Total non-current assets		**4,556**	3,764
Current assets			
Trade and other receivables	7	**74**	45
Cash and cash equivalents	8	**424**	953
Total current assets		**498**	998
Total assets		**5,054**	4,762
Equity			
Share capital	9	**851**	787
Share premium	10	**60,163**	59,096
Share option reserve	11	**651**	555
Foreign currency translation reserve	12	**(2)**	(2)
Accumulated loss		**(57,674)**	(56,750)
Total equity attributable to equity owners of the parent		**3,989**	3,686
Non-controlling interest	13	**970**	970
Total equity		**4,959**	4,656
Current liabilities			
Trade and other payables	15	**95**	106
Borrowings	16	**-**	-
Derivative liability	17	**-**	-
Total current liabilities		**95**	106
Total equity and liabilities		**5,054**	4,762

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 2022									
At start of year		**787**	**59,096**	**555**	**(2)**	**(56,750)**	**3,686**	**970**	**4,656**
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**(924)**	**(924)**	**-**	**(924)**
Loss for the year		**-**	**-**	**-**	**-**	**(924)**	**(924)**	**-**	**(924)**
Foreign exchange gain on translation	*12*	**-**	**-**	**-**	**-**		**-**	**-**	**-**
Transactions with owners in their capacity as owners:									
Issue of share capital	*9&10*	**64**	**1,093**	**-**	**-**	**-**	**1,157**	**-**	**1,157**
Share issue cost	*10*	**-**	**(26)**	**-**	**-**	**-**	**(26)**	**-**	**(26)**
Share options	*11*	**-**	**-**	**96**	**-**	**-**	**96**	**-**	**96**
At end of year		**851**	**60,163**	**651**	**(2)**	**(57,674)**	**3,989**	**970**	**4,959**
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**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities			
Cash utilised by operations	18.1	**(684)**	(678)
Net cash flows utilised in operating activities		**(684)**	(678)
Cash flows from investing activities			
Payments for exploration		**(792)**	(1,265)
Net cash flows utilised by investing activities		**(792)**	(1,265)
Cash flows from financing activities			
Proceeds from issue of shares	18.2	**579**	-
Share issue cost		**(26)**	-
Proceeds from convertible loans		**416**	-
Net cash flows generated from financing activities		**969**	-
Net (decrease)/increase in cash and cash equivalents		**(507)**	(1,943)
Movement in cash and cash equivalents			
Net foreign currency exchange losses		**(22)**	1
At the beginning of the year		**953**	2,895
Net decrease in cash and cash equivalents		**(507)**	(1,943)
Cash and cash equivalents at the end of the year		**424**	953

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 approximately 1,675 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 28 June 2023.

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 2022, the Group recorded a loss of US$0.9 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 secured additional funding by way of a US$150,000 unsecured loan facility on 14 March 2023;
- The Directors are confident that they will be able to raise additional funds to satisfy its immediate cash requirements; and
- The Directors 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 2024
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 2024.	Immediately available
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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Details of amendment	*Effective date*
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
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17) The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.	An entity that elects to apply the amendment applies it when it first applies IFRS 17
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	Annual reporting periods beginning on or after 1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1) The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Annual reporting periods beginning on or after 1 January 2024

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) *<u>Subsidiaries</u>*

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; and
- 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.

(o) Convertible debt

The proceeds received on issue of the Group's convertible debt which fail the fixed-for-fixed criterion under IFRS are allocated into their liability and derivative liability components. The derivative liability is measured at fair value with subsequent changes recognised in profit or loss. The debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the debt.

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 in such sectors. Inter-segment pricing is determined on an arm's length basis.

	Corporate **2022**	Corporate 2021	Exploration USA **2022**	Exploration USA 2021	Total **2022**	Total 2021
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
External revenues	**-**	-	**-**	-	**-**	-
Reportable segment loss before income tax	**(708)**	(1,007)	**-**	(15)	**(708)**	(1,022)
Income tax (charge)/credit	**-**	-	**-**	-	**-**	-
Exploration expenditure	**-**	-	**(792)**	(1,265)	**(792)**	(1,265)
Reportable segment assets	**153**	858	**4,901**	3,904	**5,054**	4,762
Reportable segment liabilities	**67**	65	**28**	41	**95**	106

4 OPERATING EXPENSES

	2022 US$'000	2021 US$'000
Auditors' remuneration	**(34)**	(21)
Directors' emoluments and fees	**(195)**	(195)
Net foreign exchange gain/(loss)	**29**	(5)
Office expenses	**(45)**	(32)
Professional and other services	**(349)**	(448)
Share option expense (Note 11)	**(96)**	(321)
Travel and accommodation	**(10)**	-
Other expenses	**(8)**	-
Total operating expenses	**(708)**	(1,022)

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.

6 EXPLORATION AND EVALUATION ASSETS

Balance at beginning of year	**3,764**	2,499
Additions	**792**	1,265
Carry forward at end of year	**4,556**	3,764

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 21.

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.

7 TRADE AND OTHER RECEIVABLES

	2022	2021
	US$'000	US$'000
Prepayments	**74**	45
	74	45

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	**74**	45
Australian Dollars	**-**	-
	74	45

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 19.1.

8 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**424**	**953**
	424	**953**

Cash and cash equivalents consist of balances denominated in the following currencies:		
United States Dollars	**10**	744
Australian Dollars*	**3**	4
British Pounds*	**406**	205
South African Rand*	**5**	-
	424	953

* 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 19.

9 SHARE CAPITAL

9.1 Common share capital

	2022 US$'000	2021 US$'000
Authorised		
3,000,000,000 Common Shares of US$0.0003 each	**9,000**	9,000
Issued		
283,102,002 (2021: 261,478,810) Common Shares of US$0.0003 each	**850**	786
Common share capital		
Balance at the beginning of the year	**786**	786
Share placement	**31**	-
Loans converted	**33**	-
Balance at the end of the year	**850**	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 Common Shares in issue	Number of shares 2022	Number of shares 2021
Common Shares in issue at beginning of the year	**261,478,810**	261,478,810
Share placement	**10,526,317**	-
Loans converted	**11,096,875**	-
Common Shares in issue at end of the year	**283,102,002**	261,478,810

In addition, there are 727,499 common shares held within treasury which are non-voting and are excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

9.2 A class share capital

	2022 US$'000	2021 US$'000
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)	**851**	**787**

Reconciliation of A Class share capital	Number of shares 2022	Number of shares 2021
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.

9 SHARE CAPITAL (CONTINUED)

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.

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.

9 SHARE CAPITAL (CONTINUED)

Rights attaching to A class shares (continued)

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 Slass 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.

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

	2022	2021
	US$'000	US$'000
Balance at beginning of the year	**59,096**	59,096
Share placement	**527**	-
Share issue costs	**(26)**	-
Loan converted	**566**	-
Balance at end of year	**60,163**	59,096

11 SHARE OPTION RESERVE

	2022	2021
	US$'000	US$'000
Balance at beginning of the year	**555**	234
Share-based payment expense	**96**	321
Balance at end of year	**651**	555

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:

	2022		2021	
	Weighted average exercise price (UK pence/ share)	**Number of options**	Weighted average exercise price (UK pence/ share)	Number of options/ warrants
Exercisable at the beginning and end of the year	**2.75**	**27,455,274**	2.75	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

	2022 US$'000	2021 US$'000
Balance at beginning of the year	**(2)**	(3)
Translation of foreign operations in the year	**-**	1
Balance at end of the year	**(2)**	(2)

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

	2022 US$ '000	2021 US$ '000
Balance at beginning of year	**970**	**971**
49% interest in Project Carolina Belle, LLC, Project Jennings-Pioneer, LLC, Project Argo, LLC and Project JKL, LLC	**-**	**-**
Loss allocated	**-**	**(1)**
Balance at end of year	**970**	**970**

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**	2022 US$ '000	2021 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	2022 US$ '000	2021 US$ '000
Assets:		
Exploration and evaluation assets	**1,505**	1,153
Liabilities:		
Loans and other borrowings	**(1,010)**	(658)
Accumulated non-controlling interests	**(242)**	(242)

13 NON-CONTROLLING INTEREST (CONTINUED)

Project Jennings-Pioneer, LLC **As at 31 December**	**2022** **US$ '000**	2021 US$ '000
Assets:		
Exploration and evaluation assets	**654**	600
Liabilities:		
Loans and other borrowings	**(159)**	(105)
Accumulated non-controlling interests	**(243)**	(243)

No profit or loss impact for the year ended 31 December 2022.

Project Argo, LLC **As at 31 December**	**2022** **US$ '000**	2021 US$ '000
Assets:		
Exploration and evaluation assets	**607**	546
Liabilities:		
Loans and other borrowings	**(112)**	(51)
Accumulated non-controlling interests	**(243)**	(243)

No profit or loss impact for the year ended 31 December 2022.

Project JKL, LLC **As at 31 December**	**2022** **US$ '000**	2021 US$ '000
Assets:		
Exploration and evaluation assets	**1,488**	1,114
Liabilities:		
Loans and other borrowings	**(993)**	(619)
Accumulated non-controlling interests	**(242)**	(242)

No profit or loss impact for the year ended 31 December 2022.

14 EARNINGS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share at 31 December 2022 was based on the loss attributable to common shareholders from continuing operations of US$924,000 (2021: US$1,022,000) and a weighted average number of common shares outstanding during the year ended 31 December 2022 of 265,921,932 (2021: 261,478,810) calculated as follows:

	2022 **US$'000**	2021 US$'000
Loss attributable to common shareholders from continuing operations	**(924)**	(1,022)

14 EARNINGS PER SHARE (CONTINUED)

Weighted average number of common shares	**Number of shares 2022**	Number of shares 2021
Weighted average number of common shares	**265,921,932**	261,478,810
Basic and diluted loss per common share from continuing operations (US cents/share)	**(0.35)**	(0.39)

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

	2022 US$'000	2021 US$'000
Trade and other payables	**95**	106
Total trade and other payables	**95**	106
Trade and other payables consist of balances payable in the following currencies:		
United States Dollars	**82**	106
Australian Dollars	**1**	-
British Pounds	**11**	-
South African Rand	**1**	-
	95	106

16 BORROWINGS

Interest bearing borrowings		
Balance at the beginning of the year	**-**	-
Convertible loan receipts	**416**	-
Derivative liability allocation	**(47)**	
Interest accrued	**67**	
Foreign exchange	**(28)**	
Loan converted to equity	**(408)**	-
Balance at the end of the year	**-**	-

As announced on 25 April 2022, the Company entered into unsecured convertible loan agreements with respect to borrowing, in aggregate, £335,000 principal amount (the "**Convertible Loan**"), predominantly with certain long term significant shareholders and Company Directors (together, the "**Lenders**"). The Convertible Loan was unsecured and repayable with accrued interest on 30 April 2023.

Interest accrued at 6 per cent. per annum to maturity and was payable in full in new common shares ("**Shares**") if the Convertible Loan was converted. The interest rate would increase to 10 per cent. per annum in the event of any unremedied default as set out in the underlying agreements.

The conversion price was the lower of: a) 3.2 pence per Share; or b) 0.9 times the price at which the Company issued 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**").

The Company subsequently raised, in aggregate, approximately £500,000 (before expenses) through a placing, via Peterhouse Capital Limited ("**Peterhouse**") as agent of the Company, of 10,526,317 new common shares of US$0.003 each in the capital of the Company ("**Common Shares**") (the "**Placing Shares**") (the "**Placing**") to certain new and existing shareholders at an issue price of 4.75 pence per Placing Share (the "**Placing Price**") on 17 October 2022. As the Placing represented a qualifying financing in respect of the Convertible Loan, conversion of the Convertible Loan was triggered, the Company therefore issued, in aggregate, 11,096,875 new Common Shares to the providers of the Convertible Loan in respect of the automatic conversion of the principal amount of the Convertible Loan (and accrued interest thereon of £20,100) at the previously fixed price of 3.2 pence per Common Share (the "**Loan Settlement Shares**").

17 DERIVATIVE LIABILITY

	2022 US$'000	2021 US$'000
Derivative liability from option to redeem borrowings for shares		
Balance at the beginning of the year	**-**	-
Derivative liability allocation	**47**	-
Fair value adjustment allocated to profit and loss	**149**	-
Loan converted to equity	**(196)**	-
Balance at the end of the year	**-**	-

It was determined that the redemption option (refer to Note 16) upon the occurrence of a redemption event (e.g. a Qualifying Financing, etc.) should be bifurcated and accounted for separately.

The embedded derivative liability represents the combined fair value of the right of borrowers to receive Shares upon conversion. The embedded derivative liability is adjusted to reflect fair value at each period end with changes in fair value recorded in profit and loss.

18 NOTES TO THE STATEMENT OF CASH FLOWS

18.1 Cash utilised by operations

	2022	2021
Loss before income tax	**(924)**	(1,022)
Adjusted for:		
▪ Finance cost	**67**	-
▪ Fair value adjustment of derivative liability	**149**	-
▪ Share options expense	**96**	321
▪ Net foreign exchange difference	**(29)**	-
Cash from operations before working capital changes	**(641)**	(701)
Working capital changes:		
Trade and other receivables	**(28)**	10
Trade and other payables	**(15)**	13
Cash utilised by operations before interest and tax	**(684)**	(678)

18.2 Proceeds from issue of shares

	2022	2021
Share capital and premium at end of year (Note 9 & 10)	**61,014**	59,883
Share issue cost	**26**	
Loans converted to shares	**(408)**	-
Derivative liability realised	**(196)**	-
Share capital and premium at beginning of year	**(59,883)**	(59,883)
Proceeds from issue of shares net off transaction costs	**553**	-
Share issue cost shown separately	**26**	-
	579	-

19 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.

19.1 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.

19.2 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 2022	
Less than one year	**95**
One to five years	**-**
31 December 2021	
Less than one year	106
One to five years	-

19.3 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.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

19.3 Market risk (continued)

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 2021.

	2022	2021
	US$'000	US$'000
Profit or loss		
Australian Dollars	**-**	-
British Pounds	**(40)**	(21)
South African Rand	**-**	-

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.

19.4 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.

19.5 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 18% in 2022 (2021: 25%). 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.

20 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.

20 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

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

	Note	Carrying amount US$'000	Fair value US$'000
2022			
Trade and other receivables (excluding prepayments)	7	**-**	**-**
Cash at bank and on hand	8	**424**	**424**
Financial assets measured at amortised cost		**424**	**424**
Trade and other payables	15	**95**	**95**
Financial liabilities measured at amortised cost		**95**	**95**
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

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

21 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 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**").

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 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 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.

21 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 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 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 Common Shares (at the Company's sole discretion) at such time.

No provision has been made for the payment of the deferred consideration as the Tranche 1 Performance Milestone and Tranche 2 Performance Milestone events have not occurred. The Group’s projects are in the exploration phase and therefore it is not certain that an economic assessment of mineral potential or pre-feasibility study will be completed in the next few years, or if at all.

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

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

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

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

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.

21 COMMITMENTS AND CONTINGENCIES (CONTINUED)

There are no contingencies for the year ended 31 December 2022 (2021: Nil).

22 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% (2021: 4.25%) of the voting shares of Lexington Gold.

	2022	2021
	US$'000	US$'000
Short-term benefits		
Directors' emoluments for the year		
Services as directors of the Company		
Non-executive directors		
Salary	**90**	90
Executive directors		
Salary	**105**	118
Share options	**59**	196

Loan from director

As announced on 14 March 2023, a wholly owned subsidiary of the Company has entered into a US$150,000 unsecured loan facility (the "**Loan Facility**") with Edward Nealon (the "**Lender**"), to be utilised to satisfy the Group's ongoing working capital requirements and costs associated with evaluating potential additional new gold projects/opportunities.

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 vested 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$0.25 million (2021: US$0.40 million). No terminal or other long-term benefits were paid to key management personnel during the year (2021: Nil).

22 RELATED PARTIES (CONTINUED)

Group entities

Significant subsidiaries	**Country of incorporation**	**Products/Services**	**Net amounts owing by subsidiaries 2022 US$'000**	**Net amounts owing by subsidiaries** 2021 US$'000	**Functional currency**	**Share holding *2022***	**Share holding *2021***
Global Asset Resources Pty Ltd	Australia	Holding company	**(92)**	(92)	AUD	100%	100%
Global Asset Resources Holdings, Inc	United States	Exploration company	**(4)**	(48)	US$	100%	100%
Project Carolina Belle, LLC	United States	Exploration company	**(1,010)**	(658)	US$	51%	51%
Project Jennings-Pioneer, LLC	United States	Exploration company	**(159)**	(105)	US$	51%	51%
Project Argo, LLC	United States	Exploration company	**(112)**	(51)	US$	51%	51%
Project JKL, LLC	United States	Exploration company	**(993)**	(619)	US$	51%	51%
Lexington Gold South Africa (Pty) Ltd	South Africa	Holding company	**(6)**	-	ZAR	100%	100%
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.

23 SUBSEQUENT EVENTS

Loan from director

As announced on 14 March 2023, a wholly owned subsidiary of the Company entered into a US$150,000 unsecured loan facility (the "**Loan Facility**") with Edward Nealon (the "**Lender**"), to be utilised to satisfy the Group's ongoing working capital requirements and costs associated with evaluating potential additional new gold projects/opportunities.

The Loan Facility is unsecured, has a 12-month term from the date of drawdown, and bears interest at a rate of 5 per cent. per annum, payable on maturity. The agreement includes customary terms and conditions for a facility of this nature, including a condition that the Company and its relevant subsidiary will not pledge or charge any assets to any other creditors without the prior consent of the Lender, such consent not to be unreasonably withheld. In the event of any unremedied default, interest shall be payable at a rate of 1 per cent. per month.

Proposed acquisition of White Rivers Exploration (Pty) Ltd

As announced on 15 May 2023, the Company entered into, via its wholly owned subsidiary, conditional share subscription and loan agreements on 13 May 2023 to acquire 76 per cent. of White Rivers Exploration Proprietary Limited ("**WRE**") an exploration and development company with significant gold assets in South Africa (the "**WRE Share Subscription and Loan Agreements**"), as well as directly into conditional loan assignment agreements with each of Mark Creasy and Sunswell Holdings Pty Ltd. ("**Sunswell**") to acquire all of the outstanding loans they have historically made to WRE (the "**WRE Loan Assignments**") (together, the "**WRE Acquisition and Loan Agreements**"). The aggregate amount payable by the Company under the WRE Acquisition and Loan Agreements is £0.3m, by way of the provision of a subordinated loan to WRE, and up to £6.4m to be settled by way of the issue of new common shares in Lexington Gold based on certain pre-determined milestones being satisfied with any such shares being subject to a 12-month lock-up arrangement followed by a 12-month orderly market arrangement from the date of their issue (the "**Proposed WRE Transaction**").

23 SUBSEQUENT EVENTS (CONTINUED)

The WRE Acquisition and Loan Agreements are conditional, *inter alia*, on approval from Lexington Gold's shareholders at a Special General Meeting convened to be held at 10.00 a.m. (Bermuda time) on 26 June 2023.

WRE was established by well-known Australian explorer, Mark Creasy, in 2002, with whom the Company has on 12 May 2023 entered into a one-year unsecured loan agreement for a principal amount of £0.3m (the "**Mark Creasy Loan Agreement**"). The loan bears interest at 7.5 per cent. per annum which will accrue until its scheduled maturity date.

WRE Share Subscription and Loan Agreements

As part of the transaction, Lexington Gold is required to advance a £0.3m subordinated loan to WRE (the "**WRE Loan**") and will be issued 76 per cent. of WRE's voting shares with the remaining 24 per cent. to be issued to Lexington Gold's Broad-Based Black Economic Empowerment ("**BBBEE**") partners.

The WRE Loan will be used to settle all existing WRE creditors other than Mr Creasy and Sunswell and the costs associated with WRE's current South African business rescue process.

The WRE Share Subscription and Loan Agreements are conditional, *inter alia*, on the receipt of approval from Lexington Gold's shareholders at the abovementioned special general meeting.

WRE Loan Assignments

The up to £6.4m aggregate amounts payable in respect of the assignment of Mr Creasy's loans with a face value of ZAR197m (approximately £8.5m) and Sunswell's loans with a face value of US$2m (approximately £1.59m) advanced historically to WRE are to be settled by the issue of new common shares in Lexington Gold (the "**Consideration Shares**").

The Consideration Shares will be issued based on certain pre-determined milestones being achieved and will be subject to a 12-month lock-up arrangement and thereafter a 12-month orderly market arrangement from the date of their issue.

Mr Creasy or his nominee(s), by way of certain additional deferred consideration, will also be granted an option over 110 million new common shares in Lexington Gold upon the later of 12 months from the date of his assignment agreement and a value accretive milestone being achieved, namely the establishment of at least 1 million ounces of JORC/SAMREC-compliant gold resource in respect of any of WRE's existing projects excluding the Jelani Resources JV. If granted, such options will be exercisable in full or in part for a period of 12 months following the date of the announcement of the milestone having been achieved at an exercise price of 7.5 pence per share.

The WRE Loan Assignments are subject, *inter alia*, to Lexington Gold shareholders' approval.

Mr Creasy is entitled to a gross production royalty at a rate of 2.5 per cent. in respect of WRE's existing projects and such obligation will remain in place post completion of the Proposed WRE Transaction in respect of any future production from the existing project areas.

For so long as Mr Creasy is interested in 10 per cent. or more of Lexington Gold's issued common shares post completion of the Proposed WRE Transaction, he shall be entitled to nominate a director to the Company's Board. Mr Creasy has no existing shareholding or other interest in the Company.

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

24 ULTIMATE HOLDING COMPANY

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