



29 June 2023

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

**Final Results for the year ended 31 December 2022
and Availability of Annual Report and Financial Statements**

Lexington Gold (AIM: LEX), the gold exploration and development company with projects in North and South Carolina, USA, is pleased to announce its audited results for the year ended 31 December 2022.

Copies of the Company's full Annual Report and Financial Statements for the financial year to 31 December 2022 will be made available to download from the Company's website at www.lexingtongold.co.uk and will be posted to shareholders on or before 30 June 2023.

Financial Summary

- **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.

Corporate Summary

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.

Operational Highlights

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

LEXINGTON GOLD

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

LEXINGTON GOLD

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:
 - o 12m @ 3.27 g/t Au and 2.9 g/t Ag from 28m to 40m
 - o 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:
 - o 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:
 - o 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:
 - o 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:
 - o 8m @ 1.76 g/t Au and 6.48 g/t Ag from 20m to 28m; and
 - o 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.

LEXINGTON GOLD

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.

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 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

LEXINGTON GOLD

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 full annual report and financial statements.

For further information, please contact:

Lexington Gold Ltd

Bernard Olivier (Chief Executive Officer)
Edward Nealon (Chairman)
Mike Allardice (Group Company Secretary)

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019.

Note to Editors:

Lexington Gold (AIM: LEX) is a gold exploration and development company currently holding interests in four diverse gold projects, covering a combined area of approximately 1,675 acres in North and South Carolina, USA. The projects are situated in the highly prospective Carolina Super Terrane ("CST"), which has seen significant historic gold production and is host to several multi-million-ounce mines operated by majors. It was also the site of the first US gold rush in the early 1800s, before gold was discovered in California.

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

LEXINGTON GOLD

Key Extracts from the Company's audited Annual Report and Financial Statements are set out below:

Chairman's Statement

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

LEXINGTON GOLD

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

LEXINGTON GOLD

Chief Executive's Operational and Financial Review

1. Overview

2022 was a very successful year for Lexington. The team has delivered on a series of important exploration milestones across our 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 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 we have been exploring 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 us to explore in the Witwatersrand gold fields, an area which was historically the largest single gold producing district in the world, alongside progression of our existing projects in the Carolinas, USA, with the aim of maximising long term shareholder value.

During 2022, Lexington conducted the following exploration activities on its portfolio projects:

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

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Drill Results for Loflin

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Selected results included:

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LEXINGTON

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- Hole LFRC-010: 4m @ 0.58 g/t Au from 48m to 52m
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27% upgrade to initial maiden JORC resource at Loflin

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In November 2022, we were 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 our 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 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 closing middle market share price at the time of 2.45p per share.

In October 2022, following a recovery in the Company's share price, we 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

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abovementioned loan facility was converted in full, together with the accrued interest thereon, alongside the placing.

Joint Broker Appointment

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

5. Post-Period Events

Our 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 we 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 our 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.

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In May 2023, we announced a substantial development in the form of the Proposed WRE Acquisition to acquire 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 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 full annual report and financial statements.

Bernard Olivier
Chief Executive Officer

28 June 2023

LEXINGTON GOLD

Financial Statements

Lexington Gold Ltd

Consolidated statement of profit or loss and other comprehensive income
for the Year Ended 31 December 2022
(Audited)

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

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes in the Company's full Annual Report and Financial Statements.

LEXINGTON GOLD

Lexington Gold Ltd
Consolidated statement of financial position
as at 31 December 2022
(Audited)

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Assets		
Non-current assets		
Exploration and evaluation assets	4,556	3,764
Total non-current assets	<u>4,556</u>	<u>3,764</u>
Current assets		
Trade and other receivables	74	45
Cash and cash equivalents	424	953
Total current assets	<u>498</u>	<u>998</u>
Total assets	<u><u>5,054</u></u>	<u><u>4,762</u></u>
Equity		
Share capital	851	787
Share premium	60,163	59,096
Share option reserve	651	555
Foreign currency translation reserve	(2)	(2)
Accumulated loss	(57,674)	(56,750)
Total equity attributable to equity owners of the parent	<u>3,989</u>	<u>3,686</u>
Non-controlling interest	970	970
Total equity	<u>4,959</u>	<u>4,656</u>
Current liabilities		
Trade and other payables	95	106
Total current liabilities	<u>95</u>	<u>106</u>
Total equity and liabilities	<u><u>5,054</u></u>	<u><u>4,762</u></u>

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes in the Company's full Annual Report and Financial Statements.

LEXINGTON GOLD

Lexington Gold Ltd
Consolidated statement of cash flows
for the Year Ended 31 December 2022
(Audited)

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Cash flows from operating activities		
Cash utilised by operations	<u>(684)</u>	<u>(678)</u>
Net cash flows utilised in operating activities	<u>(684)</u>	<u>(678)</u>
Cash flows from investing activities		
Payments for exploration	<u>(792)</u>	<u>(1,265)</u>
Net cash flows utilised by investing activities	<u>(792)</u>	<u>(1,265)</u>
Cash flows from financing activities		
Proceeds from issue of shares	579	-
Share issue cost	<u>(26)</u>	-
Proceeds from convertible loans	<u>416</u>	-
Net cash flows generated from financing activities	<u>969</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	<u>(507)</u>	<u>(1,943)</u>
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	<u>(507)</u>	<u>(1,943)</u>
Cash and cash equivalents at the end of the year	<u>424</u>	<u>953</u>

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes in the Company's full Annual Report and Financial Statements.

Notes to the consolidated financial information

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.

2. Basis of preparation and significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial information are consistent with those set out in the full Annual Report and Financial Statements. 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 the financial statements. 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.

LEXINGTON GOLD

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 full Annual Report and Financial Statements 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 information set out above does not constitute the Group's financial statements for the years ended 31 December 2022 or 31 December 2021 but is derived from those financial statements. The auditors have reported on the 2022 and 2021 financial statements which carried unqualified audit reports. The 2022 financial statements included reference to a matter to which the auditors drew attention by way of emphasis, namely the existence of material uncertainty related to going concern as outlined in Note 2(a) above. The auditor's opinion was not modified in respect of such matter. The 2021 financial statements included a similar emphasis of matter regarding the existence of material uncertainty related to going concern and the auditor's opinion was similarly not modified in respect of such matter.

While the financial information included in this announcement has been compiled in accordance with, *inter alia*, International Financial Reporting Standards ("IFRS"), this announcement does not in itself contain sufficient information to comply with IFRS.

The full consolidated financial statements have been prepared in accordance with IFRS, interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and Bermuda Companies Act, 1981. The consolidated financial statements have also 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.

****ENDS****