



4 September 2023

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

**Interim Results for the half-year ended 30 June 2023**

Lexington Gold (AIM: LEX), the gold exploration and development company with projects in North and South Carolina, United States ("US") is pleased to announce its unaudited interim results for the six-month period to 30 June 2023 ("H1 2023" or the "Period").

**Highlights:**

**Corporate Summary**

The first half of this year was particularly successful for the Company, with promising exploration results at both our Jennings-Pioneer and Argo projects, both located in the Carolinas, US, a region that has seen historic production from multi-million-ounce mines. Whilst Lexington Gold remains focused on the advancement of its US projects, the Company also spent the first half of 2023 assessing new gold exploration opportunities.

In March 2023, in order to satisfy the group's working capital requirements and enable it to continue its existing exploration activities and assessment of other projects/opportunities, Lexington Gold entered into a US\$150,000 unsecured loan facility with the Company's Chairman, Edward Nealon. Shortly thereafter, Lexington Gold announced the proposed acquisition of a 76% interest in White Rivers Exploration Proprietary Limited ("WRE"), a holder of significant gold prospects located in South Africa's Witwatersrand gold fields. Shareholders overwhelmingly supported the proposed acquisition at a Special General Meeting ("SGM") held on 26 June 2023, and the acquisition is expected to complete in the near term.

**Operational Highlights:**

***Jennings - Pioneer Project ("Jennings-Pioneer")***

- Soil and surface sampling programme completed in February 2023
- Analysis of soil assays in April 2023 identified 13 gossans within three separate mineralisation trends
- The sampling programme identified a 350m surface extent of the Red Hill mineralisation
- The soil and surface sampling, as well as concurrent surface mapping, sought to verify and supplement historic sampling conducted at the deposit and the results served to reaffirm the project's high potential with further exploration warranted in due course

***Argo Project ("Argo")***

- Completion of surface trenching and sampling campaign in February 2023, involving a total of 13 trench lines, with a total combined length of approximately 844m
- A total of 439 samples were shipped to ALS in Nevada for assaying
- The trenching, sampling and mapping activity sought to better define the grade distribution and structure of the mineralised zones in order to facilitate the design of a potential Phase I drilling campaign for the project in due course

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## **Proposed Acquisition of WRE**

- In May 2023, the Company announced the proposed acquisition of a 76% interest in White Rivers Exploration Proprietary Limited (“WRE”), a major tenement holder in the Witwatersrand gold fields of South Africa, with its current tenement interests internally estimated to contain potential resources of over 37 million ounces of gold
- Shareholder approval obtained in respect of the proposed WRE acquisition at an SGM held on 26 June 2023

## **Post Period End**

- In July 2023, the Company successfully raised approximately £2.5 million (gross) from certain new and existing investors to, *inter alia*, support the proposed WRE acquisition and its initial workstreams
- The Company settled, in aggregate, £423,518 of outstanding loans and accrued interest on the same terms as the fundraise by way of issuing new shares
- In late July 2023, the Company also received the results of 440 multi-element assay samples returned from trench channel and rock sampling at the Argo project
  - Promising initial set of assay results for the project, showing high-grade surface mineralisation at both the Northeast and Southern workings

## **Financial Summary**

- Net loss for H1 2023 from continuing operations was US\$0.4m (H1 2022: US\$0.37m)
- Total assets were US\$5.2m as at the half-year end (31 December 2022: US\$5.10m)
- Cash position of US\$0.28m as at the half-year end (31 December 2022: US\$0.42m)
- Total liabilities of US\$0.68m as at the half-year end (31 December 2022: US\$0.10m)

## **For further information, please contact:**

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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 currently 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, United States. 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. 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](http://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.

## **Chairman's Statement**

I am pleased to present Lexington Gold's unaudited interim results for the six-month period ended 30 June 2023 and to report on the Company's ongoing activities to the date of this statement.

We have continued to execute our successful exploration strategy in the Carolinas, United States, with a soil and surface sampling programme being completed at our Jennings-Pioneer project and assay results indicating elevated gold values, as well as significant base metal assays, which included barite and tellurium. The presence of these minerals adds further potential value given their wide applications. The team looks forward to conducting further exploration work at this project as the year progresses.

In March 2023, I advanced a US\$150,000 loan facility to the Company to provide additional working capital and financial flexibility, and enable it to continue exploration on its existing projects whilst also assessing new gold projects and opportunities.

The major development in the reporting period has been the recently announced acquisition of a 76% interest in White Rivers Exploration Proprietary Limited. The Board expects this proposed acquisition, which is now nearing completion, to be game-changing for Lexington Gold given the internally estimated potential resources of over 37 million ounces of gold for its projects within the world-famous Witwatersrand gold fields in South Africa.

The Witwatersrand gold fields have been the source of almost a third of the world's gold production since 1886 and with an estimated 1 billion ounces still in the ground, the transaction represents a huge opportunity for Lexington Gold. It is particularly exciting as Mark Creasy, who established WRE back in 2002, will become a significant shareholder in the Company on completion of the proposed acquisition, and as one of Australia's most successful mining entrepreneurs, we look forward to learning and benefiting from his expertise.

In July 2023, in order to, *inter alia*, support completion of the proposed acquisition and its initial workstreams, we undertook an approximate £2.5 million (gross) equity fundraising and were most

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pleased to receive a high level of interest and support from our existing shareholders who continue to support the Company's planned further growth and development. Furthermore, we were delighted to secure the additional funding at a premium to the Company's then prevailing market share price.

We firmly believe that a multi-million oz JORC 2002/SAMREC compliant mineral resource estimate ("MRE") can be established in respect of WRE's existing asset portfolio and these new funds will help us progress this key objective, unlock value from WRE's assets and also continue our work in the US, especially at Jennings-Pioneer, where we have identified drill-ready targets. In addition, certain outstanding indebtedness was settled via the issue of new equity on the same commercial terms as the fundraise.

Post period end in July 2023, we received assay results in respect of our previously completed surface exploration and trenching sampling programme at our Argo project. These represented a promising first set of results, showing high-grade surface mineralisation across both the Northeast and Southern workings. We are now assessing the next exploration steps for this project.

With the WRE acquisition on track to complete in the near term, I look forward to the rest of this year and thereafter with confidence as we refine and set out our strategy for the WRE assets, whilst also remaining focused on our existing exploration projects in the US.

I would like to thank our entire team for their tireless hard work and commitment as we seek to build on our momentum throughout this rest of the year and would also like to thank our shareholders for their unstinting and much valued support.



**Mr Edward Nealon**  
*Non-Executive Chairman*

4 September 2023

## **Chief Executive's Operational and Financial Review**

### **1. Overview**

Lexington Gold has had a very successful start to the year. The team continues to deliver on key milestones, notably at our Jennings-Pioneer and Argo projects. At Jennings-Pioneer, the Company completed a soil and surface sampling programme and in April 2023 received promising results from the 505 soil samples and 17 rock grab samples taken earlier in the year. Whilst over at the Argo project, February 2023 saw the completion of our trenching and sampling campaign.

In March 2023, the Company entered into a US\$150,000 unsecured loan facility with its Chairman, Edward Nealon, in order to satisfy the group's ongoing working capital requirements, exploration activities and the costs associated with evaluating potential additional projects and opportunities.

The major achievement has been the acquisition of a 76% interest in White Rivers Exploration Proprietary Limited ("WRE"), which holds interests in a series of significant gold exploration tenements in South Africa's Witwatersrand gold field, being historically the largest single gold producing district in the world. The Company obtained shareholder approval for the proposed

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acquisition at a Special General Meeting held in June 2023 and plans to complete the transaction in the near term.

Post-period end, the Company announced that it had raised approximately £2.5 million (gross) from certain existing and new investors in order to, *inter alia*, unlock value and facilitate the proposed acquisition of WRE. The Company also announced that certain outstanding loans and accrued interest due to Edward Nealon and Mark Creasy were being settled by way of the issue of new equity on the same terms as the fundraising, in order to conserve the Company's cash resources. Whilst the proposed acquisition is a key priority for the Company, we remain focused on our existing projects in the Carolinas, United States, and most recently, in July 2023, received assay results for our Argo project, showing high-grade surface mineralisation.

## 2. Financial Performance

- Net loss for H1 2023 from continuing operations was US\$0.4m (H1 2022: US\$0.37m)
- Total assets were US\$5.2m as at the half-year end (31 December 2022: US\$5.1m)
- Cash position of US\$0.28m as at the half-year end (31 December 2022: US\$0.42m)
- Total liabilities of US\$0.68m as at the half-year end (31 December 2022: US\$0.1m)

## 3. Dividend

The directors have not declared a dividend (2022: Nil).

## 4. Operational and Corporate Activities

During the first half of 2023, Lexington Gold conducted a series of key exploration activities on its existing portfolio projects as follows:

### ***Jennings-Pioneer Project***

In February 2023, the Company announced the completion of a soil and surface sampling programme at Jennings-Pioneer targeting gold, silver and base metals through multi-element assaying to verify and supplement historical sampling conducted on the deposit.

Subsequently, in April 2023, the Company received the associated results for the 505 soil samples and 17 rock grab samples submitted for analysis. Highlights included:

- The identification of 13 gossans (targets at surface) within three separate mineralisation trends: the Barite Hill Trend, the Jennings Trend and the Self Trend
- The Barite Hill Trend represents the Northeast extension of the historic Barite Hill Mine, which continues 600m along strike onto Lexington Gold's tenured property
- The sampling programme identified a 350m surface extent of the Red Hill mineralisation extending from the historic Barite Hill pit
- United States critical mineral by-product potential including barite and tellurium

### ***Argo Project***

February 2023 also saw further progress being made at our Argo project where a surface trenching and sampling campaign was completed, involving 13 trench lines with a total combined length of approximately 844m being dug by an excavator and 409 composite channel samples of 2m each

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being collected. An additional 30 rock samples were taken at surface and as point samples in trenches such that a total of 439 samples were shipped to ALS in Nevada for assaying.

### ***Proposed acquisition of WRE***

On 13 May 2023, the Company entered into, via a newly incorporated wholly owned subsidiary, a conditional share subscription and loan agreements to acquire 76% of White Rivers Exploration Proprietary Limited (“WRE”), an exploration and development company with significant gold assets in South Africa.

Highlights in respect of the proposed acquisition included:

- WRE is a major tenement holder in the Witwatersrand gold fields of South Africa, with tenement interests covering approximately 89,499 hectares
- WRE's current tenement interests have been estimated by WRE's management to contain potential resources of over 37 million ounces of gold (non-JORC/non-SAMREC nor other international standard compliant estimate). WRE has focussed its exploration efforts in particular on shallow (200 to 1,200m depth) deposits close to well established infrastructure
- WRE's tenement interests comprise 10 prospecting rights (six granted licences and four renewal applications) which are grouped into five projects
- WRE has an incorporated Joint Venture (“JV”) arrangement with Avgold Limited, a subsidiary of Harmony Gold Mining Company Limited (JSE:HMY) (“Harmony Gold”), the largest gold producer by volume in South Africa. Such JV project, referred to as the Jelani Resources JV, has a non-code compliant independently estimated resource of 6.02 million ounces of gold at an average grade of 6.47 g/t
- The Witwatersrand gold fields area was historically the largest single gold producing district in the world. Total historical gold production over a century of mining activity was 2 billion ounces. It is estimated that a further 1.2 billion ounces of gold resource remains in the Witwatersrand
- WRE's Kroonstad project, has an independently estimated non-code compliant gold exploration resource target of between 6.06 million ounces and 62.41 million ounces with a gold grade of between 4.96 g/t and 11.54 g/t and potentially constitutes a new Witwatersrand goldfield
- WRE is believed to own the world's largest Witwatersrand drillhole data base compiled over a ten-year period and consisting of some 2,500 mother holes with their associated assays
- WRE was established by well-known Australian explorer, Mark Creasy, in 2002, with whom the Company on 12 May 2023 entered into a one-year unsecured loan arrangement for a principal amount of £0.3m. Mr Creasy will become a significant shareholder of Lexington Gold on completion of the proposed acquisition.
- The consideration comprised the provision of a £0.3m loan to WRE from the Company and up to a further £6.4 million to be satisfied via the issue of new common shares in the Company, dependent on certain pre-determined milestones being met

On 26 June 2023, the Company held a Special General Meeting (“SGM”) to, inter alia, secure shareholder approval for the Company's proposed acquisition of WRE.

### ***Funding***

In March 2023, Lexington Gold obtained an unsecured US\$150,000 loan facility from its Chairman, Edward Nealon, to provide additional working capital and financial flexibility.



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Post the period end, in July 2023, the Company successfully raised approximately £2.5 million (gross) of new capital from both new and existing investors in order to, *inter alia*, support the acquisition of the 76% interest in WRE and its initial workstreams. Despite the difficult capital market conditions, Lexington Gold received overwhelming support and interest from its existing shareholders in such fundraising thereby enabling the Company to conduct the fundraise at a premium to the Company's prevailing market share price.

At the same time, the Company settled, in aggregate, £423,518 of outstanding loans and accrued interest on the same commercial terms as the fundraising by way of issuing new common shares and associated warrants to Edward Nealon and Mark Creasy.

## 5. Post Period End

In July 2023, Lexington Gold received assay results in respect of the abovementioned completed surface exploration and trenching sampling programme at its Argo project. This promising first set of assays for Argo showed high-grade surface mineralisation at both the Northeast and Southern workings.

## 6. Outlook

We are expecting to complete the acquisition of WRE in the near term. Following the recent successful fundraise, the Company is well placed to, *inter alia*, embark on the workstreams required to initiate the conversion of WRE's current non-code compliant resources into a JORC compliant MRE and to begin to unlock value from the Jelani Joint Venture.



**Dr Bernard Olivier**  
Chief Executive Officer

4 September 2023

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## Interim Financial Statements

### Lexington Gold Ltd

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income  
For the Half-Year ended 30 June 2023  
(Unaudited)

	Notes	Unaudited Six months ended 30 June 2023 \$'000	Unaudited Six months ended 30 June 2022 \$'000
<b><u>CONTINUING OPERATIONS</u></b>			
Operating expenses	3	(397)	(363)
Fair value gain on derivative liability		-	6
Finance cost		(5)	(10)
<b>Loss before income tax</b>		<b>(402)</b>	<b>(367)</b>
Income tax credit/(charge)		-	-
<b>Loss for the period</b>		<b>(402)</b>	<b>(367)</b>
<b>Other comprehensive income</b>			
Loss for the period		(402)	(367)
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency reserve movement		(6)	-
<b>Total comprehensive loss for the period</b>		<b>(408)</b>	<b>(367)</b>
<b>Loss per share attributable to the owners of the parent</b>			
Basic and diluted loss per share from continuing operations (cents per share)	4	(0.14)	(0.14)

The accompanying notes form part of these financial statements.



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**Lexington Gold Ltd**  
Consolidated Statement of Financial Position  
As at 30 June 2023 (Unaudited)

		<b>Unaudited</b>	<b>Audited</b>
		<b>30</b>	<b>31</b>
	Notes	<b>June</b>	<b>December</b>
		<b>2023</b>	<b>2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	4,823	4,556
<b>Total non-current assets</b>		<b>4,823</b>	<b>4,556</b>
<b>Current assets</b>			
Trade and other receivables		123	74
Cash and cash equivalents		284	424
<b>Total current assets</b>		<b>407</b>	<b>498</b>
<b>Total assets</b>		<b>5,230</b>	<b>5,054</b>
<b>Equity</b>			
Share capital		851	851
Share premium		60,163	60,163
Share option reserve		651	651
Foreign currency translation reserve		(8)	(2)
Accumulated loss		(58,076)	(57,674)
<b>Total equity attributable to equity owners of the parent</b>		<b>3,581</b>	<b>3,989</b>
Non-controlling interest		970	970
<b>Total equity</b>		<b>4,551</b>	<b>4,959</b>
<b>Current liabilities</b>			
Trade and other payables		143	95
Borrowings	6	536	-
<b>Total current liabilities</b>		<b>679</b>	<b>95</b>
<b>Total equity and liabilities</b>		<b>5,230</b>	<b>5,054</b>

The accompanying notes form part of these financial statements.

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**Lexington Gold Ltd Consolidated Statement of Changes in Equity**  
For the Half-Year Ended 30 June 2023  
(Unaudited)

	Issued share capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Foreign currency trans- lation reserve US\$'000	Accumu- lated loss US\$'000	Total equity attribu- table to share- holders US\$'000	Non- control- ling interest US\$'000	Total equity US\$'000
<b>Six months ended 30 June 2023 (unaudited)</b>								
<b>At start of period</b>	<b>851</b>	<b>60,163</b>	<b>651</b>	<b>(2)</b>	<b>(57,674)</b>	<b>3,989</b>	<b>970</b>	<b>4,959</b>
Total comprehensive loss for the period	-	-	-	(6)	(402)	(408)	-	(408)
Loss for the period	-	-	-	-	(402)	(402)	-	(402)
Foreign exchange gain on translation	-	-	-	(6)	-	(6)	-	(6)
<b>At end of period</b>	<b>851</b>	<b>60,163</b>	<b>651</b>	<b>(8)</b>	<b>(58,076)</b>	<b>3,581</b>	<b>970</b>	<b>4,551</b>
<b>Six months ended 30 June 2022 (unaudited)</b>								
<b>At start of period</b>	<b>787</b>	<b>59,096</b>	<b>555</b>	<b>(2)</b>	<b>(56,750)</b>	<b>3,686</b>	<b>970</b>	<b>4,656</b>
Total comprehensive loss for the period	-	-	-	-	(367)	(367)	-	(367)
Loss for the period	-	-	-	-	(367)	(367)	-	(367)
Foreign exchange gain on translation	-	-	-	-	-	-	-	-
Share options	-	-	48	-	-	48	-	48
<b>At end of period</b>	<b>787</b>	<b>59,096</b>	<b>603</b>	<b>(2)</b>	<b>(57,117)</b>	<b>3,367</b>	<b>970</b>	<b>4,337</b>

The accompanying notes form part of these financial statements.

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**Lexington Gold Ltd**  
Consolidated Statement of Cash Flows  
For the Half-Year Ended 30 June 2023  
(Unaudited)

	Notes	Unaudited Six months ended 30 June 2023 \$'000	Unaudited Six months ended 30 June 2022 \$'000
<b>Cash flows used in operating activities</b>			
Cash absorbed by operations	7	(403)	(365)
Interest received		1	-
Net cash used in operating activities		<b>(402)</b>	<b>(365)</b>
<b>Cash flows used in investing activities</b>			
Payments for exploration		(267)	(612)
Net cash used in/by investing activities		<b>(267)</b>	<b>(612)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		525	416
Net cash generated from financing activities		<b>525</b>	<b>416</b>
Net decrease in cash and cash equivalents		<b>(144)</b>	<b>(561)</b>
<b>Movement in cash and cash equivalents</b>			
Exchange gains/(losses)		4	(19)
At the beginning of the period		424	953
Decrease		(144)	(561)
<b>At the end of the period</b>		<b>284</b>	<b>373</b>

The accompanying notes form part of these financial statements.

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**Lexington Gold Ltd**  
Notes to the interim financial information  
For the Half-Year Ended 30 June 2023  
(Unaudited)

## 1. Basis of preparation

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

These interim results for the six months ended 30 June 2023 are unaudited and do not constitute statutory accounts as defined in section 87A of the Bermuda Companies Act, 1981. The financial statements for the year ended 31 December 2022 have been delivered to the Registrar of Companies and the auditors’ report on those financial statements was unqualified but contained an emphasis of matter paragraph on going concern.

## 2. Going concern

For the period ended 30 June 2023, the Group recorded a loss of US\$0.4m and had net cash outflows from operating activities of US\$0.4m. An operating loss is expected in the year subsequent to the date of these 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 and/or equity to fund its projects.

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

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

- The Company raised, in aggregate, gross proceeds of £2,516,300 (the “Fundraising”) at a price of 6 pence (the “Fundraising Price”) per common share of US\$0.003 each in the capital of the Company (“Common Shares”) from the issue of, in aggregate, 41,938,334 new Common Shares (the “Fundraising Shares”) in early July 2023;
- Outstanding loans of US\$150,000 due to the Company’s Chairman, Edward Nealon, and £300,000 due to Mark Creasy (together, in both instances, with accrued interest thereon) have been settled in new equity on the same commercial terms as the abovementioned fundraising; 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 statements do 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.

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### 3. Operating (expenses)/income

	<b>Unaudited Six months ended 30 June 2023 \$'000</b>	<b>Unaudited Six months ended 30 June 2022 \$'000</b>
Directors' emoluments and fees	(98)	(98)
Net foreign exchange gain/(loss)	3	(15)
Office expenses	(23)	(27)
Professional and other services	(230)	(164)
Share option expense	-	(48)
Other expenses	(49)	(11)
<b>Total operating expenses</b>	<b>(397)</b>	<b>(363)</b>

### 4. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended 30 June 2023 was based on the loss attributable to common shareholders from continuing operations of US\$402,000 (H1 2022: US\$367,000) and a weighted average number of common shares outstanding of 283,102,002 (H1 2022: 261,478,810).

### 5. Exploration and evaluation assets

	<b>Unaudited 30 June 2023 \$'000</b>	<b>Audited 31 December 2022 \$'000</b>
Balance at beginning of period	4,556	3,764
Additions	267	792
	<b>4,823</b>	<b>4,556</b>

The amount above relates to exploration and development activities in respect of the Group's 51% investment in four diverse gold projects, covering a combined area of over 1,675 acres in North and South Carolina, United States.

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. It 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 8.

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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.

## 6. Borrowings

	Unaudited 30 June 2023 \$'000	Audited 31 December 2022 \$'000
<b>Interest bearing borrowings</b>		
Balance at the beginning of the period	-	-
Loan from director	150	-
Loan from Mark Creasy	375	-
Convertible loan receipts	-	416
Derivative liability allocation	-	(47)
Interest accrued	6	67
Foreign exchange	5	(28)
Loan converted to equity	-	(408)
	<b>536</b>	<b>-</b>

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 have increased 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, and 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

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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”).

In March 2023, the Company entered into a US\$150,000 unsecured loan facility with Lexington Gold’s Chairman, Edward Nealon. The loan was unsecured, had a 12-month term from the date of drawdown, and incurred interest at a rate of 5 per cent. per annum, payable on maturity.

On 12 May 2023, the Company entered into a one-year unsecured loan agreement for a principal amount of £0.3m with Mark Creasy at an interest rate of 7.5 per cent. per annum which was to accrue until its scheduled maturity date.

## 7. Cash (absorbed)/generated by operations

	<b>Unaudited Six months ended 30 June 2023 \$'000</b>	<b>Unaudited Six months ended 30 June 2022 \$'000</b>
Loss before income tax	(402)	(367)
Adjusted for:		
▪ Fair value gain on derivative liability	-	(6)
▪ Finance cost	5	10
▪ Share options expense	-	48
▪ Net foreign exchange difference	(3)	10
<b>Cash from operations before working capital changes</b>	<b>(400)</b>	<b>(305)</b>
Working capital changes:		
Trade and other receivables	(49)	18
Trade and other payables	46	(78)
<b>Cash (absorbed)/generated by operations before interest and tax</b>	<b>(403)</b>	<b>(365)</b>

## 8. Commitments and contingencies

Pursuant to the terms of its acquisition of Global Asset Resources Limited (“GAR”) in November 2020, Lexington Gold is required to pay conditional deferred consideration, of, in aggregate, AU\$1.5m (being the Tranche 1 Deferred Consideration if the Tranche 1 Performance Milestone detailed below is met) and the sum of, in aggregate, AU\$3.0m (being the Tranche 2 Deferred Consideration if the Tranche 2 Performance Milestone detailed below is met) to the Sellers and Uwharrie Resources Inc. (“URI”), in cash or new Common Shares at the Company’s sole discretion, subject to the achievement by the Group of the Tranche 1 Performance Milestone and Tranche 2 Performance Milestone or the occurrence of certain Vesting Events within five years of completion of the Company’s acquisition of 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



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c) 0.4 million ounces of gold at a grade of 5 g/t or more.

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

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

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

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 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 Gold (on both an annual and overall basis), URI has the option to acquire the Company's 51 per cent. membership interest (via GAR Holdings) in the relevant Project SPV for a nominal sum of AU\$1. The Company similarly has the option to sell its 51 per cent. membership interest in any of the GAR Projects to URI at any time during the four-year period following Admission for AU\$1 should the Board determine that the Company no longer wishes to proceed with one or more of the GAR Projects.

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

Project	AU\$				
	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
	<b>5,000,000</b>	<b>700,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>

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

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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.**

<b>Project</b>	<b>Minimum Total</b>	<b>Minimum Year 5</b>	<b>Minimum Year 6</b>
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
	<b>8,000,000</b>	<b>450,000</b>	<b>450,000</b>

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.

## 9. Related parties

### *Identity of related parties*

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

### **Remuneration of key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. Details of the nature and amount of each element of the remuneration of each director of the Group during the period are shown in the table below:

#### **Six months ended 30 June 2023**

	<b>Directors’ fees</b>	<b>Executive fees <sup>(1)</sup></b>	<b>Share based payments</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Edward Nealon	11,250	6,750	-	18,000
Bernard Olivier	11,250	39,000	-	50,250
Melissa Sturgess	11,250	-	-	11,250
Rhoderick Grivas	11,250	6,750	-	18,000
	<b>45,000</b>	<b>52,500</b>	<b>-</b>	<b>97,500</b>

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Six months ended 30 June 2022

	Directors' fees	Executive fees <sup>(1)</sup>	Share based payments <sup>(2)</sup>	Total
	US\$	US\$	US\$	US\$
Edward Nealon	11,250	6,750	6,431	24,431
Bernard Olivier	11,250	39,000	10,182	60,432
Melissa Sturgess	11,250	-	6,431	17,681
Rhoderick Grivas	11,250	6,750	6,431	24,431
	<b>45,000</b>	<b>52,500</b>	<b>29,475</b>	<b>126,975</b>

(1) For duties as executive director and consulting.

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

## Borrowings and advances from directors and shareholders

	Unaudited 30 June 2023 \$'000	Audited 31 December 2022 \$'000
Ed Nealon	161	-
Bernard Olivier	25	-
Melissa Sturgess	6	-
Rhoderick Grivas	9	-
	<b>201</b>	<b>-</b>

Current directors of the holding company and their close family members, as at the date of these financial statements, control 5.30% (31 December 2022: 4.25%) of the voting shares of Lexington Gold.

## 10. Subsequent events

As announced on 10 July 2023, the Company raised, in aggregate, gross proceeds of £2,516,300 (the "Fundraising") at a price of 6 pence (the "Fundraising Price") per common share of US\$0.003 each in the capital of the Company ("Common Shares") from the issue of, in aggregate, 41,938,334 new Common Shares (the "Fundraising Shares"). The Fundraising comprised a placing of 17,188,334 new Common Shares (the "Placing Shares") to raise £1,031,300 at the Fundraising Price (the "Placing"), via the Company's joint brokers, Peterhouse Capital Limited and WH Ireland Limited, and share subscriptions for, in aggregate, 24,750,000 new Common Shares at the Fundraising Price to raise £1,485,000 (the "Share subscriptions"). The Share Subscriptions included a subscription of £100,000 by Edward Nealon, Lexington Gold's Chairman, for 1,666,667 Fundraising Shares. In addition, outstanding loans of US\$150,000 due to the Company's Chairman, Edward Nealon, and £300,000 due to Mark Creasy (together, in both instances, with accrued interest thereon) were settled in new equity on the same commercial terms as the fundraising (the "Loan Conversion Shares").

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On 24 July 2023, Lexington Gold received assay results in respect of its previously completed surface exploration and trenching sampling programme at its Argo project. This promising first set of assays for Argo showed high-grade surface mineralisation at both the Northeast and Southern workings.

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.