

LEXINGTON GOLD

30 September 2024

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

Interim Consolidated Results for the half-year ended 30 June 2024

Lexington Gold (AIM: LEX), the gold exploration and development company with projects in South Africa and the USA, is pleased to announce its unaudited interim consolidated results for the six-month period to 30 June 2024 ("H1 2024" or the "Period").

Highlights:

Operational

Bothaville Project (SA)

- Successfully completed 2,355 m of drilling comprising a total of four mother holes and five deflections
- Initial observations indicate the potential presence of mineralisation in three of the mother holes
- Drilling programme has significantly expanded the potential area of mineralisation and indicated a possible significant gold system
- During the period the core from the final two holes was logged, cut and sampled in preparation for submission to SGS Laboratory Services for assay analysis

Jelani Resources JV Project (SA)

- The successful renewal of the Jelani Resources licence until May 2026 triggered the issuance of an initial tranche of 25,806,451 deferred consideration shares as part of the terms of the White Rivers Exploration Proprietary Limited ("WRE") acquisition, predominantly to Mark Creasy/his nominees

Jennings-Pioneer Project ("Jennings-Pioneer") (USA)

- Completed 495 m of diamond drilling at Jennings-Pioneer comprising three diamond core holes to test for gold mineralisation adjacent to the historic Barite Hill Main open pit gold-silver mine
- All three target zones of the Barite Hill Trend were successfully intersected, namely the Middle Ore Zone, the Foot Wall Ore Zone and the Red Hill Ore Zone
- Assay results from the drill core confirmed the strike and down plunge continuation of the Barite Hill Trend gold mineralisation onto the Jennings-Pioneer Project area
- Significant intercepts from drill core gold (Au) and Tellurium (Te) assays include:
 - Hole JP24-2: 23 m at 1.14 g/t Au from 127 m to 150 m including:
 - 10 m at 2.11 g/t Au from 127 m to 137 m
 - 2 m at 5.66 g/t Au from 133 m to 135 m
 - Hole JP24-3: 39 m at 0.80 g/t Au and 60.49 ppm (60.49 g/t) Te from 14 m to 53 m including:
 - 11 m at 1.03 g/t Au and 79.54 ppm (79.54 g/t) Te from 42 m to 53 m

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Post Period End

- Announced formal adoption and release of the Independent JORC (2012) Mineral Resource Estimate for the Jelani Resources Joint Venture (JV) project
- Total combined Inferred, Indicated and Measured JORC (2012) Mineral Resource Estimate of 6.02 Moz of gold with an average grade of 6.47 g/t gold comprising of:
 - 4.88 Moz at 6.48 g/t gold located in the Buffer Zone; and
 - 1.14 Moz at 6.41 g/t gold located in the JV area

Financial Summary

- Net loss for H1 2024 from continuing operations was US\$0.3m (H1 2023: US\$0.4m)
- Total assets were US\$17.8m as at the half-year end (31 December 2023: US\$18.2m)
- Cash position of US\$1.5m as at the half-year end (31 December 2023: US\$2.6m)
- Total liabilities of US\$0.9m as at the half-year end (31 December 2023: US\$1.1m)

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 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 and in six gold projects covering approximately 114,638 hectares in South Africa.

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Further information is available on the Company's website: www.lexingtongold.co.uk or follow us through our social media channel: X (formerly known as Twitter): @LexGoldLtd

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 consolidated results for the six-month period ended 30 June 2024 and to report on the group's ongoing activities to the date of this statement.

Despite capital markets remaining difficult for junior mining companies, we have made encouraging progress during the first half of the year in terms of deploying capital efficiently to advance our exploration projects and build asset value.

In the USA, we completed a drilling programme at our Jennings-Pioneer project in South Carolina, targeting gold mineralisation adjacent to Barite Hill. Assay results were promising and showed extensions of the Barite Hill Trend gold mineralisation, further highlighting the potential of this exploration area.

Since our acquisition of WRE, we have been clear about the potential of the extensive gold deposits in South Africa's Witwatersrand Basin. In the period, we made good progress at our Bothaville Project after completing a drill programme with assay results confirming the presence of a potentially significant gold system. The results enhanced our existing geological data and expanded potential mineralisation zones.

In May 2024, Lexington Gold successfully renewed the Jelani Resources licence until May 2026, which triggered the issuance of an initial tranche of deferred consideration shares in connection with the WRE acquisition. This was an important milestone in the ongoing development of the Jelani Resources JV and our relationship with Harmony Gold.

In relation to our circa £2.5 million (gross) fundraising in July 2023, our unlisted 10 pence warrants, expiring in July 2026, were admitted to JP Jenkins' matched bargain platform in order to provide an accessible trading venue for our warrant holders.

Lexington Gold has made great strides with its multi-project portfolio as the price of gold has continued to surge. The value of this precious metal has soared to over US\$2,600 per troy ounce, spurred on by high demand among Asian consumers, buying by central banks keen to diversify away from the US dollar amid geopolitical uncertainty, and expectations of lower US interest rates. We look forward to making further progress with our projects in both the USA and South Africa as we continue to unlock value and build our mineral resources.



Mr Edward Nealon
Non-Executive Chairman

30 September 2024



Chief Executive's Operational and Financial Review

1. Overview

Lexington Gold continued to successfully advance its exploration activities during the first half of 2024, with efforts focused at its Bothaville project in South Africa and Jennings-Pioneer project on the Carolina Slate Belt, USA.

The South African assets acquired through WRE, in early September 2023, have added an exciting and potentially highly valuable dynamic to our portfolio. Having commenced in December last year, our initial drill programme at the Bothaville project was successfully completed in May 2024. This delivered highly encouraging assay results as we continue to build our database and understanding of the project.

In May 2024, the Company also renewed its Jelani Resources Prospecting Right until May 2026. The Jelani Resources JV project is a major part of our South African portfolio, and we are committed to its further progress. The licence renewal led to the issue of an initial tranche of deferred consideration shares in line with the terms of the acquisition of WRE.

Following signing of a new drilling contract with Logan Drilling Group, we also completed a drilling programme at our Jennings-Pioneer project. This generated some excellent results which have reinforced our commitment to advancing the project and our broader USA exploration portfolio.

Momentum has continued into the second half with the recent authorisation and announcement of the Independent JORC (2012) Mineral Resource Estimate for the Jelani Resources JV project prepared in August 2018.

2. Financial Performance

- Net loss for H1 2024 from continuing operations was US\$0.3m (H1 2023: US\$0.4m)
- Total assets were US\$17.8m as at the half-year end (31 December 2023: US\$18.2m)
- Cash position of US\$1.5m as at the half-year end (31 December 2023: US\$2.6m)
- Total liabilities of US\$0.9m as at the half-year end (31 December 2023: US\$1.1m)

3. Dividend

The directors have not declared a dividend (2023: Nil).

4. Operational and Corporate Activities

During the first half of 2024, Lexington Gold conducted a series of exploration activities on its existing portfolio projects as follows:

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South African Projects

Bothaville project

Lexington Gold began the period with the continuation of its drilling programme at the Bothaville project located in the Witwatersrand Gold Basin, South Africa. The percussion drilling phase, which is crucial for cost-effective penetration of the overlying Karoo sediments, was then successfully completed by the end of January.

In late February, Lexington Gold announced that it had completed the first two diamond drill holes and four associated deflections. Both drill holes and their deflections were successful in intersecting the targeted Kimberley Formation, including the A-Reef. Initial inspections of the core showed signs of mineralisation in both holes, indicating the potential presence of gold.

In May, Lexington Gold confirmed that it had completed four drillholes, totalling 2,355 m of drilling. This comprised 1,433 m of percussion drilling through the overburden and 922 m of core drilling. Three of the four holes were completed successfully with a total of eight intersections of the A-Reef from three motherholes and five deflections. Due to the presence of an unexpected geological structure the fourth hole was abandoned before it could intersect the A-Reef.

The drilling was undertaken to test for a gold-bearing channel at shallow depth in the target A-Reef horizon at Bothaville, as postulated by the drilling of two historic holes, which returned 7.1 g/t Au over 71 cm and 5.53 g/t over 77 cm, respectively.

The drilling proved the concept of A-Reef channels occurring at Bothaville. It also provided significantly more information on the presence and orientation of one such channel first intersected by historic third-party drilling. Three new successful drillholes intersected gold mineralisation approximately 250 m towards the north west, north east and south east of the historical drillholes. This has considerably expanded the potential area of mineralisation and indicated the possibility of a significant gold system.

Key intercepts included 1.2 g/t Au and 111 cmg/t over 92.7 cm from 275.89 m (Hole CD03D2) and 0.76 g/t and 160 cmg/t over 209 cm from 442.68 m (Hole CD02AD1).

The new drillholes only tested a localised portion of the entire Bothaville project site which covers an area of over 180 km². Historical drilling identified other areas with significant gold mineralisation such that the overall project represents a sizeable gold exploration opportunity.

Jelani Resources JV project

In May, Lexington Gold announced the renewal of the Jelani Resources Prospecting Right until May 2026. This is a testament to our commitment to long-term value creation and strengthens our position in the region.

The licence covers an area of approximately 956 hectares adjacent to Harmony Gold's Target Mine in the north-western portion of the Welkom Gold Fields. An historic independently estimated resource, formally adopted and released post the reporting period, suggests a potential 6.02 million ounces of gold at an average grade of 6.47 g/t of which 4.88Moz at 6.48 g/t relates to a Buffer Zone and 1.14 Moz at 6.41 g/t relates to the current JV area. The JV project represents a significant component of our strategic asset base in South Africa.

The renewal led to the issue of, in aggregate, an initial tranche of 25,806,451 deferred consideration shares in respect of the Company's acquisition of WRE, as follows:

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- 19,387,703 new common shares to Mark Creasy or his nominee; and
- 6,418,748 new common shares to Sunswell Holdings Pty Limited (“Sunswell”) or its nominees.

Accordingly, further to the issue of such shares:

- Mr Creasy and his nominees are interested, in aggregate, in 53,254,768 common shares representing approximately 13.35 per cent. of the Company's enlarged issued share capital; and
- Freefire Technology Ltd, one of Sunswell's nominees, owns 15,250,947 common shares representing approximately 3.82 per cent. of the Company's enlarged issued share capital.

USA Projects

During the period, activity in the USA was focused on our Jennings-Pioneer project in South Carolina. Having commenced a drilling programme at the end of 2023, this was duly completed with the corresponding assay results showing promising extensions of the Barite Hill Trend gold mineralisation. These results validated our geological models and reaffirmed the potential of our regional exploration strategy. We continue to have excellent relations with our US partners, URI and Carolina Gold Resources, and have agreed with them an extension of three months to the period in which we are due to meet certain Minimum Funding Contributions in respect of the GAR Projects (see note 9).

Jennings-Pioneer project

In March, the Company announced signing of a new drilling contract with Logan Drilling Group. The agreement related to the commencement of our 2024 drilling programme at the Jennings-Pioneer project on the Carolina Slate Belt. Drilling was concluded in April for a total of 495 m comprising three diamond core holes as part of testing for gold mineralisation adjacent to the historic Barite Hill Main open pit gold-silver mine. The drilling targeted three distinct gold ore zones that lie along and marginal to the contact between the Lower Pyroclastic Unit and the Upper Pyroclastic Unit of the Persimmon Fork Formation.

In mid June, we received the assay results for the three drill holes which confirmed the along strike and down plunge continuation of the Barite Hill Trend gold mineralisation onto the Jennings-Pioneer project area.

All three target zones of the Barite Hill Trend were successfully intersected, namely the Middle Ore Zone, the Foot Wall Ore Zone and the Red Hill Ore Zone. Massive sulphides, semi-massive sulphides and associated quartz barite veins were found in all three drill holes.

Significant intercepts from drill core gold (Au) and Tellurium (Te) assays included:

- Hole JP24-2: 23 m at 1.14 g/t Au from 127 m to 150 m including:
 - 10 m at 2.11 g/t Au from 127 m to 137 m
 - 2 m at 5.66 g/t Au from 133 m to 135 m
- Hole JP24-3: 39 m at 0.80 g/t Au and 60.49 ppm (60.49 g/t) Te from 14 m to 53 m including:
 - 11 m at 1.03 g/t Au and 79.54 ppm (79.54 g/t) Te from 42 m to 53 m

Potential by-product intercepts from drill core Ag, Cu and Zn assays included:

- Hole JP24-1: 10 m at 1.33% Zn, 22.17 g/t Ag and 0.11 g/t Au
- Hole JP24-2: 6 m at 0.52% Cu, 13.16 g/t Ag and 0.35 g/t Au

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Trading facility for unlisted Warrants

In June 2024, Lexington Gold announced the admission of its existing unlisted 10 pence warrants expiring on 20 July 2026 to trading on JP Jenkins' securities matching platform. The warrants were issued to the participants in the Company's circa £2.5 million (gross) fundraise in July 2023, affording the holders the opportunity to subscribe for up to a further 41,938,334 new common shares at a price of 10 pence per share.

5. Post Period End

In mid September 2024, we were pleased to announce the formal adoption of the Independent JORC (2012) Mineral Resource Estimate for our Jelani Resources JV project. The JV is between Lexington Gold's subsidiary, WRE, and certain of Harmony Gold's subsidiaries, being the largest gold mining company in South Africa.

The estimate, prepared as at 27 August 2018, detailed a total combined Inferred, Indicated and Measured JORC (2012) Mineral Resource Estimate of 6.02 Moz of gold with an average grade of 6.47 g/t comprising of:

- 4.88 Moz at 6.48 g/t gold located in the Buffer Zone; and
- 1.14 Moz at 6.41 g/t gold located in the JV area.

Accordingly, the net attributable ounces to Lexington Gold's effective 76% interest in the current JV area are 0.56 Moz of gold, potentially increasing to 2.24 Moz of gold should the JV parties proceed to future production, on a revised ownership interest of 49% for WRE, with the Buffer Zone then included as part of such arrangement.

This significant resource underlines the vast potential of both the Jelani Resources JV project and Lexington Gold's South African assets as a whole.



Dr Bernard Olivier
Chief Executive Officer

30 September 2024

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Interim Consolidated Financial Statements

Lexington Gold Ltd

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the Half-Year ended 30 June 2024
(Unaudited)

	Notes	Unaudited Six months ended 30 June 2024 \$'000	Unaudited Six months ended 30 June 2023 \$'000
<u>CONTINUING OPERATIONS</u>			
Operating expenses	3	(416)	(397)
Fair value gain on derivative liability		135	-
Net finance income/(cost)		5	(5)
Loss before income tax		(276)	(402)
Income tax credit/(charge)		-	-
Loss for the period		(276)	(402)
Other comprehensive income			
Loss for the period		(276)	(402)
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency reserve movement		22	(6)
Total comprehensive loss for the period		(254)	(408)
Loss per share attributable to the owners of the parent			
Basic and diluted loss per share from continuing operations (cents per share)	4	(0.02)	(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 2024 (Unaudited)

		Unaudited	Audited
		30	31
	Notes	June	December
		2024	2023
		\$'000	\$'000
Non-current assets			
Exploration and evaluation assets	5	16,223	15,490
Total non-current assets		16,223	15,490
Current assets			
Other receivables		35	79
Restricted cash and cash equivalents		47	45
Cash and cash equivalents		1,482	2,617
Total current assets		1,564	2,741
Total assets		17,787	18,231
Equity			
Share capital		1,198	1,121
Share premium		67,293	65,425
Shares to be issued	6	3,113	5,058
Share option reserve		651	651
Foreign currency translation reserve		(88)	(98)
Accumulated loss		(57,698)	(57,624)
Total equity attributable to equity owners of the parent		14,469	14,533
Non-controlling interest		2,443	2,633
Total equity		16,912	17,166
Current liabilities			
Trade and other payables		618	673
Derivative liability	7	257	392
Total current liabilities		875	1,065
Total equity and liabilities		17,787	18,231

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 2024
(Unaudited)

	Issued share capital US\$'000	Share premium US\$'000	Shares to be issued 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- controllin g interest US\$'000	Total equity US\$'000
Six months ended 30 June 2024 (unaudited)									
At start of period	1,121	65,425	5,058	651	(98)	(57,624)	14,533	2,633	17,166
Total comprehensive loss for the period	-	-	-	-	10	(74)	(64)	(190)	(254)
Loss for the period	-	-	-	-	-	(74)	(74)	(202)	(276)
Foreign exchange gain on translation	-	-	-	-	10	-	10	12	22
Contingent shares issued	77	1,868	(1,945)	-	-	-	-	-	-
At end of period	1,198	67,293	3,113	651	(88)	(57,698)	14,469	2,443	16,912
Six months ended 30 June 2023 (unaudited)									
At start of period	851	60,163	-	651	(2)	(57,674)	3,989	970	4,959
Total comprehensive loss for the period	-	-	-	-	(6)	(402)	(408)	-	(408)
Loss for the period	-	-	-	-	-	(402)	(402)	-	(402)
Foreign exchange loss on translation	-	-	-	-	(6)	-	(6)	-	(6)
At end of period	851	60,163	-	651	(8)	(58,076)	3,581	970	4,551

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 2024
(Unaudited)

	Notes	Unaudited Six months ended 30 June 2024 \$'000	Unaudited Six months ended 30 June 2023 \$'000
Cash flows used in operating activities			
Cash absorbed by operations	8	(409)	(403)
Interest received		5	1
Net cash used in operating activities		(404)	(402)
Cash flows used in investing activities			
Payments for exploration		(676)	(267)
Net cash used in/by investing activities		(676)	(267)
Cash flows from financing activities			
Proceeds from borrowings		-	525
Net cash generated from financing activities		-	525
Net decrease in cash and cash equivalents		(1,080)	(144)
Movement in cash and cash equivalents			
Exchange (losses)/gains		(55)	4
At the beginning of the period		2,617	424
Decrease		(1,080)	(144)
At the end of the period		1,482	284

The accompanying notes form part of these financial statements.

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Notes to the interim consolidated financial information
For the Half-Year Ended 30 June 2024
(Unaudited)

1. Basis of preparation

The unaudited interim consolidated 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 consolidated results for the six months ended 30 June 2024 are unaudited and do not constitute statutory accounts as defined in section 87A of the Bermuda Companies Act, 1981. The unaudited interim consolidated financial information does not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements for the year ended 31 December 2023. The financial statements for the year ended 31 December 2023 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 2024, the Group recorded a loss of US\$0.3 million (H1 2023: US\$0.4 million) and had net cash outflows from operating activities of US\$0.4 million (H1 2023: US\$0.4 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 group’s ability to continue as a going concern such 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 an approximate £2.5 million gross equity fundraise and the conversion of certain loans on 10 July 2023;
- The Directors are confident that they will be able to raise additional funds to satisfy the Group’s cash requirements as and when necessary; 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. This 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.

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3. Operating expenses

	Unaudited Six months ended 30 June 2024 \$'000	Unaudited Six months ended 30 June 2023 \$'000
Directors' emoluments and fees	(110)	(98)
Net foreign exchange (loss)/gain	(20)	3
Office expenses	(29)	(23)
Professional and other services	(241)	(230)
Other expenses	(16)	(49)
Total operating expenses	(416)	(397)

4. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended 30 June 2024 was based on the loss attributable to common shareholders from continuing operations of US\$74,000 (H1 2023: US\$402,000) and a weighted average number of common shares outstanding of 389,556,163 (H1 2023: 283,102,002).

The diluted loss per share and the basic loss per share are recorded as the same amount as conversion of share options, warrants and contingent shares decreases the basic loss per share, thus being anti-dilutive.

5. Exploration and evaluation assets

	Unaudited 30 June 2024 \$'000	Audited 31 December 2023 \$'000
United States		
Balance at beginning of period	4,960	4,556
Additions	360	404
	5,320	4,960
South Africa		
Balance at beginning of period	10,530	-
Acquired	-	10,256
Additions	316	89
Foreign currency	57	185
	10,903	10,530
Total at the end of the period	16,223	15,490

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United States

The amount 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, 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 9 which have been met to date.

In the event that the Minimum Funding Contributions are not satisfied by the Company, Uwharrie Resources Inc. ("URI"), has the option to acquire the Company's 51% interest in the relevant project for a nominal sum of AU\$1.

South Africa

The amount relates to the Group's exploration and development activities in respect of its six gold projects covering approximately 114,638 hectares in South Africa assessing the Witwatersrand basin's significant gold potential.

The directors have assessed the value of the total exploration and evaluation assets having considered any indicators of impairment, and in their opinion, based on a review of future expected availability of funds to develop the projects concerned and the intention to continue exploration and evaluation, no impairment is necessary.

6. Shares to be issued

	Unaudited 30 June 2024 \$'000	Audited 31 December 2023 \$'000
Balance at beginning of period	5,058	-
Contingent issuable new Common Shares	-	5,058
25,806,451 new Common Shares issued during the period - Allocated to share capital and premium	(1,945)	-
	3,113	5,058

On 7 September 2023, the Company announced the completion of its acquisition of White Rivers Exploration Proprietary Limited ("WRE"), an exploration and development company with significant gold assets in South Africa, for an initial consideration comprising 36,129,032 fully paid new common shares (the "Initial Consideration Shares") in Lexington Gold.

The Initial Consideration Shares were issued at a price of 6.20 pence per new common shares (the "Issue Price") based on the 30-day VWAP to 5 September 2023.

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Pursuant to the acquisition, contingent issuable new common shares, will fall due to be issued at the Issue Price upon the achievement of the following milestones:

Lexington Gold Equity

%	No. of common shares	Milestone event
45%	46,451,613*	Later of 30 November 2023 and the date of renewal of four of the Prospecting Rights split, 25%, 10%, 8% and 2% respectively between the four Prospecting Rights concerned.
20%	20,645,161	Receipt of Ministerial Consent.

Note:

* - 25,806,451 of these shares (25%) were issued on 13 May 2024 pursuant to the renewal of the Jelani Resources Prospecting Right as described below.

The fair value of the contingent consideration has been based on the acquisition date share price (6.20 pence per share) and is deemed highly likely to be issued. The potential obligation to issue shares is classified as an equity instrument and recognised in the “shares to be issued” reserve.

As announced on 13 May 2024, the prospecting right owned by Jelani Resources Proprietary Limited (“Jelani Resources”) (the “Jelani Resources Prospecting Right”) was formally renewed until 29 May 2026.

The renewal of the Jelani Resources Prospecting Right was a milestone for the issue of, in aggregate, 25,806,451 deferred consideration shares (the “Initial Deferred Consideration Shares”) in respect of the Company’s acquisition of WRE such that the following new common shares were issued:

- 19,387,703 shares to Mark Creasy or his nominee; and
- 6,418,748 shares to Sunswell Holdings Pty Limited (“Sunswell”) or its nominees.

Further to the issue of the Initial Deferred Consideration Shares:

- Mr Creasy and his nominees, in aggregate, are currently interested in 53,254,768 common shares representing approximately 13.35 per cent. of the Company’s enlarged issued share capital; and
- Freefire Technology Ltd, one of Sunswell’s nominees currently owns 15,250,947 common shares representing approximately 3.82 per cent. of the Company’s enlarged issued share capital.

7. Derivative liability

	Unaudited 30 June 2024 \$'000	Audited 31 December 2023 \$'000
Derivative liability from warrants		
Balance at the beginning of the period	392	-
Warrant liability recognised at inception	-	1,095
Change in fair value of warrants	(135)	(703)
	257	392

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In 2023, warrants were issued to fundraising participants, Edward Nealon and Mark Creasy, allowing them to subscribe for new common shares at an exercise price of 10 pence per share on a one-to-one basis. The warrants are accounted for as liabilities as the Company concluded that the warrants failed to meet the fixed for fixed criteria as the exercise price is priced in pence per share and the Company's functional currency is United States dollars.

The estimated fair value of the warrants was estimated using the Black-Scholes-pricing model. The application of the Black-Scholes option-pricing model requires the use of a number of inputs and assumptions. The following reflects the inputs and assumptions:

	30 June 2024	31 December 2023	7 September 2023	8 July 2023
Share price	4.2 pence	4.2 pence	6 pence	5.9 pence
Exercise price	10 pence	10 pence	10 pence	10 pence
Risk-free interest rate	3.9 %	3.9 %	3.9 %	3.9 %
Expected terms (in years)	2.05 years	2.55 years	2.87 years	3 years
Expected dividend yield	0 %	0 %	0 %	0 %
Expected volatility	57.5 %	59.9 %	60.7 %	62.1 %

8. Cash absorbed by operations

	Unaudited Six months ended 30 June 2024 \$'000	Unaudited Six months ended 30 June 2023 \$'000
Loss before income tax	(276)	(402)
Adjusted for:		
▪ Fair value gain on derivative liability	(135)	-
▪ Finance (income)/cost	(5)	5
▪ Net foreign exchange difference	20	(3)
Cash from operations before working capital changes	(396)	(400)
Working capital changes:		
Trade and other receivables	44	(49)
Trade and other payables	(57)	46
Cash absorbed by operations before interest and tax	(409)	(403)

9. Commitments and contingencies

United States projects

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 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

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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.

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 a pre-feasibility study will be completed in the next few years, 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 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. Annual commitments have been met to date. 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

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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
	<u>5,000,000</u>	<u>700,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

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 in AU\$ from the Company to acquire an additional 29 per cent. membership interest and increase its total interest to 80 per cent. in its US Projects

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
	<u>8,000,000</u>	<u>450,000</u>	<u>450,000</u>

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.

10. Related parties

Identity of related parties

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

Remuneration of key management personnel

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

Six months ended 30 June 2024

	Directors' fees US\$	Executive fees ⁽¹⁾ US\$	Total US\$
Edward Nealon	11,250	6,750	18,000
Bernard Olivier	11,250	51,750	63,000
Melissa Sturgess	11,250	-	11,250

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Rhoderick Grivas	11,250	6,750	18,000
	45,000	65,250	110,250

Six months ended 30 June 2023

	Directors' fees US\$	Executive fees ⁽¹⁾ US\$	Total US\$
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
	45,000	52,500	97,500

(1) For duties as executive director and consulting.

Current directors of the holding company and their close family members, as at the date of these financial statements, control 4.41% (31 December 2023: 4.72%) of the voting shares of Lexington Gold.

Share options and warrants

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:

	Number of Options granted and resultant holding of Options
Directors	
Edward Nealon	2,614,788
Bernard Olivier	4,140,081
Melissa Sturgess	2,614,788
Rhoderick Grivas	2,614,788
Total:	11,984,445

During the 2023 year, the Company issued warrants for the potential issue of 50,663,639 shares at an exercise price of 10 pence per share which expire on 20 July 2026. Details of warrants outstanding to directors are set out in the table below:

	Number of warrants outstanding
Directors	
Edward Nealon	3,667,691
Total:	3,667,691



11. Subsequent events

No significant events have occurred subsequent to the reporting date that would have a material impact on the interim consolidated financial statements.