

LEXAM EXPLORATIONS INC.

NEWS RELEASE

Toronto, Canada
August 6, 2004

2004 Second Quarter Results

(All amounts in this news release are expressed in Canadian dollars.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Results

Lexam recorded a loss of \$48,322 during the three months ended June 30, 2004, compared to earnings of \$22,862 during the corresponding period in 2003. During the six months ended June 30, 2004, Lexam recorded loss of \$71,593 compared to earnings of \$225,737 during the first half of 2003. The loss during the second quarter and first half of 2004 can be attributed to expenditures for administrative costs of \$48,045 and \$71,979 for those periods, respectively. Earnings during the second quarter of 2003 resulted from a decrease in a provision for exploration and development commitments and earnings for the first half of 2003 also included the sale of Lexam's investment in Miramar Mining Corp. during the first quarter of 2003.

	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Earnings (loss)	\$ (48,322)	\$ 22,862	\$ (71,593)	\$ 225,737
Earnings (loss) per share	nil	nil	nil	\$ 0.01

Oil & Gas Property Status

During the first quarter of 2004, it was announced that an agreement was entered into with a joint venture partner to conduct additional exploration of Lexam's 100,000+ acre oil and gas property located in south central Colorado over the next two years. This agreement is with Petro-Hunt L.L.C. of Dallas, Texas ("Petro-Hunt"). Petro-Hunt has initiated a program of 2D seismic data acquisition. Activities during the second quarter of 2004 focused on processing 60 line miles (97 km) of the newly acquired 2D seismic data and incorporating the data with the 60 miles (97 km) of existing Lexam data regarding the prospect. The program is designed to provide additional information and identify potential well locations for the purpose of testing the Lexam property by drilling. Lexam is currently awaiting a decision on the next stage of this project by Petro-Hunt.

Lexam has leased its 75% of the oil & gas rights to Petro-Hunt. The remaining 25% interest in the property has been leased by Petro-Hunt from the owners, ConocoPhillips. Should a production decision be made, Lexam would retain a 12.5% production royalty on its 75% interest of the property's oil and gas rights.

Financial Condition

Lexam is currently not able to continue its exploration efforts and discharge its liabilities in the normal course of business, and may not be able to ultimately realize the carrying value of its assets, subject to, among other things, being able to raise sufficient additional financing to fund its exploration programs. In addition to the joint venture agreement, the Company may pursue additional actions to address these issues, such as seeking additional sources of debt or equity financing and investigating possible reorganization alternatives.

FORWARD-LOOKING STATEMENTS

This press release may include certain "Forward-Looking Statements" within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein, including without limitation and if applicable, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of Lexam Explorations Inc., are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Lexam expectations are disclosed under the heading "Risk Factors" and elsewhere in Lexam documents filed from time to time with the TSX Venture Exchange, and other regulatory authorities. Accordingly, readers should not place under reliance on forward-looking statements.

Financial Information and Notice to Reader

Attached are the Consolidated Financial Statements of Lexam Explorations Inc. for the three and six months ended June 30, 2004. These interim financial statements have not been subject to auditor review.

For further information, please contact:

Brad J. Boland
Vice President, Finance
(416) 865-0326

Email: info@lexamexplorations.com

Corporate Office:

145 King Street West
Suite 2700
Toronto, Ontario
Canada M5H 1J8
Telephone: (416) 865-0326
Facsimile: (416) 361-5741
General enquires: (800) 813-1412
(Canada and United States)

Transfer Agent and Registrar:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario
Canada M5J 2Y1
Telephone: (800) 564-6253
Facsimile: (416) 981-9800
Shareholder Enquiries: (800) 564-6253
Email: caregistryinfo@computershare.com

Stock Symbol: TSX Venture ("LEX")

**LEXAM EXPLORATIONS INC.
CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Balance Sheets

(in Canadian dollars)

	As at June, 30 2004 <i>(unaudited)</i>	As at December 31, 2003
Assets		
Current assets		
Cash and short-term investments	\$ 49,255	\$ 124,060
Accounts receivable	-	968
Prepaid expenses	<u>912</u>	<u>2,281</u>
	50,167	127,309
Resource properties	<u>2,520,229</u>	<u>2,520,229</u>
	<u>\$ 2,570,396</u>	<u>\$ 2,647,538</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 467,258</u>	<u>\$ 472,807</u>
Shareholders' equity		
Capital stock (notes 1 and 4)	16,402,075	16,402,075
Deficit	<u>(14,298,937)</u>	<u>(14,227,344)</u>
	<u>2,103,138</u>	<u>2,174,731</u>
	<u>\$ 2,570,396</u>	<u>\$ 2,647,538</u>
Contingencies (note 1)		

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations and Deficit (unaudited)*(in Canadian dollars)*

	Three months ended June 30,		Six months ended June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues				
Interest and other income	\$ 304	\$ 2,942	\$ 967	\$ 4,481
Expenses				
Administrative	48,045	46,794	71,979	64,577
Exploration	<u>581</u>	<u>90</u>	<u>581</u>	<u>689</u>
	<u>48,626</u>	<u>46,884</u>	<u>72,560</u>	<u>65,266</u>
Decrease in provision for exploration and development commitments	-	66,804	-	66,804
Gain on sale of marketable securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,718</u>
Earnings (loss) for the period	<u>(48,322)</u>	<u>22,862</u>	<u>(71,593)</u>	<u>225,737</u>
Deficit at beginning of period	<u>(14,250,615)</u>	<u>(14,193,955)</u>	<u>(14,227,344)</u>	<u>(14,396,830)</u>
Deficit at end of period	<u><u>\$(14,298,937)</u></u>	<u><u>\$(14,171,093)</u></u>	<u><u>\$(14,298,937)</u></u>	<u><u>\$(14,171,093)</u></u>
Earnings (loss) per share (basic and diluted)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.01</u>
Weighted average number of shares outstanding (000's)	<u>38,107</u>	<u>38,107</u>	<u>38,107</u>	<u>38,107</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows (unaudited)*(in Canadian dollars)*

	Three months ended June 30,		Six months ended June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash provided by (used in)				
Operating activities				
Earnings (loss) for the period	\$ (48,322)	\$ 22,862	\$ (71,593)	\$ 225,737
Items not affecting cash				
Decrease in provision for exploration and development commitments	-	(66,804)	-	(66,804)
Gain on sale of marketable securities	-	-	-	(219,718)
Change in non-cash operating working capital	<u>(10,579)</u>	<u>(120,766)</u>	<u>(3,212)</u>	<u>(133,250)</u>
	<u>(58,901)</u>	<u>(164,708)</u>	<u>(74,805)</u>	<u>(194,035)</u>
Investing activities				
Additions to resource properties	-	(601)	-	(2,515)
Proceeds on disposal of marketable securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,418</u>
	<u>-</u>	<u>(601)</u>	<u>-</u>	<u>336,903</u>
Increase (decrease) in cash and short-term investments	(58,901)	(165,309)	(74,805)	142,868
Cash and short-term investments at beginning of period	<u>108,156</u>	<u>318,181</u>	<u>124,060</u>	<u>10,004</u>
Cash and short-term investments at end of period	<u>\$ 49,255</u>	<u>\$ 152,872</u>	<u>\$ 49,255</u>	<u>\$ 152,872</u>

The accompanying notes are an integral part of these consolidated financial statements.

Lexam Explorations Inc.
Notes to Consolidated Financial Statements (unaudited)

1. Basis of Presentation and Going Concern

The consolidated financial statements are prepared in accordance with generally accepted accounting principles and on the assumption that Lexam Explorations Inc. (the "Company" or "Lexam") will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business.

The Company has a significant working capital deficiency and is not currently able to continue its exploration programs and discharge its liabilities in the normal course of business, and may not be able to ultimately realize the carrying value of its assets, subject to, among other things, being able to raise sufficient additional financing to fund its exploration programs. There can be no assurance that the Company will be able to raise sufficient additional financing to fulfil its expenditure commitments or complete its exploration programs.

In addition to the joint venture agreement, the Company may pursue alternatives to improve its financial position, such as seeking additional sources of debt or equity financing and investigating possible reorganization alternatives.

2. General

The unaudited interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2003. These interim financial statements have not been subject to auditor review.

These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

3. Change in Accounting Policy

Effective January 1, 2004, the Company has adopted the fair value method of accounting for all stock option awards. Under this method the Company recognizes a compensation expense for all stock option awards based on the fair value of the options on the date of grant which is determined by using an option pricing model. The fair value of the options is expensed over the vesting period of the options. The change in accounting policy has been adopted retroactively with no impact to prior period earnings. The Company had not issued any stock options in 2002 or 2003.

4. Capital Stock

At June 30, 2004, the Company had 38,107,436 common shares outstanding. A total of 40,957,436 shares would have been outstanding had all options been exercised.