

LEXAM EXPLORATIONS INC.

NEWS RELEASE

Toronto, Canada
May 26, 2005

2005 First 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 \$20,693 during the three months ended March 31, 2005, compared to loss of \$23,271 during the corresponding period in 2004. The loss in the first quarter of 2005 can largely be attributed to expenditures for administrative costs of \$19,726, reduced from \$23,934 during the same period in 2004.

	Three months ended March 31,	
	<u>2005</u>	<u>2004</u>
Loss	\$ (20,693)	\$ (23,271)
Loss per share	\$ -	\$ -

Baca Oil & Gas Property Update

Lexam has not yet had an opportunity to further process or evaluate the data received from Petro-Hunt relating to this property due primarily to the Company's current financial condition.

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. The Company is evaluating alternatives to address these issues, including joint venturing certain properties and seeking additional sources of debt or equity.

On February 18, 2005, the Company's listing on the TSX Venture Exchange ("TSX-V") was transferred to the NEX board of the TSX-V due primarily to the Company's lack of sufficient operating capital. The NEX board allows Lexam's shares to continue trading while it seeks alternative financing or other joint venture partners to resume exploration activities. Without such alternative funds or joint venture partners, Lexam is not expected to be able to conduct any exploration or development work during 2005.

Financial Information and Notice to Reader

Attached are the Consolidated Financial Statements of Lexam Explorations Inc. for the three months ended March 31, 2005. These interim financial statements have not been subject to auditor review.

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Stock Symbol: TSX Venture Exchange NEX Board ("LEX.H")

**LEXAM EXPLORATIONS INC.
CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Balance Sheets

(in Canadian dollars)

	As at March 31, 2005 <u> </u> <i>(unaudited)</i>	As at December 31, 2004 <u> </u>
Assets		
Current assets		
Cash	\$ 11,894	11,932
Accounts receivable	600	1,198
Prepaid expenses	<u>1,787</u>	<u>2,554</u>
	<u>\$ 14,281</u>	<u>\$ 15,684</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 478,576</u>	<u>\$ 459,286</u>
Shareholders' equity		
Capital stock (note 2)	16,402,075	16,402,075
Deficit	<u>(16,866,370)</u>	<u>(16,845,677)</u>
	<u>(464,295)</u>	<u>(443,602)</u>
	<u>\$ 14,281</u>	<u>\$ 15,684</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	
	<u>March 31,</u>	
	<u>2005</u>	<u>2004</u>
Revenues		
Interest income	\$ 42	\$ 663
Expenses		
Administrative	19,726	23,934
Exploration	<u>1,009</u>	<u>-</u>
	<u>20,735</u>	<u>23,934</u>
Loss for the period	<u>(20,693)</u>	<u>(23,271)</u>
Deficit at beginning of period	<u>(16,845,677)</u>	<u>(14,227,344)</u>
Deficit at end of period	<u>\$(16,866,370)</u>	<u>\$(14,250,615)</u>
Loss per share (basic and diluted)	<u>\$ -</u>	<u>\$ -</u>
Weighted average number of shares outstanding (000's)	<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	
	March 31,	
	<u>2005</u>	<u>2004</u>
Cash provided by (used in)		
Operating activities		
Loss for the period	\$ (20,693)	\$ (23,271)
Items not affecting cash		
Change in non-cash operating working capital	<u>20,654</u>	<u>7,367</u>
	<u>(39)</u>	<u>(15,904)</u>
Decrease in cash	(39)	(15,904)
Cash at beginning of period	<u>11,932</u>	<u>124,060</u>
Cash at end of period	<u>\$ 11,893</u>	<u>\$ 108,156</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 Canadian 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 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, 2004. 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.

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 continue its exploration programs.

The Company is evaluating alternatives to address these issues, including joint venturing certain properties and seeking additional sources of debt or equity financing.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, adjustments may be necessary to the carrying value of assets, such as accounts receivable and prepaid expenses, the accounts payable and accrued liabilities balance, and the reported expenses.

2. Capital Stock

At March 31, 2005, the Company had 38,107,436 common shares outstanding. A total of 39,757,436 shares would have been outstanding had all options been exercised.