

LEXAM EXPLORATIONS INC.

NEWS RELEASE

Toronto, Canada
August 26, 2005

2005 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 \$43,620 during the three months ended June 30, 2005, compared to a loss of \$48,322 during the corresponding period in 2004. During the six months ended June 30, 2005, Lexam recorded a loss of \$64,313 compared to a loss of \$71,593 during the first half of 2004. The loss during the second quarter and first half of 2005 can be attributed to expenditures for administrative costs of \$43,638 and \$63,361 for those periods, reduced from \$47,879 and \$71,979 during the same periods in 2004 respectively.

	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Loss	\$ (43,620)	\$ (48,322)	\$ (64,313)	\$ (71,593)
Loss per share	nil	nil	nil	nil

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 including the review and evaluation of the technical data received from Petro-Hunt relating to the Baca Oil & Gas property. 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.

Corporate Developments

On August 26, 2005, it was announced that Goldcorp Inc. will be selling its 49.8% interest (18,990,641 shares) in Lexam to a company wholly-owned by Robert R. McEwen, the Chairman and CEO of the Company and the Chairman of Goldcorp for aggregate total consideration of \$400,000. As part of the sale, Lexam's debt owed to Goldcorp of \$402,720 will be extinguished. The transaction is expected to be completed on September 1, 2005.

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, 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 June, 30 2005	As at December 31, 2004
	<u>2005</u>	<u>2004</u>
	<i>(unaudited)</i>	
Assets		
Current assets		
Cash	\$ 6,966	\$ 11,932
Accounts receivable	686	1,198
Prepaid expenses	<u>1,022</u>	<u>2,554</u>
	<u>8,674</u>	<u>15,684</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ <u>516,589</u>	\$ <u>459,286</u>
Shareholders' equity		
Capital stock (note 2)	16,402,075	16,402,075
Deficit	<u>(16,909,990)</u>	<u>(16,845,677)</u>
	<u>(507,915)</u>	<u>(443,602)</u>
	<u>\$ 8,674</u>	<u>\$ 15,684</u>
Contingencies (note 1)		
Subsequent Event (note 3)		

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		Six months ended	
	June 30,		June 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues				
Interest and other income	\$ 18	\$ 304	\$ 60	\$ 967
Expenses				
Administrative	43,638	48,045	63,361	71,979
Exploration	<u>-</u>	<u>581</u>	<u>1,012</u>	<u>581</u>
	<u>43,638</u>	<u>48,626</u>	<u>64,373</u>	<u>72,560</u>
Loss for the period	<u>(43,620)</u>	<u>(48,322)</u>	<u>(64,313)</u>	<u>(71,593)</u>
Deficit at beginning of period	<u>(16,866,370)</u>	<u>(14,250,615)</u>	<u>(16,845,677)</u>	<u>(14,227,344)</u>
Deficit at end of period	<u><u>\$(16,909,990)</u></u>	<u><u>\$(14,298,937)</u></u>	<u><u>\$(16,909,990)</u></u>	<u><u>\$(14,298,937)</u></u>
Loss per share (basic and diluted)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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		Six months ended	
	June 30,		June 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash provided by (used in)				
Operating activities				
Loss for the period	\$ (43,620)	\$ (48,322)	\$ (64,313)	\$ (71,593)
Items not affecting cash				
Change in non-cash operating				
working capital	<u>38,693</u>	<u>(10,579)</u>	<u>59,347</u>	<u>(3,212)</u>
	<u>(4,927)</u>	<u>(58,901)</u>	<u>(4,966)</u>	<u>(74,805)</u>
Decrease in cash	(4,927)	(58,901)	(4,966)	(74,805)
Cash at beginning of period	<u>11,893</u>	<u>108,156</u>	<u>11,932</u>	<u>124,060</u>
Cash at end of period	<u>\$ 6,966</u>	<u>\$ 49,255</u>	<u>\$ 6,966</u>	<u>\$ 49,255</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 June 30, 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

3. Subsequent Event

On August 26, 2005, it was announced that Goldcorp Inc. will be selling its 49.8% interest (18,990,641 shares) in Lexam to a company wholly-owned by Robert R. McEwen, the Chairman and CEO of the Company and the Chairman of Goldcorp for aggregate total consideration of \$400,000. As part of the sale, Lexam’s debt owed to Goldcorp of \$402,720 will be extinguished. The transaction is expected to be completed on September 1, 2005.