



**MANAGEMENT'S DISCUSSION AND ANALYSIS
and
INTERIM FINANCIAL STATEMENTS**

FOR THE FIRST QUARTER ENDED MARCH 31, 2009

(All amounts are expressed in Canadian dollars unless otherwise indicated.)

This MD&A is prepared as of May 28, 2009 and should be read in conjunction with the audited financial statements of Lexam Explorations Inc. ("Lexam" or the "Company") for the year ended December 31, 2008 and the unaudited interim consolidated financial statements for the period ending March 31, 2009. This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

FINANCIAL HIGHLIGHTS

Lexam recorded a loss of \$130,225 (\$0.00 per share) during the three months ended March 31, 2009, compared to net income of \$69,875 (\$0.00 per share) during the corresponding period in 2008. The gain in 2008 was the result of a foreign exchange gain offset by a loss on sale of available-for-sale securities. Major expenditures during the first quarter of 2009 included costs for the environmental review process at Lexam's Baca Oil and Gas Project in Colorado partially offset by the recovery of exploration costs from our joint venture partner at the Otish Uranium Project and a decrease in costs relating to general and administrative expenses.

	Three months ended	
	March 31	
	2009	2008
Net (Loss) Income	\$ (130,225)	\$ 69,875
Net (Loss) Income per share		
-basic and diluted	\$ -	\$ -

BACA OIL & GAS PROJECT UPDATE

The Baca Oil and Gas Project is located in south-central Colorado, USA. Lexam owns 75% of the oil and gas rights. The remaining 25% is owned by ConocoPhillips. Lexam is advancing the project and is planning to drill two natural gas wells that will reach depths of 4,265 m.

During the Fourth Quarter of 2008, Lexam announced that the United States Fish and Wildlife Service (USFWS) had issued a Finding of No Significant Impact (FONSI). The USFWS' decision was reached based on the results of an Environmental Assessment (EA) conducted by the Service under the National Environmental Policy Act (NEPA). The USFWS environmental review process lasted 15 months and involved extensive public meetings,

participation, and comment by all interested parties. This decision by the USFWS was the final approval required before Lexam could move forward with its planned exploration for oil and gas.

The Baca Project has been consistently challenged by opposition groups and on November 3, 2008 the San Luis Valley Ecosystem Council (SLVEC) made a motion to reopen litigation against the USFWS. The SLVEC maintains that USFWS decision to issue a FONSI based on the EA does not comply with NEPA.

During the First Quarter of 2009, the District Court of Colorado ordered that the motion to reopen litigation against the USFWS be allowed to proceed. Since reopening the case Lexam successfully made a motion to intervene in the courts proceedings. A Preliminary Injunction Hearing was held on May 20, 2009 where the presiding judge indicated that he would try to rule by July 31, 2009 whether Lexam is allowed to proceed with its planned exploration or if injunctive relief should be provided to the SLVEC.

On April 3, 2008 Lexam announced that the Colorado Oil and Gas Conservation Commission (COGCC) had renewed the Company's state permits to drill. Since Lexam was not able to complete the wells within the stated one year time frame the permits have expired. As the Company expects to successful prevail against the SLVEC in its attempt to seek a preliminary injunction, Lexam has filed applications with the COGCC in order to renew the previously approved permits.

OTISH URANIUM PROJECT – QUEBEC, CANADA

The Otish Uranium Project is located in north-central Québec, Canada. In January 2007, Lexam entered into an option to earn 50% of the project from Golden Valley Mines by spending \$3 million over three years. At the end of 2008, Lexam had met the spending requirement and executed its option to earn 50% of the project from Golden Valley Mines. Effective May 27, 2009, the joint venture agreement between Lexam and Golden Valley Mines was completed and Lexam now owns 50% of the project.

During the First Quarter Lexam and Golden Valley undertook a review of the data that was obtained from the 2008 exploration program. Currently, Lexam has not proposed any plans to pursue an active exploration at the project during the 2009 summer exploration season.

As at March 31, 2009, Lexam expects to receive a provincial rebate totaling approximately \$895,648 from the Québec government, in connection with recent exploration activities.

FINANCIAL RESULTS

Overall, exploration and administrative expenses have decreased significantly for the three month period ending March 31, 2009 compared to the corresponding period in 2008. The following tables provide details of exploration and administrative spending:

Exploration Expenses

	Three months ended	
	March 31,	
	2009	2008
Colorado - Baca Oil and Gas Project		
Technical and professional services	119,521	127,159
Permitting and environmental	6,378	45,613
Geophysical surveying and mapping	19,092	-
Other	-	1,000
Quebec - Otish Uranium Project		
Drilling, prospecting and related	(46,151)	-
Land - surveying, staking and claim fees	40,610	22,440
Total Exploration Expense	\$ 139,450	\$ 196,212

Exploration costs decreased approximately 29% in the first quarter of 2009 compared to the first quarter of 2008. The decrease was primarily due to the recovery of a portion of 2008 exploration costs from Golden Valley at the Otish Uranium Project and by the lower costs relating to the environmental review process for Baca.

Administrative Expenses

	Three months ended	
	March 31,	
	2009	2008
Management fees - related party	\$ 48,266	\$ 48,404
Professional fees (accounting, audit and legal)	28,278	40,167
Public company fees and investor relations	12,908	28,831
Director's fees and expenses	5,250	2,250
Office and general	11,196	1,281
Total Administrative Expense	\$ 105,898	\$ 120,933

Overall, administrative expenses have decreased approximately 12% for the first quarter of 2009 compared to the first quarter of 2008. This was attributable to the decrease in professional fees which was primarily a result of a decrease in legal costs for Lexam compared to the 2008 period. The decrease across public company and investor relations expenses is primarily a result of a decrease in corporate development activities.

LIQUIDITY, CAPITAL RESOURCES AND OUTLOOK

As a result of payments made to our joint venture partner and other vendors during the first quarter of 2009 the Company's cash balance has decreased to \$1,179,041 from \$2,038,499 at December 31, 2008. Lexam expects that a portion of the existing cash on hand will be utilized for administrative expenses. Lexam may continue to utilize the remaining shares of Rubicon received from the sale of the Nevada properties at its discretion. As at March 31, 2009, Lexam had 4.4 million remaining shares. As of May 28, 2009, Lexam had 4.4 million remaining shares with a market value of approximately \$11 million. Should a drilling decision be made at the Baca Project, Lexam would also consider a variety of other funding alternatives such as equity issuance or joint venture partnerships. There can be no assurance that the Company will be successful at raising such funds or whether funds raised will be at terms economically favourable to existing shareholders. Lexam may also consider additional exploration projects for the Company should attractive opportunities exist.

At March 31, 2009, current assets totalled \$11,971,001 compared to current liabilities of \$161,416. Lexam's working capital at March 31, 2009, inclusive of the Rubicon shares and related taxes, was approximately \$11.8 million compared to \$9.6 million at December 31, 2008. The Company has no significant contractual obligations. At March 31, 2009 and December 31, 2008, Lexam had 48,499,287 common shares outstanding. There were no changes to the share balance as at May 28, 2009.

SUMMARY OF QUARTERLY RESULTS

	<u>2009</u>		<u>2008</u>			<u>2007</u>		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net (loss) income	(130,225)	(3,440,742)	588,263	76,874	69,875	1,245,904	69,227	12,413,700
Per share—basic	0.00	(0.07)	0.01	0.00	0.00	0.03	0.00	0.26
Per share—diluted	0.00	(0.07)	0.01	0.00	0.00	0.03	0.00	0.23

FINANCIAL INFORMATION AND NOTICE TO READER

Attached are the Consolidated Financial Statements of Lexam Explorations Inc. for the three months ended March 31, 2009. These interim financial statements have not been subject to auditor review.

Consolidated Balance Sheets*(in Canadian dollars)*

	As at March 31, 2009	As at December 31, 2008
	<u>(unaudited)</u>	<u>(audited)</u>
Assets		
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,179,041	\$ 2,038,499
Amounts receivable	910,690	959,465
Income taxes recoverable	1,252,995	1,209,979
Prepaid expenses	15,791	2,970
Available-for-sale securities	8,612,484	6,224,202
	<u>11,971,001</u>	<u>10,435,115</u>
Restricted cash	88,291	85,260
Future tax asset	724,525	699,652
	<u>\$ 12,783,817</u>	<u>\$ 11,220,027</u>
Liabilities and Shareholders' Equity		
Liabilities		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 141,721	\$ 855,304
Due to related party <i>(note 5)</i>	19,695	25,253
	<u>161,416</u>	<u>880,557</u>
Shareholders' equity		
Common shares and warrants	21,163,402	21,163,402
Deficiency	(8,281,441)	(8,151,216)
Accumulated other comprehensive loss <i>(note 6)</i>	(259,560)	(2,672,716)
	<u>12,622,401</u>	<u>10,339,470</u>
	<u>\$ 12,783,817</u>	<u>\$ 11,220,027</u>

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

Consolidated Statements of Loss and Deficiency *(unaudited)**(in Canadian dollars)*

	Three months ended March 31,	
	2009	2008
Expenses		
Exploration	\$ 139,450	\$ 196,212
Administrative	105,898	120,933
	<u>245,348</u>	<u>317,145</u>
Other (Expense) Income		
Loss on sale of available-for-sale securities	-	(821,358)
Foreign exchange gain	112,811	1,188,838
Interest and other income	2,312	19,540
	<u>115,123</u>	<u>387,020</u>
(Loss) earnings before minority interest and taxes	(130,225)	69,875
Recovery (provision) for income taxes	-	-
Net (loss) income	<u>(130,225)</u>	<u>69,875</u>
Net (loss) income per share		
- basic and diluted	<u>\$ (0.00)</u>	<u>\$ 0.00</u>
Weighted average number of shares outstanding ('000s)		
- basic and diluted	<u>48,499</u>	<u>48,469</u>
Deficiency at beginning of period	(8,151,216)	(5,445,486)
Deficiency at end of period	<u>\$ (8,281,441)</u>	<u>\$ (5,375,611)</u>
Consolidated Statements of Other Comprehensive Income (Loss)		
<i>(in Canadian dollars)</i>		
Net (loss) income	\$ (130,225)	\$ 69,875
Unrealized gain (loss) on available-for-sale		
Securities, net of taxes of \$24,873 (2008 - \$336,211)	2,413,156	(121,187)
Comprehensive income (loss)	<u>\$ 2,282,931</u>	<u>\$ (51,312)</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,	
	2009	2008
Cash used in		
Operating activities		
(Loss) income for the period	\$ (130,225)	\$ 69,875
Adjustments:		
Loss on available-for-sale securities	-	821,358
Foreign exchange gain	(112,811)	(1,188,838)
Items not affecting cash:		
Change in other non-cash operating working capital	(616,422)	(2,969,202)
	(859,458)	(3,266,807)
Investing activities		
Proceeds on sale of available-for-sale securities	-	1,332,405
	-	1,332,405
Decrease in cash and cash equivalents	(859,458)	(1,934,402)
Cash and cash equivalents at beginning of period	2,038,499	2,912,210
Cash and cash equivalents at end of period	\$ 1,179,041	\$ 977,808
<u>Supplemental Disclosure</u>		
Cash taxes paid	\$ -	\$ 2,664,645

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

Notes to Consolidated Financial Statements *(unaudited)*

1. Basis of Presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada 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 is a development stage enterprise with respect to CICA Accounting Guideline 11, “Enterprises in the development stage”. As a development stage resource company, the Company has no regular source of cash flow and will need to raise additional funds in the future in order to advance its exploration efforts. There can be no assurance that the Company will be successful at raising such funds or whether funds raised will be at terms economically favourable to existing shareholders. Given the current economic environment, the ability to raise funds may prove difficult. If in the future the going concern assumption is not appropriate, certain adjustments may be necessary to the financial statements. These adjustments could include the carrying value of assets, such as amounts receivable, available for sale securities, prepaid expenses, the accounts payable and accrued liabilities balance, and the reported expenses.

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, 2008.

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. These interim financial statements have not been subject to auditor review.

2. Changes in Accounting Policies and Presentation

In January 2009, the CICA approved EIC 173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. This guidance clarified that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

In January 2009, the CICA also issued three new accounting standards: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interest. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Notes to Consolidated Financial Statements *(unaudited)*

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IAS 27, Consolidated and Separate Financial Statements, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

3. Capital Stock

There were no changes to capital stock for the first quarter of 2009 or 2008.

4. Financial Instruments, Risk Management and Capital Management

Financial Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding:

Cash and cash equivalent	Held-for-trading
Restricted cash	Held-for-trading
Amounts receivable	Loans and receivables
Available-for-sale securities	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities
Due to related party	Other financial liabilities

Risk Management

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. The Company's risk management program focuses on ensuring liquidity is available to the Company in to order to fund its exploration efforts. Risk management is the responsibility of Lexam's management who identifies and evaluates financial risks. Material risks are monitored and discussed with the Audit Committee of the Board of Directors. Lexam does not utilize derivative financial instruments.

Foreign Exchange Risk

Certain of the Company's financial assets and liabilities are denominated in US dollars. In addition, the Company incurs costs at its Baca Project in Colorado primarily in US dollars. Accordingly, the Company is exposed to financial gain or loss as a result of foreign exchange movements against the United States dollar, and the Company's exploration costs are affected by changes in exchange rates between the US and Canadian dollar.

The Company has elected not to hedge its exposure to fluctuations in the US dollar as the timing and amounts of exploration spending in US dollars is contingent on the environmental and regulatory processes which are not feasible to predict. The Company's administrative costs denominated in US dollars are not significant.

Credit risk

Credit risk arises from cash and cash equivalents held with bank and financial institutions and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The Company assesses the quality of its counter parties, taking into account their creditworthiness and reputation, past experience and other factors.

Notes to Consolidated Financial Statements (*unaudited*)

The majority of the Company's receivable balances consist of exploration rebate claims due from the Province of Quebec in connection with spending at the Otish Uranium Project. This project is located at a latitude defined by the Province as "near north" where eligible exploration expenditures are subject to a 38.75% refund. The Company is exposed to credit risk in connection with the timing of processing of refund payments and their determination of whether all of our spending qualifies as eligible exploration expenditures which would affect the amount of the refund. As at March 31, 2009, the Company recorded a receivable of approximately \$895,648 from the Province of Quebec in connection with the rebate and an income tax recoverable of \$1,252,994.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maximize available cash reserves to meet its liquidity requirements in order to meet obligations as they come due and execute our exploration programs. The Company achieves this by maintaining our funds predominantly in cash. Any cash equivalents are limited to Government of Canada treasury bills with original maturities of less than 90 days.

As at March 31, 2009 the Company had cash and cash equivalents of \$1,179,041. The Company's requirements for capital in the foreseeable future may include the continued conversion of available-for-sale securities into cash as market conditions allow. At March 31, 2009, these securities had a market value of \$8,612,484.

Capital Management

As a development stage exploration company, Lexam's objective in managing capital is to safeguard the entity's ability to continue as a going concern so that it can continue to its exploration efforts. As at March 31, 2009 the Company had a deficit of \$8,281,441 and since it has no regular source of income or cash flow, this deficit is expected to increase.

The Company regularly assesses corporate opportunities that may strengthen its capital position. Options Lexam may choose to consider include, but are not limited to, issuing new shares, selling assets, acquiring assets, entering joint venture partnerships or other transactions.

5. Related Party Transactions

Management fees for Lexam were provided by a private company wholly owned by Mr. McEwen which received management fees of \$28,571 for the first quarter (2008 – \$57,093). Management fees of \$nil (2008 - \$4,282) were provided by a private company wholly owned by Perry Ing, Lexam's CFO during the first quarter of 2009. All related party transactions are recorded at the exchange amount.

Management fees were also paid to US Gold Corporation ("US Gold") as per the management services agreement entered into during the fourth quarter of 2008 to reflect the compensation costs paid by US Gold for management and administrative services provided to Lexam. Management fees charged from US Gold are recorded at the exchange amount and are determined as a percentage of employee compensation costs for US Gold based on the time spent on Lexam. This amount is expected to be approximately \$20,000 per quarter. During the first quarter of 2009 Lexam incurred management fees from US Gold of \$19,695 (2008 \$nil) and as at March 31, 2009 \$19,695 (December 31, 2008 - \$25,253) was owed to US Gold.

Notes to Consolidated Financial Statements (unaudited)**6. Accumulated Other Comprehensive Loss**

	<u>2009</u>	<u>2008</u>
Balance at beginning of period - Jan 1	\$(2,672,716)	\$(3,867,978)
Other comprehensive loss		
Change in fair value of investments	2,388,283	363,960
Other comprehensive loss on realized sales	-	(821,358)
Other comprehensive loss before taxes	<u>\$(284,433)</u>	<u>\$(4,325,376)</u>
Tax provision change during the period	24,873	336,211
Balance at end of period - March 31	<u><u>\$(259,560)</u></u>	<u><u>\$(3,989,165)</u></u>
Accumulated other comprehensive loss balance before taxes	\$ (984,085)	\$ (5,573,821)
Less: tax effect on unrealized loss	<u>724,525</u>	<u>1,584,656</u>
Ending accumulated other comprehensive loss	<u><u>\$(259,560)</u></u>	<u><u>\$(3,989,165)</u></u>

7. Comparative Figures

Certain comparative amounts have been reclassified to conform to the presentation adopted in 2009.