

LEXAM EXPLORATIONS INC.

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NEWS RELEASE

Toronto, Canada
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PROPOSED CONSOLIDATION AND RESTRUCTURING

LEXAM EXPLORATIONS INC. (ME: LEX) announced today that the Corporation's Common Shares have been trading at a very low price for some time. Accordingly, the Board of Directors of the Corporation has approved a resolution effective today approving a consolidation of the company and a change in corporate name. The Board and management of the company recommends that, subject to obtaining all required regulatory approvals, the Corporation's issued and outstanding share capital be reduced by consolidating the Corporation's outstanding Common Shares on the basis of two (2) old Common Shares for one (1) new Common Share.

As of May 15, 2001, 25,656,525 Common Shares were outstanding. Upon the proposed consolidation of the Common Shares, the total number of issued and outstanding Common Shares will be reduced to approximately 12,828,262 before giving effect to the issuance of common shares to settle debts of the Corporation.

The proposed consolidation should have the effect of increasing the market price of the Common Shares on a per share basis because of the reduction in the number of Common Shares outstanding. No assurance, however, can be given as to the effect of the consolidation on the trading value of, or market for, the Common Shares.

The exercise or conversion price and the number of Common Shares issuable under the outstanding stock options, will be proportionately adjusted upon the implementation of the proposed consolidation.

As soon as practicable after the proposed consolidation has been implemented, the Corporation will send letters of transmittal to holders of Common Shares for use in transmitting their share certificates to the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, in exchange for new certificates representing the number of Common Shares of the Corporation to which such shareholder is entitled as a result of the consolidation. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered the issued certificates held by such shareholder. Until surrendered, each share certificate representing old Common Shares of the Corporation shall be deemed for all purposes to represent the number of new

Common Shares (being one-half (1/2) the number represented on the old share certificate) to which the holder is entitled as a result of the consolidation.

No fractional Common Shares will be issued. If, as a result of the consolidation, the holder of a Common Share becomes entitled to a fractional share, such fraction will be rounded down to the nearest whole number.

Under the provisions of the *Business Corporations Act* (Ontario), the proposal to proceed with the consolidation of the share capital of the Corporation must be approved by a special resolution, which requires that the resolution be passed by not less than two-thirds (2/3) of the Common Shares represented for voting at the Meeting.

Unless otherwise instructed, the management nominees named in the enclosed proxy will vote in favour of the special resolution, with or without variation, authorizing the Corporation to consolidate the outstanding Common Shares on the basis of two (2) old Common Shares for one (1) new Common Share.

The consolidation is subject to shareholders approval and will be voted on at the Annual and Special Meeting of Shareholders scheduled for Friday, June 29 at 11:00 a.m. at the Corporation's head office.

At that meeting shareholders will also be asked to approve a resolution to more common shares to settle debts.

As at May 15, 2001, the amounts outstanding under the Demand Loan, the other Goldcorp debt and the remaining payables totalled \$2,367,000, with interest accrued to that date.

The Corporation is proposing to enter into debt settlement agreements with certain of its creditors, except the Greenland government to which \$750,000 is owed. The Corporation is negotiating with that government to come to some agreement. The Corporation would issue up to 16,164,970 Common Shares at \$0.10 per Common Share in settlement of the Demand Loan, the other Goldcorp debt and the remaining payables excluding Greenland. By settling the outstanding debts with common shares, the Corporation would be able to achieve a sounder financial position.

A policy statement of the Ontario Securities Commission (the "OSC") requires that shares of a junior resource company, such as Lexam, may only be issued to settle debt at a minimum issue price of \$0.20 per share. An application has been made to the OSC for a ruling allowing Lexam to issue Common Shares to settle the debt referred to above at a price of \$0.10 per share. On May 15, 2001, the closing price of the Common Shares on the Montreal Exchange ("ME") was \$0.10 per share.

The policy statement of the OSC also requires that the proposed debt settlement be approved by the disinterested shareholders of Lexam. Accordingly, none of Goldcorp or any of its directors or officers will vote on the resolution for the proposed debt settlement.

The implementation of the proposed debt settlement is conditional upon the obtaining of (i) the ruling of the OSC referred to above, (ii) disinterested shareholder approval and (iii) the approval of the ME.

If shareholder approval is given, shares issued for debt after consolidation will be adjusted in number and price and would be issued at not less than \$0.20 per share.

The Board of Directors approved the change in name of the Corporation to Lexam Resources Inc. Shareholders will be asked to vote to approve a resolution for consolidation and the name change.

For further information, please contact:

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Stock Symbol: ME (“LEX”)