Lexam VG Gold: Exploration Delivers Good Drill Results

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TORONTO, 06/09/11 - Lexam VG Gold Inc. (TSX: LEX) (FRANKFURT: VN3A (OTCQX: LEXVF) is pleased to provide an exploration update on its Buffalo Ankerite and Paymaster projects in Timmins, Ontario, Canada. Drill highlights include: 23.85 grams per tonne (gpt) over 2.4 metres (m) included within 29.6 m of 3.74 gpt and 20.16 gpt over 2.5 m included within 9.9 m of 6.96 gpt at the Buffalo Ankerite North Zone, plus 17.86 gpt over 7.3 m at the Buffalo Ankerite South Zone. This update includes the 20 holes completed since the last exploration news release on January 10, 2011.

Buffalo Ankerite North Zone

Two holes were drilled on the Buffalo Ankerite North Zone ('BA NZ') to test a broad area of potential indicated by historic mine information. Both holes into the area returned good results. Drill hole 106 targeted BA NZ mineralization on the Buffalo Ankerite property and intercepted good grade and width at a depth of 425 metres: 23.85 gpt over 2.4 m included within 29.6 m of 3.74 gpt. Drill hole 107 tested near surface BA NZ mineralization on the Paymaster property and encountered 20.16 gpt over 2.5 m included within 9.9 m of 6.96 gpt at 100 metres depth. Follow up drilling is now taking place to determine the extent of the BA NZ mineralization on both sides of the boundary.

The exploration of Buffalo Ankerite North Zone mineralization is targeting an area 100 metres wide and 500 metres long. The southern 250 metres of the mineralization is located entirely on the Buffalo Ankerite property and the northern 250 metres straddles the boundary between the Paymaster property and the Buffalo Ankerite property (see Figure 1). The BA NZ area was only mined on the Buffalo Ankerite side of the boundary where the majority of mining activities took place between surface and 400 metres deep in the boundary area. The steeply dipping BA North Mine mineralization contains multiple quartz tourmaline breccia zones with enriched gold values. Neighbouring properties have been mined to depths exceeding 2,000 metres.

Drill Assay Highlights

Hole No.	Au (gpt)	Width (m)	From (m)	To (m)	GxW
VGP-11-106	47.9	0.9	405.7	406.6	43.8
	1.53	14.5	470.0	484.5	22.2
	4.88	2.1	Incl		10.4
	3.74	29.6	523.0	552.6	110.8
	23.85	2.4	Incl		58.2
VGP-11-107	6.96	9.9	99.5	109.4	68.9
	20.16	2.5	Incl		51.0

Intervals reported here are core lengths. True widths are not known at this time. All depth reported as down hole. Results for all the holes drilled are shown at the end of this press release in Table 1.

Hole 106 intersected results below the known mineralization and Hole 107 intersected gold mineralization east of the mineralization.

Buffalo Ankerite South Zone

The South Zone mineralization is approximately 100 metres thick and extends west for 1,200 metres of which 800 metres are on Buffalo Ankerite and 400 metres are on the adjoining Aunor Claim. The South mineralization hosts two steeply dipping gold zones, referred to below as the south and the north limb structures.

Ten holes were drilled testing the Buffalo Ankerite South Zone. Drill assay highlights are shown below.

Hole No.	Au (gpt)	Width (m)	From (m)	To (m)	GxW
VBA-11-159	6.16	5.6	156.1	161.7	34.7
VBA-11-163	3.46	6.3	415.5	421.8	21.9
	17.86	7.3	445.3	452.6	131.2

Intervals reported here are core lengths. True widths are not known at this time. All depth reported as down hole. Results for all the holes drilled are shown at the end of this press release in Table 2.

The Buffalo Ankerite South Zone consists of a westerly plunging folded sequence. The south limb had historic mining and further extensive exploration drilling that has produced a company resource (see Qualifying Report on the Buffalo-Ankerite Property from February 11, 2009 filed on www.sedar.com). As the north limb has been under very little mining and exploration activity, it represents a new exploration target (see press release of January 10, 2011).

Three holes were drilled testing portions of the south limb of the South Zone where data was insufficient for the resource calculation (Figure 2). A hole drilled in 2006, VGP-06-60, returned encouraging results (7.5 gpt Au over 3.1 m). Holes VGP-11-159 and 163 were drilled as follow up and encountered positive results including 17.86 gpt Au over 7.3 metres. These encouraging results indicate the potential for higher grade resource at depth on the south limb.

Additional holes as reported in Table 2, while increasing the strike extent to the west of the north limb structure, have returned lower grades of gold than desired.

Our focus going forward will concentrate on extending the south zone at depth, based on the encouraging results obtained in the south limb drilling to date.

Paymaster Porphyry Zone

A total of eight new holes VGP-10-98 to VGP-11-105 have been drilled on the property since the completion (and filing on www.sedar.com on February 28, 2011) of the Summary Report on Exploration and Resource Technical Report on the Paymaster Option.

These results demonstrate that the mineralization continues to extend to the east towards the property boundary with Goldcorp's Dome Mine (see Figure 3 and Table 3).

Exploration drilling showed that the Paymaster mineralization contains intervals of Quartz Feldspar Porphyry that is lithologically similar to the source of significant production at neighboring gold mines. Three separate Quartz Feldspar Porphyry units show continuity along strike and down dip: a main Quartz Feldspar Porphyry body and two adjacent, sub parallel Quartz Feldspar Porphyry units.

An additional eight holes VGP-10-90 to VGP-10-97 have been included for full disclosure purposes in the Figure and Table 3. These holes were used in the calculation of the Paymaster Porphyry resource estimate, but had not been press released.

Current Drill Program

Four drills are currently operating in the following locations.

One drill is on the Paymaster property, drilling towards the Buffalo Ankerite North Zone.
Two drills are testing the Buffalo Ankerite South Zone along strike to the west and at depth.
The fourth drill is working on the Buffalo Ankerite - Aunor property boundary area to test the extension of the BA South Zone on the Aunor claim.

Property Details

Lexam VG's properties are located amongst the biggest gold mines in Canada's most prolific area of gold production, Timmins, Ontario. The mines that are adjacent to Lexam VG properties have produced over 50 million ounces of gold (see Figure 1) from depths as deep as 1,500 to 2,200 metres. Lexam VG's properties have not been mined as deep and the exploration program is targeting areas on structure between these large gold mines that include the Hollinger mine, the Dome mine and the McIntyre mine that produced 19.3 million, 17.1 million, and 10.7 million oz. of gold, respectively.

Buffalo Ankerite

Lexam VG Gold owns a 100% interest in the Buffalo Ankerite property (1,063 acres). During the period 1926-1953 the Buffalo Ankerite Mine produced 1,018,000 ounces of gold with an average recovered grade of 6.51 grams per tonne. While underground workings are 1,200 metres deep at the BA Shaft, nearly all the production occurred above a depth of 750 metres.

Paymaster

The Paymaster property is located immediately adjacent to east of the company's 100% owned Buffalo Ankerite and Fuller properties (Figure 1). The property is immediately adjacent to the west of Goldcorp's Dome Mine property. Since 1910 the Dome Mine has produced 17 million ounces of gold.

Lexam VG Gold has the option to earn a 60% interest in the Paymaster property from Goldcorp by making $6 million in exploration expenditures by June 2012. By March 31, 2011 Lexam VG had spent $4.3 million on the property. Once Lexam VG Gold has given notice that is has earned its 60%, Goldcorp has six months to decide if it wishes to increase its ownership from 40% to 70% by paying Lexam VG Gold $710,000, spending $8.25 million on the property within two years and then completing a feasibility study by the end of year three.

Aunor

Aunor is a single 40 acre claim located west of the Buffalo Ankerite property. The Aunor claim is under option from Goldcorp, and is part of the Paymaster option agreement.

Fuller

The 100% Lexam VG owned Fuller property lies immediately north of the Buffalo Ankerite property (Figure 1).

About Lexam VG

Lexam VG Gold explores for gold in the Timmins area of northern Ontario, Canada. Lexam VG Gold was formed on January 1, 2011 by the merger of Lexam Explorations Inc. and VG Gold Corp., resulting in a well-funded exploration company that is 27% owned by Chairman Rob McEwen. The company is carrying out an aggressive exploration program with 70,000 meters of drilling for 2011, designed to build the resource base and to test the potential on its four key property assets: Buffalo Ankerite (100% interest), Fuller (100% interest), Davidson Tisdale (68.5% interest) and Paymaster (60% interest). Lexam VG Gold has $14 million in cash as of March 31, 2011, with no bank debt. The company has 224,816,981 issued and outstanding shares and is listed on the Toronto Stock Exchange (LEX), on OTCQX (LEXVF) and on the Frankfurt Exchange (VN3A).

LEXAM VG GOLD.....WE ARE GOLD!

Technical Information

The information presented in this press release has been reviewed and approved by Kenneth Guy, P.Geo, a consultant to Lexam VG and the Qualified Persons responsible for the exploration program at the Paymaster as defined by National Instrument 43-101 'Standards of Disclosure for Mineral Projects' ('NI 43-101').

All drilling was completed using NQ size core. Gold analysis of the samples collected by Lexam VG Gold was assayed by ALS Chemex. Analysis consisted of a fire assay of a 30-gram sample with an atomic absorption finish. Samples assaying over 10.0 gram per tonne Au are re-assayed with gravimetric finish. Samples noted to contain visible gold are analyzed via total metallic assay method. A rigorous Quality Control and Assurance Program is in place, using control samples such as blanks and duplicate checks. In addition, duplicate analyses of 10% of the samples are corroborated by check assays performed at a third party laboratory.

Cautionary Note to U.S. Investors

All resource estimates reported by Lexam VG Gold are calculated in accordance with NI 43-101 and the Canadian Institute of Mining and Metallurgy Classification system. These standards differ significantly from the requirements of the U.S. Securities and Exchange Commission. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Caution Concerning Forward-Looking Statements

This press release contains certain forward-looking statements and information. The forward-looking statements and information express, as at the date of this press release, Lexam VG's plans, estimates, forecasts, projections, expectations or beliefs as to future events and results. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Risks and uncertainties that could cause results or future events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, factors associated with fluctuations in the market price of precious or base metals, mining industry risks, risks associated with foreign operations, risks related to: litigation, property title, the Paymaster Option, the state of the capital markets, whether shareholder and regulatory approvals for the proposed transaction are forthcoming, environmental risks and hazards, uncertainty as to calculation of mineral resources and reserves and other risks.

Readers should not place undue reliance on forward-looking statements or information. Lexam VG undertakes no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. See Lexam VG's Annual Information Form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. All forward-looking statements and information made in this news release are qualified by this cautionary statement.

To learn more about Lexam VG Gold Inc. (TSX: LEX), visit our website: www.lexamvggold.com

To view Figure 1, please visit the following link:
http://media3.marketwire.com/docs/LEXFig.1.pdf

To view Figure 2, please visit the following link:
http://media3.marketwire.com/docs/LEXFig.2i.pdf

To view Figure 3, please visit the following link:
http://media3.marketwire.com/docs/LEXFig.3i.pdf

Table 1. Buffalo Ankerite North Zone - Drill Holes VGP-11-106 and 107 Summary Data

Hole No.	Section North Grid	East	Elev	Length (ft)	Length (m)	Dip	Az
VGP-11-106	7975	5302	11007	2,112.9	644.0	-55	260

VGP-11-107	7975	5302	11007	390.4	119.0	-50	275
2 holes			2503.3 ft	763 m			

Hole No.	Assay From (m)	Assay To (m)	Width (m)	Au-gpt	GxW
VGP-11-106	91.1	92.1	1.1	1.95	2.1
	236.8	239.5	2.7	0.77	2.0
	255.1	256.5	1.3	1.60	2.1
	405.7	406.6	0.9	47.9	43.8
	470.0	484.6	14.5	1.53	22.2
	including		2.1	4.88	10.4
	500.1	503.7	3.7	1.59	5.8
	523.0	552.6	29.6	3.74	110.8
	including		2.4	23.85	58.2
	557.5	559.6	2.1	1.02	2.1
VGP-11-107	45.2	46.1	0.9	3.68	3.4
	62.8	64.3	1.6	1.25	2.0
	99.5	109.4	9.9	6.96	68.9
	Including		2.5	20.16	51.0
2 holes					

Intervals reported here are core lengths. True widths are not known at this time. All depth reported as down hole.

Table 2. Buffalo Ankerite South Zone - Drill Holes VBA-10-154 to VBA-11-163 Summary Data

Hole No.	East	North	Length (ft)	Length (m)	Dip	Az
VBA-10-154	5220.2	5801.9	1286.1	392.0	-70	355
VBA-10-155	5220.2	5804.9	1056	321.9	-45	350
VBA-11-156	5021.7	5613.8	1522.3	464.0	-85	355

VBA-11-157	5003.7	5684.6	1492.8	455.0	-65	355
VBA-11-158	5003.7	5684.6	1581.4	482.0	-45	355
VBA-11-159	5003.7	5684.6	867	264.3	-50	175
VBA-11-160	5100.0	5899.3	1404.2	428.0	-80	355
VBA-11-161	5100.0	5899.3	1197.5	365.0	-60.0	355
VBA-11-162	4923.2	6512.8	1857	566.0	-65.0	175
VBA-11-163	4923.2	6512.8	1857	566.0	-50.0	175
10 holes			14121.3 ft	4304.2 m		

Hole No.	Assay From (m)	Assay To (m)	Width (m)	Au-gpt	GxW
VBA-10-154	347.4	352.2	4.8	2.7	12.9
	367.6	372.8	5.2	1.06	5.5
VBA-10-155	236.0	237.1	1.1	2.6	2.9
VBA-11-156	275.2	278.6	3.4	2.01	6.7
	283.9	285.0	1.1	0.82	0.9
	292.8	294.5	1.7	1.51	2.6

	305.9	307.0	1.1	1.54	1.6
	312.7	314.6	1.9	2.13	4.0
	344.0	345.2	1.2	1.51	1.7
	375.4	376.4	1.0	0.87	0.9
	411.2	412.4	1.2	0.74	0.9
VBA-11-157	405.8	409.4	3.4	0.51	1.8
	414.0	414.8	0.8	1.31	1.1
	431.6	434.7	3.1	0.64	2.0
VBA-11-158	287.0	288.3	1.3	0.79	1.1
	316.6	319.9	3.3	0.70	2.3
VBA-11-159	156.1	161.7	5.6	6.16	34.7
	168.1	168.9	0.8	4.01	2.9
VBA-11-160	350.4	351.7	1.3	1.27	1.7
	366.9	368.7	1.8	2.10	3.8
	371.8	372.9	1.1	2.99	3.3
	381.0	384.7	3.7	0.53	2.0
	406.1	407.5	1.4	0.75	1.0
	410.3	418.8	8.5	1.12	9.6
VBA-11-161	287.5	288.9	1.4	0.53	0.8
	318.9	326.7	7.8	1.34	10.6
	338.8	340.2	1.4	0.90	1.3
VBA-11-162	384.5	385.8	1.3	4.95	6.5
	392.0	392.9	0.9	1.08	1.0
	398.0	399.4	1.4	1.56	2.1
	401.7	406.6	4.9	1.67	8.2
	409.7	411.2	1.5	0.95	1.4
	421.0	422.5	1.5	2.17	3.1

VBA-11-163	32.0	33.6	1.6	0.54	0.8
	396.7	398.1	1.4	1.89	2.6
	404.3	406.0	1.7	1.32	2.2
	410.6	412.2	1.6	1.36	2.2
	415.5	421.8	6.3	3.46	21.9
	428.4	433.7	5.3	2.85	15.1
	439.2	440.7	1.5	0.68	1.0
	445.3	452.6	7.3	17.86	131.2
	467.7	468.8	1.1	2.65	3.0
	470.0	473.6	3.6	0.60	2.2
	478.0	479.6	1.6	3.47	5.5
	489.5	490.8	1.3	3.37	4.2
	491.8	493.3	1.5	0.52	0.8

10 holes

Intervals reported here are core lengths. True widths are not known at this time. All depth reported as down hole.

Table 3. Paymaster Property - Drill Holes VGP-10-90 to VGP-11-105 Summary Data

Hole No.	Section East	North	Elev	Length (ft)	Length (m)	Dip	Az
VGP-10-90	7099	8414	11053	469.2	143.0	-55	175
VGP-10-91	7299	8306	11012	1089.3	332.0	-45	181
VGP-10-92	7299	8294	11012	1168.0	356.0	-45	358
VGP-10-93	7404	8283	11010	301.8	92.0	-45	358

VGP-10-94	7404	8293	11010	1187.7	362.0	-45	178
VGP-10-95	7404	8293	11010	803.8	245.0	-70	175
VGP-10-96	6681	9089	11019	1916.0	584.0	-47	168
VGP-10-97	6300	9200	11020	2378.6	725.0	-70	175
VGP-10-98	6769	9390	11008	2318.2	706.6	-56	172
VGP-10-99	6621	9317	11024	2470.5	753.0	-69	170
VGP-10-100	6524	9524	11017	2198.2	670.0	-65	168
VGP-10-101	6636	9611	11013	1427.2	435.0	-77	172
VGP-10-102	7052	9623	11007	2380.2	725.5	-48	175
VGP-11-103	7193	9744	11013	2040.9	622.1	-50	172
VGP-11-104	7196	9352	11007	1663.2	506.9	-49	175
VGP-11-105	7387	9410	11010	1880.8	573.3	-50	175

16 holes			20108.7	7831.4	
Hole No.	Assay From (m)	Assay To (m)	Width (m)	Au-gpt	GxW
VGP-10-90	29.4	37.5	8.1	1.30	10.4
	106.1	107.6	1.5	1.70	2.6
VGP-10-91	4.1	7.3	3.2	0.71	2.2
	62.5	66.7	4.2	1.48	6.3
	125.6	127.5	2.1	1.32	2.6
	242.6	245.4	2.8	0.91	2.6
	247.6	249.3	1.7	1.31	2.2
VGP-10-92	7.5	9.8	2.3	0.88	2.0
	141.1	144.0	2.9	0.79	2.3
VGP-10-93	6.3	8.1	1.8	3.74	6.7
	22.8	26.2	3.4	0.95	3.2
	67.2	68.3	1.1	1.96	2.2
	77.1	80.8	3.7	1.71	6.3
VGP-10-94	3.0	5.5	2.5	0.84	2.1
	118.3	130.1	11.8	1.01	12.0
	129.5	130.1	0.6	9.31	5.4
VGP-10-95	11.8	13.1	1.3	4.09	5.2
	60.8	64.3	3.5	0.98	3.4
	158.7	181.0	22.3	1.57	34.9
		incl	4.2	2.72	11.5
VGP-10-96	60.8	64.3	3.5	0.98	3.4
	130.8	133.8	3.0	1.12	3.4
	135.9	139.0	3.1	0.99	3.0
	308.8	317.0	8.2	3.07	25.1
	410.8	415.6	4.8	0.59	2.8
	423.3	430.7	7.4	1.96	14.4
	532.2	533.2	1.0	14.75	13.9
VGP-10-97	86.7	91.4	4.7	0.75	3.5
	120.7	123.3	2.6	7.67	19.9

	129.2	135.9	6.7	0.53	3.6
	527.0	528.2	1.2	2.13	2.6
VGP-10-98	193.2	195.0	1.8	1.89	3.4
	350.0	350.9	0.9	3.46	3.2
	376.7	379.7	3.0	0.72	2.2
	434.3	442.4	8.1	1.23	10.0
VGP-10-99	623.3	632.9	9.6	1.13	10.9
	528.4	529.3	0.9	4.46	3.8
VGP-10-100	638.6	639.5	0.9	6.61	5.8
VGP-10-101	294.0	303.3	9.3	0.53	4.9
VGP-10-102	249.8	260.2	10.6	0.54	5.6
VGP-11-103	255.76	259.99	4.23	0.74	3.15
	269.87	273.98	4.11	1.82	7.49
	277.34	278.40	1.07	4.85	5.17
VGP-11-104	364.75	366.28	1.52	2.54	3.87
VGP-11-105	34.44	39.01	4.57	0.60	2.72
	60.35	61.87	1.52	9.33	14.22
	159.41	162.46	3.05	6.09	18.57
	268.22	270.05	1.83	7.85	14.36
16 holes					

Holes 90-97 were included in the resource estimate filed Feb 28, 2011 on sedar.com
Intervals reported here are core lengths. True widths are not known at this time. All depth reported as down hole.

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