Lexam Preliminary Metallurgical Work Yields Excellent Recoveries, in Line With Historic Production

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TORONTO, Mar 6, 2014 - Lexam VG Gold Inc. (the "Company", "Lexam") (TSX:LEX) (FRANKFURT: VN3A) (OTCQX:LEXVF) is pleased to report positive results from preliminary metallurgical testwork, indicating recoveries from 90.7% to 98.5%. Drill core samples were analyzed from our four gold projects in Timmins, Ontario (Buffalo Ankerite, Paymaster, Fuller and Davidson Tisdale). These results will be utilized in the ongoing Preliminary Economic Assessment ("PEA") examining the open pit potential of the gold projects.

The preliminary metallurgical results indicate:

- High recoveries between 90.7% and 98.5% for traditional gravity concentration and cyanide leach processes, in line with historic metallurgical results;
- Recoveries for both processes occurred at relatively coarse grind sizes, with P80 of 68 to 82 microns, while a more commonly used finer grind would likely yield higher recoveries;
- Maximum cyanide leach recoveries were achieved in just over 24 hours residence;
- The samples had favourable characteristics, including low reagent consumption and short leach times;
- Recovery increases with finer grind, indicating the potential for improved results with additional testwork.

Lexam has NI 43-101 resource estimates for the four projects. The recently released resource estimates were completed to better define the near surface resource within a potential open pit shell. The updated resources were classified into two categories: Open Pit and Underground (*Table 2*).

A Preliminary Economic Assessment is being conducted to determine the economic viability of open pit mining on each of the properties. The Open Pit Gold Resource Estimate on the four projects is:

Open Pit Measured and Indicated	*- 761,400 oz Au @ 1.91 g/t Au*
Open Pit Inferred	*- 358,400 oz Au @ 1.78 g/t Au*

(A cut-off of 0.51 g/t Au was utilized based on US$1,600/oz Au price and an exchange rate of US$1.00=C$1.00. See Note on Mineral Resources at the end of this press release.)

*For abbreviations used please see **List of Abbreviations** at the end of this press release.*

Recent Metallurgical Testwork

The study was conducted by SGS Minerals Services ("SGS") at its Lakefield, Ontario facility. Composite samples were submitted by Lexam to SGS for a metallurgical investigation into the recovery of gold. The 5 samples of diamond drill core utilized in the metallurgical testing represent composite intervals from the open pit sections of the properties (one sample was tested for each Buffalo Ankerite North Zone, Buffalo Ankerite South Zone, Paymaster, Fuller and Davidson Tisdale). Most of the properties have either historic metallurgical studies or a history of gold milling indicating favourable metallurgical properties on grades of underground tenure. The objective of the present studies was to confirm that the favourable recovery extended to the lower grades of the open pittable resources. The results confirmed favourable metallurgical recovery of the lower grades contained within the proposed open pits, similar to the gold recovery of the historic underground mining.

The selected composite samples originated from drill holes within the resource optimized pit shells and were selected to be representative of the gold grades of the open pit resource at the Timmins projects. The gold head analysis confirmed the grades anticipated by Lexam, with a representative range of low assays, 0.5 to 1.5 g/t Au, within the composite. The highlighted column "*Grav + CN"* in *Table 1* that follows indicates the overall recovery that can be expected. The results were favourable indicating recoveries from 90.7% to 98.5%.

Table 1. Summary of Cyanidation Test Results

		Reagent, kg/t of CN feed				Au Extraction/Recovery, %						Au Residue, g/t			Au Head, g/t		
		Addition		Consumption													
Test No.	P_{80}, um	NaCN	CaO	NaCN	CaO	4	7	24	48	Grav	Grav + CN	A	B	Average	CN Calc	Grav Calc	Direct
Buffalo Ankerite North Zone Composite G-2 Tailing																	
CN-1	103	0.83	0.54	0.08	0.51	82	85	88	88.9	13.5	90.4	0.42	0.38	0.4	3.6	4.15	3.60
CN-2	68	0.97	0.41	0.29	0.39	88	91	93	93.3		94.2	0.25	0.23	0.24	3.59		
Buffalo Ankerite South Zone Composite G-1 Tailing																	
CN-3	149	0.79	0.52	0.14	0.51	75	78	85	86.6	17.7	89	0.27	0.26	0.27	1.98	2.36	2.20
CN-4	82	1.38	0.41	0.72	0.39	79	87	93	92.4		93.7	0.14	0.15	0.15	1.9		
Paymaster Composite G-3 Tailing																	
CN-5	131	0.77	0.41	0.07	0.4	61	66	72	73.2	13.6	76.8	0.54	0.5	0.52	1.94	2.31	2.20
CN-6	74	1.44	0.28	0.7	0.24	70	84	90	90.5		91.8	0.2	0.19	0.2	2.05		
Fuller Composite G-4 Tailing																	
CN-7	135	0.75	0.34	0.05	0.32	64	68	76	79.7	37	87.2	0.2	0.23	0.22	1.06	1.68	2.20
CN-8	65	0.76	0.37	0.05	0.35	76	80	85	85.3		90.7	0.16	0.15	0.16	1.06		
Davidson Tisdale Composite G-5 Tailing																	
CN-9	137	0.75	0.55	0.17	0.55	49	62	91	94.8	24.2	96.1	0.03	0.1	0.05	0.87	1.23	0.7
CN-10	68	1.47	0.54	0.82	0.53	58	77	94	98		98.5	0.02	less than 0.02	0.02	0.98		

The test conditions applied were as follows:

Cyanidation Test Conditions

Primary Grind	=	10 kg Rod Mill	Retention Time	=	48 hours
Regrind	=	2 kg Rod Mill	Pre-airation	=	not applicable (na)
Size Target	=	variable	Dissolved Oxygen	=	na
Pulp pH	=	10.5 - 11 (maintained with lime)	Carbon	=	na
Cyanide Concentration	=	0.50 g/L NaCN	Temperature	=	ambient
% Solids	=	40% solids	DO target	=	na

The Program was conducted by SGS Minerals Services at its Lakefield facility, under the supervision of Vivien Delaney, Metallurgist - Gold Group, Metallurgical Operations.

The metallurgical report recommended that the potential to reduce milling costs and improve gold recovery through optimizing these techniques still exists with further testing.

Comparison to Historic Metallurgy

The Fuller and Davidson Tisdale deposits saw development during the period 1984 - 1988, which included the development of a ramp to access the ore and the mining and processing of a bulk sample. Extensive metallurgy was conducted during this period at both an independent laboratory, as well as at local mills that processed the bulk sample. The results obtained during this extensive metallurgical testing of underground samples compares very favorably with the recent results obtained by SGS.

The Fuller metallurgical testwork indicated recoveries utilizing direct cyanidation of between 85% to 97% gold extraction at the independent laboratory and 93.8% at the mill lab. Reagent consumption was characterized as low and leach times were within the normal thresholds.

Davidson Tisdale metallurgical testwork completed at a local mill as well as detailed work completed at an independent laboratory indicated that direct cyanidation yielded a high gold extraction (97% to 98% recovery), at a relatively coarse grind and with relatively low reagent requirements.

The Buffalo Ankerite North and South Zones had historic underground mining of over 1 million ounces of gold as below:

	Years	Gold (ounces)	Gold (opt)	Ore Milled (tons)
Ankerite/March	1926-1935	61,039	0.19	317,769
Buffalo Ankerite	1926-1953, 1978	957,292	0.19	4,993,929

Production statistics from the Ontario Department of Mines annual reports indicate that gold recoveries of 92% to 95% were achieved during the production period, using the standard Merrill Crowe process.

About Lexam and Company Resources

Lexam VG Gold explores for gold in the Timmins area of northern Ontario, Canada. The Company is carrying out ongoing exploration programs, designed to build the resource base and to test the growth potential and determine the economics on its four key property assets: Buffalo Ankerite and Fuller (100% interest), Davidson Tisdale and Paymaster (joint ventures with Lexam as Operator, with over 60% interest). Lexam had $3.8 million in cash on September 30, 2013, with no bank debt. The Company has 226,570,860 issued and outstanding shares, with 27% owned by Chairman Rob McEwen.

The Company has NI 43-101 Open Pit and Underground resource estimates for the four projects. Based on the recent resource estimates, Lexam is currently working on a PEA to determine the potential economic viability of mining its properties. The resources are distributed on the projects as follows in *Table 2*.

Table 2. Lexam Net Gold Resources on Projects

	Open Pit							Underground						
		Measured + Indicated			*Inferred*				Measured + Indicated			*Inferred*		
	Cut-Off	Tonnage	Grade	Gold	Tonnage	Grade	Gold	Cut-Off	Tonnage	Grade	Gold	Tonnage	Grade	Gold
	g/t	M t	g/t	oz	M t	g/t	oz	g/t	M t	g/t	oz	M t	g/t	oz
BuffaloAnkerite	0.51	3.86	2.36	292,800	2.74	2.31	*203,400*	2.57	3.27	4.74	500,200	2.81	4.06	*367,100*
Paymaster	0.51	2.79	1.62	145,000	0.84	1.61	*43,000*	2.57	-	-	-	0.13	6.15	*26,000*
Fuller	0.51	5.33	1.69	290,000	2.70	1.29	*112,000*	2.57	0.33	5.77	61,000	0.82	4.99	*135,000*
DTMain Zone	0.50	0.43	2.44	33,600	-	-	-	2.60	0.04	5.43	7,000	0.05	4.20	*6,600*
DTS-Zone	-	-	-	-	-	-	-	2.00	0.52	4.96	82,400	0.26	4.68	*39,800*
Totals		12.41	1.91	761,400	6.28	1.78	*358,400*		4.16	4.86	650,600	4.07	4.39	*574,500*
Total Measured + Indicated (open pit and underground)														1,412,000
Total *Inferred* (open pit and underground)														*932,900*

All gold resource estimates presented above are net Lexam resources on the projects. DT - Davidson Tisdale property. The cut-offs of 0.51 g/t Au for open pit and of 2.6 g/t Au for underground resources were based on US$1,600/oz Au price and an exchange rate of US$1.00=C$1.00. See Note on Mineral Resources at the end of this press release.

List of Abbreviations

000's	= thousands	L	= litre
Au	= gold	m	= metre
CaO	= calcium oxide	M	= million
CN	= cyanide	um	= micrometre
ft	= foot	NaCN	= sodium cyanide
g	= gram	opt	= ounce per ton
g/t	= gram per tonne	P80	= grind size
kg	= kilogram	t	= tonne; 1 tonne = 1,000 kg

Notes Concerning this Press Release
Note on Mineral Resources

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, although the Company is not aware of any such issues.

(2) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

(3) The mineral resources in this press release were estimated using the Canadian Institute of Mining,

Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005 ("CIM Standards").

(4) *Table 2* contains net Lexam resources on the projects.

(5) The mineral resources were estimated using the CIM Standards and are disclosed in technical reports compliant to the Canadian Securities Administrators National Instrument 41-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101"), under the Company's profile on SEDAR (www.sedar.com) and on the Company's web site (www.lexamvggold.com).

The resource estimates for the following projects were prepared by the following independent Qualified Persons in accordance with NI 43-101, using the CIM Standards:

- Buffalo Ankerite by Eugene Puritch, P.Eng, and Richard Routledge, P.Geo (P&E Mining Consultants Inc.);
- Davidson Tisdale Main Zone by Eugene Puritch, P.Eng, and Yungang Wu, P.Geo. (P&E Mining Consultants Inc.);
- Fuller by Katharine Masun, P.Geo (RPA Inc.);
- Paymaster by Tudorel Ciuculescu, P.Geo (RPA Inc.).

The above mentioned estimates are available in the technical report "Technical Report and Updated Resource Estimate on the Buffalo Ankerite, Fuller, Paymaster, and Davidson Tisdale Gold Deposits - Porcupine Mining Division, North-Eastern Ontario, Canada NTS 42E 12/SW for Lexam VG Gold Inc., 181 Bay St, Suite 4750, Toronto, Ontario, M5J 2T3", dated June 21, 2013.

The resources presented for June 2013 for Buffalo Ankerite, Paymaster and Fuller properties were estimated at cut-off grades of *0.51 g/t Au* within optimized pit shells and *2.57 g/t Au* underground. The resource presented for June 2013 for the Davidson Tisdale property was estimated at cut-off grades of *0.5 g/t Au* within optimized pit shells and *2.6 g/t Au* underground. An approximate 30 month trailing average gold price of US$1,600/oz and an exchange rate of US$1.00=C$1.00 was utilized in the cut-off grade calculations of *0.51 g/t Au* for open pit Mineral Resources and *2.6 g/t* Au for underground Mineral Resources.

The Davidson Tisdale resources for the S-Zone were prepared by Pierre Jean Lafleur, a Qualified Person within the meaning of NI 43-101 and were disclosed in the technical report titled "Davidson Tisdale Gold Property, Timmins, Ontario Technical Report", dated November, 2003.

(6) The resource estimates contained herein do not constitute a Feasibility or Pre-Feasibility study and contain no mineral reserves within the meaning of NI 43-101 or SEC Industry Guide 7. The mineral resource figures referred to in this press release are estimates and therefore insufficient to allow meaningful application of the technical and economic parameters to enable an evaluation of technical or economic viability and no assurances can be given that the indicated levels of gold content will be achieved. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this press release are well established, resource estimates are imprecise by their nature and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. In addition, this news release includes Inferred resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves.

Technical Information

The technical information contained in this press release has been reviewed and approved by Kenneth W. Guy, P.Geo, a consultant to Lexam VG Gold and a Qualified Person within the meaning of the NI 43-101.

This press release has also been reviewed by Vivien Delaney, Metallurgist - Gold Group, Metallurgical Operations of SGS.

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 are different from the standards generally permitted in reports filed with the SEC. Under NI 43-101, Lexam VG Gold reports indicated and inferred resources, measurements which are generally not permitted in filings made with the SEC. According to Canadian NI 43-101 criteria, the estimation of indicated resources involve greater uncertainty as to their economic feasibility than the estimation of proven and probable reserves. Under SEC

Industry Guide 7 criteria, measured, indicated and inferred resources are considered Mineralized Material. The SEC considers that in addition to greater uncertainty as to the economic feasibility of Mineralized Material compared to Proven and Probable reserves, there is also greater uncertainty as to the existence of Mineralized Material. U.S. investors are cautioned not to assume that Measured or Indicated resources will be converted into economically mineable reserves. The estimation of Inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources.

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 Gold'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 metals, mining industry risks, risks related to: litigation, property title, the Paymaster Option, the state of the capital markets, whether shareholder and regulatory approvals for any 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 Gold 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 Gold's Annual Information Form for the period ended December 31, 2012 and available on SEDAR (www.sedar.com) 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 (TSX:LEX), visit our website: www.lexamvggold.com

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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