

# LEXAM EXPLORATIONS INC.

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## NEWS RELEASE

Toronto, Canada  
August 9, 2001

### **2001 Second Quarter Results**

*(All amounts in this news release are expressed in Canadian dollars.)*

#### **Financial Highlights**

	Three months ended June 30,		Six months ended June 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Earnings (loss)	\$ (70,623)	\$ 61,129	\$ (130,611)	\$ 8,612
Earnings (loss) per share	nil	nil	nil	nil

#### **Financial Information**

Attached are the Consolidated Financial Statements of Lexam Explorations Inc. for the three and six months ended June 30, 2001.

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Stock Symbol: ME ("LEX")

**LEXAM EXPLORATIONS INC.  
CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidated Balance Sheets**

*(in Canadian dollars)*

	As at June 30, 2001 <u>(unaudited)</u>	As at December 31, 2000 <u></u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 7,131	\$ 8,829
Accounts receivable	4,454	5,312
Prepaid expenses	2,132	4,944
Marketable securities	<u>600,000</u>	<u>600,000</u>
	613,717	619,085
<b>Resource properties</b>	<u>2,353,646</u>	<u>2,353,646</u>
	<u>\$ 2,967,363</u>	<u>\$ 2,972,731</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,140,260	\$ 1,217,596
Demand loan (note 1)	<u>-</u>	<u>1,035,650</u>
	<u>1,140,260</u>	<u>2,253,246</u>
<b>Shareholders' equity</b>		
Capital stock (notes 1 and 3)	16,395,214	15,156,985
Deficit	<u>(14,568,111)</u>	<u>(14,437,500)</u>
	<u>1,827,103</u>	<u>719,485</u>
	<u>\$ 2,967,363</u>	<u>\$ 2,972,731</u>
<b>Contingencies</b> (note 1)		

*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,	
	2001	2000	2001	2000
Revenues				
Interest and other income	\$ 47	\$ 231	\$ 97	\$ 291
Expenses				
Administrative	47,230	56,827	81,576	91,447
Exploration	6,883	8,717	14,445	9,478
Interest expense	<u>16,557</u>	<u>18,441</u>	<u>34,687</u>	<u>35,637</u>
	<u>70,670</u>	<u>83,985</u>	<u>130,708</u>	<u>136,562</u>
Gain on sale of resource properties	<u>-</u>	<u>144,883</u>	<u>-</u>	<u>144,883</u>
Earnings (loss) for the period	<u>(70,623)</u>	<u>61,129</u>	<u>(130,611)</u>	<u>8,612</u>
Deficit at beginning of period	<u>(14,497,488)</u>	<u>(13,587,473)</u>	<u>(14,437,500)</u>	<u>(13,534,956)</u>
Deficit at end of period	<u><u>\$(14,568,111)</u></u>	<u><u>\$(13,526,344)</u></u>	<u><u>\$(14,568,111)</u></u>	<u><u>\$(13,526,344)</u></u>
Basic and diluted earnings (loss) per share	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Cash provided by (used in)				
Operating activities				
Earnings (loss) for the period	\$ (70,623)	\$ 61,129	\$ (130,611)	\$ 8,612
Items not affecting cash				
Gain on sale of resource properties	-	(144,883)	-	(144,883)
Change in non-cash operating working capital	<u>54,945</u>	<u>27,220</u>	<u>94,226</u>	<u>140,144</u>
Net cash provided by (used in) operating activities	<u>(15,678)</u>	<u>(56,534)</u>	<u>(36,385)</u>	<u>3,873</u>
Investing activities				
Additions to resource properties, net	-	(1,144)	-	(79,004)
Proceeds on disposal of resource properties	<u>-</u>	<u>49,260</u>	<u>-</u>	<u>49,260</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>48,116</u>	<u>-</u>	<u>(29,744)</u>
Financing activities				
Demand loan	<u>16,557</u>	<u>18,441</u>	<u>34,687</u>	<u>35,637</u>
Net cash provided by financing activities	<u>16,557</u>	<u>18,441</u>	<u>34,687</u>	<u>35,637</u>
Increase (decrease) in cash	879	10,023	(1,698)	9,766
Cash at beginning of period	<u>6,252</u>	<u>5,415</u>	<u>8,829</u>	<u>5,672</u>
Cash at end of period	<u>\$ 7,131</u>	<u>\$ 15,438</u>	<u>\$ 7,131</u>	<u>\$ 15,438</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 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 fulfill its expenditure commitments or complete its exploration programs.

The Company is pursuing several alternatives to address these issues, including joint venturing certain properties and seeking additional sources of debt or equity financing.

In December 1998, the Company arranged a secured demand loan facility in the amount of \$900,000 from CSA Management Inc. which, as of November 1, 2000, has amalgamated with Goldcorp Inc. Interest was calculated at prime plus 1% and is payable on demand.

On June 29, 2001, subsequent to receiving shareholder and regulatory approval, the Company issued 16,164,970 shares to creditors at \$0.10 per share in exchange for the settlement of \$1,616,497 in outstanding payables and other liabilities. Goldcorp Inc. received 11,734,264 shares of Lexam in exchange for settlement of \$1,173,426 in debt, which included the demand loan and accrued interest totalling \$1,070,337. Also included were 3,782,678 shares that are being held by Lexam as custodian for certain creditors and, as a result, share capital has been reduced by \$378,268 with an offsetting increase in accounts payable and accrued liabilities. These shares will be either issued to additional creditors or sold by Lexam with the proceeds used to pay outstanding liabilities.

**2. General**

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, 2000.

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.

**Lexam Explorations Inc.**  
**Notes to Consolidated Financial Statements (unaudited)**

**3. Capital Stock**

On June 29, 2001, Lexam issued 16,164,970 shares to creditors in exchange for the settlement of \$1,616,497 in outstanding payables and other liabilities as outlined in note 1. At June 30, 2001, the Company had 41,821,495 Common shares outstanding. If all outstanding options had been exercised at total of 43,891,495 shares would have been outstanding.