

LEXAM EXPLORATIONS INC.

NEWS RELEASE

Toronto, Canada
November 4, 2002

2002 Third Quarter Results

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Results

Lexam reported a loss of \$21,317 in the three months ended September 30, 2002, compared to a loss of \$167,063 during the corresponding period in 2001. In 2001, a decline of \$145,000 in the value of marketable securities was recorded. The cash position for the quarter decreased by \$50,060 as the Company used funds to maintain its standing in the Baca oil & gas property in Colorado and pay costs related to the Company's regulatory requirements.

During the nine months ended September 30, 2002, Lexam recorded a loss of \$94,093, down from \$297,674 during the same period in 2001. In addition to the provision for decline in marketable securities of \$145,000 during 2001, there was also higher administration expense and interest expense related to a demand loan outstanding to Goldcorp Inc. During the second quarter of 2001, the demand loan, along with accrued interest, was settled in exchange for Lexam shares. The loss for the nine months ended September 30, 2002, was also partially offset by a gain on sale of marketable securities of \$11,427.

Expenditures on resource properties during the nine months ended September 30, 2002 were \$48,362. The costs involved analysing seismic data that was obtained in 2001 and keeping the property rights in good standing.

	Three months ended September 30,		Nine months ended September 30,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Loss	\$ (21,317)	\$(167,063)	\$ (94,093)	\$(297,674)
Loss per share	nil	nil	nil	\$(0.01)

Financial Condition

Lexam is currently not able to continue its exploration efforts 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. The Company is pursuing several alternatives to address these issues, including joint venturing certain properties, seeking additional sources of debt or equity financing and investigating possible reorganization alternatives.

Financial Information

Attached are the Consolidated Financial Statements of Lexam Explorations Inc. for the three and nine months ended September 30, 2002.

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Stock Symbol: CDNX (“LEX”)

**LEXAM EXPLORATIONS INC.
CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Balance Sheets

(in Canadian dollars)

	As at September 30, <u>2002</u> <i>(unaudited)</i>	As at December 31, <u>2001</u>
Assets		
Current assets		
Cash	\$ 30,180	\$ 164,332
Accounts receivable	497	5,179
Prepaid expenses	1,207	5,252
Marketable securities (market value - \$272,577; 2001 - \$147,600)	<u>119,700</u>	<u>147,600</u>
	151,584	322,363
Resource properties	<u>2,497,052</u>	<u>2,448,690</u>
	<u>\$ 2,648,636</u>	<u>\$ 2,771,053</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 415,546	\$ 453,870
Exploration and development commitments	<u>867,901</u>	<u>857,901</u>
	<u>1,283,447</u>	<u>1,311,771</u>
Shareholders' equity		
Capital stock (notes 1 and 4)	16,402,075	16,402,075
Deficit	<u>(15,036,886)</u>	<u>(14,942,793)</u>
	<u>1,365,189</u>	<u>1,459,282</u>
	<u>\$ 2,648,636</u>	<u>\$ 2,771,053</u>
Going concern (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 September 30,		Nine months ended September 30,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues				
Interest income	\$ 214	\$ 23	\$ 741	\$ 120
Expenses				
Administrative	15,208	19,772	89,791	101,348
Exploration	6,323	2,314	16,470	16,759
Interest expense	-	-	-	34,687
	<u>21,531</u>	<u>22,086</u>	<u>106,261</u>	<u>152,794</u>
Provision for decline in value of marketable securities	-	(145,000)	-	(145,000)
Gain on sale of marketable securities	-	-	11,427	-
Loss for the period	<u>(21,317)</u>	<u>(167,063)</u>	<u>(94,093)</u>	<u>(297,674)</u>
Deficit at beginning of period	<u>(15,015,569)</u>	<u>(14,568,111)</u>	<u>(14,942,793)</u>	<u>(14,437,500)</u>
Deficit at end of period	<u>\$(15,036,886)</u>	<u>\$(14,735,174)</u>	<u>\$(15,036,886)</u>	<u>\$(14,735,174)</u>
Loss per share (basic and diluted)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding (000's)	<u>38,520</u>	<u>41,821</u>	<u>38,520</u>	<u>32,841</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 September 30,		Nine months ended September 30,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Cash provided by (used in)				
Operating activities				
Loss for the period	\$ (21,317)	\$(167,063)	\$ (94,093)	\$(297,674)
Items not affecting cash				
Gain on sale of marketable securities	-	-	(11,427)	-
Provision for decline in value of marketable securities	-	145,000	-	145,000
Change in non-cash operating working capital	<u>(15,743)</u>	<u>73,406</u>	<u>(19,597)</u>	<u>202,319</u>
	<u>(37,060)</u>	<u>51,343</u>	<u>(125,117)</u>	<u>49,645</u>
Investing activities				
Additions to resource properties, net of recoveries from option partner	(13,000)	(55,735)	(48,362)	(55,735)
Proceeds on disposal of marketable securities	<u>-</u>	<u>-</u>	<u>39,327</u>	<u>-</u>
	<u>(13,000)</u>	<u>(55,735)</u>	<u>(9,035)</u>	<u>(55,735)</u>
Decrease in cash	(50,060)	(4,392)	(134,152)	(6,090)
Cash at beginning of period	<u>80,240</u>	<u>7,131</u>	<u>164,332</u>	<u>8,829</u>
Cash at end of period	<u>\$ 30,180</u>	<u>\$ 2,739</u>	<u>\$ 30,180</u>	<u>\$ 2,739</u>

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

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

1. Basis of Presentation and Going Concern

The consolidated financial statements are prepared in accordance with 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.

During 2001, subsequent to receiving shareholder and regulatory approval, the Company issued 16,164,970 shares at \$0.10 per share as part of a plan to settle outstanding payables and other liabilities. Various creditors accepted a total of 12,450,911 shares, reducing the Company's liabilities by \$1,245,090, with a corresponding increase in share capital of the same amount. Goldcorp received 11,734,264 shares of Lexam in exchange for settlement of \$1,173,426 in payables, which included an outstanding demand loan due to Goldcorp, along with accrued interest, totalling \$1,070,337. Goldcorp's equity interest in Lexam, upon receiving shares for debt, increased from 31% to 47%.

Of the 16,164,970 shares issued, 3,782,678 were issued to Lexam as custodian for certain creditors. These shares were issued to be distributed to additional creditors that had not yet accepted shares in exchange for payables. In 2002, the remaining undistributed shares that were being held by Lexam as custodian, totalling 3,714,059 shares, were cancelled.

The Company is pursuing several alternatives to improve its financial position, including joint venturing certain properties, seeking additional sources of debt or equity financing and investigating possible reorganization alternatives.

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

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, 2001.

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.

3. Changes in Accounting Policies

Effective January 1, 2002, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants in Handbook Section 3870, "Stock-based compensation and other stock-based payments". Section 3870 is applied prospectively to all stock-based payments to non-employees granted on or after January 1, 2002.

The Company accounts for all stock-based payments to non-employees granted on or after January 1, 2002, using the fair value based method. Stock options granted to employees are accounted for as a capital transaction. For grants made to non-employees outstanding at January 1, 2002, the new recommendations are applied retroactively, without restatement. The changes have not had an impact on the Company's financial position. The Company is also required to disclose the pro forma effect of accounting for stock option awards granted to employees subsequent to January 1, 2002, under the fair value based method. During the nine months ended September 30, 2002, the Company has not awarded any stock options.

4. Capital Stock

At September 30, 2002, the Company had 38,107,436 common shares outstanding. If all outstanding options had been exercised a total of 42,027,436 shares would have been outstanding.