

LEXAM EXPLORATIONS INC.

Annual Report for the Year ended December 31, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

During 2003, management's focus was on expanding exploration and development of the Baca project in the San Luis Basin in Colorado and continuing to improve the financial position of the Company. Subsequent to December 31, 2003, an agreement was reached with an independent and privately held oil & gas company to conduct additional exploration of Lexam's 100,000+ acre oil and gas property located in south central Colorado over the next two years. Plans are to commence a program of 2D seismic data acquisition that will add approximately 60 line miles of new data, which will be incorporated, with the 60 miles of data Lexam has acquired since 1994 over its oil and gas property. The program is designed to provide additional information on the northern and western margins of the anticlinal structure and identify potential well locations for the purpose of testing the Crestone Prospect by drilling. Should a production decision be made, Lexam would retain a 12.5% production royalty on its 75% interest of the property's oil and gas rights.

Financial Results

Lexam recorded earnings of \$169,486 in 2003, compared to earnings of \$545,963, in 2002. The Company's earnings in 2003 were largely due to a realized gain in the sale of the Company's marketable securities of \$219,718 and a decrease in the non-cash provision for outstanding work commitments at Sage Creek of \$66,804.

Administrative expenses were \$120,821 in 2003, comparable to \$118,529 in 2002.

Exploration expense in 2003 was \$1,487, compared to \$22,795 in 2002. Expenses in 2002 primarily related to keeping the Company's property rights in good standing, and general expense in the United States despite closing the exploration office in June 1999. During 2003, Lexam capitalized costs, totalling \$7,582, related to analysis on the Baca Project.

During the year ended December 31, 2000, the Company recorded a liability of \$750,000, representing 50% of unfulfilled work commitments in Greenland. Subsequent to December 31, 2002, an agreement was reached between the parties whereby, in exchange for \$75,000, Lexam would be given a full and final release from the outstanding work commitments in Greenland. As a result, in 2002, the Company recorded a \$675,000 decrease in the non-cash provision for outstanding work commitments in Greenland, reducing the liability from \$750,000 to \$75,000. Payment of \$75,000 was made to the government of Greenland in 2003 for full settlement of the claim.

During the first quarter of 2002, 155,000 shares of Hope Bay Gold Inc. ("Hope Bay") were sold for proceeds of \$39,327 and a net gain of \$11,427 was recognized.

In May of 2002, Hope Bay amalgamated with Miramar Mining Corporation ("Miramar"). Shareholders of Hope Bay received 0.263 of a Miramar share for each Hope Bay share. In addition, as part of the transaction, Hope Bay transferred its French Guiana assets to Ariane Gold Corp. ("Ariane"). Special warrants of Ariane were distributed to Hope Bay shareholders. Following the amalgamation, Lexam held 174,895 Miramar shares and 6,650 Ariane special warrants which were exercised for one common share per warrant.

The Company's shares in both Miramar and Ariane were sold in the first quarter of 2003 for net proceeds of \$339,418, resulting in a gain of \$219,718.

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.

On June 29, 2001, subsequent to receiving shareholder and regulatory approval, the Company issued 16,164,970 shares at \$0.10 per share to be used in the settlement of 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 the demand loan and accrued interest totaling \$1,070,337. Goldcorp's equity interest in Lexam, at December 31, 2003, was 49.8%. Goldcorp provides management and administrative services to the Company. During 2003, the cost of these services was \$24,000 (2002 - \$24,000). At December 31, 2003, Lexam's total outstanding liability to Goldcorp was \$261,260 (2002 - \$209,705).

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. Subsequent to December 31, 2001, the remaining undistributed shares that were being held by Lexam as custodian, totalling 3,714,059 shares, were cancelled.

At December 31, 2003, Lexam had a cash balance of \$124,060, compared to \$10,004 in 2002. The increase was largely due to the proceeds of \$339,418 on the sale of marketable securities partially offset by the payment of ongoing operating costs and various other liabilities.

Outlook

As noted previously, in early 2004, the Company has entered into an exploration agreement with an independent and privately held oil & gas company for continued exploration of Lexam's oil and gas property in Colorado. The Company will await the results of the exploration program before further decisions are made.

Risks and Uncertainties

The Company's operations are subject to all the risks and uncertainties normally incident to the exploration, development and extraction of natural resources. Whether a deposit will ultimately be commercially viable depends upon a number of factors including, but not limited to, the quantity and quality and reserves discovered, commodity prices, development feasibility, environmental issues, government laws and regulations, and the ability to obtain financing. The effects of these factors cannot be accurately predicted, but any of these issues could impede development or render it uneconomic.

Critical Accounting Policies

Costs relating to the acquisition and exploration of non-producing resource properties, less recoveries, are deferred until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. General exploration expenditures which do not relate to specific resource properties are written off in the year incurred.

The costs deferred at any time do not necessarily reflect present or future values. The ultimate recovery of such amounts depends on the discovery of economic reserves and the successful commercial development of the related properties.

Recent Accounting Pronouncements

Lexam will adopt on January 1, 2004, the new Canadian accounting standard on asset retirement obligations. This standard applies to legal obligations associated with the retirement of a tangible long-lived asset that result from its acquisition, construction, development or normal operation as well as obligations arising in connection with leasing and other agreements concerning the rights to explore for or exploit natural resources. The Company does not expect to be affected by the adoption of this standard.

Consolidated Financial Statements of

LEXAM EXPLORATIONS INC.

Years ended December 31, 2003 and 2002

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Lexam Explorations Inc. as at December 31, 2003 and 2002 and the consolidated statements of earnings and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) KPMG LLP

Chartered Accountants
Toronto, Ontario
February 13, 2004

Lexam Explorations Inc.
Consolidated Balance Sheets
(in Canadian dollars)

	<u>As at December 31,</u>	
	<u>2003</u>	<u>2002</u>
Assets		
Current assets		
Cash and short-term investments	\$ 124,060	\$ 10,004
Accounts receivable	968	624
Prepaid expenses	2,281	1,920
Marketable securities (note 3)	<u>-</u>	<u>119,700</u>
	127,309	132,248
Resource property (note 4)	<u>2,520,229</u>	<u>2,512,647</u>
	<u>\$ 2,647,538</u>	<u>\$ 2,644,895</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 472,807	\$ 447,846
Exploration and development commitments (note 4)	<u>-</u>	<u>191,804</u>
	<u>472,807</u>	<u>639,650</u>
Shareholders' equity		
Capital stock (note 5)	16,402,075	16,402,075
Deficit	<u>(14,227,344)</u>	<u>(14,396,830)</u>
	<u>2,174,731</u>	<u>2,005,245</u>
	<u>\$ 2,647,538</u>	<u>\$ 2,644,895</u>
Going concern (note 1)		
Contingencies (note 8)		
Subsequent event (note 4 (a))		

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

Approved by the Board,

(Signed) Robert R. McEwen

 Robert R. McEwen
 Director

(Signed) Richard W. Brissenden

 Richard W. Brissenden
 Director

Lexam Explorations Inc.
Consolidated Statements of Earnings and Deficit
(in Canadian dollars)

	<u>Years ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Revenues		
Interest income	\$ 5,272	\$ 860
Expenses		
Administrative	120,821	118,529
Exploration	<u>1,487</u>	<u>22,795</u>
	<u>122,308</u>	<u>141,324</u>
Decrease in provision for exploration and development commitments (note 4)	66,804	675,000
Gain on sale of marketable securities (note 3)	<u>219,718</u>	<u>11,427</u>
Earnings for the year	169,486	545,963
Deficit at beginning of year	<u>(14,396,830)</u>	<u>(14,942,793)</u>
Deficit at end of year	<u>\$(14,227,344)</u>	<u>\$(14,396,830)</u>
Earnings per share (basic and diluted)	<u>\$ -</u>	<u>\$ 0.01</u>
Weighted average number of shares outstanding (000's)	<u>38,107</u>	<u>38,417</u>

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

Lexam Explorations Inc.
Consolidated Statements of Cash Flows
(in Canadian dollars)

	<u>Years ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Cash provided by (used in)		
Operating activities		
Earnings for the year	\$ 169,486	\$ 545,963
Items not affecting cash		
Decrease in provision for exploration and development commitments	(66,804)	(675,000)
Gain on sale of marketable securities (note 3)	(219,718)	(11,427)
Change in other non-cash operating working capital	<u>(100,744)</u>	<u>10,766</u>
	<u>(217,780)</u>	<u>(129,698)</u>
Investing activities		
Additions to resource properties (note 5 (a))	(7,582)	(63,957)
Proceeds on disposal of marketable securities	<u>339,418</u>	<u>39,327</u>
	<u>331,836</u>	<u>(24,630)</u>
Increase (decrease) in cash and short-term investments	114,056	(154,328)
Cash and short-term investments at beginning of year	<u>10,004</u>	<u>164,332</u>
Cash and short-term investments at end of year	<u>\$ 124,060</u>	<u>\$ 10,004</u>

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

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

1. 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.

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

2. General and Summary of Significant Accounting Policies

The Company was incorporated under the laws of the Province of Ontario by articles of incorporation dated November 12, 1993. The Company's principal activity is mineral and oil and natural gas exploration. At December 31, 2003, Goldcorp Inc. (“Goldcorp”) had a 49.8% equity interest in the Company.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

The principal accounting policies followed by the Company, which have been consistently applied, are summarized as follows:

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary companies, of which the principal subsidiary is Lexam Explorations Corporation of America Inc.

Notes to Consolidated Financial Statements (unaudited)

All significant intercompany balances and transactions have been eliminated on consolidation.

Cash and Short-Term Investments

Cash and short-term investments include those short-term money market instruments which, on acquisition, have a term to maturity of three months or less.

Marketable Securities

Marketable securities are accounted for at the lower of cost or market value. The market value of the Company's securities is determined based on the closing price reported on recognized securities exchanges. Such indicated market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations. Investment transactions are accounted for on the trade date and realized gains and losses from such transactions are calculated on the average cost basis.

Resource Properties

Costs relating to the acquisition and exploration of non-producing resource properties, less recoveries, are deferred until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. General exploration expenditures which do not relate to specific resource properties are written off in the year incurred.

The costs deferred at any time do not necessarily reflect present or future values. The ultimate recovery of such amounts depends on the discovery of economic reserves and the successful commercial development of the related properties.

Income Taxes

The asset and liability method is used in accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. A reduction in respect of the benefit of a future tax asset (a valuation allowance) is recorded against any future tax asset if it is more likely than not that the asset will not be realized. The effect on future

Notes to Consolidated Financial Statements

tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end rates of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction dates. Transactions denominated in foreign currencies are translated into Canadian dollars at rates of exchange prevailing during the year. The applicable exchange gains and losses arising on translation are reflected in operations.

Stock-Based Compensation

The Company accounts for all stock-based compensation 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 capital transactions. The Company has not awarded any stock options during 2002 or 2003.

Earnings Per Share

Basic earnings per share is calculated by dividing net earnings by the weighted average number of shares outstanding during the year. The calculation of diluted earnings per share uses the treasury stock method which adjusts the weighted average number of shares for the dilutive effect of options and warrants.

3. Marketable Securities

At December 31, 2001, the Company held 820,000 shares of Hope Bay Gold Inc. ("Hope Bay"). During the first quarter of 2002, 155,000 Hope Bay shares were sold for proceeds of \$39,327 and a net gain of \$11,427 was recognized. In May of 2002, Hope Bay amalgamated with Miramar Mining Corporation ("Miramar"). Shareholders of Hope Bay received 0.263 of a Miramar share for each Hope Bay share. In addition, as part of the transaction, Hope Bay transferred its French Guiana assets to Ariane Gold Corp. ("Ariane"). Special warrants of Ariane were distributed to Hope Bay shareholders. Following the amalgamation, Lexam held 174,895 Miramar shares and 6,650 Ariane special warrants which were exercised for one common share per warrant.

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

The remainder of the Company's shares in both Miramar and Ariane were sold in the first quarter of 2003 for net proceeds of \$339,418, resulting in a gain of \$219,718.

4. Resource Property

	<u>Baca Project</u>
Balance at January 1, 2002	\$ 2,448,690
Additions, net (a)	<u>63,957</u>
Balance at December 31, 2002	2,512,647
Additions, net (a)	<u>7,582</u>
Balance at December 31, 2003	<u>\$ 2,520,229</u>

(a) Baca Project

The Baca Project consists of the Company's oil and gas property, which is located along the northeastern margin of the San Luis Basin in Colorado. Lexam holds a 75% interest in the property's oil and gas rights.

Subsequent to December 31, 2003, the Company entered into an agreement with an independent and privately held oil and gas company. That company is to conduct additional exploration on the property and has the right to perform work on the property for up to two years. Should a production decision be made, Lexam would retain a 12.5% production royalty on its 75% interest in the property's oil and gas rights.

During 2003, Lexam incurred costs of \$7,582 (\$63,957 – 2002) related to analysing seismic data on the property.

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

(b) Greenland Outstanding Work Commitments

In early 1996, a third party, Platinova A/S, acquired, pursuant to exploration licences issued by the government of Greenland, certain diamond exploration rights in Greenland. In August 1996, the Company entered into an option and joint venture agreement with Platinova (the Agreement), relating to the exploration for diamonds. Pursuant to the Agreement, Lexam was in the process of earning a 50% interest in Platinova's interest in those exploration licences upon the satisfaction of certain conditions, including completion of certain required drilling programs and including incurring certain required qualifying work expenditures pursuant to the exploration licences under the laws of Greenland.

In 1999, the Company failed to make qualifying expenditures with respect to expenditure commitments. As a result, the Company forfeited the land licences.

Pursuant to the laws governing mineral exploration in Greenland, notwithstanding the licences being forfeited, the Company was required to pay 50% of the outstanding work commitments of 7,813,053 DKK (approximately \$1.5 million). During the year ended December 31, 2000, the Company recorded a liability of \$750,000, representing 50% of the unfulfilled work commitments. In 2002, an agreement was reached whereby, in exchange for \$75,000, Lexam would be given a full and final release from the outstanding work commitments in Greenland. As a result, the Company recorded a \$675,000 decrease in the non-cash provision for outstanding work commitments in Greenland, reducing the liability from \$750,000 to \$75,000. Payment of \$75,000 was made to the government of Greenland in 2003 for full settlement of the claim.

(c) Exploration and Development Commitments

At December 31, 2003, Lexam had accrued \$116,804 for liabilities related to a joint venture agreement on a resource property in British Columbia. During 2003, the Company satisfied all obligations related to this liability in exchange for \$50,000. As a result the Company recorded a non-cash decrease in the provision for exploration and development commitments for \$66,804.

5. Capital Stock

(a) Authorized

The authorized capital stock of the Company consists of an unlimited number of common shares.

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

(b) Issue of Shares in Settlement of Debt

On June 29, 2001, subsequent to receiving shareholder and regulatory approval, the Company issued 16,164,970 shares at \$0.10 per share to be used in the settlement of 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 a demand loan and accrued interest totaling \$1,070,337. Goldcorp's equity interest in Lexam, upon receiving shares for debt, increased from 30.8% to 47.0%.

At December 31, 2003, Goldcorp had a 49.8% equity interest in the Company.

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 February 2002, the remaining undistributed shares that were being held by Lexam as custodian, totaling 3,714,059 shares, were cancelled.

(c) Changes in Capital Stock

	2003		2002	
	Shares	Amount	Shares	Amount
Outstanding at beginning of year	38,107,436	\$ 16,402,075	41,821,495	\$ 16,402,075
Undistributed shares cancelled	-	-	(3,714,059)	-
Outstanding at end of year	38,107,436	\$ 16,402,075	38,107,436	\$ 16,402,075

(d) Employee Incentive Plan

Under the Company's employee incentive plan, options may be granted to directors, officers and employees at the discretion of the Board of Directors. A maximum of 4,500,000 shares may be issued under the plan. The exercise price per share is equal to the greater of \$0.15 per common share and the weighted average price of the common shares for the most recent five days preceding the date of granting of the option on which actual trading in respect of the common shares of the Company takes place. Each option under the employee incentive plan, which allows for the purchase of one share, vests over a maximum of three years and expires not later than ten years from the date on which it was granted. No options have been granted in 2002 or 2003.

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

At December 31, 2003, there were options for 2,850,000 shares outstanding, at prices ranging from \$0.15 to \$0.20 per share. The weighted-average remaining term to expiry is 4.8 years, with all options expiring on or before August 14, 2011. The following is a breakdown of the options currently outstanding:

	<u>Options</u>		<u>Average Exercise Price</u>	
	<u>(000's)</u>		<u>(\$ per share)</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Outstanding at beginning of year	3,150	3,920	\$ 0.18	\$ 0.29
Cancelled /expired	<u>300</u>	<u>770</u>	<u>0.28</u>	<u>0.71</u>
Outstanding at end of year	<u>2,850</u>	<u>3,150</u>	<u>\$ 0.17</u>	<u>\$ 0.18</u>

6. Income Taxes

(a) Earnings Before Taxes

Earnings before taxes by jurisdiction is comprised of the following:

	<u>2003</u>	<u>2002</u>
Canada	\$ 160,752	\$ 551,658
United States	<u>8,734</u>	<u>(5,695)</u>
Total	<u>\$ 169,486</u>	<u>\$ 545,963</u>

(b) Provision for Income Taxes

The provision for (recovery) of income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of approximately 37% (2002 – 39%).

	<u>2003</u>	<u>2002</u>
Income taxes		
Income tax recovery calculated using statutory tax rates	\$ 62,710	\$ 212,927
Losses not tax benefitted	-	1,670
Losses not previously tax-benefitted	(62,684)	(214,524)
Foreign earnings (losses) subject to different tax rates	<u>(26)</u>	<u>(73)</u>
Income tax provision (recovery)	<u>\$ -</u>	<u>\$ -</u>

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

(c) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets and future income tax liabilities at December 31, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
United States:		
Future tax liability - long-term portion		
Resource properties	\$ 560,449	\$ 574,382
Future tax assets - long-term portion		
Net operating losses	4,840,199	6,408,200
Valuation allowance	<u>(4,279,750)</u>	<u>(5,833,818)</u>
	<u>560,449</u>	<u>574,382</u>
Total United States	<u>\$ -</u>	<u>\$ -</u>
Canada:		
Future tax assets - current portion		
Marketable securities	\$ -	\$ 16,306
Future tax assets - long-term portion		
Resource properties	\$ 416,739	\$ 394,368
Net operating losses	853,905	694,525
Net capital losses	153,873	103,981
Other	<u>5,346</u>	<u>5,346</u>
	1,429,863	1,198,220
Valuation allowance	<u>(1,429,863)</u>	<u>(1,214,526)</u>
Total Canada	<u>\$ -</u>	<u>\$ -</u>

(d) Tax Loss Carryforwards

The Company has net operating loss carryforwards of approximately \$2,364,000 available for Canadian income tax purposes expiring in 2004 to 2009.

The Company's U.S. subsidiary has net operating loss carryforwards of approximately \$12,976,000 expiring in 2004 to 2023.

The benefit of the above losses has not been recognized for financial statement purposes.

Lexam Explorations Inc.
Notes to Consolidated Financial Statements

7. Related Party Transactions

At December 31, 2003, Goldcorp had a 49.8% equity interest in the Company. Goldcorp provides management and administrative services to the Company. During 2003, the cost of these services was \$24,000 (2002 - \$24,000). At December 31, 2003, Lexam's total outstanding liability to Goldcorp was \$261,260 (2002 - \$209,705).

8. Contingencies

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. The Company believes it complies in all material respects with all applicable laws and regulations.

9. Fair Value of Financial Instruments

The carrying value of all short-term investments, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these items.