

# LEXAM EXPLORATIONS INC.

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## NEWS RELEASE

Toronto, Canada  
November 20, 2003

### **2003 Third Quarter Results**

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Financial Results**

Lexam recorded a loss of \$24,867 during the three months ended September 30, 2003, compared to a loss of \$21,317 during the corresponding period in 2002. During the nine months ended September 30, 2003, Lexam recorded earnings of \$200,870 compared to a loss of \$94,093 during 2002. Earnings during 2003 are largely the result of a gain on the sale of marketable securities of \$219,718. During the second quarter a decrease in the provision for exploration and development commitments was recorded, and resulted in a gain of \$66,804. During the first nine months of 2002, the Company realized a gain on the sale of marketable securities of \$11,427, partially offsetting the loss for that period. At September 30, 2003, the Company had cash of \$154,534, compared with \$30,180 at September 30, 2002.

	Three months ended September 30,		Nine months ended September 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Earnings (loss)	\$ (24,867)	\$ (21,317)	\$ 200,870	\$ (94,093)
Earnings (loss) per share	nil	nil	\$ 0.01	nil

### **Greenland outstanding work commitments**

In 2000, Lexam recorded a charge of \$750,000 related to unfulfilled work commitments in Greenland. Between 1996 and 1999, the Company held exploration licences in Greenland. The exploration licences required certain expenditures, which Lexam was unable to meet. As a result, pursuant to the laws governing mineral exploration in Greenland, the Company forfeited the licences and was required to pay 50% of the unfulfilled work commitments, which was estimated to be approximately \$750,000. Discussions were held between the Company and the government in an attempt to extend the term of, or reach a settlement with respect to, the unfulfilled work commitment. 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. The payment to the government of Greenland was made in April 2003.

**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.

Attached are the Consolidated Financial Statements of Lexam Explorations Inc. for the three and nine months ended September 30, 2003.

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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>2003</u> <i>(unaudited)</i>	As at December 31, <u>2002</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 154,534	\$ 10,004
Accounts receivable	1,155	624
Prepaid expenses	192	1,920
Marketable securities	<u>-</u>	<u>119,700</u>
	155,881	132,248
<b>Resource properties</b>	<u>2,516,043</u>	<u>2,512,647</u>
	<u>\$ 2,671,924</u>	<u>\$ 2,644,895</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 465,809	\$ 447,846
Exploration and development commitments	<u>-</u>	<u>191,804</u>
	<u>465,809</u>	<u>639,650</u>
<b>Shareholders' equity</b>		
Capital stock (notes 1 and 3)	16,402,075	16,402,075
Deficit	<u>(14,195,960)</u>	<u>(14,396,830)</u>
	<u>2,206,115</u>	<u>2,005,245</u>
	<u>\$ 2,671,924</u>	<u>\$ 2,644,895</u>

**Contingencies** (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>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues				
Interest income	\$ 452	\$ 214	\$ 4,933	\$ 741
Expenses				
Administrative	25,093	15,208	89,670	89,791
Exploration	<u>226</u>	<u>6,323</u>	<u>915</u>	<u>16,470</u>
	<u>25,319</u>	<u>21,531</u>	<u>90,585</u>	<u>106,261</u>
Decrease in provision for exploration and development commitments	-	-	66,804	-
Gain on sale of marketable securities	<u>-</u>	<u>-</u>	<u>219,718</u>	<u>11,427</u>
Earnings (loss) for the period	<u>(24,867)</u>	<u>(21,317)</u>	<u>200,870</u>	<u>(94,093)</u>
Deficit at beginning of period	<u>(14,171,093)</u>	<u>(15,015,569)</u>	<u>(14,396,830)</u>	<u>(14,942,793)</u>
Deficit at end of period	<u>\$(14,195,960)</u>	<u>\$(15,036,886)</u>	<u>\$(14,195,960)</u>	<u>\$(15,036,886)</u>
Earnings per share (basic and diluted)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ -</u>
Weighted average number of shares outstanding (000's)	<u>40,957</u>	<u>38,520</u>	<u>40,957</u>	<u>38,520</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>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Cash provided by (used in)				
Operating activities				
Earnings (loss) for the period	\$ (24,867)	\$ (21,317)	\$ 200,870	\$ (94,093)
Items not affecting cash				
Gain on sale of marketable securities	-	-	(219,718)	(11,427)
Change in non-cash operating working capital	<u>27,410</u>	<u>(15,743)</u>	<u>(172,644)</u>	<u>(19,597)</u>
	<u>2,543</u>	<u>(37,060)</u>	<u>(191,492)</u>	<u>(125,117)</u>
Investing activities				
Additions to resource properties, net of recoveries from option partner	(881)	(13,000)	(3,396)	(48,362)
Proceeds on disposal of marketable securities	<u>-</u>	<u>-</u>	<u>339,418</u>	<u>39,327</u>
	<u>(881)</u>	<u>(13,000)</u>	<u>336,022</u>	<u>(9,035)</u>
Increase (decrease) in cash	1,662	(50,060)	144,530	(134,152)
Cash at beginning of period	<u>152,872</u>	<u>80,240</u>	<u>10,004</u>	<u>164,332</u>
Cash at end of period	<u>\$ 154,534</u>	<u>\$ 30,180</u>	<u>\$ 154,534</u>	<u>\$ 30,180</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 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 Inc. (“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 30.8% to 47.0%. At September 30, 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 further distribution 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 (unaudited)**

**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, 2002.

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. Capital Stock**

At September 30, 2003, the Company had 38,107,436 common shares outstanding. A total of 40,957,436 shares would have been outstanding had all options been exercised.

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 capital transactions. 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. Lexam has not awarded any stock options subsequent to January 1, 2002.