

LEXAM EXPLORATIONS INC.

NEWS RELEASE

Toronto, Canada
November 12, 2004

2004 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 \$13,404 during the three months ended September 30, 2004, compared to loss of \$24,867 during the corresponding period in 2003. During the nine months ended September 30, 2004, Lexam recorded a loss of \$84,997 compared to earnings of \$200,870 during the same period, 2003. The loss during the third quarter and first nine months of 2004 can be attributed to expenditures for administrative costs of \$13,526 and \$85,505 for those periods, respectively.

	Three months ended September 30,		Nine months ended September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Earnings (loss)	\$ (13,404)	\$ (24,867)	\$ (84,997)	\$ 200,870
Earnings (loss) per share	nil	nil	nil	\$ 0.01

Oil & Gas Property Status

During the first quarter of 2004, it was announced that an agreement was entered into with a joint venture partner, Petro-Hunt L.L.C. of Dallas, Texas ("Petro-Hunt"), to conduct additional exploration of Lexam's 100,000+ acre oil and gas property located in south central Colorado over the next two years. During the second and third quarter of 2004, Petro-Hunt conducted a program of 2D seismic data acquisition focusing on processing 60 line miles (97 km) of the newly acquired 2D seismic data and incorporating the data with the 60 miles (97 km) of existing Lexam data regarding the prospect. Currently, over US\$350,000 has been expended by Petro-Hunt on this program during 2004. Lexam is awaiting an assessment and analysis of the project by Petro-Hunt to determine whether a drilling program on the Colorado property will be undertaken.

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. In addition to the joint venture agreement, the Company may pursue additional actions, such as arranging additional sources of debt or equity financing, and investigating possible reorganization alternatives.

Financial Information and Notice to Reader

Attached are the Consolidated Financial Statements of Lexam Explorations Inc. for the three and nine months ended September 30, 2004. These interim financial statements have not been subject to auditor review.

For further information, please contact:

Brad J. Boland

Vice President, Finance

(416) 865-0326

Email: info@lexamexplorations.com

Corporate Office:

145 King Street West

Suite 2700

Toronto, Ontario

Canada M5H 1J8

Telephone: (416) 865-0326

Facsimile: (416) 361-5741

General enquires: (800) 813-1412

(Canada and United States)

Transfer Agent and Registrar:

Computershare Trust Company of Canada

100 University Avenue, 9th Floor

Toronto, Ontario

Canada M5J 2Y1

Telephone: (800) 564-6253

Facsimile: (416) 981-9800

Shareholder Enquiries: (800) 564-6253

Email: caregistryinfo@computershare.com

Stock Symbol: TSX Venture ("LEX")

**LEXAM EXPLORATIONS INC.
CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Balance Sheets

(in Canadian dollars)

	As at September 30, <u>2004</u> <i>(unaudited)</i>	As at December 31, <u>2003</u>
Assets		
Current assets		
Cash and short-term investments	\$ 33,279	\$ 124,060
Accounts receivable	-	968
Prepaid expenses	<u>228</u>	<u>2,281</u>
	33,507	127,309
Resource properties	<u>2,520,229</u>	<u>2,520,229</u>
	<u>\$ 2,553,736</u>	<u>\$ 2,647,538</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 464,002</u>	<u>\$ 472,807</u>
Shareholders' equity		
Capital stock (notes 1 and 4)	16,402,075	16,402,075
Deficit	<u>(14,312,341)</u>	<u>(14,227,344)</u>
	<u>2,089,734</u>	<u>2,174,731</u>
	<u>\$ 2,553,736</u>	<u>\$ 2,647,538</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>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues				
Interest and other income	\$ 122	\$ 452	\$ 1,089	\$ 4,933
Expenses				
Administrative	13,526	25,093	85,505	89,670
Exploration	<u>-</u>	<u>226</u>	<u>581</u>	<u>915</u>
	<u>13,526</u>	<u>25,319</u>	<u>86,086</u>	<u>90,585</u>
Decrease in provision for exploration and development commitments	-	-	-	66,804
Gain on sale of marketable securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,718</u>
Earnings (loss) for the period	<u>(13,404)</u>	<u>(24,867)</u>	<u>(84,997)</u>	<u>200,870</u>
Deficit at beginning of period	<u>(14,298,937)</u>	<u>(14,171,093)</u>	<u>(14,227,344)</u>	<u>(14,396,830)</u>
Deficit at end of period	<u><u>\$(14,312,341)</u></u>	<u><u>\$(14,195,960)</u></u>	<u><u>\$(14,312,341)</u></u>	<u><u>\$(14,195,960)</u></u>
Earnings (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>38,107</u>	<u>40,957</u>	<u>38,107</u>	<u>40,957</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>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash provided by (used in)				
Operating activities				
Earnings (loss) for the period	\$ (13,404)	\$ (24,867)	\$ (84,997)	\$ 200,870
Items not affecting cash				
Decrease in provision for exploration and development commitments	-	-	-	(66,804)
Gain on sale of marketable securities	-	-	-	(219,718)
Change in non-cash operating working capital	<u>(2,572)</u>	<u>27,410</u>	<u>(5,784)</u>	<u>(105,840)</u>
	<u>(15,976)</u>	<u>2,543</u>	<u>(90,781)</u>	<u>(191,492)</u>
Investing activities				
Additions to resource properties	-	(881)	-	(3,396)
Proceeds on disposal of marketable securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,418</u>
	<u>-</u>	<u>(881)</u>	<u>-</u>	<u>336,022</u>
Increase (decrease) in cash and short-term investments	(15,976)	1,662	(90,781)	144,530
Cash and short-term investments at beginning of period	<u>49,255</u>	<u>152,872</u>	<u>124,060</u>	<u>10,004</u>
Cash and short-term investments at end of period	<u>\$ 33,279</u>	<u>\$ 154,534</u>	<u>\$ 33,279</u>	<u>\$ 154,534</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 at September 30, 2004, 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 fulfil its expenditure commitments or complete its exploration programs.

The Company will continue to pursue alternatives to improve its financial position, such as seeking joint venture partners, additional sources of debt or equity financing and investigating possible reorganization alternatives.

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, 2003. These interim financial statements have not been subject to auditor review.

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. Change in Accounting Policy

Effective January 1, 2004, the Company has adopted the fair value method of accounting for all stock option awards. Under this method the Company recognizes a compensation expense for all stock option awards based on the fair value of the options on the date of grant which is determined by using an option pricing model. The fair value of the options is expensed over the vesting period of the options. The change in accounting policy has been adopted retroactively with no impact to prior period earnings. The Company had not issued any stock options in 2002 or 2003.

4. Capital Stock

At September 30, 2004, 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.