



**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2010 AND 2009**

-- unaudited --

ALEXIS MINERALS CORPORATION

Consolidated Balance Sheets

UNAUDITED

in Canadian dollars

As at	September 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,368,532	\$ 6,106,007
Amounts receivable (Note 15)	481,445	2,082,802
Tax credits receivable (Note 6)	8,398,033	7,465,197
Inventory (Note 3)	2,108,600	6,167,683
Prepaid expenses (Note 15)	521,571	272,808
Investments	590,361	122,340
	14,468,542	22,216,837
Restricted cash (Notes 6 and 10)	5,767,000	5,767,000
Property, plant and equipment (Note 5)	21,898,007	19,968,156
Mineral properties and deferred exploration expenditures (Note 6)	90,499,575	84,783,408
	\$ 132,633,124	\$ 132,735,401
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 15)	\$ 7,527,725	\$ 13,687,601
Current portion of capital lease obligations (Note 7)	187,799	411,648
Current portion of long-term debt (Note 8)	67,743	99,337
Liability component of convertible debenture (Note 9)	-	6,142,716
	7,783,267	20,341,302
Capital lease obligations (Note 7)	43,177	118,008
Long-term debt (Note 8)	-	51,300
Asset retirement obligations (Note 10)	3,271,250	3,667,865
Liability component of convertible debenture (Note 9)	5,478,200	-
Future income tax liability (Note 16)	1,749,000	3,258,141
	18,324,894	27,436,616
Non-controlling interest	-	3,154,839
Shareholders' equity:		
Share capital (Note 11)	111,389,285	99,057,683
Commitment to issue shares (Note 4)	154,840	-
Warrants (Note 12)	3,622,112	2,863,043
Equity component of convertible debenture (Note 9)	1,698,516	830,334
Contributed surplus (Note 14)	16,106,841	14,064,892
Deficit	(18,663,364)	(14,672,006)
	114,308,230	102,143,946
	\$ 132,633,124	\$ 132,735,401

Commitments and contingencies, Notes 1, 6, and 19

Subsequent events, Note 21

APPROVED ON BEHALF OF THE BOARD:

Signed "David Rigg", Director

ALEXIS MINERALS CORPORATION

Signed "Maurice Colson" _____, Director

Consolidated Statements of Shareholders' Equity

UNAUDITED

in Canadian dollars

	Common Shares		Commitment to issue shares	Warrants	Convertible Debenture	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
	No.	\$						
Balance, December 31, 2008	128,084,827	63,134,869	-	6,679,843	830,334	7,962,377	(10,302,353)	68,305,070
Private placement	39,106,000	20,000,000	-	-	-	-	-	20,000,000
Value of warrants granted on private placement	-	(752,600)	-	752,600	-	-	-	-
Value of broker warrants and units granted on private placement	-	(343,100)	-	343,100	-	-	-	-
Exercise of stock options	325,000	140,250	-	-	-	-	-	140,250
Valuation allocation on exercise of stock options	-	96,675	-	-	-	(96,675)	-	-
Valuation allocation of expired warrants	-	-	-	(4,912,500)	-	4,912,500	-	-
Shares issued in lieu of interest payment	607,912	252,600	-	-	-	-	-	252,600
Shares issued to acquire subsidiary	45,612,929	18,920,025	-	-	-	-	-	18,920,025
Shares issued as severance payments in acquisition of subsidiary	1,231,947	563,000	-	-	-	-	-	563,000
Value of equity portion of acquired convertible debenture	-	-	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	1,286,690	-	1,286,690
Share issue costs	-	(2,130,036)	-	-	-	-	-	(2,130,036)
Tax effect of share issue costs	-	681,000	-	-	-	-	-	681,000
Flow-through share tax effect	-	(1,505,000)	-	-	-	-	-	(1,505,000)
Loss for the period	-	-	-	-	-	-	(4,369,653)	(4,369,653)
Balance, December 31, 2009	214,968,615	99,057,683	-	2,863,043	830,334	14,064,892	(14,672,006)	102,143,946
Public offering	95,833,333	14,375,000	-	-	-	-	-	14,375,000
Value of warrants granted on public offering	-	(1,344,259)	-	1,344,259	-	-	-	-
Value of broker warrants granted on public offering	-	(305,800)	-	305,800	-	-	-	-
Shares issued to acquire subsidiary	6,172,092	2,143,681	-	-	-	-	-	2,143,681
Shares to be issued in subsidiary acquisition	-	-	154,840	-	-	-	-	154,840
Value of options granted to acquire subsidiary	-	-	-	-	-	141,900	-	141,900
Value of warrants granted to acquire subsidiary	-	-	-	423,051	-	-	-	423,051
Shares issued to settle liabilities	19,390,119	2,980,480	-	-	-	-	-	2,980,480
Value of warrants attached to shares issued to settle liabilities	-	(266,902)	-	266,902	-	-	-	-
Expiry of warrants	-	-	-	(1,688,143)	-	1,688,143	-	-
Roll-over of convertible debentures	-	-	-	-	868,182	-	-	868,182
Value of warrants issued for convertible debenture roll-over	-	-	-	107,200	-	-	-	107,200
Stock-based compensation	-	-	-	-	-	211,906	-	211,906
Shares issued in lieu of interest payment	397,099	124,570	-	-	-	-	-	124,570
Share issue costs	-	(1,478,257)	-	-	-	-	-	(1,478,257)
Tax effect of share issue costs	-	348,089	-	-	-	-	-	348,089
Flow-through share tax effect	-	(4,245,000)	-	-	-	-	-	(4,245,000)
Adjustment	(23)	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(3,991,358)	(3,991,358)
Balance, September 30, 2010	336,761,235	111,389,285	154,840	3,622,112	1,698,516	16,106,841	(18,663,364)	114,308,230

- See accompanying Notes to the Unaudited Interim Consolidated Financial Statements -

ALEXIS MINERALS CORPORATION

Consolidated Statements of Operations, Comprehensive Loss and Deficit

UNAUDITED

in Canadian dollars

For the	Three months ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Revenue, net of royalties	\$ 7,741,842	\$ 6,564,130	\$ 21,874,487	\$ 19,919,927
Mine operating expenses (Note 3)	(8,340,217)	(6,211,511)	(21,898,027)	(15,157,226)
Amortization and depletion	(2,384,378)	(1,303,430)	(6,071,472)	(4,392,400)
	(10,724,595)	(7,514,941)	(27,969,499)	(19,549,626)
Gross (loss)/profit	(2,982,753)	(950,811)	(6,095,012)	370,301
Expenses:				
Professional, consulting and management fees (Note 13)	484,114	576,151	1,460,859	1,482,908
Other general and administrative expenses	310,980	273,803	1,111,085	1,099,745
Long-term interest, accretion and financing costs	293,538	186,536	814,620	524,131
Other interest, accretion and financing costs	104,058	5,237	194,236	62,567
Equity loss from investments	-	30,000	-	30,000
Foreign exchange	(16,594)	(38,527)	(9,542)	(58,317)
Interest income and gain on held-for-trading investments	(168,495)	(475)	(482,244)	(354,192)
	1,007,601	1,032,725	3,089,014	2,786,842
(Loss) before taxes	(3,990,354)	(1,983,536)	(9,184,026)	(2,416,541)
Future income tax recovery (Note 16)	977,911	269,000	5,192,993	207,000
(Loss) before non-controlling interest	(3,012,443)	(1,714,536)	(3,991,033)	(2,209,541)
Non-controlling interest	-	-	(325)	-
Net (loss) and comprehensive (loss) for the period	(3,012,443)	(1,714,536)	(3,991,358)	(2,209,541)
DEFICIT, beginning of period	(15,650,921)	(10,797,358)	(14,672,006)	(10,302,353)
DEFICIT, end of period	\$ (18,663,364)	\$ (12,511,894)	\$ (18,663,364)	\$ (12,511,894)
Net (loss) per share: basic	(0.01)	(0.01)	(0.02)	(0.02)
Net (loss) per share: diluted	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of shares outstanding:				
basic	253,805,879	147,703,408	231,136,808	134,227,733
diluted	253,805,879	147,703,408	231,136,808	134,227,733

- See accompanying Notes to the Unaudited Interim Consolidated Financial Statements -

ALEXIS MINERALS CORPORATION

Consolidated Statements of Cash Flows

UNAUDITED

in Canadian dollars

For the

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Cash provided by (used in):				
Operations:				
Net (loss) for the period	\$ (3,012,443)	\$ (1,714,536)	\$ (3,991,358)	\$ (2,209,541)
Items not involving cash:				
Stock-based compensation (Note 13)	66,341	133,302	180,368	241,963
Amortization and depletion	2,384,378	1,303,430	6,071,472	4,392,400
Interest, accretion and finance charges	238,277	182,477	650,353	510,807
Realized and unrealized investment gains	(161,364)	-	(468,021)	(351,337)
Equity loss on investment	-	30,000	-	30,000
Non-controlling interest	-	-	325	-
Future income tax (recovery)	(977,911)	(269,000)	(5,192,993)	(207,000)
Changes in non-cash working capital	(5,384,073)	35,301	5,964,646	1,728,335
	(6,846,795)	(299,026)	3,214,792	4,135,627
Financing:				
Public offerings and private placements	14,375,000	10,000,000	14,375,000	10,000,000
Share issue costs	(1,478,257)	(1,227,020)	(1,478,257)	(1,227,020)
Exercise of options	-	3,150	-	100,250
Financing costs on debenture	(78,750)	-	(172,750)	-
Long-term debt repayments	(16,096)	(44,869)	(87,338)	(133,725)
Capital lease payments	(104,612)	(159,603)	(318,793)	(455,041)
	12,697,285	8,571,658	12,317,862	8,284,464
Investing:				
Property, plant and equipment purchases	(292,235)	(1,169,547)	(3,326,023)	(1,376,520)
Acquisition of subsidiary (Note 4)	(7,117)	-	(207,747)	-
Purchase and sale of investments	-	(1,552,254)	-	(868,325)
(Decrease)/increase in exploration and development accounts payable	(1,986,466)	648,787	(4,047,628)	(1,767,154)
Exploration tax credits received (Note 6)	-	1,137,004	1,979,601	1,137,004
Expenditures on mineral interests	(2,451,620)	(5,808,107)	(13,668,332)	(11,689,092)
	(4,737,438)	(6,744,117)	(19,270,129)	(14,564,087)
Change in cash and cash equivalents	1,113,052	1,528,515	(3,737,475)	(2,143,996)
Cash and cash equivalents, beginning of period	1,255,480	856,792	6,106,007	4,529,303
Cash and cash equivalents, end of period	\$ 2,368,532	\$ 2,385,307	\$ 2,368,532	\$ 2,385,307
Cash and cash equivalents consists of:				
Cash	\$ 2,353,532	\$ 2,370,307	\$ 2,353,532	\$ 2,370,307
Cash equivalents	15,000	15,000	15,000	15,000
	\$ 2,368,532	\$ 2,385,307	\$ 2,368,532	\$ 2,385,307
SUPPLEMENTAL INFORMATION				
Common shares issued to acquire subsidiary (Notes 4 and 11(b))	\$ 2,037	\$ -	\$ 2,143,681	\$ -
Common shares issued for interest payment	-	-	124,570	125,954
Common shares issued to settle liabilities	2,854,143	-	2,980,480	-
Options granted to acquire subsidiary (Note 4)	-	-	141,900	-
Warrants granted to acquire subsidiary (Note 4)	-	-	423,051	-
Amortization of exploration assets charged to exploration (Note 5)	98,251	53,331	217,528	126,020
Equipment acquired under capital leases	-	-	20,113	180,636
Stock-based compensation charged to exploration (Note 13)	6,823	-	31,538	-
Interest paid	147,679	6,839	335,068	22,019
Income taxes paid	-	-	-	-

- See accompanying Notes to the Unaudited Interim Consolidated Financial Statements -

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

1. NATURE OF OPERATIONS AND GOING CONCERN

Alexis Minerals Corporation (the "Company") currently has interests in mineral exploration and development properties in the province of Québec. The Company is in commercial production at the Lac Herbin deposit and is also continuing to focus on the exploration and development of its other gold and base metal projects within this region. The Company acquired a 100% interest in Garson Gold Corp., a company with mineral exploration and development properties in the province of Manitoba (Note 4).

These interim consolidated financial statements are unaudited.

Management has prepared these unaudited consolidated financial statements for the three and nine months ended September 30, 2010 in accordance with Canadian generally accepted accounting principles. These statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009.

The disclosure in these interim unaudited consolidated financial statements may not conform in all respects to generally accepted accounting principles in Canada for annual financial statements.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these interim unaudited consolidated financial statements. Operating results for the three and nine months ended September 30, 2010 are not indicative of the results that may be expected for the full year ending December 31, 2010. The consolidated balance sheet as December 31, 2009 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by Canadian GAAP for complete financial statements.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to its property interests in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. Such adjustments may be material.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, these interim unaudited consolidated financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's annual audited consolidated financial statements for the year ended December 31, 2009.

Future accounting changes

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces Section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact that these new standards may have on the financial statements of the Company.

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will adopt IFRS for its fiscal year beginning January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. Management is currently assessing the impact of adopting IFRS and it has not yet determined its effect on the Company's consolidated financial statements.

3. INVENTORY

	September 30, 2010	December 31, 2009
Material and supplies	\$ 675,099	\$ 426,494
Stockpiled ore	715,447	4,354,454
Gold brick or doré bars	718,054	1,386,735
	<u>\$ 2,108,600</u>	<u>\$ 6,167,683</u>

During the three and nine months ended September 30, 2010, the Company recognized \$10,724,595 and \$27,969,499 respectively of inventory as an expense (2009: \$7,514,941 and \$19,549,626 respectively).

All inventory is carried at the lower of cost and net realizable value. Material and supplies inventory is recorded at cost as at September 30, 2010 and December 31, 2009. As at September 30, 2010, \$715,447 (December 31, 2009: \$700,000) in stockpiled ore and \$718,054 (December 31, 2009: \$1,300,000) in finished gold brick and doré bars is recorded at net realizable value.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

4. ACQUISITION OF GARSON GOLD CORP.

On December 23, 2009, the Company acquired 89% of the issued and outstanding shares of Garson Gold Corp. ("Garson"). An initial 15% was acquired during the third quarter of 2009, with the purchase of 31,092,000 common shares of Garson for cash consideration of \$1,544,110. In October 2009, the Company offered 0.29 of a common share of the Company for each Garson common share held. On January 15, 2010, the Company acquired additional shares of Garson through the issuance of common shares of the Company at the same ratio. The Company completed the acquisition of Garson on April 29, 2010. As at September 30, 2010, some shareholders had not yet tendered their Garson shares, and consequently an amount of \$154,840 is recorded as a commitment to issue shares. The Company incurred \$1,720,249 in transaction costs as at September 30, 2010 related to the acquisition. Included in transaction costs is the value of options and warrants granted to former Garson option and warrant holders. The value of these options and warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield: 0%; expected volatility: between 41.4% and 78.61%; risk-free interest rate: between 0.39% and 2.75%; and expected life: between 2.4 months and 4 years.

The transaction was accounted for as an acquisition of assets and liabilities in accordance with the Emerging Issues Committee ("EIC") Abstracts 124 "Definition of a Business". The allocation of the purchase price to the fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition, December 23, 2009, and adjusted for the incremental purchase, is as follows:

Consideration paid:	
Cash	\$ 1,544,110
Value of common shares issued	21,218,547
Transaction costs	1,155,298
Value of options granted	141,900
Value of warrants granted	423,051
less: Equity loss recognized	(93,251)
	<hr/>
	\$ 24,389,655
Net assets acquired:	
Cash	\$ 30,482
Restricted cash	5,767,000
Accounts receivable and prepaid expenses	128,744
Investments	109,800
Property, plant and equipment	9,259,000
Exploration properties	17,463,248
Accounts payable	(1,959,501)
Asset retirement obligations	(2,346,000)
Convertible debenture	(2,085,036)
Future income taxes	(1,978,082)
	<hr/>
	\$ 24,389,655

The Company incurred an equity loss of \$93,251 from the period September 9, 2009 through to December 23, 2009 while it held a 15% interest in Garson.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

5. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2010		December 31, 2009	
	Cost (\$)	Accumulated Amortization (\$)	Net (\$)	Net (\$)
Computer equipment	176,940	(113,892)	63,048	17,583
Office equipment and furniture	69,858	(56,990)	12,868	25,353
Machinery and equipment	7,737,698	(1,331,839)	6,405,859	8,093,611
Mobile equipment	5,103,627	(2,440,318)	2,663,309	3,066,857
Buildings	3,126,767	(449,411)	2,677,356	2,726,262
Mill	10,785,437	(709,870)	10,075,567	6,038,490
	<u>27,000,327</u>	<u>(5,102,320)</u>	<u>21,898,007</u>	<u>19,968,156</u>

As a result of the acquisition of Garson on December 23, 2009, the Company acquired various assets at the Snow Lake mine site, including a mill which is on care and maintenance and various machinery and equipment. The fair value of these acquired assets totaled \$9,259,000.

During the three and nine months ended September 30, 2010, the Company expensed \$923,080 and \$2,013,176 respectively in amortization to the statement of operations (2009: \$244,592 and \$836,057 respectively) and charged \$98,251 and \$217,528 to deferred exploration properties (2009: \$53,331 and \$126,020 respectively).

Included in mobile equipment and buildings are assets under capital leases totalling \$1,369,462 (December 31, 2009: \$1,935,856). Accumulated amortization on these assets totalled \$534,971 (December 31, 2009: \$569,096) with a net book value of approximately \$834,500 (December 31, 2009 - \$1,367,000). Amortization of \$45,961 and \$173,583 was charged to operations respectively on these leased assets for the three and nine months ended September 30, 2010 (2009: \$91,586 and \$268,484 respectively).

Included in property, plant and equipment is the Val-d'Or mill that had been under care and maintenance. The Company had been refurbishing the mill, and during the second quarter of 2010, the mill began commissioning with crushing low-grade ore and has been operating throughout the third quarter. Accordingly, amortization expense, calculated on a unit-of-production basis of \$709,870 has been recorded for the period. The Company's newly acquired Snow Lake mill is also included in property, plant and equipment and is currently on care and maintenance. No amortization expense has been recorded in relation to the Snow Lake mill.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Description	PRODUCING PROPERTIES	NON-PRODUCING PROPERTIES					TOTAL
	Lac Herbin Quebec (\$)	Rouyn Quebec (\$)	Lac Pelletier Quebec (\$)	VMS Quebec (\$)	Aurbel Quebec (\$)	Snow Lake Manitoba (\$)	
Balance, December 31, 2009	24,245,177	13,607,148	12,775,705	9,617,443	5,607,990	18,929,945	84,783,408
Acquisition and property maintenance	-	5,533	19,295	10,022	40,640	(1,428,234)	(1,352,744)
Development costs	352,604	-	-	-	-	-	352,604
Exploration costs	500,957	703,504	9,220,375	1,229,150	571,016	4,867,417	17,092,419
Asset retirement obligations	-	-	-	-	-	-	-
Amortization	40	1,494	149,398	3,549	2,513	60,534	217,528
	25,098,778	14,317,679	22,164,773	10,860,164	6,222,159	22,429,662	101,093,215
Less:							
Government assistance	(300,462)	(215,184)	(1,878,478)	(368,355)	(149,957)	-	(2,912,436)
Net gold sales from bulk sample	-	-	(3,075,951)	-	-	-	(3,075,951)
Sale of ore applied against project costs	-	-	-	-	-	(766,677)	(766,677)
Depletion of deferred exploration and development costs	(3,838,576)	-	-	-	-	-	(3,838,576)
Balance, September 30, 2010	20,959,740	14,102,495	17,210,344	10,491,809	6,072,202	21,662,985	90,499,575

The Company has accrued approximately \$2,500,000 in government assistance receivable related to eligible expenditures in the province of Québec for the nine months ended September 30, 2010. An amount of \$2,900,000 in government assistance is accrued for the year ended December 31, 2009 while approximately \$3,000,000 is accrued for the year ended December 31, 2008. During the nine months ended September 30, 2010, the Company received approximately \$1,980,000 in assistance related to the year ended December 31, 2007. The assistance has been applied to the properties to which it pertains. The Company receives this assistance in the form of refundable tax credits from the Québec Provincial Government and mining duties returns from Québec Ministry of Natural Resources.

Aurbel Property (Including Lac Herbin), Québec

The Company holds a 100% interest in the Aurbel Property (including Lac Herbin), subject to a 4.5% Net Smelter Royalty ("NSR"). A corporation that is controlled by a director of the Company holds 2% of the NSR. See Note 15.

On October 1, 2008, the Company declared the commencement of commercial production at Lac Herbin.

Rouyn Noranda Properties, Québec

Pursuant to the June 15, 2004 binding letter of intent with Falconbridge Ltd., now referred to as Xstrata Copper ("Xstrata"), a business unit of Falconbridge Ltd., the Company has a 50% interest in all of Xstrata's properties in the prospective Rouyn-Noranda Base Metal and Gold Camp. See Note 20.

Certain claims that form part of this property are subject to NSR royalties that range from 0.5% to 2% of net proceeds or production royalties that range from 7.5% to 20%.

Lac Pelletier Property, Rouyn-Noranda, Québec

Pursuant to the September 2005 option agreement with Thundermin Resources Inc. ("Thundermin"), the Company was entitled to acquire a 100% interest in the Lac Pelletier Property, subject to a 3.5% NSR royalty and \$1/tonne Toll Charge, by spending \$1,000,000 in exploration expenditures by September 1, 2008. During 2007, the Company met its expenditure obligations.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Pursuant to the agreement, the Company extended its decision deadline and was required to make a production decision by September 1, 2009 and reach commercial production by September 1, 2010. The Company further amended this agreement such that the production decision deadline had been extended to September 1, 2010 with a payment of \$100,000 in 2009. Prior to September 1, 2010, the Company issued a production commitment notice to Thundermin, thereby exercising its option to acquire the Lac Pelletier Property. The Company is in discussion with Thundermin regarding the transfer of full title and ownership of the Property to the Company.

During 2009, the Company entered into a property acquisition agreement to acquire a 100% interest in four mining claims located near Lac Pelletier, subject to a 2% NSR. The Company has the option to purchase, at any time, 50% of the NSR for US\$1,000,000.

VMS Properties, Québec

The Company holds a 100% interest in the VMS properties, subject to Teck Cominco Ltd. (formerly Aur Resources Ltd.) retaining between a 2% and a 2.5% NSR on the properties depending on pre-existing underlying royalties. Certain claims forming part of this property are subject to NSR royalties of 1% to 2.5%, net profits royalties of 5% or net proceeds of production royalties of 10% or 25 cents charge per ton milled. Certain of the properties were held under previously existing joint venture agreements. The other party to these agreements has opted to no longer fund the properties.

Snow Lake, Manitoba

Through the acquisition of Garson (Note 4), the Company acquired a 100% interest in the New Britannia Gold Mine ("NBM") in Snow Lake, Manitoba. The Company has since renamed the mine "Snow Lake Mine". A total of \$5,767,000 in financial assurances is posted with both the Government of Manitoba and Kinross Gold Corporation ("Kinross") (the former owners of the New Britannia Mine) refundable upon commercial production of the mine. The letter of credit with the Manitoba government is financial assurance that the site will ultimately be closed according to the terms of the existing and approved closure plan. Once closure is complete, all or a portion of the letter of credit will be refunded to the Company. Should a NI 43-101 compliant resource of 3 million ounces be proven, Kinross retains a back-in right for a 60% interest for consideration of the equivalent of three-times the exploration costs incurred to that date.

NSR royalties totaling 2.88% on various portions of the Snow Lake property are held by third parties.

7. CAPITAL LEASE OBLIGATIONS

The Company had entered into capital leasing arrangements for mobile equipment and buildings. These leasing arrangements are for terms of eighteen months to four years and at interest rates between 4.12% and 7.95%. During the nine months ended September 30, 2010, the Company entered into a new lease for mobile equipment for a term of 24 months at an interest rate of 32.8%.

As at September 30, 2010, the future minimum lease payments under the capital lease arrangements were:

Capital lease obligations

December 2010	101,513
December 2011	112,958
December 2012	26,653
	<hr/>
	241,124
Less: Amounts representing interest	(10,148)
	<hr/>
	230,976
Less: Current portion	187,799
	<hr/>
Long-term portion	43,177

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

8. LONG-TERM DEBT

In July 2006, the Company purchased a building, being the Val-d'Or office, from Aur Resources Ltd. (now Teck Cominco Ltd.). The Company made a payment of \$100,000 towards the purchase price, with the balance payable in 45 monthly instalments of \$10,000 and recorded as a non-interest bearing long-term debt, discounted at a rate of 6.28%. Accretion expense related to this loan for the nine months ended September 30, 2010 totalled \$4,444 (2009 - \$10,000).

The Company had entered into a financing contract to purchase mobile equipment at an interest rate of 7.75% repayable over four years.

Principal repayments are as follows:

	Equipment
December 2010	16,410
December 2011	51,333
December 2012	-
Total long-term debt	67,743
Less: current portion	67,743
Long-term portion	-

9. CONVERTIBLE DEBENTURE

a) During 2006, the Company completed a private placement debenture financing with Industrial Alliance Securities Inc. ("Industrial Alliance") raising \$4,210,000 in gross proceeds. Pursuant to the terms of the private placement, the Company issued Units comprised of \$1,000 principal convertible debentures (the "Debentures") maturing April 28, 2010 and 150 common share purchase warrants (the "Warrants"). The \$1,000 face value Debentures were unsecured and subordinated obligations of the Company, had a coupon rate of 6.0% and were convertible at the option of the holder, any time after 12 months from the date of closing, into common shares of the Company at an exercise price of \$0.75 for the second year, \$0.825 for the third year and \$0.9075 for the fourth year (the "Conversion Prices"). Interest on the loan was payable in cash or in common shares of the Company at the option of the Company based on a price equal to 90% of the average closing price of the common shares of the Company on the TSX Exchange for a period of 20 consecutive trading days ending 5 days before the payment date. The Warrants expired unexercised.

On April 28, 2010, the Company entered into agreements with the current holders of the expiring \$4,210,000 convertible debentures to roll over the existing 6% convertible debentures into units comprised of \$1,000 principal amount 10% convertible unsecured subordinated debentures due April 28, 2014. Interest will be payable in equal semi-annual instalments on April 30 and October 30 at 10% per annum commencing October 30, 2010. At the option of the Company, interest shall be payable in cash or in shares. If payment is in shares, it will be based on a price equal to 90% of the average closing price of the common shares of the Company on the Toronto Stock Exchange for a period of 20 consecutive trading days ending five trading days before payment date. Each debenture is convertible at the option of the holder into common shares of the Company at any time after the issue date at the conversion price of \$0.40 per share. Except in the event of a change of control, the debentures are not redeemable prior to April 28, 2012. On or after April 28, 2012 and up to and including April 28, 2014, the debentures may be redeemed by the Company at the option of the Company at par plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' notice prior to the date fixed for redemption provided that the average closing price of the Company's common shares during the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price. A charge of \$94,000 was incurred in relation to the roll-over agreements.

The Debentures are classified as a liability, with the exception of the portion relating to the conversion features, resulting in the carrying value of the Debentures being less than its face value. The discount is being accreted over the term of the Debentures, utilizing the effective interest rate method at a 15% discount rate. For the nine months ended September 30, 2010, accretion of the discount totalled \$430,785 (2009 - \$427,731).

Financing charges associated with the Debentures were prorated between the debt and equity components of the Debentures. Those allocated to the debt portion of the Debentures were deferred and are being accreted over the term of the Debentures. For the nine months ended September 30, 2010, \$35,000 (2009 - \$62,326) in deferred financing charges were accreted to operations.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

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9. CONVERTIBLE DEBENTURE (continued)

During the second quarter of 2010, the Company issued 397,099 common shares of the Company (2009: 299,320) in lieu of the 6% cash interest payment due to the debenture holders on April 28, 2010. The shares were valued at a weighted average price of \$0.3137 per share (2009: \$0.4208) for a total amount of \$124,570 (2009: \$125,954). The Company intends to issue 1,003,447 common shares valued at a weighted average price of \$0.2138 per share in lieu of the 10% cash interest payment due to the debenture holders on October 30, 2010 pending TSX approval.

- b) As a result of the acquisition of Garson, the Company is carrying a convertible debenture with a face value of \$2,150,000. This debenture has a coupon rate of 10%, and interest is compounded monthly and paid quarterly in cash. The debenture matured on July 28, 2010. On July 15, 2010, the Company entered into an agreement to extend the term of this debenture to July 31, 2012. The debenture is convertible into common shares of the Company at a price of \$0.40 per share at the option of the holder. There were 4,000,000 Garson warrants issued to the debenture holder at the time of the original agreement, which were converted to warrants of the Company at a ratio of 0.29 on April 29, 2010. These were cancelled during the third quarter of 2010 and 4,000,000 warrants were re-issued at an exercise price of \$0.50 with an expiry date of July 15, 2012. The Company paid an arrangement fee of \$53,750 to extend the term of the debenture.

The debenture has been re-valued as a result of the extension. It has been classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value being less than its face value. The discount is being accreted over the remaining term of the debenture. For the nine months ended September 30, 2010, accretion expense related to this debenture totalled \$89,395.

10. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations ("ARO") are based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the ARO associated with the retirement of the Company's plant and mineral properties:

	September 30, 2010	December 31, 2009
Balance, beginning of period	\$ 3,667,865	\$ 541,000
Liabilities incurred	-	376,000
Change in estimates	-	(102,000)
Liabilities assumed through acquisition of subsidiary	(482,865)	2,828,865
Accretion expense	86,250	24,000
Balance, end of period	\$ 3,271,250	\$ 3,667,865

The Company has estimated its total asset retirement obligations to be \$3,271,250 at September 30, 2010 based on a total future liability of approximately \$7,500,000 and a credit adjusted risk-free rate ranging between 13% and 15.45%. Reclamation is expected to occur between five to fifteen years.

Through Garson, the Company has term deposits amounting to \$5,767,000 restricted for the reclamation of the Snow Lake property. The Company has placed funds on deposit as collateral for letters of credit issued to the vendor of the NBM, Kinross Gold Corporation, as well as to the Government of Manitoba, for Garson's share of assumed reclamation and operating obligations. The Company pays an annual fee of 1% of the face value of the letter. Funds on deposit are invested in short term GICs earning interest at HSBC floating rates of interest. The GIC's can be redeemed prior to maturity without penalty.

ALEXIS MINERALS CORPORATION

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11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

Common Shares issued	Number of Shares	Stated Value
Balance, December 31, 2008	128,084,827	\$ 63,134,869
Private placement	39,106,000	20,000,000
Warrant valuation	-	(752,600)
Exercise of stock options	325,000	140,250
Stock option exercise - valuation reallocation		96,675
Shares issued for acquisition of subsidiary (Note 4)	45,612,929	18,920,025
Shares issued to settle liabilities in acquisition of subsidiary	1,231,947	563,000
Shares issued for payment of interest	607,912	252,600
Cost of issue	-	(2,473,136)
Tax effect of cost of issue	-	681,000
Flow-through share tax effect	-	(1,505,000)
Balance, December 31, 2009	214,968,615	\$ 99,057,683
Public offering (i)	95,833,333	14,375,000
Warrant and broker warrant valuation	-	(1,650,059)
Shares issued for acquisition of subsidiary (Note 4)	6,172,092	2,143,681
Shares issued to settle liabilities (i)	19,390,119	2,980,480
Value of warrants attached to shares issued to settle liabilities (i)	-	(266,902)
Shares issued for payment of interest (Note 9(a))	397,099	124,570
Cost of issue	-	(1,478,257)
Tax effect of cost of issue	-	348,089
Flow-through share tax effect (Note 16)	-	(4,245,000)
Adjustment	(23)	-
Balance, September 30, 2010	336,761,235	\$ 111,389,285

(i) In September 2010, the Company closed a public offering of 95,833,333 units of the Company raising a gross amount of \$14,375,000. Each unit, priced at \$0.15 per unit, comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 expiring on September 2, 2013. If at any time commencing the 20th trading day after the closing date of the offering the weighted average trading price of the common shares of the Company listed on the Toronto Stock Exchange ("TSX") is or exceeds \$0.55 for a period of 20 consecutive trading days, the Company may accelerate the expiry of the warrants by giving prior notice to the holders of the warrants within 10 business days immediately following such 20 day trading period. In such an event, the warrants, if unexercised, will expire on the 30th calendar day following the date on which such notice will be deemed to have been received by such holders of warrants. The notice will be deemed to be received five days following the date such notice was sent. As well, 19,390,119 units under the same terms were issued to settle liabilities totalling \$2,980,480. The value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield: 0%; expected volatility: 70.99%; risk-free interest rate: 1.55%; and expected life: approximately 3 years.

The underwriters received a commission of 7% of the total proceeds, as well as 4,791,666 broker warrants which have an exercise price of \$0.15 and expire September 2, 2012. The value of the broker warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield: 0%; expected volatility: 77.52%; risk-free interest rate: 1.55%; and expected life: approximately 2 years. Additional issue costs included legal fees and other disbursements.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

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12. WARRANTS

Summary of warrant activity:

	September 30, 2010		December 31, 2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	16,931,503	\$ 0.82	21,457,143	\$ 1.20
Granted	66,222,143	0.39	7,974,360	0.65
Converted on acquisition of subsidiary	11,990,037	0.41	-	-
Expired	(9,772,836)	0.94	(12,500,000)	1.35
Balance, end of period	85,370,847	\$ 0.41	16,931,503	\$ 0.82

Summary of warrants outstanding at September 30, 2010:

Number of warrants	Exercise price	Grant date fair value of warrants	Date of expiry
600,000	\$0.500	\$ 79,200	October 15, 2010
499,197	\$0.345	10,234	November 18, 2010
2,650,915	\$0.345	81,383	March 4, 2011
637,420	\$0.345	19,888	March 20, 2011
1,000,000	\$0.500	135,000	June 23, 2011
553,842	\$0.414	17,335	June 26, 2011
* 699,360	\$0.500	150,400	July 9, 2011
447,000	\$0.560	57,700	July 9, 2011
5,828,000	\$0.700	752,600	July 9, 2011
** 295,220	\$0.345	38,792	September 10, 2011
*** 398,750	\$0.414	29,428	September 10, 2011
5,539,000	\$0.414	225,991	September 10, 2011
4,000,000	\$0.500	107,200	July 15, 2012
4,791,666	\$0.150	305,800	September 2, 2012
57,430,477	\$0.400	1,611,161	September 2, 2013
85,370,847		\$ 3,622,112	

* The Company granted 699,360 broker units to the agents involved in the Company's private placement in July 2009. These broker units are exercisable into one common share of the Company, plus one-half of one common share purchase warrant, each whole warrant exercisable into one common share of the Company at a price of \$0.70 until July 9, 2011.

** On September 10, 2010, the exercise price of these warrants increased from \$0.207 to \$0.345.

*** On September 10, 2010, the exercise price of these warrants increased from \$0.276 to \$0.414.

Subsequent to the end of the quarter, 600,000 broker warrants expired unexercised.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

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13. STOCK-BASED COMPENSATION

Summary of stock option activity

	September 30, 2010		December 31, 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	13,938,000	\$ 0.59	10,186,500	\$ 0.65
Granted	667,500	0.28	5,395,000	0.43
Granted on acquisition of subsidiary	1,930,130	0.79	-	-
Exercised	-	-	(325,000)	0.43
Expired	(1,645,000)	0.76	(1,287,500)	0.50
Forfeited	-	-	(31,000)	0.57
Balance, end of period	14,890,630	\$ 0.58	13,938,000	\$ 0.59

As at September 30, 2010, the following stock options were outstanding:

DATE OF EXPIRY	NO. OF OPTIONS OUTSTANDING	NO. OF OPTIONS EXERCISABLE	EXERCISE PRICE	GRANT DATE FAIR VALUE OF OPTIONS GRANTED (\$)
1-Feb-11	480,000	480,000	\$0.42	151,680
1-Nov-11	100,000	100,000	\$0.52	33,900
8-Dec-11	115,000	115,000	\$0.50	37,490
4-Jan-12	415,243	415,243	\$0.97	12,600
4-Jan-12	522,000	522,000	\$1.03	14,300
5-Mar-12	25,000	25,000	\$0.91	15,075
9-Apr-12	100,000	100,000	\$1.14	75,800
24-Aug-12	186,687	186,687	\$1.03	6,800
27-Aug-12	3,125,000	3,125,000	\$0.79	1,753,125
17-Sep-12	400,000	400,000	\$0.84	238,400
11-Oct-12	10,000	10,000	\$0.94	6,990
19-Oct-12	155,000	155,000	\$0.91	104,780
1-Nov-12	2,500	2,500	\$0.89	1,650
24-Jan-13	131,950	131,950	\$1.21	5,000
30-Jan-13	100,000	100,000	\$0.88	61,100
5-Aug-13	2,285,500	2,285,500	\$0.49	735,931
9-Jan-14	500,000	437,500	\$0.45	144,255
4-Feb-14	543,750	543,750	\$0.35	82,700
4-May-14	130,500	130,500	\$0.35	20,500
14-Jul-14	447,500	447,500	\$0.41	116,350
21-Dec-14	4,447,500	4,072,500	\$0.43	1,131,069
23-Feb-15	200,000	75,000	\$0.40	35,169
9-Jun-15	467,500	336,250	\$0.23	61,376
	14,890,630	14,196,880		

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13. STOCK-BASED COMPENSATION (continued)

During the nine months ended September 30, 2010, 667,500 stock options (2009: 947,500) were granted to directors, officers, employees and consultants of the Company with a weighted-average grant date fair value of \$0.18 per option (2009: \$0.28). Of these options, 375,000 vest 1/8th every quarter from the date of grant, while the remainder vest immediately. Stock-based compensation expense of \$180,368 (2009: \$241,963) relating to these options and others that vested during the nine-month period was recorded in professional, consulting and management fees, while \$31,538 (2009: \$nil) was charged to exploration properties. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions, quoted at their weighted averages:

	Q3-2010	Q3-2009
Expected dividend yield	0%	0%
Expected volatility	75.47%	78.36%
Risk-free interest rate	1.91%	2.16%
Expected life	5 years	5 years

The Company granted 1,930,130 stock options to former option holders of Garson replacing those Garson options they held. The estimated fair value of these options was \$141,900 and was recorded against the investment. The fair value was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions, quoted at their weighted averages: expected dividend yield: 0%; expected volatility: 76.83%; risk-free interest rate: 2.14%; and expected life: approximately 1.5 to 4 years.

The weighted average exercise price of stock options exercisable as at September 30, 2010 is \$0.58 (December 31, 2009: \$0.60) and the weighted average contractual life is 2.94 years (December 31, 2009: 3.22 years).

14. CONTRIBUTED SURPLUS

	September 30, 2010	December 31, 2009
Balance, beginning of period	\$ 14,064,892	\$ 7,962,377
Stock options granted and/or vested during the period		
Directors, officers and employees	152,254	1,051,638
Consultants	59,652	235,052
Options granted on acquisition of subsidiary	141,900	
Exercise of stock options, reallocation of valuation	-	(96,675)
Expiry of warrants and broker warrants, reallocation of valuation	1,688,143	4,912,500
Balance, end of period	\$ 16,106,841	\$ 14,064,892

15. RELATED PARTY TRANSACTIONS

The Company was charged \$45,000 during the nine months ended September 30, 2010 (2009: \$45,000) by a company controlled by a director of the Company for administration services.

An amount of \$140,000 is payable to directors of the Company as at September 30, 2010 (December 31, 2009: \$80,000) and is included in accounts payable and accrued liabilities.

NSR royalties of US\$238,152 (\$253,325) were paid during the nine months ended September 30, 2010 to a corporation controlled by a director of the Company, all of which was accrued at December 31, 2009. An additional US\$455,834 (\$473,873) has been accrued at September 30, 2010 in accounts payable and accrued liabilities for royalties on gold sales. (See Note 6.)

The Company shares its premises with other corporations that have common directors and officers, and the Company reimburses the related corporations for their proportional share of the expenses. As at September 30, 2010, the Company has advanced \$18,000 to such corporations to cover shared expenses and has included these amounts in prepaid expenses (December 31, 2009: \$87,978). The Company owes \$11,852 included in accounts payable and accrued liabilities as at September 30, 2010 (December 31, 2009: \$nil) related to these expenditures. As well, the Company is owed \$nil from such corporations for shared expenses (December 31, 2009: \$3,466). This amount is included in amounts receivable.

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15. RELATED PARTY TRANSACTIONS (continued)

All of the above transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. The amounts owing to and from the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

16. FUTURE INCOME TAX LIABILITIES

In February 2010, the Company renounced \$14,172,000 of Canadian exploration expenditures related to proceeds from flow through shares with an effective date of December 31, 2009. As a result, assuming a statutory tax rate of approximately 30%, an amount of \$4,245,000 was debited to common stock, increasing the future income tax liability by this amount.

The Company also recorded a future income tax recovery of \$5,192,993 for the nine months ended September 30, 2010 (2009: \$207,000) based on differences in the tax basis and carrying values of the Company's assets at September 30, 2010. The total future income tax liability as at September 30, 2010 is \$1,749,000.

17. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition, exploration and development of mineral properties. The capital of the Company consists of share capital, warrants, options and convertible debentures. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is in production and has been generating cash flows to support the ongoing and longer term strategy focused on regional exploration. However, the Company may continue to rely on capital markets to support continued growth. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2010. The Company and its subsidiaries are not subject to externally imposed capital requirements.

18. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash equivalents, amounts receivable and tax credits receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates and bankers acceptances, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable and tax credits receivable consist of goods and services tax due from the Federal Government of Canada, tax credits due from the Provincial Government of Québec, and receivables from related and unrelated companies. The Company currently transacts with highly rated counterparties for the sale of gold. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2010, the Company had a cash and cash equivalents balance of \$2,368,532 (December 31, 2009 - \$6,106,007) to settle current liabilities of \$7,783,267 (December 31, 2009 - \$20,341,302). Approximately \$3,500,000 of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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Notes to the Interim Unaudited Consolidated Financial Statements

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18. FINANCIAL RISK FACTORS (continued)

(a) Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company carries convertible debentures on which interest is payable quarterly or semi-annually at fixed rates of 10% per annum. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. All gold sales revenues are denominated in US dollars. The Company is exposed to currency risk with fluctuations in the Canadian dollar relative to the US dollar. The Company currently does not use derivatives to mitigate its foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices, specifically gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future gold mining operations will be significantly affected by changes in the market prices for gold. Gold prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for gold, the level of interest rates, the rate of inflation, investment decisions by large holders of gold including governmental reserves and stability of exchange rates can all cause significant fluctuations in gold prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

(d) Securities price risk

The Company carries investments in certain public securities for which price fluctuations can affect the Company's earnings. The Company classifies these investments as held-for-trading where price volatility is reflected in earnings.

There were no significant changes to credit risk, liquidity risk, market risk and securities risk during the nine months ended September 30, 2010 compared to the year ended December 31, 2009.

Financial instruments

The Company has designated its cash equivalents, restricted cash and investments as held-for-trading, measured at fair value. Amounts receivable and tax credits receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, the liability component of convertible debentures, capital lease obligations and long-term debt are classified as other financial liabilities and measured at amortized cost.

The carrying value of cash equivalents, restricted cash, amounts receivable, tax credits receivable and accounts payable and accrued liabilities reflected in the consolidated balance sheet approximate fair value because of the limited term of these instruments. The carrying values of the liability component of convertible debentures, capital lease obligation and long-term debt approximate their fair values as current interest rates have not changed significantly.

Section 3862 "Financial Instruments – Disclosures" establishes a fair value hierarchy that prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the balance sheet. These have been prioritized into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

18. FINANCIAL RISK FACTORS (continued)

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at September 30, 2010.

	Level 1	Level 2	Level 3
Cash and equivalents	\$ 2,368,532	\$ -	\$ -
Restricted cash	\$ 5,767,000	\$ -	\$ -
Investments	\$ 590,361	\$ -	\$ -

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year:

- The Company does not hold interest bearing debt at interest rates subject to market fluctuations to give rise to interest rate risk.
- Based on the gold brick and doré inventory held by the Company as at September 30, 2010, 10% fluctuations in the exchange rate from US\$ to CDN\$ will generate increases or decreases in value of approximately \$72,000.
- Based on the gold brick and doré inventory held by the Company at September 30, 2010, an increase or decrease in the market price of gold of US\$100 per ounce would generate a respective increase or decrease in value of approximately \$55,000.
- The Company has not currently hedged its future gold sales.
- The Company does not hold significant cash balances in foreign currencies to give rise to foreign exchange risk.

19. COMMITMENTS AND CONTINGENCIES

(a) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to \$3,800,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under the agreements are approximately \$700,000, all due within one year.

(b) The Company is committed to minimum amounts under long-term capital lease agreements for equipment, which expire in September 2012. Minimum commitments remaining under these leases were approximately \$242,000, including imputed interest of approximately \$10,000, over the following years:

December 2010	\$ 102,000
December 2011	113,000
December 2012	<u>27,000</u>
	<u>\$ 242,000</u>

(c) Pursuant to the issuance of 7,450,000 flow-through shares in July 2009, the Company renounced \$4,172,000 of qualified exploration expenditures. The Company has met its expenditure commitment related to these flow-through funds.

Pursuant to the issuance of 20,000,000 flow-through shares in December 2009, the Company renounced \$10,000,000 of qualified exploration expenditures. As at September 30, 2010, the Company has spent approximately \$5,800,000 and is required to spend an additional \$4,200,000 by December 31, 2010.

As well, through its newly acquired subsidiary, the Company has met its expenditure commitment related to Garson's flow-through shares issued during 2009 which were renounced in February 2010.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three and nine months ended September 30, 2010 and 2009

19. COMMITMENTS AND CONTINGENCIES (continued)

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

(d) The Company had been charged approximately \$300,000 in professional fees related to proposed financing ventures. These amounts were in dispute. During the quarter ended September 30, 2010, the Company settled this dispute with a payment of approximately \$162,000.

20. INTEREST IN JOINT VENTURE

The Company is party to a 50% joint venture interest in the Rouyn Properties. Xstrata is the operator of this joint venture. The Company's proportionate share of the assets, liabilities and cash flows of this joint venture included in these consolidated financial statements are as follows:

	September 30, <u>2010</u> \$	December 31, <u>2009</u> \$
Current assets	-	-
Mineral properties and deferred exploration expenditures	952,533	882,100
Current liabilities	(118,654)	(75,297)
Revenues	-	-
Expenses	-	-
Cash flows from operating activities	-	-
Cash flows from investing activities	(833,879)	(806,803)

21. SUBSEQUENT EVENTS

On October 15, 2010, 600,000 broker warrants expired unexercised. As well, subsequent to the end of the quarter, 1,003,447 shares were issued in lieu of a cash interest payment on the convertible debentures due on October 30, 2010 (Note 9(a)).