



Q3- 2010 Management's Discussion and Analysis





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## President's Special Message

This fiscal year has presented Alexis with many challenges. Our prime issue during recent months has been inconsistent gold grades being mined at our Lac Herbin gold mine. Operating costs are being closely monitored, and as the third quarter progressed certain expenses were reduced or eliminated to preserve cash. We are diligently and continuously assessing all factors to improve the grades and performance at Lac Herbin.

Progress at our Snow Lake mine has been encouraging with the recent completion of the Snow Lake Feasibility Study. The study projects 80,000 ounces of annual gold production over five years operating period. The study includes a revised estimate of Mineral Resources which have increased significantly during the year. Total resources in all categories have passed the million ounce mark. Proven and Probable gold reserves within Resources and supporting the production estimates now total an estimated 451,900 ounces gold. Accordingly, we foresee the Snow Lake mine being the basis upon which Alexis is recognized as a mid-tier status gold producer in the near term.

Sincerely,

David M. Rigg

President & CEO

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2010

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The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Alexis Minerals Corporation ("we", "our", "us", "Alexis", or the "Company") for the three and nine months ended September 30, 2010 and should be read in conjunction with the Unaudited Interim Consolidated Financial Statements and related Notes for the three and nine months ended September 30, 2010 as well as the Audited Annual Consolidated Financial Statements and related Notes and the Management's Discussion and Analysis for the year ended December 31, 2009. The financial statements and related notes of Alexis have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain non-GAAP measures are discussed in this MD&A which are clearly disclosed as such. Additional information, including our press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under our profile at [www.sedar.com](http://www.sedar.com).

This MD&A reports our activities through Nov 12, 2010 unless otherwise indicated. References to the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2010 or Q1-2010, Q2-2010 and Q3-2010, and the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2009 or Q1-2009, Q2-2009 and Q3-2009 mean the three months ended March 31, June 30 and September 30, 2010 and 2009 respectively.

**Unless otherwise noted all amounts are recorded in Canadian dollars.**

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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Except for statements of historical fact relating to Alexis Minerals Corporation (the "Company" or "Alexis"), certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of gold and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; future costs of production; future capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of mining at the Lac Herbin, Lac Pelletier and Snow Lake Projects are based on assumptions underlying mineral reserve and mineral resource estimates, the results of feasibility studies on the properties and the realization of such estimates are set out herein. Capital and operating cost estimates are based on extensive research of the Company, costs incurred at the projects to date, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors that are set out herein. Production estimates are based on mine plans and production schedules, which have been developed by the Company's personnel and independent consultants. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks outlined in the annual information form of the Company. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## About Alexis Minerals

**Alexis Minerals Corporation** is a Canadian publicly traded mining company concentrating on exploration and mine development. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "AMC", and trades in the United States on the Over the Counter QX International ("OTCQX") platform under the symbol "AXSMF". The Company's focus is to grow through exploration, development and acquisition of mineral properties and directly and indirectly, through joint ventures. Alexis is now in its second full year as a junior gold-producing company. The Company holds a dominant property position (over 1,050 km<sup>2</sup>) in three of Canada's richest mining camps: Val-d'Or and Rouyn-Noranda, in the Abitibi District of Québec, Canada, historically the 3rd richest gold producing region in the world; and Snow Lake, Manitoba, Canada. Alexis undertakes exploration across these properties searching for new world class discoveries, while maintaining a focus on growing Alexis to become a mid-tier gold producer. For more information, please visit the company's website at [www.alexisminerals.com](http://www.alexisminerals.com).

Technical programs and information included in this report have been supervised, compiled and reviewed and approved by Keith Boyle, P.Eng., Alexis COO, a Qualified Person as defined under NI 43-101.

## Strategic Goals

Alexis Minerals Corporation is committed to increasing shareholder value. The Company has faced production challenges since late in the first quarter this year, however senior management is steadfast in its efforts to make progress on its goals, as summarized below.

- **Growing to become a mid-tier status mining company - produce more gold:**

- Year to date gold production totals 21,736 ounces from the Lac Herbin mine, the Company's first gold mine.

- **Managing for the future and the present:**

The acquisition of Garson Gold has positioned Alexis for a new growth opportunity. The recently reported Snow Lake Feasibility Study projects 80,000 ounces of gold production over a five year operating mine life

- **Increasing gold reserves:**

- Estimated Gold Resources were adjusted after the recent completion of the Snow Lake Feasibility Study. Alexis' total Measured & Indicated gold resources are now 1,011,972 ounces; and Inferred gold resources are 530,099 ounces. (see "Mineral Reserves and Resources" page 10)
- Proven and Probable gold reserves within these Resources have also increased by 451,900 ounces as a result of the Snow Lake Feasibility Study bringing the Company's total Reserves to 632,780 ounces of gold (see "Mineral Reserves and Resources", page 10).

- **Maintaining sustainable, safe environments:**

- Alexis continues practices to achieve an industry leading work safety record during 2010 and extending a strong record since mining commenced in 2008.
- Our operations are managed to ensure that sustainable environmental standards are maintained.

## Selected Financial and Other Highlights

<b>Alexis Minerals Corporation</b>	<b>Three months ended 30-Sep-10</b>	<b>Three months ended 30-Sep-09</b>	<b>Nine months ended 30-Sep-10</b>	<b>Nine months ended 30-Sep-09</b>
Tonnes of ore mined	26,050	46,319	106,724	122,915
Grade per tonne mined	5.58	5.29	5.27	6.08
Total gold ounces mined	4,677	7,883	18,080	24,038
Tonnes of ore milled	36,517	12,347	128,106	111,832
Grade per tonne milled	5.51	5.95	5.28	6.08
Total gold ounces milled	6,472	2,363	21,736	21,871
Average recovery rate	91.6%	96.1%	90.1%	97.5%
Gold ounces recovered	5,925	2,270	19,593	21,314
Gold ounces sold	6,498	6,575	19,114	19,325
Average realized gold price (per oz CAD)	\$1,250	\$1,048	\$1,192	\$1,083
Revenue from mining operations ( net of Royalties and refining charges CAD 000's)	\$7,742	\$6,564	\$21,874	\$19,920
Mine operating expenses (excludes depletion and amortization - CAD 000's)	\$8,340	\$6,212	\$21,898	\$15,157
Amortization and depletion (CAD 000's)	\$2,384	\$1,303	\$6,071	\$4,393
Gross profit/(loss) (CAD 000's)	(\$2,983)	(\$951)	(\$6,095)	\$370
Net earnings (loss) (CAD 000's)	(\$3,012)	(\$1,715)	(\$3,991)	(\$2,210)
Basic and diluted earnings (loss) per share (CAD)	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.02)
Cash flow from operating activities (CAD 000's)	(\$6,771)	(\$299)	\$3,290	\$4,136
*Cost of sales per ounces sold (CAD)	\$1,283	\$945	\$1,146	\$784

\*see Non GAAP Measures and comments under " Executive Summary – Third Quarter" section, regarding Cost of Sales at Lac Herbin

## Executive Summary - Third Quarter September 30, 2010

During the three months ended September 30, 2010 the following occurred at Alexis Minerals:

- Total revenue of \$7.74 million was generated, 17.9% higher than in Q3-2009; 14.7% less than Q2-2010. The latter was due to fewer ounces of gold mined, milled and recovered during Q3-2010.
- The Company sold 6,498 ounces of gold at an average realized price of \$1,250/oz (USD \$1,208/oz.), compared to 6,575 ounces sold during Q3-2009 at an average realized price of \$1,048/oz (USD \$940/oz).
- Lac Herbin Mine, in Val-d'Or, Quebec, the Company's initial gold operation, mined 4,677 oz. of gold, a 47% reduction compared to 6,874 ounces mined in Q2-2010. The grades realized continued to be lower than expected. Management continues to work to better predict the nature of the gold grades. More drilling and in depth review of the geology has led to a better understanding of the nature of the deposit.

- Our wholly-owned Aurbel Gold Mill, performed at a more consistent level during this quarter with an average recovery rate of 91.6%, improved from 87.2% in Q2-2010. The Aurbel Mill was refurbished earlier this year with the rationale that Alexis would achieve an estimated 10% reduction in annual operating costs for the Lac Herbin gold mine.
- Cash cost of sales per ounce (see non-GAAP measures) of the Lac Herbin gold sold was at \$1,283/oz Au for the third quarter. The deposit has continued to pose challenges, at the current stage of development, in producing sufficiently high grade ore. As an immediate action, various costs and mining development efforts were reduced in an effort to offset the lower revenue. Alexis is working hard to reduce unit cost to \$1000/oz.
- Compared to Q2-2010, cash flow was negatively impacted by the reduction of accumulated accounts payable, significantly depleting working capital.
- Exploration and delineation drilling totaling 7,714 metres occurred primarily at Snow Lake and Lac Herbin. Year to date drilling totals 55,544 metres.
- Exploration drilling continued in the Deep West target area, near the past producing Louvicourt mine. Drilling approximately 600 metres above the deep Massive Sulphide discovery intersected broad alteration and stringer sulphide zones. Recognized regional folding in association with geological trends should allow Alexis to vector drilling to ultimately locate and test a large seismic-reflection geophysical anomaly in this general area.
- The Company raised \$14.375 million through a public offering at a price of \$0.15 per share. A portion of the net proceeds were devoted to reinforcing working capital and general corporate purposes. The Snow Lake Feasibility Study has been completed and key capital programs as Alexis initiated in support of the next phase of its strategic plan focused on the Snow Lake Gold Mine in Manitoba.
- Subsequent to the end of the quarter, Alexis announced that a Letter of Engagement had been signed with Legend Securities, a New York based broker-dealer, in order to advance a facility of up to \$60 Million in support of future Capital Cost and Working Capital requirements anticipated in the development of the Snow Lake Mine, Manitoba.
- Subsequent to the end of the third quarter the Feasibility Study for the Snow Lake mine was completed. Results confirm the project is economic, with the projected annual production of approximately 80,000 oz. of gold for at least five years, and a pre-tax Net Present Value of approximately \$100.8 million. The Feasibility Study included an estimate of proven and probable reserves of 3,477,000 tonnes at 4.04 g/t totaling 451,900 oz. of gold.

## Overview & Outlook:

To enhance shareholder value, Alexis is determined to become a mid-tier mining and exploration company. Since its inception seven years ago, Alexis has followed two principal strategies: a short to medium term strategy of developing a gold-producing mine to provide cash flow; and, a longer term strategy focused on aggressive exploration and new mine discovery. In early 2009 we added another key strategic priority – to seek opportunities for accretive growth through acquisition.

The acquisition of Garson Gold has allowed Alexis to more than double its estimated gold resources. The recently completed Feasibility Study for Snow Lake added newly estimated Proven and Probable Reserves of 451,900 ounces of gold and estimated the potential for 80,000 ounces of gold production annually for at least five years at an estimated total cash cost of \$640 per oz gold.

Our first gold mine, Lac Herbin, has continued to produce gold since late 2008; however there have been challenges in recent months with lower than expected gold grades being mined. Accordingly, the 2010 outlook for gold production from Lac Herbin is revised to be 24,000 ounces of gold as it is expected the shortage of ounces during the first three quarters cannot be recouped. New development that started in Q2-2010 resulted in lower grades of gold and it was expected that additional definition drilling into Q3-2010 would identify areas of higher

grade ore to mine. Where development has been undertaken in Q3 the narrow vein structure of the deposit has continued to deliver less than the target grade of gold. Therefore development was reduced to minimize the impact of the resultant lower than expected revenue stream. The net effect has been an increase in the cash cost (see non-GAAP measures) of sales to \$1,283/oz Au.

A bulk sample program at our second gold project at Lac Pelletier was completed earlier in the year. A production commitment notice was issued to Thundermin with the Company thereby exercising its option to acquire the property. The Company is in discussion with Thundermin regarding the transfer of full title and ownership of the property to the Company.

The recovery rate from our wholly owned Aurbel Gold mill has been relatively consistent at an average of 91.6%, compared to the target recovery rate of 94%.

Management remains encouraged as exploration continues with many prospective targets. Our drilling program in Snow Lake has discovered significant gold mineralization in a potential, on-strike extension to the Snow Lake Mine. This may represent the discovery of a major new ore zone and characterizes the potential remaining on the property and in proximity to our Snow Lake Gold Mill, currently the only gold mill in the region. As well, two new high-grade gold zones were discovered containing mineralization which is similar in character to that of the Main and the No.3 Zones yet is of significantly higher grade.

As stated in our last report, our expectations are high for further significant discovery from focused exploration through 2010 in the immediate vicinity of the Aurbel Gold Mill. Exploration and compilation in this area is already providing indications of untested extensions to the Herbin Mine to the north and northwest, of new zones between the Ferderber and Herbin mines and at greater depth potential at the Herbin and Dumont mines.

Alexis continued with the planned 2010 exploration campaign for over 80,000 metres of drilling, devoting approximately \$6 million to the Snow Lake Mine property and \$4 million to the Abitibi Mining Camp. This has been funded through the flow through financings completed in 2009.

### **Our Competitive Strengths**

*Large Property Packages in Historically Prolific Mining Camps:* Alexis has assembled a historically unique package of properties covering over 1,000 sq. km., upwards of 75% of both the Val-d'Or and Rouyn-Noranda Mining Camps. Alexis vested into all of these properties during 2007 - 2008. As well, Alexis acquired 50 sq. km. in another historically prolific mining camp - Snow Lake, Manitoba during the first quarter of 2010. These are renowned as some of the best mining camps in the world.

*Location of Operations:* Alexis is operating in highly desirable regions known for mineral potential, political stability, strong government support, extensive infrastructure and long experience in the business of mining. The 2009/2010 Fraser Institute Survey has recognized the Province of Quebec as the #1 mining region in the world, and Manitoba as the # 9 region.

## Mineral Reserves and Resources

**Table 1: Mine Reserve Estimate (as at October 29, 2010)**

**Table 1. Proven and Probable Reserves:**

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
<b>Proven</b>			
Lac Herbin <sup>(1)</sup>	97,900	9.0	28,400
Lac Pelletier <sup>(2)</sup>	59,770	6.2	11,914
Snow Lake <sup>(3)</sup>	7,000	3.81	900
<b>Probable</b>			
Lac Herbin <sup>(1)</sup>	519,500	7.0	117,600
Lac Pelletier <sup>(2)</sup>	108,230	6.6	22,966
Snow Lake <sup>(3)</sup>	3,470,000	4.04	451,000
<b>Total Proven &amp; Probable <sup>(4)</sup></b>	<b>4,262,400</b>	<b>4.62</b>	<b>632,780</b>

**Table 2. Measured and Indicated Resources (as at October 27, 2010)**

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
<b>Measured</b>			
Lac Herbin <sup>(1)</sup>	124,800	9.2	37,100
Lac Pelletier <sup>(2)</sup>	57,806	8.6	16,041
Snow Lake <sup>(3)</sup>	7,000	4.8	1,000
<b>Indicated</b>			
Lac Herbin <sup>(1)</sup>	731,500	7.2	169,500
Lac Pelletier <sup>(2)</sup>	221,637	8.61	61,331
Snow Lake <sup>(3)</sup>	5,464,000	4.14	727,000
<b>Total Measured &amp; Indicated</b>	<b>6,606,743</b>	<b>4.8</b>	<b>1,011,972</b>

**Table 3. Inferred Resources (as at October 27, 2010)**

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
<b>Inferred</b>			
Lac Herbin <sup>(1)</sup>	420,500	6.0	80,500
Lac Pelletier <sup>(2)</sup>	419,514	8.37	112,899
Snow Lake <sup>(3)</sup>	2,367,000	4.7	336,700
<b>Total Inferred Resources</b>	<b>3,207,014</b>	<b>5.14</b>	<b>530,099</b>

Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated

economic viability

1. NI 43-101 Technical Report Reserves Calculation on Lac Herbin Mine, Val-d'Or, Quebec. Completed for Alexis Minerals Corporation by François Chabot, M.Sc., Golder Associates Ltd., September 2009.
2. NI 43-101 Technical Report Feasibility Study on Lac Pelletier Project, Rouyn-Noranda, Quebec. Completed for Alexis Minerals Corporation by François Chabot, M.Sc., Golder Associates Ltd., June 28 2010
3. Miner reserves developed in the Snow Lake feasibility study are classified as Proven and Probable as defined by the CIM mineral resource definitions referenced in NI43-101. Andre Roy, Eng of Genivar is the "Qualified Person" as defined by NI 43-101 responsible for the mineral reserve estimate. He is independent of the Company.
4. Estimated mineral reserves are not expected to be materially affected by any environmental, permitting, legal, title, taxation, socio-political, or marketing issues.

## Summarized Financial Results

### **Liquidity and Capital Resources**

As at September 30, 2010, the Company had working capital of \$6.69 million compared to working capital of \$1.88 million at December 31, 2009. Included in working capital at December 31, 2009 is \$6.14 million related to convertible debentures which matured in April and July 2010. During Q2- and Q3-2010, the Company extended the maturities of these debentures, and they were classified as long-term liabilities for the quarter ended September 30, 2010. One debenture with a face value of \$2.15 million will mature in July 2012, the other with a face value of \$4.2 million in April 2014, both with coupon rates of 10%.

The Company applies for refundable tax credits to certain Quebec government bodies at each taxation year end and records the expected amounts as amounts receivable. During Q1-2010, the Company received \$1.98 million in assistance related to the year ended December 31, 2007. The Company has accrued an additional \$2.5 million in assistance during the nine months ended September 30, 2010. At September 30, 2010, \$8.4 million in Quebec Rebates are recorded on the Consolidated Balance Sheets.

On September 30, 2010, the Company announced the signing of an engagement letter with Legend Securities Inc. in respect to project financing for the Snow Lake Gold Mine. The proposed financing would be in the form of a facility of up to \$60 million. Completion of such a facility is subject to, among other things, satisfactory completion of due diligence, completion of the Snow Lake Feasibility study and execution of the definitive facility documents.

The Company has and expects to utilize its working capital to meet exploration funding obligations as described under the Significant Future Obligations section of this report, to fund its Lac Herbin mine, its Lac Pelletier development and feasibility, its Snow Lake exploration, feasibility and development, and to fund its corporate and operating overheads.

The Company has a need for capital 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 short term 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. The Company had an amount payable with a contractor in the amount of approximately \$6.3 million. The contractor has placed a lien on the Company's Pelletier property pending resolution of the amount payable. On September 2, 2010, the Company paid \$3.2 million in cash and issued 10,583,333 units of the Company at a value of \$0.15 per unit to settle \$4.76 million of this liability. The balance is payable in quarterly instalments over one year, accruing interest at a rate of 12% per annum.

### **Significant Future Obligations**

The Company has several agreements to fund exploration on certain properties as follows:

#### **Val-d'Or**

- **Aurbel (including Lac Herbin and Aurbel Gold Mill)**

Pursuant to the acquisition of a 100% interest in the Aurbel property from Teck Cominco Ltd. (formerly Aur Resources Inc.) ("Teck"), the Company is required to make its final \$500,000 payment upon acceptance of the Aurbel Closure Plan by the Quebec Mining Authorities, which was submitted by Teck to the respective Quebec Mining Authorities in 2006. Production from this property is subject to an aggregate 4.5% NSR.

## **Rouyn-Noranda**

- **Lac Pelletier Property Acquisition**

The option is in good standing. The Company has exceeded the required \$1,000,000 option work commitment required to earn its 100% interest. Alexis has the option to earn its 100% interest by bringing the deposit into production prior to September 1, 2010. Production from the current Lac Pelletier property is subject to a 3.5% NSR. The Lac Pelletier property hosts the past-producing Stadacona mine. Production from potential ore bodies lying outside the current property but mined through the historical Stadacona mine workings are subject to a \$1 per tonne toll charge.

During Q3-2010, 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.

The Company also carries 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. These claims will be included in the Lac Pelletier property package with Thundermin Resources Ltd.

- **Rouyn-Noranda Properties, Québec**

During the first quarter of 2008, Alexis vested in its option to acquire from Falconbridge Ltd. (now Xstrata Copper Canada) ("Xstrata Copper") a 50% interest in all of Xstrata Copper's properties in the prospective Rouyn-Noranda Base Metal and Gold Camp, Quebec. The Company plans to contribute equally to future expenditures to pursue further exploration and development of the properties in the 50/50 joint venture.

## **Garson properties**

- **Copper Prince Property, Sudbury**

The Company, through its subsidiary Garson, had optioned out a 50% interest in its 100% owned Copper Prince Property to Centurion Minerals Ltd. ("Centurion"). During Q3-2010, Centurion advised the Company that it was dropping the option.

## **Results of Operations**

### For the quarter ended September 30, 2010

The Company sold 6,498 ounces of gold and generated \$7.74 million in revenue from mining operations during the 3<sup>rd</sup> quarter of 2010. Alexis averaged a gold sale price of \$1,250 per ounce during Q3-2010. During Q3-2009, 6,575 ounces of gold were sold generating \$6.56 million in revenue. The average sale price realized during Q3-2009 was \$1,048. Mine operating expenses were \$8.34 million (Q3-2009: \$6.21 million) and amortization and depletion amounted to \$2.38 million (Q3-2009: \$1.30 million). The gross loss was \$2.98 million during Q3-2010 compared to \$0.95 million during Q3-2009. Revenue from mining operations includes \$8.13 million from gold sales reduced by \$0.38 million in refining and royalty charges. The Company is subject to an NSR of 4.5% on Lac Herbin gold sales. The cost of sales per ounce sold during the current quarter, excluding amortization and depletion, was \$1,283 per ounce compared to \$945 per ounce during the comparative quarter (see Non GAAP Measures). This increase in costs resulted from lower overall mine grades during the quarter. Cash cost per tonne for Q3-2010 was \$274/tonne, compared to \$138/tonne during the same period last year.

Alexis recorded a net loss for the quarter ended September 30, 2010 of \$3.01 million compared to \$1.71 million for the quarter ended September 30, 2009. The Company incurred general and administrative expenses of \$1.00 million during Q3-2010 (Q3-2009: \$1.03 million). The Company recognized a future income tax recovery during Q3-2010 of \$0.98 million compared to \$0.27 million during Q3-2009.

<b>General and Administrative expenses</b>				
(CAD 000's)	Q3-2010	Q3-2009	increase (decrease)	Change %
	\$	\$	\$	
Professional, consulting and management fees	418	443	(25)	(6%)
Stock based compensation	66	133	(67)	(50%)
Other general and administrative expenses	311	274	37	14%
Long-term interest, accretion and financing costs	294	187	107	57%
Other interest, accretion and financing costs	104	5	99	1980%
Equity loss on investment	0	30	(30)	(100%)
Foreign exchange	(17)	(39)	22	56%
Interest (income) and (gains) on investment	(168)	(0)	168	100%
Future income tax (recovery)	(978)	(269)	709	264%

Professional, consulting and management costs decreased by \$0.25 million or 6% during the quarter ended September 30, 2010 compared to the quarter ended September 30, 2009. This decrease is primarily due to accruals and the write off of financing costs during the comparative quarter.

Stock based compensation is a non-cash expense included in Professional, consulting and management costs on the Consolidated Statement of Operations, Comprehensive Income (Loss) and Deficit. The Company applies the fair value method of accounting for stock-based compensation. During the three months ended September 30, 2010, no stock options were granted but previously issued options vested during the quarter resulting in a charge of \$0.07 million. During Q3-2009, 447,500 stock options were granted and options vested resulting in a charge of \$0.13 million related to stock-based compensation.

Other general and administrative expenses increased by 14% during Q3-2010 compared to Q3-2009 as a result of marginally higher office costs and the timing of some promotional events.

Long-term and other interest, accretion and financing costs increased by a combined \$0.20 million during Q3-2010 compared to Q3-2009 in large part as a result of the acquisition of Garson. Garson has a convertible debenture of \$2.1 million and interest expense incurred as a result during the current quarter amounted to \$0.05 million while accretion totaled \$0.03 million. Through Garson, the Company also paid fees to maintain letters of credit held on asset retirement obligations. As well, the Company incurred interest expense on a large payable to a mining contractor for which quarterly payment terms have been negotiated.

The Company earned unrealized gains on investments held of \$0.17 million during Q3-2010 as a result of investments held by Garson. Interest income was minimal during both quarters as a result of low cash balances held and low interest rates.

The Company recognized a future income tax recovery of \$0.98 million during the three months ended September 30, 2010 compared to \$0.27 million for the quarter ended September 30, 2009. The future income tax balances result from temporary differences between the tax basis and carrying value of the Company's assets which will reverse over time.

#### For the nine months ended September 30, 2010

The Company sold 19,114 ounces of gold and generated \$21.87 million in revenue from mining operations during the nine months ended September 30, 2010. Alexis averaged a gold sale price of \$1,192 per ounce during this nine month period. During the nine months ended September 30, 2009, 19,325 ounces of gold were sold generating \$19.92 million in revenue. The average sale price realized during the nine months ended September 30, 2009 was \$1,083. Mine operating expenses were \$21.90 million (2009: \$15.16 million) and amortization and depletion amounted to \$6.07 million (2009: \$4.39 million). The gross loss was \$6.10 million during the nine

months ended September 30, 2010 compared to gross profit of \$0.37 million during the nine months ended September 30, 2009. Revenue from mining operations includes \$22.95 million from gold sales reduced by \$1.07 million in refining and royalty charges. The Company is subject to an NSR of 4.5% on Lac Herbin gold sales. The cost of sales per ounce sold during the current period, excluding amortization and depletion, was \$1,146 per ounce compared to \$784 per ounce during the comparative period (see Non GAAP Measures). This increase in costs resulted from lower overall mine grades, lower recoveries and higher than expected costs incurred as a result of continued custom milling and related transportation during the first and second quarter. Custom milling continued throughout the first half of the year as the Company redirected its higher grade material to the custom milling facility it used during 2009. The Company also experienced a two month delay in the Aurbel mill start-up. The mill startup was delayed in part due to permitting delays of the tailings area and in part due to the unexpected replacement of older parts as the mill began operating. Cash cost per tonne for the nine months ended September 30, 2010 was \$187/tonne, compared to \$146/tonne during the same period last year.

Alexis recorded a net loss for the nine months ended September 30, 2010 of \$3.99 million compared to a net loss of \$2.21 million for the same period ended September 30, 2009. The Company incurred general and administrative expenses of \$3.09 million during the nine months ended September 30, 2010 (2009: \$2.79 million) and recognized a future income tax recovery of \$5.19 million during the current period (2009: \$0.21 million).

<b>General and Administrative expenses</b>				
(CAD 000's)	2010	2009	increase	Change
	\$	\$	(decrease)	%
			\$	
Professional, consulting and management fees	1,281	1,241	40	3%
Stock based compensation	180	242	(62)	(26%)
Other general and administrative expenses	1,111	1,100	11	1%
Long-term interest, accretion and financing costs	815	524	291	56%
Other interest, accretion and financing costs	194	63	131	208%
Equity loss on investment	0	30	(30)	(100%)
Foreign exchange	(10)	(58)	48	83%
Interest (income) and (gains) on investment	(482)	(354)	(128)	(36%)
Future income tax (recovery)	(5,193)	(207)	(4,986)	(2,409%)

Professional, consulting and management fees increased by \$0.04 million or 3% compared to 2009.

Stock based compensation is a non-cash expense included in Professional, consulting and management costs on the Consolidated Statement of Operations, Comprehensive Income (Loss) and Deficit. The Company applies the fair value method of accounting for stock-based compensation. During the nine months ended September 30, 2010, 667,500 stock options were granted and previously issued options vested during the period resulting in a charge of \$0.18 million. During 2009, 947,500 stock options were granted and the company incurred a charge of \$0.24 million related to these and other stock options that vested during that period.

Other general and administrative expenses increased by 1% during 2010 compared to 2009.

Long-term and other interest, accretion and financing costs increased by a combined \$0.42 million or 264% during 2010 compared to 2009 primarily as a result of the acquisition of Garson. Garson has a convertible debenture of \$2.1 million and interest expense incurred as a result during the current period amounted to \$0.16 million while accretion totaled \$0.09 million. As well, the Company incurred interest expense of approximately \$0.04 million on a large payable to a mining contractor for which quarterly payment terms have been negotiated.

Unrealized gains on investments increased by \$0.48 million during 2010 compared to 2009 as a result of investments held by Garson. Interest income was minimal during the same period as a result of low cash balances held and low interest rates.

The Company recognized a future income tax recovery of \$5.19 million during the nine months ended September 30, 2010 compared to \$0.02 million for the nine months ended September 30, 2009. The future income tax balances result from temporary differences between the tax basis and carrying value of the Company's assets

which will reverse over time. The addition of the mill to the tax basis during the period, now that it is in use, has contributed to this large recovery.

**Quarterly information**  
**Summary Financial Information for the Eight Quarters Ended September 30, 2010**

	Q3-2010	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009	Q1-2009	Q4-2008
Revenue from mining operations (CAD 000's)	\$ 7,742	\$ 8,881	\$ 5,251	\$ 12,107	\$ 6,564	\$ 6,536	\$ 6,819	\$ 10,079
Mine operating expenses (CAD 000's)	\$ 8,340	\$ 8,680	\$ 4,878	\$ 8,382	\$ 6,212	\$ 3,813	\$ 4,308	\$ 8,334
Net Income (loss ) (CAD 000's)	\$ (3,012)	\$ 646	\$ (1,625)	\$ (2,160)	\$ (1,714)	\$ (597)	\$ 102	\$ 185
Net income (loss) per share, basic and diluted (CAD)	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ 0.00	\$ 0.00
Cash provided by (used in) operations (CAD 000's)	\$ (6,847)	\$ 8,795	\$ 1,266	\$ 716	\$ (299)	\$ 1,151	\$ 3,283	\$ 4,558
Gold ounces sold	6,498	7,865	4,750	11,075	6,575	6,375	6,375	10,600
Average realized gold price (per ounce) (CAD )	\$ 1,250	\$ 1,185	\$ 1,155	\$ 1,144	\$ 1,048	\$ 1,075	\$ 1,128	\$ 995
*Mining operating expenses (per ounce) (CAD)	\$ 1,283	\$ 1,104	\$ 1,027	\$ 757	\$ 944	\$ 598	\$ 676	\$ 786
Total Assets (CAD 000's)	\$132,633	\$133,330	\$135,093	\$132,735	\$88,111	\$79,815	\$78,986	\$78,686
Long term financial liabilities (CAD 000's)	\$ 8,793	\$ 6,824	\$ 3,514	\$ 3,837	\$ 1,051	\$ 1,037	\$ 5,001	\$ 4,728

\* see Non GAAP Measures

The Company commenced commercial production at the beginning of Q4-2008. Prior to this quarter, the Company had no revenue from mining operations; bulk sample revenues were credited to deferred property costs.

A future tax recovery during Q4-2008 primarily contributed to the net income for this period. Net loss during Q2-2009 is in large part attributable to higher amortization and depletion expense charged during the quarter. The Company incurred a large operating loss during Q3-2009 as a result of low grades generating reduced ounces of gold. During Q4-2009, a large part of the loss is a result of a future income tax expense charged during the quarter. Stock-based compensation during the quarter accounted for the remainder of the loss. The Company recognized a large future income tax recovery during Q2-2010 resulting in income for the period. The Company's mine operating costs were high in Q3-2010 as a result of low grades.

Stock based compensation is a non-cash expense representing an estimate of the fair value of options granted to directors, officers, employees and consultants of the Company calculated by applying the Black- Scholes option pricing model.

The general trend in increasing assets has resulted from the Company raising funds through private placements and investing in its exploration properties in Quebec. During Q4-2009, the Company acquired a controlling interest in Garson, resulting in the large increase in assets.

During the first quarter of 2009, the Company recognized net additions of \$0.15 to their asset retirement obligations. During the second quarter of 2009, the Company's debenture liabilities became current thereby reducing long term liabilities. During Q4-2009, as a result of the acquisition of Garson, the Company increased the asset retirement obligation resulting in an increase in long term liabilities. During Q2-2010, the Company rolled over their \$4.2 million debentures extending the maturity to April 2014. This transferred the liability from current to long-term. During Q3-2010, the Company rolled-over its other debenture through Garson resulting in approximately \$2.0 million being recognized as a long-term liability instead of a current one.

## Cash Flows for the quarter ended September 30, 2010

Cash used by operating activities for the three months ended September 30, 2010 was \$6.85 million compared to \$0.30 million for the three months ended September 30, 2009. During Q3-2010, mining operations used \$0.60 million, administrative expenses and interest income used \$0.86 million and non-cash working capital used \$5.38 million. During Q3-2009, mining operations generated \$0.35 million, administrative expenses and interest income used \$0.69 million and non-cash working capital provided \$0.04 million. The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds; while a decrease in a liability (or an increase in an asset) account is a use of funds. The Company paid down a significant portion of their accounts payable during the quarter.

Cash provided by financing activities was \$12.90 million during the three months ended September 30, 2010 compared to \$8.77 million during the three months ended September 30, 2009. During Q3-2010, the Company completed a public offering issuing 95,833,333 units of the Company at a price of \$0.15 per unit for gross proceeds of \$14.38 million. Issue costs paid in cash related to this financing totaled \$1.48 million. During the comparative quarter, the Company raised \$10.00 million with cash issue costs of \$1.23 million. The Company extended the terms of one of its debentures for a fee of \$0.08 million during Q3-2010 (Q3-2009: \$nil). And the Company made payments of \$0.12 million (Q3-2009: \$0.20 million) against their capital leases and other financing arrangements

Cash from investing activities used \$4.74 million during the three months ended September 30, 2010 compared to \$6.74 million during the three months ended September 30, 2009. Expenditures on exploration interests used \$2.45 million during the current quarter compared to \$5.81 million during the comparative quarter as summarized below. Decreases in accounts payable used \$1.99 million during Q3-2010 compared to providing \$0.65 million during Q3-2009. The Company used \$0.29 million to purchase property and equipment, and refurbish the Aurbel mill, compared to \$1.17 million during Q3-2009. During Q3-2009, the Company received \$1.14 million in government tax credits.

Cash expenditures on exploration interests for the three months ended September 30, 2010:							
(CAD 000's)	PRODUCING PROPERTIES	NON-PRODUCING PROPERTIES					TOTAL
Description	Lac Herbin (\$)	Rouyn (\$)	Lac Pelletier (\$)	VMS (\$)	Aurbel (\$)	Snow Lake (\$)	(\$)
Acquisition and property maintenance	-	1	102	7	12	-	122
Development costs	-	-	-	-	-	-	-
Exploration costs	78	275	381	256	34	1,368	2,392
Pre-production revenues	-	-	-	-	-	(62)	(62)
<b>Total</b>	<b>78</b>	<b>276</b>	<b>483</b>	<b>263</b>	<b>46</b>	<b>1,306</b>	<b>2,452</b>

## Cash Flows for the nine months ended September 30, 2010

Cash provided by operating activities for the nine months ended September 30, 2010 was \$3.21 million compared to \$4.13 million for the nine months ended September 30, 2009. During the nine months ended September 30, 2010, mining operations used \$0.02 million, administrative expenses and interest income used \$2.73 million and non-cash working capital provided \$5.96 million. During the nine months ended September 30, 2009, mining operations generated \$4.76 million, administrative expenses and interest income used \$2.35 million and non-cash working capital provided \$1.73 million. The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds; while a decrease in a liability (or an increase in an asset) account is a use of funds.

Cash provided by financing activities was \$12.32 million during the nine months ended September 30, 2010 compared to \$8.28 million during the nine months ended September 30, 2009. In September 2010, the Company completed a public offering issuing 95,833,333 units of the Company at a price of \$0.15 per unit for gross proceeds

of \$14.38 million. Issue costs paid in cash related to this financing totaled \$1.48 million. The Company raised \$8.77 million net of cash issue costs in 2009. During the current period, the Company made payments of \$0.41 million (2009: \$0.59 million) against their capital leases and other financing arrangements. As well, the Company incurred \$0.17 million related to debenture financing costs as a result of rolling over the debentures during the current quarter.

Cash from investing activities used \$19.27 million during the nine months ended September 30, 2010 compared to \$14.56 million during the nine months ended September 30, 2009. Expenditures on exploration interests used \$13.67 million during the current period compared to \$11.69 million during the comparative period as summarized below. Decreases in accounts payable used \$4.05 million during 2010 compared to the use of \$1.77 million during 2009. The Company used \$3.33 million to purchase property and equipment, and refurbish the Aurbel mill, compared to \$1.38 million during 2009. The Company used \$0.21 million in cash during 2010 (2009: \$nil) as a result of the acquisition of an increased interest in Garson. As well, the Company received \$1.98 million in exploration tax credits during the nine months ended September 30, 2010 compared to \$1.14 million during the nine months ended September 30, 2009.

Cash expenditures on exploration interests for the nine months ended September 30, 2010:							
(CAD 000's)	PRODUCING PROPERTIES	NON-PRODUCING PROPERTIES					
Description	Lac Herbin (\$)	Rouyn (\$)	Lac Pelletier (\$)	VMS (\$)	Aurbel (\$)	Snow Lake (\$)	TOTAL (\$)
Acquisition and property maintenance	-	5	121	10	41	22	199
Development costs	353	-	-	-	-	-	353
Exploration costs	501	703	9,119	1,229	571	4,836	16,959
Pre-production revenues	-	-	(3,076)	-	-	(767)	(3,843)
<b>Total</b>	<b>854</b>	<b>708</b>	<b>6,164</b>	<b>1,239</b>	<b>612</b>	<b>4,091</b>	<b>13,668</b>

### **Transactions with Related Parties**

The Company was charged \$15,000 and \$45,000 during the three and nine months ended September 30, 2010 respectively (Q3-2009: \$15,000; 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.

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.

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.

## **Outstanding Share Data**

As at November 12, 2010, 337,764,682 common shares of the Company are outstanding. Of the options to purchase common shares issued under the share option plan of the Company, 14,890,630 remain outstanding with exercise prices ranging from \$0.23 to \$1.21 and with expiry dates ranging between February 1, 2011 and June 9, 2015. If exercised, 14,890,630 common shares would be issued generating \$8.62 million in proceeds.

As at November 12, 2010, there were 84,770,847 share purchase warrants outstanding with exercise prices ranging from \$0.15 to \$0.70, expiring between November 18, 2010 and July 15, 2012. If exercised, 84,770,847 common shares would be issued generating \$34.97 million in proceeds.

## **Non GAAP Measures**

The Company has included certain Non-GAAP performance measures, namely cash costs per gold ounce sold and working capital, throughout this document. In the gold mining industry, these are common non-GAAP performance measures but do not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. These Non GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following tables provide a reconciliation of cash costs per gold ounce sold for the three and nine months ended September 30, 2010 and 2009, and a reconciliation of working capital to the financial statements for the nine months ended September 30, 2010 and the twelve months ended December 31, 2009.

### **Working Capital**

(CAD 000's)	<b><u>September 30, 2010</u></b>	<b><u>December 31, 2009</u></b>
Current assets:		
Cash and cash equivalents	<b>\$2,369</b>	\$6,106
Amounts receivable	<b>481</b>	2,083
Tax credits receivable	<b>8,398</b>	7,465
Inventory	<b>2,109</b>	6,168
Prepaid expenses	<b>521</b>	273
Investments	<b>590</b>	122
	<b>14,468</b>	22,217
Current liabilities		
Accounts payable and accrued liabilities	<b>\$7,527</b>	\$13,687
Current portion of capital lease obligations	<b>188</b>	412
Current portion of long-term debt	<b>68</b>	99
Liability component of convertible debenture	<b>-</b>	6,143
	<b>7,783</b>	20,341
Working capital/(deficit) (current assets less current liabilities)	<b>\$6,685</b>	\$1,876

## Cash cost per ounces sold

	<u>Q3-2010</u>	<u>Q3-2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenue</b>				
From commercial production ounces (CAD 000's)	<b>\$7,742</b>	\$6,564	<b>\$21,874</b>	\$19,920
<b>Ounces sold</b>	<b>6,498</b>	6,575	<b>19,114</b>	19,325
<b>Mine operating expenses (CAD 000's)</b>	<b>\$8,340</b>	\$6,212	<b>\$21,898</b>	\$15,157
Cash cost per ounce sold (CAD) (mining operating expenses divided by ounces sold)	<b>\$1,283</b>	\$945	<b>\$1,146</b>	\$784

## Contractual Obligations and Contingencies

The following table summarizes the Company's contractual obligations over the next five years and thereafter.

Contractual Obligation	Total	Payments due by period:			
		< 1 year	1 - 3 years	4 - 5 years	> 5 years
Equipment financing	67,743	67,743	-	-	-
Capital lease obligations	230,976	189,494	41,482	-	-
Contractual commitments	718,150	718,150	-	-	-
	<u>1,016,869</u>	<u>975,387</u>	<u>41,482</u>	<u>-</u>	<u>-</u>

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.

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.

Pursuant to the issuance of 20,000,000 flow-through shares in December 2009, the Company renounced \$10,000,000 on 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. 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.

## Significant Accounting Policies

The Company's significant accounting policies are subject to estimates and, key judgments about future events, many of which are beyond management's control. A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's Annual Audited Consolidated Financial Statements for the year ended December 31, 2009.

## Accounting Changes

### (i) Convergence with International Financial Reporting Standards ("IFRS")

In January 2006, the Canadian Accounting Standards Board ("AcSB") announced its decision to replace Canadian GAAP with IFRS. On February 13, 2008 the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. This means that Alexis will be required to prepare IFRS financial statements for the interim periods and fiscal year ends beginning in 2011. The Company has created an implementation team, which consists of internal resources and external resources. A changeover plan has been established to convert to the new standards within the allotted timeline and consist of the following three key project phases:

1. Raise Awareness and Assess Phase
2. Design Phase
3. Implementation Phase

#### Phase 1: Raise Awareness and Assess

This first phase of the conversion project has two stages focusing firstly on raising awareness within the Entity and providing an initial assessment of the impact of the IFRS conversion, and secondly on carrying out a detailed assessment of the impact of the conversion to IFRS. Each section has been thoroughly reviewed and analyzed for accounting or disclosure differences between Canadian GAAP and IFRS. They have been reviewed for potential impacts to existing accounting policies, information systems and business processes. An action has been developed for each impact area. This phase has been completed.

#### Phase 2: Design

Following completion of the assessment phase, the focus of the design phase built the tools required for the conversion based on management's decisions about accounting options and the related disclosures. This phase is ongoing.

#### Phase 3: Implementation

This phase is about execution. The roll-out of the designed changes takes place during this phase.

This phase will accomplish:

- Developing the new accounting policies, accounting manuals, guidelines, processes for reporting packages from business units, and consolidation templates;
- Preparing the IFRS financial statements and related disclosures including facilitating and supporting the dry run financial reporting process;
- Developing revised internal control processes, including updating the key controls for NI 52-109 purposes;
- This phase will continue to be monitored in order to facilitate comparative reporting of the first quarter of 2010.

The Company has identified the areas noted below as those expected to have the most significant impact on its financial statements. The items listed below do not represent a complete list of areas impacted. As the Company progresses further into its implementation phase and decisions are made regarding the choices of accounting policies, and as certain IFRS standards may change prior to the changeover date, the areas impacted and the effect may be subject to change. The Company will disclose impacts on its financial reporting, including expected quantitative impacts, systems and processes and other areas of the Company's business in its future MD&As as such changes are determined.

IFRS 1 - First time adoption related to:

- Consolidated and separate financial statements
- Property plant and equipment on initial

- Compound financial instruments
- Business combinations

IAS 12 - Income taxes

IAS 16 - Property, plant and equipment

IAS 36 - Impairment of assets

IAS 38 - Intangible assets

IAS 31 - Interest in joint ventures

IAS 27 - Consolidated and separate financial statements

IFRS 2 - Share-based payments

IFRS 3 - Business combinations

IFRS 6 - Exploration for and evaluation of mineral resources

IAS 37 - Provisions, contingent liabilities and contingent assets

IAS 39 - Financial instruments: recognition and measurement

As of September 30, 2010, the Company continues to review and examine the above areas for their impacts

### **Future Accounting Pronouncements**

#### (i) 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. The Company is in the process of evaluating the requirements of the new standards. Sections 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 this new standard may have on the Financial Statements of the Company.

### **Risks and Uncertainties:**

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

### *Nature of Mining, Mineral Exploration and Development Projects*

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in the mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

### *Revenues*

The Company has recently commenced commercial production on its Herbin property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Company will generate sufficient revenues or achieve profitability.

### *Liquidity Concerns and Future Financings*

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

### *Foreign Exchange*

Gold is sold in United States dollars and consequently, the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the US dollar. To the extent Alexis generates revenue it will be subject to foreign exchange risks as revenues will be received in US dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the US dollar would result in a decrease in the real value of Alexis's revenues and adversely affect its financial performance.

### *Mineral Resource and Mineral Reserve Estimates May be Inaccurate*

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any

mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, and actual events could have a material adverse effect on the Company's mineral reserve estimates.

#### *Licences and Permits, Laws and Regulations*

The Company's exploration and development activities, including mine, mill, road, rail and port facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that Alexis will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

#### *Gold and Base Metal Prices*

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

#### *Environmental*

The Company's activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

#### *Title to Properties*

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

#### *Uninsured Risks*

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the common shares of the Company.

### *Competition*

Alexis competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

### *Dependence on Outside Parties*

Alexis has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on Alexis.

### *Qualified Personnel*

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company develops the Lac Herbin and Lac Pelletier properties, the need for skilled labour will increase. The number of persons skilled in the exploration and development of mining properties is limited and competition for this workforce is intense. The development of the Company's properties may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required.

### *Availability of Reasonably Priced Raw Materials and Mining Equipment*

Alexis will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely impacted.

### *Failure to Meet Production Targets and Cost Estimates*

The Company prepares future production and capital cost estimates. Actual production and costs may vary from the estimates for a variety of reasons such as estimates of grade, tonnage, dilution and metallurgical and other characteristics of the ore varying from the actual ore mined, revisions to mine plans, risks and hazards associated with mining, adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in production capabilities. Production costs may also be affected by increased mining costs, variations in predicted grades of the deposits, increases in level of ore impurities, labour costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve production targets or cost estimates could have a material adverse impact on the Company's sales, profitability, cash flow and overall financial performance. In the event that the Company obtains debt financing, repayment terms associated with such financing will likely be based on production schedule estimates. Any failure to meet such timelines or to produce amounts forecast may constitute defaults under such debt financing, which could result in the Company having to repay loans.

### *Share Price Fluctuations*

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

### *Conflicts of Interest*

A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of Alexis may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other gold companies and other

companies that are developing mines. As a result, conflicts of interest may arise and officers and directors cannot devote 100% of their time to Alexis.

#### *Internal Controls*

Alexis has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

#### **Critical Accounting Estimates**

The preparation of the Company's Consolidated Financial Statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

#### **Off Balance Sheet items**

The Company does not have any off balance sheet items.

#### **Disclosure Controls and Procedures and Internal Controls Over Financial Reporting**

Subject to the limitations, if any, described below, the Company's CEO and CFO, have as at the end of the period covered by the interim filings

designed Disclosure and Control Procedures, ("DC&P") or caused it to be designed under their supervision, to provide reasonable assurance that

- material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
- information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

designed Internal Controls over Financial reporting, ("ICFR") or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The control framework the certifying officers used to design the Company's ICFR is Internal Control – Integrated Framework (COSO Framework) published by the Committee of Sponsoring organizations of the Treadway Commission (COSO).

The Company did not make any changes to its ICFR that would materially affect or are reasonable likely to materially affect the ICFR during the nine months ended September 30, 2010.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation

of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit and Governance Committee's of the Company have reviewed this MD&A, and the consolidated financial statements for the nine months ended September 30, 2010, and Alexis's board of directors approved these documents prior to their release.

November 12, 2010