



2010 Management's Discussion and Analysis





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President's Special Message

This fiscal year has been disappointing for management and shareholders primarily due to the less than expected gold production at our Lac Herbin gold mine. Lac Herbin had met production targets in 2009; however gold production declined throughout 2010 straining the cost ratio, as inconsistent gold grades and challenging ground conditions continued into the fourth quarter. Operating costs were reduced by 29% in the fourth quarter, yet the continued lower than expected grade of gold and lower than target mill recoveries caused the cost per ounce to increase significantly. Accordingly, we are reviewing the operations and reserve potential for Lac Herbin.

Unfortunately Lac Herbin is overshadowing the very good potential at the Snow Lake Mine which has been described in the Feasibility Study published during this last quarter. The study projects 80,000 ounces of annual gold production over a five year operating period, for total anticipated gold production of over 415,000 ounces of gold in that period.

The study includes a revised estimate of Mineral Resources for Snow Lake. These increased significantly during 2010 with total resources in all categories passing the million ounce mark. Proven and Probable gold reserves within these Resources are estimated to be 451,900 ounces of gold. We are optimistic that the Snow Lake mine will be the near term foundation of gold production growth for Alexis, which will positively impact the company's share price.

I join Alexis with the firm belief that although we face some near term issues, the significant asset base we have established combined with our ongoing exploration efforts on our world class land package represents a significant opportunity.

I have high expectations for Alexis' potential and will be working aggressively in my new role to create a positive impact on shareholder value.

Sincerely,

François Perron,

President & CEO

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

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 twelve months ended December 31, 2010 and should be read in conjunction with the Audited Annual Consolidated Financial Statements and related Notes for the year ended December 31, 2010. 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.

This MD&A reports our activities through March 31, 2011 unless otherwise indicated. References to the 1st, 2nd, 3rd and 4th quarters of 2010 or Q1-2010, Q2-2010, Q3-2010 and Q4-2010, and the 1st, 2nd, 3rd and 4th quarters of 2009 or Q1-2009, Q2-2009, Q3-2009 and Q4-2009 mean the three months ended March 31, June 30, September 30 and December 31, 2010 and 2009 respectively.

Unless otherwise noted all amounts are recorded in Canadian dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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 1,104 km²) 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.

Technical programs and information included in this report have been supervised, compiled and reviewed and approved by David Rigg, P.Geo., 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 2010, however senior management remains 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:**
 - Gold production for 2010 totaled 22,637 ounces from the Lac Herbin mine, the Company's first gold mine, and the bulk sampling initiative at Lac Pelletier.
- **Managing for the future and the present:**
 - The acquisition of Garson Gold earlier in the year has positioned Alexis for a new avenue of growth. The recently reported Snow Lake Feasibility Study projects over 80,000 ounces of annual gold production, and a total of 415,000 ounces of gold production over a five year operating mine life. As well, additional mineral claims in the vicinity of Snow Lake were acquired in Q4-2010, almost doubling the size of its property holding.
- **Increasing gold reserves:**
 - Continuation of an aggressive exploration program in the Abitibi region of Quebec and Snow Lake Manitoba.
 - Estimated Gold Resources were increased in the recent Snow Lake Feasibility Study. Measured and Indicated Resources at Snow Lake now total 5,671,000 tonnes grading 4.14 g.Au/t for 728,000 ounces gold, an increase of 279,000 ounces (62%). Snow Lake Inferred Resources now total an additional 2,367,000 tonnes grading 4.7 g.Au/t for 336,700 ounces gold, an increase of 19,700 ounces gold (6%) and reflecting the focused exploration and delineation of Inferred resources during 2010.
 - Alexis' total Measured & Indicated resources as a result of the Snow Lake acquisition and focused exploration are now 1,011,972 ounces gold; with additional Inferred resources of 530,099 ounces gold. (see "Mineral Reserves and Resources", page 9)
 - Proven and Probable reserves within these Resources have also increased by 451,900 ounces gold 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 9).
- **Maintaining sustainable, safe environments:**
 - Alexis continued to implement new practices with the goal of achieving industry leading work safety record in the coming years.

- Our operations are managed to ensure that sustainable environmental standards are maintained.

Selected Financial and Other Highlights

Alexis Minerals Corporation	Three months ended 31-Dec-10	Three months ended 31-Dec-09	Twelve months ended 31-Dec-10	Twelve months ended 31-Dec-09
Tonnes of ore mined	26,335	47,742	133,059	170,657
Grade per tonne mined	4.11	5.84	5.04	6.01
Total gold ounces mined	3,478	8,960	21,558	32,999
Tonnes of ore milled	26,237	44,327	154,343	156,159
Grade per tonne milled	4.54	6.35	5.15	6.16
Total gold ounces milled	3,832	9,054	25,568	30,925
Average recovery rate	79.4%	97.6%	88.5%	97.5%
Gold ounces recovered	3,044	8,836	22,637	30,150
Gold ounces sold	2,912	11,075	22,026	30,400
Average realized gold price (per oz CAD)	\$1,387	\$1,144	\$1,215	\$1,106
Revenue from mining operations (net of Royalties and refining charges CAD 000's)	\$3,856	\$12,107	\$25,730	\$32,027
Mine operating expenses (excludes depletion and amortization - CAD 000's)	\$5,883	\$8,382	\$27,781	\$23,539
Amortization and depletion (CAD 000's)	\$1,073	\$2,475	\$7,145	\$6,867
Gross (loss)/profit (CAD 000's)	(\$3,101)	\$1,250	(\$9,196)	\$1,621
Net (loss) (CAD 000's)	(\$44,458)	(\$2,160)	(\$48,449)	(\$4,370)
Basic and diluted earnings (loss) per share (CAD)	(\$0.13)	(\$0.01)	(\$0.19)	(\$0.03)
Cash flow from operating activities (CAD 000's)	(\$2,041)	\$716	\$1,173	\$4,851
*Cost of sales per ounces sold (CAD)	\$2,020	\$757	\$1,261	\$774

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

Executive Summary - Fourth Quarter December 31, 2010

During the three months ended December 31, 2010 the following occurred at Alexis Minerals:

- Total revenue of \$3.86 million was generated, 68% lower than in Q4-2009; 50% less than Q3-2010. The latter was due to fewer ounces of gold mined, milled and recovered during Q4-2010.
- The Company sold 2,912 ounces of gold at an average realized price of \$1,387/oz (USD \$1,368/oz.), compared to 11,075 ounces sold during Q4-2009 at an average realized price of \$1,144/oz (USD \$1,081/oz).
- Lac Herbin Mine, in Val-d'Or, Quebec, the Company's initial gold operation, mined 3,478 oz. of gold, a 26% reduction compared to 4,677 ounces mined in Q3-2010. The grades realized continued to be lower than expected through this quarter. In addition additional ground stability problems in its principal S3 zone again caused the production of less ore tonnage that scheduled. Management is reassessing the nature of the deposit and has initiated additional exploration in the immediate area of the mine to strengthen the resource base.

- Our wholly-owned Aurbel Gold Mill, performed inconsistently during this quarter with an average recovery rate of 79.4%, down from 91.6% in Q3-2010. The mill continues to improve recoveries and the ramp up curve is progressing more slowly than was anticipated. Recoveries in the quarter were also adversely affected by a revision of the estimated work in progress inventories. The reduction in mill circuit inventory is applied against Q4 production but is in respect to milling throughout 2010. Current recoveries as at January 31 were above 90% and in March 2011 had risen to over 90% as continuing mill improvements take effect.
- Cash cost of sales per ounce (see non-GAAP measures) of the Lac Herbin gold sold increased to \$2,020/oz Au for the fourth quarter. This is due to a combination of a lower than anticipated grades mined versus milled; restricted tonnage availability from S3; and, lower than expected recoveries at the Aurbel Mill, in part attributed to the revised mill inventories.
- Recognition that the deposit continued to pose significant operating challenges, operating costs were reduced during the quarter in an effort to offset lower revenues. Costs were successfully lowered by 29.6% compared to Q3-2010.
- The Company has gained a better understanding of Lac Herbin deposit through continued operations during this difficult year. This understanding and the results from progress in developing and mining in new stopes on the HW, LH, HW2, S4 and WE zones, has allowed the Company to revise the mineral resource estimate for the deposit. The Company determined that the carrying value of the property was impaired and has elected to write down the Herbin Asset by \$21.1 million. The carried value reflects more closely a two-year Reserve position for the deposit; a reserve position that is historically typical of many Quartz-Tourmaline-Gold Vein deposits in the Val d'Or Camp. As a result of this impairment, the Company has re-assessed the value of the mill and certain mining equipment at the Lac Herbin site, and has written down the value of these by \$7.7 million.
- Given the results of the feasibility study on the Lac Pelletier Project the Company has also determined that the carrying value of Pelletier was impaired and wrote it down by \$12.8 million.
- The Feasibility Study for the Snow Lake mine was completed during the quarter. Results confirm the project is economic, with the projected annual production of over 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.
- 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.
- The Company raised \$12,186,000 in Flow through funds through a private placement at a price of \$0.24 per share. The Company intends to use the proceeds for exploration at Snow Lake Mine in Manitoba, as well as on its properties in Val-d'Or and Rouyn-Noranda, Quebec.
- Exploration and delineation drilling in Q4 totaling 24,565 metres occurred primarily at Snow Lake, the Val d'Or camp and Lac Herbin. Year to date drilling totals 91,058 metres.
- Exploration drilling at Snow Lake confirmed the potential for mineralization from surface to 520 foot depth within the East Extension of the Main Mine, giving further support for the potential discovery of a major new ore zone on strike of the known deposit. Mineralized gold intersections, often very high grade, were also encountered in the Footwall of the Main Mine Horizon, including for example 2.99 g. Au/t over 15.12 metres; 51.46 g Au/t over 1.73 metres and 22.43 g Au/t over 4.21 metres.
- Visible gold was found as exploration drilling commenced on the Noralex property, 12km east of Rouyn-Noranda and approximately 10km northwest of the Doyon Mine. The program targets gold mineralization within rocks considered to be stratigraphically equivalent to those of the Doyon-Laronde trend. Results from the Q4-2010/ Q1-2011 program indicates the presence of two broad zones of gold mineralization, 30 to 70 metres wide that extend over distances of up to 1.0 kilometre. The zones are characterized by

numerous gold values in the 0.5 to 1.5 g.Au/t associated with distinct zones of shearing and widespread disseminated sulphides. Late quartz veins, often carrying visible gold, occur dispersed throughout the zones and are associated with short, high-grade gold intersections within several rock types.

- The Company entered into an option agreement to purchase a 100% interest in 33 mineral claims covering approximately 38 km² in the Herblet Lake area of Manitoba. This property is contiguous to the north of the currently wholly-owned Snow Lake Mine property and brings the total area owned by Alexis to 92 km².
- The Company announced the potential spin-off of its Abitibi properties as a way to unlock the potential shareholder value associated with these properties. This was subsequently determined not to be the most efficient transaction structure and the spin-off strategy was abandoned.
- Subsequent to the end of the quarter management changes included François Perron being appointed as President & CEO; David Rigg, formerly President & CEO, becoming Vice-Chairman of Alexis Minerals; and Keith Boyle, Executive Vice President & COO resigning from the company.

Overview & Outlook

To enhance shareholder value, Alexis is determined to become a mid-tier mining and exploration company. Alexis has followed two principal strategies: a short to medium term strategy of developing gold-production to provide cash flow; and, a longer term strategy focused on aggressive exploration and new mine discovery.

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.

Gold production for 2010 totaled 24,930 ounces, slightly higher than the revised guidance for the year. Lac Herbin produced 22,637 ounces of gold, and Lac Pelletier produced 2,293 ounces of gold. Our first gold mine, Lac Herbin, has continued to produce gold since late 2008; however there have been challenges throughout 2010 with lower than expected gold grades being mined. Difficult ground conditions have impacted both mining dilution and mine sequencing. Where development had been undertaken since Q3 the narrow vein structure of the deposit has continued to deliver less than the predicted 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 \$2,020/oz Au. Management is focused on reviewing the potential of near-mine resources with the purpose of re-establishing a balanced based of operations. It is anticipated this process will also impact Q1 performance.

A bulk sample program at Lac Pelletier, our second gold project, was completed earlier in the year. A production commitment notice was issued to Thundermin Resources Inc. 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 Company has been advised that Thundermin intends to initiate arbitration pursuant to the Option Agreement in efforts to return the property to Thundermin.

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. Exploration drilling commenced on the Noralex property, with visible grains of gold recorded. Targets on the Aurbel property include the eastern extension of the Dumont Shear, host to the past producing Dumont Mine; the Herbin West area, 1km west of the Company's Lac Herbin mine; and on several other historically known gold showings. Drill holes target the intersections of converging shear zones and the depth extension of the gold showings.

During Q4-2010 Alexis completed the planned 2010 exploration campaign which included over 80,000 metres of drilling. Approximately \$6 million was invested in the Snow Lake Mine property and \$4 million went to the Abitibi Mining Camp. This was funded through-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 1,100 sq. km. and giving control over 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, in 2010, Alexis acquired 92 sq. km. in another historically prolific mining camp – Snow Lake, Manitoba. 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 2010 Fraser Institute Survey has recognized the Province of Quebec as the #3 and Manitoba the #11 mining region in the world respectively.

Mineral Reserves and Resources

Table 1: Mine Reserve Estimate (as at December 31, 2010)

Table 1. Proven and Probable Reserves:

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
Proven			
Lac Herbin ⁽¹⁾	43,000	7.45	10,300
Lac Pelletier ⁽²⁾	59,770	6.2	11,914
Snow Lake ⁽³⁾	7,000	3.81	900
Probable			
Lac Herbin ⁽¹⁾	96,000	6.45	19,900
Lac Pelletier ⁽²⁾	108,230	6.6	22,966
Snow Lake ⁽³⁾	3,470,000	4.04	451,000
Total Proven & Probable ⁽⁴⁾	3,784,000	4.25	516,980

Table 2. Measured and Indicated Resources (as at December 31, 2010)

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
Measured			
Lac Herbin ⁽¹⁾	67,000	9.2	19,900
Lac Pelletier ⁽²⁾	57,806	8.6	16,041
Snow Lake ⁽³⁾	7,000	4.8	1,000
Indicated			
Lac Herbin ⁽¹⁾	117,600	7.6	28,800
Lac Pelletier ⁽²⁾	221,637	8.61	61,331
Snow Lake ⁽³⁾	5,464,000	4.14	727,000
Total Measured & Indicated	5,935,043	4.48	854,072

Table 3. Inferred Resources (as at December 31, 2010)

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
Inferred			
Lac Herbin ⁽¹⁾	283,500	7.4	67,300
Lac Pelletier ⁽²⁾	419,514	8.37	112,899
Snow Lake ⁽³⁾	2,367,000	4.43	336,700
Total Inferred Resources	3,070,014	5.24	516,899

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

1. Press release dated March 22, 2011. Estimates completed by Lac Herbin technical staff under the supervision of Austin Hitches, P.Geo and Patrick Sevigny, Ing., Qualified Persons.
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 December 31, 2010, the Company had working capital of \$10.19 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 two convertible debentures which matured in April 2010 and July 2010. During Q2-2010 and Q3-2010, the Company renegotiated the terms of these debentures. The debenture with a face value of \$2.15 million will mature in July 2012 and the debenture with a face value of \$4.2 million in April 2014. Both have coupon rates of 10%. The two convertible debentures are consequently, now classified as long term liabilities.

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. During Q4-2010, the Company received \$2.24 million related to the year ended December 31, 2009. The Company has accrued an additional \$3.1 million in assistance during the year ended December 31, 2010. At December 31, 2010, \$6.7 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. The Company is in good standing with this payment arrangement.

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 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 making a commitment prior to September 1, 2010 to bring the deposit into production. 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 has been advised that Thundermin intends to initiate arbitration pursuant to the Option Agreement in efforts to return the property to Thundermin.

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. During 2010, Alexis received approval from Xstrata Copper which allows Alexis to undertake exploration across these properties independently of Xstrata Copper. Alexis advanced programs of exploration in 2010 for gold and also for base metals in areas facing assessment credit shortfalls for upcoming claim renewals. Alexis has agreed to fully finance these programs.

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.

Herblet Lake, Manitoba

In November 2010, the Company entered into an agreement to acquire a 100% interest in certain mining claims in the Herblet Lake area. To acquire this 100% interest over a period of 5 years, the Company is required to make total cash payments of \$300,000 and incur total exploration expenditures of \$3,000,000 according the following schedule:

	Commitment		
	Cash Payment (\$)	Expenditures (\$)	
November 19, 2010	50,000	-	**Paid December 2010
November 19, 2011	50,000	200,000	
November 19, 2012	50,000	300,000	
November 19, 2013	50,000	500,000	
November 19, 2014	50,000	1,000,000	
November 19, 2015	50,000	1,000,000	
	<u>300,000</u>	<u>3,000,000</u>	

The exercise of the option is subject to an NSR of 3% payable from the date of commencement of commercial production. Upon exercise of the option, the Company will be required to make advanced royalty payments of \$50,000 annually up to \$250,000 to be credited against future NSR payments. The Company has the right to purchase up to 50% of the NSR for a total of \$1,500,000, each 0.5% of the 3% NSR requiring a \$500,000 payment.

Results of Operations

For the quarter ended December 31, 2010

The Company sold 2,912 ounces of gold and generated \$3.86 million in revenue from mining operations during the 4th quarter of 2010. Alexis averaged a gold sale price of \$1,387 per ounce during Q4-2010. During Q4-2009, 11,075 ounces of gold were sold generating \$12.11 million in revenue. The average sale price realized during Q4-2009 was \$1,144. Mine operating expenses were \$5.88 million (Q4-2009: \$8.38 million) and amortization and depletion amounted to \$1.07 million (Q4-2009: \$2.47 million). The gross loss was \$3.10 million during Q4-2010 compared to a gross profit of \$1.25 million during Q4-2009. Revenue from mining operations includes \$4.04 million from gold sales reduced by \$0.18 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 \$2,020 per ounce compared to \$757 per ounce during the comparative quarter (see Non GAAP Measures). This increase in costs resulted from lower overall mine grades during the quarter as well as lower recovery rates. The deposit continues to pose challenges and the Company is focusing on reducing absolute costs. The costs were reduced by 29.6% as compared to Q-3 2010. Cash cost per tonne mined for Q4-2010 was \$207/tonne, compared to \$141/tonne during the same period last year.

Alexis recorded a net loss for the quarter ended December 31, 2010 of \$44.46 million compared to a loss of \$2.16 million for the quarter ended December 31, 2009. The primary reason for the significant increase in the loss was the Company's decision to write down the carrying values of both Lac Herbin and Lac Pelletier, as well as the mill and certain mining equipment at the Lac Herbin mining site. The Company has gained a better understanding of Lac Herbin during the year and given the revised resource estimates the Company determined the carrying value of

the property was impaired and wrote it down by \$21.1 million. Also, given the feasibility study results on Lac Pelletier the Company has also determined that the carrying value should be written down by \$12.82 million. The mill and equipment was assessed by an independent valuator, and consequently, the Company wrote down their value by \$7.71 million. Expenses excluding the write down of mineral properties were \$1.13 million during Q4-2010 (Q4-2009: \$2.30 million) as described below. The Company recognized a future income tax recovery during Q4-2010 of \$1.42 million compared to an expense of \$1.11 million during Q4-2009.

General and Administrative expenses				
(CAD 000's)	Q4-2010	Q4-2009	Increase (decrease)	Change
	\$	\$	\$	%
Professional, consulting and management fees	444	622	(178)	(29%)
Stock based compensation	27	1,105	(1,078)	(98%)
Other general and administrative expenses	373	306	67	22%
Long-term interest, accretion and financing costs	271	190	81	43%
Other interest, accretion and financing costs	55	29	26	90%
Loss on disposal of asset	101	0	101	100%
Equity loss on investment	0	63	(63)	(100%)
Foreign exchange	(61)	(0)	(61)	(100%)
Interest (income) and (gains) on investment	(78)	(13)	(65)	(500%)
Write-down of mineral properties and assets	41,649	0	41,649	100%
Future income tax (recovery)/expense	(1,424)	1,112	(2,536)	(228%)

Professional, consulting and management costs decreased by \$0.18 million or 29% during the quarter ended December 31, 2010 compared to the quarter ended December 31, 2009. This decrease is primarily due to a reduction in bonuses granted during Q4-2010 compared to Q4-2009.

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 three months ended December 31, 2010, 50,000 stock options were granted and previously issued options vested during the quarter resulting in a charge of \$0.03 million. During Q4-2009, 4,447,500 stock options were granted and options vested resulting in a charge of \$1.11 million related to stock-based compensation.

Other general and administrative expenses increased by 22% during Q4-2010 compared to Q4-2009 as a result of marginally higher office costs and higher travel costs for management's increased trips to the mine sites.

Long-term and other interest, accretion and financing costs increased by a combined \$0.15 million during Q4-2010 compared to Q4-2009 in large part as a result of the acquisition of Garson. With the acquisition of Garson, the Company acquired a convertible debenture in the amount of \$2.1 million and incurred interest expense as a result totaling \$0.05 million as well we recorded \$0.04 million in accretion expense. The Company also paid fees to maintain two letters of credit held on asset retirement obligations. The Company also incurred interest expense on a large payable to a mining contractor for which quarterly payment terms have been negotiated.

The Company recorded unrealized gains on investments held of \$0.05 million during Q4-2010 as a result of investments held by Garson. Interest income earned during Q4-2010 was \$0.03 million compared to \$0.01 million during Q4-2009. The Company earns interest on term deposits held by Garson.

As described above, with better understanding for the Herbin property, the Company reassessed its reserves and life-of-mine plan, and determined that the value attributed to the Lac Herbin property was impaired. Consequently, the Company wrote off \$21.12 million related to the property. As well, the Company assessed an impairment attributed to the carrying value of the Lac Pelletier property and wrote it down by \$12.82 million. The Company wrote down the mill and various mining equipment by \$7.71 million.

The Company recognized a future income tax recovery of \$1.42 million during the three months ended December 31, 2010 compared to a future income tax expense of \$1.11 million for the quarter ended December 31, 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 year ended December 31, 2010

The Company sold 22,026 ounces of gold and generated \$25.73 million in revenue from mining operations during the year ended December 31, 2010. Alexis averaged a gold sale price of \$1,215 (USD\$1,184) per ounce during this twelve month period. During the year ended December 31, 2009, 30,400 ounces of gold were sold generating \$32.03 million in revenue. The average sale price realized during the year ended December 31, 2009 was \$1,106 (USD\$982). Mine operating expenses were \$27.78 million (2009: \$23.54 million) and amortization and depletion amounted to \$7.14 million (2009: \$6.87 million). The gross loss was \$9.20 million during the year ended December 31, 2010 compared to gross profit of \$1.62 million during the year ended December 31, 2009. Revenue from mining operations includes \$26.99 million from gold sales reduced by \$1.26 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 \$1,261 per ounce compared to \$774 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 mined for the year ended December 31, 2010 was \$191/tonne, compared to \$145/tonne during the same period last year.

Alexis recorded a net loss for the year ended December 31, 2010 of \$48.45 million compared to a net loss of \$4.37 million for the same period ended December 31, 2009. As discussed in the quarterly results section of this report, the Company wrote down the Lac Herbin property, a significant portion of the Lac Pelletier property and the mill and various mining equipment for a total write-down of \$41.65 million. Expenses excluding the write down of mineral properties were \$4.22 million during the year ended December 31, 2010 (2009: \$5.09 million) as described below and the Company also recognized a future income tax recovery of \$6.62 million during the current period (2009: an expense of \$0.90 million).

General and Administrative expenses				
(CAD 000's)	2010	2009	increase (decrease)	Change %
	\$	\$	\$	
Professional, consulting and management fees	1,725	1,923	(198)	(10%)
Stock based compensation	207	1,287	(1,080)	(84%)
Other general and administrative expenses	1,484	1,405	79	6%
Long-term interest, accretion and financing costs	1,086	714	372	52%
Other interest, accretion and financing costs	249	92	157	171%
Loss on disposal of asset	101	0	101	100%
Equity loss on investment	0	93	(93)	(100%)
Foreign exchange	(71)	(59)	(12)	(20%)
Interest (income) and (gains) on investment	(560)	(367)	(193)	(53%)
Write-down of mineral properties	41,649	0	41,649	100%
Future income tax (recovery)	(6,617)	905	(7,522)	(831%)

Professional, consulting and management fees decreased by \$0.20 million or 10% compared to 2009 as a result of less incentive bonuses granted during 2010 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 Loss and Deficit. The Company applies the fair value method of accounting for stock-based compensation. During the year ended December 31, 2010, 717,500 stock options were granted and previously issued options vested during the period resulting in a charge of \$0.21 million.

During 2009, 5,395,000 stock options were granted and the company incurred a charge of \$1.29 million related to these and other stock options that vested during that period.

Other general and administrative expenses increased by 6% during 2010 compared to 2009.

Long-term and other interest, accretion and financing costs increased by a combined \$0.53 million or 223% during 2010 compared to 2009 primarily as a result of the acquisition of Garson. With the acquisition of Garson, the Company acquired a convertible debenture in the amount of \$2.1 million and incurred interest expense as a result during the year totaling \$0.22 million. As well the Company recorded accretion expense in the amount of \$0.13 million. The Company also incurred interest expense of approximately \$0.08 million on a large payable to a mining contractor for which quarterly payment terms have been negotiated.

Unrealized gains on investments increased by \$0.15 million during 2010 compared to 2009 as a result of investments held by Garson. Interest income increased by \$0.04 million in 2010 compared to 2009 primarily as a result of interest earned on term deposits held by Garson to secure letters of credit.

As described above, with better understanding for the Herbin property, the Company reassessed its reserves and life-of-mine plan, and determined that the value attributed to the Lac Herbin property was impaired. Consequently, the Company wrote off \$21.12 million in relation to this property. As well, the Company assessed an impairment attributed to the carrying value of the Lac Pelletier property and wrote it down by \$12.82 million. The Company wrote down the mill and various mining equipment by \$7.71 million.

The Company recognized a future income tax recovery of \$6.62 million during the year ended December 31, 2010 compared to an expense of \$0.90 million for the year ended December 31, 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.

Annual information

	2010	2009	2008
Revenue from mining operations (CAD 000's)	\$ 25,730	\$ 32,027	\$ 10,079
Mine operating expenses (CAD 000's)	\$ 27,781	\$ 23,539	\$ 8,334
Net Income (loss) (CAD 000's)	\$ (48,449)	\$ (4,370)	\$ (1,995)
Net income (loss) per share, basic and diluted (CAD)	\$ (0.19)	\$ (0.03)	\$ (0.02)
Cash provided by (used in) operations (CAD 000's)	\$ 1,173	\$ 4,851	\$ 3,314
Gold ounces sold post commercial production	22,026	30,400	10,600
Average realized gold price (per ounce) (CAD)	\$ 1,215	\$ 1,106	\$ 995
*Mining operating expenses (per ounce) (CAD)	\$ 1,261	\$ 774	\$ 786
Total Assets (CAD 000's)	\$ 100,518	\$ 132,735	\$ 78,686
Long term financial liabilities (CAD 000's)	\$ 9,060	\$ 3,837	\$ 4,728

Quarterly information
Summary Financial Information for the Eight Quarters Ended December 31, 2010

	Q4-2010	Q3-2010	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009	Q1-2009
Revenue from mining operations (CAD 000's)	\$ 3,856	\$ 7,742	\$ 8,881	\$ 5,251	\$ 12,107	\$ 6,564	\$ 6,536	\$ 6,819
Mine operating expenses (CAD 000's)	\$ 5,883	\$ 8,340	\$ 8,680	\$ 4,878	\$ 8,382	\$ 6,212	\$ 3,813	\$ 4,308
Net Income (loss) (CAD 000's)	\$ (44,458)	\$ (3,012)	\$ 646	\$ (1,625)	\$ (2,160)	\$ (1,714)	\$ (597)	\$ 102
Net income (loss) per share, basic and diluted (CAD)	\$ (0.13)	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ 0.00
Cash provided by (used in) operations (CAD 000's)	\$ (2,041)	\$ (6,847)	\$ 8,795	\$ 1,266	\$ 716	\$ (299)	\$ 1,151	\$ 3,283
Gold ounces sold	2,912	6,498	7,865	4,750	11,075	6,575	6,375	6,375
Average realized gold price (per ounce) (CAD)	\$ 1,387	\$ 1,250	\$ 1,185	\$ 1,155	\$ 1,144	\$ 1,048	\$ 1,075	\$ 1,128
*Mining operating expenses (per ounce) (CAD)	\$ 2,020	\$ 1,283	\$ 1,104	\$ 1,027	\$ 757	\$ 944	\$ 598	\$ 676
Total Assets (CAD 000's)	\$ 100,518	\$ 132,633	\$ 133,330	\$ 135,093	\$ 132,735	\$ 88,111	\$ 79,815	\$ 78,986
Long term financial liabilities (CAD 000's)	\$ 9,060	\$ 8,793	\$ 6,824	\$ 3,514	\$ 3,837	\$ 1,051	\$ 1,037	\$ 5,001

* see *Non GAAP Measures*

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- and Q4-2010 primarily as a result of low grades. As well, in Q4-2010, the Company incurred a significant write-down expense of \$41.65 million as a result of impairment to its mineral properties.

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. The Company's assets decreased significantly in Q4-2010 as a result of a write-down to its mineral properties and mill.

During the first quarter of 2009, the Company recognized net additions of \$0.15 to the 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 December 31, 2010

Cash used by operating activities for the three months ended December 31, 2010 was \$2.04 million compared to providing \$0.72 million for the three months ended December 31, 2009. During Q4-2010, mining operations used \$2.03 million, administrative expenses and interest income used \$0.82 million and non-cash working capital provided \$0.80 million. During Q4-2009, mining operations generated \$3.73 million, administrative expenses and interest income used \$1.02 million and non-cash working capital used \$1.99 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 \$11.38 million during the three months ended December 31, 2010 compared to \$8.94 million during the three months ended December 31, 2009. During Q4-2010, the Company completed a private placement issuing 50,774,998 flow through common shares of the Company at a price of \$0.24 per share for gross proceeds of \$12.19 million. Issue costs paid in cash related to this financing totaled \$0.99 million. During the comparative quarter, the Company raised \$10.00 million with cash issue costs of \$0.90 million. The Company made payments of \$0.12 million (Q4-2009: \$0.12 million) against their capital leases and other financing arrangements

Cash from investing activities used \$2.30 million during the three months ended December 31, 2010 compared to \$5.94 million during the three months ended December 31, 2009. Expenditures on exploration interests used \$5.60 million during the current quarter compared to \$6.88 million during the comparative quarter as summarized below. Increases in accounts payable provided \$1.36 million during Q4-2010 compared to \$5.02 million during Q4-2009. The Company used \$0.27 million to purchase property and equipment, and refurbish the Aurbel mill, compared to \$3.16 million during Q4-2009. During Q4-2010, the Company received \$2.21 million in government tax credits compared to \$nil during Q4-2009.

Cash expenditures on exploration interests for the three months ended December 31, 2010:								
(CAD 000's)	PRODUCING PROPERTIES	NON-PRODUCING PROPERTIES						
Description	Lac Herbin (\$)	Rouyn (\$)	Lac Pelletier (\$)	VMS (\$)	Aurbel (\$)	Snow Lake (\$)	Herblet Lake (\$)	TOTAL (\$)
Acquisition and property maintenance	-	40	(90)	6	4	73	50	83
Development costs	2	-	-	-	-	-	-	2
Exploration costs	126	635	285	958	761	2,850	-	5,615
Pre-production revenues	-	-	-	-	-	(28)	-	(28)
Government assistance	-	-	-	-	-	(76)	-	(76)
Total	128	675	195	964	765	2,819	50	5,596

Cash Flows for the year ended December 31, 2010

Cash provided by operating activities for the year ended December 31, 2010 was \$1.17 million compared to \$4.85 million for the year ended December 31, 2009. During the year ended December 31, 2010, mining operations used \$2.05 million, administrative expenses and interest income used \$3.55 million and non-cash working capital provided \$6.77 million. During the year ended December 31, 2009, mining operations generated \$8.49 million, administrative expenses and interest income used \$3.34 million and non-cash working capital used \$0.26 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 \$23.70 million during the year ended December 31, 2010 compared to \$17.23 million during the year ended December 31, 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. In December 2010, the Company completed a private placement issuing 50,774,998 flow through common shares of the Company at a price of \$0.24 per share for gross proceeds of \$12.19 million. Issue costs paid in cash related to this financing totaled \$0.99 million. The Company raised \$20.00 million, paying \$2.13 in issue costs, in 2009. During the current year, the Company made payments of \$0.53 million (2009: \$0.78 million) against their capital leases and other financing arrangements. As well, the Company incurred \$0.17 million related to debenture financing costs.

Cash from investing activities used \$21.57 million during the year ended December 31, 2010 compared to \$20.50 million during the year ended December 31, 2009. Expenditures on exploration interests used \$19.26 million during the current period compared to \$18.57 million during the comparative period as summarized below. Decreases in accounts payable used \$2.68 million during 2010 compared to providing \$3.26 million during 2009. The Company used \$3.60 million to purchase property and equipment, and refurbish the Aurbel mill, compared to \$4.53 million during 2009. The Company used \$0.21 million in cash during 2010 (2009: \$2.47 million) as a result of the acquisition of an increased interest in Garson. As well, the Company received \$4.19 million in exploration tax credits during the year ended December 31, 2010 compared to \$1.14 million during the year ended December 31, 2009.

Cash expenditures on exploration interests for the year ended December 31, 2010:

(CAD 000's)	PRODUCING	NON-PRODUCING PROPERTIES						TOTAL
	PROPERTIES							
Description	Lac Herbin	Rouyn	Lac	VMS	Aurbel	Snow	Herblet	
	(\$)	(\$)	Pelletier	(\$)	(\$)	Lake	Lake	(\$)
			(\$)	(\$)		(\$)	(\$)	
Acquisition and property maintenance	-	46	30	16	45	95	50	282
Development costs	355	-	-	-	-	-	-	355
Exploration costs	627	1,338	9,404	2,187	1,332	7,686	-	22,574
Pre-production revenues	-	-	(3,076)	-	-	(795)	-	(3,871)
Government assistance	-	-	-	-	-	(76)	-	(76)
Total	982	1,384	6,358	2,203	1,377	6,910	50	19,264

Transactions with Related Parties

The Company was charged \$60,000 for administration services during the year ended December 31, 2010 (2009: \$60,000) by a company for which Mr. Stan Bharti, a director of the Company, is an officer and director.

An amount of \$160,000 is payable to directors of the Company as at December 31, 2010 (2009: \$80,000) and is included in accounts payable and accrued liabilities.

NSR royalties of US\$238,152 (\$253,325) were paid during the year ended December 31, 2010 to a company for which Mr. Stan Bharti, a director of the Company, is an officer and director, all of which was accrued at December 31, 2009. An additional US\$528,693 (\$548,315) has been accrued at December 31, 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 December 31, 2010, the Company has advanced \$76,291 to such corporations to cover shared expenses and has included these amounts in prepaid expenses (2009: \$87,978). The Company owes \$26,604 included in accounts payable and accrued liabilities as at December 31, 2010 (2009: \$nil) related to these expenditures. As well, as at December 31, 2010, the Company is owed \$nil from such corporations for shared expenses (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.

Subsequent Events

Subsequent to the end of the year, the Company granted 3,115,000 stock options to employees of the Company at an exercise price of \$0.18 expiring five years from the date of expiry. As well, approximately 62,500 options were forfeited and 4,351,618 options expired unexercised subsequent to the end of the year.

Also, 3,288,335 warrants with an exercise price of \$0.345 expired unexercised subsequent to December 31, 2010.

Outstanding Share Data

As at March 31, 2011, 390,555,288 common shares of the Company are outstanding. Of the options to purchase common shares issued under the share option plan of the Company, 13,641,512 remain outstanding with exercise prices ranging from \$0.17 to \$1.14 and with expiry dates ranging between November 1, 2011 and February 10, 2016. If exercised, 13,641,512 common shares would be issued generating \$6.61 million in proceeds.

As at March 31, 2011, there were 78,983,315 share purchase warrants outstanding with exercise prices ranging from \$0.15 to \$0.70, expiring between June 23, 2011 and September 2, 2013. If exercised, 78,983,315 common shares would be issued generating \$33.3 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 twelve months ended December 31, 2010 and 2009, and a reconciliation of working capital to the financial statements for the years ended December 31, 2010 and 2009.

Working Capital

(CAD 000's)	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Current assets:		
Cash and cash equivalents	\$9,411	\$6,106
Amounts receivable	658	2,083
Tax credits receivable	6,728	7,465
Inventory	1,822	6,168
Prepaid expenses	463	273
Investments	641	122
	19,723	22,217
Current liabilities		
Accounts payable and accrued liabilities	\$9,348	\$13,687
Current portion of capital lease obligations	137	412
Current portion of long-term debt	51	99
Liability component of convertible debenture	-	6,143
	9,536	20,341
Working capital/(deficit) (current assets less current liabilities)	\$10,187	\$1,876

Cash cost per ounces sold

	<u>Q4-2010</u>	<u>Q4-2009</u>	<u>2010</u>	<u>2009</u>
Revenue				
From commercial production ounces (CAD 000's)	\$3,856	\$12,107	\$25,730	\$32,027
Ounces sold	2,912	11,075	22,026	30,400
Mine operating expenses (CAD 000's)	\$5,883	\$8,382	\$27,781	\$23,539
Cash cost per ounce sold (CAD) (mining operating expenses divided by ounces sold)	\$2,020	\$757	\$1,261	\$774

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	51,333	51,333	-	-	-
Capital lease obligations	187,712	137,045	50,667	-	-
Contractual commitments	777,750	777,750	-	-	-
	<u>1,016,795</u>	<u>966,128</u>	<u>50,667</u>	<u>-</u>	<u>-</u>

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to \$3.26 million 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 \$777,000, 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 year ended December 31, 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 December 31, 2010, the Company has met its exploration expenditure commitment. Pursuant to the issuance of 50,774,998 flow-through shares in December 2010, the Company renounced \$12,186,000 on qualified exploration expenditures and will be required to spend this sum in qualified exploration expenditures by December 31, 2011. 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.

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. The amount, as well as interest, has been paid down according to an agreed upon payment schedule and as at December 31, 2010, the balance payable is approximately \$794,000.

The Company's mining and exploration activities are subject to various law and regulations governing the protection of the environment. These law and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and

regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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, 2010.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed January 1, 2011, as the date International Financial Reporting Standards ("IFRS") will replace current Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises. As a result, the Company will report under IFRS starting with the interim period ending March 31, 2011, with restatement for comparative purposes of amounts reported under Canadian GAAP.

IFRS PROJECT UPDATE

The Company's IFRS conversion plan consists of three phases: Scoping and Diagnostic; Detailed Evaluation; and Implementation and Review. The Scoping and Diagnostic phase included the completion of a high-level impact assessment to identify key areas that may be affected by the conversion and the development of a detailed implementation plan. The Detailed Evaluation phase included a detailed analysis of the IFRS – Canadian GAAP differences and accounting policy choices under IFRS, and the initial assessment of the nonfinancial reporting related impacts. The Scoping phase has been completed.

The Diagnostic and Detailed Evaluation and Implementation and Review phases are in progress and will be completed in the first quarter of 2011.

Based on the work completed to date, the transition to IFRS did not result in significant impacts to the Company's business activities or its covenants, capital requirements or compensation arrangements. The transition did not result in significant changes to key controls during or after the transition to IFRS. Changes to financial reporting processes and data systems were required as a result of changes in accounting policies, and internal control and disclosure control documentation is being updated accordingly. The initial training of finance personnel is ongoing.

The International Accounting Standards Board responsible for the development and publication of IFRS has a significant number of projects underway, many of which could impact the differences between Canadian GAAP and IFRS applicable to the Company. Changes in IFRS could result in additional adjustments and/or changes to the adjustments currently being recognized in the IFRS opening balance sheet. Accordingly, the Company continues to monitor and evaluate changes in IFRS, and to update the conversion plan as required.

The Company has identified several areas where potential differences between Canadian GAAP and IFRS could result in changes to the amounts reported by the Company in its financial statements. While the quantification of these potential changes has not yet been finalized, the areas where the changes are most anticipated include:

Asset Retirement Obligations

Under IFRS, a liability must be recognized at the time when the entity becomes legally or constructively obliged to rehabilitate a disturbance resulting from mining activities, while under Canadian GAAP, a liability is only recognized when the entity is legally bound. Discount rates used should reflect the risks specific to the decommissioning provision. Unlike IFRS, under Canadian GAAP discount rates for asset retirement obligations are based on the entity's credit-adjusted risk-free rate. IFRS requires re-measurement of the liability at each reporting date whereas Canadian GAAP requires re-measurement of the liability in the event of changes in the amount or timing of cash flows required to settle the obligation. Over and above this, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, requires the re-measurement of the provision for reclamation and rehabilitation if there is a change in the current market-based discount rate. However, under Canadian GAAP HB 3110 *Asset Retirement Obligations*, the provision for reclamation and rehabilitation is not adjusted for changes in the discount rate.

Property, Plant and Equipment

IFRIC 1, *Changes in Decommissioning, Restoration and Similar Liabilities*, contains guidance on accounting for changes in decommissioning, restoration and similar liabilities due to timing in the revision of estimated outflows

and revisions to the risk-free discount rate. Where changes occur, these changes are required to be capitalized as part of the cost of the underlying assets and depreciated prospectively over the remaining life of the asset to which they relate.

IFRS requires identifying and measuring the cost of significant individual components of assets which have different useful lives than the core asset. Significant components are then separately depreciated based on their individual useful lives.

Share-based payments

While there is convergence between IFRS and Canadian GAAP in that share-based payments are recognized as an expense, there are a number of measurement differences. Under Canadian GAAP, the Company records forfeitures on unvested stock options as they occur. Unlike Canadian GAAP, IFRS requires that the rate of forfeiture be estimated every reporting period and an adjustment be made to stock based compensation expense. Canadian GAAP also allows the vesting of employee stock options to be recognized to operations on a straight-line basis whereas IFRS requires the use of a graded vesting model.

Income Taxes

IFRS requires a deferred tax asset or liability to be recognized for exchange gains and losses related to nonmonetary assets and liabilities that are re-measured into the functional currency using the historical exchange rates. Under Canadian GAAP, a deferred tax asset or liability is not recognized for a temporary difference arising from the difference between the historical exchange rate and the current exchange rate translations of the cost of non-monetary assets and liabilities of integrated foreign operations.

Furthermore, Canadian GAAP requires that the current and long-term portions of future income tax assets, and future income tax liabilities, be shown separately on the financial statements, whereas IFRS does not.

Exploration Expenditures

IFRS 6 applies to exploration and evaluation expenditures incurred by an entity in connection with the exploration and evaluation of mineral resources. An entity may choose to defer on the balance sheet nearly all exploration and evaluation expenditures or recognize all such expenditures in operations as incurred. IFRS currently allows an entity to retain its existing accounting policies related to the exploration and evaluation of mineral properties, subject to some restrictions.

Impairment of Assets

IAS 36, *Impairment of Assets* ("IAS 36") uses a one-step approach for testing and measuring asset impairments, with asset carrying values being compared to the higher of their value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are initially used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent adjustments in the carrying value of assets under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses.

IFRS 1, First-Time Adoption of IFRS

IFRS 1 provides the framework for the first-time adoption of IFRS and specifies that, in general, an entity shall apply the principles under IFRS retrospectively. Certain optional exemptions and mandatory exceptions to retrospective application are provided for under IFRS 1. Prior to reporting the first IFRS compliant financial statements for the quarter ending March 31, 2011, the Company may decide to apply certain exemptions contained in IFRS 1.

i) Business combinations

IFRS 1 provides an option to not restate business combinations that occurred prior to the transition date or to only restate business combinations that occurred after a designated date prior to the transition date.

ii) Fair value as deemed cost

IFRS 1 allows an entity to initially measure an item of property, plant and equipment upon transition to IFRS at fair value on the transition date or at an event-driven fair value (i.e. a fair value determined through a business combination or initial public offering). This elective exemption can be applied on an individual asset basis.

iii) Cumulative translation account ("CTA")

IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from prior to the date of transition to IFRS.

iv) Decommissioning liabilities

Under IFRS 1, an entity can elect to not apply the provisions of IFRIC 1 - Changes in Existing Decommission, Restoration and Similar Liabilities, as they relate to changes in such liabilities before the date of transition to IFRS.

When applying this exemption, an entity determines its decommissioning liabilities at the transition date, discounts the liabilities back to the dates when they first arose using management's best estimate of the historical risk-adjusted discount rates, and depreciates these amounts forward to the transition date to determine the amount to be included in the depreciated cost of the assets.

v) Share-based payment

IFRS 1 encourages, but does not require a first time adopter to apply IFRS 2 - Share-based Payment ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 but vested before the Company's IFRS transition date. Accordingly, an entity may elect not to retrospectively apply IFRS 2 to these equity instruments.

vi) Borrowing costs

IFRS 1 permits an entity to apply the transitional provisions of IAS 23 - Borrowing Costs ("IAS 23") as an alternative to full retrospective application. Under these provisions, the Company may elect to only apply IAS 23 to qualifying assets for which the commencement date for capitalization is on or after the date of transition (or an elected earlier date).

Future Accounting Pronouncements

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. 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 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 year ended December 31, 2010 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

Internal control over financial reporting has been designed, based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management, under the supervision of the CEO and CFO, has evaluated the effectiveness of our internal control over financial reporting using the framework designed as described above and based on this evaluation, the CEO and CFO have concluded that internal control over financial reporting was effective as of December 31, 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 twelve months ended December 31, 2010, and Alexis's board of directors approved these documents prior to their release.

March 31, 2011