ALEXIS
MINERALS CORPORATION

# Management's Discussion and Analysis

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

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Alexis Minerals Corporation ("we", "our", "us", "Alexis", or the "Company") for the three and nine months ended September 30, 2009 and should be read in conjunction with the Interim Unaudited Consolidated Financial Statements for the nine months ended September 30, 2009, as well as our Audited Annual Consolidated Financial Statements and related Notes and the MD&A as at and for the year ended December 31, 2008. 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 November 10, 2009 unless otherwise indicated. References to the 1st , 2nd and 3rd quarters of 2009 or Q1-2009, Q2-2009 and Q3-2009, and the 1st , 2nd and 3rd quarters of 2008 or Q1-2008, Q2-2008 and Q3-2009 mean the three months ended March 31, June 30, and September 30, 2009 and 2008 respectively.

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

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## 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 and Lac Pelletier Projects are based on assumptions underlying mineral reserve and mineral resource estimates, the results of feasibility and scoping 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 related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. 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.

# The Company

**Alexis Minerals Corporation** is a publicly traded mining, exploration and development Company listed on the Toronto Stock Exchange ('TSX') under the symbol "AMC". The Company's focus is the acquisition, exploration and development of mineral properties, directly and indirectly through joint ventures. Alexis recently achieved the status of a new, junior gold-producing company. The Company holds a dominant property position (over 1,000 $km^2$) two 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. Québec is rated #1 in the world for mining and exploration *(Source: 2009, Fraser Institute).* 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. Recently Alexis entered a binding agreement to acquire all the shares of Garson Gold Corp. which would have the Company operating in another historic mining district, Snow Lake, Manitoba, Canada.

# Strategy

**Alexis Minerals Corporation** is committed to the following strategic priorities in order to enhance and increase shareholder value:

- **Growing to become a mid-tier status mining company - produce more gold:**
  - Expansion at Lac Herbin, the Company's first gold mine, to produce 36,000-40,000 oz. gold per year through the current 5-year life of mine plan
  - Completing a bulk sample at Lac Pelletier, the Company's second gold mining project, and advancing this project to a mine production decision in 2010

- **Managing for the future and the present:**
  - Finalize acquisition of Garson Gold Corp., solidifying the next growth phase of Alexis

- **Increasing gold reserves** :
  - A focused exploration program to realize the million ounce gold potential projected for the Lac Herbin Mine area and surrounding 100 sq.km. Aurbel property
  - A focused exploration program to realize the 500,000 ounce gold potential projected for Lac Pelletier

- **Constantly finding ways to reduce costs**:
  - Implement industry leading productivity improvement and cost reduction processes
  - Refurbishing and bringing into production the wholly owned Aurbel Mill to lower milling costs for Lac Herbin by 10%

- **Maintaining sustainable, safe environments**:
  - Expect to maintain industry leading work safety record
  - Maintain and contribute to environmental sustainability

# Executive Summary - Third Quarter

During the three months ended September 30, 2009 ("Q3-2009"), the following occurred at Alexis Minerals:

- The Company reported revenue of CDN $6,564,130.

- Lac Herbin, in Val d'Or, Quebec, continued operating at full production on schedule to meet objectives of 35,000 to 40,000 oz. of gold in 2009.

- The Company sold 6,575 ounces of gold at a realized average price of CDN $ 1,048 (USD $940/oz.).

- The Company mined an adjusted 7,883 oz. of gold in the third quarter; and achieved a company record monthly production of 4,201 oz gold in September. The Company surpassed the September record in October, producing 4,291 oz. gold.

- The Company commenced the refurbishment of its wholly owned Aurbel Gold Mill, expecting completion by the end of 2009, operation to start in January 2010; and an expected reduction in costs at Lac Herbin by an estimated $50/ozAu (10%).

- The Company completed a pre-feasibility study for the Lac Pelletier gold project confirming profitability and potential for commercial production in mid-2010.

- The Company completed an independent evaluation of reserves at Lac Herbin resulting in a 156% increase over the last independent assessment in 2007. Mine life confirmed to be at least five years. Total Proven and Probable Reserves have been evaluated at 617,374 tonnes @ 7.36 g/t of gold (Au) for a total of 146,007 oz. Au.

- The Company completed 6,934 metres of exploration and 6,391 metres delineation drilling, for a quarterly total of 13,325 metres drilled.

- Exploration drilling at the Lac Pelletier Gold Project resulted in the discovery of new high grade results; and at least three new gold-bearing structures to the immediate west of the existing ramp confirming the potential for additional resource growth.

- Exploration drilling commenced at the Manitou-Barvue deposit, targeting 400 metres beneath the historic mine workings, with the hole having advanced to a depth of 1300 m.

- Exploration and delineation drilling at Lac Herbin continued to find more gold extensions to previously established Reserve areas and in new discovery areas adjacent to the mine.

- The Company raised $10,000,000 through a public offering of 11,656,000 units at a price of $0.50 per Unit and 7,450,000 "flow-through" common shares at a price of $0.56 per Flow-Through Share.

- Subsequent to the end of the quarter, the Company announced its offer to acquire Garson Gold Corp. Once concluded, this acquisition has the potential to at least double the gold resources of Alexis, providing Alexis with mine development programs which will allow Alexis to grow production levels to in excess of 150,000 ounces of gold per year by 2011, leading to an expected share price re-rating as a mid tier status gold producer.

## Third Quarter Performance

| **Alexis Minerals Corporation** | **Three months ended 30-Sep-09** | **Nine months ended 30-Sept-09** |
|---|---|---|
| Tonnes of ore mined | 46,319 | 122,915 |
| Grade per tonne mined | 5.29g/t | 6.08g/t |
| Total gold ounces mined | 7,883 | 24,038 |
| Average recovery rate | 96.88% | 97.45% |
| Gold ounces sold | 6,575 | 19,325 |
| Average realized gold price (per oz CAD) | $1,048 | $1,083 |
| Revenue from mining operations ( net of Royalties and refining charges CAD 000's) | $6,564 | $19,920 |
| Mine operating expenses (excludes depletion and amortization - CAD 000's) | $6,212 | $15,157 |
| Amortization and depletion (CAD 000's) | $1,303 | $4,392 |
| Gross profit (loss) (CAD 000's) | ($951) | $370 |
| Net earnings (loss) (CAD 000's) | ($1,715) | (2,210) |
| Basic and diluted earnings (loss) per share (CAD) | ($0.01) | ($0.02) |
| Cash flow from operating activates (CAD 000's) | ($299) | $4,136 |
| *Cash cost of sales per ounces sold (CAD) | $945 | $784 |

* see Non GAAP Measures and comments under the Operational Review section below

## Operational Review

**Lac Herbin**

Lac Herbin achieved its first full year of commercial production at the end of the 3rd quarter 2009. It had achieved full production in December 2008. The mine produced a total of 46,319 tonnes, averaging 503 tonnes per day, during the third quarter at an adjusted average grade of 5.29 g/t for a production of 7,883 ounces. The year to date production is 122,915 tonnes at 6.08 g/t for 24,038 ounces of gold. The third of five milling campaigns was completed during Q3 -2009 with gold poured for the quarter of 7,169 ounces (year to date is 21,314 ounces).

A reconciliation of gold ore for 2009 year to date was completed at the conclusion of the third milling campaign in August 2009, resulting in an adjustment to the estimated gold production from the first eight months of the year (-2,600 ounces) applied in the third quarter. The reconciliation was done after the stockpile was totally eliminated. The grade estimating procedure of stockpiled ore has been re-formulated and the estimate of the fourth milling campaign, completed after the end of the third quarter was confirmed as accurate, being within 2% of the actual poured. A total of 27,161 ounces of gold have been poured at the mint to the date of this report, with one milling campaign remaining in

2009. The months of September and October saw record gold production and a return to better grades with a total of 18,073 tonnes at 7.23 g/t for 4,201 ounces and 18,411 tonnes at 7.25 g/t for 4,291 ounces, respectively. The production in the final quarter of 2009 is forecasted to be 48,500 tonnes at 7.81 g/t for 11,300 ounces. The stopes being mined are in the heart of the orebody and therefore expected to be higher grade. A re-estimation of quarterly production indicates an improving production, grade and cost trend through the first three quarters of 2009, since the mine achieved full production in December 2008.

The Q3 cash cost of sales per ounce sold was CAD $945 per ounce (see Non GAAP Measures), increased from CAD $598 in Q2-2009. The major reason for the increase in cash cost in Q3-2009 was the negative adjustment of ounces resulting from the re-estimated grade. The portion of the cash cost per ounce that is attributed to the re-estimation in the third quarter is estimated to be $160 CAD per ounce. The year to date cash cost is $784 CAD which is slighter higher than the 2009 projected $757 CAD per ounce as published in the NI 43-101 reserve report. However, despite the difficulties of lower grade and dilution, the cost per ounce for 2009 is expected to be in line with the life of mine (LOM) plan that would generate LOM cash costs of $567 CAD per ounce. It is higher than the guidance provided in of June, 2009 as the grade estimate used in the first six months of the year resulted in an over-estimation of the ounces in the stock pile. The cost per ounce is now expected to be approximately $740 for 2009, in line with the NI 43-101 guidance for 2009, the first year of full production. Despite the extra mine development work completed, the operating cost per tonne for the third quarter was reduced to CDN $138/t from $147/t in second quarter, slightly higher than plan. This is expected to be lower in the fourth quarter as operating development is expected to be reduced, the milling costs are expected to decline as per our custom milling contract structure, and the benefits of the improved maintenance program are realized. The total cash cost is forecasted to be approximately CAD $740 per ounce in line with the life of mine plan on which the reserves are based and published to SEDAR.

During this quarter, Alexis announced a 156% increase in Proven and Probable Reserves for its Lac Herbin gold mine in Val d'Or, Quebec, as confirmed in an independent NI 43-101Technical Report. Total Proven and Probable Reserves have been evaluated at 617,374 tonnes @ 7.36 g/t of gold (Au) for a total of 146,007 oz. Au (Table 2), increased from 239,237 tonnes @ 7.40 g/t for 57,128 oz. Au, calculated in the last independent study in 2007. This result validates the minimum five year mine life and the associated positive cash flow for the Lac Herbin mine. A revised resource estimate for the Lac Herbin Mine was completed and reported in February, 2009 based on extensive lateral development in ore and detailed drilling completed during 2008 (Table 1). Based on actual and projected production costs the Net Present Value (NPV), at a 7% discount rate, is estimated at CDN $ 48 million.

Underground development and exploration continued during the third quarter. Development work focused on production areas that are scheduled to be exploited in 2009 - 2010. New mine development remains focused on extending the main ramp to depth and accessing the parallel zones. The ramp attained the 390 m level September, 2009 providing access to additional development headings in the S1 and S3 zones. Development of the main ramp will continue at a rate which will maintain the established lead time in developed mining areas over current production areas in both the S1 and S3 zones. In the S1 zone, development continued on sub-levels in ore and two raises were completed in preparation for stoping. Development of access and sub-levels was also completed at the 170 and 220-m level of the HW zone.

During Q3-2009 diamond drilling continued to focus on delineation and infill drilling of areas of the S3, HW2 and S1 zones that required more information prior to development, and in areas with potential to replace or increase reserves at the mine. Total underground drilling at Lac Herbin during Q3-2009 was 5,716.m (year to date – 23,542). A total of 1,654 m was drilled for delineation purposes and exploration drilling totaled 4,063 m. The typical narrow vein deposit in the Val d'Or area of Quebec generally replaces the mined reserve year on year. The results to date in these three zones indicate the strong possibility of not only replacing, but increasing resources by year end.

At the end of September, 70 employees were working in the Lac Herbin mine. The Company continues to emphasize its safety programs in order to ensure this culture as the Company develops and grows. During Q3-2009, zero lost time accidents occurred, and the year-to-date lost time accident frequency is zero. The Company has managed operations effectively, preventing any environmental non-conformities during 2009. To enhance efficiency and effectiveness, the recommendations from an operational review are being implemented and an improvement in productivity of more than 30% has been realized since the start of the project in May, 2009.

**Lac Pelletier (Rouyn-Noranda)**

Alexis announced during the quarter positive results from the pre-feasibility study on the Lac Pelletier Gold Project. The study estimates that the Lac Pelletier Mine offers a 155% internal rate of return (IRR) and generates over CDN $20.7 million free cash flow on production of approximately 118,100 ounces (109,300 ounces recovered) ounces of gold (oz.Au) over an estimated 3 year project life.

Measured and Indicated Resources, using a 3.0 g.Au/t cut-off grade, total 917,883 tonnes (t) @ 7.11 grams of gold per metric tonne (g.Au/t), for 209,895 ounces gold with additional Inferred Resources of 391,770 tonnes @ 6.52 g.Au/t for 82,127 oz.Au (Table 1). Proven and Probable reserves were calculated using a cutoff grade of 5,5 g.Au/t to be 483,362 t @ 7.60 g.Au/t for 118,100 oz.Au (Table 2). A pre-feasibility study was initiated in 2008 to assess the potential of the project and in order to review the proposed mining approach. With recent and forecasted gold prices being sufficient to make this project economic, management elected to proceed with refurbishment of the underground workings and completion of a bulk sample in 2009, after which a production decision will be made in Q1-2010.

A 40,000 tonne bulk sample has begun and is expected to be completed in Q1 from the current workings with the recovery of approximately 9,400 oz.Au. Given a positive production decision in early 2010 the deposit is expected to reach commercial production by mid 2010. Lac Pelletier should produce between 35,000 and 45,000 ounces of gold per year. Adding this output to projected production at the Lac Herbin mine, the Company anticipates total annual gold production to increase to between 75,000-80,000 oz.Au per year from 2010 for two years.

Dewatering the existing ramp commenced on June 10, 2009 and has been completed. Concurrent with rehabilitation work in the ramp, final building construction has been completed and permitting rights obtained. The bulk sample of 40,000 tonnes began being extracted in October as the development reached the ore zones. The sale of this gold is expected to offset most of the cost of the refurbishment and bulk sampling program in 2009. Subsequent preproduction costs in 2010 are estimated to be CDN $8.8M. (NOTE: Preproduction costs: 18.6M$ - Gold revenue: 9.8M$ = 8.8M$).

# Exploration Review

**Val d'Or**

Q3 exploration drilling was focused in the Val d'Or area, totaling an additional 4,374 metres (year to date: 25,721 metres) of surface drilling at Lac Herbin and the surrounding Aurbel property.

i) Aurbel

Total Q3 drilling on the Aurbel property was 4,001 m. With the completion of construction of the Lac Herbin Mine and the refurbishment the Aurbel gold mill started, Alexis' strategy has been to renew exploration focus on the near-by and wholly-owned area around the past-producing Dumont and Ferderber mines in Val d'Or, looking for new gold deposits.

Encouraging results were found close to the Lac Herbin mine (250 m to the east), in the Bonanza Zone confirming a connection with Lac Herbin and opening a new area for potential resource expansion at Lac Herbin. A significant new prospective area, termed the Lac Herbin West Zone, was identified along the western strike extension of the Lac Herbin mine. Management believes this new area has the potential to develop into a new gold deposit. Surface drilling has been initiated in area of the NEF Showing, in the central part of the Aurbel property, returning auriferous values. Very encouraging results were found with initial deep drilling beneath the past-producing Dumont Mine, where high grade gold mineralization was encountered.

Delineation and exploration drilling at Lac Herbin subsequent to the end of Q3-2009 continued to return very good gold grades in extensions to previously established Reserve areas and in new discovery areas adjacent to the mine. The delineation drilling focused on the three principal zones, S1, HW and S3, on the eastern side of the current mine infrastructure. The drilling confirmed the presence of economic mineralization below the previously mined area in this zone.

Delineation drilling in the S1 zone at 250 m depth further confirms mineralization in the S1 zone where development is currently advancing towards production from this area. Exploration drilling focused on the S1, HW and Bonanza zones on the eastern side of the current mine and infrastructure. A further, high-grade intersection in the Bonanza zone was found which confirms that the Bonanza zone opens into a wider-vein zone, with good lateral and vertical continuity similar to the principal S1 zone. This represents a new eastern extension of the Lac Herbin Deposit. The zone remains open to expansion.

The Aurbel property, outside of the known Ferderber, Dumont and Lac Herbin Mines, has seen limited historical exploration with an average of one 200-m hole for every one square kilometre of the property. The drilling done by Alexis generates confidence that more resources will be found in close proximity to the Company's Aurbel Mill, to provide additional ore to supplement the Lac Herbin ore that will feed the mill. Current exploration is guided by a new structural model developed from evaluation of the three mines.

ii) Central VMS

Alexis has continued exploration of this area in 2009 but at a reduced pace compared with prior years and in response to the gold focus around the Lac Herbin Mine and Aurbel Mill. Q3-2009 drilling totaled 1,601 m (year to date total drilling is 3,784 m).

The Central VMS properties are under major recompilation due to significant changes in the interpretation of the Val d'Or area. A major 'Z-shaped' fold has been recognized in the camp. This fold effectively triples the strike length of the known, favourable horizon for Volcanogenic Massive Sulphide deposits through the camp; increasing the prospectivity of many areas within the extensive Alexis properties. In addition, the northern fold closure lies immediately to the south of the Deep West target, a recent copper-rich VMS discovery 1.5 km from the Louvicourt Mine. Alexis expects that additional drilling on the Deep West target will be undertaken upon completion of the recompilation later in 2009. Further projection of trends to depth may be reversed across the fold closure. This area has seen no exploration for many decades and lies on the principal mine trend.

## Rouyn-Noranda

Alexis - Xstrata Joint Venture

There was no additional drilling on the joint venture properties during Q3-2009. Compilation and reinterpretation is continuing in order to redefine the best targets on these properties, specifically in the Noralex and Viaux properties. The 2009 Budget for base metal exploration across these properties in the joint venture was established at $600,000, a very modest budget in comparison to prior years but in keeping with Alexis' focus on 100% owned properties for gold in Val d'Or and on advancing the Lac Pelletier gold project in Rouyn-Noranda.

Lac Pelletier Gold Project

During the third quarter, delineation drilling started underground with 675 m drilled as the workings became accessible through the dewatering of the ramp. As well, surface exploration drilling amounted to 959 m. Results demonstrate that at least three new gold-bearing structures occur to the immediate west of the existing ramp, only 100 to 200 metres from the current mine infrastructure. The zones confirm the potential for additional resource growth at Lac Pelletier through exploration. The new zones are in addition to Zone 3 and Zone 4, which contain all calculated Resources and Reserves. The new zones are within structures oriented at a high angle to both Zone 3 and Zone 4 and where they can be defined and rapidly developed from the current mine infrastructure, or from areas developed as part of the Alexis underground bulk sampling program.

## Mineral Reserves and Resources

Table 1: Mineral Resource Statement as at December 31 2008,

| | Metric Tonnes (t) | g.Au/t | Contained Oz. Au |
|---|---|---|---|
| **Lac Herbin:** | | | |
| Measured (M) | 124,800 | 9.2 | 37,100 |
| Indicated (I) | 731,500 | 7.2 | 169,500 |
| M + I | 856,300 | 7.5 | 206,600 |
| Inferred | 420,500 | 6.0 | 80,500 |
| **Lac Pelletier:** | (using 3.0 cut-off) | | |
| Measured (M) | 61,000 | 6.19 | 12,140 |
| Indicated (I) | 856,883 | 7.18 | 197,755 |
| M + I | 917,883 | 7.11 | 209,895 |
| Inferred | 391,770 | 6.52 | 82,127 |
| **Alexis - Total** | | | |
| M + I | 1,774,183 | 7.26 | 416,495 |
| Inferred | 812,270 | 6.24 | 162,627 |

Notes:
(1) Mineral resource estimates have been prepared in accordance with NI 43101 and CIMM standards.
(2) Resource estimates are undiluted, use a minimum true width of 1.5 metres and apply an upper cutoff factor of 1.0 ozAu/t (34.29 gAu/T) to high grade assays.
(3)The calculation was completed by Olivier Grondin, P.Geol. and Audrey Lapointe P.Geol. under the supervision of Claude Gobeil, P.Eng.. Claude Gobeil, P.Eng., is the Qualified Person under NI 43101.
(4) Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Table 2: Mineral Reserve Statement as at December 31, 2008

Stated Reserves at Lac Herbin, Val d'Or, Quebec

| | Metric Tonnes (t) | g.Au/t | Contained Oz. Au |
|---|---|---|---|
| **Lac Herbin:** | | | |
| Proven | 97,900 | 9.02 | 28,400 |
| Probable | 519,500 | 7.04 | 117,600 |
| Total | 617,400 | 7.35 | 146,000 |
| | | | |
| **Lac Pelletier:** | | | |
| Proven | 9,258 | 8.00 | 2,381 |
| Probable | 474,104 | 7.59 | 115,747 |
| Total | 483,362 | 7.60 | 118,128 |
| | | | |
| **Alexis - Total** | | | |
| Proven | 107,158 | 8.93 | 30,781 |
| Probable | 993,604 | 7.30 | 233,347 |
| Total | 1,100,762 | 7.46 | 264,128 |

Notes:
(1) The mineral reserves are classified as Proven and Probable Reserves as defined by the CIM mineral resource definitions referenced in National Instrument 43-101.
(2) Base case assumes a gold price of US$887/oz gold; US$ exchange rate of $1.15 (CDN $ 1,020) and minimum mining widths of 2.0 metres.
(3) Reserve tonnages and grades are diluted at 10 to 20% at 0,0 gr Au/t depending of mining method..
(4) Gold grades are capped at 30.00 g.Au/t
(5) A cut-off grade of 5,5 gr (undiluted) was used.

## Outlook:

Alexis is committed to effectively and efficiently operating and growing to become a mid-tier mining and exploration company to create shareholder value. Over the last five years, Alexis has followed two principal strategies: a short to medium term strategy of developing a gold-producing mine and a longer term strategy focused on aggressive exploration and new mine discovery in the Abitibi District. Alexis has assembled a historically unique package of properties covering upwards of 75% of both the Val d'Or and Rouyn-Noranda Mining Camps. Alexis vested into all of these properties during 2007 – 2008. For 2009 we added another key strategic priority – to seek opportunities for accretive growth through acquisition. Alexis recently announced its offer to acquire Garson Gold Corp. Once concluded this acquisition has the potential to at least double the gold resources of Alexis, with the expectation to exceed 150,000 ounces of annual gold production starting in 2011.

Our strategies were followed with the specific objective, in the short to medium term, to develop an operating mine that would support the Company during any downturn in the cyclical mining industry. Such an event has now arisen with the dramatic market changes that started during the latter part of 2008. We believe that the support of cash flows generated from successful production from the Lac Herbin Mine confirms the success and foresight of this strategy. With the bulk sample now underway at the Lac Pelletier gold project we expect a production decision in Q1-2010, which will add further gold production and cash flow for the company. Alexis believes that it is well placed to benefit from long term positive trends in gold price, which are expected to result in long term production and long term cash flows.

An independent study has confirmed that the Lac Herbin gold mine will have at least five years of future production providing stable cash flow. Our expectations are high for further significant discovery from focused exploration through 2009 in the immediate vicinity to the Aurbel Gold Mill. Early exploration and compilation in this area is already providing indications of untested extensions to the Herbin Mine to the north and northwest, of new zones between the Ferderber and Herbin mines and of greater depth potential at the Herbin and Dumont mines.

Perseverance and determination are important factors to success and Alexis is maintaining a modest level of exploration across the properties during 2009, in comparison to prior years. The level of expenditure will be revised in light of market conditions and other opportunities.

# Summarized Financial Results

## Financial Information:

**Liquidity and Capital Resources**

As at September 30, 2009, the Company had working capital of $3.98 million compared to working capital of $9.5 million at December 31, 2008. Included in working capital at September 30, 2009 is $4.1 million related to a convertible debenture which matures on April 28, 2010. At December 31, 2008 the amount related to this debenture was included in long term liabilities. (see Non GAAP Measures).

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. The Company has accrued approximately $2.3 million in government assistance related to eligible expenditures in the province of Québec for the nine months ended September 30, 2009. During the quarter, $1.1 million in government assistance was received. An amount of $3.0 million in government assistance was accrued for the year ended December 31, 2008. At September 30, 2009 $6.8 million in Quebec Rebates are recorded on the Consolidated Balance Sheets.

During the quarter, the Company closed a brokered private placement financing raising gross proceeds of $10,000,000 through the issuance of 11,656,000 units of the Company at a price of $0.50 per unit and 7,450,000 flow-through common shares of the Company at a price of $0.56 per share. Each unit comprised of one common share of the Company plus one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Company at a price of $0.70 expiring on July 9, 2011. The underwriters were paid a cash commission of 6% in relation to this financing. As well, 699,360 broker units were issued. Each broker unit is exercisable into one common share of the Company and one-half of one common share purchase warrant for an exercise price of $0.50 until July 9, 2011. Each whole warrant will then be exercisable into one common share of the Company at an exercise price of $0.70 until July 9, 2011.

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, Lac Pelletier development and to fund its corporate and operating overheads.

## 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.

### Val d'Or Office Purchase

The Company purchased the Val d'Or office from Aur Resources Inc., now Teck Cominco Ltd., in July 2006 for $550,000, with a cash payment of $100,000 and a commitment to pay the balance in monthly installments of $10,000 over 45 months. The commitment has been recorded as long term debt discounted at a rate of 6.28%. Payment will be completed by April 2010.

### Rouyn-Noranda

- **Lac Pelletier Property Acquisition**

The option is in good standing. The Company has exceeded the required $1,000,000 option work commitment required to earn its 100% interest. Alexis had the option to earn its 100% interest by bringing the deposit into production prior to September 2008 or by making a small cash payment to extend this timeframe to September 2009. The Company made a payment of $75,000 during the third quarter of 2008 to extend the production decision deadline. The Company further amended the agreement whereby, for a payment of $100,000 paid during the quarter, the Company has delayed the production decision until September 1, 2010. Production from the current Lac Pelletier property is subject to a 3.5% NSR. The Lac Pelletier property hosts the past-producing Stadacona mine. Production from potential ore bodies mined through the historical Stadacona mine workings are subject to a $1 per tonne toll charge.

In Q1-2009, the Company also entered into a property acquisition agreement to acquire a 100% interest in four mining claims located near Lac Pelletier, subject to a 2% NSR. The Company paid US$40,000 (CDN$52,574) to acquire these claims. 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, Quebec**

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.

## Results of Operations

For the quarter ended September 30, 2009

The Company sold 6,575 ounces of gold and generated $6.56 million in revenue from mining operations during the quarter under review. Mine operating expenses were $6.21 million and amortization and depletion amounted to $1.03 million. The gross profit (loss) was ( $0.95) million. Revenue from mining operations includes $6.89 million from gold sales reduced by $0.35 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 excluding amortization and depletion was $945 per ounce (see Non GAAP Measures). This figure is higher this quarter as a result of the reduced grades as described under the Operational Review section of this report. The major reason for the increase in cash cost in Q3-2009 was the negative adjustment of ounces resulting from the re-estimated grade. The portion of the cash cost per ounce that is attributed to the re-estimation in the third quarter is estimated to be $160 CAD per ounce.

Alexis recorded a net loss for the quarter ended September 30, 2009 of $1.71 million compared to a net loss of $1.16 million for the quarter ended September 30, 2008. The Company incurred general and administrative expenses of $1.03 million during the quarter (Q3-2008: $1.20 million). As well, the Company recorded a future income tax recovery of $0.27 million for the three months ended September 30, 2009 (Q3-2008: a recovery of $0.04 million). Alexis averaged a sale price of $1,048 per ounce during Q3-2009.

**General and Administrative expenses**

| (CAD 000's) | Q3-2009 $ | Q3-2008 $ | increase (decrease) $ | change % |
|---|---|---|---|---|
| Professional, consulting and management fees | 443 | 170 | 273 | 161% |
| Stock based compensation | 133 | 560 | (427) | (76%) |
| Other general and administrative expenses | 274 | 207 | 67 | 32% |
| Long-term interest, accretion and financing costs | 187 | 178 | 9 | 5% |
| Other interest, accretion and financing costs | 5 | 93 | (88) | (95%) |
| Equity loss from investments | 30 | - | 30 | n/a |
| Foreign exchange | (39) | 2 | (41) | (2050%) |
| Interest (income) | - | (12) | (12) | (100%) |
| Future income tax (recovery) | (269) | (36) | (233) | (647%) |

Professional, consulting and management costs increased by $0.27 million or 161% during the quarter ended September 30, 2009 compared to the quarter ended September 30, 2008. The Company wrote off prepaid charges to this expense category during the quarter associated with preliminary debt financing arrangements. As well, the Company has incurred higher consulting and management costs as a result of increased head count and reclassification of certain charges during the current period.

Stock based compensation is a non-cash expense included in Professional, consulting and management costs on the Consolidated Statement of Operations, Comprehensive Income (Loss) and Deficit. The Company applies the fair value method of accounting for stock-based compensation. During the three months ended September 30, 2009, 447,500 stock options were granted and previously issued options vested during the quarter resulting in a charge of $0.13 million. During the comparative period of 2008, 2,296,500 options were granted resulting in a charge of $0.56 million for the quarter.

Other General and Administrative Expenses increased by $0.07 million during the current quarter compared to the quarter ended September 30, 2008. In particular, the Company accrued $0.05 million in capital tax for the quarter, no such amount was accrued during the comparative quarter in 2008.

The Company incurred foreign exchange gains as a result of the strengthening of the Canadian dollar against the US dollar as the quarter progressed. Specifically, royalties are paid in US dollars. These were accrued during the previous quarters, but paid during the third quarter.

Long term and other interest, accretion and finance costs decreased by $0.09 million for the three months ended September 30, 2009 compared to the same period last year. During the comparative quarter, the Company incurred interest and loan engagement fees related to short-term demand loan agreements. These loans were retired during 2008 and consequently no such expense was incurred during 2009.

The Company recognized a future income tax recovery of $0.27 million during the three months ended September 30, 2009 compared to a recovery of $0.04 million for the quarter ended September 30, 2008. The future income tax recovery results from temporary differences between the tax basis and carrying value of the Company's assets which will reverse over time.

The Company incurred an equity loss of $0.03 million during the current quarter as a result of its equity investment in Garson at September 30, 2009. The Company did not have any equity interests during the comparative period.

<u>For the nine months ended September 30, 2009</u>

The Company sold 19,325 ounces of gold and generated $19.92 million in revenue from mining operations during the nine months ended September 30, 2009. Mine operating expenses were $15.16 million and the Company recorded amortization and depletion of operating costs of $4.39 million. The Company is amortizing the deferred costs related to the Lac Herbin mine over the current net reserves at Lac Herbin of approximately 147,007 ounces. The gross profit was $0.37 million. Revenue from mining operations includes $20.93 million from gold sales reduced by $1.01 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 ounces sold excluding amortization and depletion was $784 per ounce (see Non GAAP Measures).

Alexis recorded a net loss for the nine months ended September 30, 2009 of $2.21 million compared to a net loss of $2.18 million for the nine months ended September 30, 2008. The Company incurred general and administrative expenses of $2.79 million during the period (2008: $2.80 million). As well, the Company recorded a future income tax recovery of $0.21 million for the nine months ended September 30, 2009 (2008: a recovery of $0.62 million). Alexis averaged a sale price of $1,083 per ounce during the nine months of 2009.

| **General and Administrative expenses** | | | | |
|---|---|---|---|---|
| (CAD 000's) | 2009 $ | 2008 $ | increase (decrease) $ | change % |
| Professional, consulting and management fees | 1,241 | 594 | 647 | 109% |
| Stock based compensation | 242 | 621 | (379) | (61)% |
| Other general and administrative expenses | 1,100 | 780 | 320 | 41% |
| Long-term interest, accretion and financing costs | 524 | 527 | (3) | (1%) |
| Other interest, accretion and financing costs | 63 | 389 | (326) | (84%) |
| Equity loss from investment | 30 | - | 30 | n/a |
| Foreign exchange | (58) | 8 | (66) | (825%) |
| Interest (income) | (3) | (118) | (115) | (97%) |
| (Gain) on investments | (351) | - | (351) | n/a |
| Future income tax (recovery) | (207) | (621) | 414 | 67% |

Professional, consulting and management costs increased by $0.65 million or 109% during the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008. The Company incurred higher legal and professional fees during the current nine month period as a result of strategic initiatives, which represents $0.23 million of the variance. The Company incurred recruiting expenses during the current nine month period that were not incurred during the comparative period. Audit and tax fees for the current period are higher in part as a result internal audit costs not incurred during the comparative period. As well, the Company has incurred higher consulting and management costs as a result of increased head count and reclassification of certain charges during the current year.

Stock based compensation is a non-cash expense included in Professional, consulting and management costs on the Consolidated Statement of Operations, Comprehensive Income (Loss) and Deficit. The Company applies the fair value method of accounting for stock-based compensation. During the nine months ended September 30, 2009, 947,500 stock options were granted (2008: 2,396,500). The Company incurred $0.24 million in stock based compensation expense (2008: $0.62 million) as a result of these options and previously issued options that vested during the period.

Other General and Administrative Expenses increased by $0.32 million during the current period compared to the same period of 2008. The Company accrued for over $0.26 million in capital taxes related to both the prior and current year.

The Company incurred foreign exchange gains as a result of the strengthening of the Canadian dollar against the US dollar during the period. Specifically, royalties are paid in US dollars.

Long term and other interest, accretion and finance costs decreased by $0.33 million for the nine months ended September 30, 2009 compared to the same period last year. During the comparative period, the Company incurred interest and loan engagement fees related to short-term demand loan agreements. These loans were retired during 2008 and consequently no such expense was incurred during 2009.

The Company recognized a future income tax recovery of $0.21 million during the nine months ended September 30, 2009 compared to a recovery of $0.62 million for the nine months ended September 30, 2008. The future income tax expense results from temporary differences between the tax basis and carrying value of the Company's assets which will reverse over time.

Interest income decreased by $0.12 million during the current period compared to the same period in 2008 as a result of lower average cash balances held throughout the period and lower interest rates.

The Company invests its excess cash primarily in bankers' acceptances with major Canadian Chartered Banks.

The Company recognized a gain of $351 on the sale of investments during the nine months ended September 30, 2009 compared to $nil during the nine months ended September 30, 2008.

**Quarterly information**

**Summary Financial Information for the Eight Quarters Ended September 30, 2009**

| | Q3 2009 | Q2 2009 | Q1 2009 | Q4 2008 | Q3 2008 | Q2 2008 | Q1 2008 | Q4 2007 |
|---|---|---|---|---|---|---|---|---|
| Revenue from mining operations (CAD 000's) | $6,564 | $6,536 | $6,819 | $10,079 | - | - | - | - |
| Mine operating expenses (CAD 000's) | $6,212 | $3,813 | $4,308 | $8,334 | - | - | - | - |
| Net Income (loss ) (CAD 000's) | ($1,714) | ($597) | $102 | $185 | $(1,162) | $(366) | $(652) | $1,945 |
| Net income ( loss per share ) basic and diluted (CAD) | ($0.01) | ($0.00) | $0.00 | $0.00 | $(0.01) | $(0.00) | $(0.01) | $0.02 |
| Cash provided by (used in) operations (CAD 000's) | $(299) | $1,151 | $3,283 | $4,558 | $(1,731) | $(5,215) | $5,702 | $(6,618) |
| Gold ounces sold post commercial production | 6,575 | 6,375 | 6,375 | 10,600 | - | - | - | - |
| Average realized gold price (per ounce) (CAD ) | $1,048 | $1,075 | $1,128 | $995 | - | - | - | - |
| *Mining operating expenses (per ounce) (CAD) | $944 | $598 | $676 | $786 | - | - | - | - |
| Total Assets (CAD 000's) | $88,111 | $79,815 | $78,986 | $78,686 | $76,249 | $81,725 | $80,621 | $71,305 |
| Long term financial liabilities (CAD 000's) | $1,051 | $1,037 | $5,001 | $4,728 | $4,843 | $4,771 | $4,898 | $4,407 |

*See Non GAAP Measures

The Company commenced commercial production at the beginning of Q4-2008. Prior to this quarter, the Company had no revenue from mining operations; bulk sample revenues were credited to deferred property costs. The net income or loss resulted primarily from corporate overheads including stock based compensation, the write-off of exploration properties, and interest expense and other financing charges related to the convertible debentures and short term loans. Income was generated through interest earned on bankers' acceptance investments and future income tax recoveries. 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.

A future tax recovery during Q4-2008 primarily contributed to the net income for this period. The increase in net loss during the third quarter of 2008 is also attributable to stock based compensation expense of $0.56 million during the quarter. 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.

The general trend in increasing assets has resulted from the Company raising funds through private placements and investing in its exploration properties in Quebec. The decrease in assets during Q3-2008 resulted from the repayment of the short term debt with proceeds from the tax credit receivable.

During the third and fourth quarters of 2007, the Company entered into capital lease agreements for up to 48 months to purchase exploration equipment, resulting in increased long term liabilities for those quarters. During the first quarter of 2009, the Company recognized net additions of $0.15 to their asset retirement obligations. During the second quarter of 2009, the Company's debenture liabilities became current thereby reducing long term liabilities.

**Cash Flows for the three months ended September 30, 2009**

Cash used by operating activities for the three months ended September 30, 2009 was $0.30 million compared to a use of $1.73 million for the three months ended September 30, 2008. During Q3-2009, mining operations generated $0.35 million, administrative expenses and interest income used $0.69 million and non-cash working capital provided $0.04 million. During the comparative quarter, mining operations generated $nil as the Company was not yet in commercial production, administrative expenses and interest income used $0.39 million and non-cash working capital used $1.34 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 $8.57 million during the three months ended September 30, 2009 compared to the use of $5.39 million during the three months ended September 30, 2008. The Company closed a private placement financing in July 2009 raising $8.77 million net of share issue costs. During the comparative quarter, the Company raised $0.76 million through the exercise of stock options. Also during the comparative quarter, the Company paid down their demand loan with the use of $5.34 million. During the Q3-2009, the Company made payments of $0.20 million (Q3-2008: $0.12 million) against their capital leases and other financing arrangements.

Cash from investing activities used $6.74 million during the three months ended September 30, 2009 compared to providing $6.38 million during the three months ended September 30, 2008. Expenditures on exploration interests, net of government assistance, used $5.81 million during the current quarter compared to $4.01 million during the comparative quarter as described in the Exploration Review section of this report and summarized below. Increases in accounts payable provided $0.65 million during Q3-2009 compared to $0.47 million during the comparative quarter. The Company received $1.14 million in government assistance during the current quarter compared to $10.04 million during the comparative quarter. Now that the Company is in commercial production, provincial tax credit incentives are reduced. The Company invested in Garson during the current quarter using $1.55 million in cash acquiring a 15.5% equity interest in the company. During the current quarter, the Company used $1.17 million to purchase property and equipment and refurbish their mill compared to $0.27 million during the comparative quarter. During the comparative quarter, $0.15 million was released from restricted funds with the repayment of the demand loan.

| Cash expenditures on exploration interests for the three months ended September 30, 2009: | | | | | | |
|---|---|---|---|---|---|---|
| (CAD 000's) | PRODUCING PROPERTIES | NON-PRODUCING PROPERTIES | | | | |
| Description | Lac Herbin ($) | Rouyn ($) | Lac Pelletier ($) | VMS ($) | Aurbel ($) | TOTAL ($) |
| Acquisition and property maintenance | - | 5 | 100 | - | 3 | 108 |
| Development costs | 394 | - | - | - | - | 394 |
| Exploration costs | 761 | 40 | 3,903 | 525 | 77 | 5,306 |
| Total | 1,155 | 45 | 4,003 | 525 | 80 | 5,808 |

**Cash Flows for the nine months ended September 30, 2009**

Cash generated by operating activities for the nine months ended September 30, 2009 was $4.13 million compared to the use of $1.24 million for the nine months ended September 30, 2008. During 2009 year-to-date, mining operations generated $4.76 million, administrative expenses and interest income used $2.35 million and non-cash working capital provided $1.73 million. During the comparative period, mining operations generated $nil as the Company was not yet in commercial production, administrative expenses and interest income used $1.46 million and non-cash working capital provided $0.21 million.

Cash provided by financing activities was $8.28 million during the nine months ended September 30, 2009 compared to $4.63 million during the nine months ended September 30, 2008. The Company raised $8.77 million net of issue costs through a private placement financing, as well as $0.10 through the exercise of stock options during the current nine months. During the comparative period, the Company raised $10.36 net of issue costs from a private placement financing and $0.12 million from the exercise of stock options. Also during the comparative period, the Company repaid its demand loan using $5.34 million in cash. During the nine months ended September 30, 2009, the Company made payments of $0.59 million (2008: $0.50 million) against their capital leases and other financing arrangements.

Cash from investing activities used $14.56 million during the nine months ended September 30, 2009 compared to $7.75 million during the nine months ended September 30, 2008. Expenditures on exploration interests, net of government assistance, used $11.69 million during the current period compared to $17.42 million during the comparative period as described in the Exploration Review section of this report and summarized below. Decreases and increases in accounts payable used $1.77 million during these nine months of 2009 compared to providing $1.08 million during the comparative period. During the comparative quarter, a decrease in prepaid exploration provided $0.53 million. The Company received $1.14 million in government assistance during the current period compared to $10.04 million during the comparative period. The Company purchased and sold investments for net cash proceeds of $0.87 during the current period compared to $nil during the comparative period. During the current period, the Company used $1.38 million to purchase property and equipment and refurbish their mill compared to $2.13 million during the comparative period. During the comparative period, the release of restricted funds with the repayment of the demand loan provided $0.15 million.

| Cash expenditures on exploration interests for the nine months ended September 30, 2009: | | | | | | |
|---|---|---|---|---|---|---|
| (CAD 000's) | PRODUCING PROPERTIES | NON-PRODUCING PROPERTIES | | | | |
| Description | Lac Herbin ($) | Rouyn ($) | Lac Pelletier ($) | VMS ($) | Aurbel ($) | TOTAL ($) |
| Acquisition and property maintenance | - | 19 | 157 | 13 | 39 | 228 |
| Development costs | 1,750 | - | - | - | - | 1,750 |
| Exploration costs | 1,533 | 159 | 4,911 | 1,160 | 1,948 | 9,711 |
| Total | 3,283 | 178 | 5,068 | 1,173 | 1,987 | 11,689 |

**Transactions with Related Parties**

The Company was charged $15,000 and $45,000 during the three and nine months ended September 30, 2009 respectively (Q3 2008: $15,000; YTD 2008: $45,000) by a company controlled by a director of the Company for administration services.

An amount of $30,000 was payable to directors and officers or companies controlled by directors and officers of the Company at September 30, 2009 (December 2008: $19,450).

NSR royalties of US$445,089 (CDN$519,355) were paid during the nine months ended September 30, 2009 to a corporation controlled by a director of the Company. Of this sum, US$176,295 (CDN$220,017) was accrued at December 31, 2008. An additional US$147,864 (CDN$158,318) has been accrued at September 30, 2009 for royalties on gold sales during the third quarter of 2009.

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. The Company has advanced $37,745 to such corporations to cover shared expenses (2008: $66,428). As well, the Company is owed $89 from such corporations for shared expenses (2008: $2,990).

All of the above transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**Outstanding Share Data**

As at November 10, 2009, 148,123,739 common shares of the Company are outstanding. Of the options to purchase common shares issued under the share option plan of the Company, 9,490,500 remain outstanding with exercise prices ranging from $0.40 to $1.14 and with expiry dates ranging between February 24, 2010 and July 14, 2014. If exercised, 9,490,500 common shares would be issued generating $6.3 million in proceeds.

As at November 10, 2009, there were 15,931,503 share purchase warrants outstanding with exercise prices ranging from $0.50 to $1.00, expiring between March 18, 2010 and July 9, 2011. If exercised, 15,834,183 common shares would be issued generating $13.3 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 performance measures but do not have any standardized meaning, and are Non-GAAP measures. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. These Non GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following tables provide a reconciliation of cash costs per gold ounce sold for the three and nine months ended September 30, 2009 and 2008, and a reconciliation of working capital to the financial statements for the nine months ended September 30, 2009 and December 31, 2008.

### Working Capital

| (CAD 000's) | | |
|---|---|---|
| Current assets: | **September 30, 2009** | December 31, 2008 |
| Cash and cash equivalents | **$2,385** | $4,529 |
| Amounts receivable | **1,009** | 968 |
| Tax credits receivable | **6,834** | 6,270 |
| Inventory | **6,038** | 2,254 |
| Prepaid expenses | **309** | 177 |
| Investments | **-** | 333 |
| Future income taxes | **-** | 662 |
| | **16,575** | 15,193 |
| Current liabilities | | |
| Accounts payable and accrued liabilities | **$7,990** | $4,978 |
| Current portion of capital lease obligations | **414** | 508 |
| Current portion of long-term debt | **125** | 166 |
| Liability component of convertible debenture | **4,063** | - |
| | **12,592** | 5,652 |
| Working capital | | |
| (current assets less current liabilities) | **$3,983** | $9,541 |

Cash cost per ounces sold

| | **Q3-2009** | Q2-2008 | **2009** | 2008 |
|---|---|---|---|---|
| **Revenue**<br>From commercial production ounces (CAD 000's) | **$6,564** | $- | **19,920** | $- |
| **Ounces sold** | **6,575** | - | **19,325** | - |
| **Mine operating expenses (CAD 000's)** | **$6,212** | $- | **$15,157** | $- |
| Cash cost per ounce sold (CAD)<br>(mining operating expenses divided by ounces sold) | **$945** | $- | **$784** | $- |

## Contractual Obligations and Contingencies

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

| Contractual Obligation | Total | Payments due by period: < 1 year | 1 - 3 years | 4 - 5 years | > 5 years |
|---|---|---|---|---|---|
| Long term debt | 70,000 | 70,000 | - | - | - |
| Equipment financing | 130,146 | 62,561 | 67,585 | - | |
| Capital lease obligations | 572,290 | 414,466 | 157,824 | - | - |
| Contractual commitments | 680,400 | 680,400 | - | - | - |
| | 1,452,836 | 1,227,427 | 225,409 | - | - |

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to $4.03 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 the interim unaudited consolidated financial statements. Additional minimum management contract commitments remaining under the agreements are approximately $680,000.

The Company has been charged approximately $300,000 in professional fees related to proposed financing ventures. These amounts are in dispute. The Company has recorded $70,000 of these costs, however plans to vigorously argue the remainder of the charges.

Pursuant to the issuance of 10,000,000 flow-through shares in October 2008, the Company renounced $5,000,000 on qualified exploration expenditures with an effective date of December 31, 2008 in February 2009. As of September 30, 2009, the Company has met its expenditure commitment related to these flow-through funds. Pursuant to the issuance of 7,450,000 flow-through shares in July 2009, the Company plans to renounce $4,172,000 on qualified exploration expenditures. The Company has spent $670,000 of this expenditure commitment, and is required to spend the remaining $3.5 million by December 31, 2010. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

## Subsequent Events

In October 2009, the Company announced that it has entered into a definitive support agreement pursuant to which the Company will offer to acquire all of the outstanding common shares of Garson Gold Corp. ("Garson"), not currently held by the Company in exchange for the Company's common shares. The Company has agreed to offer 0.29 of an its common share for each Garson common share held. The consideration under the Offer is valued at $0.1325 and represents a 79.5% premium to Shareholders using the 20-day volume weighted average prices of both companies (Alexis: $0.4569, Garson: $0.0738) and a 41.9% premium using closing prices on October 19, 2009 (Alexis: $0.465, Garson: $0.095). The implied fully-diluted total equity value of Garson under the Offer is $33.2 million using 20-day volume weighted average prices. The net acquisition cost for Alexis, adjusted for historic purchases of shares and warrants, is $28.8 million.

The Company has agreed to provide interim financial support to Garson through a loan of $500,000 to fund an ongoing work program and for general corporate purposes. The loan will bear interest at 12% per annum, payable quarterly in arrears. The principal amount of the loan will be due August 1st 2010.

The offer provides for, among other things, a non-solicitation covenant from Garson, Alexis' right to match any superior proposal for Garson, the payment to Garson of a termination fee of $800,000 under certain circumstances and the payment by each party to the other of a reimbursement of expenses of $250,000 under certain circumstances. The offer is conditional on the deposit to the offer of at least 66 2/3% of the outstanding Garson Shares, as well as receipt of any necessary regulatory approvals and satisfaction or waiver of other customary conditions. The offer, unless extended, will expire 36 days after it begins.

## 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, 2008.

### Accounting Changes

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on January 1, 2008.

**Recently issued accounting pronouncements:**

**New Accounting Pronouncements**

(i) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets and is effective for the Company commencing January 1, 2009. This standard is effective for years beginning on or after January 1, 2009. The Company is currently in the process of evaluating the impact of this standard.

(ii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

(iii) Mining Exploration Costs

On March 27, 2009 the Emerging Issues Committee ("EIC") issued EIC-174. In this EIC the Committee reached a consensus that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC should be applied to financial statements issued after March 27, 2009. The Company has adopted EIC-174.

(iv) Convergence with International Financial Reporting Standards ("IFRS")

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

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

Phase 1: Raise Awareness and Assess

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

### Phase 2: Design

Following completion of the assessment phase, the focus of the design phase will build the tools required for the conversion based on management's decisions about accounting options and the related disclosures. During this phase, external consultants will assist the project team in designing the changes to be implemented relating to accounting and consolidation processes, information technology systems and other affected business aspects, including but not limited to, changes to contracts, key performance indicators, internal reporting. This phase is currently in progress

### Phase 3: Implementation

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

This phase will accomplish

- Developing the new accounting policies, accounting manuals, guidelines, processes for reporting packages from business units, and consolidation templates;
- Preparing the IFRS financial statements and related disclosures including facilitating and supporting the dry run financial reporting process;
- Developing revised internal control processes, including updating the key controls for NI 52-109 purposes.
- All phases are expected to be completed by December of 2009 in order to facilitate comparative reporting for the first quarter of 2010.

**Future Accounting Pronouncements**

(i) Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

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

## 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. To date we has recorded limited revenues from operations 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 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

## Controls and Procedures

### Evaluation of disclosure controls

The Company has evaluated the effectiveness of its disclosure controls and procedures and have concluded, based on our evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

### Procedures and Internal control over financial reporting

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 September 30, 2009.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit and Governance Committee's of the Company have reviewed this MD&A, and the consolidated financial statements for the nine months ended September 30, 2009, and Alexis's board of directors approved these documents prior to their release.

**Technical Reporting**

Technical programs and information included in this report has been supervised, compiled and reviewed and approved by the following Qualified Persons as defined under NI 43-101:

| Qualified Person (Geology) | Project Responsibility |
| --- | --- |
| Jean Bastien Eng. Mine Manager | Lac Herbin Engineering and Mining |
| Keith Boyle, P.Eng., Alexis COO | Lac Pelletier Engineering and Mining |
| Denys Vermette, M. Sc. P. Geo. | Val-d'Or Central VMS |
| Louis Martin, P.Geo., Xstrata Copper Canada | Rouyn-Noranda, Base Metals |
| Claude Gobeil, P.Eng. | Resource Estimates, Aurbel Geology |
| Jean Girard, P.Eng., Alexis | Rouyn-Noranda Gold and Lac Pelletier |

November 10, 2009