



Q1- 2010 Management's Discussion and Analysis





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## Management's Discussion and Analysis

For the three months ended March 31, 2010

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

This MD&A reports our activities through May 12, 2010 unless otherwise indicated. References to the 1<sup>st</sup> quarter of 2010 or Q1-2010, and the 1<sup>st</sup> quarter of 2009 or Q1-2009 mean the three months ended March 31, 2010 and 2009 respectively.

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

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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Except for statements of historical fact relating to Alexis Minerals Corporation (the "Company" or "Alexis"), certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of gold and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; future costs of production; future capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of mining at the Lac Herbin 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.

## Selected Financial and Other Highlights

<b>Alexis Minerals Corporation</b>	<b>Three months ended 31-Mar-10</b>	<b>Three months ended 31-Mar-09</b>
Tonnes of ore mined	39,050	33,996
Grade per tonne mined	5.20	7.12
Total gold ounces mined	6,528	7,783
Tonnes of ore milled	35,799	27,869
Grade per tonne milled	5.36	7.68
Total gold ounces milled	6,171	6,879
Average recovery rate	93.0%	97.5%
Gold ounces recovered	5,736	6,708
Gold ounces sold	4,750	6,375
Average realized gold price (per oz CAD)	\$1,155	\$1,128
Revenue from mining operations ( net of Royalties and refining charges CAD 000's)	\$5,251	\$6,819
Mine operating expenses (excludes depletion and amortization - CAD 000's)	\$4,878	\$4,308
Amortization and depletion (CAD 000's)	\$1,206	\$1,411
Gross profit/(loss) (CAD 000's)	(\$833)	\$1,100
Net earnings (loss) (CAD 000's)	(\$1,625)	\$102
Basic and diluted earnings (loss) per share (CAD)	(\$0.01)	\$0.00
Cash flow from operating activates (CAD 000's)	\$1,266	\$3,283
*Cost of sales per ounces sold (CAD)	\$1,027	\$676

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

## About Alexis Minerals

**Alexis Minerals Corporation** is a Canadian publicly traded mining company concentrating on exploration and 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 directly and indirectly, through joint ventures. Alexis has now completed its first full year as a junior gold-producing company. The Company holds a dominant property position (over 1,050 km<sup>2</sup>) in three of Canada's richest mining camps: Val-d'Or and Rouyn-Noranda, in the Abitibi District of Québec, Canada, historically the 3rd richest gold producing region in the world; and Snow Lake, Manitoba, Canada. Alexis undertakes exploration across these properties searching for new world class discoveries, while maintaining a focus on growing Alexis to become a mid-tier gold producer. For more information, please visit [www.alexisminerals.com](http://www.alexisminerals.com).

## Strategic Goals

Alexis Minerals Corporation is committed to achieving its strategic goals to increase shareholder value. We are continually striving to make progress on these goals, as summarized below.

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

- Mined 8,326 ounces of gold:
  - Lac Herbin, the Company's first gold mine, mined 6,528 oz of gold in the first quarter. This resulted in continued cash flow, within the 5 year life of mine plan. Based on the character of similar mines throughout the Val-d'Or mining camp, we expect to replace resources and reserves on an annual basis well into the future.
  - Continued compilation of the Feasibility study for the Lac Pelletier gold project the Company's second gold mining endeavor. The bulk sample program at Lac Pelletier, mined 1,798 ounces of gold during the quarter (Note: not included in Q1 Revenue total as it is pre-production and therefore included as a reduction to deferred costs). The feasibility study is expected to be completed in the second quarter of 2010 and will identify if a production decision is warranted. Based on a prefeasibility study during 2009 the project was estimated to generate free cash flow on production of potentially 35,000 oz per year.

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

- Closed the acquisition of Garson Gold Corp., laying the foundation for the next growth phase of Alexis. The Garson properties in Snow Lake, Manitoba have historically produced over 1.4 million ounces of gold and we are encouraged with a recent discovery in this quarter.

- **Increasing gold reserves :**

- Estimated Gold Resources more than doubled with the acquisition of the Garson Gold Assets in Snow Lake. Measured & Indicated resources are now 922,595 oz.; and Inferred resources are 520,627 oz. (see "Mineral Reserves and Resources" page 8)
- Proven and Probable Gold reserves at the Lac Herbin and Lac Pelletier deposits are 264,128 oz. gold.
- Upon the anticipated completion of a feasibility study on the new Snow Lake assets in Q3-2010, proven and probable reserves are expected to almost triple.

- **Constantly finding ways to reduce costs:**
  - Completed refurbishment of our wholly owned Aurbel Mill. Operations commenced this quarter. It is expected that processing our own ore will lower annual operating costs for Lac Herbin by 10%, provide a consistent revenue stream from Lac Herbin and also provide an opportunity for additional opportunities for revenue generation from custom milling.
- **Maintaining sustainable, safe environments:**
  - Implemented practices and maintained an industry leading work safety record during 2010 extending a strong record from 2008 and 2009.
  - Expanded operations while maintaining environmental standards.

## Executive Summary - First Quarter March 31, 2010

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

- The Company reported revenue of \$5.3 million for the first quarter of 2010, compared to \$6.8 million for the first quarter of 2009, as less gold was mined and recovered year-over-year (see below).
- The Company sold 4,750 ounces of gold at an average realized price of \$1,155/oz (USD \$1,114/oz), for Q-2010 compared to 6,375 ounces at an average realized price of \$1,128/oz (USD \$901/oz) during Q1-2009.
- Lac Herbin, in Val-d'Or, Quebec, mined 6,528 oz. of gold and milled 6,171 oz. of gold in Q1- 2010. This was lower than target and lower than Q1 2009. The grades achieved were lower than planned due to:
  - lower gold content than estimated in certain stoping areas;
  - unexpected excessive mining dilution in two areas; and,
  - delay of stoping in one area of the Hangingwall Zone as a result of extra ore development along new extensions to the stoping area discovered during development.

The lower gold content was a result of insufficient information and too much emphasis given to high grade assays. More definition drilling and sampling of production drill holes have been implemented to better identify the lower grade pockets and leave those in place or mine as waste.

The unexpected excessive dilution in two stoping areas was a result of mining the last stopes in areas characterized by problematic ground conditions. The systematic implementation of cable bolting in other similar areas has resulted in improved ground control and dilution from similar areas has returned to planned levels. When excessive dilution was discovered, late in the first quarter, an alternate mining method was implemented during development to mine only that portion of higher grade mineralization and in areas where additional ground support was added.

- Cash cost (see non-GAAP measures) of sales per ounce of the Lac Herbin gold sold was \$1,027 for the quarter. This is an anomaly, compared to the trend of previous quarters and we expect cash cost to fall back in line, in Q2, with our 5-Year Life of Mine plan. This increase over the previous quarters was a direct result of lower overall mine grade and above plan costs incurred as a result of unplanned continued custom milling in Q1 (for transport and custom milling). Custom milling continued due to a two month delay in the Aurbel mill start-up. The mill startup was delayed in part due to permitting delays of the tailings area and in part due to the unexpected replacement of older parts as the mill began operating. Cash cost per tonne for Q1 was \$171/tonne, compared to \$154/tonne during the same period last year.
- The Company continued with the bulk sample and feasibility program at the Lac Pelletier gold project. Exploration drill results indicate the possibility of new mineralized structures, with new high grade results. An additional 7,000 metres of underground drilling provided strong grades, up to 24.77 g/t over 6.2 metres. However, the project did not achieve the level of expected gold production due to less stope

muck and the inclusion of more development muck in the bulk sample. Additional development drifts were excavated as work progressed to understand and follow the actual ore bearing structures in the development headings. The result was a shortfall of approximately 5,700 ounces of gold production, negatively impacting planned cash flow.

- The refurbishment of our wholly-owned Aurbel Gold Mill was mechanically completed in January, 2010 and commissioning began in early March, 2010. Using our own mill is expected to reduce annual operating costs at Lac Herbin by an estimated 10% per tonne. The startup was delayed by two months due to permitting delays of the tailings area and final receipt of the Certificate of Authorization. The commissioning of the mill has taken slightly longer than anticipated due to the age of the components of the circuit and understanding the metallurgical behavior of the ore. The mill is now operating at a rate of 500 tonnes per day and recovery of 90%. Actions to improve both throughput and recoveries include additional process control measures, adding the use of the existing high performance flotation cell and systematic sampling of the process to optimize the reagent additions.
- Extensive exploration and delineation drilling occurred during Q1 totaling 31,973 metres:
  - At Snow Lake exploration is continuing with two surface drills and we have identified the potential for a major new ore zone to the east of the Main Mine, similar to one of two principal ore lenses which broadly characterize the Snow Lake deposit, and from which over 1.4 million ounces of gold were historically mined.
  - During Q1-2010, the Manitou-Barvue deposit was tested on the down dip extension with an additional deep hole, east and down plunge of the deposit. Results are under review. Further successful exploration may prove this deposit to be larger than historically mined with potential to represent a significant multi-million tonne target.
  - Detailed recompilation of the Val-d'Or formation in the area of the Louvicourt Deposit has been advanced significantly with the interpretation of a major fold in the Dunraine area. Deep exploration drilling has now resumed to test the up-plunge extension of the Deep West Zone, located 1.5 km from the Louvicourt Deposit. The Company is searching for a significant deposit in the range of 40-60 million tonnes.
- The acquisition of Garson Gold Corp. ("Garson") was finalized and Garson was delisted as a publicly traded company on May 4, 2010.
- The Company began trading in the United States on the Over-the-Counter QX International trading platform, providing more exposure to American investors.

## Overview & Outlook:

To enhance shareholder value, Alexis is committed to become a mid-tier mining and exploration company. 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 dynamic exploration and new mine discovery in the Abitibi District. In early 2009 we added another key strategic priority – to seek opportunities for accretive growth through acquisition.

Our first gold mine, Lac Herbin, continues to produce gold. A bulk sample program at our second gold project at Lac Pelletier is nearing completion with the expectation of a production decision in late Q2-2010. Refurbishment of our wholly owned Aurbel Gold mill was completed and commissioning commenced in March 2010. The 2010 outlook for gold production from Lac Herbin is revised to 32,000 ounces of gold as it is expected the shortage of ounces during the first quarter cannot be recouped. The Lac Pelletier project feasibility will determine the production rate from the operation.

The Company completed its acquisition of Garson Gold Corp. ('Garson') after a Special Meeting of Garson shareholders resulted in all Garson shares being acquired by Alexis Minerals. On May 4, 2010 Garson Gold was

de-listed as a publicly traded company. This acquisition has allowed Alexis to at least double its gold resources, and will now allow Alexis to potentially grow production levels to in excess of 150,000 ounces of gold per year by 2011. We anticipate this will lead to an expected share price re-rating of Alexis as a mid tier status gold producer.

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

Our first 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, the only gold mill in the region.

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

### Our Competitive Strengths

*Large Property Packages in Historically Prolific Mining Camps:* Alexis has assembled a historically unique package of properties covering over 1,000 sq. km., upwards of 75% of both the Val-d'Or and Rouyn-Noranda Mining Camps. Alexis vested into all of these properties during 2007 – 2008. As well, Alexis has recently acquired 50 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 2009/2010 Fraser Institute Survey has recognized the Province of Quebec as the #1 mining region in the world, and Manitoba as the # 9 region.

*Strong & Experienced Executive Exploration and Process Management Skills:* We believe our senior management team has the experience and ability to execute and deliver on our strategy. Our Chief Executive Officer and his first line leaders average more than 25 years of experience in the mining industry. They are supported by a skilled and dedicated management team which has extensive experience exploring in the Abitibi and Snow Lake areas, providing deep understanding of the geology and exploration histories. As well, strong operational skills have been assembled in developing the mining and engineering teams.

## Mineral Reserves and Resources

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

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
<b>Proven</b>			
Lac Herbin <sup>(1)</sup>	97,900	9.0	28,400
Lac Pelletier <sup>(2)</sup>	9,258	8.0	2,381
<b>Probable</b>			
Lac Herbin <sup>(1)</sup>	519,500	7.0	117,600
Lac Pelletier <sup>(2)</sup>	474,104	7.6	115,747
<b>Total Proven &amp; Probable</b>	<b>1,100,762</b>	<b>7.5</b>	<b>264,128</b>

**Table2. Measured and Indicated Resources:**

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
<b>Measured</b>			
Lac Herbin <sup>(1)</sup>	124,800	9.2	37,100
Lac Pelletier <sup>(2)</sup>	61,000	6.2	12,140
Snow Lake Main Mine <sup>(3)</sup>	7,000	4.8	1,000
<b>Indicated</b>			
Lac Herbin <sup>(1)</sup>	731,500	7.2	169,500
Lac Pelletier <sup>(2)</sup>	856,883	7.2	197,755
Snow Lake Main Mine <sup>(3)</sup>	2,631,000	5.0	420,000
No. 3 Zone Main <sup>(4)</sup>	394,000	6.7	85,100
<b>Total Measured &amp; Indicated</b>	<b>4,806,183</b>	<b>6.0</b>	<b>922,595</b>

**Table 3. Inferred Resources:**

Category / Deposit	Tonnes	Grade (g/t)	Resource (oz Au)
<b>Inferred</b>			
Lac Herbin <sup>(1)</sup>	420,500	6.0	80,500
Lac Pelletier <sup>(2)</sup>	391,770	6.5	82,127
Snow Lake Main Mine <sup>(3)</sup>	568,000	4.7	85,200
No. 3 Zone Main <sup>(4)</sup>	261,000	7.9	65,900
No. 3 Zone Footwall <sup>(4)</sup>	314,000	5.0	50,900
Birch Zone <sup>(3)</sup>	569,000	4.4	81,000
Squall Margaret Upper <sup>(5)</sup>	100,000	4.9	16,000
Squall Margaret Lower <sup>(5)</sup>	337,000	5.4	59,000
<b>Total Inferred Resources</b>	<b>2,961,270</b>	<b>5.5</b>	<b>520,627</b>

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

1. NI 43-101 Technical Report Reserves Calculation on Lac Herbin Mine, Val-d'Or, Quebec. Completed for Alexis Minerals Corporation by François Chabot, M.Sc., Golder Associates Ltd., September 2009.
2. NI 43-101 Technical Report Pre-Feasibility Study on Lac Pelletier Project, Rouyn-Noranda, Quebec. Completed for Alexis Minerals Corporation by François Chabot, M.Sc., Golder Associates Ltd., August 2009.
3. NI 43-101 Technical Report on the Preliminary Assessment of the Snow Lake Mine Property and update of the Mineral Resource Estimate, Snow Lake, Manitoba. The PA is being completed for Alexis Minerals Corporation and Garson Gold by Golder Associates Ltd., Eric Hinton, P.Eng, March 2010 based on the Mineral Resource Estimate completed under the supervision of Jamie Lavigne, P. Geol and Patrick Sevigny, Eng, both of Alexis Minerals Corporation, January 31, 2010.
4. NI 43-101 Technical Report Audit of the No. 3 Zone Mineral Resource Estimate on the New Britannia Mine Property, Snow Lake, Manitoba. Completed for Garson Gold Corp. by William J. Lewis, P. Geo and Charley Murahwi, M.Sc., Micon International Ltd., July 20, 2008.
5. NI 43-101 Technical Report on the Squall Lake Property, The Pas Mining Division Snow Lake Manitoba. Completed for Garson Resources Ltd. By D Beilhart, P. Geo., April 2006.

## Summarized Financial Results

### Liquidity and Capital Resources

As at March 31, 2010, the Company had a working capital deficit of \$7.35 million compared to working capital of \$1.88 million at December 31, 2009. Included in working capital at March 31, 2010 is \$6.4 million related to convertible debentures which mature on April 28 (\$4.2 million), and July 28, 2010 (\$2.2 million). Subsequent to the end of the quarter, the Company rolled over those debentures that matured on April 28, 2010 into 10% convertible unsecured subordinated debentures maturing on April 28, 2014.

The Company applies for refundable tax credits to certain Quebec government bodies at each taxation year end and records the expected amounts as amounts receivable. During Q1-2010, the Company received \$1.98 million in assistance related to the year ended December 31, 2007. The Company has accrued an additional \$0.3 million in assistance during the three months ended March 31, 2010. At March 31, 2010, \$6.15 million in Quebec Rebates are recorded on the Consolidated Balance Sheets.

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.

### 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.

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

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, 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.

### **Garson option agreements acquired**

Through the Company's newly acquired subsidiary, various cash payments, share issuances and work commitments on Garson's existing option agreements are pending over the next 4 years, as tabled below.

	Cash	No. of Garson shares	Equivalent Alexis shares	Expenditure commitments
BC Gold Properties, British Columbia (100% interest option)	\$ 95,000.00	950,000	275,500	\$ 1,500,000.00
Luciana Gold Property, Quebec (51% interest option)	\$ -	-		\$ 385,000.00

As well, various Garson properties are subject to certain royalties ranging from 2% to 30%.

### **Results of Operations**

#### For the quarter ended March 31, 2010

The Company sold 4,750 ounces of gold and generated \$5.25 million in revenue from mining operations during the 1<sup>st</sup> quarter of 2010. Alexis averaged a gold sale price of \$1,155 per ounce during Q1-2010. During Q1-2009, 6,375 ounces of gold were sold generating \$6.82 million in revenue. The average sale price realized during Q1-2009 was \$1,128. Mine operating expenses were \$4.88 million (Q1-2009: \$4.31 million) and amortization and depletion amounted to \$1.21 million (Q1-2009: \$1.41 million). The gross loss was \$0.83 million during Q1-2010 compared to gross profit of \$1.10 million during Q1-2009. Revenue from mining operations includes \$5.50 million from gold sales reduced by \$0.25 million in refining and royalty charges. The Company is subject to an NSR of 4.5% on Lac Herbin gold sales. The cost of sales per ounce sold during the current quarter, excluding amortization and depletion, was \$1,027 per ounce compared to \$676 per ounce during the comparative quarter (see Non GAAP Measures). This is an anomaly, compared to the trend of previous quarters and we expect cash cost to fall back in line, in Q2, with our 5-Year Life of Mine plan. This increase over the previous quarters was a direct result of lower overall mine grade and above plan costs incurred as a result of unplanned continued custom milling in Q1 (for transport and custom milling). Custom milling continued due to a two month delay in the Aurbel mill start-up. The mill startup was delayed in part due to permitting delays of the tailings area and in part due to the unexpected replacement of older parts as the mill began operating. Cash cost per tonne for Q1 2010 was \$171/tonne, compared to \$154/tonne during the same period last year.

Alexis recorded a net loss for the quarter ended March 31, 2010 of \$1.63 million compared to net earnings of \$0.10 million for the quarter ended March 31, 2009. The Company incurred general and administrative expenses of \$0.92 million during Q1-2010 (Q1-2009: \$0.62 million). As well, the Company recorded a future income tax recovery of \$0.13 million for the three months ended March 31, 2010 (Q1-2009: an expense of \$0.38 million).

### General and Administrative expenses

(CAD 000's)	Q1-2010 \$	Q1-2009 \$	increase (decrease) \$	Change %
Professional, consulting and management fees	332	400	(68)	(17%)
Stock based compensation	73	82	(9)	(11%)
Other general and administrative expenses	425	308	117	38%
Long-term interest, accretion and financing costs	287	153	134	88%
Other interest, accretion and financing costs	35	32	3	9%
Foreign exchange	(20)	(2)	(18)	(900%)
Interest (income) and (gains) on investment	(213)	(352)	139	39%
Future income tax (recovery)	(127)	378	(505)	(134%)

Professional, consulting and management costs decreased by \$0.07 million or 17% during the quarter ended March 31, 2010 compared to the quarter ended March 31, 2009 primarily as a result of lower legal and audit costs. In Q1-2009, the Company recorded some audit fees from the previous year. As well, in Q1-2009, the Company commenced certain strategic initiatives generating higher legal fees during the comparative quarter.

Stock based compensation is a non-cash expense included in Professional, consulting and management costs on the Consolidated Statement of Operations, Comprehensive Income (Loss) and Deficit. The Company applies the fair value method of accounting for stock-based compensation. During the three months ended March 31, 2010, 200,000 stock options were granted and previously issued options vested during the quarter resulting in a charge of \$0.07 million. During Q1-2009, 500,000 options were granted resulting in a charge of \$0.08 million for the quarter.

Other general and administrative expenses increased by 38% during Q1-2010 compared to Q1-2009 primarily as a result of higher shareholder communications costs. The Company listed and commenced trading in the United States on the Over the Counter QX International ("OTCQX") platform during Q1-2010 generating higher costs. As well, the Company participated in more trade shows during the current quarter compared to Q1-2009.

Long-term interest, accretion and financing costs increased by 88% during Q1-2010 compared to Q1-2009 as a result of the acquisition of Garson. Garson has a convertible debenture of \$2.1 million and interest expense incurred as a result during the current quarter amounted to \$0.05 million while accretion totaled \$0.03 million. As well, during Q1-2009, the Company adjusted their asset retirement obligations based on revised information generating a credit to accretion expense during that comparative period.

The Company earned unrealized gains on investments held of \$0.21 million during Q1-2010 as a result of investments held by Garson. During the comparative quarter, the Company sold investments generating gains of \$0.35 million.

The Company recognized a future income tax recovery of \$0.13 million during the three months ended March 31, 2010 compared to an expense of \$0.38 million for the quarter ended March 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.

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

	Q1-2010	Q4-2009	Q3-2009	Q2-2009	Q1-2009	Q4-2008	Q3-2008	Q2-2008
Revenue from mining operations (CAD 000's)	\$ 5,251	\$ 12,107	\$ 6,564	\$ 6,536	\$ 6,819	\$ 10,079	\$ -	\$ -
Mine operating expenses (CAD 000's)	\$ 4,878	\$ 8,382	\$ 6,212	\$ 3,813	\$ 4,308	\$ 8,334	\$ -	\$ -
Net Income (loss) (CAD 000's)	\$ (1,625)	\$ (2,160)	\$ (1,714)	\$ (597)	\$ 102	\$ 185	\$ (1,162)	\$ (366)
Net income (loss) per share, basic and diluted (CAD)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.01)	\$ (0.00)
Cash provided by (used in) operations (CAD 000's)	\$ 1,266	\$ 716	\$ (299)	\$ 1,151	\$ 3,283	\$ 4,558	\$ (1,731)	\$ (5,215)
Gold ounces sold post commercial production	4,750	11,075	6,575	6,375	6,375	10,600	-	-
Average realized gold price (per ounce) (CAD)	\$ 1,155	\$ 1,144	\$ 1,048	\$ 1,075	\$ 1,128	\$ 995	\$ -	\$ -
*Mining operating expenses (per ounce) (CAD)	\$ 1,027	\$ 757	\$ 944	\$ 598	\$ 676	\$ 786	\$ -	\$ -
Total Assets (CAD 000's)	\$ 135,093	\$ 132,735	\$ 88,111	\$ 79,815	\$ 78,986	\$ 78,686	\$ 76,249	\$ 81,725
Long term financial liabilities (CAD 000's)	\$ 3,514	\$ 3,837	\$ 1,051	\$ 1,037	\$ 5,001	\$ 4,728	\$ 4,843	\$ 4,771

\* 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. 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 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 Q4-2009, the Company acquired a controlling interest in Garson, resulting in the large increase in assets.

During the first quarter of 2009, the Company recognized net additions of \$0.15 to their asset retirement obligations. During the second quarter of 2009, the Company's debenture liabilities became current thereby reducing long term liabilities. During Q4-2009, as a result of the acquisition of Garson, the Company increased the asset retirement obligation resulting in an increase in long term liabilities.

## Cash Flows for the three months ended March 31, 2010

Cash provided by operating activities for the three months ended March 31, 2010 was \$1.27 million compared to \$3.28 million for the three months ended March 31, 2009. During Q1-2010, mining operations generated \$0.37 million, administrative expenses and interest income used \$0.82 million and non-cash working capital provided \$1.72 million. During Q1-2009, mining operations generated \$2.51 million, administrative expenses and interest income used \$0.74 million and non-cash working capital provided \$1.51 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 used by financing activities was \$0.15 million during the three months ended March 31, 2010 compared to \$0.18 million during the three months ended March 31, 2009. During the Q1-2010, the Company made payments of \$0.15 million (Q1-2009: \$0.18 million) against their capital leases and other financing arrangements.

Cash from investing activities used \$5.65 million during the three months ended March 31, 2010 compared to \$4.54 million during the three months ended March 31, 2009. Expenditures on exploration interests used \$7.21 million during the current quarter compared to \$3.06 million during the comparative quarter as summarized below. Increases in accounts payable provided \$2.17 million during Q1-2010 compared to the use of \$2.14 million during Q1-2009. The Company used \$2.57 million to refurbish the Aurbel mill, and purchase property and equipment, compared to \$0.02 million during Q1 2009. The Company used \$0.02 million in cash during Q1-2010 as a result of the acquisition of an increased interest in Garson. During the Q1-2010, the Company received \$1.98 million in government assistance (Q1-2009: \$nil). During Q1-2009, the Company sold investments for net proceeds of \$683,929.

Cash expenditures on exploration interests for the three months ended March 31, 2010:							
(CAD 000's)	PRODUCING PROPERTIES	NON-PRODUCING PROPERTIES					TOTAL
Description	Lac Herbin (\$)	Rouyn (\$)	Lac Pelletier (\$)	VMS (\$)	Aurbel (\$)	Snow Lake (\$)	(\$)
Acquisition and property maintenance	-	3	18	-	10	22	53
Development costs	327	-	128	-	-	-	455
Exploration costs	171	58	6,943	449	407	1,599	9,627
Pre-production revenues	-	-	(2,572)	-	-	(352)	(2,924)
<b>Total</b>	<b>498</b>	<b>61</b>	<b>4,517</b>	<b>449</b>	<b>417</b>	<b>1,269</b>	<b>7,211</b>

## Transactions with Related Parties

The Company was charged \$15,000 during the three months ended March 31, 2010 (Q1 2009: \$15,000) by a company controlled by a director of the Company for administration services.

An amount of \$105,000 was payable to directors and officers or companies controlled by directors and officers of the Company at March 31, 2010 (December 2009: \$80,000).

NSR royalties of US\$238,152 (\$253,325) were paid during the quarter ended March 31, 2010 to a corporation controlled by a director of the Company, all of which was accrued at December 31, 2009. An additional US\$107,563 (\$113,912) has been accrued at March 31, 2010 in accounts payable and accrued liabilities for royalties on gold sales during Q1-2010.

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 March 31, 2010, the Company has advanced \$nil to such corporations to cover shared expenses and has included these amounts in prepaid expenses (2009: \$87,978). The Company owes \$10,667 included in accounts payable and accrued

liabilities as at March 31, 2010 (2009: \$nil) related to these expenditures. As well, the Company is owed \$814 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.

### **Outstanding Share Data**

As at May 13, 2010, 221,616,385 common shares of the Company are outstanding. Of the options to purchase common shares issued under the share option plan of the Company, 12,493,000 remain outstanding with exercise prices ranging from \$0.40 to \$1.14 and with expiry dates ranging between February 1, 2011 and February 23, 2015. If exercised, 12,493,000 common shares would be issued generating \$6.99 million in proceeds.

As at May 13, 2010, there were 8,574,360 share purchase warrants outstanding with exercise prices ranging from \$0.50 to \$0.70, expiring between October 15, 2010 and July 9, 2011. If exercised, 8,574,360 common shares would be issued generating \$5.48 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 months ended March 31, 2010 and 2009, and a reconciliation of working capital to the financial statements for the three months ended March 31, 2010 and the twelve months ended December 31, 2009.

### **Working Capital**

(CAD 000's)	<b><u>March 31, 2010</u></b>	<u>December 31, 2009</u>
Current assets:		
Cash and cash equivalents	<b>\$1,567</b>	\$6,106
Amounts receivable	<b>2,168</b>	2,083
Tax credits receivable	<b>6,147</b>	7,465
Inventory	<b>7,178</b>	6,168
Prepaid expenses	<b>376</b>	273
Investments	<b>332</b>	122
	<b>17,768</b>	22,217
Current liabilities		
Accounts payable and accrued liabilities	<b>\$18,318</b>	\$13,687
Current portion of capital lease obligations	<b>349</b>	412
Current portion of long-term debt	<b>74</b>	99
Liability component of convertible debenture	<b>6,372</b>	6,143
	<b>25,113</b>	20,341
Working capital (deficit) (current assets less current liabilities)	<b>(\$7,345)</b>	\$1,876

## Cash cost per ounces sold

	<u>Q1-2010</u>	<u>Q1-2009</u>
<b>Revenue</b>		
From commercial production ounces (CAD 000's)	<b>\$5,251</b>	\$6,819
<b>Ounces sold</b>	<b>4,750</b>	6,375
<b>Mine operating expenses (CAD 000's)</b>	<b>\$4,878</b>	\$4,308
Cash cost per ounce sold (CAD)	<b>\$1,027</b>	\$676
(mining operating expenses divided by ounces sold)		

## 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	8,889	8,889	-	-	-
Equipment financing	99,627	65,024	34,603	-	-
Capital lease obligations	424,029	349,595	74,434	-	-
Contractual commitments	627,900	627,900	-	-	-
	<u>1,160,445</u>	<u>1,051,408</u>	<u>109,037</u>	<u>-</u>	<u>-</u>

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to \$3,600,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under the agreements are approximately \$600,000, all due within one year.

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 20,000,000 flow-through shares in December 2009, the Company renounced \$10,000,000 on qualified exploration expenditures. As at March 31, 2010, the Company has spent approximately \$2,500,000 and is required to spend an additional \$7,500,000 by December 31, 2010. As well, through its newly acquired subsidiary, the Company is required to spend approximately \$67,000 in eligible exploration expenditures by December 31, 2010 as a result of Garson's flow-through shares issued during 2009 which was renounced in February 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

On April 29, 2010, the Company acquired the remaining shares of Garson at the same exchange ratio as the previous acquired shares.

On April 28, 2010, the Company entered into agreements with the current holders of expiring \$4.2 in convertible debentures to roll over the existing 6% convertible debentures into units comprised of \$1,000 principal amount

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

### **Significant Accounting Policies**

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

### **Accounting Changes**

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

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

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

#### Phase 1: Raise Awareness and Assess

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

#### Phase 2: Design

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

#### 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;
- This phase will continue to be monitored in order to facilitate comparative reporting of 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. 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 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 March 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 three months ended March 31, 2010, 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:

<u>Qualified Person</u>	<u>Project Responsibility</u>
Jean Bastien Eng. Mine Manager	Lac Herbin Engineering and Mining
Pascal Hamelin, 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

May 13, 2010