



**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED
MARCH 31, 2010 AND 2009**

-- unaudited --

ALEXIS MINERALS CORPORATION

Consolidated Balance Sheets

UNAUDITED

in Canadian dollars

As at	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,566,909	\$ 6,106,007
Amounts receivable (Note 15)	2,168,115	2,082,802
Tax credits receivable (Note 6)	6,147,363	7,465,197
Inventory (Note 3)	7,177,839	6,167,683
Prepaid expenses (Note 15)	375,679	272,808
Investments	332,234	122,340
	17,768,139	22,216,837
Restricted cash (Notes 6 and 10)	5,767,000	5,767,000
Property, plant and equipment (Note 5)	22,560,058	19,968,156
Mineral properties and deferred exploration expenditures (Note 6)	88,997,616	84,783,408
	\$ 135,092,813	\$ 132,735,401
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 15)	\$ 18,317,770	\$ 13,687,601
Current portion of capital leases (Note 7)	349,595	411,648
Current portion of long-term debt (Note 8)	73,913	99,337
Liability component of convertible debenture (Note 9)	6,371,867	6,142,716
	25,113,145	20,341,302
Capital lease obligations (Note 7)	74,434	118,008
Long-term debt (Note 8)	34,603	51,300
Asset retirement obligations (Note 10)	3,405,395	3,667,865
Future income tax liability (Note 16)	7,190,192	3,258,141
	35,817,769	27,436,616
Non-controlling interest	1,254,099	3,154,839
Shareholders' equity:		
Share capital (Note 11)	96,486,254	99,057,683
Warrants (Note 12)	1,174,900	2,863,043
Equity component of convertible debenture (Note 9)	830,334	830,334
Contributed surplus (Note 14)	15,826,233	14,064,892
Deficit	(16,296,776)	(14,672,006)
	98,020,945	102,143,946
	\$ 135,092,813	\$ 132,735,401

Commitments and contingencies, Notes 1, 6, and 19
Subsequent events, Note 21

APPROVED ON BEHALF OF THE BOARD:

Signed "David Rigg" _____, Director

Signed "Maurice Colson" _____, Director

ALEXIS MINERALS CORPORATION

Consolidated Statements of Shareholders' Equity

UNAUDITED

in Canadian dollars

	Common Shares		Warrants	Convertible Debenture	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
	No.	\$	\$	\$	\$	\$	\$
Balance, December 31, 2008	128,084,827	63,134,869	6,679,843	830,334	7,962,377	(10,302,353)	68,305,070
Private placement	39,106,000	20,000,000	-	-	-	-	20,000,000
Value of w arrants granted on private placement	-	(752,600)	752,600	-	-	-	-
Value of broker w arrants and units granted on private placement	-	(343,100)	343,100	-	-	-	-
Exercise of stock options	325,000	140,250	-	-	-	-	140,250
Valuation allocation on exercise of stock options	-	96,675	-	-	(96,675)	-	-
Valuation allocation of expired w arrants	-	-	(4,912,500)	-	4,912,500	-	-
Shares issued in lieu of interest payment	607,912	252,600	-	-	-	-	252,600
Shares issued to acquire subsidiary	45,612,929	18,920,025	-	-	-	-	18,920,025
Shares issued as severance payments in acquisition of subsidiary	1,231,947	563,000	-	-	-	-	563,000
Value of equity portion of acquired convertible debenture	-	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	1,286,690	-	1,286,690
Share issue costs	-	(2,130,036)	-	-	-	-	(2,130,036)
Tax effect of share issue costs	-	681,000	-	-	-	-	681,000
Flow-through share tax effect	-	(1,505,000)	-	-	-	-	(1,505,000)
Loss for the period	-	-	-	-	-	(4,369,653)	(4,369,653)
Balance, December 31, 2009	214,968,615	99,057,683	2,863,043	830,334	14,064,892	(14,672,006)	102,143,946
Shares issued to acquire subsidiary	4,044,463	1,673,571	-	-	-	-	1,673,571
Expiry of w arrants	-	-	(1,688,143)	-	1,688,143	-	-
Stock-based compensation	-	-	-	-	73,198	-	73,198
Flow-through share tax effect	-	(4,245,000)	-	-	-	-	(4,245,000)
Adjustment	(22)	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(1,624,770)	(1,624,770)
Balance, March 31, 2010	219,013,056	96,486,254	1,174,900	830,334	15,826,233	(16,296,776)	98,020,945

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

ALEXIS MINERALS CORPORATION

Consolidated Statements of Operations, Comprehensive Income/(Loss) and Deficit

UNAUDITED

in Canadian dollars

For the three months ended March 31,

	2010	2009
Revenue, net of royalties	\$ 5,251,360	\$ 6,819,352
Mine operating expenses (Note 3)	(4,878,077)	(4,307,847)
Amortization and depletion	(1,206,063)	(1,410,800)
	(6,084,140)	(5,718,647)
Gross (loss)/profit	(832,780)	1,100,705
Expenses:		
Professional, consulting and management fees (Note 13)	404,636	481,899
Other general and administrative expenses	425,450	308,154
Long-term interest, accretion and financing costs	287,291	152,559
Other interest, accretion and financing costs	34,814	32,471
Foreign exchange	(20,082)	(1,773)
Interest income and gain on held-for-trading investments	(213,444)	(352,468)
	918,665	620,842
(Loss)/income before taxes	(1,751,445)	479,863
Future income taxes (Note 16)	127,000	(378,000)
(Loss)/income before non-controlling interest	(1,624,445)	101,863
Non-controlling interest	(325)	-
Net (loss)/income and comprehensive (loss)/income for the period	(1,624,770)	101,863
DEFICIT, beginning of period	(14,672,006)	(10,302,353)
DEFICIT, end of period	\$ (16,296,776)	\$ (10,200,490)
Net loss per share: basic	(0.01)	0.00
Net loss per share: diluted	(0.01)	0.00
Weighted average number of shares outstanding:		
basic	218,338,979	128,084,827
diluted	218,338,979	128,310,416

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

ALEXIS MINERALS CORPORATION

Consolidated Statements of Cash Flows

UNAUDITED

in Canadian dollars

For the three months ended March 31,

	2010	2009
Cash provided by (used in):		
Operations:		
Net (loss)/income for the period	\$ (1,624,770)	\$ 101,863
Items not involving cash:		
Stock-based compensation (Note 13)	73,198	82,094
Amortization and depletion	1,206,063	1,410,800
Interest, accretion and finance charges	231,966	147,759
Realized and unrealized investment gains	(209,894)	(351,337)
Non-controlling interest	325	-
Future income tax (recovery)/expense	(127,000)	378,000
Changes in non-cash working capital	1,716,571	1,514,205
	1,266,459	3,283,384
Financing:		
Long-term debt repayments	(45,454)	(44,304)
Capital lease payments	(105,627)	(137,810)
	(151,081)	(182,114)
Investing:		
Property, plant and equipment purchases	(2,570,341)	(24,385)
Acquisition of subsidiary	(19,839)	-
Purchase and sale of investments	-	683,929
Increase/(decrease) in exploration and development accounts payable	2,166,786	(2,135,685)
Exploration tax credits received (Note 6)	1,979,601	-
Expenditures on mineral interests	(7,210,683)	(3,062,469)
	(5,654,476)	(4,538,610)
Change in cash and cash equivalents	(4,539,098)	(1,437,340)
Cash and cash equivalents, beginning of period	6,106,007	4,529,303
Cash and cash equivalents, end of period	\$ 1,566,909	\$ 3,091,963
Cash and cash equivalents consists of:		
Cash	\$ 1,551,909	\$ 3,076,963
Cash equivalents	15,000	15,000
	\$ 1,566,909	\$ 3,091,963

SUPPLEMENTAL INFORMATION

Common shares issued to acquire subsidiary (Notes 4 and 11(b))	\$ 1,673,571	\$ -
Amortization of exploration assets charged to exploration (Note 5)	55,687	36,956
Equipment acquired under capital leases	-	180,636
Interest paid	132,145	8,034
Income taxes paid	-	-

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

1. NATURE OF OPERATIONS AND GOING CONCERN

Alexis Minerals Corporation (the "Company") currently has interests in mineral exploration and development properties in the province of Québec. The Company is in commercial production at the Lac Herbin deposit and is also continuing to focus on the exploration and development of its other gold and base metal projects within this region. In 2009, the Company acquired a controlling interest in Garson Gold Corp., a company with mineral exploration and development properties in the province of Manitoba (Note 4).

These interim consolidated financial statements are unaudited.

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

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

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

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

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

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

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

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES

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

Future accounting changes

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. 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 these new standards may have on the financial statements of the Company.

International Financial Reporting Standards ("IFRS")

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

3. INVENTORY

	March 31, 2010	December 31, 2009
Material and supplies	\$ 473,364	\$ 426,494
Stockpiled ore	5,441,485	4,354,454
Gold brick or doré bars	1,262,990	1,386,735
	<u>\$ 7,177,839</u>	<u>\$ 6,167,683</u>

During the three months ended March 31, 2010, the Company recognized \$4,878,077 of inventory as an expense (2009: \$4,307,847).

All inventory is carried at the lower of cost and net realizable value. Material and supplies inventory is recorded at cost as at March 31, 2010 and December 31, 2009. As at March 31, 2010, \$700,000 (December 31, 2009: \$700,000) in stockpiled ore and \$1,260,000 (December 31, 2009: \$1,300,000) in finished gold brick and doré bars is recorded at net realizable value, while the remainder is recorded at cost.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

4. ACQUISITION OF GARSON GOLD CORP.

On December 23, 2009, the Company acquired 89% of the issued and outstanding shares of Garson Gold Corp. ("Garson"). An initial 15% was acquired during the third quarter of 2009, with the purchase of 31,092,000 common shares of Garson for cash consideration of \$1,544,110. In October 2009, the Company offered 0.29 of a common share of the Company for each Garson common share held, and as at December 31, 2009, 157,285,962 Garson shares were tendered resulting in 45,612,927 shares of the Company being issued. On January 15, 2010, the Company acquired an additional 13,946,423 common shares of Garson through the issuance of 4,044,463 common shares of the Company at the same ratio. As at March 31, 2010, a total of 171,232,385 Garson shares were tendered with the Company issuing 49,657,392 common shares of the Company valued at \$20,593,596 for a total interest of 95.66%. The Company incurred \$980,584 in transaction costs as at March 31, 2010 related to the acquisition.

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

Consideration paid:		
Cash	\$	1,544,110
Value of common shares issued	\$	20,593,596
Transaction costs	\$	980,584
less: Equity loss recognized	\$	(93,251)
	\$	<u>23,025,039</u>
Fair value of net assets acquired:		
Cash	\$	29,160
Restricted cash	\$	5,516,750
Accounts receivable and prepaid expenses	\$	123,158
Investments	\$	105,035
Property, plant and equipment	\$	8,857,220
Exploration properties	\$	16,289,138
Accounts payable	\$	(1,874,472)
Asset retirement obligations	\$	(2,244,199)
Convertible debenture	\$	(1,994,559)
Future income taxes	\$	(1,782,192)
	\$	<u>23,025,039</u>

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

Subsequent to the end of the quarter, the Company acquired the remaining issued and outstanding shares of Garson (Note 21).

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

5. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2010			December 31, 2009
	Cost (\$)	Accumulated Amortization (\$)	Net (\$)	Net (\$)
Computer equipment	165,714	(92,675)	73,039	17,583
Office equipment and furniture	69,525	(47,741)	21,784	25,353
Machinery and equipment	9,451,371	(1,033,632)	8,417,739	8,093,611
Mobile equipment	5,081,421	(1,894,393)	3,187,028	3,066,857
Buildings	3,077,063	(315,951)	2,761,112	2,726,262
Mill	8,099,356	-	8,099,356	6,038,490
	26,154,395	(3,594,337)	22,560,058	19,968,156

As a result of the acquisition of Garson on December 23, 2009, the Company acquired various assets at the Snow Lake mine site, including a mill which is on care and maintenance and various machinery and equipment. The fair value of these acquired assets total \$8,978,919.

During the three months ended March 31, 2010, the Company expensed \$253,465 in amortization to the statement of operations (Q1-2009: \$368,157) and charged \$55,687 to deferred exploration properties (Q1-2009: \$36,956).

Included in mobile equipment and buildings are assets under capital leases with a net book value of approximately \$950,000 (December 31, 2009 - \$1,367,000). Amortization of \$57,861 was charged on these leased assets for the three months ended March 31, 2010 (Q1-2009: \$72,282).

Included in property, plant and equipment is the Val-d'Or mill that had been under care and maintenance. The Company has been refurbishing the mill for use in the next quarter. Accordingly, no amortization expense has been recorded for the three months ended March 31, 2010 and 2009. The Company's newly acquired Snow Lake mill is also included in property, plant and equipment and is currently on care and maintenance as well.

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Description	PRODUCING PROPERTIES	NON-PRODUCING PROPERTIES					TOTAL (\$)
	Lac Herbin Quebec (\$)	Rouyn Quebec (\$)	Lac Pelletier Quebec (\$)	VMS Quebec (\$)	Aurbel Quebec (\$)	Snow Lake Manitoba (\$)	
Balance, December 31, 2009	24,245,177	13,607,148	12,775,705	9,617,443	5,607,990	18,929,945	84,783,408
Acquisition and property maintenance	-	3,008	18,256	364	9,706	(1,059,517)	(1,028,183)
Development costs	326,640	-	127,855	-	-	-	454,495
Exploration costs	171,515	58,369	6,943,047	448,563	407,503	1,598,997	9,627,994
Asset retirement obligations	-	-	-	-	-	-	-
Amortization	4	166	49,230	1,524	1,535	3,228	55,687
	24,743,336	13,668,691	19,914,093	10,067,894	6,026,734	19,472,653	93,893,401
Less:							
Government assistance	(335,909)	(45,002)	(43,527)	(144,459)	(92,870)	-	(661,767)
Net gold sales from bulk sample	-	-	(2,572,419)	-	-	-	(2,572,419)
Sale of ore applied against project costs	-	-	-	-	-	(352,365)	(352,365)
Depletion of deferred exploration and development costs	(1,309,234)	-	-	-	-	-	(1,309,234)
Balance, March 31, 2010	23,098,193	13,623,689	17,298,147	9,923,435	5,933,864	19,120,288	88,997,616

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

The Company has accrued approximately \$276,000 in government assistance receivable related to eligible expenditures in the province of Québec for the three months ended March 31, 2010. An amount of \$2,900,000 in government assistance is accrued for the year ended December 31, 2009 while approximately \$3,000,000 is accrued for the year ended December 31, 2008. During the quarter ended March 31, 2010, the Company received approximately \$1,980,000 in assistance related to the year ended December 31, 2007. The assistance has been applied to the properties to which it pertains. The Company receives this assistance in the form of refundable tax credits from the Québec Provincial Government and mining duties returns from Québec Ministry of Natural Resources.

Aurbel Property (Including Lac Herbin), Québec

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

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

Rouyn Noranda Properties, Québec

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

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

Lac Pelletier Property, Rouyn-Noranda, Québec

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

Pursuant to the agreement, the Company extended its decision deadline and was required to make a production decision by September 1, 2009 and reach commercial production by September 1, 2010. The Company further amended this agreement such that the production decision deadline has been extended to September 1, 2010 with a payment of \$100,000 in 2009.

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

VMS Properties, Québec

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

Snow Lake, Manitoba

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

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

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

7. CAPITAL LEASE OBLIGATIONS

The Company had entered into capital leasing arrangements for mobile equipment and buildings. These leasing arrangements are for terms of eighteen months to four years and at interest rates between 4.12% and 7.95%.

As at March 31, 2010, the future minimum lease payments under the capital lease arrangements were:

<u>Capital lease obligations</u>	
December 31, 2010	316,621
December 31, 2011	100,401
December 31, 2012	<u>20,619</u>
	437,641
Less: Amounts representing interest	<u>(13,612)</u>
	424,029
Less: Current portion	<u>349,595</u>
Long-term portion	<u>74,434</u>

8. LONG-TERM DEBT

In July 2006, the Company purchased a building, being the Val-d'Or office, from Aur Resources Ltd. (now Teck Cominco Ltd.). The Company made a payment of \$100,000 towards the purchase price, with the balance payable in 45 monthly instalments of \$10,000 and recorded as a non-interest bearing long-term debt, discounted at a rate of 6.28%. Accretion expense related to this loan for the three months ended March 31, 2010 totalled \$3,333 (2009 - \$3,333).

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

Principal repayments are as follows:

	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
December 31, 2010	8,889	48,294	57,183
December 31, 2011	-	51,333	51,333
Total long-term debt	<u>8,889</u>	<u>99,627</u>	<u>108,516</u>
Less: current portion	<u>8,889</u>	<u>65,024</u>	<u>73,913</u>
Long-term portion	<u>-</u>	<u>34,603</u>	<u>34,603</u>

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

9. CONVERTIBLE DEBENTURE

- a) During 2006, the Company completed a private placement debenture financing with Industrial Alliance Securities Inc. ("Industrial Alliance") raising \$4,210,000 in gross proceeds. Pursuant to the terms of the private placement, the Company issued Units comprised of \$1,000 principal convertible debentures (the "Debentures") maturing April 28, 2010 and 150 common share purchase warrants (the "Warrants"). The \$1,000 face value Debentures are unsecured and subordinated obligations of the Company, have a coupon rate of 6.0% and are convertible at the option of the holder, any time after 12 months from the date of closing, into common shares of the Company at an exercise price of \$0.75 for the second year, \$0.825 for the third year and \$0.9075 for the fourth year (the "Conversion Prices"). Interest on the loan is payable in cash or in common shares of the Company at the option of the Company based on a price equal to 90% of the average closing price of the common shares of the Company on the TSX Exchange for a period of 20 consecutive trading days ending 5 days before the payment date. The Warrants expired unexercised. The Company has the right to redeem the Debentures in their fourth year provided that the shares of the Company are trading in excess of \$1.13 over the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given. The redemption can be satisfied through the issuance of common shares valued at 90% of the 20 day average trading price ending five days prior to the date of redemption.

The Debentures are classified as a liability, with the exception of the portion relating to the conversion features, resulting in the carrying value of the Debentures being less than its face value. The discount is being accreted over the term of the Debentures, utilizing the effective interest rate method at a 15% discount rate. For the three months ended March 31, 2010, accretion of the discount totalled \$151,266 (Q1-2009 - \$139,400).

Financing charges associated with the Debentures were prorated between the debt and equity components of the Debentures. Those allocated to the debt portion of the Debentures were deferred and are being accreted over the term of the Debentures. For the three months ended March 31, 2010, \$20,775 (2009 - \$20,775) in deferred financing charges were accreted to operations.

Subsequent to the end of the quarter, the Company issued 397,099 common shares of the Company in lieu of the 6% cash interest payment due to the debenture holders on April 28, 2010. The shares were valued at a weighted average price of \$0.3137 per share for a total amount of \$124,570.

Also, on April 28, 2010, the maturity date of these debentures, the Company entered into an agreement to roll over the principal into 10% convertible unsecured subordinated debentures, which will mature April 28, 2014 (Note 21).

- b) As a result of the acquisition of Garson, the Company is carrying a convertible debenture with a face value of \$2,150,000. This debenture has a coupon rate of 10%, and interest is compounded monthly and paid quarterly. The debenture matures on July 28, 2010, and is convertible at the option of the holder at a price of \$0.1335 per Garson common share.

The Company has valued this debenture as at the date of the acquisition at \$1,994,559. The discount is being accreted over the remaining term of the debenture. For the three months ended March 31, 2010, accretion expense related to this debenture totalled \$27,842.

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10. ASSET RETIREMENT OBLIGATIONS

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

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

	March 31, 2010	December 31, 2009
Balance, beginning of period	\$ 3,667,865	\$ 541,000
Liabilities incurred	-	376,000
Change in estimates	-	(102,000)
Liabilities assumed through acquisition	(291,220)	2,828,865
Accretion expense	28,750	24,000
Balance, end of period	\$ 3,405,395	\$ 3,667,865

The Company has estimated its total asset retirement obligations to be \$3,405,395 at March 31, 2010 based on a total future liability of approximately \$7,500,000 and a credit adjusted risk-free rate ranging between 13% and 15.45%. Reclamation is expected to occur between five to fifteen years.

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

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

Common Shares issued	Number of Shares	Stated Value
Balance, December 31, 2008	128,084,827	\$ 63,134,869
Private placement	39,106,000	20,000,000
Warrant valuation	-	(752,600)
Exercise of stock options	325,000	140,250
Stock option exercise - valuation reallocation		96,675
Shares issued for acquisition of subsidiary (Note 4)	45,612,929	18,920,025
Shares issued to settle liabilities in acquisition of subsidiary	1,231,947	563,000
Shares issued for payment of interest	607,912	252,600
Cost of issue	-	(2,473,136)
Tax effect of cost of issue	-	681,000
Flow-through share tax effect	-	(1,505,000)
Balance, December 31, 2009	214,968,615	\$ 99,057,683
Shares issued for acquisition of subsidiary (Note 4)	4,044,463	1,673,571
Flow-through share tax effect	-	(4,245,000)
Adjustment	(22)	-
Balance, March 31, 2010	219,013,056	\$ 96,486,254

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12. WARRANTS

Summary of warrant activity:

	March 31, 2010		December 31, 2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	16,931,503	\$ 0.82	21,457,143	\$ 1.20
Granted, private placements	-	-	7,974,360	0.65
Expired	(8,357,143)	1.00	(12,500,000)	1.35
Balance, end of period	8,574,360	\$ 0.64	16,931,503	\$ 0.82

Summary of warrants outstanding at March 31, 2010:

	Number of warrants	Exercise price	Grant date fair value of warrants	Date of expiry
	600,000	\$0.50	79,200	October 15, 2010
	447,000	\$0.56	57,700	July 9, 2011
*	699,360	\$0.50	150,400	July 9, 2011
	5,828,000	\$0.70	752,600	July 9, 2011
	1,000,000	\$0.50	135,000	June 23, 2011
	8,574,360		\$ 1,174,900	

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

13. STOCK-BASED COMPENSATION

Summary of stock option activity

	March 31, 2010		December 31, 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	13,938,000	\$ 0.59	10,186,500	\$ 0.65
Granted	200,000	0.40	5,395,000	0.43
Exercised	-	-	(325,000)	0.43
Expired	(100,000)	0.47	(1,287,500)	0.50
Forfeited	-	-	(31,000)	0.57
Balance, end of period	14,038,000	\$ 0.58	13,938,000	\$ 0.59

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

13. STOCK-BASED COMPENSATION (continued)

As at March 31, 2010, the following stock options were outstanding:

DATE OF EXPIRY	NO. OF OPTIONS EXERCISABLE	NO. OF OPTIONS OUTSTANDING	EXERCISE PRICE	GRANT DATE FAIR VALUE OF OPTIONS GRANTED (\$)
20-Apr-10	1,545,000	1,545,000	\$0.78	914,640
1-Feb-11	480,000	480,000	\$0.42	151,680
1-Nov-11	100,000	100,000	\$0.52	33,900
8-Dec-11	115,000	115,000	\$0.50	37,490
5-Mar-12	25,000	25,000	\$0.91	15,075
9-Apr-12	100,000	100,000	\$1.14	75,800
27-Aug-12	3,125,000	3,125,000	\$0.79	1,753,125
17-Sep-12	400,000	400,000	\$0.84	238,400
11-Oct-12	10,000	10,000	\$0.94	6,990
19-Oct-12	155,000	155,000	\$0.91	104,780
1-Nov-12	2,500	2,500	\$0.89	1,650
30-Jan-13	100,000	100,000	\$0.88	61,100
5-Aug-13	2,285,500	2,285,500	\$0.49	735,931
9-Jan-14	312,500	500,000	\$0.45	136,234
14-Jul-14	447,500	447,500	\$0.41	116,350
21-Dec-14	3,885,000	4,447,500	\$0.43	1,081,021
23-Feb-15	25,000	200,000	\$0.40	15,906
	13,113,000	14,038,000		

During the three months ended March 31, 2010, 200,000 stock options (Q1-2009: 500,000) were granted to directors, officers, employees and consultants of the Company with a weighted-average grant date fair value of \$0.23 per option (Q1-2009: \$0.29). These options vest 1/8th every quarter from the date of grant. Stock-based compensation expense of \$73,198 (Q1-2009: \$82,094) relating to these options and others that vested during the period was recorded in professional, consulting and management fees. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions, quoted at their weighted averages:

	Q1-2010	Q1-2009
Expected dividend yield	0%	0%
Expected volatility	68.74%	79.17%
Risk-free interest rate	2.50%	1.85%
Expected life	5 years	5 years

The weighted average exercise price of stock options exercisable as at March 31, 2010 is \$0.58 (December 31, 2009: \$0.60).

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

14. CONTRIBUTED SURPLUS

	March 31, 2010	December 31, 2009
Balance, beginning of period	\$ 14,064,892	\$ 7,962,377
Stock options granted and/or vested during the period		
Directors, officers and employees	40,830	1,051,638
Consultants	32,368	235,052
Exercise of stock options, reallocation of valuation	-	(96,675)
Expiry of warrants and broker warrants, reallocation of valuation	1,688,143	4,912,500
Balance, end of period	\$ 15,826,233	\$ 14,064,892

15. RELATED PARTY TRANSACTIONS

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

An amount of \$105,000 is payable to directors of the Company as at March 31, 2010 (December 31, 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. (See Note 6.)

The Company shares its premises with other corporations that have common directors and officers, and the Company reimburses the related corporations for their proportional share of the expenses. As at March 31, 2010, the Company has advanced \$nil to such corporations to cover shared expenses and has included these amounts in prepaid expenses (December 31, 2009: \$87,978). The Company owes \$10,667 included in accounts payable and accrued liabilities as at March 31, 2010 (December 31, 2009: \$nil) related to these expenditures. As well, the Company is owed \$814 from such corporations for shared expenses (December 31, 2009: \$3,466). This amount is included in amounts receivable.

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

16. FUTURE INCOME TAX LIABILITIES

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

The Company also recorded a future income tax recovery of \$127,000 (Q1-2009: an expense of \$378,000) based on differences in the tax basis and carrying values of the Company's assets at March 31, 2010.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

17. CAPITAL MANAGEMENT

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

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

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

There were no changes in the Company's approach to capital management during the period ended March 31, 2010.

18. FINANCIAL RISK FACTORS

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

Credit risk

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash and cash equivalents balance of \$1,566,909 (December 31, 2009 - \$6,106,007) to settle current liabilities of \$25,113,145 (December 31, 2009 - \$20,341,302). Approximately \$13,200,000 of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's liabilities include convertible debentures which mature in April and July of 2010. Subsequent to the end of the quarter, the Company rolled over one of these debentures into another debenture instrument which will mature in 2014 (Note 21).

Market risk

(a) Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company carries convertible debentures on which interest is payable quarterly or semi-annually at fixed rates of 6% and 10% per annum. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates.

(b) Foreign currency risk

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

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

18. FINANCIAL RISK FACTORS (continued)

(c) Price risk

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

(d) Securities price risk

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

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

Financial instruments

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

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

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

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

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

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

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

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at March 31, 2010.

	Level 1	Level 2	Level 3
Cash and equivalents	\$ 1,566,909	\$ -	\$ -
Restricted cash	\$ 5,767,000	\$ -	\$ -
Investments	\$ 332,234	\$ -	\$ -

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Notes to the Interim Unaudited Consolidated Financial Statements

For the three months ended March 31, 2010 and 2009

18. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

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

- The Company does not hold interest bearing debt at interest rates subject to market fluctuations to give rise to interest rate risk.
- Based on the gold brick and doré inventory held by the Company as at March 31, 2010, 10% fluctuations in the exchange rate from US\$ to CDN\$ will generate increases or decreases in value of approximately \$125,000.
- Based on the gold brick and doré inventory held by the Company at March 31, 2010, an increase or decrease in the market price of gold of US\$100 per ounce would generate a respective increase or decrease in value of approximately \$112,000.
- The Company has not currently hedged its future gold sales.

19. COMMITMENTS AND CONTINGENCIES

(a) 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.

(b) The Company is committed to minimum amounts under long-term capital lease agreements for equipment, which expire in September 2012. Minimum commitments remaining under these leases were approximately \$438,000, including imputed interest of approximately \$19,800, over the following years:

December 31, 2010	317,000
December 31, 2011	100,000
December 31, 2012	<u>21,000</u>
	<u>438,000</u>

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

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

(d) 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 management believes the remaining amount is without merit and therefore has not included the remaining amount in accounts payable and accrued liabilities.

ALEXIS MINERALS CORPORATION

Notes to the Interim Unaudited Consolidated Financial Statements

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19. COMMITMENTS AND CONTINGENCIES (continued)

e) 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%.

20. INTEREST IN JOINT VENTURE

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

	March 31, 2010 \$	December 31, 2009 \$
Current assets	-	-
Mineral properties and deferred exploration expenditures	925,338	882,100
Current liabilities	(91,459)	(75,297)
Revenues	-	-
Expenses	-	-
Cash flows from operating activities	-	-
Cash flows from investing activities	833,879	806,803

21. SUBSEQUENT EVENTS

On April 20, 2010, 914,640 stock options expired unexercised.

On April 28, 2010, the Company entered into agreements with the current holders of expiring \$4.2 convertible debentures to roll over the existing 6% convertible debentures (Note 9(a)) into units comprised of \$1,000 principal amount 10% convertible unsecured subordinated debentures due April 28, 2014. Interest will be payable in equal semi-annual instalments on April 30 and October 30 at 10% per annum commencing October 30, 2010. At the option of the Company, interest shall be payable in cash or in shares. If payment is in shares, it will be based on a price equal to 90% of the average closing price of the common shares of the Company on the Toronto Stock Exchange for a period of 20 consecutive trading days ending five trading days before payment date. Each debenture is convertible at the option of the holder into common shares of the Company at any time after the issue date at the conversion price of \$0.40 per share. Except in the event of a change of control, the debentures are not redeemable prior to April 28, 2012. On or after April 28, 2012 and up to and including April 28, 2014, the debentures may be redeemed by the Company at the option of the Company at par plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' notice prior to the date fixed for redemption provided that the average closing price of the Company's common shares during the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price.

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