ALEXIS MINERALS CORPORATION

ALEXIS

ANNUAL REPORT FOR
PERIOD ENDED DECEMBER 31, 2005

ALEXIS MINERALS CORPORATION

65 Queen Street West, Suite 815
Toronto, Ontario M5H 2M5

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting of the shareholders of Alexis Minerals Corporation (the "Corporation") will be held at Suite 815, 65 Queen Street West, Toronto, Ontario M5H 2M5 on Tuesday, the 14th day of June 2006, at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the five months ended December 31, 2005, together with the report of the auditors thereon;

2. to elect directors;

3. to appoint auditors and to authorize the directors to fix their remuneration;

4. to re-approve the Corporation's Stock Option Plan; and

5. to transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

This notice is accompanied by a form of proxy, a management information circular and the audited financial statements of the Corporation for the five months ended December 31, 2005. Shareholders who are unable to attend the meeting in person are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the meeting.

DATED at Toronto, Ontario as of the 26th day of April, 2006.

BY ORDER OF THE BOARD

(Signed)

David Rigg, President, C.E.O. and Director

ALEXIS

PRESIDENT'S MESSAGE

Dear Shareholders,

2005 was our second successful year of exploration in the Abitibi area of Quebec and was marked by important milestones in the development of the Company. Alexis committed to undertaking 60,000 metres per year over three years in our original exploration strategy focused on new mine discovery in 2003. We have completed 61,000 metres of drilling in 2004 and 72,000 metres of drilling in 2005, significantly exceeding our goals. An additional 60,000 metres is again budgeted for 2006. This level of activity is allowing the company to advance the systematic evaluation of gold and base metal potential of its' extensive property packages in Quebec's two major mining camps. In 2005, we have begun to see the results of our efforts, particularly at Lac Herbin, potentially the newest gold mine in Val d'Or, and also at West Ansil, the first "Volcanogenic Massive Sulphide" (VMS) discovery in Rouyn-Noranda for 24 years. I expect continued growth as we follow our aggressive exploration focus in these two prolific areas of historical production, mine discovery and future potential.

Our gold strategy has developed to include becoming the next gold-producing company in Val d'Or by 2007. Results at Lac Herbin evolved from successful surface exploration in 2004, to a positive scoping study during 2005 and ultimately a decision to proceed underground in September 2005. The ongoing program is developing ramp access to the deposit, is progressing closely to schedule into 2006 and remains approximately 18% under-budget. Alexis vested into a 50% interest in the property in early 2006. In Q2-2006 we negotiated out-right, 100% ownership in the property and the nearby, moth-balled 1400 tonne-per-day, fully-permitted Aurbel gold mill. 2006 will be an exciting year as we begin to understand the detailed mine geology at Lac Herbin and confirm Resources. This will Advance the project to feasibility and towards a production decision during the year. A positive outcome would result in long-term financial support from production from a wholly-owned gold deposit, as well as offering future potential for business development, from custom milling or additional development of satellite mining opportunities through the region.

Alexis acquired our first potential satellite operation, the Lac Pelletier property and gold Resource, in late 2005. A new Resource study is in progress and we will advance the project through exploration and engineering studies during 2006. This property provides the company with potential to grow operations with the potential to reach a combined production rate, from Lac Herbin and Lac Pelletier, of an initial 55,000 ounces of gold per year by 2008. With strong metal prices and continued positive sentiment towards the metal price cycle, this alone should return significant value to shareholders.

In addition to gold, we also remain aggressively focused on exploration for world-class base metal deposits. We continue to earn-in on property agreements that cover 212 square kilometres of the Val d'Or camp and, in our Falconbridge-Alexis joint venture, on 825 square kilometres of the Rouyn-Noranda camp. Alexis will continue to build on the West Ansil VMS discovery with Falconbridge Ltd. in Rouyn-Noranda, continue to advance our exciting Louvex project with Novicourt Inc. in Val d'Or, and advance numerous new high-quality exploration targets across all of our properties using advanced exploration technologies and the proprietary databases in these areas. Alexis' strategy will see the company vest into all of these agreements during 2007 and 2008.

Operating in the Province of Quebec provides us with the ability to leverage our strong balance sheet through a variety of powerful tax incentives and significant operational advantages that rank Quebec as one of the best mining jurisdictions in the world. Financially, Alexis remains in a very strong position with returns from Quebec Tax Rebates on exploration now being reinvested back into future exploration.

“A company is its people” and during 2005 Alexis has maintained its’ team of dedicated and experienced consultants and staff, with the addition of new members to nurture development at Lac Herbin. I remain very pleased that Alexis is supported by this dedicated, discovery oriented, and award winning team. Alexis has again been recognized by our peers in the Quebec Mining Industry. During 2005 our team, in partnership with the dedicated Falconbridge staff in Rouyn-Noranda, were awarded the “Prospector of the Year” award by the L’Association de l’exploration minière du Québec (AEMQ), supplementing the “Entrepreneur de l’année” award in November 2004 to Alexis. This is a most significant level of recognition for the Corporation and an achievement made possible by the dedication and hard work of our employees and consultants, our Board of Directors, and only possible with the support of our shareholders. I take great pleasure in thanking everyone for their continued support and dedication.

We remain very excited and optimistic that we will achieve our strategic objectives for 2005, to build from the successes of 2004, and to continue along our path of discovery in the Abitibi. In order to maximize returns for our shareholders, our focus will remain on creating new wealth for Alexis through exploration, discovery, and the growth of significant assets.

I thank you for your continued support of Alexis and look forward to reporting the Company’s progress to you throughout 2006.

Yours sincerely,
David M. Rigg, B.A., M.A., M.Sc., P.Geo
President and C.E.O.

ALEXIS MINERALS CORPORATION

MANAGEMENT INFORMATION CIRCULAR
AS AT AND DATED APRIL 26, 2006

Solicitation of Proxies

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF ALEXIS MINERALS CORPORATION (THE "CORPORATION") OF PROXIES TO BE USED AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE CORPORATION AND ANY ADJOURNMENT THEREOF (THE "MEETING") TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ENCLOSED NOTICE OF MEETING. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by management will be borne directly by the Corporation.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO** either by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the transfer agent indicated on the enclosed envelope not later than 48 hours (excluding Saturdays and holidays) before the time of holding the Meeting, or delivering it to the chairman on the day of the Meeting.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the shareholder or by his attorney authorized in writing, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used, or with the chairman of such meeting on the day of the Meeting or in any other manner permitted by law.

Voting of Proxies

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS INFORMATION CIRCULAR OR WITHHELD FROM VOTING OR VOTED AGAINST IF SO INDICATED ON THE FORM OF PROXY**. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing this information circular the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

Non-Registered Holders

Only registered shareholders of the common shares of the Corporation (the "Common Shares") or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a holder who is not a registered holder (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary with whom the Non-Registered Holder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (an "Intermediary"); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant). In accordance with the requirements of National Instrument 54-101, the Corporation will distribute copies of the Notice of Meeting, form of proxy and this information circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are then required to forward the materials to the appropriate Non-Registered Holders. Non-Registered Holders will be given, in substitution for the proxy otherwise contained in proxy-related materials, a request for voting instructions (the "Voting Instructions Form") which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the Voting Instructions Form and a form of legal proxy will be sent to the Non-Registered Holder. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the Voting Instructions Form.

Voting Securities and Principal Holders Thereof

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of April 26, 2006, the Corporation had issued and outstanding 65,145,971 Common Shares.

The Corporation shall make a list of all persons who are registered holders of Common Shares on April 26, 2006 (the "Record Date") and the number of Common Shares registered in the name of each person on that date. Each shareholder is entitled to one vote for each Common Share registered in his name as it appears on the list except to the extent that such shareholder has transferred any of his shares after the Record Date and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he owns the shares and demands, not later than ten days before the Meeting, that his name be included in the list. In such case the transferee is entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and officers of the Corporation, as of the date hereof, no person beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights attached to the Common Shares.

Election of Directors

It is proposed to fix the number of directors for the following year at six. Each director will hold office until the next annual meeting or until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws of the Corporation.

At the Meeting, shareholders will be asked to elect six directors (the "Nominees"). The following table provides the names of the Nominees and information concerning such Nominees. The persons in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. Each Nominee elected will hold office until his successor is elected at the next annual meeting of the Corporation, or any adjournment thereof, or until his successor is elected or appointed.

Advance notice of this Meeting was published on April 10, 2006. No nomination for election of directors has been received by the Corporation pursuant thereto.

Name and Municipality of Residence	Principal Occupation	Director Since	Number of Shares Beneficially Owned or Over which Control is Exercised[(1)]
Stan Bharti[(2)] Toronto, Ontario	Business Consultant	January 26, 2004	338,333
Robert Bryce[(2)] Val d'Or, Quebec	Mining Engineer	September 5, 2003.	35,000
Maurice Colson[(2)] Toronto, Ontario	Investment Banker	September 5, 2003.	56,000
Jean Depatie Montreal, Quebec	Business Consultant	February 25, 2005.	10,000
David Rigg Ancaster, Ontario	President and C.E.O. of the Corporation	September 5, 2003.	Nil
Tony Wonnacott Toronto, Ontario	Lawyer	January 26, 2004	40,000

Notes: (1) The information as to Common Shares owned or over which the Nominees exercise control or direction not being within the knowledge of the Corporation has been furnished by the respective Nominee.
(2) Proposed Member of the Audit Committee.

IF ANY OF THE FOREGOING NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

Each of the Nominees has been principally engaged in the occupation set opposite his or her name for the past five years.

Executive Compensation

(a) Compensation of Officers

The following table summarizes the compensation paid during the last three fiscal periods, with the information for 2005* being the five month period ended December 31, 2005, the information for 2005 and 2004 being the twelve month period ended July 31, 2005 and July 31, 2004 in respect of the individuals who were, at each period-end, were carrying out the role of the Chief Executive Officer or Chief Financial Officer of the Corporation and/or those executive officers whose total salary and bonuses exceeded $150,000 during the five months ended December 31, 2005 (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

	Annual Compensation				Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($)**	**Securities Under Options SAR Granted (#)**	**Restricted Shares or Restricted Share Units ($)**	**LTIP Payouts ($)**	**All Other Compensation ($)**
David Rigg President, C.E.O. and Director(1)	2005*	Nil			Nil	Nil	Nil	Nil
	2005	Nil	225,000	162,500	500,000	Nil	Nil	Nil
	2004	Nil	72,000	134,375	700,000	Nil	Nil	Nil
Deborah Battiston, Chief Financial Officer(2)	2005*	Nil			Nil	Nil	Nil	Nil
	2005	Nil	20,000	28,000	100,000	Nil	Nil	Nil
	2004	Nil	20,000	10,000	250,000	Nil	Nil	Nil

(1) Mr. Rigg became President and C.E.O. of the Corporation on September 5, 2003
(2) Ms. Battiston was appointed C.F.O. on September 5, 2003. Prior to that date, there was not a C.F.O. of the Corporation.

(b) Long Term Incentive Plan (LTIP Awards)

The Corporation does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Corporation's securities), was paid or distributed to the Named Executive Officers during the most recently completed fiscal year.

(c) Options and Stock Appreciation Rights (SARs)

OPTION/SAR GRANTS DURING THE MOST RECENTLY COMPLETED FISCAL YEAR

Stock options granted to the Named Executive Officers during the five months ended December 31, 2005 are provided in the table below:

Name	**Securities Under Options/SARs Granted (#)**	**% of Total Options/SARs Granted to Employees in Fiscal year(1)**	**Exercise or Base Price (Cdn.$/Security)**	**Market Value of Securities Underlying Options/SARs on the Date of Grant (Cdn.$/Security)**	**Expiration Date**
David Rigg President, C.E.O. and Director	Nil	N/A	N/A	N/A	N/A
Deborah Battiston, Chief Financial Officer	Nil	N/A	N/A	N/A	N/A

(1) Based on the total number of options granted to directors/officers/consultants of the Corporation pursuant to the stock option plan during the five month period ended December 31, 2005.

During the five month period ended December 31, 2005, there has been no repricing of stock options held by any Named Executive Officer.

OPTION/SAR EXERCISED DURING THE MOST RECENTLY COMPLETED FISCAL YEAR

The following table provides detailed information regarding options exercised by the Named Executive Officers during the five month period ended December 31, 2005 and options held by the Named Executive Officers as at December 31, 2005:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at December 31, 2005		Value of Unexercised In-the-money Options at December 31, 2005	
			Exercisable (#)	Unexercisable (#)	Exercisable ($)	Unexercisable ($)
David Rigg President, C.E.O. and Director	Nil	N/A	1,200,000	0	20,500 (1)	N/A
Deborah Battiston, Chief Financial Officer	Nil	N/A	350,000	0	10,250 (2)	N/A

(1) Based on the closing price on December 31, 2005 of $0.46 and an exercise price of $0.255 of 100,000 options, an exercise price of $0.83 on 100,000 options, an exercise price of $0.50 on 500,000 options and an exercise price of $0.78 on 500,000 options.

(2) Based on the closing price on December 31, 2005 of $0.46 and an exercise price of $0.255 of 50,000 options, an exercise price of $0.50 on 200,000 options and an exercise price of $0.78 on 100,000 options.

(d) Termination of Employment, Change in Responsibilities and Employment Contracts

The Corporation has consulting contracts with the current Named Executive Officers as follows: The Corporation entered into a contract with David Rigg effective from April 20, 2005 to April 19, 2008 pursuant to which Mr. Rigg agreed to provide management services to the Corporation commencing on that day. Mr. Rigg was entitled to compensation for the provisions of such services of $16,667 per month. In the event of termination, Mr. Rigg is entitled to the base fees remaining under the term of the contract (subject to a minimum payment of 12 months in base fees). Additionally, in the event of change of control, Mr. Rigg will have the option to terminate the contract and be entitled to 36 months in base fees. The Corporation entered into a contract with Deborah Battiston effective September 5, 2003, pursuant to which Ms. Battiston was entitled to compensation for the provision of services of $1,000 per month. Effective August 1, 2004, the Corporation amended the contract with Ms. Battiston by increasing the compensation to $2,000 per month. Other management services for the Corporation are not, to any material degree, performed by persons other than the senior officers of the Corporation.

The Corporation has no compensatory plan or arrangement in respect of compensation received or that may be received by the Named Executive Officers in the Corporation’s most recently completed or current fiscal year to compensate such executive officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change of control.

(e) Compensation of Directors

Directors are not paid any fees in their capacity as directors of the Corporation. Directors are entitled to participate in the Corporation's stock option plan. Directors were not granted any options during the five month period ended December 31, 2005.

Other Arrangements

None of the directors of the Corporation were compensated in their capacity as a director by the Corporation and its subsidiaries during the fiscal year ended December 31, 2005 pursuant to any other arrangement or in lieu of any standard compensation arrangement.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out the outstanding options under the Corporation's existing Stock Option Plan under which common shares of the Corporation are authorized for issuance as of the end of the Corporation's most recently completed fiscal year.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a))**
Plan Category	**(a)**	**(b)**	**(c)**
Equity compensation plans approved by securityholders	5,587,500	0.617	761,725
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTAL	5,587,500	0.617	761,725

Indebtedness of Directors and Executive Officers

None of the directors or executive officers of the Corporation was indebted to the Corporation or its subsidiaries during the five month period ended December 31, 2005, including under any securities purchase or other program.

Interest of Informed Persons in Material Transactions

No informed person of the Corporation has had any interest in any material transactions involving the Corporation since July 31, 2005 other than as may be disclosed herein.

Interest of Persons in Matters To be Acted Upon

No director, executive officer, proposed nominee for election as a director nor their respective associates or affiliates has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted upon at this Meeting other than the election of directors.

Appointment of Auditors

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the re-appointment of McGovern, Hurley, Cunningham, LLP, as auditors of the Corporation for the 2006 fiscal year, and to authorize the directors to fix their remuneration. McGovern, Hurley, Cunningham, LLP have been the Corporation's Auditors since July 22, 2004, when they took over from Hay & Watson, Chartered Accountants.

Management Contracts

No management functions of the Corporation are performed to any substantial degree by a person other than the directors or executive officers of the Corporation.

Audit Committee Charter

(Implemented pursuant to Multilateral Instrument 52-110)

Instrument 52-110 (the “Instrument”) relating to the composition and function of audit committees was implemented for Alberta reporting companies effective March 30, 2004 and, accordingly, applies to every TSX Venture Exchange listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee Charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board.

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART I

Purpose: The purpose of the Committee is to:

a) significantly improve the quality of the Corporation’s financial reporting;
b) assist the Board to properly and fully discharge its responsibilities;
c) provide an avenue of enhanced communication between the Board and external auditors;
d) enhance the external auditor's independence;
e) increase the credibility and objectivity of financial reports; and
f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“Affiliate” means a company that is a subsidiary of another company or companies that are controlled by the same entity;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“Board” means the board of directors of the Corporation;

“Charter” means this audit committee charter;

“Corporation” means Alexis Minerals Corporation;

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

“Control Person” means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

a) the chair of the Corporation;
b) the vice-chair of the Corporation;
c) the President of the Corporation;
d) the vice-president in charge of a principal business unit, division or function including sales, finance or production;
e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
f) any other individual who performs a policy-making function in respect of the Corporation;

“financially literate” has the meaning set forth in Section 1.3;

"immediate family member" means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual's home;

“independent” has the meaning set forth in Section 1.2;

“Instrument” means Multilateral Instrument 52-110;

"MD&A" has the meaning ascribed to it in the National Instrument;

“Member” means a member of the Committee;

"National Instrument 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation.

2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgement.

3. Despite subsection 2 and without limitation, the following individuals are considered to have a material relationship with the Corporation:

    a) a Control Person of the Corporation;
    b) an Affiliate of the Corporation; and
    c) an employee of the Corporation.

1.3 Meaning of Financial Literacy -- For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

PART 2

2.1 Audit Committee – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:
    - a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
    - b) the compensation of the external auditor.

2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
- b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
- f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
- g) reviewing interim unaudited financial statements before release to the public;
- h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
- i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
- j) reviewing the terms of reference of the internal auditor, if any;
- k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and

l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.

3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation’s financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, and shall periodically assess the adequacy of those procedures.

6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.

7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.

8. The Committee shall, as applicable, establish procedures for:

a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

9. As applicable, the Committee shall establish, periodically review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;

b) the Corporation or the relevant subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.

2. Every Member shall be a director of the issuer.

3. The majority of Members shall be independent.

4. Every audit committee member shall be financially literate.

PART 4

4.1 Authority – Until the replacement of this Charter, the Committee shall have the authority to:

a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
b) set and pay the compensation for any advisors employed by the Committee,
c) communicate directly with the internal and external auditors; and
d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular -- If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers)*.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.

3. Minutes shall be kept of all meetings of the Committee.

SPECIAL BUSINESS

Stock Option Plan

Currently, the Corporation has a 10% "rolling" stock option plan as described in TSX Venture Exchange Policy 4.4. Under Exchange Policy 4.4, the Corporation is required to obtain the approval of its members to any stock option plan that is a "rolling" plan yearly at the Corporation's Annual Meeting. Accordingly, the Members will be asked to re-approve the Corporation's existing Stock Option Plan.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE ROLLING STOCK OPTION PLAN UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

Shareholders are asked to pass the following ordinary resolution authorizing the re-approval of the existing Stock Option Plan:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the 10% "rolling" stock option plan currently in place be re-approved; and

2. any director or officer of the Corporation is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with such re-approval, the execution of any such document or the doing of any such other act or thing by any director or officer of the Corporation being conclusive evidence of such determination."

OTHER MATTERS

The management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Proxy.

The contents and sending of this information circular have been approved by the directors of the Corporation.

BY ORDER OF THE BOARD OF DIRECTORS

(signed)

David Rigg, President, C.E.O. and Director

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Alexis Minerals Corporation
(A Development Stage Company)

We have audited the consolidated balance sheets of Alexis Minerals Corporation (a development stage company) as at December 31, 2005 and July 31, 2005 and the consolidated statements of operations and deficit and cash flows for the five-month period ended December 31, 2005 and the twelve-month period ended July 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and July 31, 2005 and the results of its operations and its cash flows for the five-month period ended December 31, 2005 and the twelve-month period ended July 31, 2005 in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants

TORONTO, Canada
March 17, 2006

ALEXIS MINERALS CORPORATION

(A Development Stage Company)

Consolidated Balance Sheets
As at

	December 31, 2005	July 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	$ 1,912,294	$ 9,564,194
Amounts receivable	840,389	137,231
Tax credits receivable (Note 5)	6,678,615	-
Prepaid expenses	42,665	58,767
	9,473,963	9,760,192
Cash appropriated for exploration expenditures (Note 5)	2,715,401	2,152,041
Prepaid exploration expenditures (Note 5)	-	881,096
Exploration properties and deferred exploration expenditures (Note 5)	16,164,981	15,136,491
Equipment, net of accumulated amortization (Note 4)	89,490	115,673
	$ 28,443,835	$ 28,045,493
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,937,287	$ 1,104,752
Future tax liability (Note 10)	412,000	2,129,000
	2,349,287	3,233,752
Shareholders' equity:		
Share capital (Note 6)	24,750,705	24,713,719
Warrants (Note 7)	3,162,785	3,756,785
Contributed surplus (Note 9)	3,337,136	2,695,286
Deficit	(5,156,078)	(6,354,049)
	26,094,548	24,811,741
	$ 28,443,835	$ 28,045,493

Commitments and contingencies (Notes 1, 5 and 12)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Signed “David Rigg”, Director

Signed “Stan Bharti”, Director

See accompanying notes to the consolidated financial statements

ALEXIS MINERALS CORPORATION
(A Development Stage Company)

Consolidated Statements of Operations and Deficit
For the five months ended December 31, 2005 and twelve months ended July 31, 2005

	December 31, 2005	July 31, 2005
Expenses:		
Professional and consulting fees	$ 216,859	$ 453,115
Shareholder communications and transfer agent fees	158,066	289,354
Travel	69,773	118,858
Write off of exploration interests (Note 5)	61,336	1,918,962
General office expenses	35,119	138,833
Stock based compensation expense (Note 8)	30,750	1,161,490
Amortization	26,183	57,247
Occupancy cost	15,483	35,032
Gain on sale of assets (Note 4)	-	(1,519)
Foreign exchange	(1,384)	3,158
Less: interest income and gain on investments	(93,156)	(118,774)
Loss for the period before income taxes	(519,029)	(4,055,756)
Future income tax recovery (Note 10)	1,717,000	596,900
Net income (loss) for the period	1,197,971	(3,458,856)
Deficit, beginning of period	(6,354,049)	(2,895,193)
Deficit, end of period	$ (5,156,078)	$ (6,354,049)
Earnings (Loss) Per Share - basic	$ 0.02	$ (0.07)
- diluted	0.02	(0.07)
Weighted Average Number of Shares Outstanding	63,441,918	46,479,195
Diluted Weighted Average Number of Shares Outstanding	64,488,455	46,479,195

See accompanying notes to the consolidated financial statements

ALEXIS MINERALS CORPORATION
(A Development Stage Company)

Consolidated Statements of Cash Flows
For the five months ended December 31, 2005 and twelve months ended July 31, 2005

	December 31, 2005	July 31, 2005
Cash provided by (used in):		
Operations:		
Net income (loss) for the period	$ 1,197,971	$ (3,458,856)
Items not involving cash:		
Stock-based compensation expense (Note 8)	30,750	1,161,490
Amortization	26,183	57,247
Gain on sale of equipment (Note 4)	-	(1,519)
Write off of exploration interests (Note 5)	61,336	1,918,962
Future income tax recovery (Note 10)	(1,717,000)	(596,900)
Changes in non-cash working capital	(767,839)	297,861
	(1,168,599)	(621,715)
Financing:		
Private placement, net of share issue costs	(4,014)	13,665,672
Exercise of warrants and options	-	824,184
	(4,014)	14,489,856
Investing:		
Equipment purchases	-	(38,392)
Equipment disposals (Note 4)	-	3,000
(Increase) in cash appropriated for exploration expenditure	(563,360)	(2,152,041)
Decrease in prepaid exploration expenditures	881,096	64,054
Change in exploration accounts payable	913,318	545,672
Expenditures on exploration interests, net of government assistance	(7,710,341)	(11,423,774)
	(6,479,287)	(13,001,481)
Change in cash and cash equivalents	(7,651,900)	866,660
Cash and cash equivalents, beginning of period	9,564,194	8,697,534
Cash and cash equivalents, end of period	$ 1,912,294	$ 9,564,194
Cash and cash equivalents consists of:		
Cash	$ 641,555	$ 1,365,850
Equivalents	1,270,739	8,198,344
	$ 1,912,294	$ 9,564,194
SUPPLEMENTAL INFORMATION		
Interest income received	$ 93,156	$ 118,774
Broker warrants as cost of issue	-	566,993
Shares issued for exploration property acquisition	41,000	-
Stock-based compensation charged to exploration properties	17,100	108,500
Income taxes paid	-	-

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Alexis Minerals Corporation (the "Company") was incorporated in British Columbia on August 8, 1988 under the name First Discovery Holdings Ltd. The Company changed its name to Alexis Resources Ltd. on December 20, 1996 and subsequently changed its name to Alexis Minerals Corporation on June 4, 2003. The Company currently has interests in exploration properties in the province of Quebec. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration 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 the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration 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, and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

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.

2. CHANGE IN YEAR END

During the period ended December 31, 2005, the Company changed its fiscal year end from July 31 to December 31. Accordingly, the consolidated financial statements presented are for the five months ended December 31, 2005 and the twelve months ended July 31, 2005.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous period. Outlined below are those policies considered particularly significant.

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its proportionate share of the accounts of joint ventures in which the Company has an interest.

b) Exploration property expenditures

Exploration properties and deferred exploration expenditures are carried at cost, net of government assistance, until they are brought into production, at which time they are depleted on a unit of production method based on proven and probable reserves. Government assistance is recorded when it is more likely than not to be received. If a property is subsequently determined to be significantly impaired in value, the property and related deferred costs are written down to their net realizable value. Other general exploration expenses are charged to operations as incurred. The cost of exploration properties abandoned or sold and their related deferred exploration costs are charged to operations in the current year.

The Company reviews its exploration properties on an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. In reviewing its exploration properties, the Company estimates the future cash flows expected to result from each asset and its eventual disposition. If the sum of the undiscounted, expected future cash flow is less than the carrying value of the asset, an impairment loss is recognized. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near term could require a change in the determination of the need for and amount of any write down.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and short-term investments with original maturities of three months or less. The investments are held in Canadian chartered banks or a financial institution controlled by a Canadian chartered bank.

d) Equipment

Equipment is recorded at cost. Amortization is provided on a straight-line basis over the following number of years:

Computer software	2 years
Computer hardware	3 years
Office equipment	4 years
Furniture and fixtures	8 years
Field equipment	4 years
Vehicles	4 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Use of estimates

The preparation of 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 tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the consolidated financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

g) Flow through financing

The Company has financed a portion of its exploration activities through the issue of flow through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to exploration and resource properties.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

h) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted earnings (loss) per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings (loss) per share calculation. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Stock based Compensation

The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. The section defines recognition, measurement and disclosure standards for stock-based compensation to non-employees and employees. Under these standards, all stock-based payments must be systematically accounted for in the enterprise's financial statements. These standards define a fair value-based method of accounting. Under this method, compensation cost is measured at the grant date based on the fair value of the reward as determined using the Black-Scholes option pricing model and is accounted for in operations over the vesting period of the options, with the related credit being included in contributed surplus.

The Company's stock based compensation plan is described in Note 8.

j) Asset Retirement Obligations

The Company follows the CICA accounting standard on "Asset retirement obligations". Under the standard the Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its exploration properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to exploration properties and deferred exploration expenditures and is amortized over the useful life of the property. Management is not aware of any significant asset retirement obligations.

k) Comparative figures

Certain comparative amounts have been reclassified to conform to the current period's presentation.

4. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2005	Cost	Accumulated Amortization	Net
	$	$	$
Computer software	55,988	(44,692)	11,296
Computer hardware	23,748	(12,159)	11,589
Office equipment	13,563	(5,934)	7,629
Furniture and fixtures	15,583	(3,766)	11,817
Field equipment	52,075	(22,060)	30,015
Vehicles	34,287	(17,143)	17,144
	195,244	(105,754)	89,490

4. PROPERTY, PLANT AND EQUIPMENT (continued)

As at July 31, 2005	Cost	Accumulated Amortization	Net
	$	$	$
Computer software	55,988	(33,027)	22,961
Computer hardware	23,748	(8,861)	14,887
Office equipment	13,563	(4,521)	9,042
Furniture and fixtures	15,583	(2,954)	12,629
Field equipment	52,075	(16,636)	35,439
Vehicles	34,287	(13,572)	20,715
	195,244	(79,571)	115,673

During the year ended July 31, 2005, the Company sold a vehicle for proceeds of $3,000. The book value of the asset was $1,481 and consequently, a gain on sale of $1,519 was recorded on the consolidated statement of operations and deficit.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

DESCRIPTION	Rouyn	VMS	Audet	Aurbel	Lac Herbin	Queotish	Other	TOTAL
Acquisition costs								
Balance, July 31, 2005	1,189,282	1,001,749	99,960	837,307	-	45,650	-	3,173,948
Acquisition and property costs	199,252	7,183	-	7,951	-	5,500	-	219,886
Balance, December 31, 2005	1,388,534	1,008,932	99,960	845,258	-	51,150	-	3,393,834
Exploration expenditures								
Balance, July 31, 2005	8,792,609	1,300,392	3,515	1,606,580	225,354	19,461	14,632	11,962,543
Drilling	2,589,689	356,269	-	55,862	17,121	-	-	3,018,941
Line cutting	-	-	-	-	4,602	-	-	4,602
Analysis and laboratory	17,965	28,428	-	2,600	3,062	-	-	52,055
Geology	297,301	-	-	-	3,449	-	-	300,750
Travel and transportation	10,180	2,511	-	14,433	4,303	43	368	31,838
Consulting and labour	170,157	66,462	-	77,384	182,189	308	2,395	498,895
Geochemistry and geophysics	161,576	412	-	-	6,975	-	-	168,963
Environmental	14,314	-	-	350	4,965	-	-	19,629
Roads	-	-	-	-	13,910	-	-	13,910
Mobilization/Demobilization	-	-	-	-	242,452	-	-	242,452
Site construction	-	-	-	-	218,022	-	-	218,022
Portal and ramp construction	-	-	-	-	2,494,505	-	-	2,494,505
Water waste and settling pond	-	-	-	-	120,355	-	-	120,355
Field and office support	26,626	7,340	-	48,483	15,283	97	-	97,829
Management fees (recovered)	285,653	(19,844)	-	-	-	-	-	265,809
Balance before write offs and government assistance	12,366,070	1,741,970	3,515	1,805,692	3,556,547	19,909	17,395	19,511,098
Less: government assistance	(4,410,465)	(629,532)	-	(563,067)	(1,075,551)	-	-	(6,678,615)
Write off of property costs	-	-	-	(59,683)	-	-	(1,653)	(61,336)
Balance, December 31, 2005	7,955,605	1,112,438	3,515	1,182,942	2,480,996	19,909	15,742	12,771,147
TOTAL DEFERRED COSTS December 31, 2005	**9,344,139**	**2,121,370**	**103,475**	**2,028,200**	**2,480,996**	**71,059**	**15,742**	**16,164,981**

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

DESCRIPTION	Rouyn	VMS	Audet	Cadillac	Aurbel	Lac Herbin	Queotish	Turquoise Flats	Other	TOTAL
Acquisition costs										
Balance, July 31, 2004	891,950	984,827	99,500	416,497	551,654	-	45,650	4,553	-	2,994,631
Acquisition and property costs	297,332	16,922	460	5,658	285,653	-	-	2,441	-	608,466
Write off of property costs	-	-	-	(422,155)	-	-	-	(6,994)	-	(429,149)
Balance, July 31, 2005	1,189,282	1,001,749	99,960	-	837,307	-	45,650	-	-	3,173,948
Exploration expenditure										
Balance, July 31, 2004	98,748	8,160	-	1,306,686	1,094,054	-	19,461	1,439	-	2,528,548
Drilling	4,997,289	1,003,928	-	232,909	527,324	-	-	-	-	6,761,450
Line cutting	58,510	11,599	1,230	36,578	1,037	1,250	-	-	-	110,204
Analysis and laboratory	28,012	54,346	-	55,401	20,591	1,543	-	-	85	159,978
Geology	550,102	3,656	-	17,092	25,715	59,066	-	5,945	-	661,576
Travel and transportation	28,719	5,741	-	4,534	6,661	437	-	1,436	874	48,402
Consulting and labour	539,371	185,451	18	147,005	210,673	61,883	-	-	13,673	1,158,074
Geochemistry and geophysics	1,589,244	45,915	2,267	57,872	6,743	32,425	-	-	-	1,734,466
Environmental	83,290	2,255	-	-	2,507	3,561	-	-	-	91,613
Roads	-	-	-	-	-	650	-	-	-	650
Site construction	-	-	-	-	-	52,335	-	-	-	52,335
Water waste	-	-	-	-	-	5,616	-	-	-	5,616
Field and office support	119,005	38,861	-	29,040	51,346	6,588	-	-	-	244,840
Management fees (recovered)	730,922	(56,985)	-	-	-	-	-	-	-	673,937
Balance before write offs and government assistance	8,823,212	1,302,927	3,515	1,887,117	1,946,651	225,354	19,461	8,820	14,632	14,231,689
Less: Government assistance	(30,603)	(2,535)	-	(406,124)	(340,071)	-	-	-	-	(779,333)
Write off of property costs	-	-	-	(1,480,993)	-	-	-	(8,820)	-	(1,489,813)
Balance, July 31, 2005	8,792,609	1,300,392	3,515	-	1,606,580	225,354	19,461	-	14,632	11,962,543
TOTAL DEFERRED COSTS July 31, 2005	**9,981,891**	**2,302,141**	**103,475**	**-**	**2,443,887**	**225,354**	**65,111**	**-**	**14,632**	**15,136,491**

The Company filed for approximately $4,430,000 of government assistance related to exploration expenditures in the province of Quebec for the year ended July 31, 2005, and is in the process of filing for a further $2,250,000 of government assistance for the period ended December 31, 2005. The assistance has been applied to the exploration properties to which they pertain. In March 2006, the Company received $3,465,000 of the assistance. The balance of the assistance claimed is pending.

All qualified expenditures on the properties in Canada will be for the credit of the Company's flow through expenditure commitments.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Rouyn Noranda Properties, Quebec (Rouyn)

On June 15, 2004, the Company entered into a binding letter of intent with Falconbridge Ltd. (formerly Noranda Inc.) ("Falconbridge") wherein the Company has an option to earn a 50% interest in all of Falconbridge's properties in the prospective Rouyn Noranda Base Metal and Gold Camp, Quebec. The Company will spend $16.5 million in exploration over a 3-year option period, after which the parties will form a 50/50 joint venture to pursue further exploration and development of the properties.

The Company will have no current or future liabilities from previous work or mining activities. Mineral rights in sensitive environmental areas will be severed from surface rights and obligations. Surface rights, mineral title and past liabilities will remain with Falconbridge in these areas.

Under the terms of the agreement Falconbridge will be the operator and the Company shall fund expenditures on the properties as follows:

a) $5,000,000 on or before April 30, 2005 (completed);
b) $5,000,000 on or before April 30, 2006;
c) $5,000,000 on or before April 30, 2007;
d) the Company will pay to Falconbridge an overhead and administration fee of 10% of the above expenditures; and
e) if warranted by a discovery of base metal mineralization of potentially economic grades and widths as specifically defined, on or before April 30, 2007, the Company will incur an additional amount of $3,000,000 in order to outline an inferred resource. Until such time as a base metal discovery is made, the additional amount may be spent on exploration programs for gold discovery as operated by the Company.

The Company also issued Falconbridge 1,000,000 common shares of the Company and 1,000,000 share purchase warrants. The warrants expire two years from the date of issue with an exercise price of $0.75. The common shares had a grant date quoted market value of $450,000 and the warrants had a grant date fair value of $188,000, calculated using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk free interest rate of 4.5% and an expected life of 2 years. The fair value has been charged to exploration property costs.

The Company also agreed to place a total of $14,000,000 in trust as security for the performance of the expenditures as described above as follows:

a) $5,000,000 by September 13, 2004 (paid into trust);
b) $4,000,000 by March 31, 2005 (paid into trust)
c) $5,000,000 by December 31, 2005 ($2,000,000 paid; $3,000,000 extended by mutual agreement in tranches through July 31, 2006).

Cash appropriated for exploration expenditures at December 31, 2005 is $2,715,401. The July 31, 2005 balance of $881,096 of prepaid exploration expenditure was applied against expenditures during the five months ended December 31, 2005.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Lac Pelletier Property, Rouyn-Noranda, Quebec (Rouyn)

In September 2005, the Company entered into an option agreement with Thundermin Resources Inc. ("Thundermin") to acquire the Lac Pelletier Property in the Rouyn-Noranda region of Quebec. Under the terms of the agreement, the Company can acquire a 100% interest in the property, subject to a 2.5% NSR royalty, by spending $1,000,000 in exploration expenditures over three years as follows:

a) $200,000 on or before September 1, 2006;
b) $300,000 on or before September 1, 2007; and
c) $500,000 on or before September 1, 2008.

In addition, the Company paid $75,000 in cash and issued 100,000 shares of the Company to Thundermin. The common shares had a grant date quoted market value of $41,000.

The Company is required to make a production decision by September 1, 2008 and reach commercial production by September 1, 2009. These dates can both be extended by one year by making a cash payment of $75,000 to Thundermin. If the Company fails to reach commercial production by the specified date, they will be required to make annual advance royalty payments of $75,000.

VMS Properties, Quebec (VMS)

On March 17, 2004, the Company entered into an option agreement to acquire all AUR Resources Inc. ("Aur") interests in 18 additional gold and base metal properties in the central area of the Val d'Or Camp, Quebec.

Under the agreement, the Company is required to spend $1,000,000 on exploration on or before March 31, 2005 (completed), $1,000,000 on or before March 31, 2006, $2,000,000 on or before March 31, 2008 and make a $1,000,000 cash payment to Aur on or before March 31, 2008. Aur will subsequently retain between a 2% and a 2.5% net smelter return royalty on the properties depending on pre existing underlying royalties. The Louvex and Bonnefond properties are held under an existing joint venture agreement whereby Novicourt Inc. owns a 45% interest.

Audet Property, Quebec (Audet)

In December 2003, the Company entered into an agreement to acquire the 20 claim (320 Ha.) Audet Property located to the southeast of and contiguous with, the Standard Gold claims of the Aurbel Property in central Bourlamaque Township, Quebec. The Company made a single cash payment of $15,000 and issued 100,000 common shares of the Company with a grant date quoted market value of $84,000 for a 100% interest in the property subject to a 2% NSR. The NSR is subject to certain repurchase of NSR rights held by the Company.

Cadillac, Aurbel (Including Lac Herbin) Properties, Quebec (Cadillac and Aurbel)

During the first quarter of 2004, the Company optioned a significant portfolio of exploration and development properties covering 15,750 Ha. (approx. 157 sq. km.) in the Val d'Or Camp of Quebec.

The properties were acquired by assumption of two option agreements between Forbes and Manhattan, Inc. (“Forbes”) and Aur (the "Airport and Aurbel" Options) in July 2003. Under the agreements, Forbes had made payments to Aur and completed work on the properties, as required under the agreements. In exchange for the transfer of all of Forbes' rights under the agreements, the Company was required to assume all of Forbes' remaining obligations to Aur and to make payments of $455,000 ($400,000 to Forbes and $55,000 to Aur). Forbes is a company indirectly controlled by a director of the Company. The director was not a director of the Company at the time the agreement was entered into.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

In order for the Company to complete the acquisition of the 50% interest in the properties the following payments and expenditures are required:

Cadillac Group (formerly named the Airport Property)

Payments:
$200,000 on February 29, 2004 (paid); and
$200,000 on February 28, 2005 (not paid -- see below).
Expenditures:
$1,000,000 on exploration by June 30, 2004 (completed);
$2,000,000 by June 30, 2005 (not completed -- see below); and
$2,000,000 by June 30, 2006.

Aurbel (Including Lac Herbin) Property

Payments:
$250,000 on March 24, 2004 (paid);
$250,000 on March 24, 2005 (paid).

Expenditures:
$5,000,000 on exploration by March 31, 2006 (completed subsequent to the year end), with at least $250,000 on claims identified as the "Standard Gold" property. The exploration on the Standard Gold property was not made and the Standard Gold property was returned to Aur Resources subsequent to the year-end. The total costs of $59,683 associated with this property were written off to the statement of operations and deficit during the 5 months ended December 31, 2005.

Forbes will retain a 2% net smelter royalty on each property, which can be reduced to 1% on payment of $1,000,000 for each property.

The Company has a second option to acquire the remaining 50% interest in both properties upon completion of the acquisition of the first 50%, by the payment of $5,000,000 for the Cadillac Group (Airport) property and $4,000,000 for the Aurbel property. Aur will retain net smelter royalties upon exercise of the second option.

The Company also maintains an option to purchase the Aurbel (formerly Belmoral) mill. The fully permitted mill is capable of processing 1400 metric tonnes per day and is currently held on care and maintenance.

The Company is pursuing its option on the Aurbel property, but during the year ended July 31, 2005, the Company had decided not to pursue its option agreement with Aur Resources on the Cadillac Group of properties and consequently wrote off its investment of $1,903,148.

Queotish Property, Quebec

In 2002, the Company acquired diamond exploration properties in the Otish Mountains and Wemindji areas of Quebec. The Queotish Project is 75 kms northeast of the Renard kimberlite cluster discovered by Ashton Mining and is located on NTS sheet 23E/04.

On January 14, 2004, the Company entered into an option agreement with respect to the Queotish and LG Diamond Properties with Dianor Resources Inc. ("Dianor"). In order to earn a 100% interest in the Queotish Property, Dianor must spend a total of $500,000 in exploration on the property including $50,000 on or before January 14, 2005 and $100,000 on or before January 14, 2006. Dianor has met its exploration expenditure commitments.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Dianor will restake the LG Diamond properties and become the 100% owner. The Company will retain a 2% GOR and NSR and Dianor will have the right to purchase, at any time 0.5% of the GOR and NSR for $500,000 or 1% of the GOR and NSR for $1,000,000 to a maximum of 50% of the GOR and NSR.

Langlade, Quebec

In July 2004, the Company entered into an agreement to option 24 claims from Cambior Inc. (20%) and Orient Resources Inc. (80%) in Bourlamaque Township, Val d'Or, Quebec. The Company is required to spend $100,000 in exploration on the properties on or before March 31, 2007. The property is subject to a net smelter return of up to 1.5%. As of December 31, 2005 no amounts have been spent on this property.

Turquoise Flats Property, Nevada

In October 2002, the Company acquired by staking the Turquoise Flats mineral claims approximately 25 miles from Tonopah, Nevada. During the year ended July 31, 2005, the Company decided to no longer pursue its interest in Turquoise Flats and consequently wrote off its investment of $15,814.

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

Common shares issued	Number of Shares	Stated Value
Balance, July 31, 2004	40,087,529	$ 14,753,423
Shares issued on private placement	6,911,299	5,183,474
Shares issued on flow-through private placement	12,681,250	10,145,000
Warrant valuation	-	(1,278,590)
Exercise of warrants	3,649,667	804,934
Warrant exercise - valuation	-	28,333
Exercise of stock options	62,500	19,250
Stock option exercise - valuation	-	13,590
Flow-through renunciation (Note 10)	-	(2,725,900)
Share issue costs	-	(2,229,795)
Balance, July 31, 2005	63,392,245	$ 24,713,719
Shares issued for property acquisition (Note 5)	100,000	41,000
Share issue costs	-	(4,014)
Balance, December 31, 2005	63,492,245	$ 24,750,705

6. SHARE CAPITAL (continued)

In April 2005, the Company raised $15,328,474 through a private placement offering. The Company issued 12,681,250 flow-through common shares at a price of $0.80 per flow-through share, and 6,911,299 units at a price of $0.75 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company at a price of $1.00 per share until April 20, 2007.

The fair value of the warrants was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk free interest rate of 3.0%; and an expected average life of 2 years.

The gross proceeds have been prorated to common shares and warrants based on the fair value of each component as follows: common shares - $14,049,884; warrants - $1,278,590.

In connection with this financing, CIBC World Markets and Dundee Securities Corporation acted as agents pursuant to an agency agreement, and received a commission of 6% of the gross proceeds raised in this private placement. As well, the agents received broker warrants entitling them to purchase 760,875 common shares at a price of $0.80 per share with an expiry date of April 20, 2007, and broker warrants entitling them to purchase 416,277 units at a price of $0.75 per unit also with an expiry date of April 20, 2007. Each unit is comprised of one common share and one half of one common share purchase warrant, which is exercisable at a price of $1.00 until April 20, 2007. The fair value of the broker warrants was estimated using the Black-Scholes option pricing model under the same assumptions described above. A fair value of $566,993 was charged to cost of issue related to these broker warrants.

7. WARRANTS

Summary of warrant activity

	December 31, 2005		July 31, 2005	
	Number of warrants	Weighted average price	Number of warrants	Weighted average price
Balance, beginning of period	14,055,047	$0.76	13,788,710	$0.57
Granted, private placements	-	-	3,455,650	1.00
Granted, broker warrants	-	-	1,385,291	0.82
Exercised	-	-	(3,649,667)	0.22
Expired or cancelled	(2,700,000)	0.75	(924,937)	1.00
Balance, end of period	**11,355,047**	**$0.77**	**14,055,047**	**$0.76**

Summary of warrants outstanding at December 31, 2005

Number of Warrants	Exercise Price	Fair Value of Warrants	Date of Expiry
1,000,000	$0.75	$ 188,000	June 25, 2006
490,026	$0.45	114,573	June 28, 2006
963,700	$0.55	214,172	June 28, 2006
4,060,380	$0.65	800,457	June 28, 2006
3,663,789	$1.00	1,355,601	April 20, 2007
416,277	$0.75	176,501	April 20, 2007
760,875	$0.80	313,481	April 20, 2007
11,355,047		$ 3,162,785	

8. STOCK-BASED COMPENSATION

Summary of stock option activity

	December 31, 2005		July 31, 2005	
	Number of stock options	Weighted average exercise price ($)	Number of stock options	Weighted average exercise price ($)
Balance, beginning of period	5,787,500	0.60	3,480,000	0.53
Granted	150,000	0.40	2,370,000	0.71
Exercised	-	-	(62,500)	0.31
Cancelled/Expired	(250,000)	0.45	-	-
Balance, end of period	**5,687,500**	**0.61**	**5,787,500**	**0.60**

8. STOCK-BASED COMPENSATION (continued)

As at December 31, 2005, the following stock options were outstanding:

Date of Expiry	Number of Options Outstanding and Exercisable	Exercise Price	Fair Value Of Options Granted
September 5, 2008	400,000	$0.255	$ 76,000
October 14, 2008	25,000	$0.750	14,250
November 17, 2008	25,000	$0.700	13,500
December 29, 2008	600,000	$0.830	384,000
March 16, 2009	77,500	$0.600	35,650
April 22, 2009	100,000	$0.550	42,000
May 28, 2009	100,000	$0.450	34,400
July 14, 2009	1,940,000	$0.500	570,360
November 8, 2009	150,000	$0.400	44,400
November 8, 2009	100,000	$0.400	29,600
February 24, 2010	100,000	$0.470	35,700
March 1, 2010	50,000	$0.520	19,700
April 20, 2010	1,870,000	$0.780	1,107,040
December 5, 2010	100,000	$0.380	28,900
December 9, 2010	50,000	$0.450	17,100
	5,687,500		$ 2,452,600

In January, 2004, the Shareholders of the Company approved a new stock option plan, "the Plan", to be administered by the Directors of the Company. Upon approval of the Plan, the former stock option plan was cancelled and the stock options granted thereunder became deemed granted under the new Plan. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Corporation's issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed 5 years. The options currently granted under the plan vest immediately pending any regulatory hold period. The plan provides that, it is solely within the discretion of the Board to determine who should receive stock options and in what amounts. In no case (calculated at the time of grant) shall the plan result in:

- The number of options granted in a 12 month period to any one consultant exceeding 2% of the issued shares of the Corporation;
- The aggregate number of options granted in a 12 month period to any one individual exceeding 5% of the outstanding shares of the Corporation;
- The number of options granted in a any 12 month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Corporation;
- The aggregate number of common shares reserved for issuance to any one individual upon the exercise of options granted under the Plan or any previously established and outstanding stock option plans or grants exceeding 5% of the issued shares of the Corporation in any 12-month period.

8. STOCK-BASED COMPENSATION (continued)

The Company applies the fair value method of accounting for stock-based compensation awards. During the five months ended December 31, 2005, 150,000 stock options were granted with a weighted-average grant date fair value of $0.31 per option. As well, 100,000 options granted in the fiscal year ended July 31, 2005, with vesting terms of 25% each quarter from the date of issue, vested completely during the five months ended December 31, 2005. Consequently, an amount of $30,750 was recorded as stock based compensation and $17,100 was recorded against exploration properties, the total of which was credited to contributed surplus for the five month period ending December 31, 2005. During the year ended July 31, 2005, $1,161,490 was recorded as stock based compensation expense, $108,500 was recorded against the exploration properties, and the total was credited to contributed surplus relating to the 2,370,000 options granted. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0% (July 2005 - 0%), expected volatility of 100% (July 2005 - 100%), risk-free interest rate of 3.9%(July 2005 - 3.38% to 3.98%) and an expected life of 5 years (July 2005 - 3 to 5 years).

9. CONTRIBUTED SURPLUS

	December 31, 2005	July 31, 2005
	$	$
Balance, beginning of period	2,695,286	1,226,150
Stock options granted and/or vested during the period		
Directors, officers and employees	18,950	1,026,280
Consultants	28,900	243,710
Exercise of stock options, reallocation of valuation	-	(13,590)
Expiry of warrants, reallocation of valuation	594,000	212,736
Balance, end of period	3,337,136	2,695,286

10. INCOME TAXES

a) Provision for income taxes:

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 36% are as follows:

	December 31, 2005	July 31, 2005
Loss before income taxes	$ (519,029)	$ (4,055,756)
Expected income tax recovery based on statutory rate of 36% (July, 2005 - 36%)	(187,000)	(1,460,000)
Adjustments to benefit resulting from:		
Write-down of exploration properties and deferred exploration expenditures	22,000	691,000
Share issue costs	(1,000)	(231,000)
Stock based compensation	11,000	418,000
Exploration allowance	-	372,000
Other	34,000	25,000
Government assistance	(1,596,000)	-
Future tax assets not previously recognized	-	(2,540,900)
Future income tax expense	-	2,129,000
Future income tax recovery	$ (1,717,000)	$ (596,900)

In February 2005, the Company renounced $7,571,933 of Canadian exploration expenditures related to proceeds from flow-through shares with an effective date of December 31, 2004. Consequently, a non-cash future income tax recovery of $2,725,900 was recognized during the year ended July 31, 2005.

b) Future tax balances

The tax effect of temporary differences that give rise to future income tax assets and liabilities in Canada at December 31, 2005 approximate the following:

Future income tax assets (liabilities)	December 31, 2005	July 31,2005
Non capital losses	$ 615,000	$ 434,000
Resources properties	(1,643,000)	(3,399,000)
Temporary differences	38,000	29,000
Share issue costs	578,000	807,000
	$ (412,000)	**$ (2,129,000)**

10. INCOME TAXES (continued)

(c) The Company has approximately $1,708,000 of non-capital losses in Canada and approximately $5,223,000 of development and exploration expenditures as at December 31, 2005 which under certain circumstances can be used to reduce the taxable income of future years. The tax effect is not recorded in these consolidated financial statements. The non-capital losses expire as follows:

Available To	Amount ($)
2006	77,000
2007	107,000
2008	58,000
2009	104,000
2013	294,000
2014	515,000
2015	553,000
	1,708,000

11. RELATED PARTY TRANSACTIONS

The Company was charged $183,300 for the 5 months ended December 31, 2005 (for the year ended July 31, 2005 - $795,700) by directors or companies controlled by directors, for professional, consulting and administration fees. The related parties are also reimbursed for out of pocket expenses. Included in accounts payable and accrued liabilities at December 31, 2005 is $16,232 (July 31, 2005 - $11,266) owing to these directors or companies controlled by them.

No stock options were granted to directors and officers during the five months ending December 31, 2005. During the year ended July 31, 2005, 1,800,000 stock options were granted to directors and officers of the Company.

The Company shares its premises with other companies that have common directors, and the Company reimburses (and is reimbursed by) the related companies for their proportional share of the expenses. Included in accounts payable and accrued liabilities at December 31, 2005 is $23,075 (July 31, 2005 - $18,233) owing to such companies and included in amounts receivable is $8,320 (July 31, 2005 - $Nil) owing from such companies.

During the year ended July 31, 2005, an individual investor related to a director of the Company subscribed for units as part of a private placement. 266,662 units were issued to this related individual for gross proceeds of $199,996. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $1.00 for a period of two years.

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.

12. COMMITMENTS AND CONTINGENCIES

Pursuant to the issuance of 12,681,250 flow-through shares in April 2005, the Company renounced $10,145,000 on qualified exploration expenditures with an effective date of December 31, 2005 in February 2006. The effect of this renunciation will be recorded in February 2006, which is the date of renunciation. As of December 31, 2005, the Company has expended $7,332,423 related to these flow through funds and is required to expend the balance of $2,812,577 by December 31, 2006.

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments be made upon the occurrence of certain events. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

13. FINANCIAL INSTRUMENTS

Fair value:
Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of amounts receivable and accounts payable and accrued liabilities reflected in the consolidated balance sheet approximate fair value because of the limited term of these instruments.

Commodity Price Risk:
The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

14. INTEREST IN JOINT VENTURE

The Company's proportionate share of the assets, liabilities and cash flows of its joint venture included in these consolidated financial statements are as follows:

	December 31, 2005	July 31, 2005
	$	$
Current assets	218,542	197,701
Exploration properties and deferred exploration expenditures	1,032,923	766,127
Current liabilities	(83,606)	(139,391)
Revenues	-	-
Expenses	-	-
Cash flows from operating activities	(68,045)	59,743
Cash flows from investing activities	(266,796)	(766,127)

15. SUBSEQUENT EVENTS

In February 2006, the Company announced that it has vested into a 50% interest in the Aurbel property in Val d'Or, Quebec by meeting its exploration expenditure commitment of $5 million by or before June 30, 2006. The Company retains a 90-day option to acquire the remaining 50% interest in the property as well as the Aurbel Gold Mill for $4 million. Should the Company elect to exercise this second option, Aur will retain a NSR on the property and a $2.00 per tonne custom milling royalty for ores not sourced from the property.

Also in February 2006, the Company granted 715,000 incentive stock options exercisable at $0.415 until February 1, 2011 to directors, officers, employees and consultants of the Company, subject to regulatory approval.

ALEXIS MINERALS CORPORATION

Management Discussion and Analysis of financial condition and results of operations for the five months ended December 31, 2005

The following management discussion and analysis should be read in conjunction with the Company's Audited Consolidated Financial Statements for the Five months ended December 31, 2005.

During the period ended December 31, 2005, the Company changed its fiscal year end from July 31 to December 31. Accordingly, the financial statements presented are for the five months ended December 31, 2005 (**"2005 (Dec.)"**) and the twelve months ended July 31, 2005.

References to the first, second, third and forth quarters of 2004, 2005 and 2006 mean October 31, January 31, April 30 and July 31, 2003, 2004 and 2005 respectively.

SIGNIFICANT ACCOUNTING POLICIES

A detailed summary of the Company's significant accounting policies is included in note 3 of the Company's Annual Audited Consolidated Financial Statements for the five months ended December 31, 2005.

OVERVIEW

Alexis is a mining exploration company listed on the TSX Venture exchange. The Company's primary focus is currently in Quebec. The Company has exploration properties as listed and described in the Company's Annual Report.

EXPLORATION PROPERTIES

Rouyn-Noranda Properties, Quebec

The Company is in good standing on its option with Falconbridge Ltd. (formerly Noranda Inc.) to earn a 50% interest in all of Falconbridge's properties in the prospective Rouyn-Noranda Base Metal and Gold Camp, Quebec. The land position covers mineral rights, mining claims and mining concessions over an area of approximately 825 sq. km. within the Blake River Group, Southern Abitibi District, Quebec. The properties cover over 75% of the central area of the Rouyn-Noranda Camp with significant interests in surrounding extensions of prospective Blake River Group stratigraphy. The properties include the past producing Horne, Quemont, Amulet, Gallen, Ansil, Newbec, East Waite and Old Waite Mines and numerous base metal occurrences and showings. Historical mine production from the Rouyn-Noranda Camp is 2.4 million tonnes (Mt) of copper, 1.9 Mt of zinc and 19.5 million ounces (M.oz.) of gold from over 20 gold and base metal deposits.

Alexis will have no current or future liabilities from previous work or mining activities. Mineral rights in sensitive environmental areas will be severed from surface rights and obligations. Surface rights, mineral title and past liabilities will remain with Falconbridge in these areas while mineral rights will be subject to the earn-in agreement.

Property acquisitions during the reporting period in 2005 included one major Option, comprising two major Cambior blocks (Flavrian and East Dufault), and, two new acquisitions which are the Ansil Resources block in the Central Camp and the McWatter's block north of Norbec. Also, several new claims were acquired within the Blake River Group. The Inmet agreement was revised and the back-in right was renegotiated at 33.3%. The second year of the 3-year Option with Metco was completed with total expenditures of over $800,000 over the first two years. Such acquisitions and contract revisions are considered an important activity of the joint venture to adapt the property portfolio as the exploration focus and programs develop and proceed. Claim renewals or abandonment proceeded under the control of the JV Management Committee as normal business activity. The area of the portfolio remained approximately constant covering 825 square kilometres.

- **Lac Pelletier Property Acquisition**

In September 2005, the Company entered into an option agreement with Thundermin Resources Inc. [TSX: THR] ("Thundermin") to acquire a 100% interest in the Lac Pelletier property near Rouyn-Noranda, Quebec. Falconbridge has elected not to participate in the acquisition. The Lac Pelletier property consists of 35 claims and 2 mining concessions covering 607 hectares and is located 4 km southwest of the town of Rouyn-Noranda, within trucking distance to the Aurbel gold mill in Val-d'Or. The property is considered a strategic acquisition that can potentially provide additional mill feed as a satellite operation to the Aurbel Mill upon commissioning for the Lac Herbin project. The Company will undertake $1,000,000 in exploration drilling and engineering work over a 3-year option agreement in order to earn its 100% interest as follows:

$200,000 by September 1, 2006;
$300,000 by September 1, 2007;
$500,000 by September 1, 2008.

The Company paid $75,000 cash and issued 100,000 common shares to Thundermin.

Val-d'Or Properties, Quebec:

- **Central VMS Properties**

The Company is in good standing on its option agreement to acquire all AUR Resources Inc. ("AUR") interests in 17 gold and base metal properties in the central area of the Val-d'Or Camp, subject to certain NSR royalties. The land holdings cover 109 sq. km of the prospective Val-d'Or Formation which host the Sigma-Lamaque Gold and East Sullivan Base Metal mines, the Manitou-Barvue and Louvicourt Base Metal mines, and the Bevcon gold mine. The properties cover a 25 km strike extension of the favourable Val-d'Or Formation within which two known volcanic centers host the currently-producing Louvicourt Mine and the former-producing East Sullivan, Dunraine No. 4, Manitou-Barvue and Louvem Base Metal deposits.

- **Aurbel**

The Company is in good standing on its option agreement covering 431 claims, 4 mining leases and one surface lease in the Bourlamaque, Senneville, and Louvicourt Townships. The option includes the Aurbel and Standard Gold properties and the right to purchase the Aurbel Gold Mill. [See Activity subsequent to Year End – 50% earn in completed] The fully permitted mill is capable of processing 1400 metric tonnes per day and is currently on care and maintenance. The option agreements allow Alexis Minerals a clear route to 100% ownership of the properties, subject to certain NSR royalties. The 97 sq. km property encompasses the majority of the Bourlamaque Batholith which hosts the Ferdeber and Dumont Mines. Past production from these mines totals approximately 600,000 ounces of gold from mineralized quartz veins in shear zones that transgress the Batholith.

An exploration program in 1995 led to the discovery of the Lac Herbin zone, located 1800 metres north of the Dumont Mine. Alexis completed 18,000 metres of surface drilling between December 2003 - March 2004 and June 2004 - November 2004. An underground program of exploration was authorized in July 2005 and permitting and surface installations were completed for start-up of ramp development on September 01, 2005.

- **Langlade, Quebec**

In July 2004, the Company entered into an agreement to option 24 claims from Cambior Inc. (20%) and Resource Orient Inc. (80%), in Bourlamaque Township, Val-d'Or Quebec. The Company is required to spend $100,000 in exploration on the properties over 3 years. The option is in good standing.

EXPLORATION ACTIVITIES

Aggressive programs of surface exploration have continued through the period 2005 (Dec.) Exploration remained focused on both gold and base metal targets across the extensive land holdings of the Corporation. A total of 31,765 metres was drilled on all programs during the August – December 2005 period as summarized in Table 1A. A total of 74,352 metres was drilled on all programs during Calendar 2005 as summarized in Table 1B. Activity during 2005 (Dec.) is reported below. Events subsequent to the year end December 31, 2005 are reported under the Subsequent Events section of this report.

Table 1A: Diamond Drilling by Project, Rouyn-Noranda and Val-d'Or Quebec,

August – December 2005

Project	No. of holes	Targets	Metres
Rouyn-Noranda			
West Ansil Delineation	10	Delineation of Copper Deposit	6,072.0
Metco Option	3	3 Gocad Targets	2,741.0
Inmet Properties	16	11 Gocad & 4 Titan Targets	10,325.7
Rouyn JV Properties	3	2 Gocad & 1Trend	2,030.7
Cambior Option BM	3	Dasson Copper, Breche St-Judes	2,266.0
Flavrian Au program	9	Gold targets	2,280.0
Sub-total	**44**	**Sub-total**	**25,715.4**
Val-d'Or			
Lac Herbin	9	In conjunction with Standard Au program and Ramp engineering	624.0
Alexis/Novicourt/Aur JV	3	P6 target	1727.5
Dunraine	4	Au and VMS program	4,077.6
Standard Au	2	Au-rich shear	621.0
Sub-total	**18**	**Sub-total**	**6,050.1**
TOTAL Aug-Dec 2005	**62**	**TOTAL Aug-Dec 2005**	**31,765.5**

Notes: See Table 1B

Table 1B: Diamond Drilling by Project, Rouyn-Noranda and Val-d'Or Quebec,

January – December 2005

Project	No. of holes	Targets	Metres
Rouyn-Noranda			
West Ansil Delineation	27	Delineation of Copper Deposit	15,834.0
Metco Option	4	4 Gocad Targets	3,504.5
Montbray	2	Exploration	994.5
Inmet Properties	27	20 Gocad & 7 Titan Targets	17,607.3
Rouyn JV Properties	21	8 Gocad, 11 MegaTEM & 2 Trends	11,986.5
Cambior Option BM	5	2 Gocad, Dasson Copper & St-Judes	3,818.4
Noralex	7	Young Buck and Sulphide zones + Anaconda Brass	1287.0
Flavrian Au program	9	Gold targets	2,280.0
Sub-total	**102**	**Sub-total Jan-Dec 2005**	**57,308.2**
Val-d'Or			
Aurbel	14	Standard Au program and Ramp Engineering	1,977.7
Alexis/Novicourt/Aur JV**	10	6 Gocad Targets	8,304.5
Dunraine*	6	4 Gocad and 1 Titan24 targets	2,663.0
Standard Gold	2	Au-rich shear	621.0
Manitou	2	3 Trends	2,049.0
Cadillac (Oramaque)	6	Geophysical and gold (skarn) targets	1,429.0
Sub-total	**40**	**Sub-total Jan-Dec 2005**	**17,044.2**
Calendar Year 2005	**142**	**Total Calendar Year 2005**	**74,352.4**

Notes: 1/ "Trend" targets represent targets based on regional geological trends
2/ Option on the Cadillac group of properties was terminated.

- includes Bloc Sud hole

In addition to the programs of surface exploration, a 'Phase I' program of underground exploration was advanced during the period on the Lac Herbin project (Aurbel Property, Val-d'Or) with a total of 726 metres of ramp development completed by year end.

Rouyn-Noranda Properties, Quebec
A $5.0 M program of surface exploration was initiated for calendar year 2005 in January 2005 and completed by year end. The base metal program is managed by Falconbridge with participation from the Alexis technical team during conduct of the program. Overall management of the programs is conducted by an Alexis-Falconbridge Management Committee. Alexis also manages gold exploration programs over the same property area with input from the Falconbridge technical team. The gold/base metal approach provides a stimulating, competitive working environment between the well-integrated technical teams.

The $5.0M exploration program advanced steadily throughout the year. The Falconbridge-Alexis program completed 57,308 metres of drilling in (Calendar) 2005 of which 25,715 metres were completed in the reporting period August to December 2005. Target environments during the reporting period (2005 Dec.) include 3-D Gocad (16 targets-16 holes), Titan-24 (4 targets- 5 holes) and Favourable Trends (3 targets-3 holes. An additional 7 holes (1,287.0 m) on the Noralex Property and 9 holes (2,280.0 m) on the Flavrian sector of the Cambior Option were undertaken on gold targets under the Alexis managed gold program. The joint venture continued exploration of the West Ansil Copper Deposit (Figure 1). An additional 6,072.0 metres of drilling was completed and incorporated into an initial Resource calculation for the deposit during Q1-2006. Total drilling for the Calendar year is 15,834.0 metres on West Ansil delineation.

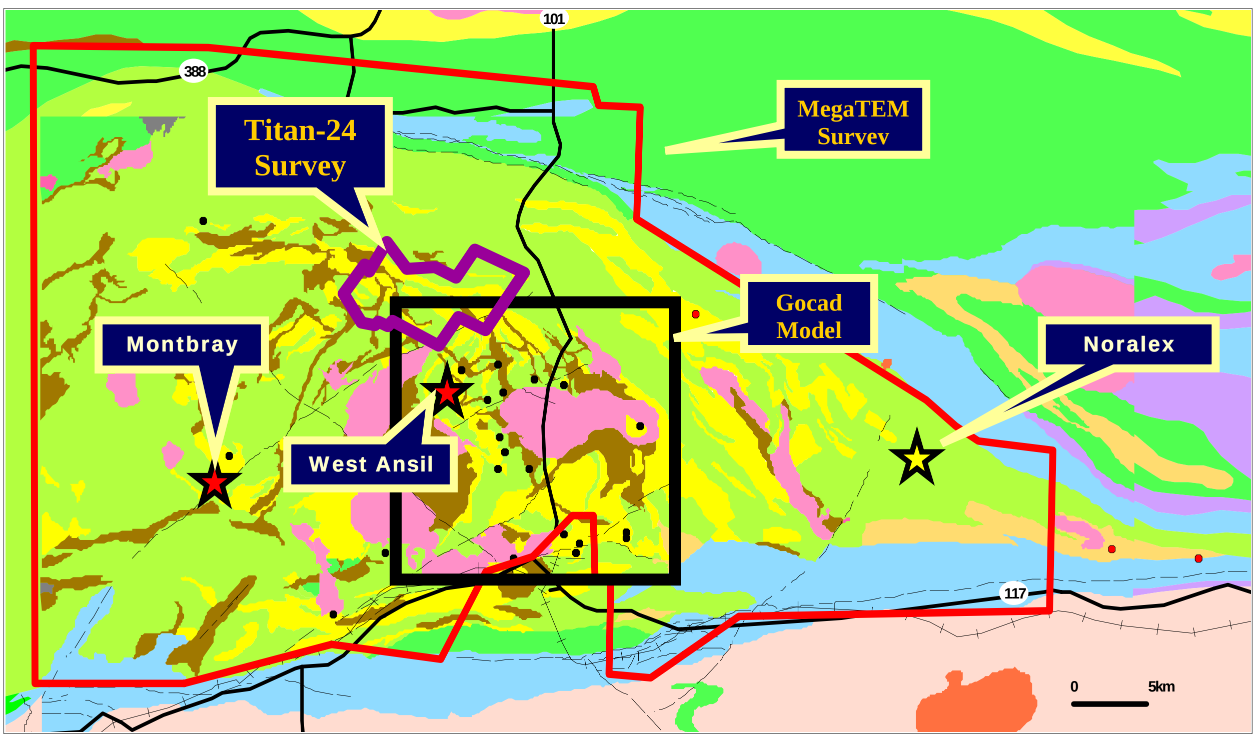

Figure 1: Alexis-Falconbridge Exploration in Rouyn-Noranda Camp – location of key discoveries and major work efforts.

West Ansil Discovery:
Alexis reported a significant new base metal discovery on the West Ansil Property in the heart of the Central Rouyn-Noranda Mining Camp in March 2005. West Ansil is the first base metal discovery in the central camp since the discovery of the Ansil deposit in 1981. The West Ansil Property is located 14 km northwest of the Horne Smelter in the town of Rouyn-Noranda, Quebec and 1.8 km.southwest of the Ansil deposit.

Exploration in the area commenced in Q2-2005 and has continued throughout the year. The West Ansil style of mineralization and setting appears typical of other Volcanogenic Massive Sulphide (VMS) deposits in the Camp. The new discovery is located near a known structure, the EW2 Synvolcanic Fault, which transgresses the Rouyn-Noranda Camp and parallels two previously recognized structures and mine trends, the 'Amulet – Millenbach' and 'Amulet F - D62' Trends. The EW2 trend passes through the West Ansil area and the Waite Mine to the southeast.

Exploration of the area continues with positive results reported during the reporting period, 2005 (Dec. 2005).

West Ansil Zone: Delineation Drilling

Drilling on the West Ansil Zone to define the geometry of the sulphide body was concluded during the period with the completion of 10 additional holes, totaling 6.072 metres (Table 2). Hole locations on longitudinal section are shown in Figure 2.

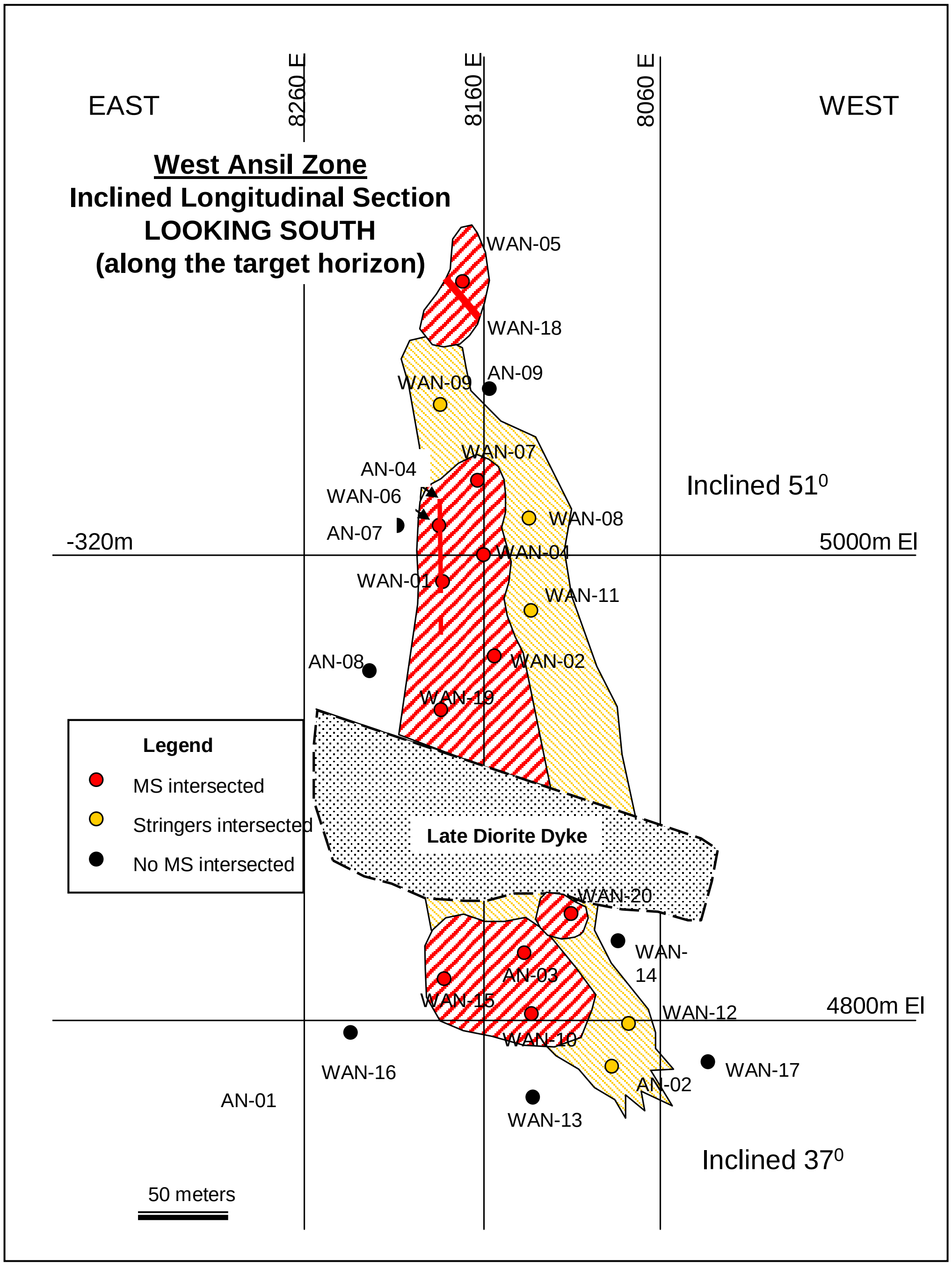

Figure 2: Longitudinal section of West Ansil deposit

The deposit remains open at depth and east of hole 15. The stringer zones to the west also remain open over the entire westward side of the deposit. The geophysical responses outline the shape of the massive sulphides but the copper-rich veins do not have a good geophysical response so the west limit is not known but are generally very narrow in the western part.

Table 2: West Ansil Zone: Diamond Drill Holes and best values (Aug-Dec 2005).

Drill Hole	UTM Coord.(N,E)	Az/Dip/Length(m)	From-To(m)	Type	Best Assay Results
WAN-05-11	5356754, 638135	179 / -55 / 501.0	418.4 – 419.05	Stringers	18.05% Cu, 0.26% Zn, 0.5 g/t Au/ 0.65 m
WAN-05-12	5356760, 638084	177 / -75 / 639.0	558.95 – 560.1	Stringers	21.1% Cu, 0.02% Zn, 0.05 g/t Au / 1.15 m
WAN-05-13	5356755, 638146	178 / -82 / 681.0	639.4 -640.4	Stringers	0.84% Cu / 1.0 m
WAN-05-14	5356762, 638085	177 / -72 / 722.0	621.80 – 642.4	Stringers	0.32% Zn / 20.6 m
WAN-05-15	5356771, 638175	176 / -72 / 909.0	523.5 – 526.3	MS+Stringers	5.08% Cu, 0.14% Zn, 0.33 g/t Au / 2.80 m
			529.1 – 531.15	MS	7.11% Cu, 0.45% Zn, 0.57 g/t Au / 2.05 m
			523.5 – 531.15	Total	3.76% Cu, 0.18% Zn, 0.27 g/t Au / 7.65 m
WAN-05-16	5356766, 638235	175 / -76 / 618.0	572.1 - 576.4	Stringers	0.42% Cu / 4.30 m
			588.9 - 589.4	Stringers	1.84% Cu / 0.5 m
WAN-05-17	5356635, 637964	103 / -83 / 657.0	172.7 – 174.7	Stringers	0.28% Cu / 2.00 m
WAN-05-18	5356400, 638300	270 / -59 / 333.0	233.5 – 253.3	MS	1.20% Cu, 0.20% Zn, 0.34 g/tAu /19.80 m
WAN-05-19	5356762, 638180	175 / -61 / 456.0	435.8 – 443.8	MS+Stringers	2.00% Cu,0.72% Zn, 0.42 g/t Au / 8.00 m
WAN-05-20	5356755, 638110	177 / -72 / 556.0	499.5 – 503.3	MS	3.69% Cu, 0.13% Zn, 0.13 g/t Au / 3.80 m
			518.2 – 522.7	MS	1.07% Cu, 0.31% Zn, 0.30 g/tAu / 4.50 m

Falconbridge completed an initial Resource estimation for the deposit in 2006 with reporting in Q1-2006. A 43-101 technical report will be filed during the first month of Q2-2006 (April 2006).

Additional drilling in the area of the West Ansil discovery focused on further drill holes to confirm the depth and the lateral continuity of the zones (Holes 11-12-13-14-15-16-17). Hole 18 was aiming to better define the lateral width of the Upper MS zone. At the end of the reporting period, two additional holes (19 and 20) were completed in order to verify respectively the down-dip extension of the Middle Zone and the Up-dip extension of the Lower Zone below the diorite dyke. Both holes have intersected narrow zones of massive sulphides.

Ansil Property Exploration

Additional drilling in the area of the West Ansil discovery focused on testing the Lewis Exhalite at potential down-plunge extensions of the mineralized West Ansil trend. Results are presented in Table 3.

Table 3: Exploration Drilling Results on outlying targets (Aug-Dec 2005)

Drill Hole	UTM Coord.(N,E)	Az/Dip/Length(m)	Target	Type	Best Assay Results
AN-05-111A	5356883, 638671	172 / -85 / 445.0	Gocad Target D Off-hole	Stringers	0.25% Cu, 0.15% Zn / 1.1 m
AN-05-113	5356768, 638225	280 / -85 / 791.0	Gocad Target E		NSV
AN-05-114	5356645, 637825	300 / -85 / 566.0	Gocad Target F	Stringers	0.40 % Cu / 1.0 m
AN-05-115	5356470, 638361	220 / -85 / 953.0	Gocad Target G	Stringers	0.18% Cu / 5.0 m
AN-05-116	5357385, 639185	267 / -77 / 744.0	Gocad Target – P95	Stringers	0.44% Zn / 1.4 m
				Stringers	0.12% Zn / 3.0 m
AN-05-117	5356947, 638446	315 / -70 / 703.0	Gocad Target H	Stringers	0.48% Cu / 0.5 m
AN-05-118	5356700, 638130	268 / -78 / 678.0	Gocad Target I		NSV
AN-05-119	5356780, 638900	270 / -83 / 853.0	Gocad Target J	Stringers	0.18% Zn / 4.20 m
AN-05-120	5356833, 638014	310 / -83 / 534.0	Target K Infinitem Off-hole	Stringers	0.15% Cu / 25.5 m
				Stringers	0.34% Zn / 59.0 m

Noralex Gold Discovery:

A new gold discovery (Figure 1) was reported in September 2004 on the Noralex Property and the company completed a program of drilling on the Anaconda Brass Showing, Bawolak option, during Q3-2005. Results from this property are being compiled to better understand the structural controls of the mineralization and develop a new program of exploration for 2006.

Montbray VMS Discovery:

Drilling of MegaTEM II targets in November 2004 encountered significant base metal mineralization (Figure 1) on the Lac Montbray Property in Montbray Township, Quebec. The new Montbray discovery highlighted the presence of a new poorly explored VMS horizon through the area and additional ground geophysics has been completed. A geological review of the potential in that area is continuing and a drilling program will be proposed for 2006.

Rouyn-Noranda Gocad, MegaTEM, Titan24 and “Trends” exploration programs (Figure 1)

In 2002, a large airborne MegaTEM survey covering the Blake River Group had been launched and had generated several new untested conductors. During the last three years, testing of these conductors has demonstrated the capability for the method to detect new conductors buried down to 200-250 metres. The drill testing of the MegaTEM anomalies is still ongoing.

Prior to and during the initial part of the JV, a 3D-Model of the Noranda Central Camp was completed. The model included all historical data (drillholes, assays, geochemical samples, BHEM etc...) within a unique platform called Gocad. Gocad was used to generate over 90 anomalies that are still in the process of being tested by geophysics and drilling.

During Q1-2005 and part of Q2-2005, a large Titan-24 survey was completed over the north western extension of the Central Camp stratigraphy. The Titan-24 method consists of a deep penetrating induced polarization and magneto-telluric survey capable of detecting large conductive areas at depths greater than 250 metres and down to 700-800+ metres, far deeper than previous geophysical approaches and technologies. Four test lines were completed over the Corbet deposit and confirmed the ability of the method to detect deep-seated mineralized zones in the Central Rouyn Camp.

From Q1-2005 to Q4-2005, a total of 41,442.5 metres (68 drill holes- 37 Gocad, 27 MegaTEM, 2 Titan-24 and 2 ‘’Trends’’) was completed for base metals exploration resulting in the discovery of the Montbray occurrence, the West Ansil deposit and eight additional base metal occurrences. During the reporting period (2005 Dec.), a total of 17,363.4 metres were completed and include 3-D Gocad (16 targets-16 holes), Titan-24 (4 targets- 5holes),and Favourable Trends (3 targets-3 holes). During the reporting period, a new ‘’Horne Type’’ horizon has been discovered on the Metco-Rouyn property. Hole F-05-04 intersected significant alteration and a mineralized interval that returned 0.13% Zn over 19.0 metres. Additional drilling will be proposed in that area. In addition, drilling identified several new anomalous base metal stringer zones and exhalites. The Joint Venture Management Committee elected in November 2005 to temporarily suspend exploration drilling to allow current results to be assimilated into the digitial database and initiated a major re-compilation program and re-interpretation of the region. This work commenced prior to year end and placed upwards of 8 geologists in full time compilation. The program relies significantly on multidisciplinary work groups focused on specific target regions through the camp. This allows for all aspects of geophysics, geochemistry and geology to be carefully integrated. Significantly, new concepts within this multi-disciplinary approach are applied. The program will provide a new generation of exploration targets across the region for additional drilling programs planned commencing in Q2-2006.

Table 4: Exploration Drilling Results on exploration programs (Aug-Dec 2005)

Drill hole	UTM Coord.(N,E)	Az/Dip/Length(m)	Target	Type	Best Assay Results
DT-05-03	5362485, 637621	208 / -70 / 381.0	Titan – Line 12E		NSV
DT-05-04	5364751, 639757	208 / -65 / 849.0	Titan- Line 20E	Stringers	0.19% Cu / 0.5 m
DT-05-06	5362697, 639559	028 / -65 / 852.0	Titan- Line 28E		NSV
DT-05-07	5364270, 639640	027 / -73 / 201.7	Titan – Line 21+50E		Abandonned and wedged
DT-05-07A	5364270, 639640	027 / -73 / 909.0	Titan – Line 21+50E		NSV
VNV-05-01	5360751, 642995	225 / -65 / 611.0	Gocad P-92	Stringers	0.13% Cu / 4.1 m
HE-05-01	5366300, 622585	360 / -50 / 252.0	Favourable Trend	Stringers	0.50% Cu / 1.1 m
MO-05-01	5362680, 653695	220 / -65 / 653.0	Gocad P-31		NSV
AN-108 EXT	5356603, 639018	200 / -89 / 212.0	Gocad P-29		NSV
F-05-03	5349071, 649164	195 / -72 / 816.0	Favourable Trend		NSV
F-05-04	5348963, 649610	195 / -77 / 1075.5	Horne Type Rhyolite		NSV
F-05-05	5350038, 649114	235 / -80 / 849.0	South Bay Exhalite	Stringers	0.13% Zn / 19.0 m
WD-05-02	5356090, 640225	230 / -80 /1167.7	Gocad P-7A	Stringers	0.10% Zn / 1.0 m

Val-d'Or Properties, Quebec:

- **Central VMS Properties**

A total of 7,034.5 metres of drilling were completed during the 2005 (Dec.) period. Target area, P6 on the Louvex property remained the principal target objective due to very encouraging geology, alteration and mineralization indicative of footwall areas of VMS deposits and the adjacent Louvicourt Massive Sulphide deposit. This target was attained during Q1-2006. The hole reached [2075] metre depth, 65 metres from its targeted position, and in an ideal location to evaluate the target area using down-hole geophysics. Unfortunately, while removing the drill string in order to conduct the PEM survey, the rods jammed at a wedge in the hole. Attempts to recover the drill rods for the survey have been unsuccessful. Alexis is currently reviewing alternative drilling approaches, prior to redrilling this very prospective target.

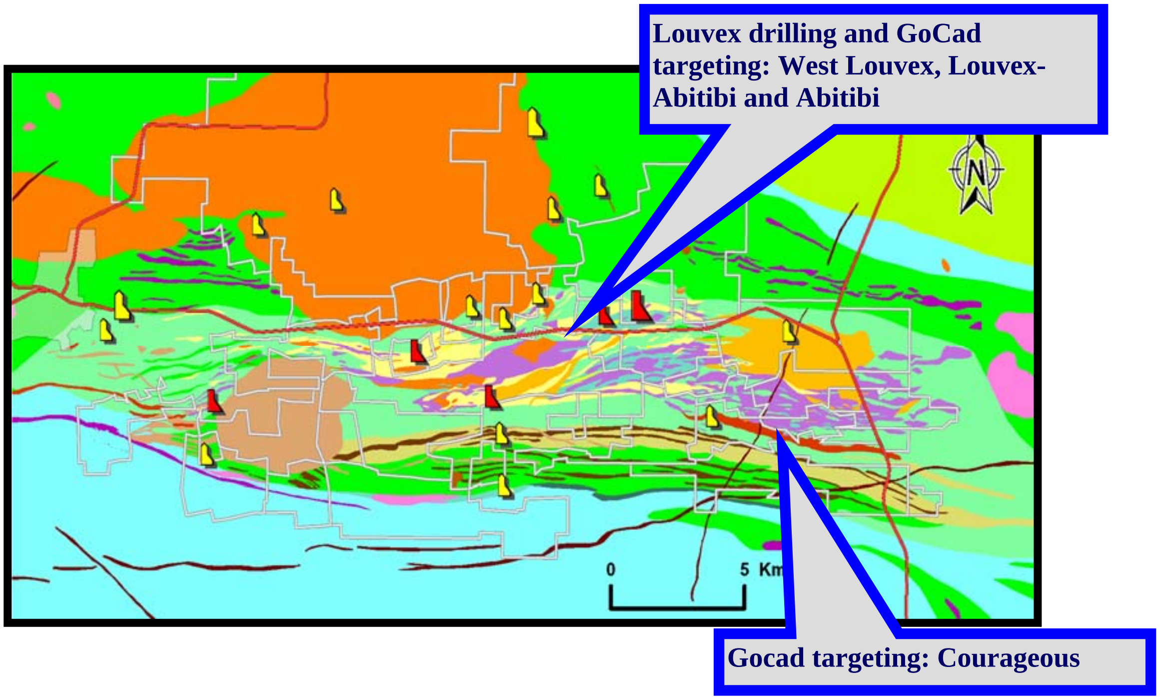

Figure 4: Focus of work activities in the Val-d'Or Mining Camp – Q4 2005. Target areas shown on geological map.

Louvex program: Target P6
The target lies one kilometre southwest of the Louvicourt Mine (15.5 Mt @ 3.4% Cu, 1.6% Zn, 26 g/t Ag and 0.9 g/t Au) and to the south of the Louvem deposits. Novicourt Inc. is contributing to their 45% joint venture funding of the program.

Following the completion of hole 17315-03 (A-C) during September 2005 (refer to MD&A posted on sedar December 23rd, 2005), a reinterpretation of the geology in the three deep holes completed in the previous attempts was produced. Observations collected to date continue to support the application of the Louvicourt Mine model to the area. The persistent occurence of alteration, mineralization and favourable geology is indicative of the footwall setting of a VMS deposit.

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A forth attempt was launched in November 2005, by extending hole 314-13A, a historical drill hole which had been stopped at 1200 metres. At years end, drilling of the 4th hole on the Louvex target was progressing at 1569.0 metres for a year to date total of 7633.5 metres for the LouvAur JV project. Progress throughout December was slow as directional drilling tools were employed to direct the hole towards the target.

Table 5: Significant Assay Results, Louvex Property, Val-d'Or, Quebec

Target	*Drill Hole*	*Local UTM (N,E)*	*Az/Dip/Length*	*From – To (m)*	*Description*	*Best Composite Assay Results*
P6	17315-03C	229132/5330055	160°/-87°/2344m	1,601.1-1,837.0	Stg + Diss	1,470 ppm Zn, 460 ppm Cu over 235.9 m
			Including	1,669.4 – 1,673.5	Stg	1.8 % Zn over 4.1 m
			Including	1,778.1 – 1,790.5	Stg	1.48% Zn over 12.4 m, incl. 6.72% Zn over 1.8 m
			Including	1,797.2 – 1,798.2	Stg	2.55 % Zn over 1.0m

Val d'Or Base Metal Exploration
A revised 3-D GoCad model was developed through the later part of 2005 (Dec.) and continued into Q1-2006. Building of the model was factored with a review of geology, geochemistry and geophysics. Several new targets have been recognized and will be developed into continuing exploration through this very prospective area. Initial targets developed include four areas that host key features for VMS exploration:

The target areas currently the focus of further review and study, area are briefly decribed below:

1) **West Louvex**: This target is situated at historic property boundaries and has little to no previous drill testing. There is a Titan Anomaly on strike with the Louvicourt-Louvem mineralized trend. One hole in the target area (CC89-01) intersected 1.34% Cu over 5 metres and 6.0% Zn over 2 metres, coincident with presence of a rhyolite. A review of the geology shows that the Louvicourt Mine sequence is present. Previous operators did not survey the hole with borehole PEM, as well the casing was pulled and therefore the hole is not accessible for surveying. Similarly another hole in the vicinity (DL-80-03) intersected the favorable mineralized contact and presence of rhyolite. Again the hole was not surveyed with borehole geophysics and previous operators retrieved the casing.

2) **Louvex-Abitibi**: This target is highlighted by a MegaTEM anomaly (#215). The anomaly signatures the interpreted offset strike extension of a pyritic mudstone horizon known as the southern vsed horizon on the Abitibi property. There has been no previous exploration of this conductor.

3) **Abitibi**: This target is highlighted by a MegaTEM anomaly (#258) and coincident IP anomaly. The target area is interpreted as proximal to a volcanic vent due to the thickening of the rhyodacite unit and the presence of rapid facies changes and a variety of composition of rock fragments of the volcaniclastics encountered. An increase of the hydrothermal alteration is mapped towards the south-east. Borehole geophysics in previous holes have detected conductors at depth. A PEM off-hole and 3 PEM edge anomalies were detected in previous holes within the target area. The target area lies along the southern vsed horizon, the latter is characterized by, 6 to 30 metre thick mudstone horizon, comprised of bedded Py-Po cherts with local dessiminated Chalcopyrite and Sphalerite.

4) **Courageous**: The target is signatured by Chloritoide and pyrophyllite alteration at -350 metres depth. This hydrothermal alteration is proximal to the Mainstreet-Cu (**3.76% Cu, 32.8 g/t g and 0.87 g/t Au over 1.0m**), Sleepy Lake South stringer zone (**4.05% Cu, 26.74 g/t Ag and 16..46 g/t Au over 1.2 m**), and Lugold West (**17.44% Zn over 7.8m**). Alteration increases over western portion of area where drill spacing is 500 metres. In a previous hole (303-23) –mudstones have been reported and an edge anomaly detected at 360 metres downhole coincides with, polymictic tuff horizons containing large massive sulphide fragments. Hangingwall felsics reminiscent of the Louvicourt sequence occurs within the target area. A surface IP anomaly and megaTEM anomaly (#257) appear to correlate with the area signatured by the PEM edge anomaly at depth.

- **Aurbel**

A new resource estimate and scoping study were reported on the Lac Herbin and Zone II area of the Aurbel property during 2005. Inferred Resources are **1,072,681 tonnes grading 7.26 grams gold per tonne (g/t Au), or an estimated 250,000 ounces of gold**. The Resource lies 1.8 km west of the 1400 tonnes per day Aurbel Gold Mill which remains fully permitted and on care and maintenance.

Scoping Study results demonstrate that the Lac Herbin Project has the potential to produce approximately 35,000 ounces per year at a cash cost of US$224 per ounce and be in production within one year. Key conclusions of the Scoping Study were:

- Production of 35,000 ounces per year at a cash cost of US$224 per ounce
- Total capital investment of US$12 million, of which US$7.6 million is for underground exploration and bulk sampling and US$4.4 million is to put the mine in production
- 12 month pre-production period
- An existing, fully permitted plant, with a capacity of 1,400 tonnes per day, is located within one kilometre of the site and can be used for processing. Alexis maintains a purchase option on the plant within the original property agreement.
- Exchange rate used was 0.86 and gold price was $400/oz.Au

The project has;

- good potential for additional resource growth:
  - On east-, west- and downdip-extensions of known resource areas, and
  - On sub-parallel structures to the immediate south of the current area of exploration intersected in previous resource drilling in the hanging wall to the known zones.

- good upside leverage to gold price. Gold prices have increased significantly to US$ 550-580 (Exchange 0.86) since the original study (0.75, US$/oz.Au 400).

The Scoping Study is based upon Inferred Mineral Resources that are considered too geologically speculative to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment will be realized. The report recommended a three phase program of exploration to improve the quality of the resource. Phase 1 development commenced in September 2005.

Underground Exploration Program – Lac Herbin

A three-phase program of underground exploration was outlined on the Lac Herbin project in the Scoping study. The work entails ramp development, definition diamond drilling, lateral drifting in defined zones and bulk sampling/test mining of mineralization. The approved Phase 1 program commenced in Septemebr 2005 and will be completed in April 2006. The program is advancing very well and approximately 18% under-budget. Phase 2 and 3 are expected to commence in Q2-2006 with completion in September-October 2006. Feasability studies on this schedule should be completed by Q4-2006.

726 metres of ramp advance was completed during 2005 (Dec).

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2005, the Company had working capital of $7,536,676 compared to working capital of $8,655,440 at July 31, 2005. Cash appropriated for exploration expenditures of $2,715,401 (Twelve months ended July 31 2005 $2,152,041) and prepaid exploration expenditures of $nil (Twelve months ended July 31 2005 $881,096) have been classified as long term assets in order to match them with the long term exploration expenditures they will support. Working capital, cash appropriated for exploration expenditures and prepaid exploration expenditures will be used for exploration as described under the exploration section of this report. Working Capital will also be used to support corporate overheads.

During the year ended July 31, 2004, the Company made an application to certain Quebec government bodies to capture $975,255 in provincial refundable tax credits. The Company received $779,333 of the refund during the twelve months ended July 31, 2005 from one government body and expects to receive the balance during 2006. The Company has made further application for refundable tax credits related to its spending through July 31, 2005 and December 31, 2005 of $6,482,693. In March 2006 the Company received $3,465,000 and expects to receive the balance of in 2006.

In April of 2005, the Company raised $15,328,474 through a private placement offering. The Company issued 12,681,250 flow-through common shares at a price of $0.80 per flow-through share and 6,911,299 units at a price of $0.75 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $1.00 per share until April 20, 2007.

The Company has and will utilize the private placement funds and refundable tax credits to meet exploration funding obligations as described under the Significant Future Obligations section of this report and to fund its corporate overheads.

SIGNIFICANT FUTURE OBLIGATIONS

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

Rouyn-Noranda

- **Rouyn-Noranda Properties, Quebec**

On June 15, 2004, the Company entered into a binding letter of intent with Falconbridge Ltd. ("Falconbridge" formerly Noranda Inc.) wherein the Company has an option to earn a 50% interest in all of Falconbridge’s properties in the prospective Rouyn-Noranda Base Metal and Gold Camp, Quebec. The Company will spend $16.5M in exploration over a 3-year option period, after which the parties will form a 50/50 joint venture to pursue further exploration and development of the properties.

The Company will have no current or future liabilities from previous work or mining activities. Mineral rights in sensitive environmental areas will be severed from surface rights and obligations. Surface rights, mineral title and past liabilities will remain with Falconbridge in these areas.

Under the terms of the agreement, Falconbridge will be the operator and the Company shall fund expenditures on the properties as follows:

a) $5,000,000 on or before April 30, 2005 (completed)
b) $5,000,000 on or before April 30, 2006
c) $5,000,000 on or before April 30, 2007
d) the Company will pay to Falconbridge an overhead and administration fee of 10% of the above expenditures; and
e) if warranted by a discovery of base metal mineralization of potentially economic grades and widths as specifically defined, on or before April 30, 2007, the Company will incur an additional amount of $3,000,000 in order to outline an inferred resource. Until such time as a base metal discovery is made, the additional amount may be spent on exploration programs for gold discovery as operated by the Company.

To December 2005 the Company has issued or placed into trust or advanced a total of $12.0M of the intended $16.5M commitment, issued Falconbridge 1,000,000 common shares of the Company and 1,000,000 share purchase warrants. The warrants expire two years from the date of issue with an exercise price of $0.75. The shares had a deemed value of $450,000 and the warrants had a deemed value of $188,000. This deemed value has been charged to property costs. Alexis will place into trust an additional of $4.5M prior to April 30, 2007 to meet all obligations. Exploration funding for programs of exploration are drawn-down from the trust account after authorization of programs by the joint management committee.

The Company also agreed to expend an additional $3,000,000 over the 3-year period on exploration across the properties. This expenditure can be directed at gold exploration, under the management of Alexis and subject to a carve-out agreement on gold, or, on delineation drilling of a base metal discovery under the direction of the JV committee. To December 2005, a total of $2,973,223 was incurred related base metal and gold exploration.

- **Lac Pelletier Property Acquisition**

In September 2005, the Company entered into an option agreement with Thundermin Resources Inc. [TSX: THR] ("Thundermin") to acquire a 100% interest in the Lac Pelletier property near Rouyn-Noranda, Quebec. The Company will undertake $1,000,000 in exploration drilling and engineering work over a 3-year option agreement in order to earn its 100% interest as follows:

$200,000 by September 1, 2006;
$300,000 by September 1, 2007;
$500,000 by September 1, 2008.

The Company paid $75,000 cash and issued 100,000 common shares with a deemed value of $41,000 to Thundermin. The property will be subject to a 2.5% NSR to Thundermin and an underlying 1.0% NSR to Falconbridge. Thundermin will receive a tonnage royalty of $1.00 per tonne on any ores mined by the Company on adjoining properties and hoisted to surface through current infrastructure on the property. A production decision can be extended to September 1, 2009 by making a $75,000 cash payment to Thundermin on or before September 1, 2008.

If the Company fails to reach commercial production by September 1, 2009, or September 1, 2010 if the Company has exercised its extension option, the Company will make advance royalty payments to Thundermin of $75,000 cash per year until commercial production has been reached. Any advance royalty payments will be recoupable by the Company out of NSR royalties otherwise payable to Thundermin.

Val d'Or

- **Aurbel (including Lac Herbin)**

In order for the Company to complete the acquisition of a 50% interest in the Aurbel properties, the following payments and expenditures were required:

Payments:
- $250,000 on March 24, 2004 (paid)
- $250,000 on March 24, 2005 (paid)

Expenditures:
- $5,000,000 on exploration by March 31, 2006, with at least $250,000 on claims identified as the "Standard Gold" property. The exploration on the Standard Gold property was not made and the property was returned to Aur Resources subsequent to the year end.

Alexis vested in their 50% interest in the Aurbel property in February, 2006.

The Company has a second option to acquire the remaining 50% interest in the property by the payment of $4,000,000. Aur Resources will retain net smelter royalty in the case of the exercise of the second option. Forbes and Manhattan retains a 2% net smelter royalty on the property, which can be reduced to 1% on payment of $1,000,000. Terms of this acquisition are in negotiation.

- **Central VMS Properties**

On March 17, 2004, the Company entered into an option agreement to acquire all Aur Resources Inc. ("AUR") interests in 17 additional gold and base metal properties in the central area of the Val-d'Or Camp, Quebec. Under the agreement, the Company is required to spend C$4 million on exploration and make a $1 million cash payment to Aur on or before March 31, 2008. Aur will subsequently retain between a 2% and a 2.5% net smelter return royalty on the properties depending on pre existing underlying royalties. The Louvex and Bonnefond properties are held under an existing joint venture agreement whereby Novicourt Inc. owns a 45% interest.

- **Langlade, Quebec**

In July 2004, the Company entered into an agreement to option 24 claims from Cambior Resources Inc. (20%) and Resource Orient Inc. (80%), in Bourlamaque Township, Val-d'Or Quebec. The Company is required to spend $100,000 in exploration on the properties over 3 years.

RESULTS OF OPERATIONS

The income for the five months ended December 31, 2005 is $1,197,971 compared to a loss of $3,458,856 for the twelve months ended July 31, 2005.

There were two large non cash items recorded during the five months ended December 31, 2005 and the twelve months ended July 31, 2005. Firstly, the Company renounced $7,571,933 related to proceeds from flow through shares with an effective date of December 31, 2004 and consequently a non-cash future income tax recovery of $2,725,900 was recognized. For the year ended July 31, 2005, $596,900 was applied to the profit and loss statement as a future income tax recovery and the balance of $2,129,000 was applied to the Balance Sheet as a future tax liability. During the five months ended December 31, 2005, $1,717,000 of the future tax liability was applied to the profit and loss statement as a future income tax recovery with the balance of $1,935,000 included as a reduction of the future tax liability. Secondly, the Company wrote off its investment in certain properties as it decided not to pursue its options on these properties. For the five months ended December 31, 2005, the Company wrote off its investment in the Aur Standard Gold property as previously discussed for a total of $59,683 and during the twelve months ended July 31, 2005, a one time expense was recorded related to the write of the Cadillac properties resulting in a one time cost of $1,903,148. The Company also wrote off a small amount for its Turquoise Flats property of $15,814 during the twelve months ended July 31, 2005.

Included in expenses for the five months ended December 31, 2005 and the twelve months ended July 31, 2005 were non-cash stock based compensation expenses of $30,750 and $1,161,490 respectively. The Company applies the fair value method of accounting for all stock based compensation awards using the Black-Scholes option pricing model.

The Company earned income on its investments in Bankers Acceptance investments of $93,156 for the five months ended December 31, 2005 compared to $118,774 for the twelve months ended July 31, 2005 due to the large cash balances held.

Quarterly information

The quarterly results have been as follows (Tabular amounts in $000 except for per share amounts):

Summary Financial Information for the Eight Quarters Ended December 31, 2005

Period	Revenues	Total assets	Net Income (Loss)	Net Income (Loss) per Share	Long term liabilities
Transition period - 2 months ended December 31, 2005	Nil	28,444	1,438	0.02	Nil
1st Quarter 2006 (October 31, 2005)	Nil	29,681	(240)	0.00	Nil
4th Quarter 2005 (July 31, 2005)	Nil	28,045	(2,363)	(0.04)	Nil
3rd Quarter 2005	Nil	28,060	(491)	(0.01)	Nil
2nd Quarter 2005	Nil	15,596	(430)	(0.01)	Nil
1st Quarter 2005	Nil	15,594	(175)	0.00	Nil
4th Quarter 2004	Nil	15,556	(1,095)	(0.04)	Nil
3rd Quarter 2004	Nil	5,561	(613)	(0.04)	Nil

As the Company has no revenue at this point in time, the net income or loss results primarily from corporate overheads including stock based compensation and the write off of exploration interests. Income is generated through interest earned on Bankers Acceptance investments and future income tax recoveries as previously discussed. Stock based compensation is a non cash expense representing an estimate of the fair value of options granted to directors, officers and consultants of the Company calculated by applying the Black Scholes option pricing model.

The general trend in increasing assets has resulted from the Company raising funds through private placements and investing in its exploration properties in Quebec.

During the twelve months ended July 31, 2005, the Company wrote off $1,918,962 in exploration interests related primarily to the write off of the Cadillac properties, recorded $1,161,490 in stock based compensation and recorded a future income tax recovery of $596,900. These primarily provided for the large loss of $3,458,856 during the year. During the 5 months ended December 31, 2005, the Company recorded a future income tax recovery of $1,717,000 which generated income for the transition period.

Annual information

The annual results have been as follows: (Tabular amounts in $000 except for per share amounts):

	2005 December 31 5 months	2005 July 31 12 months	2004 July 31 12 months
Net Income (loss)	1,198	(3,459)	(1,351)
Income (loss) per share basic and fully diluted	0.02	(0.07)	(0.08)
Total assets	28,444	28,045	15,556
Total Long term liabilities	0	0	0

CASH FLOWS

Cash used in operating activities for the five months ended December 31, 2005 was $1,168,599 compared to $621,715 for the twelve months ended July 31 2005. Operating expenses used $493,916 compared to $1,038,350 during the twelve months ended July 31 2005. Investment income generated $93,156 due to the large cash balances held, compared to $118,774 during the twelve months ended July 31 2005 and non cash working capital used $767,839 compared to a source of $297,861 for twelve months ended July 31 2005.

Cash from financing activities used $4,014 for the five months ended July 31, 2005 compared to a source of $14,489,856 during the twelve months ended July 31, 2005. During the current year under review, no warrants and no options were exercised compared to $824,184 during the twelve months ended July 31 2005. The Company also raised $13,665,672 net of issue costs through a private placement as described in the Liquidity and Capital Resources section of this report during the twelve months ended July 31, 2005 compared to $nil during the five months ended December 31 2005.

Cash used in Investing Activities for the five months December 31, 2005 was $6,479,287 compared to $13,001,481 for the twelve months in the prior year. During the five months ended December 31, 2005, the Company invested $7,710,341 net of $nil in government assistance in exploration properties as compared to $11,423,774 net of $779,333 in government assistance for the twelve months during the prior year as described in the explorations properties section of this report. Also, during the five months ended December 31, 2005, the Company purchased fixed assets of $ nil as compared to purchases net of disposals of $35,392 during the twelve months in the prior year. The Company also decreased its prepaid exploration expenditures by $881,096 compared to a decrease of $64,054 during the prior year, increased its cash appropriated for exploration expenditures with Falconbridge by $563,360 compared to $2,152,041 during the twelve months ended July 31, 2005 and increased its accounts payable related to exploration activities by $913,318 as compared to $545,672 during the twelve months ended July 31, 2005.

Cash expenditures on properties for the five months ended December 31, 2005 and the twelve months ended July 31, 2005 were as follows:

Five months ended December 2005

DESCRIPTION	Rouyn	VMS	Audet	Aurbel	Lac Herbin	Queotish	Other	TOTAL
Acquisition costs								
Acquisition and property costs	158,252	7,183	-	7,951	-	5,500	-	178,886
Exploration expenditures								
Drilling	2,589,689	356,269	-	55,862	17,121	-	-	3,018,941
Line cutting	-	-	-	-	4,602	-	-	4,602
Analysis and laboratory	17,965	28,428	-	2,600	3,062	-	-	52,055
Geology	297,301	-	-	-	3,449	-	-	300,750
Travel and transportation	10,180	2,511	-	14,433	4,303	43	368	31,838
Consulting and labour	170,157	66,462	-	77,384	165,089	308	2,395	481,795
Geochemistry and geophysics	161,576	412	-	-	6,975	-	-	168,963
Environmental	14,314	-	-	350	4,965	-	-	19,629
Roads	-	-	-	-	13,910	-	-	13,910
Mobilization/Demobilization	-	-	-	-	242,452	-	-	242,452
Site construction	-	-	-	-	218,022	-	-	218,022
Portal and ramp construction	-	-	-	-	2,494,505	-	-	2,494,505
Water waste and settling pond	-	-	-	-	120,355	-	-	120,355
Field and office support	26,626	7,340	-	48,483	15,283	97	-	97,829
Management fees (recovered)	285,653	(19,844)	-	-	-	-	-	265,809
Cash spending December 31, 2005	3,731,713	448,761	0	207,063	3,314,093	5,948	2,763	7,710,341

Twelve months ended July 2005

DESCRIPTION	Rouyn-Noranda	VMS	Audet	Cadillac	Aurbel	Lac Herbin	Queotish	Turquoise Flats	Other	TOTAL
Acquisition and property costs	297,332	16,922	460	5,658	285,653	-	-	2,441	-	608,466
Drilling	4,997,289	1,003,928	-	232,909	527,324	-	-	-	-	6,761,450
Line cutting	58,510	11,599	1,230	36,578	1,037	1,250	-	-	-	110,204
Analysis and laboratory	28,012	54,346	-	55,401	20,591	1,543	-	-	85	159,978
Geology	550,102	3,656	-	17,092	25,715	59,066	-	5,945	-	661,576
Travel and transportation	28,719	5,741	-	4,534	6,661	437	-	1,436	874	48,402
Consulting and labour	469,816	161,685	18	146,174	196,325	61,883	-	-	13,673	1,049,574
Geochemistry and geophysics	1,589,244	45,915	2,267	57,872	6,743	32,425	-	-	-	1,734,466
Environmental	83,290	2,255	-	-	2,507	3,561	-	-	-	91,613
Roads	-	-	-	-	-	650	-	-	-	650
Site construction	-	-	-	-	-	52,335	-	-	-	52,335
Water waste	-	-	-	-	-	5,616	-	-	-	5,616
Field and office support	119,005	38,861	-	29,040	51,346	6,588	-	-	-	244,840
Management fees	730,922	-56,985	-	-	-	-	-	-	-	673,937
Balance before write offs and government assistance	8,952,241	1,287,923	3,975	585,258	1,123,902	225,354	0	9,822	14,632	12,203,107
Less: Government assistance	(30,603)	(2,535)	-	(406,124)	(340,071)	-	-	-	-	(779,333)
Cash spending July 2005	8,921,638	1,285,388	3,975	179,134	783,831	225,354	0	9,822	14,632	11,423,774

TRANSACTIONS WITH RELATED PARTIES

The Company was charged $183,300 for the 5 months ended December 31, 2005 (for the year ended July 31, 2005 - $795,700) by directors or companies controlled by directors, for professional, consulting and administration fees. The related parties are also reimbursed for out of pocket expenses. Included in accounts payable and accrued liabilities at December 31, 2005 is $16,232 (July 31, 2005 - $11,266) owing to these directors or companies controlled by them.

No stock options were granted to directors and officers during the five months ending December 31, 2005. During the year ended July 31, 2005, 1,800,000 stock options were granted to directors and officers of the Company.

The Company shares its premises with other companies that have common directors, and the Company reimburses (and is reimbursed by) the related companies for their proportional share of the expenses. Included in accounts payable and accrued liabilities at December 31, 2005 is $23,075 (July 31, 2005 - $18,233) owing to such companies and included in amounts receivable is $8,320 (July 31, 2005 - $Nil) owing from such companies.

During the year ended July 31, 2005, an individual investor related to a director of the Company subscribed for units as part of a private placement. 266,662 units were issued to this related individual for gross proceeds of $199,996. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $1.00 for a period of two years.

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 December 31, 2005, 63,492,245 common shares of the Company are outstanding. Of the options to purchase common shares issued to service providers under the share option plan of the Company, 5,687,500 remain outstanding with exercise prices ranging from $0.255 to $0.83, with expiry dates ranging between September 5, 2008 and December 9, 2010. If exercised, 5,687,500 common shares would be issued generating $3,444,850.

As at December 31, 2005, there were 11,355,047 share purchase warrants outstanding with exercise prices ranging from $0.45 to $1.00, expiring between June 25, 2006 and April 20, 2007. If exercised, 11,355,047 common shares would be issued generating $8,724,490.

SUBSEQUENT EVENTS

Rouyn-Noranda

- **West Ansil Deposit**

A Resource evaluation was advanced during Q1-2006 and reported Inferred and Indicated Resources for the West Ansil deposit:

Indicated Resource:

- **530,000 tonnes grading 3.4% Copper (Cu), 1.42 grams gold per tonne (g/t Au), 9.2 grams silver per tonne (g/t Ag) and 0.4% Zinc (Zn); with an additional,**

Inferred Resource:

- **600,000 tonnes grading 3.3% Cu, 0.3 g/t Au, 5.9 g/t Ag and 0.2% Zn**

The West Ansil deposit consists of seven (7) domains – Three main massive sulphide lenses known as the Upper, Middle and the Lower Zones, two alteration-magnetite pipes (one joining the Upper and Middle massive sulphide lens and a second one underneath the main Lower massive sulphide zone), and two small satellite lenses above the Lower massive sulphide zone. Resource calculations were determined using generally-accepted mineral industry practices and are detailed in Table 1.

West Ansil Resource Estimate Summary

Zone	Category	Tons	Cu%	Au g/t	Ag g/t	Zn%
Upper MS	Inferred	177,381	0.84	0.41	1.33	0.02
Upper Stg	Inferred	83,293	3.05	0.02	6.89	0.05
Middle MS	Indicated	526,327	3.35	1.37	9.23	0.42
Middle MS	Inferred	53,330	2.54	0.57	14.08	0.51
Lower 1 MS	Inferred	16,075	3.30	0.61	5.27	0.10
Lower 2	Inferred	18,441	1.39	0.24	5.66	0.27
Lower MS	Inferred	180,693	5.80	0.40	8.62	0.15
Lower Stg	Inferred	74,396	4.22	0.05	3.21	0.33

Legend : *MS = massive sulphides; Stg = stringer sulphides*

The West Ansil deposit is located in the Rouyn-Noranda Mining Camp, 15 kilometers northwest of the Horne Smelter in the town of Rouyn-Noranda, Quebec. A review of potential economics at West Ansil has been initiated. Falconbridge and Alexis are also completing a thorough compilation throughout the area in order to identify additional drill targets and to refine targets identified on the remainder of the property. Additional drilling will explore target areas which lie in close proximity to structures and stratigraphy related to West Ansil and where further new discoveries may be expected. A major effort remains focused on exploring the down plunge extension of the West Ansil system towards the Lewis horizon.

The West Ansil resource calculation was supervised by Mario Masson, P.Geo., and Qualified Person under National Instrument 43-101 guidelines. The geological interpretation of the West Ansil massive sulphides and the stringer zones was carried out by Falconbridge's geological team. For the purpose of this resource estimate, four vertical sections were constructed. Based on these sections a three dimensional (3D) geological interpretation of the mineralized zones, massive sulphide zones and stringer zones was built using Gemcom software. A total of 18 (BQ)-NQ diamond drillholes for 11,017 metres contained all relevant sample data for the West Ansil deposits and was incorporated into the model. A statistical analysis of the West Ansil deposit database was completed on 342 samples from the composite weighted average data. The resource calculation was reviewed and confirmed by Chester Moore and Judy Wong, Falconbridge, Toronto as part of the Company's normal internal due-diligence program. A 43-101 compliant report is available from www.sedar.com.

- **Lac Pelletier Property Acquisition**

In August 2005, the Company entered into an option agreement with Thundermin Resources Inc. [TSX: THR] ("Thundermin") to acquire a 100% interest in the Lac Pelletier property near Rouyn-Noranda, Quebec.

During the 2005 (Dec) - Q1 2006 period, Alexis has focused on developing a digital data base of previous results and geological data to assist with Resource calculation and drill planning. An estimated 8,000 metres of drilling is proposed to delineate and expand current resources on the property, with engineering studies focused on a commercial production decision by September 2008.

If the Company fails to reach commercial production by September 1, 2009, or September 1, 2010 if the Company has exercised its extension option, the Company will make advance royalty payments to Thundermin of $75,000 cash per year until commercial production has been reached. Any advance royalty payments will be recoupable by the Company out of NSR royalties otherwise payable to Thundermin. Work proposals in the 3-year option are matched to the Company's ability to fund the programs while also vesting into its major exploration agreements on the Rouyn-Noranda (Falconbridge) and Val-d'Or (Aur) properties.

Any potential development of the Lac Pelletier property will be planned to coincide with development of the Lac Herbin project in Val-d'Or. Exploration and reporting on the property is supervised by Philippe Berthelot, P.Geo. and Qualified Person under National Instrument 43-101 guidelines. Consulting Engineer Richard Adams, P.Eng., will supervise all engineering studies. The agreement has been ratified by both of the Boards of Thundermin and the Company and has been submitted for approval by the TSX Venture Exchange.

- **Val d'Or**
- **Lac Herbin Underground Program**

The underground program at Lac Herbin commenced early September 2005. The objective of the first phase of the program is to provide underground access to the first level (3080El.) in order to complete 9715 (of the total of 27660 for the three phases) of diamond drilling. Phase I is expected to test three zones, namely the Lac Herbin Upper Zone, HW Zone, and S1 East Zone. A current drilled resource of some 250,000 tonnes should be drilled-defined by the end of Phase I. Once completed, Phase I will include some 1,200m of ramp, 27 m of vent raise and an additional 250m of drifting on the first level.

To date, a total of 1175 m of ramp has been completed, along with 1 sump, 1 temporary sump, 2 remuck bays and 4 safety bays. In addition, the 29m vent raise was also completed. Ramp access was completed by February 2006 with completion of a total advance of 1175 metres. Development of the fist level at 165 metre elevation has subsequently been completed for additional advance of 118 metres. The level provides suitable diamond drill locations to evaluate Resource blocks on the S1, Lac Herbin and Hanging Wall shear zones. Diamond drilling commenced in February 2006 with a second machine mobilized during March 2006. Total drilling subsequent to year end and to the date of this report is 3,905 metres.

The underground program is ongoing.

- **Louvex program: Target P6**

A forth attempt was launched in November 2005, by extending hole 314-13A, a historical drill hole which had been stopped at 1200 metres. Drilling on the 4th hole on the Louvex target was completed in March 2006, at 2071 metres. The hole remained entirely within hangingwall stratigraphy. A gyro survey was conducted and confirmed a correct design of the hole. While pulling the rods two wedges within the hole loosened and prevented the drillers from retrieving the string of rods. The end of the hole could not be surveyed with downhole PEM.

The exploration team is currently planning a new hole to be drilled to test the Louvex Deep target.

- **New GoCAD model for the Val-d'Or Formation**

The model is an upgraded version of the original model constructed by Aur Resources in 2003. The database includes all historical information (drill holes, assays, geochem samples, BHEM etc...) interpreted using 3D-Gocad software. The generation of targets using this approach and the success of a similar approach in the discovery of the West Ansil Deposit in the Rouyn-Noranda camp, clearly demonstrates the applicability of this approach in the Val-d'Or area. The previous Gocad Louvicourt Mine model was employed to generate the P1 to P6 targets. Exploration on these targets in the immediate Louvicourt Mine area has led to the recent discovery of the Louvex stringer and alteration system (see above). Building of the model was factored with a review of geology, geochemistry and geophysics.

The model is near completion. Several new targets have been recognized and will be developed exploration progresses through this very prospective area. Four target areas are now in the stages of data and field validation in order to design the drilling proposals. Initial targets developed are described above in this report:

RISKS AND UNCERTAINTIES

Mining exploration inherently contains a high degree of risk and uncertainty. Solid professional management and experienced personnel with high standards of care can mitigate some of these risks. Risks would include but not be limited to unfavourable drill results including uneconomic grades or costs of recovery, falling copper, nickel or PGM commodity price or gemstone market prices, a strengthening Canadian dollar versus the US dollar, unfavourable costs, falling capital markets, key personnel changes, domestic and foreign laws, environmental legislation, labour relations, geological and metallurgical assumptions and estimates and other risks and hazards associated with mining operations.

FINANCIAL INSTRUMENTS

Fair value:
Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market

information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities reflected in the consolidated balance sheet approximate fair value because of the limited term of these instruments.

Commodity Price Risk:
The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

COMMITMENTS AND CONTINGENCIES

Pursuant to the issuance of 12,681,250 flow through shares in April 2005, the Company renounced $10,145,000 on qualified exploration expenditures with an effective date of December 31, 2005 in February 2006. As of December 31, 2005, the Company has expended $7,332,423 related to these flow through funds and will be committed to expend the balance of $2,812,577 between January 1 and December 31, 2006.

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments be made upon the occurrence of certain events. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

Public companies are required to perform an evaluation of disclosure controls and procedures annually and to disclose management's conclusions about the effectiveness of these disclosure controls and procedures in its annual MD&A.

The Company has established, and is maintaining, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is disclosed in annual filings, interim filings or other reports and recorded, processed, summarized and reported within the time periods specified as required by securities regulations.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures for the five months ended December 31, 2005 and believes that they are sufficient to provide reasonable assurance that the Company's disclosures are compliant with securities regulations.

OUTLOOK

The Company has developed a strategic focus in the Southern Abitibi Belt of Quebec. A significant portfolio of properties has been developed covering over 1037 square kilometres and two major mining camps. The properties cover very favourable geology, as evidenced by significant historical mine production, and are considered to host very good potential for additional discoveries of both base metal and gold deposits. The Company will benefit from detailed compilation and 3D Gocad models that facilitate rapid data integration, review and interrogation. In co-ordination with the application of new, advanced deep-penetrating geophysical methods and a strong focus on drill testing high quality exploration targets, the Company looks forward to the next year as it endeavors to prove the high degree of development potential in its Quebec properties.

FORWARD-LOOKING STATEMENTS

The annual report, including this MD&A, contains certain forward-looking statements related to, among other things, expected future events, future spending levels and the future financial and operating results of the Company. Forward-looking statements are encouraged to enhance communication but are subject to inherent risks and uncertainties including but not limited to, market and general economic conditions, changes arising as drilling results unfold, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings. Other risks and uncertainties are detailed above. Consequently, actual results and events may differ materially from those included in, contemplated or implied by such forward-looking statements for a wide variety of reasons.

TECHNICAL REPORTING

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

Qualified Person	Project Responsibility
Alain Carrier, P.Geo., Innovexplo Inc.	Cadillac Projects
Richard Roy, P.Geo., NordQuest Inc.	Lac Herbin and Noralex Projects
Philippe Cloutier, P.Geo., Grayton Mining Inc.	Val-d'Or Central VMS Project
Mario Masson, P.Geo., Falconbridge Ltd	Rouyn-Noranda – Base Metal Projects
Carl Pelletier, P.Geo., Innovexplo Inc.	Lac Herbin Resource Estimate
Johannes Voyer, P.Eng., Ross Finlay 2000 Inc.	Lac Herbin Scoping Study
Philippe Berthelot, P.Geo.	Rouyn-Noranda - Gold Projects

April 10, 2006

CORPORATE INFORMATION

Directors

Stan Bharti*
Business Consultant
Toronto, Ontario

Robert Bryce*
Mining Engineer
Val d'Or, Quebec

Maurice Colson*
Investment Banker
Toronto, Ontario

Jean Depatie
Business Consultant
Montreal Quebec

David Rigg
President & C.E.O.
Alexis Minerals
Corporation
Ancaster, Ontario

Tony Wonnacott
Securities Lawyer
Toronto, Ontario

*Members of the Audit Committee

Annual Meeting
The annual meeting of shareholders will be held at 10:00 a.m., Wednesday, June 14th, 2006 at Suite 815, 65 Queen Street West, Toronto, Ontario, M5H 2M5

Legal Counsel
Cassels Brock & Blackwell LLP
Barristers and Solicitors
Toronto, Ontario

Shareholders' Information

Stock Exchange Listing
Toronto Venture Exchange
(TSX Venture)
Symbol: AMC

Executive Office
Suite 815, PO Box 71
65 Queen Street West
Toronto, Ontario
M5H 2M5
Tel: (416) 861-5888
Fax: (416) 861-8165

Registrar and Transfer Agent
Equity Transfer
Toronto, Ontario

Auditors
McGovern, Hurley, Cunningham, LLP
Toronto, Ontario