ALEXIS MINERALS CORPORATION

ANNUAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2006

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

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "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 Thursday, the 7th day of June, 2007 at 4:30 p.m. (Toronto time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the fiscal year ended December 31, 2006, 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 postponement(s) or adjournment(s) thereof.

This notice is accompanied by a form of proxy, a management information circular (the "Circular"), and the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2006. 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 22nd of April, 2007.

BY ORDER OF THE BOARD

(Signed) *"David Rigg"*

David Rigg, President, C.E.O. and a member of the Board

ALEXIS MINERALS CORPORATION

MANAGEMENT INFORMATION CIRCULAR
AS AT AND DATED APRIL 22, 2007

Solicitation of Proxies

THIS MANAGEMENT INFORMATION CIRCULAR ("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 (THE "MEETING") OF HOLDERS OF COMMON SHARES ("SHAREHOLDERS") OF THE CORPORATION TO BE HELD ON JUNE 7, 2007 AND AT ANY POSTPONEMENT(S) OR ADJOURNMENT(S) THEREOF FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING ("NOTICE OF MEETING"). References in this Circular to the "Meeting" include references to any postponement(s) or adjournment(s) thereof. 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 of Proxies

The persons named in the enclosed form of proxy are directors of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON OR COMPANY 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 of the Meeting on the day of the Meeting.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by

(a) an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing or by electronic signature, as the case may be, or

(b) a revocation transmitted by telephonic or electronic means that, if the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of the Shareholder or an attorney, as the case may be, is signed by electronic signature,

that is received either at 65 Queen Street West, 8th Floor, Toronto, Ontario M5H 2M5 at any time up to and including the last business day preceding the day of the Meeting or is presented to the chairman of the Meeting on the day of the Meeting before the taking of any vote in respect of which the proxy is to be used.

Voting of Proxies

Common shares ("Common Shares") of the Corporation 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 CIRCULAR OR WITHHELD FROM VOTING OR VOTED AGAINST IF SO INDICATED ON THE FORM OF PROXY AND IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR. WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY TO BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED.** 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 of this Circular management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

Non-Registered Holders

Only registered Shareholders 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 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will distribute copies of the Notice of Meeting, form of proxy and this 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 Common 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 without par or nominal value. As of April 22, 2007, the record date (the “Record Date”) for the Meeting, the Corporation had issued and outstanding 99,685,242 Common Shares.

The Corporation shall make a list of all persons who are registered holders of Common Shares on 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 on each matter to be acted on at the Meeting for each Common Share registered in his name as it appears on the list, except to the extent that such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares produces properly endorsed certificates or otherwise establishes that the transferee owns the Common Shares and demands, not later than ten days before the Meeting, that the transferee’s name be included in the list before the Meeting. In such case the transferee is entitled to vote those Common Shares at the Meeting.

To the knowledge of the directors and officers of the Corporation, as at the Record Date, 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.

Financial Statements

The financial statements for the fiscal year ended December 31, 2006, together with the auditor’s report thereon, will be presented to Shareholders for review at the Meeting and were mailed to Shareholders with the Notice of Meeting and this Circular. No vote by the Shareholders is required with respect to this matter.

Election of Directors

Under its articles, the Corporation is to have a minimum of three directors and a maximum of fifteen. The Directors propose to fix the number of directors for the year ended December 31, 2007 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 articles and 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. If, prior to the Meeting, any of such Nominees is unable or unwilling to serve, the persons named in the accompanying form of proxy will vote for another nominee or nominees in their discretion if additional nominations are made at the Meeting. Each Nominee elected will hold office until his successor is elected at the next annual meeting of the Corporation, or any postponement(s) or adjournment(s) thereof, or until his successor is elected or appointed.

Name and Municipality of Residence	**Principal Occupation**	**Director Since**	**Number of Common Shares Beneficially Owned or Over which Control is Exercised[(1)]**
Stan Bharti[(2)] Ontario, Canada	Business Consultant	January 26, 2004	338,333
Robert Bryce [(3)] Quebec, Canada	Mining Engineer	September 5, 2003.	10,000
Maurice Colson[(3)] Ontario, Canada	Investment Banker	September 5, 2003.	156,000
Jean Depatie [(3)] Quebec, Canada	Business Consultant	February 25, 2005.	10,000
David Rigg, Ontario, Canada	President and Chief Executive Officer of the Corporation since September 5, 2003	September 5, 2003.	285,000
Tony Wonnacott Ontario, Canada	Barrister & Solicitor	January 26, 2004	465,000

Notes:
(1) The Corporation has relied exclusively on the respective Nominee for this information.
(2) Executive Chairman of the Board of Directors.
(3) 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 FOR THE ELECTION OF DIRECTORS.

All of the Nominees are presently directors of the Corporation were elected as directors by Shareholders at the annual and special meeting of the Corporation held on June 14, 2006.

Appointment of Auditors

Unless such authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of the firm of McGovern, Hurley, Cunningham, LLP, Chartered Accountants of Toronto, Ontario as auditors of the Corporation until the close of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration. McGovern, Hurley, Cunningham, LLP, Chartered Accountants have been the auditors for the Corporation since July 22, 2004 when they replaced Hay & Watson, Chartered Accountants.

Stock Option Plan

The Corporation's current stock option plan (the "Stock Option Plan"), first implemented in the fiscal year ended June 30, 2003, is a "rolling" stock option plan under TSX Venture Exchange – Corporate Finance Manual – *Policy 4.4 – Incentive Stock Options* (the "Exchange Policy"). Under the Stock Option Plan, the Corporation is authorized to grant stock options of up to 10% of its issued and outstanding Common Shares at the time of the stock option grant, from time to time, with no vesting provisions. Pursuant to the Exchange Policy, the Corporation is required to obtain the approval of its Shareholders of any stock option plan that is a "rolling" plan yearly at the Corporation's annual meeting of Shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve the following ordinary resolution approving the Plan:

"BE IT RESOLVED THAT:

1. the current Stock Option Plan of Alexis Minerals Corporation (the "Corporation"), as set out in the management information circular of the Corporation dated April 22, 2007, is hereby 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 to give effect to the true intent of these resolutions."

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

Executive Compensation

(a) Compensation of Officers

The following table summarizes the compensation paid during the last three financial years ended December 31, 2006, 2005 and 2004 in respect of the individuals who were carrying out the role of the Chief Executive Officer of the Corporation or Chief Financial Officer of the Corporation during those financial years and the executive officers of the Corporation who were paid more than $150,000 in compensation during the financial year ended December 31, 2006 (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

	Annual Compensation				Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($)**[(1)]	**Securities Under Options SARs Granted (#)**	**Restricted Shares or Restricted Share Units ($)**	**LTIP Payouts ($)**	**All Other Compensation ($)**
David Rigg President and C.E.O.	2006	Nil	250,000	200,000	100,000	Nil	Nil	Nil
	2005	Nil	225,000	183,333	500,000	Nil	Nil	Nil
	2004	Nil	72,000	222,000	500,000	Nil	Nil	Nil
Deborah Battiston C.F.O.	2006	Nil	6,000	36,000	25,000	Nil	Nil	Nil
	2005	Nil	20,000	32,000	100,000	Nil	Nil	Nil
	2004	Nil	20,000	17,000	200,000	Nil	Nil	Nil

Notes:

(1) Compensation paid as consulting fees under the independent contractor agreement with the Named Executive Officer as described under the heading “Executive Compensation – Termination of Employment, Change in Responsibilities and Employment Contracts” of this Circular. Other benefits did not exceed the lesser of $50,000 and 10% of the total annual compensation for the Named Executive Officer, unless specifically specified.

(b) Long Term Incentive Plan (LTIP Awards)

The Corporation does not currently 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 PERIOD

Stock options granted to the Named Executive Officers during the fiscal year ended December 31, 2006 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 ($/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant ($/Security) [2]	Expiration Date
David Rigg President and C.E.O.	100,000	10.67%	$0.415	$0.415	February 1, 2011
Deborah Battiston C.F.O.	25,000	2.67%	$0.415	$0.415	February 1, 2011

Notes:
(1) Rounded to the nearest decimal place. Based on the total number of options granted to directors/officers/consultants of the Corporation pursuant to the Stock Option Incentive Plan during the fiscal period ended December 31, 2006.
(2) Based on the closing market price of the Common Shares.

OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FISCAL PERIOD

The following table provides detailed information regarding options exercised by the Named Executive Officers during the fiscal period ended December 31, 2006 and options held by the Named Executive Officers as at December 31, 2006:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at December 31, 2006		Value of Unexercised In-the-money Options at December 31, 2006	
			Exercisable (#)	Unexercisable (#)	Exercisable ($)[1]	Unexercisable ($)[1]
David Rigg President and C.E.O.	0	N/A	1,300,000	0	$103,000	N/A
Deborah Battiston C.F.O.	0	N/A	375,000	0	$41,875	N/A

Notes:
(1) Based on the closing market price of $0.60 of the Common Shares on December 31, 2006.

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

The Corporation has consulting contracts with the current Named Executive Officers as follows:

David Rigg

The Corporation entered into a contract with David Rigg effective October 1, 2003 (and amended on April 20, 2005), pursuant to which Mr. Rigg agreed to provide management consulting services as the President and Chief Executive Officer of the Corporation. Mr. Rigg is entitled to compensation for the provision of such services of base fees of $16,666.66 per month, subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement expires on April 19, 2008 and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. Rigg is entitled to be paid the base fees remaining under the term of his agreement (with a minimum payment equal to the equivalent of 12 months in base fees) in the form of a lump sum payment within thirty days of the termination date. In the event of a “change in control” of the Corporation, the Corporation and Mr. Rigg each have a 12 month period following such “change in control” to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Rigg that is equivalent to 36 months of base fees and bonuses paid within the past 36 months to Mr. Rigg.

Deborah Battiston

The Corporation entered into a contract with Deborah Battiston effective September 5, 2003 (amended on August 1, 200 and further amended on April 20, 2005), pursuant to which Ms. Battiston agreed to provide management consulting services as the Chief Financial Officer of the Corporation. Ms. Battiston is entitled to compensation for the provision of such services of base fees of $3,000 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement expires on April 19, 2008 and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Ms. Battiston is entitled to be paid the base fees remaining under the term of his agreement (with a minimum payment equal to the equivalent of 12 months in base fees) in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Ms. Battiston each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Ms. Battiston that is equivalent to 36 months of base fees and bonuses paid within the past 36 months to Ms. Battiston.

Other management services for the Corporation are not, to any material degree, performed by persons other than the senior officers of the Corporation.

Other than as disclosed above, 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 may receive cash bonuses from time to time, which the Corporation awards to directors for acting as a member of the Board. In addition, directors are entitled to participate in the Corporation's Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation. Executive officers who also act as directors of the Corporation do not receive any additional compensation for services rendered in their capacity as directors.

During the fiscal year ended December 31, 2006, directors were granted the following options and bonuses in their capacity as directors of the Corporation:

		Options		
Name of Director	**Bonus ($)**	**Number of Options Granted (#)**	**Exercise Price ($/Security)**	**Expiration Date**
Stan Bharti	0	100,000	$0.415	February 1, 2011
Robert Bryce	4,000	50,000	$0.415	February 1, 2011
Maurice Colson	0	50,000	$0.415	February 1, 2011
Jean Depatie	0	50,000	$0.415	February 1, 2011
David Rigg	250,000	100,000	$0.415	February 1, 2011
Tony Wonnacott	4,000	25,000	$0.415	February 1, 2011

Other Arrangements

None of the directors of the Corporation were compensated in their capacity as a director by the Corporation or its subsidiaries during the financial year ended December 31, 2006 pursuant to any other arrangement or in lieu of any standard compensation arrangement, other than Stan Bharti who has a contract with the Corporation that was entered into effective October 1, 2003 (amended on April 20, 2005), pursuant to which Mr. Bharti is entitled to fees of $10,000 per month, subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement expires on April 19, 2008 and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. Bharti is entitled to be paid the base fees remaining under the term of his agreement (with a minimum payment equal to the equivalent of 12 months in base fees) in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. Bharti each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Bharti that is equivalent to 36 months of base fees and bonuses paid within the past 36 months to Mr. Bharti.

Other Management Compensation Arrangements

In addition to the arrangements disclosed under the heading "Executive Compensation" in this Circular, the Corporation has compensation arrangements with the following directors and officers of the Corporations:

Tony Wonnacott

The Corporation entered into a contract with Tony Wonnacott effective October 1, 2003 (amended on April 20, 2005), pursuant to which Mr. Wonnacott agreed to provide consulting services as the Corporate Secretary and General Counsel of the Corporation. Mr. Wonnacott is entitled to compensation for the provision of such services at the base fee of $2,000 per month, subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement expires on April 19, 2008 and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. Wonnacott is entitled to be paid the base fees remaining under the term of his agreement (with a minimum payment equal to the equivalent of 12 months in base fees) in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. Wonnacott each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Wonnacott that is equivalent to 36 months of base fees and bonuses paid within the past 36 months to Mr. Wonnacott.

Stan Bharti

In addition to the contract with Mr. Bharti referred to above, the Corporation entered into a contract with Forbes & Manhattan, Inc. ("Forbes"), of which Mr. Bharti is the President, effective October 1, 2003 (amended on April 1, 2004), pursuant to which Forbes agreed to provide consulting services to the Corporation. Forbes is entitled to compensation for the provision of such services at the base fee of $5,000 per month. The term of this agreement is on a continuous month-to-month basis, but may be terminated at any time for just cause without notice and may be terminated for any reason by either party upon thirty days' written notice to the other party.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out the outstanding options under the Stock Option Plan, being the Corporation's only compensation plan under which Common Shares are authorized for issuance, as of the end of the Corporation's most recently completed fiscal year. All of the information in the table below is at 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 security holders	6,350,000	$0.59	721,063
Equity compensation plans not approved by security holders	0	N/A	N/A
TOTAL	6,350,000	$0.59	721,063

Indebtedness of Directors and Executive Officers

As at the date of this Circular and during the financial year ended December 31, 2006, no director or executive officer of the Corporation or Nominee (and each of their associates) was indebted, including under any securities purchase or other program, to (i) the Corporation or its subsidiaries, or (ii) any other entity which is, or was at any time during the financial year ended December 31, 2006, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

Interest of Informed Persons in Material Transactions

No informed person (as such term is defined under applicable securities laws) of the Corporation or Nominee (and each of their associates or affiliates) has had any direct or indirect material interest in any transaction involving the Corporation since January 1, 2006 or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries other than as may be disclosed herein.

Management Contracts

Since January 1, 2006, there were no management functions of the Corporation, which were in any substantial degree performed by a person other than a director or executive officer of the Corporation.

Interest of Persons in Matters to be Acted Upon

No director or executive officer of the Corporation, nor any person who held such a position since the beginning of the last completed financial year end of the Corporation, no Nominee, nor any respective associates or affiliates of the foregoing persons, 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 or the appointment of auditors.

Directors' and Officers' Insurance and Indemnification

The Corporation maintains insurance for the benefit of its directors and officers against liability in their respective capacities as directors and officers. During the year ended December 31, 2006, the Corporation purchased in respect of both directors and officers an aggregate of $2,000,000 in coverage. The approximate amount of premiums paid by the Corporation in respect of such insurance was $13,260 and the per claim deductible was $25,000.

STATEMENT OF CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interests of its shareholders and contribute to effective and efficient decision making. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value. Set out below is a description of the corporate governance practices of the Company as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian Securities Administrators concerning corporate governance disclosure.

Disclosure of Corporate Governance Practices

Board of Directors

Pursuant to NI 58-101, a director is independent if the director has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the Company. The Board of Directors is currently comprised of six members, three of whom the Board has determined are independent. In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to a number of factors.

Messrs. Bharti, Rigg and Wonnacott are not considered independent directors as each of them is an executive officer of the Company. Messrs. Bryce, Colson and Depatie are considered to be independent.

Details of directorships held by each director or nominee in other reporting issuers (or the equivalent) are set out in Schedule "A" attached to this Circular.

Board Mandate

The Board supervises the management of the business and affairs of the Company and is mandated to act with a view to the best interests of the Company. The Board of Directors reviews the business and affairs of the Company and makes any decisions relating thereto. The Board of Directors believes that it functions independently of management. The Board of Directors transacts business as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest.

Orientation and Education

The Company does not have a formal process of orientation for new directors. From time to time, corporate officers and legal, financial and other experts provide advice to the Board to describe matters in their areas of expertise.

Ethical Business Conduct

The Board has not yet adopted a written ethical business conduct code for directors, officers and employees of the Company. In circumstances where a director or executive officer has a material interest in a transaction or agreement into which the Company is considering entering, the individual is required to fully disclose his or her interest therein and an *ad hoc* committee of disinterested directors is appointed to review the same to confirm, among other things, that such transaction or agreement, as applicable, is being entered into on arm's length commercially reasonable terms. Such committee has the right to obtain advice from the Company's counsel and other professional advisors and/or appoint independent counsel and/or advisors.

Nomination of Directors

The Board has not appointed a formal nominating committee. However, any member of the Board is free to recommend additional members, as required, and the Board will consider such recommendations as a whole. Until a committee is formed, the Board as a whole will be responsible for assessing the effectiveness of the Board, the committees of the Board and the contribution of individual directors, taking into account the competencies and skills that the Board as a whole should possess as well as the competencies and skills that each director should possess.

Compensation

The Board has not appointed a formal compensation or remuneration committee. However, the independent members of the Board review as required during the year the performance of executive directors and set the scale and structure of their remuneration and compensation packages, taking into account time commitment, comparative fees, risks and responsibilities, to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

Other Board Committees

The Board currently has one standing committees - the Audit Committee, which is described in detail below.

Assessments

Based upon the Company's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for regularly assessing the effectiveness and contribution of the Board, as a whole, its committee or individual directors, to be unnecessary at this time. The Board plans to continue evaluating its own effectiveness on an *ad hoc* basis.

AUDIT COMMITTEE

Multilateral Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (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, as upon listing, every listed company becomes a reporting issuer in Alberta. The Instrument requires the Corporation to have a written audit committee Charter and to make the disclosure required by Form 52-110F2, which includes disclosure of the text of the audit committee charter, 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.

1. Audit Committee Charter

(Implemented pursuant to Multilateral Instrument 52-110)

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 1

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" 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 judgment.

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 judgments 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.

2. Composition of the Audit Committee

The Corporation's audit committee is comprised of three directors: Robert Bryce, Maurice Colson and Jean Depatie. Each member of the audit committee is financially literate and each of Robert Bryce, Maurice Colson and Jean Depatie are independent, as such terms are defined in the Instrument.

3. Relevant Education and Experience

Robert Bryce is a mining engineer with over 43 years' experience in the mining industry. He has been involved in all aspects of operations and management at various mines from Vice President of Mining Operations at Aur Resources Inc. to his current position as Chairman and President of XEMAC Resources Inc. He is a member of the Quebec Order of Engineers and a member of the Canadian Institute of Mining and Metallurgy (CIM).

Maurice Colson has been associated with investment banking for over 30 years, mainly in the oil and gas industry. He was Managing Director for a major Canadian Investment Dealer in Europe and was Vice-President of First Marathon Securities Ltd., where he was one of the original partners and shareholders.

Jean Depatie has over 35 years of national and international experience in economic geology. He has worked in over 15 countries and acted as a consultant for organizations such as the United Nations, the World Bank, the Commonwealth Secretariat, the Asian Development Bank, Banco Interamericano, the Canadian International Development Agency and Quebec's Ministry of Natural Resources. Since 1981 he has been working as president and/or vice president of mining companies. He sits on the board of directors of several mining companies and is currently president of Decamine Inc., of Montreal, geoscience consultants.

4. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has there been a recommendation of the audit committee to nominate or compensate an external auditor which was not adopted by the Board.

5. Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on either (a) an exemption in section 2.4 of the Instrument; or (b) an exemption from the Instrument, in whole or in part, granted under Part 8 (*Exemptions*) of the Instrument.

6. Pre-Approval Policies and Procedures

The audit committee of the Corporation has not adopted specific policies and procedures for the engagement of non-audit services.

7. External Auditor Service Fees

Audit Fees

The Corporation's external auditors, McGovern, Hurley, Cunningham, LLP, Chartered Accountants (the "Auditors"), billed the Corporation $23,500 and $45,400 in the fiscal years ended December 31, 2006 and 2005, respectively, for audit fees.

Audit-Related Fees

The Auditors billed the Corporation $13,500 and $0 in the fiscal years ended December 31, 2006 and 2005, respectively, for assurance and related services related to the performance of the audit or review of the Corporation's financial statements, which are not included in audit fees.

Tax Fees

The Auditors billed the Corporation $4,700 and $9,500 in the fiscal years ended December 31, 2006 and 2005, respectively, for tax compliance, tax advice and tax planning. These fees were in connection with assistance provided to the Corporation in the preparation and filing of its annual tax returns.

All Other Fees

The Auditors did not bill the Corporation for other services not included above.

8. Exemption

As the Company is listed on the TSX Venture Exchange, it is relying on the exemption provided in section 6.1 of the Instrument.

Additional Information

Additional information relating to the Corporation is available under the profile of the Corporation on SEDAR at www.sedar.com. Financial information is provided in the Corporation's audited financial statements and MD&A for the financial year ended December 31, 2006.

The Corporation will provide free of charge to Shareholders, upon request in writing to its Corporate Secretary a copy of the Corporation's financial statements and MD&A.

Other Matters

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 Common 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.

Shareholders are reminded that the final date by which the Corporation must receive a proposal for any matter that a person entitled to vote at an annual meeting proposes to raise at the next annual meeting is sixty (60) days before the anniversary date of this Meeting.

Board of Directors Approval

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

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"David Rigg"*

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

SCHEDULE "A"

Name of Director	Name of Issuer
Stan Bharti	Aberdeen International Inc. Apogee Minerals Ltd. Alexis Minerals Corporation Arctos Petroleum Corp. Beartooth Platinum Corporation Cash Minerals Ltd. Castillian Resources Corp. Consolidated Thompson Iron Mines Limited Crowflight Minerals Inc. Dynamite Resources Ltd. Eurocontrol Technics Inc. Largo Resources Ltd. Longford Corporation Valencia Ventures Inc. Vast Exploration Inc.
Robert Bryce	Abitex Resources Inc. Alexis Minerals Corporation Journey Resources Corp. Kalahari Resources Inc. Tagish Lake Gold Corp. Western Wind Energy Corp.
Maurice Colson	Alexis Minerals Corporation Crowflight Minerals Inc. Fort Chimo Minerals Inc. Golden Tag Resources Ltd. Vast Exploration Inc.
Jean Depatie	Alexis Minerals Corporation Consolidated Thompson Iron Mines Limited Franc-Or Resources Corporation Gold Hawk Resources Inc.
David Rigg	Alexis Minerals Corporation Golden Tag Resources Ltd.
Tony Wonnacott	Alexis Minerals Corporation Arctos Petroleum Corp. Aberdeen International Inc. Castillian Resources Corp. Dynamite Resources Ltd. Vast Exploration Inc.

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, 2006, 2005 and July 31, 2005 and the consolidated statements of operations and deficit and cash flows for the twelve-month period ended December 31, 2006, 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, 2006, 2005 and July 31, 2005 and the results of its operations and its cash flows for the twelve-month period ended December 31, 2006, 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
Licensed Public Accountants

TORONTO, Canada
March 2, 2007,
except for Note 18
which is at April 20, 2007

ALEXIS MINERALS CORPORATION
(A Development Stage Company)

Consolidated Balance Sheets

As at	December 31, 2006	December 31, 2005	July 31, 2005
Assets			
Current assets:			
Cash and cash equivalents	$ 3,244,286	$ 1,912,294	$ 9,564,194
Amounts receivable	711,309	840,389	137,231
Government assistance receivable (Notes 5 and 6)	6,832,224	6,678,615	-
Prepaid expenses	103,358	42,665	58,767
Deferred financing charges (Note 7)	83,101	-	-
	10,974,278	9,473,963	9,760,192
Deferred financing charges (Note 7)	193,903	-	-
Property and equipment (Note 4)	564,994	89,490	115,673
Cash appropriated for exploration expenditures (Note 5)	133,421	2,715,401	2,152,041
Deposits and advances	160,414	-	-
Prepaid exploration expenditures (Note 5)	8,498	-	881,096
Exploration properties and deferred exploration expenditures (Note 5)	28,529,623	16,164,981	15,136,491
	$ 40,565,131	$ 28,443,835	$ 28,045,493
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 3,208,838	$ 1,937,287	$ 1,104,752
Secured demand loan (Note 6)	3,032,672	-	-
Current portion of long term debt (Note 4(i))	106,667	-	
	6,348,177	1,937,287	1,104,752
Long term debt (Note 4(i))	248,889	-	-
Liability component of convertible debenture (Note 7)	2,601,038	-	-
Asset retirement obligations (Note 8)	423,000	-	-
Future income tax liability (Note 13)	3,470,000	412,000	2,129,000
	13,091,104	2,349,287	3,233,752
Shareholders' equity:			
Share capital (Note 9)	25,898,218	24,750,705	24,713,719
Warrants (Note 10)	2,071,196	3,162,785	3,756,785
Equity component of convertible debenture (Note 7)	1,516,018	-	-
Contributed surplus (Note 12)	4,541,368	3,337,136	2,695,286
Deficit	(6,552,773)	(5,156,078)	(6,354,049)
	27,474,027	26,094,548	24,811,741
	$ 40,565,131	$ 28,443,835	28,045,493

Commitment and contingencies (Notes 1, 5, and 15)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Signed "DAVID RIGG", Director

Signed "MAURICE COLSON", Director

- See accompanying Notes to the Consolidated Financial Statements -

ALEXIS MINERALS CORPORATION
(A Development Stage Company)
Consolidated Statements of Operations and Deficit
For the

	Twelve months Ended December 31, 2006	Five Months Ended December 31, 2005	Twelve Months Ended July 31, 2005
Expenses:			
Professional, consulting and management fees (Note 11)	$ 827,298	$ 247,609	$ 1,614,605
Shareholder communications and transfer agent fees	511,894	158,066	289,354
Interest and accretion on convertible debenture (Note 7)	312,689	-	-
Interest expense	100,645	-	-
Travel	87,436	69,773	118,858
General office expenses	87,307	35,119	138,833
Loan engagement fees (Note 6)	59,327	-	-
Amortization of financing charges (Note 7)	42,182	-	-
Amortization of office equipment	34,685	26,183	57,247
Occupancy cost	33,933	15,483	35,032
Write off of exploration interests (Note 5)	-	61,336	1,918,962
Interest on long term debt (Note 4(i))	5,556	-	-
Foreign exchange	4,481	(1,384)	3,158
Gain on sale of assets	-	-	(1,519)
Less: interest income and gain on investments	(116,738)	(93,156)	(118,774)
(Loss) for the period before income taxes	(1,990,695)	(519,029)	(4,055,756)
Future income taxes	594,000	1,717,000	596,900
Net (loss) income for the period	(1,396,695)	1,197,971	(3,458,856)
DEFICIT, beginning of period	(5,156,078)	(6,354,049)	(2,895,193)
DEFICIT, end of period	$ (6,552,773)	$ (5,156,078)	$ (6,354,049)
Net (loss) income per share: basic and diluted	$ (0.02)	$ 0.02	$ (0.07)
Weighted average number of shares outstanding:			
- basic	65,265,763	63,441,918	46,479,195
- diluted	65,265,763	64,488,455	46,479,195

ALEXIS MINERALS CORPORATION
(A Development Stage Company)
Consolidated Statements of Cash Flows
For the

	Twelve Months Ended December 31, 2006	Five Months Ended December 31, 2005	Twelve Months Ended July 31, 2005
Cash provided by (used in):			
Operations:			
Net (loss) income for the period	$ (1,396,695)	$ 1,197,971	$ (3,458,856)
Items not involving cash:			
Stock-based compensation	164,320	30,750	1,161,490
Amortization of office equipment	34,685	26,183	57,247
Gain on sale of equipment	-	-	(1,519)
Amortization of financing charges	42,182	-	-
Interest and accretion	318,245	-	-
Loan engagement fees	59,327	-	-
Write off of exploration interests	-	61,336	1,918,962
Future income tax recovery	(594,000)	(1,717,000)	(596,900)
Changes in non-cash working capital	128,141	(767,839)	297,861
	(1,243,795)	(1,168,599)	(621,715)
Financing:			
Private placement, net of share issue costs	3,387,045	(4,014)	13,665,672
Convertible debenture issue, net of financing costs	3,837,095	-	-
Exercise of warrants and options	873,422	-	824,184
Demand loan, net of loan engagement fees	2,914,165	-	-
Long term debt, net of repayments	350,000	-	-
	11,361,727	(4,014)	14,489,856
Investing:			
Property and equipment purchases	(532,577)	-	(38,392)
Equipment disposals	-	-	3,000
Decrease (increase) in cash appropriated for exploration expenditure	2,581,980	(563,360)	(2,152,041)
(Increase) decrease in prepaid exploration expenditures	(168,912)	881,096	64,054
Change in exploration accounts payable	1,271,217	913,318	545,672
Exploration tax credits received	6,256,707	-	-
Expenditures on exploration interests, net of government assistance	(18,194,355)	(7,710,341)	(11,423,774)
	(8,785,940)	(6,479,287)	(13,001,481)
Change in cash and cash equivalents	1,331,992	(7,651,900)	866,660
Cash and cash equivalents, beginning of period	1,912,294	9,564,194	8,697,534
Cash and cash equivalents, end of period	$ 3,244,286	$ 1,912,294	9,564,194

ALEXIS MINERALS CORPORATION

(A Development Stage Company)

Consolidated Statements of Cash Flows *(continued)*

For the

	Twelve Months Ended December 31, 2006	Five Months Ended December 31, 2005	Twelve Months Ended July 31, 2005
SUPPLEMENTAL INFORMATION			
Cash and cash equivalents consists of:			
Cash	$ 937,469	$ 641,555	1,365,850
Cash equivalents	2,306,817	1,270,739	8,198,344
	$ 3,244,286	$ 1,912,294	$ 9,564,194
Interest income received	$ 116,738	$ 93,156	118,774
Interest paid	63,245	-	-
Shares issued for interest expenses (Note 7)	126,300	-	-
Broker warrants issued for financing costs (Note 7)	78,474	-	-
Broker warrants as cost of issue	-	-	566,993
Shares issued for exploration property acquisition	-	41,000	-
Stock-based compensation charged to exploration properties	135,455	17,100	108,500
Amortization charged to exploration properties	22,388	-	-
Disallowed tax credits applied to exploration properties	12,447	-	-
Income taxes paid	-	-	-

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 writedowns 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, aboriginal 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 twelve months ended December 31, 2006, for the five months ended December 31, 2005 and for 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 properties and deferred exploration 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 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. An impairment loss is recognized when the carrying amount of the exploration properties is not recoverable and exceeds its fair value. 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) Property and equipment

Property and equipment are recorded at cost. Amortization is provided on a straight line basis over the following number of years:

Computer hardware	3 years
Computer software	2 years
Office equipment	4 years
Furniture and fixtures	8 years
Field equipment	4 years
Vehicles	4 years
Buildings	30 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Convertible debt instruments

The Company's convertible debt instruments are segregated into their debt and equity components at the date of issue, based on the relative fair market values of these components in accordance with the substance of the contractual agreements. The debt component of the instruments is classified as a liability, and recorded as the present value of the Company's obligation to make future interest payments and settle the redemption value of the instrument in cash. The carrying value of the debt component is accreted to the original face value of the instruments, over the term of the convertible debt instrument, using the effective interest method. The conversion option and any future interest or principal payments that can be made in common shares of the Company at the Company's option, make up the equity component of the instruments. The conversion option is recorded using the residual value approach. Upon conversion, any gain or loss arising from extinguishment of the debt is recorded in operations of the current period.

f) Deferred finance charges

Deferred finance charges consist of financing fees incurred in connection with the issue of debt or the establishment of credit facilities. The financing fees are amortized on a straight-line basis over the term of the related debt or credit facility.

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

h) 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.

i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) 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.

k) Stock based compensation

The Company records compensation cost based on the fair value method of accounting for stock based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to share capital.

l) Asset retirement obligations

Asset retirement obligations include the costs related to the abandonment of exploration properties, dismantling and removing tangible equipment such as milling facilities and returning the land to its original condition. The Company recognizes an asset retirement obligation (“ARO”) in the period in which it is identified and a reasonable estimate of the fair value can be made. Fair value is estimated based on the present value of the estimated future cash outflows to abandon the asset, discounted at the Company’s credit-adjusted risk-free interest rate. The fair value of the estimated ARO is recorded as a long-term liability with a corresponding amount capitalized to exploration properties. The amount capitalized is charged to earnings through the depletion and depreciation of exploration properties. The ARO liability is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings. Revisions to the original estimated cost or the timing of the cash outflows may result in a change to the ARO. Actual costs incurred to settle the ARO reduce the long-term liability.

m) Comparative figures

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

4. PROPERTY AND EQUIPMENT

	December 31, 2006			December 31, 2005	July 31, 2005
	Cost	Accumulated Amortization	Net	Net	Net
	$	$	$	$	$
Computer hardware	26,156	(9,820)	16,336	11,589	14,887
Computer software	15,593	(11,400)	4,193	11,296	22,961
Office equipment	12,115	(3,671)	8,444	7,629	9,042
Furniture and fixtures	11,817	(1,948)	9,869	11,817	12,629
Field equipment	33,414	(13,231)	20,183	30,015	35,439
Vehicles	17,144	(8,572)	8,572	17,144	20,715
Buildings (i)	505,827	(8,430)	497,397	-	-
	622,066	(57,072)	564,994	89,490	115,673

4. PROPERTY AND EQUIPMENT (continued)

i) In July 2006, the Company purchased the Val d'Or office from Aur Resources Inc. As part of the purchase agreement the Company will make 45 payments of $10,000 per month beginning in August 2006. The fair value of these future payments on the date of the agreement was calculated at approximately $400,000 based on a discount rate of 6.28%. As payments are made, the discount of approximately $50,000 is being amortized and charged to earnings on a straight-line basis. At December 31, 2006, $5,556 of this discount has been amortized.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

DESCRIPTION	Rouyn	VMS	Audet	Aurbel	Lac Herbin	Queotish	Other	TOTAL
Acquisition costs								
Balance, December 31, 2005	1,388,534	1,008,932	99,960	787,134	58,124	51,150	-	3,393,834
Acquisition and property costs	113,027	13,928	129	78,689	1,988,513	-	-	2,194,286
Balance, December 31, 2006	1,501,561	1,022,860	100,089	865,823	2,046,637	51,150	-	5,588,120
Exploration expenditures								
Balance, December 31, 2005	7,955,605	1,112,438	3,515	1,657,681	2,006,257	19,909	15,742	12,771,147
Drilling	2,138,331	296,773	-	-	2,063,617	-	-	4,498,721
Analysis and laboratory	30,234	3,402	-	-	129,307	-	5	162,948
Geology and scoping studies	878,504	454	-	143	14,724	-	-	893,825
Travel and transportation	9,852	2,481	-	182	77,407	-	-	89,922
Consulting and labour	471,283	101,052	-	1,940	1,202,812	-	3,665	1,780,752
Geochemistry and geophysics	268,614	20,000	-	-	44,950	-	-	333,564
Environmental	6,919	1,494	-	14	24,042	-	-	32,469
Roads	-	-	-	-	84,266	-	-	84,266
Mobilization/demobilization	-	-	-	-	8,000	-	-	8,000
Site construction	-	-	-	-	117,421	-	-	117,421
Portal and ramp construction	-	-	-	-	2,025,123	-	-	2,025,123
Level ore development	-	-	-	-	3,781,471	-	-	3,781,471
Water waste and settling pond	-	-	-	-	106,902	-	-	106,902
Electrical work	-	-	-	-	376,136	-	-	376,136
Metallurgy and custom milling	600	-	-	-	163,995	-	-	164,595
Security	-	-	-	-	24,385	-	-	24,385
Other underground development	-	-	-	-	798,709	-	-	798,709
Human resources	-	-	-	-	14,147	-	-	14,147
Mill purchase and refurbishment	-	-	-	-	1,081,210	-	-	1,081,210
Field and office support	30,355	10,445	-	2,021	322,705	-	-	365,526
Amortization	1,919	527	-	164	19,538	-	-	22,148
Management fees	141,532	(31,467)	-	-	-	-	-	110,065
Incurred to date	11,933,748	1,517,599	3,515	1,662,145	14,487,124	19,909	19,412	29,643,452
Reclamation bond	-	-	-	-	3,695	-	-	3,695
Additions to asset retirement obligation	-	-	-	-	423,000	-	-	423,000
Less: government assistance	(1,556,707)	(160,854)	-	(214,669)	(4,476,593)	-	(1,492)	(6,410,315)
Less: net gold sales from bulk sample	-	-	-	-	(718,329)	-	-	(718,329)
Balance, December 31, 2006	10,377,041	1,356,745	3,515	1,447,476	9,718,897	19,909	17,920	22,941,503
TOTAL DEFERRED COSTS December 31, 2006	**11,878,602**	**2,379,605**	**103,604**	**2,313,299**	**11,765,534**	**71,059**	**17,920**	**28,529,623**

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

DESCRIPTION	Rouyn	VMS	Audet	Aurbel	Lac Herbin	Queotish	Other	TOTAL
Acquisition costs								
Balance, July 31, 2005	1,189,282	1,001,749	99,960	779,427	57,880	45,650	-	3,173,948
Acquisition and property costs	199,252	7,183	-	7,707	244	5,500	-	219,886
Balance, December 31, 2005	1,388,534	1,008,932	99,960	787,134	58,124	51,150	-	3,393,834
Exploration expenditures								
Balance, July 31, 2005	8,792,609	1,300,392	3,515	1,652,844	179,090	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	-	207	18,529	43	368	31,838
Consulting and labour	170,157	66,462	-	9,008	250,565	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	-	331	63,435	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	1,721,202	3,641,037	19,909	17,395	19,511,098
Less: government assistance	(4,410,465)	(629,532)	-	(3,838)	(1,634,780)	-	-	(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	1,657,681	2,006,257	19,909	15,742	12,771,147
TOTAL DEFERRED COSTS December 31, 2005	**9,344,139**	**2,121,370**	**103,475**	**2,444,815**	**2,064,381**	**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	227,773	57,880	-	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	-	779,427	57,880	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	20,412	1,722	-	-	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	5,733	1,365	-	1,436	874	48,402
Consulting and labour	539,371	185,451	18	147,005	191,997	80,559	-	-	13,673	1,158,074
Geochemistry and geophysics	1,589,244	45,915	2,267	57,872	5,182	33,986	-	-	-	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	40,220	17,714	-	-	-	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	1,914,181	257,824	19,461	8,820	14,632	14,231,689
Less: Government assistance	(30,603)	(2,535)	-	(406,124)	(261,337)	(78,734)	-	-	-	(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	-	1,652,844	179,090	19,461	-	14,632	11,962,543
TOTAL DEFERRED COSTS July 31, 2005	**9,981,891**	**2,302,141**	**103,475**	**-**	**2,432,271**	**236,970**	**65,111**	**-**	**14,632**	**15,136,491**

Subsequent to December 31, 2006 the Company will file for approximately $6,400,000 of government assistance related to exploration expenditures in the province of Quebec for the year ended December 31, 2006. The assistance has been applied to the exploration properties to which they pertain. During the year ended December 31, 2006 the Company received $6,256,707 in assistance related to prior years.

All qualified expenditures on the properties in Canada will be for the credit of the Company's flow through expenditure commitments (Note 15).

Rouyn Noranda Properties, Quebec (Rouyn)

On June 15, 2004, the Company entered into a binding letter of intent with Falconbridge Limited, now referred to as Xstrata Copper ("Xstrata"), a business unit of Falconbridge Limited, wherein the Company has an option to earn a 50% interest in all of Xstrata'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.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Rouyn Noranda Properties, Quebec (Rouyn) (continued)

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 Xstrata in these areas.

Under the terms of the agreement Xstrata 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 (completed);
c) $5,000,000 on or before April 30, 2007;
d) the Company will pay to Xstrata 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 (completed).

The Company agreed to advance a total of $14,000,000 to fund the expenditures as follows:

i. $5,000,000 by September 13, 2004 (paid and expended);
ii. $4,000,000 by March 31, 2005 (paid and expended)
iii. $5,000,000 by July 31, 2006 ($2,800,000 paid, $2,666,579 expended; $2,200,000 paid subsequent to December 31, 2006).

Cash advanced and appropriated for exploration expenditures at December 31, 2006 is $133,421. A balance of $8,498 remains unapplied to Xstrata's expense account on behalf of the Company and is included in prepaid exploration expenditures at December 31, 2006.

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 (completed);
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.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

VMS PROPERTIES, QUEBEC

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 (completed), $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. Certain areas of the property are held under an existing joint venture agreement whereby Novicourt Inc. owns a 45% interest.

Aurbel (including Lac Herbin) Property, Quebec

In February 2006, the Company vested into a 50% interest on the Aurbel property pursuant to its May 2003 agreement with Aur Resources Inc. ("Aur"). In order to acquire the initial 50% interest under the terms of this agreement, the Company was required to make cash option payments totaling $500,000 and incur exploration expenditures of $5,000,000 on or before March 31, 2006. The Company retained a 90-day option to acquire the remaining 50% interest in the property and the Aurbel Gold Mill for $4,000,000 in cash or shares at the Company's option. Aur would retain a 2.5% Net Smelter Royalty ("NSR") on the ores from the property and a $2/tonne or $10 per ounce-gold Custom Milling Royalty on custom-ores shipped to the mill for processing. The Company exercised this option and completed the transaction in August 2006. Under the revised terms of the agreement, the Company has agreed to pay $3,000,000 in cash with Aur retaining a 2.5% NSR. The Custom Milling Royalty has been cancelled. The Company has paid Aur $2,500,000 with the final payment of $500,000 due on certain milestones being reached, and ongoing discussions with the Quebec Ministry of Natural Resources and Fauna being met. The milestones are related to the transfer of liabilities towards future rehabilitation programs and costs of the surface infrastructure to the Company. The Company incurred reactivation costs to refurbish the Mill throughout the period. As the Mill is currently inactive, subject to refurbishment by the Company, no amortization has been recorded.

There is an additional 2% NSR held by a corporation that is controlled by a director of the Company.

During the last quarter of 2006, the Company undertook a milling campaign on a bulk sample from Lac Herbin as part of the underground exploration program on the deposit. The Company completed two gold pours, yielding a cumulative weight of 2,282.53 ounces of fine gold. During 2006, the Company sold 1,600 ounces at an average price of $717.35 for gross proceeds of approximately $1,100,000. Sales net of custom milling charges, insurance, transportation costs and NSR royalties are recorded against the deferred project costs.

The agreement with Aur on the Aurbel property required that at least $250,000 be spent on claims identified as the Standard Gold property. During the five months ended December 31, 2005, the Company wrote off $59,683 in property and exploration expenditures related to this property as the required expenditures related to this property were not made.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Cadillac, Property, Quebec (Cadillac)

The Cadillac property was acquired by assumption of an option agreement between Forbes and Manhattan, Inc. (“Forbes”) and Aur (the "Airport Option") in July 2003. Under the agreement, Forbes had made payments to Aur and completed work on the property, as required under the agreements. In exchange for the transfer of all of Forbes' rights under the agreement, the Company was required to assume all of Forbes' remaining obligations to Aur and to make payments of $200,000 to Forbes. 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.

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

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.

Forbes will retain a 2% net smelter royalty on the 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 this property upon completion of the acquisition of the first 50%, by the payment of $5,000,000. Aur will retain net smelter royalties upon exercise of the second option.

During the year ended July 31, 2005, the Company 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.

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Audet Property, Quebec (Audet)

In December 2003, the Company entered into an agreement to acquire the 20 claim Audet Property located 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.

Queotish Property, Quebec

In 2002, the Company acquired diamond exploration properties in the Otish Mountains and Wemindji areas of Quebec subject to a 2% royalty.

On January 14, 2004, the Company entered into an option agreement with respect to this property, 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. The Company will retain a 2% royalty and Dianor will have the right to purchase, at any time 1% of the royalty for $1,000,000.

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, 2006, $11,374 has been spent on this property. Subsequent to the December 31, 2006, the Company fulfilled their expenditure commitments related to 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. SECURED DEMAND LOAN

In July 2006, the Company signed a short-term demand loan agreement with a major Canadian Chartered bank for a non-revolving demand loan of up to $3,600,000 at an interest rate of prime plus 1%. This loan is secured against and repayable upon receipt of anticipated 2006 refundable Quebec government assistance of approximately $5,250,000 which is expected to be received in July 2007. A loan guarantee was received in June 2006 from Investissement Quebec to support this loan for a fee of 3%, or $108,360. This fee was paid during the year and is recorded as a prepaid expense being amortized over the expected term of the loan. As at December 31, 2006, the bank had advanced $3,032,672 to the Company as part of this loan agreement. An amount of $59,327 was expensed as loan engagement fees with respect to the prepaid loan guarantee. As well, $59,721 has been charged as interest expense with respect to this loan.

In accordance with the loan guarantee provided by Investissement Quebec, the bank has held back an amount of $150,000 of the loan as at December 31, 2006. This amount is invested in a Guaranteed Investment Certificate in the name of the Company.

Subsequent to December 31, 2006, an amount of $556,953, was advanced to the Company, such that the Company has substantially drawn down the entire loan facility.

7. CONVERTIBLE DEBENTURE

In May 2006, the Company completed a private placement debenture financing with Industrial Alliance Securities Inc. ("Industrial Alliance") raising $4,210,000 in gross proceeds. Pursuant to the terms of the private placement, the Company issued Units comprised of $1,000 principal convertible debentures (the "Debentures") maturing April 28, 2010 and 150 common share purchase warrants (the "Warrants"). The $1,000 face value Debentures are unsecured and subordinated obligations of the Company, have a coupon rate of 6.0%, payable semi-annually and are convertible at the option of the holder, any time after 12 months from the date of closing, into common shares of the Company at an exercise price of $0.75 for the second year, $0.825 for the third year and $0.9075 for the fourth year (the "Conversion Prices"). Interest on the loan is payable in cash or in common shares of the Company at the option of the Company based on a price equal to 90% of the average closing price of the common shares of the Company on the TSX Venture Exchange for a period of 20 consecutive trading days ending 5 days before the payment date. The Warrants are exercisable for one common share of the Company at a price of $0.75 per common share and expire on May 11, 2008. The Company will have the right to redeem the Debentures by paying the principal balance plus any accrued interest in their fourth year provided that the shares of the Company are trading in excess of $1.13 over the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given. The redemption can be satisfied through the issuance of common shares valued at 90% of the 20 day average trading price ending five days prior to the date of redemption.

As compensation for arranging the Debenture financing, Industrial Alliance received a commission of $252,600 which is equal to 6% of the gross proceeds received, as well as 336,800 agent warrants exercisable at a price of $0.75 for a period of two years.

The debenture is classified as a liability, with the exception of the portions relating to the conversion features, interest repayable through the issuance of common shares at the option of the Company and the Warrants, resulting in the carrying value of the debenture being less than its face value. The discount is being accreted over the term of the debenture, utilizing the effective interest rate method at a 15% discount rate.

The fair value of the attached Warrants of $147,139 was estimated on the date of grant using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 4.1% and an expected life of 2 years.

7. CONVERTIBLE DEBENTURE (continued)

Financing charges associated with the Debentures are prorated between the debt and equity components of the Debentures. Financing charges totaled $451,379 which includes an amount of $78,474 representing the fair value of the agent warrants granted to Industrial Alliance. The fair value was estimated on the date of grant using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 4.1% and an expected life of 2 years. Financing charges allocated to the debt portion of the Debentures are deferred and amortized over the term of the Debentures. An amount of $253,089 in financing costs has been allocated to the debt portion of the Debentures, and recorded as current and long term deferred charges. An amount of $118,974 has been recorded against the equity components of the Debentures, with a further $79,316 recorded as a deferred charge against future interest payments. The financing costs relating to the debt portion of the Debentures are being amortized on a straight-line basis over the term of the Debentures. The financing costs relating to the equity portion have been recorded as a cost of issue against the value of the equity portion of the Debentures. The financing costs relating to the future interest payments on the Debentures are being amortized over the term of the interest payments and are being charged as a cost of issue upon the issuance of common shares or expensed upon the payment of the interest in cash. As at December 31, 2006, the balance of unamortized financing costs relating to the debt portion of the Debentures and future interest payments is $277,004.

On October 30, 2006, the Company issued 270,383 common shares of the Company to the holders of the Debentures, as payment of the semi-annual interest of $126,300. Further interest of $42,100 at a 6% coupon rate has accrued on the Debentures to December 31, 2006. Interest and accretion expense of $312,689 has been recorded on this Debenture for the year ended December 31, 2006.

8. ASSET RETIREMENT OBLIGATIONS

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

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

	December 31, 2006 $	December 31, 2005 $	July 31, 2005 $
Balance, beginning of year	-	-	-
Liabilities incurred	423,000	-	-
Accretion expense	-	-	-
Balance, end of year	423,000	-	-

The Company has estimated the present value of its total asset retirement obligations to be $423,000 at December 31, 2006 (December 31, 2005 – $NIL, July 31, 2005 - $NIL) based on a total future liability of $2,648,505 (December 31, 2005 - $NIL, July 31, 2005 - $NIL) and a credit adjusted risk-free rate of 13%. Most of these obligations are expected to be incurred in approximately 15 years.

9. 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 (i)	6,911,299	5,183,474
Shares issued on flow-through private placement (i)	12,681,250	10,145,000
Warrant valuation (i)	-	(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	-	(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
Private placement - flow through (ii)	5,219,272	3,653,490
Exercise of warrants	1,453,726	750,547
Warrant exercise – valuation reallocation	-	328,744
Exercise of stock options	275,000	122,875
Stock option exercise - valuation reallocation	-	84,000
Shares issued for payment of interest (Note 7)	270,383	126,300
Flow-through share tax effect (Note 13(a))	-	(3,652,000)
Cost of issue	-	(266,443)
Balance, December 31, 2006	**70,710,626**	**$ 25,898,218**

9. SHARE CAPITAL (continued)

(i) 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.

(ii) In November 2006, the Company completed a non-brokered private placement financing through the issuance of 5,219,272 flow-through common shares at a price of $0.70 per share for gross proceeds of $3,653,490.

10. WARRANTS

Summary of warrant activity

	Twelve months ended December 31, 2006		Five months ended December 31, 2005		Twelve months ended July 31, 2005	
	Number of warrants	Weighted average price	Number of warrants	Weighted average price	Number of warrants	Weighted average price
Balance, beginning of period	11,355,047	$ 0.77	14,055,047	$ 0.76	13,788,710	$ 0.57
Granted	968,300	0.75	-	-	4,840,941	1.00
Exercised	(1,453,726)	0.52	-	-	(3,649,667)	0.82
Expired or cancelled	(5,060,380)	0.67	(2,700,000)	0.75	(924,937)	0.22
Balance, end of period	**5,809,241**	**$ 0.91**	**11,355,047**	**$ 0.77**	**14,055,047**	**$ 0.76**

10. WARRANTS (continued)

Summary of warrants and broker warrants outstanding at December 31, 2006

Number of Warrants	Exercise Price	Fair Value of Warrants	Date of Expiry
	$		
416,277	0.75	$ 176,501	April 20, 2007
760,875	0.80	313,481	April 20, 2007
3,663,789	1.00	1,355,601	April 20, 2007
968,300	0.75	225,613	May 11, 2008
5,809,241		$ 2,071,196	

11. STOCK-BASED COMPENSATION

Summary of stock option activity

	Twelve months ended December 31, 2006		Five months ended December 31, 2005		Twelve months ended July 31, 2005	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Balance, beginning of period	5,687,500	$ 0.61	5,787,500	$ 0.60	3,480,000	$ 0.53
Granted	937,500	0.44	150,000	0.40	2,370,000	0.71
Exercised	(275,000)	0.45	-	-	(62,500)	0.31
Expired or cancelled	-	-	(250,000)	0.45	-	-
Balance, end of period	**6,350,000**	**$ 0.59**	**5,687,500**	**$ 0.61**	**5,787,500**	**0.60**

11. STOCK-BASED COMPENSATION (continued)

As at December 31, 2006, the following stock options were outstanding:

Date of Expiry	Number of Options Outstanding and Exercisable	Exercise Price	Fair Value of Options Granted
January 29, 2007 (i)	25,000	$0.420	$ 7,900
January 29, 2007 (i)	25,000	$0.500	7,350
January 29, 2007 (i)	50,000	$0.520	19,700
January 29, 2007 (i)	25,000	$0.600	11,500
January 29, 2007 (i)	50,000	$0.780	29,600
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	52,500	$0.600	24,150
April 22, 2009	100,000	$0.550	42,000
May 28, 2009	100,000	$0.450	34,400
July 14, 2009	1,815,000	$0.500	533,610
November 8, 2009	150,000	$0.400	44,400
February 24, 2010	100,000	$0.470	35,700
April 20, 2010	1,820,000	$0.780	1,077,440
December 5, 2010	100,000	$0.380	28,900
February 1, 2011	665,000	$0.420	210,140
November 1, 2011	100,000	$0.520	33,900
December 8, 2011	122,500	$0.500	39,935
	6,350,000		$ 2,668,375

(i) The expiry date of these options was changed to reflect the option holder’s contract being terminated.

The Shareholders of the Company approved the Company's existing stock option plan, "the Plan", to be administered by the Directors of the Company. 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 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.

11. STOCK-BASED COMPENSATION (continued)

The Company applies the fair value method of accounting for stock-based compensation awards. During the twelve months ended December 31, 2006, 937,500 stock options were granted to directors, officers, employees and consultants of the Company with a weighted-average grant date fair value of $0.32 per option. Stock-based compensation expense of $164,320 was recorded and included in professional, consulting and management fees, and $135,455 was recorded against exploration properties, the total of which was credited to contributed surplus for the twelve months ending December 31, 2006. During the five months ended December 31, 2005, stock-based compensation expense of $30,750 was recorded and included in professional, consulting and management fees, $17,100 was recorded against the exploration properties, and the total was credited to contributed surplus relating to the 150,000 options granted during the five months ended December 31, 2005 at a weighted-average grant date fair value of $0.31 per option. During the twelve months ended July 31, 2005, 2,370,500 stock options were granted to directors, officers, employees and consultants of the Company. Stock-based compensation expense of $1,161,490 was recorded and included in professional, consulting and management fees, and $108,500 was recorded against exploration properties, the total of which was credited to contributed surplus for the twelve months ending July 31, 2005. 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% (December 31, 2005 - 0%, July 31, 2005 – 0%), expected volatility ranging from 78% to 100% (December 31, 2005 - 100%, July 31, 2005 – 100%), risk-free interest rate ranging from 3.9% to 4.0% (December 31, 2005 - 3.9%, July 31, 2005 – 3.38 to 3.98%) and an expected life of 5 years (December 31, 2005 - 5 years, July 31, 2005 – 3 to 5 years).

12. CONTRIBUTED SURPLUS

	Twelve months ended December 31, 2006	Five months ended December 31, 2005	Twelve months ended July 31, 2005
Balance, beginning of period	$ 3,337,136	$ 2,695,286	$ 1,226,150
Stock options granted and/or vested during the period			
Directors, officers and employees	196,355	17,100	1,026,280
Consultants	103,420	30,750	243,710
Exercise of stock options, reallocation of valuation	(84,000)	-	(13,590)
Expiry of warrants and broker warrants, reallocation of valuation	988,457	594,000	212,736
Balance, end of period	$ 4,541,368	$ 3,337,136	$ 2,695,286

13. INCOME TAXES

a) Provision for income taxes

The major items causing the Company's income tax expense to differ from the Canadian combined federal and provincial statutory rate of 36% (December 31, 2005 - 36%, July 31, 2005 – 36%) were:

	Twelve months ended December 31, 2006 $	Five months ended December 31, 2005 $	Twelve months ended July 31, 2005 $
Loss before income taxes	(1,990,695)	(519,029)	(4,055,756)
Expected income tax recovery at statutory rates	(717,000)	(187,000)	(1,460,000)
Adjustments resulting from:			
Writedown of exploration properties and deferred exploration expenditures	-	22,000	691,000
Share issue costs	(159,000)	(1,000)	(231,000)
Stock-based compensation	108,000	11,000	418,000
Exploration allowance	-	-	372,000
Expiring non-capital losses	28,000	-	-
Non-deductible amounts for tax purposes	100,000	-	-
Future tax assets not previously recognized	-	-	(2,540,900)
Future income tax expense	-	-	2,129,000
Other	46,000	(1,562,000)	25,000
Future income tax recovery	(594,000)	(1,717,000)	(596,900)

In February 2006, the Company renounced $10,145,000 of Canadian exploration expenditures related to proceeds from flow through shares with an effective date of December 31, 2005. Consequently, this increased the future income tax liability by $3,652,000. At December 31, 2006, the future income tax liability amounts to $3,470,000.

b) Future income tax balances

The tax effect of temporary differences that give rise to future income tax assets and liabilities in Canada at December 31, 2006, December 31, 2005 and July 31, 2005 are as follows:

	Twelve months ended December 31, 2006 $	Five months ended December 31, 2005 $	Twelve months ended July 31, 2005 $
Future income tax assets (liabilities)			
Non-capital losses	897,000	615,000	434,000
Resource properties	(4,879,000)	(1,643,000)	(3,399,000)
Temporary differences	58,000	38,000	29,000
Share issue costs	454,000	578,000	807,000
	(3,470,000)	(412,000)	(2,129,000)

13. INCOME TAXES (continued)

c) The Company has approximately $2,490,000 of non-capital losses in Canada and approximately $11,735,000 of development and exploration expenditures as at December 31, 2006 which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses expire as follows:

Expiry Date	Amount ($)
2007	107,000
2008	58,000
2009	104,000
2013	294,000
2014	515,000
2015	553,000
2026	859,000
	2,490,000

The Company will record an additional income tax liability of approximately $1,315,000 upon renunciation of flow-through expenditures in 2007 related to the flow-through funds raised in November 2006. See Note 9(b)(ii).

14. RELATED PARTY TRANSACTIONS

The Company was charged $76,500 for the year ended December 31, 2006 (five months ended December 31, 2005 - $40,000, twelve months ended July 31, 2005 - $67,200) by companies controlled by directors of the Company for administration and engineering services.

A total of 425,000 stock options were granted to directors and officers during the year ended December 31, 2006 (five months ended December 31, 2005 – NIL, twelve months ended July 31, 2005 – 1,800,000). An amount of $6,573 is payable to directors or corporations controlled by directors of the Company at December 31, 2006 (December 31, 2005 - $16,232, July 31, 2005 - $11,266).

The Company shares its premises with other corporations that have common directors, and the Company reimburses the related corporations for their proportionate share of the expenses. Included in accounts payable and accrued liabilities at December 31, 2006 is $11,762 (December 31, 2005 - $23,075, July 31, 2005 - $18,233) owing to such corporations. As well, the Company is owed $7,323 from such corporations for shared expenses (December 31, 2005 - $8,320, July 31, 2005 - $NIL).

During the year ended December 31, 2006, a director of the Company subscribed for common shares as part of a private placement. 285,000 common shares were issued to this director for gross proceeds of $199,500. 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.

During the year ended December 31, 2006, the Company recorded $27,318 in royalties payable to a corporation that is controlled by a director of the Company. This amount is included in accounts payable and accrued liabilities.

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.

15. COMMITMENTS AND CONTINGENCIES

Pursuant to the issuance of 5,219,272 flow through shares in November 2006, the Company renounced $3,653,490 on qualified exploration expenditures with an effective date of December 31, 2006 in February 2007. The effect of this renunciation will be recorded in February 2007. As of December 31, 2006, the Company has expended $823,958 related to these flow through funds and is required to expend the balance of $2,220,898 by December 31, 2007.

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, 2006, the Company has met its expenditure commitments.

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to $2 million be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Minimum management contract commitments remaining under the agreements are approximately $380,000 all payable within one year.

The Company has been named as a defendant in a legal action relating to the cancellation of 100,000 options held by a former consultant. These options were cancelled three months after the termination of the contract pursuant to the terms of the stock option plan of the Company. The former consultant is claiming $750,000 in damages for breach of agreement. Management believes that the claim is without merit and plans to vigorously defend itself.

16. 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, government assistance receivable, accounts payable and accrued liabilities, secured demand loan and long term debt reflected in the consolidated balance sheet approximate fair value because of the limited term of these instruments.

The carrying value of the convertible debentures is a reasonable estimate of their fair value due to the short period of time since the issuance of this financial instrument.

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.

17. 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:

	Twelve months ended December 31, 2006 $	Five months ended December 31, 2005 $	Twelve months ended July 31, 2005 $
Current assets	107,078	218,542	197,701
Exploration properties and deferred exploration expenditures	1,455,974	1,032,923	766,126
Current liabilities	(37,202)	(83,606)	(139,391)
Revenues	-	-	-
Expenses	-	-	-
Cash flows from operating activities	(46,404)	(68,045)	59,743
Cash flows from investing activities	(423,051)	(266,796)	(766,127)

18. SUBSEQUENT EVENTS

a) In February 2007, the Company completed a brokered private placement through the issuance of 25,000,000 units of the Company, including 5,000,000 units issued upon exercise of the underwriters' option, at a price of $1.00 per unit for gross proceeds of $25 million. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of $1.35 until February 13, 2009. The securities issuable on the exercise of warrants will be subject to a hold period that expires on June 14, 2007. In connection with the private placement, the syndicate of underwriters received a cash commission of 6% of the gross proceeds raised.

b) Subsequent to the end of the year, 3,974,616 stock options and share purchase warrants were exercised for gross proceeds of $3,263,197.

c) Subsequent to the end of the year, 50,000 stock options exercisable at $0.78 per option with an expiry date of January 29, 2007 and 1,831,325 share purchase warrants with an expiry date of April 20, 2007 expired unexercised.

ALEXIS MINERALS CORPORATION

Management Discussion and Analysis of financial condition and results of operations for the Year ended December 31, 2006

The following Management Discussion and Analysis (MD&A) should be read in conjunction with the Company's Audited Consolidated Financial Statements for the year ended December 31, 2006.

Unless otherwise noted this MD&A is provided as at April 16, 2007.

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 year ended December 31, 2006.

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

- **Xstrata Copper Canada – Alexis Joint Venture**

The Company is in good standing on its option with Falconbridge Ltd. (now Xstrata Copper Canada) ("Xstrata") to earn a 50% interest in all of Xstrata'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 approximately 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 Xstrata in these areas while mineral rights will be subject to the earn-in agreement.

The Metco Option, covering several properties within the Xstrata-Alexis Joint Venture, was dropped by the Joint Venture at the end of Q4-2006 and reverts to Metco Resources Inc..

- **Lac Pelletier Property Acquisition**

The Lac Pelletier property was acquired in an option agreement with Thundermin Resources Inc. [TSX: THR] ("Thundermin") in September 2005. Alexis can acquire a 100% interest by undertaking $1,000,000 in exploration drilling and engineering work over a 3-year option agreement. The Lac Pelletier property consists of 35 claims and 2 mining concessions covering 722.6 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.

Val-d'Or Properties, Quebec:

- **Central VMS Properties**

The Company is in good standing on its option agreement to acquire all Aur Resources Inc.'s ("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 former-producing Louvicourt Mine and the former-producing East Sullivan, Dunraine No. 4, Manitou-Barvue and Louvem Base Metal deposits. The Louvex and Bonnefond properties are operated by Alexis under the terms of the Louvaur Joint Venture. Alexis is earning into AUR's 55% interest in the JV. Novicourt's 45% interest in the Louvaur Joint Venture was acquired by Falconbridge and subsequently Xstrata Copper Canada. In January 2007, Xstrata elected not to fund additional exploration expenditures on the Bonnefond and Louvex properties and Xstrata interests will now undergo mandatory dilution.

- **Aurbel**

In February 2006, the Company vested into a 50% interest on the Aurbel property, which covers 431 claims, 4 mining leases and one surface lease in the Bourlamaque, Senneville, and Louvicourt Townships, pursuant to its May 2003 agreement with Aur Resources Inc. ("AUR").

The Company exercised a second option to purchase the remaining 50% interest in the property and the Aurbel Gold Mill, located centrally on the property, for $3,000,000 in cash. The acquisition closed during Q3-2006. The fully permitted mill is capable of processing 1400 metric tonnes per day and is currently on care and maintenance.

Alexis has received independent insurance evaluations for the infrastructure. The estimated replacement value of the Aurbel Gold Mill, site and infrastructure is C$36M. The infrastructure has a current estimated Cash Value of C$13.8M and estimated Market Value of C$8.8M. Alexis will maintain a replacement value insurance of $30M on the infrastructure related to buildings and equipment.

A 3 phase program of underground exploration was authorized in July 2005 on the Lac Herbin Project and completed in November 2006. Delineation drilling during the program led to a revised resource calculation in support of a feasibility study during Q4-2006. Underground development and exploration drilling is ongoing in a Phase IV exploration program.

- **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 and a winter work program has been recently completed (Assays pending).

EXPLORATION ACTIVITIES

Aggressive programs of surface and underground exploration have continued through 2006. Exploration remains focused on both gold and base metal targets across the extensive land holdings of the Corporation. **Alexis Minerals completed 64,915.5 metres of drilling during 2006.** Drilling statistics for the period Q1 – Q4 2006 are shown in Table 1a and statistics for the Q4-2006 period are shown in Table 1b. Activity during Q4-2006 is reported below with more recent significant results up to April 2007 described under "Subsequent Events".

Table 1a: Diamond Drilling by Project, Rouyn-Noranda and Val-d'Or, Quebec, 2006: January – December 2006

	No. of holes	Project	Metres
Rouyn-Noranda			
Base Metals	26	Xstrata – Alexis JV	17,639.8
Gold	21	Lac Pelletier	5,875.5
Sub-total	**47**	**Sub-total Q1 – Q4 2006**	**23,515.3**
Val-d'Or			
Base Metals	14	Louvaur JV - Louvex (P6) Target	2,279.0
Gold	286	Lac Herbin - Delineation Drilling	37,820.2
Gold	3	Lac Herbin - Surface Drilling	1,301.0
Sub-total	**303**	**Sub-total Q1 – Q4 2006**	**41400.2**
Total Q1 – Q4 2006	**350**	**Total Q1 – Q4 2006**	**64,915.5**

Table 1b: Diamond Drilling by Project, Rouyn-Noranda and Val-d'Or Quebec, Q4 - 2006: October – December 2006

Project	No. of holes	Targets	Metres
Rouyn-Noranda	**Surface**		
Central Camp	1	Gocad P-45	1,068.0
Duprat	1	MegaTEM DUP-01	176.0
Baie D'Alembert	1	Baie D'Alembert Tuffs/Exhalite	1,215.5
Iamgold/ South Dufault	2	Top Cyprus Rhyolite	1,255.0
Iamgold/ Pinkos	1	Top Cyprus Rhyolite	792.0
Lac Pelletier (Gold)	6	Extensions of Zones #4-3,4-4 and Stadacona	1,358.0
Sub-total	**12**	**Sub-total Oct-Dec 2006**	**5,864.5**
Val-d'Or	**Surface**		
Base Metals	2	Central VMS Properties	764.0
Gold	30	Lac Herbin Delineation Drilling	7,424.5
Gold	3	Lac Herbin - Surface Drilling	1,301.0
Sub-total	**35**	**Sub-total Oct-Dec 2006**	**9,489.5**
Total Q4-2006	**47**	**Total Q4-2006**	**15,354.0**

In addition to the programs of surface exploration, underground exploration (Table 2) continued throughout the period on the Lac Herbin project (Aurbel Property, Val-d'Or). An underground, three-phase program of ramp and lateral development commenced in September 2005 and was completed in November 2006, culminating in a bulk sample milling campaign. Underground drilling commenced in February 2006 with one machine, a second machine was mobilized during March 2006 and drilling has continued with two machines throughout the program. A Phase IV program of continued ramp development, drifting and delineation drilling commenced in November 2006 and is scheduled for completion in early Q2-2007.

Table 2: Development and drilling Statistics 2006 – 2007, Lac Herbin Gold Project, Val-d'Or Quebec.

Development	Q1 - 2006 (metres)	Q2 – 2006 (metres)	Q3 – 2006 (metres)	Q4 – 2006 (metres)	Q1 – 2007 (metres)	**Totals** 2006-2007 (metres)
Ramp Access	445	204	Completed	72	298	**1,019**
Lateral Headings & Raises	125	418	619	410	480	**2,052**
Diamond Drilling	3,655	11,935	14,805	7,426	9,141	**46,962**
Exploration Drilling	-	-	1,301	1,476		**2,777**

Rouyn-Noranda Properties, Quebec

The major recompilation program initiated in Q4-2005 continued across the properties in order to review all recent results, including results from 57,308 metres of drilling in (Calendar) 2005, and to re-prioritize exploration targets. Surface diamond drilling recommenced during late Q2-2006 and continued throughout Q4-2006 focused on base metal exploration across the Xstrata-Alexis Joint Venture.

Alexis also advanced a land-based drill program on the 100%-owned Lac Pelletier option during Q4-2006.

- **Xstrata-Alexis Joint Venture**

The 825 sq.km. project area was divided into seven distinct geological domains in Q4-2005 and each has been independently recompiled and re-evaluated. The re-compilation work was conducted by the combined Xstrata-Alexis team and relied upon multidisciplinary work groups focused on the specific target regions through the camp. The approach allowed for all aspects of geophysics, geochemistry and geology to be carefully integrated. Significant new concepts for the region were also applied through this multi-disciplinary approach. Drilling resumed during Q2-2006 and a total of twenty-six (26) holes totaling 17,639.8 meters have been completed during Q2-Q4 2006.

Rouyn-Noranda Base Metal Exploration Results

During the Q4-2006 period, six (6) holes have been completed for a total of 4,506.5 meters. Targets included Gocad, MegaTEM as well as geologically innovative concepts on the Iamgold (formerly Cambior) Option properties in the eastern part of the Noranda Camp. Table 3.

Table 3: Noranda Camp JV Diamond Drill Holes completed and best values – Q4-2006

Drill Hole	UTM Coord. (N,E)	Az/Dip/Length(m)	From-To(m)	Type	Best Assay Results
WD-06-03	5355035, 639203	288 / -62 / 1,068.0	866.10- 868.50	Stringers	0.12%Cu / 2.40 m
DUP-04-08Ext	5358594, 628094	135 / -60 / 176.0			NSV
SD-06-01	5349460, 654750	230 / -60 / 637.0			NSV
SD-06-02	5350530, 654470	250 / -60 / 618.0			NSV
DUT-06-07	5370050, 634050	360 / -70 / 1,215.5	971.60- 975.40	Stringers	0.24% Zn / 3.80 m
			1145.3- 1149.4	Stringers	0.09% Cu / 4.10 m
PNK-06-02	5353000, 654710	270 / -85 / 792.0	624.76- 627.40	SMS/MS	8.1% Zn / 2.64 m
including			625.46- 626.06	MS	22.3% Zn / 0.60 m
			639.14- 642.00	Stringers	0.33% Zn, 0.18% Cu / 2.86 m

Significant highlights during Q4-2006 include the discovery of a new **semi to massive sulphide zone on the Iamgold Option - Pinkos property**. Hole PNK-06-02 was targeting the top of the Cyprus rhyolite near the South Bay synvolvanic fault, along which surface alteration has been identified. Hole **PNK-06-02** returned **8.1% Zn over 2.64 metres**, including **22.3 % Zn over 0.60 metre**. The footwall rhyolites were characterized by **strong sericite and chlorite alteration**. A stringer zone intersected in the footwall Cyprus rhyolites returned **0.33% Zn, 0.18% Cu over 2.86 metres**. Follow-up drilling of the Pinkos discovery was proposed and approved during Q4-2006, Table 4.

A second area also reported significant results during Q4-2006 in the Baie D'Alembert area. Hole DUT-06-07 detected an off-hole anomaly centered approximately 100 metres east and above the hole associated with a low grade base metal trend, good alteration and in an environment associated with a massive sulphide lapilli tuff horizon. This area will be further tested during Q1-2007.

Table 4: New Targets approved during Q4-2006

Agreement	Property	Target	Length(m)
Iamgold	Pinkos	100 metres step-out above PNK-06-02	600
Iamgold	Pinkos	100 metres step-out north PNK-06-02	800
Iamgold	Pinkos	100 metres step-out south PNK-06-02	800
Iamgold	Pinkos	100 metres step-out below PNK-06-02	900
Total			**3,100**

- **Lac Pelletier**

Lac Pelletier Deposit Resource Evaluation

Subsequent to the acquisition of the property in 2005, Alexis has conducted a major re-evaluation of the controls and environment of mineralization in the area of Zone 3 and Zone 4, zones of gold mineralization explored by both surface and underground drilling. This work included a new 3D geological model and reinterpretation of all prior work. In conjunction with this re-interpretation InnovExplo, an independent consulting firm, completed a new calculation of Resources on the property and a qualified NI 43-101 Technical Report was prepared and submitted in Q3-2006 (See: www.sedar.com). Highlights from this report using a 3.0 grams of gold per tonne (g Au/t) cutoff are presented in Table 5. These results mark a substantial increase in identified Resources on the property (see Press Release: December 21, 2005).

Table 5: Lac Pelletier Resources at 3.00 g/t Cut off Grade

	Tonnes	Grade	Ounces
Measured	61 000	6.19	12 140
Indicated	1 179 800	5.39	204 265
Total Mes+Ind	**1 240 800**	**5.42**	**216 405**
Inferred	491 100	4.94	78 029

Resources were calculated using a 3D Block modeling method based on squared inverse distance to calculate the volume and grades of mineralized zones within geologically defined limits. Limits were defined on the basis of structure and continuity of the mineralization between drill holes.

Lac Pelletier Surface Drill Program

Following a successful barge-based drilling campaign (15 holes – 4,517.5 m) undertaken in Q3-2006, a land-based drilling campaign for 1,358 m (6 holes) was undertaken during October 2006. The program targeted the extension of Zone 4-3, the lateral extension of Zone 4-4, and, the extension of the Stadacona fault in the Southern part of the property.

Results from both drilling campaigns were returned after completion of the Resource estimate and are not incorporated to date in the new estimate (Table 5). Results from drilling programs are included in Appendix 2. Best results of the recent Q4-2006 program include:

Zone 4.3 :

- **4.38 g/t Au over 0.8m** (hole 17475-16)
- **2.45 g/t Au over 1.7m** (hole 17475-17)
  - including **5.47 g Au/t over 0.6 m**

Zone 4.3L :

- **0.85 g/t Au over 4.4m** (hole 17475-16)
  - including **1.71 g/t Au over 1.2m**
- **8.55 g/t Au over 1.0m** (hole 17475-17)
- **0.79 g/t Au over 4.8m** (hole 17475-20)
  - including **4.77 g/t Au over 0.45m**

Zone 4.4 :

- **1.14 g/t Au over 2.8m** (hole 17475-19)
  - including **2.01 g/t Au over 1.1m**

Faille de Stadacona :

- **0.75 g/t Au over 1.1m** (hole 17475-18)

Lac Pelletier Scoping and Engineering Study

Management are encouraged by the developments in the project area and recognize that many of the mineralized zones remain open for expansion. A scoping study was commissioned and advanced during Q3-Q4 2006 by Golder Associates and supervised by Richard Adams, P.Eng., consulting Engineer for Alexis Minerals. The Scoping Study evaluates the preliminary economics of the deposit as a potential satellite operation to provide mill feed to the Aurbel Mill. Reporting from the scoping study is anticipated during Q2-2007. (See 'Subsequent Events").

Val-d'Or Properties, Quebec:

- **Central VMS Properties**

Drilling during 2006 continued to be directed at the deep Louvex P6 target, located approximately 1 km from the Louvicourt Deposit. For the first nine months of 2006, the drilling was undertaken with a new and larger machine which was mobilized to site as a perceived benefit to continued deep drilling in the area. Twelve holes (1515 metres) targeting the deep massive sulphide environment were forced to be abandoned when excessive flattening was encountered in the hole traces and it was apparent that the holes would never achieve their target depth.

Management considers that Louvex (P6) target represent the priority target in the Val d'Or area and a smaller drill which had previously successfully completed several holes into the target area was remobilized to site during Q4-2006. The P6 target remains the principal target area due to the continued intersection of very encouraging geology, alteration and mineralization indicative of footwall areas of VMS deposits, and similarity with the environment of the adjacent Louvicourt Massive Sulphide deposit. During Q4-2006, two holes for 764 m of drilling were initiated. The first hole (17315-09) was stopped after 112 m of drilling due to excessive flattening. The second hole (17315-10) advanced 652 m during the quarter. The hole is currently at 1500 metres and progressing towards target after successful efforts during Q1-2007 to redirect the hole using navigational drilling techniques. The hole is anticipated to reach the target during Q2-2007.

- **Val d'Or Base Metal Exploration**

A revised 3-D GoCad model encompassing the prospective stratigraphy of the Val d'Or Camp was developed through the later part of 2005 (Dec.) and into Q1-2006. The model was reconstructed with revised geology, structure, geochemistry and geophysics. Several new targets have been recognized and will be developed into a program of continuing exploration during 2007 across this very prospective area. Initial targets developed include four areas that host key features for VMS exploration. These target areas are currently the focus of further review and study. The principal areas of interest are briefly described in the Annual report to December 31 2005. Diamond drilling of the **West Louvex, Louvex-Abitibi, Abitibi,** and **Courageous** areas will be undertaken upon completion of drilling on the priority Louvex P6 target.

During Q3-2006 a contract was also awarded to Quantec Geophysics to remodel and reprocess all information gathered in an extensive Titan 24 geophysical survey conducted by Aur Resources in 2002. The survey area extends through the area lying to the immediate West of the Louvicourt Deposit, and extending towards the western edge of the large Alexis property package, covering the centre of the Val d'Or VMS mining camp. This work is advancing and will be reported to Alexis during Q1-2007. Results will be incorporated and interpreted within the framework of the new Gocad model. This approach is expected to generate additional base metal targets in the camp along the Louvicourt-Manitou Barvue Base Metal Trend. Targets generated will be drill tested in 2007.

- **Aurbel**

A resource estimate and scoping study were reported on the Lac Herbin and Zone II area (now termed: S1W) of the Aurbel property during 2005. 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. A three phase program of exploration to improve the quality of the resource through delineation drilling from underground openings was commenced in September 2005 and completed in November 2006. The program included ramp development to the 170- and 200m level, definition diamond drilling, lateral drifting in defined zones and bulk sampling/test mining of mineralization. The bulk sample was treated at the nearby Camflo Custom Gold Mill in November-December 2006 with four gold bars and approximately 2,283.5 ounces of gold recovered.

A barge-based program of 2,777 metres (5 holes) of drilling was completed in October prior to the onset of freezing winter conditions. The most recent diamond drilling has to date confirmed the down-plunge and depth continuation of the Hangingwall (HW) Zone and S1W zones. Mineralization has been encountered 100 metres and 150 metres, respectively, below the limits of the known HW and S1W Resources.

In December 2006, Alexis completed a reconciliation of gold recovered from custom milling of the bulk sample on the Lac Herbin gold deposit. A total of 2,282.53 ounces (oz.) of fine gold (Au) was recovered from 2322.54 oz. Au in 14,917 (dry) tonnes (t) of 'development ore' from drifting and raising on the Hangingwall (HW) and S1 West (S1W) zones and from other underground development headings. Conclusions from the gold reconciliation study are:

- 'Drill-indicated Resource grades' under-estimate 'mill-adjusted development grades' by between 51% and 244% in the four principal areas of level and sublevel development within the HW and S1W zones, the two principal mineralized zones within the deposit, Table 2.
- 'Cut* underground chip sample results' are the best grade estimator for 'mill-adjusted development grades' in these working areas (*see* Table 3)
- Current cutting practice using a cut-off grade of *1.0 oz. Au/t (34.28 g Au/t) for higher grade assays in the deposit appears reasonable
- Overall Mill recoveries were 98.3% using total cyanidation during milling
- Gold to silver ratios in doré bars were approximately 10:1

The observed increase from 'drill-indicated Resource grade' to 'mill-adjusted development grade' is a very significant conclusion. The increase more than compensates for any anticipated dilution during commercial mining of the deposit. The program has increased the confidence level of Resources at the Lac Herbin Project.

In January 2007, Alexis also announced a new Resource for the Lac Herbin deposit:

- Measured and Indicated Resources of 494,900 Tons (t) grading 7.83 grams gold per ton (g Au/t) or approximately 124,600 ounces gold (oz. Au), and an additional
- Inferred Resource of 678,000 t at a grade of 7.69 g Au/t, for an additional 167,600 oz. Au.
- All zones remain open to expansion

The new resource estimate, Table 6, is an increase in tonnage, grade and quality over the previous inferred resource calculated for the deposit by Alexis in December 2004 (see Press Release: December 7, 2004).

Mineral Resources were prepared independently by Mr. Carl Pelletier, P.Geo., Innovexplo Inc., under the supervision of Mr. Richard Roy, P. Geo., of NordQuest Inc. and Qualified Person for Alexis' Lac Herbin surface and underground exploration programs. The methodology used is by polygonal method on cross sections through the deposit. The geological continuity was first determined on cross section based on lithologies, structures and alteration using diamond drill holes and drift mapping information, and validated on plan view. Polygons were drafted on cross sections based on underground opening information for the Measured Resources and on diamond drill holes for the Indicated and Inferred resources. The undiluted resource was estimated using a cut-off factor of 34.28 g Au/t (1.0 oz Au/t).

Table 6 – Lac Herbin Resource Estimate

Zone*	Lac Herbin Gold Resource					
	Measured		Indicated		Inferred	
	Tons	Grade (g/t)	Tons	Grade (g/t)	Tons	Grade (g/t)
S1W+S1E	16,500	8.82	195,100	7.25	173,600	7.24
HW	13,300	7.70	162,300	7.42	192,300	7.75
HW2+WE	1,100	6.16	48,200	10.23	118,800	8.37
LH	---	---	48,700	8.50	73,800	7.87
Bonanza	---	---	6,000	11.89	18,600	12.07
S3	3,700	6.15	---	---	82,800	6.46
Other	---	---	---	---	18,100	7.25
Total	**34,600**	**8.02**	**460,300**	**7.81**	**678,000**	**7.69**

***NOTE*: S1W + S1E – S1 Zone; HW – Hangingwall Zone; HW2 + WE – Hangingwall 2 and West E Zones; LH – Lac Herbin Zone; S3 – S3 Zone.**

Results from the new resource estimate will be used by Alexis' mine development team to determine project economics. An internal feasibility study is currently nearing completion and an independent 43-101 study and report should be completed during Q2-2007.

The Lac Herbin underground exploration program is supervised by Mr. Richard Roy, P.Geo., of NordQuest Inc., and Claude Perreault, P.Eng., Qualified Persons as defined under NI 43-101 guidelines. Mr. Robert M. Inglis, P.Eng, Special Projects Manager; Robert Bryce, P.Eng.; Richard Adams, P.Eng. Consulting Engineer; David Orava, P.Eng., Environmental Consultant; David West, P.Eng. Rock Mechanics Consultant; and, Ms. Maureen Paterson, P.Eng., Metallurgical Consultant provide additional engineering support as Qualified Persons on various aspects of the ongoing programs.

Underground Exploration Program, Phase IV – Lac Herbin

Management is very encouraged by the positive results generated by the underground program and upon completion of Phase III, a phase IV program of exploration was commenced to maintain momentum on the project and to further advance exploration of the deposit. The Phase IV program will be directed at:

- Expansion of Inferred Resources through delineation drilling down-dip, down-plunge or on-strike of known Resource areas – all Resource areas remaining open at depth in current modelling
- New discovery in the immediate project area – eleven targets have been identified adjacent to the area of the workings and development
- Ramp development to the 250-metre level - providing access for additional drifting and raising in ore to confirm ore continuity, distribution of high-grade areas within the deposit, and, to confirm the optimal mining approach (long-hole or shrinkage)
- Level development on the 200-, 150 - and 170- m levels to further advance within several of the gold zones and to provide additional drill stations.

A total of 445 m of ramping, 1,180 m of raising and drifting and 8,000 m of diamond drilling are planned for completion during the Phase IV program.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2006, the Company had working capital of $4,626,101 compared to working capital of $7,536,676 at December 31, 2005. Cash appropriated for exploration expenditures of $133,421 (2005: $2,715,401) as well as deposits and advances related to exploration have been classified as long term assets in order to match it with the long term exploration expenditures it will support. Working capital and cash appropriated for 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 government assistance. The Company received $779,333 of the assistance during the twelve months ended July 31, 2005 from one government body. The Company made further application for refundable government assistance related to its spending through July 31, 2005 and December 31, 2005 of $6,482,693. Throughout 2006, the Company received a total of $6,256,707 in assistance related to these previous fiscal years, with $12,447 in disallowed claims, and a balance of $409,461 remaining payable to the Company at December 31, 2006. For the current year, the Company will apply for $6,832,224 in government assistance.

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

As compensation for arranging the Debenture financing, Industrial Alliance received a commission of $252,600 which is equal to 6% of the gross proceeds received, as well as 336,800 agent warrants exercisable at a price of $0.75 for a period of two years.

In July 2006, the Company signed a short-term demand loan agreement with a major Canadian chartered bank for a non-revolving demand loan of up to $3.6M. This loan is secured against anticipated 2006 Quebec government assistance of approximately $5.25M which is expected to be received in July 2007. The funds advanced to the Company in 2006 through this loan facility will be repaid upon receipt of the Quebec rebate. A Loan Guarantee was received in June 2006 from Investissement Quebec to support this loan. Investissement Quebec charged a fee of 3%, or $108,360, to provide this Loan Guarantee. This fee was paid in June 2006 and is being amortized over the term of the loan. The bank will advance funds against this Loan Guarantee at an interest rate of Prime plus 1%. As at December 31, 2006, the bank had advanced $3,032,672 to the Company as part of this loan agreement. Subsequent to the end of the year, the bank advanced a further $556,953, such that the Company has substantially drawn down the loan facility.

In accordance with the Loan Guarantee provided by Investissement Quebec, the bank has held back a total of $150,000 of the loan as at December 31, 2006. This amount is invested in a Guaranteed Investment Certificate in the name of the Company.

On November 28, 2006, the Company completed a non-brokered private placement for gross proceeds of $3,653,490 through the issuance of 5,219,272 common shares which qualify as flow-through shares for the purposes of the *Income Tax Act* (Canada) (the “Flow-Through Shares”) priced at $0.70 per Flow-Through Share.

The Company has and will utilize the Quebec government assistance, and funds it has raised 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**

The Company is in good standing on its option with Falconbridge Ltd. (now Xstrata Copper Canada)("Xstrata") to earn a 50% interest in all of Xstrata'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 Company has no current or future liabilities from previous work or mining activities on these properties.

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. An additional $3M will be committed to delineation drilling on base metal discoveries or gold exploration programs across the properties. Funding for the project is managed through a Trust account funded by Alexis. Funds for exploration are withdrawn from the Trust account as programs are authorized by the Management Committee and advanced in the field. Total expenditures under the agreement to December 31, 2006 are approximately $16.0M. A total of $3.1M (included in the $16.0M) has been spent to date of the additional $3M commitment towards delineation drilling of the West Ansil deposit and Alexis managed gold programs. Alexis expects to vest into the joint venture properties during 2007.

- **Lac Pelletier Property Acquisition**

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. Expenditures to the end of Q4-2006 are $863,103.

Val d'Or

- **Aurbel (including Lac Herbin)**

The Company exceeded contractual exploration commitments to complete the acquisition of a 50% interest in the Aurbel properties from Aur Resources Inc. ("AUR") in February, 2006. Alexis agreed to purchase the remaining 50% interest in the Aurbel property by the payment of $2,000,000, with an additional cash payment of $1,000,000 to purchase the 1400 tonne-per-day Aurbel Gold Mill. Due diligence environmental assessment reviews and an engineering review for re-commissioning of the plant were completed during 2006. The transaction closed during Q3-2006 and partial ($500,000) payment of a $1,000,000 hold-back was paid upon successful submission by AUR of the Aurbel Closure Plan to the respective Quebec Mining Authorities. The final payment is expected in 2007 upon acceptance by the authorities of the closure plan.

- **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 NSR royalties. Total exploration expenditures to the end of Q4-2006 are $2.7M of a required $4.0M work commitment prior to a $1.0M cash payment due in March 2008.

- **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 by March 31, 2007. The option is in good standing and a winter drilling program was completed in Q1-2007. Expenditures to December 31, 2006 total just over $10,000. The expenditure commitment was met subsequent to the end of the year.

Val d'Or Office Purchase

The Company purchased the Val d'Or office from Aur Resources Inc. in July 2006 for $550,000, with a cash payment of $100,000 and a commitment to pay the balance in monthly instalments of $10,000 for 45 months. The commitment has been recorded as long term debt discounted at a rate of 6.28%.

RESULTS OF OPERATIONS

The net loss for the year ended December 31, 2006 is $1,396,695 compared to income of $1,197,791 for the comparable five months ended December 31, 2005 and a loss of $3,458,856 for the year ended July 31, 2005.

Non cash expenses included stock based compensation of $164,320 charged during the year ended December 31, 2006 related to a portion of the 937,500 stock options granted during the year compared to $30,750 charged during the five months ended December 31, 2005 (December 2005: 150,000 options granted) and $1,161,490 charged during the year ended July 31, 2005 (July 2005: 2,370,000 options granted). Another non cash expense included the write off of exploration properties. No amounts were written off during the current year under review. However, during the 5 months ended December 31, 2006, the Company wrote off $61,336 in exploration property costs and $1,918,962 during the year ended July 31, 2005. Lastly, a future income tax recovery of $594,000 was included in the loss for the year ended December 31, 2006 compared to a recovery of $1,717,000 for the five months ended December 31, 2005 and a recovery of $596,900 for the year ended July 31, 2005. Upon removing these elements, the administrative expenses totaled $1,826,375 for the year ended December 31, 2006 compared to $426,943 for the five months ended December 31, 2005 and $975,304 for the year ended July 31, 2005. Therefore, administrative expenses increased by $1,399,432 compared to the five months ended December 31, 2005 and increased by $851,071 compared to the year ended July 31, 2005.

Almost $515,000 of this increase can be attributed to the various financings undertaken throughout the year ended December 31, 2006, including the convertible debenture for which $312,689 in interest and accretion of discount was charged, and $42,182 in financing charges was amortized. The Company also incurred $59,327 for the amortization of loan engagement fees and over $59,000 in interest related to the demand loan. The Company also incurred almost $40,000 in interest related to flow through funds expenditure. No such charges were included in expenses for either comparative period.

Other expenses increased overall during the current year compared to both comparative periods to support the continued growth of the Company including additions to the management team and increased shareholder communications costs as the Company continued to penetrate the American and European markets through various road shows and analyst visits.

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, 2006

Period	Revenues	Total assets	Net Income (Loss)	Net Income (Loss) per Share	Long term liabilities
4th Quarter 2006 (December 31, 2006)	Nil	40,565	83	0.00	6,743
3rd Quarter 2006 (September 30, 2006)	Nil	37,098	(516)	(0.01)	7,302
2nd Quarter 2006 (June 30, 2006)	Nil	33,414	(548)	(0.01)	6,973
1st Quarter 2006 (March 31, 2006)	Nil	28,599	(416)	(0.01)	4,064
Transition period - 2 months ended December 31, 2005	Nil	28,444	1,438	0.02	412
1st Quarter 2006 (October 31, 2005)	Nil	29,681	(240)	(0.00)	2,129
4th Quarter 2005 (July 31, 2005)	Nil	28,045	(2,363)	(0.04)	2,129
3rd Quarter 2005 (April 30, 2005)	Nil	28,060	(491)	(0.01)	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, the write off of exploration interests, and interest expense and other financing charges on its new convertible debentures and short term loan. Income is generated through interest earned on Bankers Acceptance investments and future income tax recoveries. Stock based compensation is a non cash expense representing an estimate of the fair value of options granted to directors, officers and consultants of the Company calculated by applying the Black Scholes option pricing model. Future tax recoveries during the periods ending December 31, 2006 and 2005 related to the anticipated renunciation of flow through shares primarily contributed to the net income for these periods.

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

The long term liability recognized during the second quarter of 2006 is a result of the convertible debentures issued in May 2006 as previously discussed. During the third quarter of 2006, long term liabilities increase as a result of the purchase of the Val d'Or office as described above. During the fourth quarter of 2006, the Company recorded a decrease to its future tax liability of $594,000 and also recognized an asset retirement obligation of $423,000 related to the Aurbel Mill purchased during the year.

Annual information

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

	2006 December 31 Twelve months	2005 December 31 Five months	2005 July 31 Twelve months
Net income (loss)	(1,397)	1,198	(3,459)
Income (loss) per share, basic and fully diluted	(0.02)	0.02	(0.07)
Total assets	40,565	28,444	28,045
Total long term liabilities	6,743	412	2,129

During the twelve months ended July 31, 2005, the Company wrote off $1,918,962 in exploration interests related primarily to 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 five months ended December 31, 2005, the Company recorded a future income tax recovery of $1,717,000 which generated income for the transition period.

CASH FLOWS

Cash used in operating activities for the year ended December 31, 2006 was $1,243,795 compared to $1,168,599 for the five months ended December 31, 2005 and $621,715 for the year ended July 31, 2005. Administrative expenses and interest income used $1,371,936 compared to $400,760 used during the five months ended December 31, 2005 and $919,576 during the twelve months ended July 31 2005. Non cash working capital provided $128,141 during the current year under review compared to a use of $767,839 for the five month transition period ending December 31, 2005 and a source of $297,861 for the twelve months ended July 31, 2005.

Cash provided by financing activities was $11,361,727 during the year ended December 31, 2006 compared to the use of $4,014 during the five months ended December 31, 2005 and a source of $14,489,856 during the year ended July 31, 2005. Private placements during the years ended December 31, 2006 and July 31, 2005 generated $3,653,490 and $15,328,474 respectively. Issue costs on these financings amounted to $266,445 and $1,662,802 respectively. Also, warrants and options were exercised generating $873,422 during the current year and $824,184 during the year ended July 31, 2005. During the current year, the Company also raised a further $4,210,000 less $372,905 in issue costs from the convertible debenture issue as well as $3,032,672 less loan engagement fees of $118,507 from the secured demand loan, both described in the Liquidity and Capital Resources section of this report. Lastly, a source of cash of $350,000 resulted from the long term debt incurred on the purchase of the Val d'Or office in Quebec.

Cash from investing activities used $8,785,940 during the year ended December 31, 2006 compared to $6,479,287 during the five months ended December 31, 2005 and $13,001,481 during the year ended July 31, 2005. Expenditures on exploration interests, net of government assistance accrued, used $18,194,355 during the current year compared to $7,710,341 and $11,423,774 for the respective comparative periods. Cash appropriated for exploration expenditure decreased by $2,581,980 during 2006 as the Company drew down on trust balances held exclusively for Xstrata. During the five months ended December 31, 2005, cash appropriated for exploration expenditure increased by $563,360, while during the year ended July 31, 2005, cash appropriated for exploration expenditure increased by $2,152,041. The Company draws down on the trust balances by advancing funds directly to Xstrata, In 2006, there was a net increase of $168,912 for prepaid exploration expenditures and deposits and advances related to exploration. During the comparative periods, prepaid exploration balances decreased by $881,096 and $64,054 for the five months ended December 31, 2005 and the year ended July 31, 2005 respectively. Exploration accounts payable increased by $1,271,217 during the current year compared to increases of $913,318 and $545,672 during both comparative periods. During the current year, the Company received $6,256,707 in exploration tax credits relating to accrued government assistance from prior periods. And lastly, the Company used $532,577 to fund property and equipment purchases during the year ended December 31, 2006 compared to $nil during the five months ended December 31, 2005 and $38,392 during the year ended July 31, 2005. During the year ended July 31, 2005, the Company sold equipment for cash proceeds of $3,000.

Cash expenditures on properties for the year ended December 31, 2006, the five months ended December 31, 2005 and the year ended July 31, 2005 were as follows:

Twelve months, 2006	Rouyn	VMS	Audet	Aurbel	Lac Herbin	Queotish	Other	TOTAL
Acquisition and property costs	113,027	13,928	129	78,689	1,988,513	-	-	2,194,286
Drilling	2,138,331	296,773	-	-	2,063,617	-	-	4,498,721
Analysis and laboratory	30,234	3,402	-	-	129,307	-	5	162,948
Geology and scoping studies	878,504	454	-	143	14,724	-	-	893,825
Travel and transportation	9,852	2,481	-	182	77,407	-	-	89,922
Consulting and labour	464,683	92,362	-	1,100	1,083,488	-	3,665	1,645,298
Geochemistry and geophysics	268,614	20,000	-	-	44,950	-	-	333,564
Environmental	6,919	1,494	-	14	24,042	-	-	32,469
Roads	-	-	-	-	84,266	-	-	84,266
Mobilization/demobilization	-	-	-	-	8,000	-	-	8,000
Site construction	-	-	-	-	117,421	-	-	117,421
Portal and ramp construction	-	-	-	-	2,025,123	-	-	2,025,123
Level ore development	-	-	-	-	3,781,471	-	-	3,781,471
Water waste and settling pond	-	-	-	-	106,902	-	-	106,902
Electrical work	-	-	-	-	376,136	-	-	376,136
Metallurgy and custom milling	600	-	-	-	163,995	-	-	164,595
Security	-	-	-	-	24,385	-	-	24,385
Other underground development	-	-	-	-	798,709	-	-	798,709
Human resources	-	-	-	-	14,147	-	-	14,147
Mill purchase and refurbishment	-	-	-	-	1,081,210	-	-	1,081,210
Field and office support	30,355	10,445	-	2,021	322,705	-	-	365,526
Management fees	141,532	(31,467)	-	-	-	-	-	110,065
Reclamation bond	-	-	-	-	3,695	-	-	3,695
Less: net gold sales from bulk sample	-	-	-	-	(718,329)	-	-	(718,329)
TOTAL CASH EXPENDITURES	**4,082,651**	**409,872**	**129**	**82,149**	**13,615,884**	**-**	**3,670**	**18,194,355**

Five months, 2005	Rouyn	VMS	Audet	Aurbel	Lac Herbin	Queotish	Other	TOTAL
Acquisition and property costs	158,252	7,183	-	7,707	244	5,500	-	178,886
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	-	207	18,529	43	368	31,838
Consulting and labour	170,157	66,462	-	9,008	233,465	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	-	331	63,435	97	-	97,829
Management fees (recovered)	285,653	(19,844)	-	-	-	-	-	265,809
TOTAL CASH EXPENDITURES	**3,731,713**	**448,761**	**-**	**76,065**	**3,445,091**	**5,948**	**2,763**	**7,710,341**

Twelve months, 2005	Rouyn	VMS	Audet	Cadillac	Aurbel	Lac Herbin	Queotish	Turquoise Flats	Other	TOTAL
Acquisition and property costs	297,332	16,922	460	5,658	227,773	57,880	-	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	20,412	1,722	-	-	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	5,733	1,365	-	1,436	874	48,402
Consulting and labour	469,816	161,685	18	146,174	180,971	77,237	-	-	13,673	1,049,574
Geochemistry and geophysics	1,589,244	45,915	2,267	57,872	5,182	33,986	-	-	-	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	40,220	17,714	-	-	-	244,840
Management fees	730,922	(56,985)	-	-	-	-	-	-	-	673,937
Less: Government assistance	(30,603)	(2,535)	-	(406,124)	(261,337)	(78,734)	-	-	-	(779,333)
TOTAL CASH EXPENDITURES	**8,921,638**	**1,285,388**	**3,975**	**179,134**	**775,537**	**233,648**	**0**	**9,822**	**14,632**	**11,423,774**

TRANSACTIONS WITH RELATED PARTIES

The Company was charged $76,500 for the year ended December 31, 2006 (five months ended December 31, 2005 - $40,000, twelve months ended July 31, 2005 - $60,000) by companies controlled by directors of the Company for administration and engineering services.

A total of 425,000 stock options were granted to directors and officers during the year ended December 31, 2006 (five months ended December 31, 2005 – NIL, twelve months ended July 31, 2005 – 1,800,000). An amount of $6,573 is payable to directors or corporations controlled by directors of the Company at December 31, 2006 (December 31, 2005 - $16,232, July 31, 2005 - $11,266).

The Company shares its premises with other corporations that have common directors, and the Company reimburses the related corporations for their proportionate share of the expenses. Included in accounts payable and accrued liabilities at December 31, 2006 is $11,762 (December 31, 2005 - $23,075, July 31, 2005 - $18,233) owing to such corporations. As well, the Company is owed $7,323 from such corporations for shared expenses (December 31, 2005 - $8,320, July 31, 2005 - $NIL).

During the year ended December 31, 2006, a director of the Company subscribed for common shares as part of a private placement. 285,000 common shares were issued to this director for gross proceeds of $199,500. 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.

During the year ended December 31, 2006, the Company recorded $27,318 in royalties payable to a corporation that is controlled by a director of the Company. This amount is included in accounts payable and accrued liabilities.

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.

DIRECTORS AND OFFICERS COMPENSATION

During the year ended December 31, 2006, the Company paid $121,000 and granted 50,000 stock options to officers of the Company and $602,000 and 375,000 stock options to directors of the Company as remuneration for services provided as directors and officers. Stan Bharti, a director of the Company, controls a company that provides administrative services to the Company. The administrative company has a contract for $5,000 per month. Robert Bryce, a director of the Company, controls a company that provides engineering services in relation to the Lac Herbin project. This company bills on a per diem basis, and has charged $16,500 for the year ended December 31, 2006.

OUTSTANDING SHARE DATA

As April 16, 2006, 97,891,278 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, 5,745,000 remain outstanding with exercise prices ranging from $0.255 to $0.91 and with expiry dates ranging between September 5, 2008 and March 5, 2012. If exercised, 5,745,000 common shares would be issued generating $3,464,725.

As at April 16, 2006, there were 16,908,589 share purchase warrants outstanding with exercise prices ranging from $0.75 to $1.35, expiring between April 20, 2007 and February 13, 2009. If exercised, 16,908,589 common shares would be issued generating $21,041,514.

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, government assistance receivable, accounts payable and accrued liabilities, secured demand loan and long term debt reflected in the consolidated balance sheet approximate fair value because of the limited term of these instruments.

The carrying value of the convertible debentures is a reasonable estimate of their fair value due to the short period of time since the issuance of this financial instrument.

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.

SUBSEQUENT EVENTS

Subsequent events related to exploration activities

Rouyn-Noranda

- **Rouyn-Noranda Properties, Quebec**

New target areas have been developed during Q1-2007. Approximately 4,000 metres of drilling have been approved to test the extensions of the **historical Au-Zn zone west of the Horne Mine, named the West Zone**. Additional targets include Iamgold/**Wilco** located to the east of the Horne Deposit and **Baie D'Alembert** near the Duparquet lake.

Drilling is continuing with three (3) drills and focused mainly in the Baie d'Alembert, Iamgold (Pinkos-Wilco) and the Horne West Zone areas. Compilation is in progress in the Noralex area and within the overall Noranda Camp. New targets are expected to be generated from these areas during Q1-2007.

- **Lac Pelletier**

A land-based drilling campaign for 1200 m (6 holes) was undertaken during October 2006. The program targets the extension of Zone 4-3, the lateral extension of Zone 4-4, and the extension of the Stadacona fault in the southern part of the property. Results from the program are presented in Appendix 2.

A preliminary Scoping Study and mining proposal was received from Golder Associates during Q1-2007. This was reviewed by the newly developed engineering staff and mining team in Alexis. The report and mining proposal, along with the results of the 2006 drilling programs, the relogging of old holes, and a further reinterpretation of mineralization during Q1-2007, have allowed Alexis to establish new concepts across the deposit area. The project team have identified several areas within the deposit where there is a strong possibility of employing low cost mining methods (longhole stoping) despite the generally low angle dip of the zones. Two new concepts will be tested through exploration drilling during Q2- to Q3-2007 before dewatering the existing ramp to do an underground exploration program and to take a bulk sample:

- Areas southeast of zone 4-3 where the zone steepens to greater than 45 degrees
- The junction area of zone 3 with zones 4-1 and 4-2 which appears to offer the potential for the delineation of very large ore blocks with heights of up to 30 m and lateral extent of up to 70-100 m in strike and width dimensions.

The scoping study will be released during Q2-2007.

Val d'Or

- **Central VMS**

Drilling on the Louvex P6 target was restarted in December 2006 with the same machine that successfully completed hole 17315-01F to depths in excess of 2,500 metres. At the end of March 2007, 1560 m of the foreseen 2600 m have been drilled in hole 17315-10C and the hole is advancing towards target.

On the Bonnefond property, a drill campaign with 14 holes for 5646 m was completed during Q1-2007. The aim of that program was to check for the extension of the Monique deposit located east of the Bonnefond property. Many of these holes intercept decimetric to metric altered zones with quartz veining and few sulphides. Visible gold was seen at two locations. Assays are pending.

Re-interpretation of the TITAN-24 geophysical survey has been completed by the end of Q1-2007. The new data will be integrated in the 3-D GoCad model and be used for new target generation or prioritisation of existing targets during Q2-2007 with the aim to be drilled in 2007.

- **Langlade, Quebec**

In January and February 2007, 3 holes (975 m) were drilled on the property. This program will allow Alexis minerals to earn a 100% interest in the property.

- **Aurbel**

During Q1-2007 Alexis Minerals has commenced building a strong development and production team at the Lac Herbin Project. Michel Labonté, Manager of Operations; Patrick Sévigny, P.Ing., Chief Engineer; and Richard Lavallée, P.Ing., Senior Mine Engineer have joined the Company and bring considerable experience and depth to the Alexis team.

Phase IV exploration of the Lac Herbin deposit has advanced and has paid continuing dividends for the Corporation. The Ramp has advanced to the 25- level and the 22 and 25 levels have been established. Additional infrastructure is being developed at the 25-level to support continued operations and exploration including, electrical substation, lunch room and main mine sump, decant and pumping stations. Lateral development in the 15-level S1E and 17-level HW zones has also been driven to lateral ore limits and ore grade material selectively stockpiled on surface for additional bulk sampling and potential milling.

Exploration drilling has advanced significantly in both the delineation of, and in the overall exploration of, the Lac Herbin area. Of significant importance during the Q1-2007 period are:

- Discovery of a new deep zone at Lac Herbin, to the south of and 80 metres below the existing mine workings on the 200-m level. New intersections include:
  - 35.42 (9.76 cut*) g Au/t over 9.2 m (LH02-122). True width is estimated to be 4.0m. The intersection includes:,
    - 41.93 (11.28 cut*) g Au/t over 7.7 m, and
    - 231.0 (34.28 cut*) g Au/t over 1.2 m
  - 12.80 (12.27 cut*) g Au/t over 12.5 m (LH02-123). True width is estimated to be 6.0 m. The intersection includes:
    - 15.36 (14.68 cut*) g Au/t over 9.8 m, and
    - 16.21 (15.45 cut*) g Au/t over 8.7 m .

  The new discovery supports the interpretation that the Herbin Deposit strengthens and remains open to depth both to the east and the west. The deepest previous intersections included in recent Resource modeling in this area and at the 220-m Level returned:
    - 23.82 (16.38 cut*) over 2.2 m (LH02-118)
    - 8.67 g Au/t over 2.0 m (LH02-116)

- Confirmation of the significant depth potential of the Lac Herbin deposit with nine (9) additional holes confirming the continuous extension of ore grade mineralization down to the 500-metre level. New intersections in the S1W Zone include:
  - 15.25 (8.93 cut*) g Au/t over 7.2 m (LH02-133), including two separate intervals grading:
    - 79.8 (34.28 cut*) g Au/t over 1.0 m, and
    - 26.0 g Au/t over 0.8 m
  - 17.19 g Au/t over 2.7 m (LH02-131), including:
    - 24.93 g Au/t over 1.8 m
  - 9.60 (7.86 cut*) g Au/t over 2.2 m (LH02-132) including
    - 34.28 g Au/t over 0.5 m
  - 6.41 g Au/t over 4.9 m (LH02-134), including two separate intervals grading:
    - 12.65 g Au/t over 1.2 m, and
    - 7.46 g Au/t over 1.6 m

The drilling confirms excellent continuity between previously reported Measured and Indicated Resources on the main gold zone (S1 Zone, *see* Press Release: January 11, 2007) to the deepest intersection in the Deposit to date **at the 500 m level** (Hole AMAR-67: **8.8 g Au/t over 2.4 m)**. Mineralization at the 500-metre level has a minimum strike length of 250 metres and remains completely open to depth and to the East

Additional drilling was also completed to test the adjacent S1E zone within the Lac Herbin Deposit. Additional definition on this zone returned:

- **7.25 g Au/t over 3.9 m** (LH01-167), including two separate intervals grading :
  - **12.4 g Au/t over 0.8 m**, and
  - **16.0 g Au/t over 1.1 m**
- **8.96 (5.39 cut*) g Au/t over 3.0 m** (LH01-161), including
  - **16.59 (9.91 cut*) g Au/t over 1.6 m**

The new intersections confirm the continuing very good upside potential for increasing grade and tonnage in the deposit and the potential for further expansion to depth of known mineralization, new discoveries and for resulting long-term growth in resources.

Ongoing Exploration at Lac Herbin

Ongoing exploration results have provided encouragement towards confirming Resources on the project with the program confirming very good strike and dip continuity to the known zones. Lateral development and bulk sampling along the S1W and HW zones in Phase III has demonstrated excellent strike and vertical continuity to mineralization.

The understanding of mineralization has improved dramatically over the last 12 months with the result that the Company is now better able to predict and identify ore zone extensions and potential areas hosting new zones within the mine setting of the deposit. The HW, WE and S1 zones offer three major ore structures, each with potential to represent the equivalent of a Dumont style deposit. Upwards of eleven (11) exploration targets, which are wide open for resource growth or new exploration discovery, have been recognized and offer important potential to increase Resources in the immediate area of the current program. Exploration potential down-dip and down plunge towards the West is considered very good and the discovery of a new auriferous vein structure, the HW2 Zone, sub-parallel to the HW zone but to the north of the HW and S1W zones, in this area is encouraging.

Subsequent events related to Corporate activities

In February 2007, the Company completed a brokered private placement through the issuance of 25,000,000 units of the Company, including 5,000,000 units issued upon exercise of the underwriters' option, at a price of $1.00 per unit for gross proceeds of $25 million. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of $1.35 until February 13, 2009. The securities issuable on the exercise of warrants will be subject to a hold period that expires on June 14, 2007. In connection with the private placement, the syndicate of underwriters received a cash commission of 6% of the gross proceeds raised.

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 prices 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.

COMMITMENTS AND CONTINGENCIES

Pursuant to the issuance of 5,219,272 flow through shares in November 2006, the Company renounced $3,653,490 on qualified exploration expenditures with an effective date of December 31, 2006 in February 2007. The effect of this renunciation will be recorded in February 2007. As of December 31, 2006, the Company has expended $823,958 related to these flow through funds and is required to expend the balance of $2,220,898 by December 31, 2007.

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, 2006, the Company has met its expenditure commitments.

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to $2 million be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Minimum management contract commitments remaining under the agreements are approximately $380,000 all payable within one year.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

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

Internal controls over financial reporting

The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with the issuer's GAAP as of December 31, 2006, have not identified any changes to the Company's internal control over financial reporting which would materially affect, or is reasonably likely to materially affect the Company's internal control over financial reporting.

OUTLOOK

The Company is focused on the near term development of two gold projects, Lac Herbin in Val d'Or and Lac Pelletier in Rouyn Noranda. The Company expects to be able to bring these deposits into production during 2007 and 2008 respectively. The projects are expected to generate positive cash flows in the near and medium term.

The Company has developed a long term 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 continues to look forward optimistically towards continued exploration success as it endeavours 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 (Geology)	Project Responsibility
Richard Roy, P.Geo., NordQuest Inc.	Lac Herbin and Aurbel
Denys Vermette, M. Sc. P. Geo.	Val-d'Or Central VMS
Mario Masson, P.Geo., Xstrata Copper Canada	Rouyn-Noranda – Base Metals
Carl Pelletier, P.Geo., Innovexplo Inc.	Resource Estimates
Philippe Berthelot, P.Geo.	Rouyn-Noranda Gold and Lac Pelletier

April 16, 2007

Alexis Minerals Corporation
Q4-2006 MD&A Report

APPENDIX 1

Underground Diamond Drilling Results
Lac Herbin Project, Val d'Or, Quebec

Table 1 – Results from Underground Diamond Drilling:
West E Zone, Lac Herbin Project, Val-d'Or, Quebec

Hole Number	**From-To (m)**	**Length (m)**	**Zone**	**Uncut Grades (gAu/t)**	**Cut Grades* (gAu/t)**	**True Width (m)**
LH02-055	68.7 – 69.8	1.1	West E		Veining - LV	1.5
LH02-061	96.7 – 98.6	1.9	West E		Veining - LV	1.9
LH02-062	94.4 – 103.4	9.0	West E	**8.49**	**5.85**	**8.0**
LH02-063	108.3 – 111.1	2.8	West E		Veining - LV	2.0
LH02-070	110.4 – 114.9	4.5	West E	**5.75**	**5.08**	**4.5**
LH02-071	100.8 – 102.0	1.2	West E		Shearing - LV	1.5

Table 2 – Results from Underground Diamond Drilling:
S1 Zone, Lac Herbin Project, Val-d'Or, Quebec

Hole Number	From-To (m)	Length (m)	Zone	Uncut Grades (gAu/t)	Cut Grades* (gAu/t)	True Width (m)
LH02-054	68.3 – 69.9	1.6	S1W		**6.01**	**1.0**
LH02-055	53.1 – 54.9	1.8	S1W		1.02	1.0
LH02-057	41.9 – 43.0	1.1	S1W		1.72	1.0
LH02-058	62.6 – 67.3	4.7	S1W		Shearing - LV	2.5
LH02-061	84.0 – 87.9	3.9	S1W		**5.17**	**3.0**
LH02-062	69.6 – 71.6	2.0	S1W	**13.47**	**8.94**	**1.7**
LH02-063	64.9 – 65.7	0.8	S1W		Shearing - LV	0.8
LH02-064	87.7 – 92.2	4.5	S1W		Shearing - LV	3.0
LH02-065	95.8 – 99.5	3.7	S1W		Shearing - LV	1.8
LH02-066	118.9 – 120.4	1.5	S1W		Shearing - LV	1.5
LH02-070	69.6 – 71.2	1.6	S1W		**5.55**	**1.6**
LH02-071	72.2 – 74.8	2.6	S1W		Veining - LV	2.5
LH02-072	80.0 – 81.6	1.6	S1W		**3.7**	**1.5**
LH02-076	47.2 – 49.1	1.9	S1W		**4.45**	**1.5**
LH01-077	57.5 – 58.9	1.4	S1W		LV	2.2
LH02-078	69.8 – 72.9	3.1	S1W		LV	1.5
LH02-079	86.9 – 91.8	4.9	S1W		LV	2.5
LH02-080	107.9 – 113.9	6.0	S1W		LV	3.0
LH02-081	86.1 – 90.4	4.3	S1W		Veining - LV	2.0
LH02-082	101.9 – 104.0	2.1	S1W		LV	1.5
LH02-083	75.6 – 78.0	2.4	S1W		LV	1.8
LH02-160	39.0 – 41.4	2.4	S1E		Veining - LV	2.0
LH02-161	53.6 – 56.6	3.0	S1E	**8.96**	**5.39**	**2.5**
LH02-162	51.0 – 53.0	2.0	S1E		Veining - LV	2.0
LH02-163	39.0 – 40.9	1.9	S1E		1.13	1.5
LH02-164	35.7 – 38.6	2.9	S1E		Veining - LV	2.0
LH02-167	41.8 – 45.7	3.9	S1E		**7.25**	**3.0**
AMAR-66**	486.9 – 488.3	1.4	S1W		2.42	1.4
	508.0 – 508.3	0.3		**49.5**	**34.28**	**0.3**
	516.4 – 517.2	0.8			**14.2**	**0.8**
	519.0 – 520.0	1.0		**51.5**	**34.28**	**1.0**
AMAR-67**	488.3 – 490.7	2.4	S1W		**8.8**	**2.4**
including	489.6 – 490.7	1.1			**17.67**	**1.1**
AMAR–68**	505.0 – 508.2	3.2	S1W		1.25	3.2
AMAR-69**	392.5 – 392.8	0.5	S1W		**6.41**	**0.5**
AMAR-70**	277.8 – 278.6	0.8	S1		3.71	0.8

Table 3 – Results from Underground Diamond Drilling:
S3 Zone, Lac Herbin Project, Val-d'Or, Quebec

Hole Number	**From-To (m)**	**Length (m)**	**Zone**	**Uncut Grades (gAu/t)**	**Cut Grades* (gAu/t)**	**True Width (m)**
LH02-115	47.4 – 49.9	2.5	S3		Shearing - LV	2.5
LH02-116	50.7 – 52.7	2.7	S3		**8.67**	**2.0**
LH02-117	49.0 - 51.7	2.7	S3		Shearing – LV	1.7
LH02-118	93.0 – 95.2	2.2	S3	**23.82**	**16.38**	**1.5**
LH02-119	76.3 – 79.3	3.0	S3		**4.44**	**2.0**
LH02-120	43.1 – 45.0	1.9	S3		Shearing - LV	1.5
LH02-165	106.1 – 109.1	3.0	S3		Shearing - LV	3.0
LH02-166	20.3 – 21.0	0.7	S3		Shearing - LV	1.5

Table 4 – Results from Underground Diamond Drilling:
Hangingwall Zone, Lac Herbin Project, Val-d'Or, Quebec

Hole Number	**From-To (m)**	**Length (m)**	**Zone**	**Uncut Grades (gAu/t)**	**Cut Grades* (gAu/t)**	**True Width (m)**
LH02-054	115.5 – 117.3	1.8	HW		Shearing - LV	1.5
LH02-055	106.5 – 107.2	0.7	HW		Shearing - LV	0.5
LH02-060	150.0 – 151.7	1.7	HW	**80.25**	**20.71**	**1.5**
LH02-063	177.8 – 180.4	2.6	HW		**Veining – LV**	2.0
LH02-155	57.3 – 59.5	2.2	HW		**5.05**	**1.5**
LH02-156	67.5 – 69.6	2.1	HW		2.0	1.5
LH02-157	83.3 – 85.8	2.5	HW		2.03	1.5
LH02-158	72.4 – 74.5	2.1	HW		**3.2**	**2.0**
LH02-160	233.9 – 236.0	2.1	HW		1.69	2.0
LH02-161	227.2 – 228.5	1.3	HW		1.86	1.3
LH02-162	200.0 – 201.5	1.5	HW		Veining - LV	1.5
LH02-163	229.8 – 232.1	2.3	HW		Veining - LV	2.0
LH02-164	244.2 – 250.2	6.0	HW		Veining - LV	3.0
LH02-167	285.3 – 290.5	5.2	HW		**3.64**	**2.0**
including	286.6 – 287.6	1.0			**13.5**	**0.38**

Table 5 – Results from Underground Diamond Drilling:
"Flat Swarms", Lac Herbin Project, Val-d'Or, Quebec

Hole Number	From-To (m)	Length (m)	Zone	Uncut Grades (gAu/t)	Cut Grades* (gAu/t)	True Width (m)
LH02-080	50.7 – 59.9	9.2	Flat Swarm	**35.06**	**11.0**	**9.2**
Including	51.3 – 53.2	1.9		**116.27**	**34.28**	**1.9**
And Including	58.9 – 59.9	1.0		**99.7**	**34.28**	**1.0**

Footnotes: ***Cut Grade-** *all assays in excess of 34.28 gAu/t are cut conservatively to 34.28 gAu/t (or 1.0 troy ounce/tonne), a common industry practice. Historical practice at Dumont and Ferderber operations mining similar mineralization employed cutting factors of 68.56 gAu/t and 51.42 gAu/t, respectively, based on 15 years of production. Cutting factors at Lac Herbin will be established based on statistical results of the current program and bulk sampling.*

**** - *AMAR-series drillholes were drilled from surface on a barge-based machine.*

(**LV**= *Low Values* **QT** = *Quartz Tourmaline* **VG** = *Visible native Gold*)

Appendix 2

Table 1: Lac Pelletier Surface Drilling Program, Q4-2006. Table of significant values reported up to December 31st, 2006

Hole	From (m)	To (m)	Length (m)	Au_Moy (g/t)	Au (g/t) Best Intercepts		Zone
17475-16	51	51.5	0.5	0.500	0.50 g/t Au sur 0.5m		
17475-16	62.2	63	0.8	4.376	4.38 g/t Au sur 0.8m		4.3
17475-16	93.6	94.1	0.5	6.200	6.20 g/t Au sur 0.5m		
17475-16	99.6	100.8	1.2	1.712	1.71 g/t Au sur 1.2m	0.85 g/t Au sur 4.4m	4.3L
17475-16	100.8	102	1.2	0.596			4.3L
17475-16	102	103	1.0	0.091			4.3L
17475-16	103	104	1.0	0.862	0.86 g/t Au sur 1.0m		4.3L
17475-17	46.4	47.5	1.1	0.808		2.45 g/t Au sur 1.7m	4.3
17475-17	47.5	48.1	0.6	5.466	5.47 g/t Au sur 0.6m		4.3
17475-17	83.1	84.4	1.3	0.709	0.71 g/t Au sur 1.3m		
17475-17	104.9	105.3	0.4	9.550		8.55 g/t Au sur 1.0m	4.3L
17475-17	105.3	105.9	0.6	7.890			4.3L
17475-18	160.5	161.6	1.1	0.749	0.75 g/t Au sur 1.1m		Stadacona?
17475-18	171.9	173	1.1	8.260	8.26 g/t Au sur 1.1m		
17475-18	247.1	247.6	0.5	0.830	0.83 g/t Au sur 0.5m		
17475-19	55.9	57	1.1	2.005	2.01 g/t Au sur 1.1m	1.14 g/t Au sur 2.8m	4.4?
17475-19	57	57.7	0.7	0.003			4.4?
17475-19	57.7	58.7	1.0	0.980	0.98 g/t Au sur 1.0m		4.4?
17475-19	68.6	69.8	1.2	0.189		0.41 g/t Au sur 3.4m	
17475-19	69.8	70.8	1.0	0.239			
17475-19	70.8	72	1.2	0.767	0.77 g/t Au sur 1.2m		
17475-19	151.5	152.5	1.0	0.576	0.58 g/t Au sur 1.0m		Faille
17475-19	182.5	184	1.5	0.598		0.64 g/t Au sur 3.0m	
17475-19	184	185.5	1.5	0.682			
17475-19	188.7	189.05	0.4	1.561	1.56 g/t Au sur 0.35m		
17475-19	211.1	212.1	1.0	0.824	0.82 g/t Au sur 1.0m		
17475-20	97	98	1.0	3.756	3.76 g/t Au sur 1.0m		
17475-20	110.75	111.2	0.5	4.766	4.77 g/t Au sur 0.45m	0.79 g/t Au sur 4.8m	4.3L
17475-20	111.2	112.2	1.0	0.145			4.3L
17475-20	112.2	113	0.8	0.107			4.3L
17475-20	113	114	1.0	0.061			4.3L
17475-20	114	115.5	1.5	0.890	0.89 g/t Au sur 1.5m		4.3L
17475-21	22.1	23.1	1.0	6.470	6.47 g/t Au sur 1.0m		

CORPORATE INFORMATION

Annual and Special Meeting

The annual and special meeting of shareholders will be held at 4:30 p.m. (Toronto time) on June 7, 2007 at 65 Queen Street West, 8th Floor, Toronto, Ontario, M5H 2M5

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Cassels Brock & Blackwell LLP
Barristers and Solicitors
Toronto, Ontario

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Stan Bharti

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Quebec, Canada

David Rigg

President & C.E.O.
Alexis Minerals Corporation
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Tony Wonnacott

Securities Lawyer
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* Members of the Audit Committee

Shareholders' Information

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Equity Transfer & Trust Company
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Auditors

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