



**ALEXIS MINERALS CORPORATION**

**ANNUAL INFORMATION FORM**

**For the year ended December 31, 2011**

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**March 30, 2012**

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## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

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Except for statements of historical fact relating to Alexis Minerals Corporation (the “**Company**” or “**Alexis**”), certain information contained herein constitutes “forward-looking information” under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company’s properties; the ability of the Company to attract financing; the future price of gold and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; future costs of production; future capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of mining at the Snow Lake Property and Lac Herbin mine are based on past results, assumptions underlying mineral reserve and mineral resource estimates, the results of feasibility and preliminary assessment on the properties and the realization of such estimates are set out herein. Capital and operating cost estimates are based on past results, extensive research of the Company, costs incurred at the projects to date, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors that are set out herein. Production estimates are based on mine plans and production schedules, which have been developed by the Company’s personnel and independent consultants. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## **DEFINITIONS AND GLOSSARY OF TERMS**

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In this annual information form, references to “Alexis” or the “Company” mean Alexis Minerals Corporation and the following abbreviations and defined terms are used:

“AIF”	means this annual information form.
“Audit Committee”	means the audit committee of the Board.
“Board”	means the board of directors of Alexis.
“Common Shares”	means common shares in the capital of the Company.
“Compensation Committee”	means the compensation committee of the Board.
“Corporate Governance and Nominating Committee”	means the corporate governance and nominating committee of the Board.
“Snow Lake Mine”	means the Company’s Snow Lake mine property, formerly referred to as the New Britannia Mine, in Manitoba.
“NI 43-101”	means the National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> of the Canadian Securities Administrators.
“OBCA”	<i>Business Corporations Act (Ontario)</i> .
“TSX”	means the Toronto Stock Exchange.

## **CURRENCY PRESENTATION AND NOTES ON INFORMATION**

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This AIF contains references to United States dollars and Canadian dollars. All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars and United States dollars are referred to as “United States dollars” or “US\$”.

<b>U.S. Dollar</b>	<b>Year Ended December</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Closing	\$1.0054	\$0.9946	\$1.0466
High	\$1.0607	\$1.0665	\$1.3000
Low	\$0.9480	\$0.9464	\$1.0292

As of March 30, 2012, C\$• is equal to US\$•, for an exchange rate of •.

All information in this AIF is given as of March 30, 2012, unless otherwise indicated.

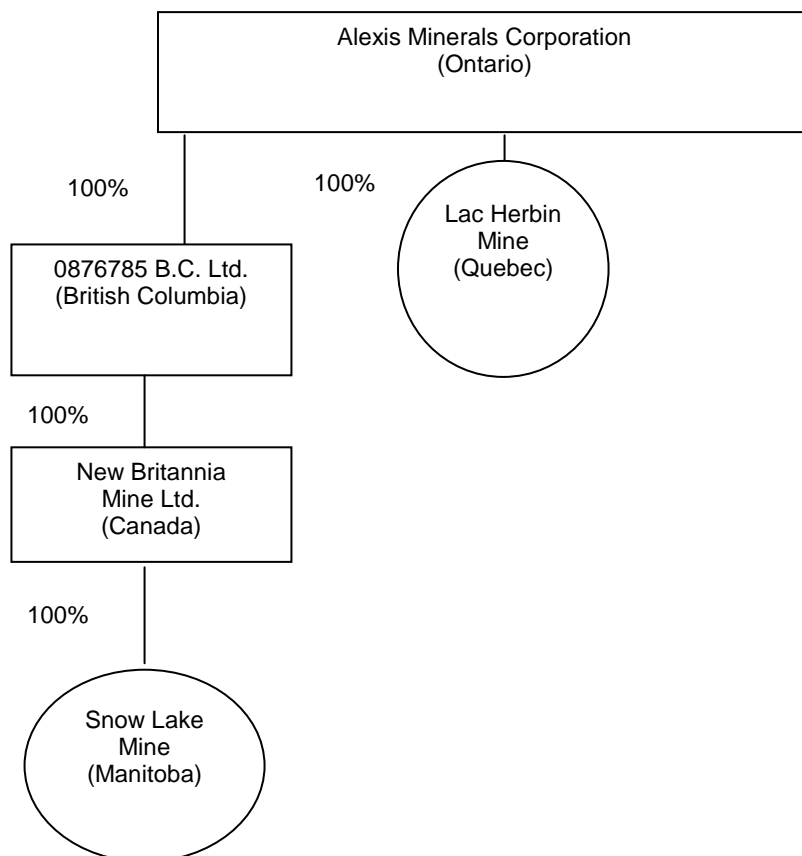
## **CORPORATE STRUCTURE**

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The Company was originally incorporated under the name “First Discovery Holdings Inc.”, under the laws of British Columbia on August 8, 1988. On December 20, 1996, the Company changed its name to “Alexis Resources Ltd.” and increased its authorized share capital from 10,000 to 100,000,000 common shares without par value. On January 10, 1997, the Company adopted new Articles by filing a special resolution with the Registrar of Companies for British Columbia. On April 7, 1998, the Company consolidated its common shares on a two-to-one basis and altered its post consolidation authorized share capital to consist of 100,000,000 common shares without par value. On June 4, 2003, the Company changed its name to Alexis Minerals Corporation, consolidated its common shares on a three-to-one basis and altered its post consolidation authorized share capital to consist of 100,000,000 common shares without par value. On February 16, 2004, the Company filed Articles of Continuance to continue the company from British Columbia to Ontario under the provisions of the OBCA. On March 1, 2004, the Company amended its Articles to increase its authorized share capital to an unlimited number of common shares without par value.

The head office and registered office of the Company is located at 65 Queen Street West, Suite 815, Toronto, Ontario, Canada M5H 2M5.

The following chart shows the corporate structure of Alexis:



## **GENERAL DEVELOPMENT OF THE BUSINESS**

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Alexis is a Canadian mining and exploration company engaged, directly and indirectly through joint ventures, in the operation, development and exploration of mineral properties. In 2010, Alexis acquired Garson Gold Corp., which holds the Snow Lake Gold Mine (previously named the New Britannia Mine). The development of the Snow Lake Mine has become the principal focus of the Company. Alexis also operates the Lac Herbin gold mine in Val d'Or, Quebec. Alexis holds interests in a portfolio of properties covering approximately 212 square kilometers in the Val d'Or area that it considers to be highly prospective for gold and/or base metals. It also owns the Aurbel gold mill, located approximately 1.8 km east of the Lac Herbin Mine.

In addition, Alexis now holds a 100% interest in the majority of the properties in the prospective Rouyn-Noranda base metal and gold camp, Québec, that were previously in joint venture with Xstrata Copper Ltd. The Noranda properties cover approximately 728.4 square kilometres in the Rouyn-Noranda area including approximately 65% of the central Rouyn-Noranda mining camp. Alexis and Xstrata Copper Ltd. now have only one 20-claim property covering the West Ansil Deposit which remains subject to the previous joint venture agreement, at 50% ownership each.

The acquisition of Garson Gold and a subsequent property option in December, 2010 has allowed Alexis to establish a large property area of 92 square kilometres in Snow Lake, Manitoba. The property covers the past-producing Snow Lake Mine and infrastructure (formerly New Britannia Mine), and the basin-like structure that covers the depth projection of the mine to the north. The area hosts numerous other known gold zones and prospects.

### **Three Year History**

The following is a summary of the general development of the Company's business over the three most recently completed financial years and the current financial year.

### *Current Year*

On January 13, 2012, the Company announced that it had adopted a shareholder rights plan (the "Rights Plan") to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any take-over bid for the Company. The Plan discourages discriminatory, coercive or unfair take-overs of the Company and gives the Company's board of directors time if, in the circumstances, the board determines it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited take-over bid is made for all or a portion of the outstanding common shares.

On January 5, 2012, the Company announced completed a bridge financing with Resource Income Fund, L.P. ("RIF"). The bridge financing provided Alexis with gross proceeds of \$10,000,000 to continue its operations until such time as long term financing is finalized. As well as funding working capital, the bridge loan was used to repay an outstanding \$2.1 million convertible debenture. The bridge loan bears interest at an annual percentage rate of 15% and is due to be repaid by August 31, 2012. An upfront fee of 3% was paid to RIF upon closing of the facility. In conjunction with the financing, RIF was granted 4,000,000 warrants priced at \$0.047 per share which represents a 5% premium to the 10-day VWAP of the Company's common equity. RIF has additionally been granted a call option on 7,000 oz of gold struck at US\$1,900/oz.

### *Year Ended December 31, 2011*

On August 3, 2011, the Company announced that it signed the Heads of Agreement (the "Agreement") with Xstrata Canada Corporation –Xstrata Copper Canada ("Xstrata Copper"). Under the Agreement, Alexis assumed a 100% interest in the former joint venture properties covering approximately 750 square kilometres of the Rouyn-Noranda Mining Camp in Quebec. Additionally, Alexis became the registered, 100% owner of the properties with the exception of a designated area measuring 28.51 square kilometres. In this designated area, the Company holds 100% beneficial interest in all mineral rights below a depth of 200 metres. Surface rights and liabilities down to this depth and covering all mine, mill and smelter infrastructure, remain solely with Xstrata Copper. Alexis and Xstrata have closed on the acquisition of the majority of the properties, with a small proportion remaining for transfer pending third party consents and expected to close over the coming months. As consideration pursuant to the Agreement, Alexis paid Xstrata Copper \$200,000. Additionally, Xstrata Copper retains a net smelter royalty interest (NSR) of 1 to 2% on all metals on these mineral claims.

On June 8, 2011, the Company announced a turnaround plan for the Lac Herbin mine. The plan involves the combination of intensive underground development, significant near mine exploration and a focus on improving recoveries at the mill. The turnaround plan has been initiated, with additional equipment and manpower being mobilized. The goal of this turnaround plan is to increase operating flexibility by having a larger number of active stopes.

On May 12, 2011, the Company announced that it had closed its bought deal offering of 175,000,000 Common Shares at a price of \$0.10 per Common Share, for aggregate gross proceeds of \$17.5 million. The Common Shares were sold pursuant to an underwriting agreement with Cormark Securities Inc. and National Bank Financial Inc., as lead underwriters, and including TD Securities Inc., Desjardins Securities Inc., Raymond James Ltd., GMP Securities L.P. and Loewen, Ondaatje, McCutcheon Limited. On May 17, 2012, the underwriters exercised in full their over-allotment option to purchase an additional 26,250,000 Common Shares of the Company at a price of C\$0.10 per Common Share for aggregate gross proceeds to the Company of C\$2,625,000.

On January 10, 2011, Alexis announced the appointment of Mr. François Perron as the new President, Chief Executive Officer and a director of the Company. Alexis also announced the appointment of David Rigg as the Co-Chairman of the Board with a focus on exploration and strategic matters.

On January 25, 2011, Alexis reported total annual production from the Lac Herbin Mine of 24,930 ounces of gold in 2010. The Company also announced the resignation of Keith Boyle as Chief Operating Officer.

*Year Ended December 31, 2010*

In December 2010, Alexis closed its brokered private placement for gross proceeds to the Company of approximately \$12,186,000. In the aggregate, the Company issued an aggregate of 50,775,000 Common Shares on a flow-through basis at a price of \$0.24 per Common Share.

On September 20, 2010, the Company completed its marketed offering of units of the Company priced at \$0.15 per unit, for aggregate gross proceeds of \$14,375,000, including the exercise of the over-allotment option. Each unit is comprised of one Common Share and one-half of one common share purchase warrant, each whole warrant entitling its holder to purchase one additional Common Share at a price of \$0.40, subject to acceleration in certain circumstances, until 5:00 p.m. (Eastern Time) on September 2, 2013. The units were sold pursuant to an agency agreement dated September 2, 2010.

On August 25, 2010, New Britannia, 0876785 B.C. Ltd. (formerly Garson Gold Inc. and defined herein as "**Garson Gold**"), the Company and RMB Australia Holdings Limited ("**RMB**") executed an amended and restated credit agreement (the "**Credit Agreement**"), dated for reference July 15, 2010, with respect to the \$2,150,000 loan (the "**Loan**") previously advanced by RMB to New Britannia Mine Ltd. ("**New Britannia**"). The Credit Agreement extends the scheduled repayment date of the Loan to July 31, 2012 and provides a guarantee of the Loan by Alexis. The Loan was subsequently repaid on January 5, 2012 with proceeds from the bridge financing with RIF, described above. As consideration for entering into the Credit Agreement, Alexis issued 4,000,000 warrants to RMB on August 25, 2010. Each warrant is exercisable at any time on or before August 25, 2012, for one Common Share at a price of \$0.19 per share, being 125% of the 20 day volume weighted average closing price of the Common Shares on the TSX on August 25, 2010.

On May 17, 2010, the Company announced that investors had agreed to rollover their \$4.21 million convertible debentures that matured on April 28, 2010 into similar convertible unsecured subordinated debentures, due April 28, 2014 (the "**Debentures**"). The new Debentures for an aggregate principal amount of \$4.21 million which are unsecured and subordinated obligations of Alexis; have a coupon of 10%, payable twice per year in cash or Common Shares; and are convertible, at the option of the holder, into Common Shares at any time after the issue date of the Debentures and prior to the close of business on the last business day prior to the maturity date of the Debentures at a conversion price of \$0.40 per Common Share, being at a rate of 2,500 Common Shares per \$1,000 principal amount of Debentures.

On April 29, 2010, Alexis completed a plan of arrangement under the *Business Corporations Act* (British Columbia) to acquire the common shares of Garson Gold Corp. ("**Garson Gold**") that it did not own following the Offer (as defined below), at the exchange ratio of 0.29 Common Shares for each common share of Garson Gold so tendered (the "**Share Exchange Ratio**"). The number of shares and the exercise price of such options have been adjusted proportionately to reflect the Share Exchange Ratio. Pursuant to the Garson Plan of Arrangement, warrants and debentures that were previously exercisable for Garson Gold common shares became exercisable for Common Shares at the Share Exchange Ratio with the number of shares and exercise price adjusted in accordance with the terms of each warrant or debenture, as the case may be.

*Year Ended December 31, 2009*

On November 13, 2009, the Company launched a take-over bid offer (the "**Offer**") to acquire all of the common shares of Garson Gold, which was made pursuant to a support agreement entered into by the Company and Garson Gold dated October 19, 2009 (the "**Garson Gold Support Agreement**"). At the expiration of the Offer on January 15, 2010, over 90% of the outstanding common shares of Garson Gold had been tendered. The Offer constituted a significant acquisition for the Company and Alexis filed a business acquisition report under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On December 23, 2009, Alexis completed a private placement financing for gross proceeds of \$10,000,000. In connection with this financing, the Company issued 20,000,000 Common Shares on a flow-through basis at a price of \$0.50 per Common Share. Alexis retained Industrial Alliance Securities



Inc., Sandfire Securities Inc. and Cormark Securities Inc. to act as agents on the financing. Alexis announced that it intended to use the proceeds from the financing to incur eligible Canadian Exploration Expenses.

In August 2009, Alexis announced an increase in the estimated proven and probable mineral reserves at its Lac Herbin Project.

In July 2009, the Company announced the results of the updated pre-feasibility study on its Lac Pelletier gold project in Rouyn-Noranda, Quebec. An updated feasibility study was published in 2010.

In July 2009, Alexis completed a public financing for gross proceeds of \$10,000,000 upon the sale of 11,656,000 units of the Company at a price of \$0.50 per unit and 7,450,000 Common Shares on a flow-through basis at a price of \$0.56 per Common Share. Each unit was comprised of one Common Share and one-half of one share purchase warrant. With each of these purchase warrants entitling the holder to acquire one Common Share at a price of \$0.70 until July 9, 2011. The Company stated that it intended to use the net proceeds for the refurbishment of the Aurbil mill, eligible Canadian exploration expenses and general corporate purposes.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

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### **General**

Alexis is a mining company engaged in the exploration, development, acquisition and operation of precious metal and base metal properties in Canada.

Alexis is a Canadian mining and exploration company engaged, directly and indirectly through joint ventures, in the operation, development and exploration of mineral properties. Alexis operates the Lac Herbin gold mine in Val d'Or, Québec. In 2009 Alexis acquired Garson Gold. Garson Gold owns 100% of New Britannia Mines Ltd., which holds the Snow Lake Mine in a bare trust beneficially for Garson Gold. Alexis also holds the Lac Pelletier property in Rouyn-Noranda Quebec, which was subject to an underground exploration and bulk sampling program and an updated feasibility study in 2010. Alexis also holds interests in a portfolio of properties covering approximately 212 square kilometers in the Val d'Or area that it considers to be highly prospective for gold and base metals. In addition Alexis holds a 100% interest in certain properties in the prospective Rouyn-Noranda base metal and gold camp, Québec. The Rouyn-Noranda properties cover approximately 728.4 square kilometres in the Rouyn-Noranda area including approximately 65% of the central Rouyn-Noranda mining camp.

### **Principal Products**

Val d'Or Gold production is the sole source of operating income for the Company. There is a global market into which Alexis can sell any gold produced and, as a result, the Company will not be dependent on a particular purchaser with regard to the sale of any gold that it produces. However, the Company issued RIF a call option on 7,000 ounces of gold at \$1,900 per ounce. See "*General Development of the Business – Current Year.*"

### **Competitive Conditions**

The mining business is a competitive business. The Company competes with numerous companies and individuals that have resources significantly in excess of the resources of the Company in the search for (i) attractive mineral properties; (ii) qualified service providers and labour; and (iii) equipment and suppliers. The ability of the Company to acquire additional mineral properties in the future will depend on its ability to operate and develop its present properties, and also on its ability to select and acquire suitable producing properties or prospects for development or exploration. See "*Risks of the Business - Competition.*"

### **Employees**

The Company has approximately 162 (employees and consultants. In addition, it has engaged approximately 8 contractors at its operations and 15 part-time consultants at its head office. The

Company has not experienced, and does not expect to experience, significant difficulty in attracting and retaining qualified personnel. However, no assurance can be given that a sufficient number of qualified employees can be retained by the Company when necessary. See “*Risks of the Business – Qualified Personnel*”.

### **Environmental Protection**

The current and future operations of the Company, including development activities, are subject to extensive federal, provincial and local laws and regulations governing environmental protection, employee health and safety, exploration, development, tenure, production, taxes, labour standards, occupational health, wastes disposal, protection and remediation of environment, reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations can increase the costs of, and potentially delay, planning, designing, drilling and developing the Company's properties. Alexis is also subject to various reclamation-related conditions imposed under federal or provincial rules and permits.

Compliance with the laws and regulations in force in Manitoba and Quebec requires forethought and diligence in the conduct of activities and projects. Attention to these requirements is a principal activity of the Company at the very early planning stages of a program and compliance is continually monitored as programs advance. The Company has not found lead time for permits and required authorizations to be unduly or overly restrictive. Alexis has formally adopted many of the established standards and requirements in its corporate governance statements. See “*Risks of the Business – Environmental*” and “*Risks of the Business – Licences and Permits, Laws and Regulations*”.

### **Risks of the Business**

The operations of the Company are speculative due to the high-risk nature of its business. The following risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

#### *Nature of Mining, Mineral Exploration and Development Projects*

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Milling operations are subject to hazards such as fire, equipment failure, labour disputes, or failure of retaining dams around tailings disposal areas that may result in environmental pollution and consequent liability. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and scoping studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by

the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

#### *Liquidity Concerns and Future Financings*

The Company has a need for financing for operation and development of its properties and for working capital purposes. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

#### *Failure to Meet Production Targets and Cost Estimates*

The Company prepares future production and capital cost estimates. Actual production and costs may vary from the estimates for a variety of reasons such as estimates of grade, tonnage, dilution and metallurgical and other characteristics of the ore varying from the actual ore mined, revisions to mine plans, risks and hazards associated with mining, adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in production capabilities. Production costs may also be affected by increased mining costs, variations in predicted grades of the deposits, increases in level of ore impurities, labour costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve production targets or cost estimates could have a material adverse impact on the Company's sales, profitability, cash flow and overall financial performance. In the event that the Company obtains debt financing, repayment terms associated with such financing will likely be based on production schedule estimates. Any failure to meet such timelines or to produce amounts forecast may constitute defaults under such debt financing, which could result in the Company having to repay loans.

#### *Foreign Exchange*

Gold is globally priced in United States dollars and has been recently depicted as an alternative investment to United States dollars and other currencies used globally. Alexis will be subject to fluctuations in foreign exchange rates as such fluctuations would be expected to affect the price of gold. In addition, to the extent that Alexis cannot receive revenue based on the sale of gold in Canadian dollars, then Alexis will be subject to foreign exchange risks as revenues will be received in US dollars while operating and capital costs will be incurred primarily in Canadian dollars. In these circumstances, a decline in the US dollar would result in a decrease in the real value of Alexis's revenues and adversely affect its financial performance.

#### *Mineral Resource and Mineral Reserve Estimates May be Inaccurate*

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, and actual events could have a material adverse effect on the Company's mineral reserve estimates.

#### *Licences and Permits, Laws and Regulations*

The Company's exploration and development activities, including mine, mill, road, rail and port facilities, require permits and approvals from various government authorities, and are subject to extensive federal,

provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that Alexis will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

#### *Gold and Base Metal Prices*

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

#### *Environmental*

The Company's activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

#### *Title to Properties*

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. In particular, the Company is currently entering into arbitration proceedings with Thundermin Resources Inc., as such party is not satisfied with the sufficiency of Company's production decision to exercise its option to acquire the Lac Pelletier property. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

#### *Uninsured Risks*

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual operating conditions including explosions, rock bursts, cave ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the common shares of the Company.

#### *Competition*

Alexis competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees, acquire needed machinery or parts on a timely basis, or obtain the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

### *Dependence on Outside Parties*

Alexis has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on Alexis.

### *Availability of Reasonably Priced Raw Materials and Mining Equipment*

Alexis will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected.

### *Share Price Fluctuations*

The market price of securities of many companies, particularly junior mining companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

### *Conflicts of Interest*

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of Alexis may have a conflict of interest in negotiating and concluding terms respecting such participation. In particular, a number of officers and directors of the Company are involved as management, directors, shareholders or consultants of other mining companies, including gold companies. If not appropriately managed, such conflicts of interest could have an adverse effect on the operations, strategic development and reputation of the Company.

## **DESCRIPTION OF MATERIAL PROPERTIES**

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### **Snow Lake Mine Project**

The information in this section has been derived and/or excerpted in part from and based on the assumptions, qualifications and procedures set out in the "Feasibility Study – Snow Lake Mine Re-Activation Project" (the "**Snow Lake Technical Report**"), prepared by Genivar Limited Partnership dated December 10, 2010. Mr. Andre Roy Eng. is the author of the Snow Lake Technical Report and he is a qualified person under NI 43-101. See "*Interests of Experts*", "*Risk Factors - Mineral Resource and Mineral Reserve Estimates May be Inaccurate*" and "*Cautionary Statement Regarding Forward-Looking Information*".

#### *Property Description and Location*

The Snow Lake Mine property is located in west-central Manitoba at 54°52'44" north latitude and 100°02'12" west longitude within the community of Snow Lake, approximately 685 kilometres north of Winnipeg, the provincial capital of Manitoba.

The Snow Lake Mine property is composed of two surveyed mineral leases (ML-61 & ML-323) and 43 unsurveyed mineral claims totalling 4,840 hectares (ha). The mineral claims are contiguous along the southern and eastern boundary of mineral lease ML-61 and a portion of the eastern boundary of mineral lease ML-323 have been historically referred to as the "HudBay Option" claims. The block of claims which are contiguous to the north of ML-323 have been historically referred to as the Squall Lake claims. Mineral Lease ML-61 contains the Snow Lake Mine mineral deposit and ML-323 contains the No. 3 Zone and Birch Zone mineral deposits.

The two mining leases have been legally surveyed and remain in good standing providing that the annual taxes are paid. The mineral leases are taxed at the rate of \$8.00/ha each year and are subject to a 1.38% NSR, based on production, payable to W. Bruce Dunlop.

The Snow Lake Mine assets, which include the mining leases, mineral claims and the surface facilities, are held by New Britannia Mine Ltd. ("**NBM Ltd.**") which is 100%-owned by Garson Gold.

Hudson Bay Minerals Inc. ("**HudBay**") initially granted Kinross Gold Corporation an option on the areas covered by the Hudbay Claims. Exercise of the option by Garson Gold, now 0876785 B.C. Ltd. required a one-time cash payment of \$ 400,000 and a royalty consisting of 1.5% of the gross proceeds from the sale or disposition of all metals mined and removed from the optioned claims. However, HudBay has retained the rights to the base metals on the mineral claims and should a base metal deposit be discovered and exploited on the claims, then Garson would retain a 1.5% royalty.

On December 31, 2007, a \$400,000 option payment was made and, subject to the 1.5% royalty, the HudBay claims are now 100%-owned by NBM Ltd. Prior to conducting any production mining, the claims would have to be either incorporated into the existing mineral lease ML-61 or incorporated into a new mining lease. Previous consultants indicated that due to the pre-existing royalty on ML-61, the claims should be incorporated into a new mining lease. This would create a boundary which could be surveyed underground so that no conflicts between the two separate royalty holders would exist.

The Squall Lake group of claims (comprising 14 contiguous, unpatented mining claims with an area of 899 ha) is 100%-owned by Alexis' subsidiary subject to various underlying royalties.

The mineral claims require an annual assessment work requirement of \$25.00/ha to keep them in good standing beyond their current expiry dates. In Manitoba, when the claim holder exceeds the minimum annual assessment expenditures for the mineral claims, surplus expenditures can be banked and utilized in future years to meet the annual assessment requirements. In the case of the Snow Lake Mine property, Garson Gold indicated that additional credits exist on both the mineral leases and the mineral claims.

Environmental reclamation on various portions of the Snow Lake Mine property predates the cessation of operations at the mine in early 2005. However, Kinross and High River Gold Mines Ltd. ("**High River**") conducted further environmental reclamation on the property since the mine was placed on care and maintenance in advance of any decision regarding either a sale of the property to a third party or final closure and full reclamation of the mine site and property. The Snow Lake River property is subject to a comprehensive Closure Plan submitted to the Manitoba government by Kinross, in which the cost of mine closure was estimated at \$1,867,000. This amount is currently held as a cash bond with the Manitoba government. In addition, as part of the acquisition transaction, Garson Gold posted a cash bond of \$3,900,000, held by Kinross.

#### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The Snow Lake Mine property (formerly called the "**New Britannia Mine**" or "**NBM**") is accessible from Winnipeg, the provincial capital of Manitoba, via both paved and good quality dirt roads. Access is primarily via Provincial Highway 6 north from Winnipeg. Access within the property is via all-weather private roads. The major population centres for the region are Flin Flon to the west-southwest of Snow Lake, and Thompson to the northeast. The cities of Flin Flon and Thompson have populations of over 6,000 and 14,400 respectively (1996 census).

The Snow Lake Mine property is located on the edge of the Town of Snow Lake, which is the administrative, transportation, communication and supply centre for this area of northern Manitoba. Local businesses offer most goods and services required for mineral exploration and development. The town is also host to a tourist industry which serves recreational hunters and fishermen.

The Snow Lake area is believed to be able to furnish sufficient power, water and potential mining personnel to support a new operation. The region is also currently the focus of exploration activities for both gold and base metal mineralization by a number of companies.

The topography and physiography are typical of the pre-Cambrian shield in Manitoba, consisting of low rolling hills composed of bedrock outcrops, development of thin soils, and vegetation cover that is dominated by a mixture of Poplar, Black Spruce and Balsam trees. The elevation of Snow Lake is 980 m above sea level with the relief in the area generally low and not exceeding 150 m.

The climate is generally cold, with the mean daily temperature being 0.6°Celsius (C). The extreme maximum temperature was recorded in 1929 at 40°C and the extreme minimum temperature was recorded in 1930 at - 46.1°C.

### *History*

The north-western portion of Manitoba, though prospected in the 1890s, did not experience systematic exploration until after 1907. In 1914, gold was discovered approximately 20 kilometres to the southeast of Snow Lake on the eastern shores of Wekusko Lake (also known as Herb Lake).

It was stated by the original owners in 1924 then transferred the claims to Nor-Acme Gold Mines Ltd. ("**Nor-Acme Gold**"), who in turn optioned the claims to How Sound Exploration Company Ltd. ("**Howe Sound**") in exchange for a mining royalty in 1941. In September, 1941, Howe Sound commenced drilling and by the spring of 1942, 50,000 ft (ft) (15,239 m) of drilling had delineated the Dick and Toots Zones. At the conclusion of the drilling program the mineral resources were estimated to be 5,000,000 tons (4,535,924 t) at an average grade of 0.150s ounce of gold per ton 4.7g/ton (grading 0.165Oz/t, 5.1g/t) confined to a depth of 1,000 ft below surface mining continued until 1958.

On December 6, 1988 High River entered into an agreement whereby INCO Gold, a unit of INCO Limited, could earn a 50% stake in the property by placing the mine into production. However the mine was kept on care and maintenance as the gold market deteriorated. During this time INCO Gold and Consolidated TVX Mining Corporation merged to become TVX Gold Inc (TVX).

In September, 1993, High River entered into an agreement to acquire certain properties adjacent to the Nor-Acme (NBM) property which contained the No. 3 Zone and the Birch Zone mineral deposits. TVX and High River formed a joint venture in 1994 to reopen the mine. The joint venture was structured on an equal basis and TVX became the operator of the mine. In late 1994, the rehabilitation of the mine commenced after Bharti Engineering Associates Inc. published the feasibility study in April.

The New Britannia mill poured the first gold bullion in November, 1995 which was initially obtained from the production at No. 3 Zone. Production ceased at No. 3 Zone in May, 1996 and production from the Birch pit was limited to the spring and summer of 1996. Full production from the main shaft was achieved in August, 1996.

In 1999, TVX and Normandy Mining Limited (Normandy) formed a strategic arrangement in which the operating management of the NBM was transferred to TVX Normandy Americas (Canada) Holdings Inc. (TVX Normandy) from TVX. At this point ownership of the mine, through the shares of the holding company, became TVX Normandy 50% (TVX Gold 25% and Normandy 25%), and High River Gold 50%.

In January, 2002, Newmont Mining Corporation successfully purchased Normandy Mining Limited.

In June, 2002, TVX, Kinross Gold Corp. (Kinross) and Echo Bay Mines Ltd. (Echo Bay) announced plans to merge the three companies into a single gold producer. Completion of the three-way merger occurred on January 31, 2003 and Kinross became the operator of the mine.

In June, 2004, development mining was concluded at NBM with the completion of the 3680 Level. The original mine closure plan called for the completion of production mining by the end of October, 2004 and the start of reclamation activities on the property. However, a sharp increase in the overall grade as a result of lower dilution beginning in June led to a re-evaluation of the mine's closure. This turnaround was directly attributed to the better than expected grades, ore thickness and strike lengths for the western portion of the last two mining levels (3630 and 3680) in the Dick Zone, along with significantly less dilution (hangingwall failure) in these stopes.

As a result of this turnaround in profitability and the lack of good drilling to define the western end of the Dick Zone, the joint venture partners approved funds to both conduct an exploration program on the 3630 Level and re-commence ramp and sill development below the 3680 Level at the end of August, 2004.

Production mining ceased at the end of September, 2004 and the mill was put on care and maintenance. The mineralized material generated from the reactivation of the sill development was stockpiled on surface.

The fall 2004 diamond drilling program was designed to identify both the trend and potential economic viability of the northwest trending mineralization at the western extent of the Dick Zone below the 3680 Level.

As part of the site cleanup the stockpile generated during the fall of 2004 was processed by the mill between June 11, 2005 and July 4, 2005. During this period 22,714 t grading 0.102 g/t were processed and 2,113 Oz of gold were recovered. Activities related to care and maintenance and site cleanup in preparation for a possible full closure and reclamation of the site were conducted from January, 2005 until its purchase by Garson Gold.

### *Historical Production*

The mineralized zones which comprise the main deposit on the Snow Lake Mine property have witnessed two periods of production during the last 60 years. The original period of production lasted from 1949 to 1958 when the mine was closed for economic reasons. This period of production saw not only the inception of mining on this deposit but the establishment of a new mining community in Manitoba, Snow Lake. Between 1949 and 1958, the Nor-Acme Mine produced a total of 5,393,970 tons (4.893.327 t) at an average grade of 0.142 Oz/ton 3.2 g/ton (0.115 Oz/t, 3.6 g/t) for a total of 763,254 Oz of mill feed. Of the total feed Oz the mill recovered, 610,458 Oz of gold.

The second period of mining began in 1994 with the commencement of dewatering in May, 1994, and levelling and construction at the mill and mine site.

Between 1995 and 2005, a total of 6,480,266 tons (435,690 t) were mined at an average grade of 0.132 Oz/ton 4.1 g/ton (0.146 Oz/t, 4.5 g/t) for a total of 858,075 feed Oz. During the production period from 1995 to 2005, the mill recovered a total of 794,492 Oz of gold.

The New Britannia mill ceased production at the end of September, 2004. During the remaining portion of 2004, while the mine was undertaking an exploration program and reduced production, a surface stockpile consisting of approximately 22,000 tons (19,958t) was created. In late January, 2005, the decision to completely close the mine and put the surface facilities on care and maintenance was taken by the joint venture partners.

### *Geological Setting*

The mineral deposits in the Snow Lake area are all located within the Apebian Flin Flon-Snow Lake Greenstone Belt, which is situated in the south-eastern portion of the (exposed) Churchill Province of the Canadian Shield. The dimensions of the greenstone belt are approximately 250 4.71247(d)0.713207(.)0 dit03(t)0.707312



volcanism and prior to deposition of the Missi Group. In addition, the widespread occurrence of granitic clasts in the Missi suggests that plutonism, uplift and erosion took place prior to sedimentation of the Missi Group.

Later granitic-granodioritic plutons of up to batholithic dimensions intrude and in places, segment the belt. These intrusions are considered to be largely syntectonic as their margins are broadly concordant with stratigraphy of the adjacent greenstone belt and contain the same foliation as the supracrustal rocks. Late granitic and pegmatitic intrusions cross-cut all earlier rocks in the Flin Flon-Snow Lake Greenstone Belt.

Regional metamorphism began after deposition of the Missi Group. Grades of metamorphism in the Snow Lake area are generally higher than those documented in the rest of the belt. Four metamorphic zones have been noted in this area that range from a lower amphibolite zone north to an upper amphibolites zone.

### Property geology

The mineralized zones and deposits on the property are located within the Aphebian Flin Flon/Snow Lake Greenstone Belt, which is an assemblage of polydeformed volcanosedimentary supracrustal sequences intruded by pre- and syntectonic ultramafic and mafic intrusions and syn- to post-tectonic granitoid. The geological sequences near the Snow Lake Mine consist of a succession of intercalated mafic and felsic volcanic and pyroclastic rocks (Amisk Group) intruded by gabbroic bodies and unconformably overlain by arkosic sediments (Missi Group). The metamorphic assemblages are characteristic of the low to mid amphibolite facies.

One of the main structural features of the Snow Lake area is the north-northwest trending McLeod Road Thrust fault. The McLeod Road Thrust fault is the structural break that occurs between the metavolcanic (Amisk Group) and metasedimentary (Missi Group) assemblages and defines the western extent of the deposits at the Snow Lake Mine.

### *Mineralization*

Mineralization is found at surface over a strike length of 2,000 ft (609.6 m) and occurs in two main zones known as the Toots and Dick zones. At depth, between the 1030 Level and the 1280 Level the Dick Zone appears to split into two separate zones (Dick and Ruttan) with four zones occurring on the 1780 Level. The zones which occur on the 1780 Level are, from west to east, the Toots, Dick, Ruttan and Hogg Zones.

Below the 1780 Level, the Toots Zone is terminated by the McLeod Road Thrust fault and only the Dick, Ruttan and Hogg Zones continue to depth. On the 1780 Level, the Ruttan and Hogg Zones are separated by an area of weak mineralization approximately 100 ft (30.5 m) long; however, by the time the zones reach the 2010 Level, the mineralization is continuous between the two zones. Below the 2010 Level the Ruttan and Hogg Zones continue as one zone down to the 2300 Level, where due to the decreasing strike length of the mineralization the two zones were combined by the geological staff of the NBM into one zone (Ruttan) for interpretation and mining purposes.

The zones of mineralization have a predominantly east-west strike direction, dip 45° north and plunge approximately 030° to the north-northeast following the trend of the Howe Sound fault with the mineralized zones pinching and swelling (boudinage) in both plan and sectional views.

The common sulphides in the Snow Lake deposit are arsenopyrite, pyrrhotite and pyrite. Arsenopyrite constitutes about two per cent of the mineralization, pyrrhotite less than one per cent and pyrite less than one-quarter of one per cent. Trace sulphides include chalcopyrite and sphalerite with the total sulphide content averaging less than five percent.

### *Exploration*

The first phase of diamond drilling since Alexis acquired the property in January 2010 consisted of 17,962 metres between the period of January 14, 2010, and June 30, 2010. This drilling added data in areas with the potential to provide mineral resources to the mining plan. Exploration targets have also been tested on

the Snow Lake property. Total surface drilling during 2010 totalled 33,323 metres. A total of 42,786 metres of diamond drilling during 2011 was completed. This program was conducted to follow up on target definition from the 2010 program, and help define step out limits to the existing mining reserve as defined in the December 2010 NI43-101 compliant Technical Report. Areas of significant focus for this drilling included the 3 Zone, Birch, Mine East (up-plunge extension of Hogg/Ruttan), Dick Zone footwall, and the test of the Toots west limit to the McLeod Road Thrust fault West ore limit). Step out exploration drilling on the Capar and Bounter zones to a downhole depth of 1,760 metres was carried out to test down plunge targets. Drilling in 2011 also included step out on the Birch to the west, the Boundary Zone, and 3 Zone (down plunge).

Garson contracted Goldak Airborne Surveys Ltd. (Goldak) completed a high density airborne magnetic survey over the entire property between May 23 and May 26, 2008. A total of 1,413 line kilometres of high resolution magnetic gradiometer data were collected, processed and plotted. The traverse lines were flown on a spacing of 100 metres with a control line separation of 1,000 metres. Nominal terrain clearance was specified at 80 metres above ground.

During 2011, follow up review and compilation of a ZTEM airborne geophysical survey that was flown in late 2010 was carried out. The purpose of this program was to learn gain more information on the deformation to gain a better understanding of the mineralization controls.

#### Geochemistry surveys

A Mobile Metals Ion (“**MMI-M**”) exploration soil geochemical survey was completed on three target areas during the 2007 exploration program. A total 943 inorganic soil samples were collected and analyzed for a suite of 46 elements. The MMI-M survey was designed in conjunction with consulting geologist/geochemist, Dr. Mark Fedikow. Dr. Fedikow compiled the geochemical data and completed a survey report including the documentation of a number of multi-element anomalies

A Soil Gas Hydrocarbon (“**SGH**”) soil survey was completed on the NBM property during the summer of 2008 on a single target area. The initial SGH survey was designed to repeat part of the 2007 MMI survey. A total of 360 soil samples were collected and analyzed for 162 hydrocarbon compounds in the C5-C17 carbon series range. The survey resulted in the recognition of two halo anomalies, the larger of which is coincident with a previous MMI survey anomaly.

#### Data compilation

The property has been the subject of various exploration programs since the initial discovery of gold in the area. A major component of the current exploration effort by Garson is the compilation of the historical exploration data and integration with current exploration data and results from the various federal and provincial geological survey initiatives. The compilation utilizes both GIS and 3-D modelling software (Gemcom).

In 2011, Maptek 3D modeling Software (Vulcan) was added, as well as Leapfrog Mining (3D geological modeling software, as well as ArcView GIS software for interpretation. These software packages form the basis for ongoing exploration and interpretation.

In 2011, a major focus was centred on data compilation, through the digitizing of historical geological and geophysical maps.

#### *Current and Future Exploration Program*

The Snow Lake Mine property contains a number of exploration targets at various stages of advancement. The ongoing exploration program proposed has two main objectives:

- 1) The first objective is to evaluate and increase the gold resources within the strategic No. 3 Zone, the Boundary Zone and the Main mine corridor and to incorporate these gold resources into future economic assessments. The re-evaluation of historical resources at the Birch Zone and Margaret Zone is included in this objective.

2) The second objective is to continue to evaluate the gold potential of the entire property through exploration of medium to early stage targets and recognition of new drill targets.

## **Drilling**

### Diamond drilling methods

All drilling previously completed by Garson Gold on the property was NQ diamond core drilling. The drilling has been completed using two drill rigs: 1 Boyles 37 and 1 Longyear 38. Dig-It Exploration, based in Alida, Saskatchewan has completed most of the drilling. The locations of all of the drill holes are surveyed and tied into the established grid systems on the property. Down hole surveys are completed approximately 10 metres down the hole with subsequent tests at a rate of one test every 50 to 60 metres. Additional down hole surveys are completed as required.

Orientated core has been performed on some of the holes drilled at the No. 3 Zone and at Boundary Zone using the Ball Mark Core Orientation System. The orientated core will be logged for the structural orientation of the veins and the rock fabric. During the 2011 season, the Fordia "Corientr" mechanical core orientation tool was being tested to take core structural measurements, as it is being found to be a simple, inexpensive, and easy to use system. The structural measurements are made using a goniometer.

Geotechnical logging for the No. 3 Zone includes an estimate of the core recovery for the total hole in addition to determining the Rock Quality designation (RQD) for the interval of core 100 ft above the mineralized zone. Core recovery approaches 100% and no major issues have been recognized from the rock quality determinations. Core is delivered daily from the drill rigs to the core shack by the drill contractor. The core is in the custody or control of the drill contractor or Alexis personnel at all times.

### *Drilling and Results, December 2009 to July 2010*

Nineteen holes were completed in the Boundary Zone area to delineate the near surface gold mineralization and test the extent of the mineralization at depth. A total of 4,564 metres of drilling was completed. Drill results from shallow holes indicate potential for a low grade open pit resource. Deeper drill results show that typical Boundary style mineralization extends to at least 500 metres.

Four holes were completed in the Birch West area to test the theory that the Birch Deposit mineralization would continue to the west and towards the McLeod Road Thrust Fault. A total of 1,046 metres of drilling was completed. No significant gold mineralization was intersected although scattered arsenopyrite mineralization was seen near the collar of hole BZW10-04.

Twenty-four holes were completed in the Snow Lake Main Mine area to test and define gold mineralization east of the Main Mine and up-dip from the Ruttan and Hogg Zones. A total of 8,413 metres of drilling was completed. The results outlined several small zones of mineralization that may be mineable using underground methods.

Twelve holes were completed in the No. 3 Zone to test the lower extent of the No. 3 Zone Main Lens. A total of 5,759 metres of drilling was completed. The drilling was successful providing data for a resource in the lower portion of the No. 3 Zone Main Lens.

### *Drilling and Results, January 2011 to December 2011*

Thirty four holes were completed in the the 3 Zone. The focus of this work was to test the down plunge extent of the zone as well as infill areas around the planned mining resource. The aim of this work was to better understand the multiple structure nature of the mineralization and ensure any gaps in the mineralization would be defined.

Thirty two holes were drilled into the Birch Zone, with a purpose of better defining the multiple structure nature of the resource. A portion of this program will provide the required information to convert part of this resource from the inferred to an indicated resource category. An additional four holes were drilled to the

west of the existing Birch Zones testing the potential for a shear structure off the McLeod thrust fault. Such a shear structure was indicated and follow up will be required.

Fourty five holes were drilled into the Mine East area to test the eastern up-plunge extension of the Hogg/Ruttan Zone in the Main Mine area. The program identified multiple mineralized lenses with structural continuity that will require more follow up drilling from an underground platform.

Nine holes were drilled in the Caper/Bounter area, to test the possible eastern strike extent of the Main Mine mineralization. Hole HB-10-84 was drilled to a depth of 1,760 metres, and a wedge cut was engineered from this hole to test the Bounter Zone at depth.

Nineteen holes were drilled into the upper Main Mine (Dick) area to define significant footwall structures that were shown to exist in historical underground geological mapping. This work indicated that on the commencement of mine production, additional resources may be defined and mined within the currently available mining infrastructure.

Nine holes were drilled into the western extension of the Main Mine (Toots) West Zone. The purpose of these holes was to test for the contiuity of the mined zone westward to the McLeod Road Thrust fault. The results generally showed mineralization above Feasibility Study mining cutoff grade which may result in extension of current mining blocks to the west above 1780 level.

Five holes were drilled into the up-plunge projection of the Hogg/Ruttan area to test above the 1280 level of the main mine. Of the the five holes drilled, two of those were stopped short of the target depth due to unacceptable deviation. The other three holes all hit significant mineralization.

Four holes were drilled on the Boundary Zone, testing the down plunge potential.

Four holes were drilled on the Thorne Zone.

#### *Sampling Method and Approach*

All of the sampling completed that contributed to the updated No. 3 Zone resource estimate, and the results from the Boundary, Kim and Birch Zones, has been from diamond drill core. Samples are selected by the logging geologist using the following criteria:

As a guide, samples are to be no more than three feet in length and no less than 6 inches in length. Sample selection and distinction is based on lithology, mineralogy, and texture. Samples do not cross clear lithological boundaries. At the No. 3 Zone, most of the ore is hosted by mafic volcanoclastic rocks and therefore samples are of similar protolith composition.

Samples are comprised of mineralogically similar core. A primary control or indicator of mineralization is the presence of arsenopyrite. The distribution of fine grained acicular arsenopyrite appears to be important and is distinguished from coarse grained and more equant arsenopyrite. Biotite alteration is also important and forms a sample limit criterion. Samples are comprised of texturally similar core. This includes the distinction of veins and alteration textures at No. 3 Zone and the occurrence of fault and sheared rocks characterized by intense foliation, mylonite and breccia.

Samples encompass all mineralized and potentially mineralized zones and all mineralized zones have "zero grade" "shoulders". All logs and assays are inspected for proper and complete sampling that includes proper sample shoulders on the zones.

Core recovery and ground conditions at No. 3 Zone and in the other zones are very good and there are no drilling factors that are known that could materially impact the reliability of the sampling.

Drilling at No. 3 Zone has been designed in an attempt to have intersection lengths as close as possible to true width. In most cases, true width is > 90% of the intersection length although in some holes the zones have been intersected at more oblique angles.

#### *Sample Preparation, Analyses and Security*

Alexis continues to use the same accredited commercial assay laboratory and has assumed the same sample preparation, analyses, and security protocols as established by Garson Gold. These are all consistent with the industry best practices.

A minimum of ten crushed core reject samples per month were chosen at random for independent analysis, with the core rejects sent out every three months to the independent laboratory. If needed, additional core samples could be sent out for testing. For the exploration programs, the exploration department would request that 10% to 15% of the core rejects were sent out for sampling and in some cases the core would be sent to an outside laboratory to be assayed. If the core was sent to an outside laboratory, the rejects and pulps would be returned to the Snow Lake mine for storage. All of the crushed rejects and pulps were retained on site for one to two years prior to being discarded. The crushed rejects and pulps were placed in 5-gallon white plastic pails with the date and sample numbers marked on the outside of the pail. Once the pails were full they were placed on a pallet and stored in a lay-down area behind the mill.

Most of the development faces on each level were chip-sampled unless adverse ground conditions prohibited access to the fac. If the face sampling was missed, no further development rounds could be blasted until the geologist sampled the next face. Chip sampling was generally limited to the face and a 4-ft sample along each wall, with a maximum sample length of no more than 5 ft and no minimum length. Sample length was dictated by the width of the rock types encountered as no sample should cross the boundary between two different lithological units. Chip samples were conducted by the geologist and were either taken from the back of the drift if the muck pile had not been removed, or the sample was taken 4.5 ft to 5 ft above the floor of the drift, if the blast muck had been removed. In both cases the development face was washed and mapped prior to sampling. All mapping and sampling information was written onto pro-forma sheets prepared for sampling where the true dimensions of the face were recorded to scale.

The geologist secured each sample and, upon returning to surface, was responsible for bringing the samples to the preparation area of the mill laboratory and recording the number of each type of sample into a record book. Chip samples assaying higher than 0.500 Oz/ton gold were routinely assayed for metallics and, in areas of the deposit that were suspected to be higher grade, the automatic assaying was reduced to 0.250 Oz/ton gold at the request of the geological department.

Acme Analytical Laboratories Ltd. ("**Acme Analytical**") in Vancouver B.C. conducted most of the independent assaying for the mine because it was among the first laboratories to become an ISO 9002 accredited company. However, during the 3630 Level exploration program in 2004, TSL Laboratories (TSL) in Saskatoon, Saskatchewan, was used once it had become an accredited company and the turnaround time was shorter.

Drill core and chip samples were assayed using the fire assay/atomic absorption finish (FA/AA) method of analysis and the truck and sludge samples were assayed using the Methyl Isobutyl Ketone/atomic absorption finish (MIBK/AA) method. Standard, blank and duplicate assay samples were added to each run of 21 samples for drill core, to a maximum of 24 samples for chip samples and to each run of 27 samples for both sludge and truck samples. These were in addition to the blind duplicates and blanks added randomly to the assaying process by the geology department.

Standard, blank and duplicate assay samples were added to each run of 21 samples or drill core, to a maximum of 24 samples for chip samples and to each run of 27 samples for both sludge and truck samples. These were in addition to the blind duplicates and blanks added randomly to the assaying process by the geology department.

Garson Gold sample preparation, analyses, and security sample intervals are marked on the core by the geologist. As a QA procedure, a convention is followed where the samples are marked in red grease pencil including lines to mark sample limits and arrows to indicate the sample limit lines. The sample number is written in red grease pencil at the end of the sample interval. The sample interval is recorded in the sample booklet and the corresponding sample tags (2) are placed under the core.

The samples are cut into symmetrical halves using a saw equipped with a diamond blade. One-half of the core is placed in a sample bag with one of the two sample tags, and the other half of the core is replaced

in the core tray with the second sample tag stapled to the core box. The core trays containing the samples are archived in a secure location at the NBM site.

All of the sampling on the project was completed by Garson employees. Garson ensured sample validity/representativeness by making sure that the core was split into symmetrical halves before being sampled under close supervision by a qualified person.

Sample analyses including determination of gold and arsenic on all samples and specific gravity and multi-element geochemistry on selected samples was completed at TSL Laboratories Inc. (TSL) in Saskatoon, Saskatchewan. TSL was established in 1981, is ISO/IEC 17025 accredited, and participates in the proficiency testing program sponsored by the Canadian Certified Reference Materials Project. TSL is certified by the Standards Council of Canada for certain tests that include gold analyses utilizing instrumental or gravimetric finish.

At TSL the samples are dried and crushed and a 250 g riffle split of the crushed sample is pulverized to 95% passing 150 mesh (106 microns). Gold concentration is determined on all samples from a 30 g split of the pulverized sample by fire assay with atomic absorption (AA) finish. All samples with a gold concentration greater than 1,000 ppb (1 gram/t) are re-assayed using fire assay with a gravimetric finish. Specific gravity and ICP-MS multi-element analyses (aqua regia digestion) were completed on selected samples as requested by Garson project geologists.

Analytical data are received from TSL first in electronic form via email which is followed by the delivery of the signed assay certificates. The electronic assay data file was checked against the assay certificate before being merged with the logged sample intervals using Gemcom software.

The following quality control procedures were in place to ensure database integrity:

- Gold values were evaluated with logged sample descriptions.
- Gold values and sample descriptions were compared with the archived half core.
- Final assay certificates were compared with the electronic files for consistency
- Garson Gold used standard reference samples (standards) and check assays for analytical quality assurance.
- The standards used were selected to include ranges of gold grades and are tabulated.
- The analytical quality assurance data were evaluated on an 'as-received' basis. As well, the standard data are evaluated for detection of any trends over time. All issues that have been identified have been resolved and the assay data received from TSL are deemed to be of industry standard quality.

### *Current State of the Snow Lake Mine Property*

#### Main Mine Workings

Since the cessation of mining and gold processing activities at the Snow Lake Mine, the facilities have been placed under care and maintenance. The mine facilities comprise an underground mine, headframe, hoist room, compressor house, administration office, electrical substation, surface maintenance shop, dry and warehouse, primary and secondary crushing buildings, process plant and associated support offices and laboratories, cold storage facility and a tailings storage facility. Access to the underground workings is via a five-compartment shaft with a cage for men and equipment and separate ore and waste skipping facilities. While the older workings above the 1780 Level are accessible from the shaft, an internal ramp system begins on the 1780 Level to access the lower workings, excavated since 1995. In addition, the shaft can be accessed from the ramp on the 3000 Level via the 3000 Level haulage drift. The ramp extends to below the 3746 Level.

Access to the underground workings was closed off in March, 2005, and the mine has been allowed to flood since that time. It is estimated that the water inflow to the mine is 60 gal/minute and that it will take approximately 27 years for the mine to completely flood. Most of the mining equipment has been sold and removed from site although the hoist, hoisting control system and associated auxiliary equipment is complete and maintained in good operating condition. The main ventilation and heating system is also complete. Access could be re-established fairly quickly as all the facilities required to access the underground workings remain in place. The crusher buildings, mill buildings, process equipment and

associated electrical equipment are complete and in excellent condition. Only minor work would be required to re-commission the crushing and metallurgical processing facilities.

All the surface buildings have been well maintained since the stoppage of mine production, and the administration office is being used on a daily basis by the care and maintenance crew. The tailings storage facility is being maintained and site environmental monitoring is continuing.

The No. 3 Zone workings were not inspected as the portal was sealed by NBM prior to closure of the main workings to the southeast. Prior to the closure of the No. 3 Zone workings, the portal was making water and the workings were completely flooded.

#### *Mineral Resource and Mineral Reserve Estimates*

The estimated mineral resources at the SLM have been revised by Alexis. For No. 3 Zone and Main Mine Upper, an updated geological model was completed based on delineation drilling of these zones. Inferred resources included in the PA were either upgraded to indicate resources for inclusion in the reserve calculation or remained in the inferred category.

The following table contains the updated resource estimate for the Snow Lake property. This includes the updated resources estimates for the No.3 Zone and the Main Mine Upper. The tabulation for the Main Mine Lower is derived from the Micon International Ltd. NI 43-101 technical report dated October 2006 using a 0.077 Oz/ton cut off. The resource estimates for the Squall Zone, Upper and Lower Margaret, are taken from the NI-101 technical report by D. Beilhartz April 2006. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The following presents the updated resource estimate at a cutoff grade of 1.95 g/t Au:

#### **Mineral Resource Estimate, Snow Lake Mine property, as at December 10, 2010**

<b>Category</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Resource (oz Au)</b>
<b>Measured</b>			
Main Mine Lower <sup>1</sup>	<b>7,000</b>	<b>4.76</b>	<b>1,000</b>
<b>Indicated</b>			
Main Mine Upper <sup>2</sup>	3,748,000	3.57	427,600
Main Mine Lower <sup>1</sup>	1,035,000	4.81	160,100
No. 3 Zone – Main <sup>2</sup>	606,000	6.44	125,600
No. 3 Zone – Footwall <sup>2</sup>	75,000	5.69	13,700
<b>Subtotal – Indicated</b>	<b>5,464,000</b>		<b>727,000</b>
<b>Total Measured &amp; Indicated</b>	<b>5,471,000</b>	<b>4.14</b>	<b>728,000</b>
<b>Inferred</b>			
Main Mine Upper <sup>2</sup>	446,000	3.57	51,200
Main Mine Lower <sup>1</sup>	486,000	3.98	62,200
No. 3 Zone Main <sup>2</sup>	139,000	6.14	27,300
No. 3 Zone Footwall <sup>2</sup>	290,000	4.39	40,900
Birch Zone <sup>1</sup>	569,000	4.42	81,000
Squall Margaret Upper <sup>3</sup>	100,000	4.87	15,600
Squall Margaret Lower <sup>3</sup>	337,000	5.42	58,500
<b>Total Inferred Resources</b>	<b>2,367,000</b>	<b>4.43</b>	<b>336,700</b>

Notes:

1. From the technical report on the New Britannia Mine Property and Review of the Mineral Resource Estimate, Snow Lake, Manitoba, by William J. Lewis, P.Geo and Richard Gowans, P.Eng., Micon.
2. Prepared by Jamie Lavigne, P.Geo, and former VP Exploration of Alexis.
3. From the technical report on the Squall Lake Property, The Pas Mining Division Snow Lake, Manitoba, completed for Garson Resources Ltd. by D. Beilhartz, PGeo., April 2006.

#### *Production Schedule*







The information in this section has been derived in part from and based on the assumptions, qualifications and procedures set out in the “43-101 Technical Report on the Mineral Reserve Estimate at the Lac Herbin Mine” (the “**2011 Lac Herbin Technical Report**”), prepared by Austin Hitchins, B.Sc., P. Geo., Audrey Lapointe, B.Sc., P. Geo. and Patrick Sévigny, Ing., dated April 18, 2011. Mr. Hitchins, Ms. Lapointe and Mr. Sévigny are each qualified persons under National Instrument 43-101- Standards of Disclosure for Mineral Projects (“**NI 43-101**”). See “*Interests of Experts*”, “*Cautionary Statement Regarding Forward-Looking Information*” and “*Narrative Description of the Business – Risks of the Business - Mineral Resource and Mineral Reserve Estimates May be Inaccurate*”.

#### *Property Description and Location*

The Lac Herbin properties cover a total aggregate surface area of 7,095 hectares. The Aurbel-Lac Herbin group of properties comprises 272 claims, five mining leases and 1 surface lease, all subject to royalty payment of 4.5% NSR (2.5% to Aur Resources Inc. (now Teck Cominco) (“**Aur**”) and 2% to Forbes and Manhattan). The Aurbel-Lac Herbin group of properties is all located about 10 kilometers northeast of the town of Val-d’Or, a historic and well known mining district in northwestern Québec, Canada. The properties include two past mining operations, the Dumont and Ferderber mines where approximately 610,000 ounces of gold were produced; a milling complex, the Aurbel Mill; and the Lac Herbin gold mine.

The Lac Herbin Mine has the required authorizations for its current production status.

#### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The properties are directly accessible via a six kilometer gravel road, branching off a Provincial highway to the south that is maintained year round. A number of trails and dirt roads cross the properties and provide adequate access to the various sites. A different Provincial highway borders the properties along the west and to the north, while a gravel road linking the Perron Beaufor mines to a Provincial highway provides access from the east. Val-d’Or is easily accessed by road, connecting the town to most local communities in the region. Railway services are provided by the Canadian National Railway in the region.

The Val-d’Or mining district has been a prolific mining district since the opening of the Lamaque Mine in 1933. The region offers specialized services, a skilled labour force, mining equipment, supplies and contractors and adequate infrastructure for the mining industry. Electric energy is relatively inexpensive and is provided by Hydro-Québec. There is ample local supply of water, both potable and for processing.

The area has a typical continental boreal climate, comparable to communities at the same latitude in mid Canada. Winter starts around mid-November and the spring arrives early May. Winters can be very cold with temperature averaging  $-15^{\circ}\text{C}$  in January and February. The ground is frost free from May to October. Summers are warm and relatively dry with a mean temperature of  $22^{\circ}\text{C}$ . The topography is relatively flat locally, half covered by marsh and vegetated by native scrubs, jack pine, spruce, poplar and birch trees are present in the region. The properties are crossed by the Bourlamaque River and its tributaries and include a number of small shallow lakes, namely the Herbin, Fortmac and Colombiere Lakes. Rock outcrops are rare.

The Lac Herbin mine is located in the prolific Val-d’Or mining camp. All facilities are available in Val-d’Or which provides a well-trained and motivated workforce. Electrical power at the mine linked to the main power grid. Water is readily available on site. The Aurbel mill, mine offices and tailings pond exist on site.

There is no known environmental liability associated with the Lac Herbin Mine.

#### *History*

Gold was first discovered on the properties in 1920. The original discovery, which was in the vicinity of the present Dumont Mine, was explored by Green-Stabell Mines. Some 2,000 feet of drilling was completed near the location of the Dumont shaft. The results were encouraging and mining operations started in 1934 by Payore Consolidated (“**Payore**”). The company sunk a three-compartment shaft to a depth of 375 feet and some 6,200 feet of lateral development. A modest 1,800 tons grading 0.18 ounces per tonnes were extracted in the period 1934-39. The Bras-d’Or property (Dumont Mine) was then optioned by

Sylvanite Gold Mines, which completed approximately 2,000 feet of drilling and lateral development during the period 1939-41.

In 1944, Formaue Gold Mines Ltd (successor to Payore) ("**New Formaue**") drilled the property and completed additional underground development. This drilling resulted in the discovery of the main Dumont shear zone. The property remained dormant for the next 25 years due to a lack of funding, a low prevailing gold price (\$35 US/oz) and the general belief that gold mineralization in the Val-d'Or district was related to structures south or along the contact with the Bourlamaque Batholith.

In 1969 drilling was re-initiated, confirming ore grade mineralization into the Main Shear. In 1973, New Formaue undertook to develop the property under a joint venture agreement with Wrightbar Mines Ltd. A total of 35,252 feet of drilling succeeded in outlining the mineralized zone over a strike length of 2,000 feet to a depth of 1,050 feet. Bras d'Or Mines was formed to conduct a feasibility study that was completed in 1975. Development and production financing was arranged by Belmoral Mines and underground development was undertaken in 1978-79 including a new four-compartment shaft and additional exploration drilling. Commercial production started in May 1980 and continued until December 1994.

In 1974, Peter Ferderber staked about 11,875 acres of claims over the intrusive. The ground was acquired by Belmoral Mines and it initiated a ground magnetometer survey in January 1975. A VLF-EM survey, carried out in the spring of 1975 outlined a strong conductivity zone coincident with a magnetic anomaly delineated northeast of the Dumont Mine. Diamond drilling followed in April and in June 1975. The Ferderber deposit was finally delineated over an east-west strike length of 3,000 feet and to a depth of 1,000 feet. Pre-production development was undertaken in October 1978 and access to the ore zone established with a decline ramp excavated to a depth of 570 feet connected lateral development on the 100, 200, 350 and 500 levels. In May 1980, the back of a stope on level 200 caved to the bedrock-overburden interface, allowing considerable amounts of mud, gravel and water into the mine. This accident caused eight deaths and operations were suspended for approximately six months. The Ferderber mine operated continuously from February 1979 until the end of 1994, while the Dumont mine operated from April 1980 until the end of 1994. About 3,280,000 tons of ore have been extracted and more than 610,000 ounces of gold produced from both operations. The mines and the properties changed hands a number of times during the past two decades. The properties were owned outright and operated by Aur since November 1993 until their closure in 1994.

In February 2006, Alexis vested into a 50% interest on the Aurbel property, which covers 277 claims, 4 mining leases and one surface lease in the Bourlamaque, Senneville and Louvicourt Townships, pursuant to its May 2003 agreement with Aur. The 71 square kilometer property encompasses the majority of the Bourlamaque Batholith which hosts the Ferderber and Dumont Mines. Alexis exercised a second option to purchase the remaining 50% interest in the property and the Belmoral gold mill, located centrally on the property, for \$3 million in cash. The acquisition closed during the third quarter of 2006. The fully permitted mill is capable of processing 1,400 metric tonnes per day. The mill was brought on line in 2010.

A four-phase program of underground exploration was authorized in July 2005 on the Lac Herbin project. Permitting and surface installations were completed for ramp development start-up on September 1st, 2005. Ramp and level development as well as proposed delineation drilling of Phase I and Phase II were completed; Phase III was entered in the third quarter of 2006. Phase III included over 500 meters of lateral development focused on mining of a bulk sample of mineralized vein material for custom milling during the fourth quarter of 2006. Phase IV was entered in 2007 and included ramp, lateral, level and sub-level development (2,556 meters), ore development (471.4 meters) exploration and delineation diamond drilling (32,024 meters), and long hole and room-and-pillar stoping (46,410 tm) in the course of a second bulk sample milled in November and December 2007. These programs were successful at proving the economic viability of the Lac Herbin deposit.

Exploration and delineation diamond drilling as well as main ramp, lateral and ore development continued throughout 2008. Alexis directly hired maintenance, development and mining crews. Long hole stoping was performed in the S3, LH and HW zones. Mechanized cut-and-fill was also performed in the S3 Zone. The mine was inaugurated in October 2008 and officially entered production. A total of 80,284 tonnes were produced from underground in 2008 for 17,868 oz Au. The mine operated full-time in 2009 and produced 170,658 tonnes for 32,900 oz Au from development and stoping in the S1, S2, S3 and HW zones. Total development dropped to 2,155 meters.

In 2010, the mine produced 133,059 tonnes for 21,557 oz Au from several headings including the S1, S3, HW, HW2, LH, and WE. Grades and tonnages decreased due to lower grades and smaller stopes in more peripheral areas of the S1 and S3 along with other secondary structures with less than expected continuity of grade. Total linear development stands at 2,476 meters for 2010.

### *Past Production*

At the Ferderber Mine, a total of 1,877,704 tonnes (short) of ore averaging 0.201 oz Au/st was produced since the opening of the mine in February 1979. Production came from 74 stopes (as of December 1st, 1994) developed over nine (9) levels along three (3) principal structures, the Ferderber vein being the main orebody. Underground development covers a total lateral extend of 7,600 ft. The orebodies can be accessed via a 3,300 foot inclined ramp to a depth of 560 feet and 1,300 feet vertical shaft located east of the ramp. Mining extraction was achieved mostly using shrinkage, prior to the infamous caving of a surface pillar in May 1980, and subsequently through cut-and-fill methods, due to difficult ground conditions and heavy dilution problems. Long hole mining methods were also employed to the west of the shaft where better ground conditions permitted. The total average mining cost at Ferderber mine, based on the February 1994 Monthly Production Report, is estimated at \$71 per tonne. Over 15 years of operation at Ferderber, gold recovery from the mill averaged nearly 95% for a total of 362,000 ounces of gold.

The total production from the Dumont Mine (as of December 1st, 1994) is recorded as 1,402,893 short tonnes averaging 0.184 oz Au/st. A total of 69 stopes on a half dozen principal vein structures were mined since the start of operations in April 1980. The orebodies can be accessed via a 1,700 feet vertical shaft connecting 10 levels spanning over an east-west lateral strike length of approximately 3,900 feet. A 1,700 foot inclined ramp from the 1,600 level provides deeper access to three (3) sub-levels where a down dip extension of the Dumont vein was discovered and eventually developed. Prior to 1992, extraction was carried out using shrinkage-mining methods. Long hole mining was subsequently used in an effort to increase production and reduce costs. This decision helped reduce cut-off grades and in turn increase mineable ore reserves. Total mining costs are reported to average \$42 per tonne based on the February 1994 Monthly Production Report.

Over 14 years of operations at Dumont, a total of 248,000 ounces of gold were produced. The operations were shut down near the end of 1994 due to depleted mineable ore, the lack of development and the necessary capital for further exploring and developing the orebodies along with a change of exploration focus by the company from gold to base metals targets. Following the closure of the Dumont and Ferderber mines at the end of 1994, Aur undertook to reclaim the sites starting early in 1995. A final reclamation and closure plan was filed in March 1996, providing for the dismantling and demobilization of all surface infrastructures, except for the Belmoral Mill facilities, which was put under care and maintenance. Existing openings were closed and the tailings are still open. The mine site at Dumont is re-vegetated and the Ferderber site is dismantled but not re-vegetated. Numerous access trails and roads were re-vegetated.

### *Geological Setting*

#### Regional Geology

The Val-d'Or area is located in the southeast part of the Abitibi Greenstone belt, an area underlain by Archean volcanic and sedimentary rocks intruded by granitoid to mafic bodies of the same age. The volcanic Malartic Group is divided into two subgroups: the Lower Malartic to the north, composed of mafic to ultramafic flows with gabbroic to ultramafic intrusions; and the Upper Malartic Group to the south, which consists of mafic to felsic flows, pyroclastic rocks and mafic to felsic intrusions. The rocks from ultramafic base to felsic volcanic tops are exposed in a regional anticline. This stratigraphic package strikes east-west and is overturned, with steep north dips. Sedimentary rocks of the Pontiac Group are found along the edge of the region. They include conglomerates, argillites, greywackes and mica schists. The Cadillac Fault separates the Malartic and Pontiac Groups.

Numerous intrusions of diorite to monzonite, with quartz diorite and granodiorite being the most common, are found sparsely distributed about the stratigraphic top of the huge volcanic rock sequence. These intrusions are of various shapes and sizes, some being in the order of small batholith masses, others as plutons, chimneys, sills and dykes. The Bourlamaque batholith which covers more than 150 km<sup>2</sup> dominates the central part of the Malartic Group of rocks. The batholith is understood to be composed mainly of diorite and quartz diorite and consisted originally of two consanguineous dioritic intrusions, probably introduced as sills into flat-lying volcanic rocks. The Bourlamaque batholith is hence sub-volcanic and has intruded into its own volcanic pile. It was later overturned southward and metamorphosed to greenschist facies along with the enclosing volcanic rocks. Both intrusions that comprise the batholith are differentiated. The northern sill is the more felsic. The interpreted contact between these two intrusions strikes about N60E and passes 1.5 kilometers north of the Ferderber mine, which is thus hosted by the more mafic southern sill. The batholith is cut by abundant mafic synplutonic dykes and some later felsic dykes.

### Local Geology

At Lac Herbin, the composition of the Bourlamaque Batholith varies from diorite, to tonalite, to granodiorite. Subtle variations in composition were not noted in the drill logs and the word "diorite" was systematically used for convenience. The latter is usually coarse grained, but locally fine to medium grained. Ophitic texture is rare. It is composed of 35-60% plagioclase, 20-50% mafics, mostly amphiboles, locally chloritized, and up to 15% blue quartz. It is locally hematitized and/or epidotized. The diorite is intruded by intermediate to mafic dykes and by porphyritic felsic dykes. Intermediate to mafic dykes are green, aphanitic to feldspar porphyritic, locally carbonatized. They are massive to sheared with local quartz veins. The Lac Herbin and the HW zone felsic dykes are pale grey, aphanitic with feldspar phenocrysts of up to 2 cm. They are sometimes sericitized and/or hematitized, sheared to massive, and locally contain quartz veins and pyrite.

Generally massive, the diorite is also blurred to strongly sheared (schist). The blurred texture is marked by a bluish to greenish tinge, a chloritized groundmass and by diffuse crystal contours. Sheared zones are represented by an intense foliation, by carbonatized groundmass and by aligned and stretched crystals. The mineralization occurs in conformable and sheared quartz veins.

### *Mineralization*

The Lac Herbin deposit shows numerous similarities with Ferderber-Dumont and Beaufor deposits. The geometry of gold-bearing veins network, i.e. their orientation and complexity, is determined by factors operating at both regional and local scales. The dominant factor at the regional scale is the far-field stress/strain regime under which the auriferous structures are formed or deformed. At the local scale, strength anisotropy related to lithological heterogeneities is an important factor.

The Lac Herbin deposit lies within the Bourlamaque Batholith that has been subjected to intense regional compression oriented north-south. This regional compression has contributed to the development of numerous shear zones in the entire intrusion, and particularly in the Lac Herbin area.

In the Lac Herbin area, five lithologies are observed, that are, in chronologic order: diorite, aplitic dykes, felsic – mafic dykes and finally quartz-tourmaline lode-gold veins. The aplite dykes are cut by mafic dykes and do not have a well developed fabric because they have the same competency as the diorite. Felsic dykes in Lac Herbin are strongly sheared and cut the mafic dykes.

The mafic and felsic dykes in Lac Herbin have a direct link with the mineralized shear-veins control. The dykes created a lithological heterogeneity for the host rock fracturing which led to the mineralized auriferous veins development and controls the resulting complex shears zone pattern. These dykes are generally deformed, showing strong well developed schistosity or boudinage. In the same way, some dykes have been active during the deformation and produce NW-SE fault that displaced the auriferous shear zone.

A total of 12 shear zones are observed at the Lac Herbin mine, namely LH (Lac Herbin), WE, S1, S2, S3, S4, HW, HW2, HW2 Br, HW6, Bonanza (BZ), FL and several very localized flat veins. The dimensions

presented are using the current state of knowledge and are not definitive. Some structures change orientation.

Many of these shear zones contain quartz-tourmaline veins, sometimes mineralized with pyrite, chalcopyrite and gold. A simplified schematic cross-section shows a composite arrangement of shear zones and main lode-gold structures. The dyke-controlled auriferous shear zones are recording a north-south shortening. The ore shoots generally plunges west but locally the plunge is controlled by intersection between two shear zones. Alterations associated with shear zones are variable. Hematization is strong and often observed in S1, S3 and LH structures. Widespread carbonatization occurs in shears. Chloritization or sericitization is present in shear when a mafic dyke or a felsic dyke is associated with the shear. A blurred texture marked by the disappearance of feldspar in favour of silica and chlorite is common at the Lac Herbin deposit. The same alteration has been recognized at the Beaufor mine. At the Beaufor deposit, the blurred diorite is associated with auriferous quartz-tourmaline veins. At the Lac Herbin deposit, correlation between blurred diorite and sub-horizontal quartz tourmaline veins is observed on cross section; but becomes less obvious for vertical shears. This fact suggests that the vertical shearing and faulting is the last stage of deformation in the auriferous event but this hypothesis must be verified and documented in the future. The economic mineralization occurs in lenses where sulphides are present and there appears to be a strong relation between pyrite content and gold values. Also, coarse-grained pyrite is particularly associated with high gold values.

### *Exploration*

Over the years, the bulk of the work has focused on the definition, development and exploitation of the Ferderber and Dumont deposits. Exploration efforts have otherwise led to the identification of a number of mineral occurrences. Within the properties, seven principal targets have been identified. The major prospects are the West Contact Zone, the E Zone, the F Zone, the Standard Gold Zone, the Formaqué Mine Zone, the N.E.F. Zone and the Senneville Showing.

The total property area covers approximately 71 square kilometer (7,095.19 ha) of which mostly the southern half portion has been thoroughly investigated by Aur and others to date. Significant exploration potential exists to the north, to the west, as well as down dip and parallel to the known deposits.

From July 2005 to December 2006, Alexis started a three-phase underground exploration program. The program consisted of underground development, underground diamond drilling definition program and surface exploration drilling program. A bulk sample of 14,917 tonnes was extracted and milled at the Camflo Mill (Richmont Mines inc.) in Malartic.

During the program, 1,372 meters of ramp were developed, 913 meters of lateral development and 573 meters of mineralized material development were carried out. Alexis was responsible for the planning and the supervision of the underground development program. All development was mapped and sampled by the geological staff for Alexis. Sills and sub-levels have been developed extensively on five (5) different auriferous zones; HW, S1, WE, LH and S3. The HW shear was exposed at level 1700 (el. 3,130 meters) over 65 meters and over 76 meters in the sublevel (el. 3,141 meters). The back of the sills and sub-levels were mapped. Each mapped and sampled face was spaced approximately 2.4 meters. The S1W shear was exposed in sill drift (el. 3,100 meters) and on three (3) sub-levels (el. 3,117 meters, el. 3,132 meters, el. 3,150 meters). The length of S1W sill is 90 meters. The sub-levels are, respectively, 55, 25 and 26 meters long. All three sublevels remain incomplete and have not yet reached the end of the mineralization. A raise connects in both cases the sill and sub. The raises were sampled and mapped as well.

The S1E, WE and LH are developed on level 15 and 17. The S1E and WE are exposed on level 15 (el. 3150 meters). The opening has exposed the junction between S1E and WE. The WE zone has been followed over 15 meters and S1E zone over 45 meters. The LH zone was developed over a distance of 32 meters at level 17 (el. 3130 meters). The last development was carried out on S3 shear for 75 meters long on level 20 (el. 3,100 meters), where mapping and sampling were performed. The Bonanza shear and sub-horizontal quartz-tourmaline veins were crosscut, locally by ramp development and other openings.

In 2007, Phase IV of the exploration and development program was initiated. This phase included 30,113.5 meters of underground diamond drilling, 1,910.5 meters of surface diamond drilling, 2,556 meters of ramp and lateral development and 471.4 me



The underground drilling program consisted in 33 holes totaling 9,646 m of NQ size. The extensions of BZ (east of the mine), S1 (east of the mine and at depth) were targeted. The repetition of S1 and S3 zones were tested on the east side of the mine. Finally, the junctions of known structures, where potential of wider mineralization was proven in the past, were tested.

Compilation work was done to evaluate the potential of the presence of several sub-horizontal structures (swarm) at the junction of main structures. This work 'lead' to a drilling program which will take place in 2012.

#### *Alexis Drilling Programs*

From January to December 2009, an underground drilling program was carried by Alexis at Lac Herbin with up to two underground electric rigs drilling BQ-size core and up to one pneumatic rig drilling LTK48-size core. These holes were all used for the geological interpretation in the current resource estimation. A total of 28,273 meters of core was drilled underground in 2009 at Lac Herbin when combining exploration and delineation drilling. Hole collars were spotted and surveyed by Alexis staff surveyors. Between February and May 2009, nineteen (19) surface exploration holes were drilled totaling 5,590 meters on BQ-size core by one surface drill from Forage Major of Val-d'Or. Holes were drilled to the W, NW, S, N and NE of the Lac Herbin mine.

From January to December 2010, the underground drilling program was continued by Alexis at Lac Herbin with up to two underground electric rigs drilling BQ-size core and up to one pneumatic rig drilling LTK48-size core. Eight (8) holes were spotted using a handheld GPS device and drilled from surface for delineation on the FL zone. Hole numbers include AMAR-143 to AMAR-150. These holes were all used for the geological interpretation in the current resource estimation. A total of 27,255 meters of core was drilled underground in 2010 at Lac Herbin when combining exploration and delineation drilling. Hole collars were spotted and surveyed by Alexis staff surveyors. Hole orientation was surveyed down-hole using a Reflex electronic instrument every 30 meters on all drills.

In 2010, a total of 16,960.5 meters was drilled for delineation and another 10,344.5 meters for exploration at the mine. Production results showed that the drilling pattern at 20 meters was not precise enough to accurately assess the resources before the start of development and production drilling. The drill pattern was reduced to 10 meters. The relationship between sample length and most structures are known and true thicknesses of drill intersections are continuously updated on longitudinal sections.

In 2011, 68 delineation holes were drilled for a total of 19,251 m and 182 holes totaling 19,322 m of exploration drilling were completed. Refer to following table.

Drilling Type	No of Holes	Metrage (m)	Drilling Size
Exploration – Surface	23	5,987	BQ
Exploration- U/G	33	9,646	NQ
Exploration – Surface	12	3,618	BQ
Delineation – Surface	85	9,569	BQ
Delineation – U/G	97	9,753	NQ
Total	250	38,573	

The exploration drilling was discussed in the previous section.



The delineation has targeted the zone S1 between levels 37 and 42 (370 and 420 m below surface) in order to transfer these resources from inferred to indicated category. The zones APEX, S1 East, S3, HW2, LH and WE were also drilled in order to bring drilling pattern to 10 m as established in 2010.

The orientation of most structures is inferred from three or more drill intersections. Once the mineralized structure orientation established, the true thickness of the drill intersection is calculated based on drill hole angle and the dip of the mineralized structure.

Extensive diamond drilling from 2009 through 2011 greatly improved the understanding of the many structures in the mine area as to their structural and mineralized extents which are used in tabulating resources, and in day to day development and production. The understanding of the degree of complexity and continuity of mineralization on secondary structures has improved significantly with the sustained drilling.

#### *Sampling Methods and Approach*

All shear zones at Lac Herbin were sampled, regardless of their content in quartz veins and sulphides. In addition, any non-sheared tensional vein was assayed for gold. Locally, blurred diorite, especially flanking the shear zones, was sampled and assayed for gold.

Core sample lengths have varied from 0.3 to 1.5 meters. The width of each sample was determined based on geology, sulphide content, and type of alteration. Sampling of each zone also includes at least one sample of fresh, unaltered diorite on both the footwall and hanging wall of the structure.

Changes to the sampling method of diamond drill intersections across shear zones were made during late 2010. Prior to this sampling was not based specifically on lithology or mineralization with shear zones. This is not a problem where veins occupy most of shear zone, but mining in newer zones have raised the need for more rigorous sampling protocols. The long standing prior approach has been to treat veining and mineralization as estimated percentages within each shear zone. This method was employed both at Dumont and Ferderber during their operation in the 1970's through the 1990's. As a result, veins within shear zones could not be isolated for mine planning or resource estimation. Prior estimations are based upon assays and not the specific lithology or mineralization within each shear zone. Many intersections have been relogged for this report, but the process is not complete.

Test holes, when required, are marked by the geologist or technician and identified (using symbol T/S). The length of the test hole must also be determined. The sample bags are prepared, identified and tagged properly. Test hole tags are used only for these samples. Samples are recorded according to collar location and distance from collar (processed as a drill hole). Samples are taken by the geology department.

Muck samples are taken during the mucking process by the miners. One muck sample is randomly taken every five buckets. Each sample weighs between 1.5 to 5.5 kilograms. Samples are identified by date and stope or drift location. Recently sampling of oversize commenced where the surface loader operator collects random chip samples of oversize on the surface stockpile. This has been initiated to investigate reasons for the relatively high-grades of the muck compared to the mill results. It is apparent that a sampling bias exists in the muck fines.

A sampling bias exists in the muck sampling certain peripheral areas stemming from the inclusion of the inadvertent addition of too much high-grade pyrite during sampling. Since muck sampling relies mainly on fines that contain a disproportionate amount of soft and easily friable pyrite, the grades tend to be elevated relative to the mill results. To compensate, a program of oversize sampling and tabulation has been instituted. Oversize rock in muck piles were chip sampled and analyzed. The muck is dirty and the dirt is often frozen, so no visual bias is likely, however these fines covering the large chunks probably contain elevated grades. A total of 235 samples of oversize have been taken to date to date. Sampling has not been systematic however, and has only been done on selected stopes and not on development. The results clearly show an upward bias of grade in the fines – but the sample size is too small yet to perform an accurate reconciliation. It is too early in the program to draw conclusions. Sampling of oversized is ongoing.

Chip samples are selected and obtained daily by the geologist or technician responsible for mapping and controlling development faces underground. The sample is systematically oriented perpendicular to the mineralized structure (vein) and is selected to contain a representative proportion of sulphides in the bag. The host rock is sampled separately from the structure/vein. Chip samples range in length from 0.3 to 1.5 meters and cover the entire working face. Location, position, and tag number is recorded and entered into a database. The database is checked periodically.

Density measurements to determine tonnage factors were estimated from a series of samples collected at the Dumont and Ferderber mines in 1991. A total of 8 samples from the two mines were collected for density measurements from the belt feed at the mill. The arithmetic mean of the specific gravity values determined in 1991 is 11.697 ft<sup>3</sup>/short tonne. The official value used following this test was 11.5 ft<sup>3</sup>/short tonne (rounded off to the nearest half-unit), which is 0.359 m<sup>3</sup>/metric tonne or 2.79 metric tonne/m<sup>3</sup>. The geological setting in terms of geology, host rock, alteration and mineralogy of the Lac Herbin deposit is very similar to the Ferderber and Dumont mines. It was therefore considered that the measurements performed in 1991 were accurate enough to be used at Lac Herbin.

### *Sample Preparation and Security*

Alexis follows a conventional sampling technique where all exploration diamond drill core selected to be sampled is sawed in two halves. One half is sent for analysis and the other half is retained as a representative sample for future reference. This protocol is applied to every drill hole except for most delineation drilling. For these holes, the entire core is sent for assay and no half is retained for future reference, unless the hole is selected to be kept as reference.

All core samples are prepared (sawed, bagged and tagged) for assaying by the technical staff of Alexis Minerals. The samples that are ready to be shipped to the lab are kept at the Lac Herbin site in a core facility that is locked overnight. Core, chip and muck samples are collected directly at the Lac Herbin site by the lab personnel.

Each batch of core samples contains 39 or 20 samples depending on the capacity of the oven used by the lab, including one standard and one blank inserted by the staff of Alexis at the Lac Herbin site. Blank and standard analyses are immediately checked after reception of assay results and compiled at the end of each month.

One standard is also placed every day with the chip and muck samples. The number of samples varies every day, so one standard per day represent a variable percentage of standards per sample. Blanks are used to check for contamination during sample preparation at the lab. If a blank should return a gold value judged anomalous, the lab would be asked to explain how contamination occurred. New assays would be performed on the rejected crushed rock, not on the pulp. In a case where extreme contamination would have occurred, field duplicates would be sent to the lab for a new analysis.

Standards are used to verify analytical accuracy. After discussions with the lab manager on the acceptable accuracy for lode-gold deposits with a nugget effect, Alexis is using a range of  $\pm 3\sigma$  of the official standard value as criteria for analytical accuracy. When the assay result for a standard is outside the  $\pm 3\sigma$  range, the lab re-assays the entire batch of samples with the pulp material.

Each sample is crushed to 90% passing the -10 mesh sieve. The crushed material goes through a splitter until 1 kg of material is randomly selected, unless the entire crushed sample weights less than 1 kilogram. The 1 kilogram split is then pulverized to 90% passing the -200 mesh sieve and homogenized. A pulverized sample weighting 200 grams is randomly selected from the pulverized split material and put in an envelope. This randomly selected pulverized sample is then sent to the assaying lab where a 50 gram sample is weighted and taken for assay.

Each sample is assayed using a standard atomic absorption method (AA). A 50 g gravimetric re-assay is performed on samples containing over 3,000 ppb Au after the AA assay. The gravimetric assay uses a new 50 gram sample from the original 200 gram envelope of randomly selected pulverized material.

When a sample contains coarse visible gold, Alexis Minerals' geological staff may request the metallic sieve method for assaying. In the metallic sieve method, the entire sample is crushed and pulverized until

approximately 40 grams of material remains on the -150 mesh sieve. The latter material is used for assay using the gravimetric method and two 50 gram splits are picked from the finer material that passed the -150 mesh sieve. A weighted average is calculated from the entire sample.

For each batch of samples received by the lab, the lab will randomly select at least one sample for a coarse duplicate. Two separate 1 kilogram splits will be treated as described above for this sample. Results will be reported side-by-side with one of the sample numbers being labelled as "B" or "-Dup".

Assay results between 3.00 and 6.99 grams Au/t are calculated as a simple arithmetic average between the AA and gravimetric values. Assays above 7.00 grams Au/t use the gravimetric data only, metallic sieve data predominate over any other assaying method.

Chip, test hole and muck samples are directly assayed by gravimetric finish without going through the AA process.

In 2010, the quality of the results, deteriorated from 2009. The changes are related to Techni-Labs SGB of Rouyn. A total of 16 standards analyses, 8% of all standards, returned problematic values that exceeded  $\pm 3\sigma$ . Standards were inserted in batches of 20, and therefore could have affected 320 samples, representing 8% of all drill core analyses in 2010. Five batches of these unacceptable standards were reanalysed and returned within acceptable limits. A total of 12 of the 16 standards that exceeded acceptable limits occur in low-grade material. Explanations were provided by the laboratory, following an internal investigation by the Techni-Lab, of the observed errors in the 5 reanalyzed batches:

- The errors were generally of greater magnitude when the concentration of gold in the standard was of low-grade.
- Also, the differences of certain reference standards are within 10% of the acceptable limits of the supplier (ROCKLABS).
- Techni-Lab SGB has also initiated changes to its procedures which have significantly reduced the number of errors since June 2010.

#### *Data Verification*

All data, new and previous, have been verified and validated to ensure precision. A continuous and strict QA-QC program is in place to ensure data quality. All new data entering the database is routinely checked by Alexis' staff. A software system, developed in-house by Alexis automatically scans through all standards and blanks received through assay results and plot them on graphs with acceptable limits.

#### *Mineral Reserve and Mineral Resource Estimates*

Please refer to "*Narrative Description of the Business – Risks of the Business - Mineral Resource and Mineral Reserve Estimates May be Inaccurate*".

#### Mineral Resource Estimate

At the time of this AIF the mineral resource estimate was at the verification stage. Therefore, the mineral resource at Lac Herbin as at December 31, 2011 will be issued in the following weeks and is not available for disclosure in the AIF.

The following estimate regarding the mineral resources at Lac Herbin are as at December 31, 2010. The mineral resources estimate was completed by the technical staff at the Lac Herbin Mine under the supervision of Austin Hitchins, P.Geo., and Patrick Sévigny, Ing., both "qualified persons" as defined by NI 43-101.

**Mineral Resource Estimate**  
**Lac Herbin Mine, Val-d'Or, Québec, December 31, 2010**

<b><u>Resources</u></b>	<b><u>(tonnes)</u></b>	<b><u>(g Au/t)</u></b>	<b><u>(oz Au)</u></b>
<b><u>Measured</u></b>	<u>67,000</u>	<u>9.2</u>	<u>19,900</u>
<b><u>Indicated</u></b>	<u>117,600</u>	<u>7.6</u>	<u>28,800</u>
<b><u>M&amp;I Total</u></b>	<u>184,600</u>	<u>8.2</u>	<u>48,700</u>

**Notes:**

- **Undiluted resources**, all drill hole intercepts were calculated using a minimum true width of 1.5 meters, using the grade of the adjacent material if assayed or zero if not assayed.
- Effective date of the resource estimate is December 31st, 2010.
- Assay results as of December 31st, 2010.
- Qualified Person for the mineral resource estimate by NI 43-101 standards is Austin Hitchins, B.Sc., P.Geo. (Forbes & Manhattan Inc.) and Audrey Lapointe, B.Sc., P. Geo. (Alexis Minerals Corporation).
- Mineral resources are not mineral reserves i.e. have not demonstrated economic viability
- A fixed density of 2.79 t/m<sup>3</sup> was used.
- The authors are not aware of any known environmental permitting, legal title, taxation or other relevant issues that could materially affect the mineral resource estimate
- Any discrepancies in the totals are due to rounding effects.
- Mineral resources are inclusive of mineral reserves.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The measured mineral resource estimate includes results from detailed sampling in extensive level and sub-level development, as well as detailed infill drilling of the deposit.

Indicated and inferred mineral resource estimates are estimated largely on diamond drill holes. Grade increases identified at the milling stage have not been applied to these resources and upgrades are expected in the event that ore moves from these categories to a measured mineral resource. Drill holes are spaced closer together for estimated indicated mineral resources compared with estimated inferred mineral resources and ore limits are generally well defined. Development in ore is not yet completed.

**Mineral Reserve Estimate**

At the time of this AIF, the mineral reserve estimate was at the verification stage. Therefore, the mineral reserve at Lac Herbin as at December 31, 2011 will be issued in the following weeks and is not available for disclosure in the AIF.

The mineral reserves estimate as at December 31, 2010 was completed by the technical staff at Lac Herbin under the supervision of Austin Hitchins, P.Geo and Patrick Sévigny, Ing., both "qualified persons" as defined by NI 43-101.

**Mineral Reserves Estimate**  
**at Lac Herbin Mine, Val-d'Or, Québec, December 31, 2010**

<b><u>Mineral Reserves</u></b>	<b><u>Tonnes</u></b>	<b><u>Grade</u></b> <b><u>(g Au/t)</u></b>	<b><u>Contained</u></b> <b><u>Ounces</u></b> <b><u>Gold</u></b>
<b><u>Proven</u></b>	<u>43,000</u>	<u>7.45</u>	<u>10,300</u>
<b><u>Probable</u></b>	<u>96,000</u>	<u>6.48</u>	<u>20,000</u>
<b><u>Proven &amp; Probable</u></b>	<u>138,179</u>	<u>6.79</u>	<u>30,177</u>

**Notes:**

- The effective date of the mineral reserve estimate is December 31, 2010.
- A gold price of US\$1,350 per ounce was used. A mill recovery of 92% and royalties of 4.5% were considered in the calculations. A minimum cut-off grade of 5.6 g Au/t was applied.
- Alexis is not aware of any known environmental permitting, legal title, taxation or other relevant issues that could materially affect the mineral reserve estimate.
- Any discrepancies in the totals are due to rounding effects.

- Mineral resources are inclusive of mineral reserves.

### *Mining Operations*

The Lac Herbin deposit is a narrow vein deposit type. The mineralization is contained within 12 shear zones. The longitudinal long hole mining method and a variance of it, called "Selective Short Hole" (SSH), is mostly used to mine the reserves. The classification of the rock mass is adequate and with limited stope dimensions and good mining practice, these mining methods can be productive with a minimized percentage of dilution.

Generally, the mining blocks are of a maximum dimension of 60 m in length and 60 m in height. The principal access, located at the base of these blocks, will be developed from the main ramp. In certain cases, a secondary ramp is excavated to reach mineralized zones. These 3.6 m X 3.8 m drifts are excavated with mechanized equipment. These drifts are also used for ore and waste transportation between the zones and the main ramp. Thereafter, the ore is charged in trucks and hauled to surface.

Either conventional or Alimak raise are driven from the main access to give access to the sub-levels. The lateral ore development (sub-levels) will generally proceed on both side of the raise to the limits of the mineralization. Most lateral development is accomplished by conventional mining methods. Conventional rock support is installed in thr various developments.

Production drilling is performed by long hole drills mounted on a 4 wheel autonomous carrier. The diameter of drilling is either 2 or 2.5 inches and length of hole limited to 15 m. Typical performance for this type of drill is about 75 m per shift. The same equipment is used for drilling 4 m to 8 m cable bolts and 1.5 m x 1.5 m slot raise. The production holes are surveyed if possible to control deviation. The production holes are charged with emulsion explosive. When required, electronic detonators are used to improve fragmentation and limit over break on the walls.

The mucking of the stopes is done laterally using remote control scoop trams. The ore is mucked to a secondary mucking point or loaded directly in 26 tonne to 30 tonne haulage trucks.

### Processing and Metallurgy

In March of 2010, the Aurbel mill was re-started after having been placed on care and maintenance for a number of years. During March and April, the mill used low-grade muck to optimize milling. In May 2010, Aurbel mill was fully on line and pouring gold. The Aurbel mill will continue to treat the ore produced from Lac Herbin mine.

### Markets

Gold produced at the custom facility will be sold to the Canadian Royal Mint, subject as well to the option granted to RIF (see "General Development of the Business - Current Year")The cost associated with the sale is more than paid by the amount of silver in the doré product and no allowance was included in the operating expenses.

### Contracts

The Lac Herbin mine has contracts covering diamond drilling and transportation of the ore to the Aurbel mill. Based on the data produced by Alexis, the various rates of the contracts are within industry norm.

### Environment

In the Province of Québec, to operate a mine and a mill, the following environmental permits are required and the environmental considerations have to be respected:

### Certificates of Authorization (CA)

The CAs are delivered by the "Ministère du Développement Durable, Environnement et des Parcs" (MDDEP) of Québec which can be translated as "Ministry of Sustainable Development, Environment and

Parks” (MSDEP). The CAs delivered to the Lac Herbin mine allow mining extraction at the Lac Herbin mine and ore processing at Aurbel mill.

The CA applications were completed in respect of the “Directive 019” which set the basic requirements necessary for the various mines types of activity in order to prevent the deterioration of the environment.

#### Metal Mining Effluent Regulations (MMER)

Federally, Environment Canada, under the MMER, governs the discharge of the effluent during the operation of a mine. The Lac Herbin mine falls under these regulations and the respective requirements since October 2008 when commercial production started. Alexis produced regular reports for the mine effluents, which are in compliance with the MMER.

#### Closure Plans

At this time, a closure plan for the Lac Herbin mine site has been accepted by the Ministry of Natural Resources and Wildlife (MNRW). The closure plan evaluates the cost of the reclamation at \$302,500. This entire amount has been paid to the MNRW in 2011 to insure that the cost of the reclamation of Lac Herbin mine will be funded.

For its part, the site of the Aurbel mill is still under the environmental responsibility of Teck Cominco Ltd. The transfer of the environmental responsibility was not assumed by Alexis. Alexis fulfilled all required obligations. Consequently, the responsibility to produce a closure plan belongs to Teck Cominco Ltd. Alexis engaged an independent company to undertake the production of a closure plan. The reclamation costs of the Aurbel mill were estimated at \$2,295,915.

#### Taxes and Royalties

The Lac Herbin Mine is subject to the following taxes:

- Québec mining rights, based on the net profit of mining operations and payable to MRNW;
- Federal and Provincial taxes.

No mining right or tax payment was evaluated in the 2011 Lac Herbin Technical Report.

The property is subject to royalty payments of 4.5% Net Smelter Royalty of which 2.5% belongs to Aur, and 2% to Forbes and Manhattan.

#### Mine Life

Based on the mineable reserve, the Lac Herbin mine life is estimated at 23 months.

### **DIVIDENDS**

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The Company is not restricted in any way in its ability to pay dividends on its Common Shares. However, the Company has not paid any dividends since incorporation and the Company does not expect to pay dividends in the foreseeable future. Payment of dividends in the future will be made at the discretion of the Board and will be made taking into account the Company’s financial conditions and other factors deemed relevant by the board.

### **DESCRIPTION OF CAPITAL STRUCTURE**

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The authorized capital of the Company consists of an unlimited number of Common Shares. As of December 31, 2011, there were 593,645,671 Common Shares issued and outstanding.

#### **Common Shares**

Holders of Common Shares are entitled to receive notice of and to attend any meetings of shareholders and shall have one vote per share at all meetings. Holders of Common Shares are entitled to receive, on a pro rata basis, such dividends, if any, as and when declared by the Board and, upon liquidation, dissolution or winding up of the Company, are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to, or on a pro rata basis with, the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares trade on the Toronto Stock Exchange under the symbol “AMC”. On February 16, 2010, the Common Shares commenced trading on the OTCQX market under the symbol “AXSMF”. The table below shows the price ranges and volume of trading for each month in the year ended December 31, 2011 on the Toronto Stock Exchange.

Month	High (\$)	Low (\$)	Close (\$)	Average Daily Volume (# of Shares)
December 2011	0.055	0.030	0.055	1,263,086.30
November 2011	0.070	0.045	0.065	95,961.95
October 2011	0.075	0.055	0.070	582,414.65
September 2011	0.095	0.065	0.095	467,657.23
August 2011	0.085	0.065	0.085	731,076.45
July 2011	0.090	0.075	0.090	457,539.30
June 2011	0.095	0.075	0.080	670,191.40
May 2011	0.105	0.085	0.085	643,727.09
April 2011	0.145	0.100	0.145	150,433.65
March 2011	0.170	0.110	0.170	777,841.80
February 2011	0.185	0.150	0.180	889,237.55
January 2011	0.450	0.380	0.430	584,549

### Prior Sales

Please see the information provided under the heading “*General Development of the Business Three-Year History*” above for a description of the terms upon which the Corporation has sold securities and issued warrants during the year ended December 31, 2011. During the financial year ended December 31, 2011, the Corporation issued the following securities:

DATE	NUMBER OF SECURITIES	SECURITY	PRICE PER SECURITY
April 20, 2011 <sup>(1)</sup>	175,000,000	Common Shares	\$0.10
May 17, 2011 <sup>(2)</sup>	26,250,000	Common Shares	\$0.10
May 31, 2011 <sup>(3)</sup>	1,832,922	Common Shares	\$0.1139

(1) Common Shares issued pursuant to a public offering. See “General Development of the Business – Three Year History – Year Ended December 31, 2011”.

- (2) Common Shares issued pursuant to the exercise of the over-allotment option in respect of the public offering. See "General Development of the Business – Three Year History – Year Ended December 31, 2011".
- (3) Interest payment on debentures.

## DIRECTORS AND OFFICERS

The following table sets forth the name, province of residence, position held with the Company, and the principal occupation of each person who is a director or an executive officer of the Company. All directors hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name and Province of Residence	Position(s) with Company and Period of Service as a Director	Principal Occupation	Common Shares
François Perron Quebec, Canada	President and CEO, Director since January 2010	President and CEO of the Company	-
David Rigg Ontario, Canada	Co-Chairman, President and CEO from September 2003 to January 2011 Director since September 2003	Co-Chairman of the Company	385,000
Deborah Battiston Ontario, Canada	Chief Financial Officer	Financial consultant	200,000
Robert Bryce <sup>(1)(2)(3)</sup> Quebec, Canada	Director since September 2003	Engineer	20,000
Maurice Colson <sup>(1)(2)(3)</sup> Ontario, Canada	Director since September 2003	Investment banker	-
Mark Eaton <sup>(1)(2)(3)</sup> Ontario, Canada	Director since April 2011	President and CEO of Belo Sun Mining Corp.	-
Chantal Lavoie Ontario, Canada	Director since March 2012	President and CEO of Crocodile Gold Corp.	-
Christine Gallo Ontario, Canada	Corporate Secretary	Lawyer	-

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance and Nominating Committee.

Based on their insider filings, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 605,000 common shares of the Company, which represents less than 0.1% of the issued and outstanding common shares of the Company as of the date hereof.



**The principal occupations, business or employment of each of the Company's directors and executive officers within the past five years are disclosed in the brief biographies below.**

*François Perron, President, Chief Executive Officer and Director.* Mr. Perron was the President and Chief Executive Officer of Golden Goose Resources until its sale to Kodiak Exploration in 2010. Prior to joining Golden Goose Resources, Mr. Perron was a portfolio manager, managing various resource funds for NBC Alternative Assets in 2008 and the Caisse de dépôt et placement du Québec from 2001 to 2007. In 2006, he was recognized by Brendan Woods International as a Top Gun Asset Manager in Mining. Prior to fund management, he was a research analyst covering the forest product sector at Merrill Lynch. Mr. Perron is also a director of Yorbeau Resources Inc., which is listed on the Toronto Stock Exchange, and the Chairman of Copper One Inc. He has a Bachelor of Science, Computer Science from McMaster University and an MBA from the Hautes Etudes Commerciales.

*David Rigg, Co-Chairman and Director.* Mr. Rigg has 33 years of experience in the mining industry, largely in Canada and with international experience in Zimbabwe and Sweden. He was the Project Manager involved in the discovery of the T-Antiform - the current Musselwhite Mine, in NW Ontario. During his ten years as Chief Geologist and Exploration Manager for Agnico Eagle in Val d'Or, he helped bring the Dumagami deposit into commercial production as Chief Geologist and identified the potential of, and laid out the program which made, the LaRonde Mine Discovery. He also directed exploration at the Goldex property and was responsible for the discovery of the Goldex Extension Deposit that was recently brought into production; and the Eagle West Deposit in Joutel. In Sweden, as Director of Exploration for Boliden AB, he was responsible for exploration across Sweden and in association with nine operating mines. During his tenure, discoveries at operations included the Lappberget deposit (Garpenberg Mines), H-ore Zone (Kristenberg Mine), down-plunge Renstrom Mine and the Dorotea Pb-Zn Deposit on the Norwegian border. He served Alexis as President and CEO from September 2003 to January 2011. Mr. Rigg obtained a B.A. and M.A. from King's College, Cambridge University, England and a M.Sc. at Queens University in Kingston, Ontario.

*Deborah Battiston, Chief Financial Officer.* Ms. Battiston is a Certified General Accountant with over 20 years of accounting and financial management experience. At present, she is the Chief Financial Officer of a number of Canadian public companies. She has obtained a B.A. in Economics from the University of Guelph.

*Robert Bryce, Director.* Mr. Bryce is a mining engineer with over 40 years experience in the mining industry. He is the founder and a director of Abitex Resources. Previously, Mr. Bryce was the Vice President of Mining Operations at Aur 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, Director.* Mr. Colson has a masters degree in business (M.B.A.) and has been involved in the investment business for over 35 years. He was the managing director in the United Kingdom for a major Canadian investment dealer for many years, and in Canada has been actively involved in providing strategic counsel and assistance with financing to emerging private and public companies. He has been actively involved in financing Canadian companies operating in China, Africa and South America. He was co-founder and President of Coniagas Resources and subsequently is a director of Lithium One. He sits on the board of several TSX and TSX Venture Exchange listed companies and is the President and CEO of Coniagas Resources Limited.

*Mark Eaton, Director.* Mr. Eaton is a graduate from Hull University, England and is an experienced investment professional with over 20 years of experience in equity capital markets specializing in the resource sector. He has held the position of Managing Director of Global Mining Sales, a division of CIBC World Markets of Toronto and Manager of US Equity Sales for CIBC World Markets. Mr. Eaton's most recent position was as a Partner and Director of Loewen Ondaatje McCutcheon Ltd., a Toronto-based investment dealer, which he held from January 2007 until he joined the Board of UEX Corporation in March, 2008. He is presently the President and Chief Executive Officer of Belo Sun Mining Corp.

*Chantal Lavoie, Director.* Mr. Lavoie is a Professional Mining Engineer with extensive experience in mining operations and projects. Mr. Lavoie has spent the last eight years at De Beers Canada Inc. ("De Beers") where he was responsible for the Canadian operations of De Beers including Snap Lake and Victor mines, the Gahcho Kue project and was acting CEO of De Beers. Mr. Lavoie has also worked for Barrick Gold Corporation at Goldstrike in

Nevada and Aur Resources Inc. at the former Louvicourt mine. He is presently the President, Chief Executive Officer and Chairman of Crocodile Gold Corp.

*Christine Gallo, Corporate Secretary.* Ms. Gallo is a corporate securities lawyer who works as a legal consultant to several publicly traded companies in the mining industry. Previously, from 2007 to 2010, Ms. Gallo practiced securities law at Cassels Brock & Blackwell LLP. Ms. Gallo acts as corporate secretary of Dacha Strategic Metals Inc., Eurocontrol Technics Inc., Pitchblack Resources Ltd., and Valencia Ventures Inc. Ms. Gallo obtained her Bachelor of Laws from Osgoode Hall Law School in 2006 and a Bachelor of Business Administration from the Schulich School of Business in 2003.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director, chief executive officer or chief financial officer of the Company

- (a) is, as at the date of this document, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any Company (including the Company) that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant Company access to any exemption under the securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the Company being the subject of a cease trade order or similar order or an order that denied the relevant Company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of the Company, or a shareholder holding sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will step out of the room during discussions and abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. Under the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## **AUDIT COMMITTEE DISCLOSURE**

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The Audit Committee is comprised of three members: Robert Bryce, Maurice Colson and Mark Eaton. Each member of the audit committee is financially literate and independent of the Company, as such terms are defined under applicable securities laws.

### *Relevant Education and Experience*

A brief summary of the qualifications of each member of the Audit Committee may be found above under the heading “*Directors and Officers*”.

### *Reliance on Certain Exemptions*

Since January 1, 2011, Alexis has not relied on any of the exemptions regarding the Audit Committee provided in National Instrument 52-110 of the Canadian Securities Administrators.

### *Audit Committee Oversight*

Since January 1, 2011, the Board of Directors adopted a recommendation of the Audit Committee to nominate or compensate an external auditor.

### *Pre-Approval Policies and Procedures*

The policies and procedures of the Audit Committee regarding the engagement of non-audit services are set out in the Audit Committee Charter, which is appended hereto as Schedule A.

### *External Auditor Service Fees*

#### Audit Fees

The Company's external auditors, McGovern, Hurley, Cunningham, LLP, Chartered Accountants (the “Auditors”), billed Alexis \$225,800 and \$188,300 in the fiscal years ended December 31, 2011 and 2010, respectively, for audit fees.

#### Audit-Related Fees

The Auditors billed the Company \$45,900 and \$nil in the fiscal years ended December 31, 2011 and 2010, 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 Company \$nil and \$3,000 in the fiscal years ended December 31, 2011 and 2010, 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.

## **PROMOTERS**

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To the best of the Company's knowledge, no person or company has been within the three most recently completed fiscal years, or is during the current fiscal year, a promoter of the Company.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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To the best of the Company's knowledge, there were no legal proceedings during the year ended December 31, 2011 to which the Company was a party or of which any of the Company's property was subject that would have had a material adverse effect on the Company, nor are there any such legal proceedings existing or contemplated to which the Company is a party or of which any of the Company's



## **SCHEDULE “A” AUDIT COMMITTEE CHARTER**

### **I. PURPOSE**

The Audit Committee shall provide assistance to the Board of Directors of Alexis Minerals Corporation (the “Company”) in fulfilling its financial reporting and control responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee’s primary duties and responsibilities are to:

- Oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; and (iii) the independent auditors’ qualifications and independence.
- Serve as an independent and objective party to monitor the Company’s financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Company’s independent auditors.
- Provide open lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters, and meet periodically with management and with the independent auditors.

### **COMPOSITION**

The Audit Committee shall be comprised of at least three directors. Each Committee member shall be an “independent director” within the meaning of National Instrument 52-110 – *Audit Committees* (“NI 52-110”), as may be amended from time to time. Pursuant to NI 52-110, a member will be considered “independent” if he has no direct or indirect, material relationship with the Company. NI 52-110 sets forth certain relationships which deem one not to be independent. In addition, the composition of the Audit Committee shall comply with the rules and regulations of the Toronto Stock Exchange and any other stock exchange on which the shares of the Company are listed, subject to any waivers or exceptions granted by such stock exchange.

In addition, a director shall not be qualified to be a member of the Audit Committee if such director (i) is an “affiliated person” or (ii) receives (or his/her immediate family member or the entity for which such director is a director, member, partner or principal and which provides consulting, legal, investment banking, financial or other similar services to the Company), directly or indirectly, any consulting, advisory, or other compensation from the Company other than compensation for serving in his or her capacity as member of the Board and as a member of Board committees. An “affiliated person” means a person who directly or indirectly controls the Company, or a director, executive officer, partner, member, principal or designee of an entity that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.

All members shall, to the satisfaction of the Board of Directors, be financially literate in accordance with the requirements of the NI 52-110 (i.e. will have 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 Company’s financial statements). At least one member shall have accounting or related financial management expertise to qualify as a “financial expert”. A person will qualify as “financial expert” if he or she possesses the following attributes:

1. an understanding of financial statements and generally accepted accounting principles used by the Company to prepare its financial statements;
2. an ability to assess the general application of such principles in connection with the accounting for

estimates, accruals and reserves;

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
4. an understanding of internal controls and procedures for financial reporting; and
5. an understanding of audit committee functions.

The Committee members will be elected annually at the first meeting of the Board of Directors following the annual general meeting of shareholders.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall be resolution determine.

## **RESPONSIBILITIES AND POWERS**

Responsibilities and powers of the Audit Committee include:

- Annual review and revision of this Charter as necessary with the approval of the Board of Directors provided that this Charter may be amended and restated from time to time without the approval of the Board of Directors to ensure that that the composition of the Audit Committee and the Responsibilities and Powers of the Audit Committee comply with applicable laws and stock exchange rules.
- Making recommendations to the Board of Directors regarding the selection, the appointment, evaluation, fees and compensation and, if necessary, the replacement of the independent auditors, and assisting in resolving any disagreements between management and the independent auditors regarding financial reporting.
- Approving the appropriate audit engagement fees and the funding for payment of the independent auditors' compensation and any advisors retained by the Audit Committee.
- Ensuring that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
- Confirming the independence of the auditors, which will require receipt from the auditors of a formal written statement delineating all relationships between the auditors and the Company and any other factors that might affect the independence of the auditors and reviewing and discussing with the auditors any significant relationships and other factors identified in the statement. Reporting to the Board of Directors its conclusions on the independence of the auditors and the basis for these conclusions.
- Overseeing the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- Ensuring that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:
  - bookkeeping or other services related to the accounting records or financial statements of the Company;
  - financial information systems design and implementation;
  - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

- actuarial services;
  - internal audit outsourcing services;
  - management functions or human resources;
- broker or dealer, investment adviser or investment banking services;
  - legal services and expert services unrelated to the audit; and
- any other services which the Public Company Accounting Oversight Board determines to be impermissible.
- Pre-approving all audit services, internal control related services and approving any permissible non-audit engagements of the independent auditors, in accordance with applicable legislation.
- Meeting with the auditors and financial management of the Company to review the scope of the proposed audit for the current year, and the audit procedures to be used.
- Meeting quarterly with auditors in “in camera” sessions to discuss reasonableness of the financial reporting process, system of internal control, significant comments and recommendations and management’s performance.
- Reviewing with management and the independent auditors:
  - the Company’s annual financial statements (and interim financial statements as applicable) and related footnotes, management’s discussion and analysis and the annual information form, for the purpose of recommending approval by the Board of Directors prior to its release, and ensuring that:
    - management has reviewed the audited financial statements with the audit committee, including significant judgments affecting the financial statements
    - the members of the Committee have discussed among themselves, without management or the independent auditors present, the information disclosed to the Committee
    - the Committee has received the assurance of both financial management and the independent auditors that the Company’s financial statements are fairly presented in conformity with Canadian GAAP in all material respects
  - Any significant changes required in the independent auditors’ audit plan and any serious issues with management regarding the audit.
  - the Company’s internal controls report and the independent auditors’ certification of the report, and review disclosures made to the Committee by the CEO and CFO about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company’s internal controls.
  - Other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards.
- Satisfying itself that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, other than the public disclosure described in the preceding paragraph, and assessing the adequacy of such procedures periodically.
- Reviewing with the independent auditors and management the adequacy and effectiveness of the financial and accounting controls of the Company.



- Establishing procedures: (i) for receiving, handling and retaining of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.
- Reviewing with the independent auditors any audit problems or difficulties and management's response and resolving disagreements between management and the auditors and reviewing and discussing material written communications between management and the independent auditors, such as any management letter of schedule of unadjusted differences.
- Making inquiries of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.
- Making inquiries of management and the independent auditors to identify significant business, political, financial, litigation and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.
- Assessing the overall process for identifying principal business, political, financial, litigation and control risks and providing its views on the effectiveness of this process to the Board.
- Ensuring that the disclosure of the process followed by the Board of Directors and its committees, in the oversight of the Company's management of principal business risks, is complete and fairly presented.
- Obtaining reports from management, the Company's independent auditors that the Company is in conformity with legal requirements and the Company's Code of Business Conduct and Ethics and reviewing reports and disclosures of insider and affiliated party transactions.
- Discussing any earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- Ensuring adequate procedures are in place for review of the Company's disclosure of financial information and assess the adequacy of these procedures at least once per year.
- Reviewing of confirmation of compliance with the Company's policies on internal controls, conflicts of interests, ethics, foreign corrupt practice, etc.
- Ensuring that the Company's Annual Information Form and the Company's Management Information Circular contains the disclosure as required by law, including that required by NI 52-110.
- Reviewing with financial management and the independent auditors interim financial information, including interim financial statements, management discussion and analysis and financial press releases for the purpose of recommending approval by the Board of Directors prior to its release.
- At least annually obtaining and reviewing a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess auditors' independence).
- Reviewing and approving hiring policies for employees or former employees of the past and present independent auditors.
- Reviewing disclosure by management in the event that management deviates from existing approved policies and procedures which disclosure must also be contained in financial reporting sub-certification forms.
- Engaging independent counsel and other advisors, without seeking approval of the Board of Directors or management, if the Committee determines such advisors are necessary to assist the Committee in

carrying out its duties and setting and paying for any counsel or advisors employed by the Audit Committee for such purpose. The Committee shall advise the Board of Directors and management of such engagement.

- Discussing with the Company's legal counsel legal matters that may have a material impact on the financial statements or of the Company's compliance policies and internal controls.
- Conducting special investigations, independent of the Board of Directors or management, relating to financial and non-financial related matters concerning the Company and/or any one or more of its directors, officers, employees, consultants and/or independent contractors, if determined by the Committee to be in the best interests of the Company and its Shareholders. The Committee shall advise the Board of Directors with respect to the initiations of such investigations and shall periodically report any findings such investigation to the Board of Directors.
- Reporting annually to the shareholders in the Company's Annual Information Form on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.

## **MEETINGS**

The Audit Committee will meet regularly at times necessary to perform the duties described above in a timely manner, but not less than four times a year and any time the Company proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held at any time deemed appropriate by the Committee.

The Audit Committee shall meet periodically in separate executive sessions with management (including the Chief Financial Officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The independent auditors will have direct access to the Committee at their own initiative.

The Chairman of the Committee will report periodically the Committee's findings and recommendations to the Board of Directors.