



# **Alexandria Minerals Corporation**

**Interim Financial Statements**

**(Unaudited)**

**Three months ended July 31, 2010**

**(Expressed in Canadian Dollars)**

**(A Development Stage Company)**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Alexandria Minerals Corporation (A Development Stage Entity) were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**ALEXANDRIA MINERALS CORPORATION**  
**INTERIM BALANCE SHEETS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
(A Development Stage Company)

	July 31, 2010	April 30, 2010
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	281,358	1,036,098
Sales tax and sundry receivable	196,848	118,544
Prepaid expenses	57,941	22,984
Quebec refundable tax credits and mining duties refund receivable	1,428,307	1,428,307
Short term investments (Note 5)	500,000	1,000,000
Investment in available for sale securities	464,036	454,476
	<b>2,928,490</b>	<b>4,060,409</b>
<b>Equipment (Note 6)</b>	<b>13,311</b>	<b>10,398</b>
<b>Mining rights and deferred exploration expenditures (Note 7)</b>	<b>10,515,869</b>	<b>9,559,363</b>
	<b>13,457,670</b>	<b>13,630,170</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	420,801	245,889
<b>Future income tax</b>	<b>743,365</b>	<b>743,365</b>
	<b>1,164,166</b>	<b>989,254</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8(b))	9,875,790	9,813,540
Warrants (Note 10)	1,808,817	2,049,667
Contributed surplus	5,369,679	5,125,372
Accumulated other comprehensive income	104,586	164,976
Deficit	(4,865,368)	(4,512,639)
	<b>12,293,504</b>	<b>12,640,916</b>
	<b>13,457,670</b>	<b>13,630,170</b>

The accompanying notes are an integral part of these unaudited interim financial statements.

Going concern (Note 1)  
Commitments (Note 12)  
Subsequent events (Note 13)

**ALEXANDRIA MINERALS CORPORATION**  
**INTERIM STATEMENTS OF LOSS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
(A Development Stage Company)

	Three months ended July 31, 2010	Three months ended July 31, 2009	Cumulative since inception of development stage on May 27, 2002
	\$	\$	\$
<b>Expenses</b>			
Stock-option compensation	20,707	11,922	1,324,100
Investor and public relations	50,913	51,186	925,060
Business development	61,709	21,569	623,304
Professional fees	81,781	48,078	1,034,073
Wages	38,017	55,086	716,346
Office and general	76,561	31,280	1,402,208
Seminars and conferences	16,665	-	339,173
Accounting and corporate services	6,256	17,230	299,731
Amortization	825	893	23,861
General exploration	-	700	257,218
	<b>353,434</b>	237,944	6,945,074
<b>Net operating loss before the following</b>	<b>(353,434)</b>	(237,944)	(6,945,074)
Interest income	705	646	226,773
Loss on disposal of equipment	-	-	(1,717)
<b>Loss for the period before taxes</b>	<b>(352,729)</b>	(237,298)	(6,720,018)
Income tax recovery	-	-	1,854,650
<b>Net loss for the period</b>	<b>(352,729)</b>	(237,298)	(4,865,368)
<b>Basic and diluted loss per share</b>	<b>0.00</b>	0.00	
<b>Weighted average number of shares outstanding</b>	<b>91,942,084</b>	76,992,546	

The accompanying notes are integral part of these unaudited interim financial statements.

**ALEXANDRIA MINERALS CORPORATION**  
**INTERIM STATEMENTS OF OTHER COMPREHENSIVE LOSS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
(A Development Stage Company)

	Three months ended July 31, 2010	Three months ended July 31, 2009	Cumulative since inception of development stage on May 27, 2002
	\$	\$	\$
<b>Net loss for the period</b>	<b>(352,729)</b>	(237,298)	(4,865,368)
<b>Other comprehensive loss (gain)</b>			
Increase in unrealized (loss) gain on available-for-sale investments	<b>(60,390)</b>	(24,183)	104,586
<b>Comprehensive loss</b>	<b>(413,119)</b>	(261,481)	(4,760,782)

The accompanying notes are integral part of these unaudited interim financial statements.

**ALEXANDRIA MINERALS CORPORATION**  
**INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY**

(Unaudited)

(Expressed in Canadian Dollars)

(A Development Stage Company)

	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated other Comprehensive Income	Total
<b>Balance, April 30, 2009</b>	<b>\$ 9,092,826</b>	<b>\$ 281,072</b>	<b>\$ 5,050,337</b>	<b>\$ (4,006,229)</b>	<b>\$ 30,276</b>	<b>\$ 10,448,282</b>
Issuance of shares for mining rights	225,342	-	-	-	-	225,342
Issuance of warrants for mining rights	(16,800)	16,800	-	-	-	-
Stock-option compensation	-	-	11,922	-	-	11,922
Unrealized loss on available for sale investments	-	-	-	-	(24,183)	(24,183)
Net loss for the period	-	-	-	(237,298)	-	(237,298)
<b>Balance, July 31, 2009</b>	<b>9,301,368</b>	<b>297,872</b>	<b>5,062,259</b>	<b>(4,243,527)</b>	<b>6,093</b>	<b>10,424,065</b>
Non-flow through shares issued for cash	1,820,000	-	-	-	-	1,820,000
Flow through shares issued for cash	629,620	-	-	-	-	629,620
Issuance of shares for mining rights	20,478	-	-	-	-	20,478
Share issue costs - cash	(48,726)	-	-	-	-	(48,726)
Fair value of warrants issued	(1,751,795)	1,751,795	-	-	-	-
Renunciation of flow through expenditures	(157,405)	-	-	-	-	(157,405)
Stock-option compensation	-	-	63,113	-	-	63,113
Unrealized gain on available for sale investments	-	-	-	-	158,883	158,883
Net loss for the period	-	-	-	(269,112)	-	(269,112)
<b>Balance, April 30, 2010</b>	<b>9,813,540</b>	<b>2,049,667</b>	<b>5,125,372</b>	<b>(4,512,639)</b>	<b>164,976</b>	<b>12,640,916</b>
Exercise of options	45,000	-	-	-	-	45,000
Fair value of options exercised	17,250	-	(17,250)	-	-	-
Warrants expired	-	(240,850)	240,850	-	-	-
Stock-option compensation	-	-	20,707	-	-	20,707
Unrealized loss on available for sale investments	-	-	-	-	(60,390)	(60,390)
Net loss for the period	-	-	-	(352,729)	-	(352,729)
<b>Balance, July 31, 2010</b>	<b>\$ 9,875,790</b>	<b>\$ 1,808,817</b>	<b>\$ 5,369,679</b>	<b>\$ (4,865,368)</b>	<b>\$ 104,586</b>	<b>\$ 12,293,504</b>

The accompanying notes are integral part of these unaudited interim financial statements.

**ALEXANDRIA MINERALS CORPORATION**  
**INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
(A Development Stage Company)

	Three months ended July 31, 2010	Three months ended July 31, 2009	Cumulative since inception of development stage on May 27, 2002
	\$	\$	\$
<b>Cash used in operating activities</b>			
Net loss	(352,729)	(237,298)	(4,865,368)
Items not involving cash:			
Stock-option compensation	20,707	11,922	1,324,100
Amortization	825	893	23,861
Loss on disposal of equipment	-	-	1,717
Future income tax recovery	-	-	(1,854,650)
Changes in non-cash working capital:			
Quebec sales tax, GST, HST and sundry receivable	(78,304)	45,333	(196,848)
Prepaid expenses	(34,957)	(13,049)	(57,941)
Quebec refundable tax credit and mining duty receivable	-	402,997	(1,222,344)
Accounts payable and accrued liabilities	174,912	(72,913)	420,802
	<b>(269,546)</b>	137,885	(6,426,671)
<b>Cash flows used in investing activities</b>			
Acquisition of mining rights	(19,624)	(12,071)	(843,198)
Exploration expenditures	(1,006,832)	(420,220)	(12,564,425)
Quebec refundable tax credits and mining duties	-	-	3,961,285
Acquisition of equipment	(3,738)	-	(41,847)
Proceeds from disposal of equipment	-	-	2,958
Disposition (purchase) of short term investment	500,000	-	(500,000)
	<b>(530,194)</b>	(432,291)	(9,985,227)
<b>Cash flows provided by financing activities</b>			
Promissory notes	-	-	100,175
Due to shareholder	-	-	50,000
Issue of common shares	-	-	16,173,309
Exercise of warrants	-	-	1,609,359
Exercise of options	45,000	-	45,000
Share issuance costs	-	-	(1,284,587)
	<b>45,000</b>	-	16,693,256
<b>Net change in cash during the period</b>	<b>(754,740)</b>	(294,406)	281,358
<b>Cash, beginning of period</b>	<b>1,036,098</b>	628,392	-
<b>Cash, end of period</b>	<b>281,358</b>	333,986	281,358
<b>Supplement schedule of non-cash transactions</b>			
Share issuance on acquisition of mining rights	-	225,342	1,634,945
Share issue on conversion of debenture	-	-	100,175
Share issue on repayment of shareholders loan	-	-	6,257,752
Option payments received	(69,950)	-	(359,450)

The accompanying notes are integral part of these unaudited interim financial statements.

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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

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Three Months Ended July 31, 2010

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**1. NATURE OF BUSINESS AND GOING CONCERN**

Alexandria Minerals Corporation ("Alexandria" or the "Company") is engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Company is in the process of exploring, and has not yet determined whether there is an economically viable ore deposit on its properties. The Company was incorporated on May 27, 2002. To date, the Company has not earned revenue from its mineral properties and is considered to be a development stage entity as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has had recurring losses and will require additional financing to fund its continuing exploration efforts. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These unaudited interim financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Other than the current economic slowdown, management is not aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain and complete the acquisition and development of its property interests. These unaudited interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write downs of the carrying values of certain assets.

**2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES**

The unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the unaudited interim financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual financial statements except as noted below. The accompanying unaudited interim financial statements should be read in conjunction with the notes to the Company's audited financial statements for the year ended April 30, 2010, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective unaudited interim periods presented.



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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
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Three Months Ended July 31, 2010

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**2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES (continued)**

**Future Accounting Changes**

International Financial Reporting Standards ["IFRS"]

In January 2006, the CICA's Accounting Standards Board ["AcSB"] formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. While the Company has begun assessing the impact of the adoption of IFRS on its financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**3. CAPITAL MANAGEMENT**

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of share capital, warrants, contributed surplus, accumulated other comprehensive income and deficit which at July 31, 2010 totaled \$12,293,504 (April 30, 2010 - \$12,640,916).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements;
- (ii) reducing or eliminating exploration expenditures that are of limited strategic value; and
- (iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three months ended July 31, 2010.

The Company is not subject to any capital requirements imposed by a regulator or lending institution. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at July 31, 2010.

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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

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Three Months Ended July 31, 2010

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**4. PROPERTY AND FINANCIAL RISK FACTORS**

(a) Property risk

The Company's significant projects are the Orenada, Akasaba, Sleepy and Other Cadillac Break Properties together with the Other Quebec Properties and, in Ontario, the Matachewan Property. Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon these properties. If no additional mineral resource properties are acquired by the Company, any adverse development affecting these properties would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

**Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sales tax and sundry receivable (includes GST and HST), Quebec refundable tax credits and mining duties receivable and short term investment. Cash and short-term investment are held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal.

Financial instruments included in sales tax and sundry receivable comprise of sales tax receivable from government authorities (includes GST and HST) in Canada and deposits held with service providers. Sales tax and sundry receivable are in good standing as of July 31, 2010. Management believes that the credit risk concentration with respect to financial instruments included in sales tax and sundry receivable is minimal.

Financial instruments included in Quebec refundable tax credits and mining duties receivable comprise of mining expenditure refunds from the Quebec Government (Canada). Quebec refundable tax credits and mining duties receivable are in good standing as of July 31, 2010. Management believes that the credit risk concentration with respect to financial instruments included in Quebec refundable tax credits and mining duties receivable is minimal.

**Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2010, the Company had cash and short-term investments of \$781,358 (April 30, 2010 - \$2,036,098) to settle current liabilities of \$420,801 (April 30, 2010 - \$245,889). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

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Three Months Ended July 31, 2010

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**4. PROPERTY AND FINANCIAL RISK FACTORS (continued)**

(b) Financial risk factors (continued)

**Market risk**

*Interest rate risk*

The Company has cash and cash equivalent balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by the Company's Canadian chartered bank. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its bank.

*Commodity and equity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's investments in NioGold Mining Corporation ("Niogold"), Aurizon Mines Ltd. ("Aurizon") and Kalahari Resources Inc. ("Kalahari") are subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets and currently amount to \$464,036 (April 30, 2010 - \$454,476).

**Sensitivity analysis**

The Company has, for accounting purposes, designated its cash and short-term investment as held for trading, which is measured at fair value. Sales tax and sundry receivable and Quebec refundable tax credits and mining duties receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Investments are classified for accounting purposes as available-for-sale, which are measured at fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value.

As of July 31, 2010, the carrying and fair value amounts of the Company's financial instruments are equivalent.

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
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Three Months Ended July 31, 2010

**4. PROPERTY AND FINANCIAL RISK FACTORS (continued)**

(b) Financial risk factors (continued)

**Sensitivity analysis (continued)**

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

(i) The Company's other investments amounting to \$464,036 are subject to fair value fluctuations. As at July 31, 2010, if the fair value of the Company's other investments had decreased/increased by 50% with all other variables held constant, comprehensive loss for the three months ended July 31, 2010 would have been approximately \$232,000 higher/lower. Similarly, as at July 31, 2010, reported shareholders' equity would have been approximately \$232,000 lower/higher as a result of a 50% decrease/increase in the fair value of the Company's other investments.

(c) Other risk factors

(i) Mineral property risk is significant. In particular, if an economic ore body is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it may have an interest in.

(ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. Precious metal prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of precious metals may be produced in the future, a profitable market will exist for them. A decline in the market price of precious metals also will require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value. As of July 31, 2010, the Company was not a precious metals producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

**Fair Value Hierarchy**

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at July 31, 2010.

	Level 1	Level 2	Level 3	Total
Cash	\$ 281,358	\$ -	\$ -	\$ 281,358
Short term investments	500,000	-	-	500,000
Investments	464,036	-	-	464,036
	<b>\$1,245,394</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,245,394</b>

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
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Three Months Ended July 31, 2010

**5. SHORT TERM INVESTMENT**

	<b>Maturity date</b>	<b>Interest rate</b>	<b>Cost</b>
Royal Bank Guaranteed Investment Certificate	April 7, 2011	0.25%	\$ 500,000
Carrying value of short term investments as at July 31, 2010			\$ 500,000
	<b>Maturity date</b>	<b>Interest rate</b>	<b>Cost</b>
Royal Bank Guaranteed Investment Certificate	April 7, 2011	0.25%	\$ 1,000,000
Carrying value of short term investments as at April 30, 2010			\$ 1,000,000

**6. EQUIPMENT**

			<b>July 31, 2010</b>	<b>April 30, 2010</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net book Value</b>	<b>Net book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	27,137	17,420	9,717	6,615
Office equipment	9,209	5,615	3,594	3,783
	<b>36,346</b>	<b>23,035</b>	<b>13,311</b>	<b>10,398</b>

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
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Three Months Ended July 31, 2010

**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES**

For the three months ended July 31, 2010, the Company paid \$19,624 (three months ended July 31, 2009 - \$12,071) in cash and issued common shares of the Company equivalent to \$nil (three months ended July 31, 2009 - \$225,342) to acquire mining rights. The Company incurred \$1,006,832 (three months ended July 31, 2009 - \$420,220) in exploration expenditures on its mineral properties before the contra of option payments received of \$69,950 (three months ended July 31, 2009 - \$nil). As at July 31, 2010, the Company has acquired interests, or has acquired options to earn interests, in the following properties:

<b>Three months ended July 31,</b>	<b>2010</b>	2009	Cumulative since inception of development stage on May 27, 2002
	\$	\$	\$
<b>Cadillac Break Property Group</b>			
<b>Orenada</b>			
Opening balance	3,962,746	3,515,473	-
Acquisition costs	-	(2,501)	-
Assays and maps	2,702	5,866	411,137
Drilling	-	-	1,970,570
Geophysics	1,125	2,650	181,454
Geology and geochemistry	2,926	79,416	550,887
Research	84,950	42,126	277,446
Staking claims	-	40	32,348
Travel	1,407	7,581	251,447
General expenses	35,631	32,122	416,198
<b>Closing balance</b>	<b>4,091,487</b>	<b>3,682,773</b>	<b>4,091,487</b>
<b>Akasaba</b>			
Opening balance	1,825,542	351,085	-
Acquisition costs	-	-	27
Assays and maps	127,020	24,177	398,855
Drilling	477,457	-	1,082,846
Geophysics	7,993	15,986	145,053
Geology and geochemistry	71,054	75,874	407,233
Research	275	-	275
Staking claims	-	7,286	10,425
Travel	11,314	13,394	70,400
Trenching	-	-	63,018
General expenses	164,997	38,489	507,520
<b>Closing balance</b>	<b>2,685,652</b>	<b>526,291</b>	<b>2,685,652</b>

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
(A Development Stage Entity)

Three Months Ended July 31, 2010

**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (continued)**

Three months ended July 31,	2010	2009	Cumulative since inception of development stage on May 27, 2002
	\$	\$	\$
<b>Sleepy</b>			
Opening balance	940,829	870,265	-
Assays and maps	-	4,648	114,509
Drilling	-	-	539,566
Geophysics	-	150	21,095
Geology and geochemistry	378	4,233	129,064
Staking claims	-	775	3,396
Travel	302	2,236	20,892
General expenses	-	3,165	112,987
Closing balance	941,509	885,472	941,509
<b>Other Cadillac Break Properties</b>			
Opening balance	4,923,634	4,413,522	-
Acquisition costs	-	225,342	1,312,439
Assays and maps	-	3,562	243,721
Drilling	-	2,836	1,219,180
Geophysics	-	2,824	380,758
Geology and geochemistry	(745)	18,923	804,903
Research	-	-	12,061
Staking/claims	104	4,773	35,814
Travel	2,299	5,834	(8,234)
General	6,730	18,436	949,380
Option payments	(23,750)	-	(41,750)
Closing balance	4,908,272	4,696,052	4,908,272
<b>Total Cadillac Break Properties</b>	<b>12,626,920</b>	<b>9,790,588</b>	<b>12,626,920</b>

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

Three Months Ended July 31, 2010

**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (continued)**

Three months ended July 31,	2010	2009	Cumulative since inception of development stage on May 27, 2002
	\$	\$	\$
<b>Other Quebec Properties</b>			
Opening balance	1,978,521	1,840,067	-
Acquisition costs	19,624	-	700,260
Staking/claims	-	90	31,753
Assays	-	-	78,334
Consulting	-	-	55,518
Drilling	-	-	395,843
Geophysics	-	-	517,170
Geology and geochemistry	1,274	(710)	244,961
Research	-	-	10,676
Reports	1,045	-	9,504
General expenses	2,644	86	440,589
Option payments	(56,200)	-	(537,700)
Closing balance	1,946,908	1,839,533	1,946,908
<b>Matachewan Property</b>			
Opening balance	1,317,683	1,257,433	-
Acquisition costs	-	-	288,463
Staking and claims	-	1,608	21,295
Assays and maps	-	-	76,411
Consulting	-	-	9,125
Drilling	-	-	428,058
Geophysics	-	-	141,846
Geology and geochemistry	-	7,365	180,820
General	13,950	8,951	185,615
Closing balance	1,331,633	1,275,357	1,331,633
<b>Subtotal</b>	<b>15,905,461</b>	<b>12,905,478</b>	<b>15,905,461</b>
<b>Less:</b> Grants received	<b>(3,961,285)</b>	<b>(2,427,786)</b>	<b>(3,961,285)</b>
Quebec refundable tax credits and mining duties refunds receivable	<b>(1,428,307)</b>	<b>(1,071,551)</b>	<b>(1,428,307)</b>
<b>Total</b>	<b>10,515,869</b>	<b>9,406,141</b>	<b>10,515,869</b>



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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

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Three Months Ended July 31, 2010

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**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (continued)**

The Company has retained an interest in, through option agreement or through staking, several gold exploration properties in Ontario and Quebec, Canada. All properties are located in areas adjacent to past or present mines, and all have indications of gold on the surface and in the subsurface. The properties are considered to be early stage exploration properties, and there are uncertainties with regard to the discovery of economically viable ore deposits on them.

On a quarterly basis, management of the Company review exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. For a description of the mining rights and deferred exploration expenditures owned by the Company, refer to Note 7 of the audited financial statements as at April 30, 2010. Specific changes to mining rights and deferred exploration expenditures that occurred from May 1, 2010 to July 31, 2010 are as follows:

- i) On June 4, 2010, the Company received \$10,000 and 250,000 shares (valued at \$13,750) of Kalahari Resources Inc. ("Kalahari") pursuant to the terms of the agreement with Kalahari for the Airport Property in Val d'Or signed on September 30, 2009.
- ii) On July 5, 2010, the Company received 200,000 shares (valued at \$56,200) of NioGold Mining Corporation ("Niogold") pursuant to the terms of the option/joint venture agreement signed on June 25, 2008 between Niogold and the Company.

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

Three Months Ended July 31, 2010

**8. SHARE CAPITAL**

(a) Authorized capital - unlimited number of common shares

(b) Issued

	<b>Number of Shares</b>	<b>Stated Value \$</b>
<b>Balance, May 27, 2002 (Date of incorporation)</b>	1	1
Shares issued for cash	4,922,150	46,260
<b>Balance, April 30, 2003</b>	4,922,151	46,261
Shares issued for cash	3,693,700	508,598
Issuance of shares for mineral rights	400,000	20,000
<b>Balance, April 30, 2004</b>	9,015,851	574,859
Shares issued for cash	103,700	19,366
Issuance of shares for mineral rights	300,000	58,000
<b>Balance, April 30, 2005</b>	9,419,551	652,225
Flow through shares issued for cash	2,000,000	240,000
Issuance of shares for mineral rights	125,000	22,500
Non-Flow through shares issued for cash	1,219,900	182,985
Flow through shares issued for cash	100,000	15,000
Warrant valuation	-	(137,849)
Shares issued on conversion of debenture	393,213	50,175
Shares issued on repayment of shareholders loan	333,333	50,000
Warrant valuation	-	(36,667)
Flow-through renunciation	-	(92,708)
Non-flow through IPO	6,050,000	1,512,500
Warrant valuation	-	(1,188,000)
Exercise of warrants	10,000	4,980
Issued of shares for mineral rights	50,000	16,000
Share issuance costs	-	(524,641)
<b>Balance, April 30, 2006</b>	19,700,997	766,500

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

Three Months Ended July 31, 2010

**8. SHARE CAPITAL (continued)**

(b) Issued (continued)

	<b>Number of Shares</b>	<b>Stated Value \$</b>
<b>Balance, April 30, 2006</b>	19,700,997	766,500
Non-flow through shares issued for cash	1,699,666	509,900
Warrant valuation	-	(142,772)
Non-flow through shares issued for cash	4,909,000	932,710
Warrant valuation	-	(240,541)
Shares issued to brokers as compensation	115,480	21,941
Flow through shares issued for cash	6,904,499	1,657,080
Warrant valuation	-	(414,270)
Shares issued to brokers as compensation	9,520	2,285
Flow-through tax effect	-	(598,537)
Issuance of shares for mining rights	50,000	14,750
Issuance of shares for mining rights	75,000	24,000
Issuance of shares for mining rights	1,000,000	300,000
Issuance of shares for mining rights	265,674	50,000
Issuance of shares for mining rights	100,000	23,000
Issuance of shares for mining rights	100,000	20,500
Shares issued on conversion of debenture	500,000	50,000
Exercise of warrants	238,500	68,425
Fair value of exercise of warrants	-	29,074
Share issuance costs - non-cash	-	(30,456)
Share issuance costs - cash	-	(211,893)
<b>Balance, April 30, 2007</b>	<b>35,668,336</b>	<b>2,831,696</b>

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

Three Months Ended July 31, 2010

**8. SHARE CAPITAL (continued)**

(b) Issued (continued)

	Number of Shares	Stated Value \$
<b>Balance, April 30, 2007</b>	35,668,336	2,831,696
Non-flow through shares issued for cash	12,783,750	4,090,800
Fair value of warrants issued	-	(703,106)
Flow-through shares issued for cash	9,637,119	3,662,105
Fair value of warrants issued	-	(713,147)
Share issuance costs - non-cash	-	(188,512)
Share issuance costs - cash	-	(542,205)
Issuance of shares for mining rights	100,000	36,000
Issuance of shares for mining rights	263,713	83,333
Issuance of shares for mining rights	157,233	50,000
Issuance of shares for mining rights	50,000	11,000
Issuance of shares for mining rights	75,000	16,125
Issuance of shares for mining rights	125,000	27,250
Issuance of shares for mining rights	3,000,000	450,000
Exercise of warrants	639,720	178,418
Fair value of exercise of warrants	-	99,861
Renunciation of flow-through expenditures	-	(1,290,904)
<b>Balance, April 30, 2008</b>	62,499,871	8,098,714
Non-flow through shares issued for cash	1,250,000	125,000
Warrant valuation	-	(51,250)
Flow-through shares issued for cash	12,160,771	1,580,900
Warrant valuation	-	(229,822)
Share issuance costs - cash	-	(138,922)
Issuance of shares for mining rights	641,026	166,667
Renunciation of flow-through expenditures	-	(458,461)
<b>Balance, April 30, 2009</b>	76,551,668	9,092,826
Issuance of shares for mining rights	1,401,897	245,820
Warrant valuation	-	(16,800)
Non-flow through shares issued for cash	9,100,000	1,820,000
Flow-through shares issued for cash	4,497,286	629,620
Warrant valuation	-	(1,751,795)
Renunciation of flow-through expenditures	-	(157,405)
Share issuance costs - cash	-	(48,726)
<b>Balance, April 30, 2010</b>	91,550,851	9,813,540
Exercise of stock options	450,000	45,000
Fair value of stock options exercised	-	17,250
<b>Balance, July 31, 2010</b>	<b>92,000,851</b>	<b>9,875,790</b>

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
(A Development Stage Entity)

Three Months Ended July 31, 2010

**9. STOCK OPTIONS**

(a) The following table reflects the continuity of stock options for the three months ended July 31, 2010:

	Number of Stock options	Weighted average exercise price (\$)
<b>Balance, April 30, 2010</b>	7,723,000	0.18
Exercised	(450,000)	0.10
Expired	(200,000)	0.15
Cancelled	(24,000)	0.10
<b>Balance, July 31, 2010</b>	7,049,000	0.19

The following table reflects the actual stock options issued and outstanding as of July 31, 2010:

Expiry Date	Options outstanding			Options exercisable	
	Number of Options	Weighted average remaining contractual life	Weighted average exercise price	Number of Options	Weighted average exercise price
September 6, 2010	20,000	0.10	\$ 0.26	20,000	\$ 0.26
January 15, 2011	10,000	0.46	0.21	10,000	0.21
May 29, 2011	200,000	0.83	0.10	200,000	0.10
September 15, 2011	20,000	1.13	0.23	20,000	0.23
October 19, 2011	250,000	1.22	0.21	250,000	0.21
January 29, 2012	1,330,000	1.50	0.265	1,330,000	0.265
April 29, 2012	30,000	1.75	0.10	30,000	0.10
April 15, 2012	200,000	1.71	0.20	100,000	0.20
January 15, 2013	2,420,000	2.46	0.21	2,420,000	0.21
February 11, 2013	519,000	2.54	0.15	519,000	0.15
May 28, 2013	70,000	2.83	0.21	70,000	0.21
June 4, 2013	300,000	2.85	0.21	300,000	0.21
April 29, 2014	1,480,000	3.75	0.10	1,480,000	0.10
May 29, 2014	200,000	3.83	0.10	200,000	0.10
	7,049,000	2.49 years	\$ 0.19	6,949,000	\$ 0.19

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

Three Months Ended July 31, 2010

**10. WARRANTS**

The following table summarizes warrants that have been issued, exercised or have expired in each of the periods presented:

	Number of Warrants	Fair value (\$)
<b>Balance, April 30, 2005</b>	-	-
Issued on private placement	1,219,900	137,849
Issued as part of debt settlement	333,333	36,667
Issued pursuant to the IPO	6,000,000	1,188,000
Broker warrants issued pursuant to the IPO	900,000	181,800
Warrants exercised	(10,000)	(1,980)
<b>Balance, April 30, 2006</b>	8,443,233	1,542,336
Issued on private placement	849,833	142,772
Issued on private placement	2,454,500	240,541
Broker warrants issued on private placement	57,740	5,659
Issued on private placement	3,452,250	414,270
Broker warrants issued on private placement	4,760	571
Warrants exercised	(238,500)	(29,074)
<b>Balance, April 30, 2007</b>	15,023,816	2,317,075
Issued on private placement	11,210,433	1,416,253
Broker warrants issued on private placement	1,300,088	188,512
Warrants exercised	(639,720)	(99,861)
Transfer to contributed surplus on expiry of warrants	(14,384,096)	(2,217,214)
<b>Balance, April 30, 2008</b>	12,510,521	1,604,765
Issued on non-brokered private placement	7,330,386	281,072
Transfer to contributed surplus on expiry of warrants	(12,510,521)	(1,604,765)
<b>Balance, April 30, 2009</b>	7,330,386	281,072
Issued for mining rights	400,000	16,800
Warrants issued on private placement	11,348,643	1,723,799
Broker warrants issued on private placement	252,210	27,996
<b>Balance, April 30, 2010</b>	19,331,239	2,049,667
Warrants expired	(6,111,539)	(240,850)
<b>Balance, July 31, 2010</b>	<b>13,219,700</b>	<b>1,808,817</b>

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
(A Development Stage Entity)

Three Months Ended July 31, 2010

**10. WARRANTS (continued)**

As at July 31, 2010, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Fair Value	Expiry date	Number of warrants	Exercise price
\$ 40,222	August 1, 2010	1,218,847	\$ 0.25
13,650	July 8, 2011	325,000	0.15
3,150	July 29, 2011	75,000	0.15
277,595	June 23, 2011	2,500,853	0.20
1,474,200	March 23, 2012	9,100,000	0.21
\$ 1,808,817		13,219,700	

**11. SEGMENTED INFORMATION**

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements as loss for the period also represent segment amounts. All of the Company's operations and assets are located in Canada.

**12. COMMITMENTS**

- (i) The Company is obligated under an operating lease for rental of office property in Toronto, Ontario to an amount of approximately \$2,000 per month expiring May 31, 2011.
- (ii) The Company is obligated under an operating lease for rental of office space in Val-d'Or, Quebec, in the amount of \$3,600 per month expiring August 1, 2012.
- (iii) The Company has drilling commitments of \$600,000 and expects to complete those commitments by the end of 2010.

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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**(A Development Stage Entity)**

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Three Months Ended July 31, 2010

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**13. SUBSEQUENT EVENTS**

(a) On August 5, 2010, the Company completed a brokered private placement of 27,777,777 non flow-through units at \$0.18 per unit for gross proceeds of \$5,000,000. Each unit is comprised of one common share of the Company and one common share purchase warrant ("Warrant"), entitling the holder to acquire one additional common share of the Company at a price of \$0.22 for a period of one year from closing. A commission of \$236,442 and 1,313,567 Warrants, where each Warrant is exercisable at \$0.22 for a period of one year, were paid to Pollitt & Co. Inc., representing 6% of the brokered portion of the financing. Additionally, the Company has paid Pollitt & Co. Inc. a fiscal advisory fee of \$59,400 and 330,000 Warrants, where each Warrant is exercisable at \$0.22 for a period of one year.

(b) Subsequent to July 31, 2010, 200,000 stock options were cancelled with an exercise price of \$0.20 and expiry date of April 15, 2012.

(c) On August 1, 2010, 1,218,847 warrants with an exercise price of \$0.25 expired unexercised.