



SIRIOS RESOURCES INC.
TSX-V: SOI

Interim Financial Statements (unaudited)

DECEMBER 31, 2017

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The attached interim financial statements have been prepared by Sirios Resources Inc. and its external auditors have not reviewed these financial statements.

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SIRIOS RESOURCES INC.

Interim Statement of Financial Position (unaudited)

(in Canadian dollars)

	Notes	December 31, 2017 \$	June 30, 2017 \$
ASSETS			
Current			
Cash and cash equivalents	4	5,070,010	2,258,776
Term deposits	4	1,000,000	1,500,000
Other receivables	5	26,153	189,518
Listed shares		831,467	44,882
Good and services tax receivable		299,786	137,919
Tax credits receivable		1,235,342	1,603,756
Prepaid expenses		18,383	17,346
		8,481,141	5,752,197
Non current			
Property and equipment	6	244,116	282,568
Exploration and evaluation assets	7	18,359,878	14,759,235
Investment accounted for using the equity method	9	-	624,789
Total assets		27,085,135	21,418,789
LIABILITIES			
Current			
Trade and other payables		696,035	381,935
Provision	10	183,679	183,679
Other liabilities		196,088	-
Total liabilities		1,075,802	565,614
EQUITY			
Share capital	11.1	42,558,356	37,170,056
Contributed surplus		3,977,961	3,485,044
Deficit		(20,526,984)	(19,801,925)
Total equity		26,009,333	20,853,175
Total liabilities and equity		27,085,135	21,418,789

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

These interim financial statements were approved and authorized by the Board of Directors on February 26, 2018.

(signed) Dominique Doucet

Dominique Doucet, President

(signed) Luc Cloutier

Luc Cloutier, Director

SIRIOS RESOURCES INC.

Interim Statement of Comprehensive Loss (unaudited)

(in Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		December 31,		December 31,	
		2017	2016	2017	2016
		\$	\$	\$	\$
EXPENSES					
Salaries and employee benefits expense	12.1	381,325	784,743	442,917	861,325
Investors and shareholders' relations and travel		47,500	72,972	70,728	117,321
Professional fees		47,402	19,031	73,084	82,815
Consulting fees		32,869	10,000	47,869	58,000
Trustees and registration fees		23,752	21,872	27,022	26,945
Training		17,313	-	17,313	-
Rent expenses		16,913	4,690	29,596	8,360
Sponsorship and donations		10,000	-	20,000	-
Amortization of property and equipment		7,076	2,905	14,461	5,504
Project generation expenses		6,934	1,255	11,436	4,399
Office expenses		4,189	3,140	8,201	5,313
Insurances		1,666	1,680	3,332	3,360
Bank charges		389	369	982	882
Income taxes of section XII.6		288	-	288	-
Write-off of provision for compensation		-	-	-	(132,240)
Write-off of exploration and evaluation assets		-	-	-	57,806
OPERATIONAL LOSS		597,616	922,657	767,229	1,099,790
OTHER REVENUES AND EXPENSES					
Finance costs		-	-	-	-
Finance income	13	187,312	72,190	215,446	77,040
Share of loss from equity-accounted investment		(2,790)	(21,547)	(16,067)	(42,337)
Adjustment of ownership in equity-accounted investment		(2,751)	917,237	(2,751)	916,868
		181,771	967,880	196,628	951,571
INCOME (LOSS) BEFORE INCOME TAX		(415,845)	45,223	(570,601)	(148,219)
Deferred income taxes recovered		212,017	33,459	303,911	33,459
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		(203,828)	78,682	(266,690)	(114,760)
NET INCOME (LOSS) PER SHARE - basic and diluted	14	(0.002)	-	(0.002)	(0.001)

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

SIRIOS RESOURCES INC.

Interim Statement of Changes in Equity (unaudited)

(in Canadian dollars)

As of July 1st, 2016		31,458,620	2,578,068	(18,618,190)	15,418,498
Net loss and comprehensive loss		-	-	(114,760)	(114,760)
Share-based payments		-	1,011,000	-	1,011,000
Issuance costs of shares		-	-	(108,824)	(108,824)
Exercise of warrants	11.1	731,946	(17,188)	-	714,758
Exercise of options	11.1	245,600	(89,600)	-	156,000
Shares issued for the acquisition of mining rights	11.1	570,000	-	-	570,000
Issuance of units and shares	11.1	1,826,260	52,154	-	1,878,414
As of December 31, 2016		34,832,426	3,534,434	(18,841,774)	19,525,086

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

As of July 1st, 2017		37,170,056	3,485,044	(19,801,925)	20,853,175
Net loss and comprehensive loss		-	-	(266,690)	(266,690)
Share-based payments		-	470,250	-	470,250
Issuance costs of shares		-	-	(458,369)	(458,369)
Issuance of shares	11.1	4,500,000	86,667	-	4,586,667
Exercise of warrants	11.1	742,300	-	-	742,300
Exercise of options	11.1	146,000	(64,000)	-	82,000
As of December 31, 2017		42,558,356	3,977,961	(20,526,984)	26,009,333

SIRIOS RESOURCES INC.
Interim Statement of Cash Flows (unaudited)

(in Canadian dollars)

	Six-month period ended	
	December 31,	
	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Net loss	(266,690)	(114,760)
Adjustments		
Share-based payments	299,250	708,727
Write-off of provision for compensation	-	(132,240)
Amortization of property and equipment	14,461	5,503
Change in fair value of listed shares	(180,615)	(64,126)
Write-off of exploration and evaluation assets	-	57,806
Deferred income taxes recovered	(303,911)	(33,459)
Share of loss from equity-accounted investment	16,067	42,337
Adjustment of ownership in equity-accounted investment	2,751	(916,868)
Changes in working capital items	15	(697,707)
Cash flows from operating activities	(728,937)	(1,144,787)
INVESTING ACTIVITIES		
Term deposit redeemed	500,000	-
Tax credits received	513,284	-
Additions to property and equipment	(28,002)	(49,666)
Additions to exploration and evaluation assets	(2,897,709)	(2,877,715)
Cash flows from investing activities	(1,912,427)	(2,927,381)
FINANCING ACTIVITIES		
Issuance of units and shares	5,824,300	3,051,122
Issuance cost of shares	(371,702)	(108,824)
Cash flows from financing activities	5,452,598	2,942,298
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,811,234	(1,129,870)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	2,258,776	4,835,803
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	5,070,010	3,705,933
Cash operations		
Interests paid from operating activities	-	-
Interests received from operating activities	29,664	12,915

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

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

1. NATURE OF OPERATIONS

Since its creation in 1994, Sirios Resources Inc.'s ("Sirios" or "the Company") goal is to discover world-class gold deposits in the James Bay region, in Quebec. Over the years, Sirios has developed extensive expertise in the exploration of this region.

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office and its principal place of business is 1000 St-Antoine West, Suite 410, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange, under the symbol "SOI".

2. SUMMARY OF ACCOUNTING POLICIES

Basis presentation

These interim financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SUMMARY OF ACCOUNTING POLICIES as described in our financial statements for the year ended June 30, 2017. The interim financial statements do not include all of the notes required in annual financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board (IASB) aims to replace IAS 39 Financial Instruments: Recognition and Measurements in its entirety with IFRS 9. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. Management does not anticipate any material impact on its financial statements arising from this standard.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

2. SUMMARY OF ACCOUNTING POLICIES (cont'd)

IFRS 16, Operating lease agreement

In January 2016, the IASB published IFRS 16, Leases ("IFRS 16") which will replace IAS 17, Lease ("IAS 17"). IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting; and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1st, 2019 with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its financial statements.

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the interim financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Impairment of exploration and evaluation assets (continued)

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after, expenditures is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

For the six-month period ended December 31, 2017, there were no impairments. For the six-month period ended December 31, 2016, the Company wrote-off the Taïgor property and the total impairment recognized in profit or loss amounts to \$57,806. No reversal impairment losses has been recognized for the reporting periods.

No impairment was conducted on other properties. The Company has sufficient funds to respect its short-term obligation. Additionally, claims will not expire in the near future or are expected to be renewed, work was performed during the last three years and/or promising results were obtained on these properties.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of share options and warrants granted and the time of exercise of the share options and warrants. The model used by the Company is the Black-Scholes valuation model.

Tax credits

The calculation of the Company's refundable tax credit on qualified exploration expenditures incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

4. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

Cash and cash equivalents include monetary funds bearing interest from 0.25% to 0.95% (0.25% as at June 30, 2017), cashable anytime without any penalties.

Term deposits presented in the statements of financial position are redeemable annually, bearing interest between 0.95% and 1.1%, maturing on May 1st 2018.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

5. OTHER RECEIVABLES

	December 31, 2017	June 30, 2017
	\$	\$
Receivables from a partner and a former associated company	7,314	89,527
Advances to private company, 6%	18,839	67,991
Advances to associated company, 1.5%	-	32,000
	<u>26,153</u>	<u>189,518</u>

6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Vehicles	Exploration camp and equip.	Software	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Gross carrying amount						
Balance on July						
1, 2017	588	27,846	292,075	51,897	38,773	411,179
Additions	-	-	21,080	3,080	3,842	28,002
Balance on Dec.						
31, 2017	588	27,846	313,155	54,977	42,615	439,181
Accumulated amortization						
Balance on July						
1, 2017	10	458	89,654	12,380	26,109	128,611
Amortization	58	2,785	49,208	8,529	5,874	66,454
Balance on Dec.						
31, 2017	68	3,243	138,862	20,909	31,983	195,065
Carrying amount						
on Dec. 31, 2017	<u>520</u>	<u>24,603</u>	<u>174,293</u>	<u>34,068</u>	<u>10,632</u>	<u>244,116</u>

All amortization expenses are presented in Amortization of *Property and equipment* except for *Exploration camp, equipment and vehicles*, where the expense is presented in *Exploration and evaluation assets*.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

<i>Mining rights</i>	June 30, 2017	Additions	Write-off	December 31, 2017
	\$	\$	\$	\$
(a) Aquilon	888,202	-	-	888,202
(b) Cheechoo-extension	3,041	-	-	3,041
(c) Pontax	257,098	4,992	-	262,090
(d) Cheechoo	985,482	-	-	985,482
(e) 33F06	6,917	5,049	-	11,966
(f) Corridor Cheechoo-Éléonore	38,086	-	-	38,086
(g) Goldorak		17,075	-	17,075
	2,178,826	27,116	-	2,205,942

Exploration and evaluation expenses

	June 30, 2017	Additions	Write-off	Tax credit	December 31, 2017
	\$	\$	\$		\$
(a) Aquilon	1,287,103	38,158	-	-	1,325,261
(c) Pontax	2,627,798	523	-	-	2,628,321
(d) Cheechoo	8,548,319	3,574,590	-	(134,373)	11,988,536
(e) 33F06	33,667	693	-	-	34,360
(f) Corridor Cheechoo-Éléonore	83,522	104,437	-	(10,501)	177,458
	12,580,409	3,718,401	-	(144,874)	16,153,936
	14,759,235	3,745,517	-	(144,874)	18,359,878

All write-off expenses are presented in *Write-off of exploration and evaluation assets* in profit or loss.

(a) Aquilon

This 104-claim gold property, owned at 100%, is located near LA-1 hydro-electric complex in the James Bay area (Qc) and is fully owned by the Company.

Soquem Inc. retains a 1% NSR royalty, half of which is redeemable for \$500,000.

(b) Cheechoo-extension

The project, owned at 100%, consists of 11 claims in the James Bay area (Qc). It is located about 15 km south-west of the Eleonore gold deposit owned by Goldcorp and is adjacent to the west block of the Cheechoo property.

(c) Pontax

The property, owned at 100% by the Company, consists of 77 claims divided in two non-continuous blocks of 69 and 8 claims. It is located in James Bay (Qc), approximately 350 km north of Matagami (Qc).

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

(d) Cheechoo

The Cheechoo gold project consists of 145 claims owned at 100% by the Company. The property covers 7,400 acres in two distinct blocks adjoining the Eleonore gold deposit owned by Goldcorp Inc. It is located at approximately 13 km east of the discovery area of the Eleonore mine which is itself located 320 km north of Matagami (Qc).

On June 30, 2016, the property was owned in partnership with Golden Valley Mines Ltd. ("Golden Valley") (45% owned by the Company and 55% owned by Golden Valley). In order to acquire an additional 55% interest, the Company was required to issue or pay, on or before December 31, 2013, the lesser of 9.9% of its share capital or \$1 million in cash or shares in Golden Valley within 3 years of its intention to acquire the remaining \$5 million exploration interest and pay a payment of \$500,000 (respected). On July 26, 2016, the Company formally acquired the residual 55% of the property. Golden Valley will retain a royalty on gold production ranging from 2.5% to 4% NSR, depending on the gold price and 4% NSR on the production of any other minerals.

(e) 33F06

The property, owned at 100%, consists of 39 claims and covers 20 km² in the James Bay area (Qc). It is located about 50 km southwest of Radisson (Qc) and about 20 km south of the LG-2 hydro-electric complex.

(f) Cheechoo-Éléonore Trend

The property is owned by a 50-50% joint venture with Sphinx Resources Ltd. ("Sphinx") and consists of 551 claims in the James Bay area (Qc). Sirios and Sphinx agreed to undertake at least \$500,000 each in exploration expenditures over the next five years and to form a management committee with Sirios as the operator of the project.

A net smelter return royalty (NSR) of 2% is automatically provided in case of dilution of a party to a level of 10%, half of this royalty can be repurchased by the other party for \$1M.

(g) Goldorak

The property, owned at 100%, consists of 124 claims in the James Bay area (Qc) located about 15 km northwest of the 33F06 property.

8. LEASES

The Company's future minimum operating lease payments are as follows:

	Minimum lease payment due		
	Within 1 year	1 to 5 years	Total
	\$	\$	\$
December 31, 2017	72,144	108,216	180,360
June 30, 2017	68,584	144,288	212,872

The Company leases its offices under a lease expiring June 30, 2020.

Lease payments recognized as an expense during the six-month period amounts to \$25,596 (\$8,360 on December 31, 2016). This amount consists of minimum lease payment.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

9. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Since January 2012, the interest held in Exploration Khalkos Inc. ("Khalkos"), a mining exploration and evaluation company, located in Quebec, was recorded as an investment accounted for using the equity method. On December 12, 2017, the Company lost its significant influence following the decline in the percentage of ownership and voting rights, from 14,54% to 8,7%. The loss of influence is also explained by the withdrawal of the Company's president from his function as director of Khalkos. Shares of Khalkos held by the Company are now recorded as a financial asset measured at fair value.

The aggregate amount of Khalkos can be summarized as follows:

	June 30, 2017
	<u>\$</u>
Current assets	693,936
Non current assets	2,907,701
Current liabilities	199,584
Net loss and other comprehensive income	(122,532)

The Company has not incurred any contingent liabilities or other commitments relating to its investment in this associate company.

A reconciliation of the above summarized financial information to the carrying amount of the interest set out below:

	June 30, 2017
	<u>\$</u>
Total net assets	3,402,053
Contributed surplus not attached to common shareholders	(474,473)
	<u>2,927,580</u>
Proportion of ownership interests held	14.54%
	<u>425,574</u>
Permanent effects of the change in the Company's interest from the settlement of an another receivable by issuance of shares of Khalkos	(57,371)
	<u>368,203</u>
Capital gains balance	256,586
	<u><u>624,789</u></u>

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

10. PROVISIONS

Provisions relate to various tax claims. The Company is not eligible for any reimbursement by third parties in this regard. Usually, these claims are settled between three and eighteen months from initiation, depending on the procedures used for negotiating the claims. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiations with various counterparties and governmental authorities, the Company cannot reliably estimate the amounts that will eventually be paid in settlement after more than twelve months from the reporting date. Therefore, the amount was classified as current.

During the six-month period ended December 31, 2016, the Company reversed an amount of \$132,240 following the expiry of the limitation period for one of the financings for which a provision for compensation had been recorded.

11. EQUITY

11.1 Share capital

The share capital of the Company consists of fully paid common and preferred shares.

Authorized

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

Unlimited preferred shares, issuable in one or several series, composed of the number of shares, rights, liens, conditions and restrictions as determined before issuance by resolutions of directors of the Company, without par value. The preferred shares, series A, are redeemable at the Company's option at their issuance price, non-voting and not entitled to dividends.

	Number of shares Six-month period ended December 31,	
	2017	2016
Common shares issued and fully paid at beginning of the period	120,131,793	101,311,810
Acquisition of mining rights (a)	-	1,000,000
Exercise of options (b) (c)	450,000	882,143
Exercise of warrants (d) (e)	3,711,500	2,921,773
Flow-through private placement (f) (g) (h)	11,111,111	2,213,000
Private placement (i) (j)		2,825,958
Common shares issued and fully paid at the end of the period	<u>135,404,404</u>	<u>111,154,684</u>
Preferred shares, Serie A	<u>100,000</u>	<u>100,000</u>

(a) On August 4, 2016, the Company issued 1,000,000 common shares, with a market value of \$570,000 to acquire the remaining 50% of the Aquilon property.

(b) During the six months ended December 31, 2017, 450,000 options were exercised. An amount of \$82,000 that was received and an amount of \$64,000 representing the fair value of the options at the time of the issue were recorded as an increase in share capital.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2017 (unaudited)

(in Canadian dollars)

11. EQUITY (cont'd)

11.1 Share capital (cont'd)

- (c) During the six months ended December 31, 2016, 882,143 options were exercised. An amount of \$156,000 was received and an amount of \$89,600 representing the fair value of the options at the time of the issue were recorded as an increase in share capital.
- (d) During the six months ended December 31, 2017, 3,711,500 warrants were exercised. An amount of \$ 742,300 was received on the exercise of warrants.
- (e) During the six months ended December 31, 2016, 2,921,773 warrants were exercised. An amount of \$714,758 was received and an amount of \$17,188 representing the fair value of options at issuance were recorded as an increase in share capital.
- (f) On August 2, 2017, the Company completed the closing of a flow-through private placement for a total of \$5,000,000. It was composed of 11,111,111 flow-through shares at a price of \$0.45 each. An amount of \$4,500,000 was recorded in share capital and an amount of \$500,000 was recorded as other liabilities in the statement of financial position.

In connection with this flow-through private placement, 666,666 warrants were issued to brokers. Each warrant entitles the holder to subscribe for one common share at \$ 0.45 per share within eighteen months from the date of

- (g) On December 22, 2016, the Company completed the closing of a flow-through private placement for a total of \$750,000. It was composed of 1,500,000 flow-through shares at a price of \$0.50 each. An amount of \$555,000 was recorded in share capital and an amount of \$195,000 was recorded as other liabilities in the statement of financial position.
- (h) On December 21, 2016, the Company completed the closing of a flow-through private placement for a total of \$356,000. It was composed of 713,000 flow-through shares at a price of \$0.50 each. An amount of \$249,550 was recorded in share capital and an amount of \$106,950 was recorded as other liabilities in the statement of financial position.
- (i) On December 21, 2016, the Company completed the closing of a private placement for a total of \$454,000. It was composed of 1,194,736 units. The unit, offered at \$0.38, was composed of one common share and half a warrant. In total, 1,194,736 shares, as well as 597,368 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.50 per share for a period of twelve months. An amount of \$35,842, related to warrants, was recorded as an increase in contributed surplus.
- (j) On December 22, 2016, the Company completed the closing of a private placement for a total of \$619,864. It was composed of 1,631,222 units. The unit, offered at \$0.38, was composed of one common share and half a warrant. In total, 1,631,222 shares, as well as 815,611 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.50 per share for a period of twelve months. An amount of \$16,312, related to warrants, was recorded as an increase in contributed surplus.

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Notes to Interim Financial Statements

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11. EQUITY(cont'd)

11.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	Six-month period ended December 31, 2017		Year ended June 30, 2017	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance, at beginning of the period	5,124,479	0.28	15,604,883	0.24
Issued	666,666	0.45	1,412,979	0.50
Exercised	(3,711,500)	0.20	(11,718,882)	(0.25)
Expired	(1,412,979)	0.50	(174,501)	(0.18)
Balance, at the end of the period	<u>666,666</u>	<u>0.45</u>	<u>5,124,479</u>	<u>0.28</u>

During the reporting period ended December 31, 2017, 3,711,500 warrants were exercised at a price of \$ 0.20 for a consideration of \$ 742,300.

On August 2, 2017, the Company recorded an amount of \$86,667 in issuance costs when it issued 666,666 warrants to intermediaries. Fair value was recorded as an increase in contributed surplus and deficit. The weighted average fair value of \$ 0.13 for these warrants was determined using the Black-Scholes model and based on the following weighted average assumptions:

Share price at the date of issuing	\$0.41
Expected dividend yield	0%
Expected weighted volatility	75%
Expected interest average rate	1.25%
Expected average life	1.5 years
Average exercise price at the date of grant	\$0.45

The underlying expected volatility was determined by reference to historical date of the Company's share over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Expiration date	December 31, 2017	
	Number of warrants	Exercise price \$
February 2, 2019	<u>666,666</u>	<u>0.45</u>

SIRIOS RESOURCES INC.

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12. EMPLOYEE REMUNERATION

12.1 Salaries and employee benefits expenses

Salaries and employee benefits expenses recognized are analyzed below:

	Three-month period ended December 31,		Six-month period ended December 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Salaries and benefits	305,083	260,275	573,342	501,418
Share-based payments	470,250	1,011,000	470,250	1,011,000
	<u>775,333</u>	<u>1,271,275</u>	<u>1,043,592</u>	<u>1,512,418</u>
Less: salaries and share-based payments capitalized in Exploration and evaluation assets or presented in Project generation expenses	(394,008)	(486,532)	(600,675)	(651,093)
Salaries and employee benefits expenses	<u>381,325</u>	<u>784,743</u>	<u>442,917</u>	<u>861,325</u>

12.2 Share-based payments

The Company has a share-based payments plan for eligible directors, officers, employees, consultants and service suppliers of investors' relations. The most important terms of the plan are as follows:

- i) the maximum number of shares that may be issued under the plan is limited to 10% of the issued shares at the time of the grant of the option, with a maximum of 13,540,440 on December 31, 2017 (12,013,179 on June 30, 2017);
- ii) the maximum number of shares that can be reserved for a beneficiary is limited to 5% of issued and outstanding shares;
- iii) the maximum number of shares that can be reserved for a consultant during a 12-month period is limited to 2% of issued and outstanding shares;
- iv) the maximum number of shares that can be reserved for a supplier of investors' relation services during any 12-month period is limited to 2% of issued and outstanding shares; moreover, the options granted may be exercised by steps over a period of 12 months after the grant, at the rate of 25% per quarter;
- v) the options granted to directors, officers, employees and consultants may be exercised entirely at the date of the grant.

The options' term cannot exceed ten years. The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of the grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

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12. EMPLOYEE REMUNERATION (cont'd)

12.2 Share-based payments (cont'd)

The Company's share options are as follow for the period presented:

	Six-month period ended December 31, 2016		Year ended June 30, 2017	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, at the beginning of the period	6,740,000	0.28	5,736,429	0.16
Granted	2,475,000	0.30	2,500,000	0.51
Exercised	(450,000)	(0.18)	(1,062,143)	(0.16)
Expired or cancelled	-	-	(434,286)	(0.27)
Outstanding, at the end of the period	<u>8,765,000</u>	<u>0.29</u>	<u>6,740,000</u>	<u>0.28</u>

On November 27, 2017, the Board of Directors of the Company has granted 2,475,000 options under its stock option incentive plan to employees, directors, officers and consultants at an exercise price of \$0.30. The options expire five (5) years from the date of grant.

The weighted average fair value of stock options granted is \$0.21 each (\$0.40 for the period ended December 31, 2016) and was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2017	2016
Average share price at the date of issuing	\$0.28	\$0.51
Expected interest average rate	1.6%	0.66%
Expected average life	5 years	5 years
Expected weighted volatility	89%	112%
Expected dividend yield	0%	0%
Average exercise price at the date of grant	\$0.30	\$0.51

The underlying expected volatility was determined by reference to historical data of the Company's share over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

The table below summarizes the information related to share options:

Range of exercise price	December 31, 2017	
	Number of options	Remaining life (years)
From \$0 to \$0.35	6,265,000	2.87
From \$0.36 to \$1.00	2,500,000	3.90
	<u>8,765,000</u>	

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12. EMPLOYEE REMUNERATION (cont'd)

12.2 Share-based payments (cont'd)

In total, \$470,250 of share-based payments (all of which related to equity-settled share-based payment transactions) were recorded (\$299,250 in profit or loss as salaries and employee benefit expenses and \$171,000 capitalized in exploration and evaluation assets) for the six-month period ended December 31, 2017 (\$708,727 in profit or loss as salaries and employee benefit expenses and \$302,273 capitalized in exploration and evaluation assets for the six-month period ended December 31, 2016) and credited to contributed surplus.

13. FINANCE COSTS AND INCOME

Finance income can be analyzed as follow for the reporting periods presented:

	Six-month period ended December 31,		Six-month period ended December 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Interests income from cash and cash equivalents	11,098	8,064	27,632	11,024
Interests income from other receivables	1,670	-	2,032	1,890
Management income	1,409	-	5,167	
Change in fair value of listed shares	173,135	64,126	180,615	64,126
	<u>187,312</u>	<u>72,190</u>	<u>215,446</u>	<u>77,040</u>

14. LOSS PER SHARE

In calculating the diluted loss per share, dilutive potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 11.2 and 12.2.

Both the basic and diluted loss per share have been calculated using the net loss as a numerator, i.e. no adjustment to the net loss was necessary in 2017 and 2016.

	Three-month period ended December 31,		Six-month period ended December 31,	
	2017	2016	2017	2016
Net loss	\$(203,828)	\$78,682	\$(266,690)	\$(114,760)
Weighted average number of shares	135,404,404	104,795,304	132,047,510	103,657,069
Basic and diluted loss per share	\$(0.002)	- \$	\$(0.002)	\$(0.001)

For transactions on common shares between the reporting date and the date of publication of the financial statements, see Note 19-Subsequent events.

SIRIOS RESOURCES INC.

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15. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	Six-month period ended December 31,	
	2017	2016
	\$	\$
Other receivables	163,365	(42,357)
Good and services tax receivable	(161,867)	(291,449)
Prepaid expenses	(1,037)	11,806
Trade and other payables	(310,711)	(375,440)
	<u>(310,250)</u>	<u>(697,440)</u>

Non-monetary operations in the statement of financial position are as follows:

	Six-month period ended September 30,	
	2017	2016
	\$	\$
Tax credits receivable debited (credited) to exploration and evaluation assets	144,874	-
Trades related to exploration and evaluation assets	624,035	133,068
Fair value of the warrants issued to intermediaries	86,667	-
Share-based payments included in exploration and evaluation assets	171,000	302,273
Shares issued for the acquisition of exploration and evaluation assets	-	570,000
Amortization of property and equipment included in exploration and evaluation assets	26,104	43,036
Change in fair value of listed shares	180,615	64,126

16. RELATED PARTY TRANSACTIONS

The Company's related parties includes an associated company and its key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash. During the six-month period ended December 31, 2017, Sirios provided administrative services to an associated company, Khalkos, totaling \$46 025 (\$56,825 for the six-month period ended December 31, 2016). These transactions occurred in the normal course of business and were measured at the exchange amount, which is the consideration established and agreed by the parties.

16.1 Transactions with key management personnel

The remuneration of the Company's key management personnel and the president includes the following expenses:

	Three-month period ended December 31,		Six-month period ended December 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Salaries and benefits	88,021	72,177	147,203	122,208
Share-based payments	237,500	621,000	237,500	621,000
Total remuneration	<u>325,521</u>	<u>693,177</u>	<u>384,703</u>	<u>743,208</u>

For the six-month period ended December 31, 2017, an amount of \$26,918 of salaries and benefits was recorded as *Exploration and evaluation assets* (\$28,051 for the six-month period ended December 31, 2016).

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17. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- To increase the value of the assets of the business; and
- To provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flows, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flowthrough shares for which an amount should be used for exploration work. See all details in Notes 11.1 and 18.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

18. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placement;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

During the reporting period ended December 31, 2017, the Company received \$5,000,000 following flow-through placements for which the Company will renounce tax deductions on December 31, 2017. The management is required to dedicate these funds to the exploration of Canadian mining properties exploration in the period of one year from the date of renouncement. The balance of the amount of this unexpended flow-through financing at December 31, 2017 is \$1,960,883 and is to be expended before December 31, 2018.

19. SUBSEQUENT EVENTS

On January 17, 2018, 700,000 options were exercised at a price of \$ 0.24. An amount of \$168,000 was received and an amount of \$140,000 representing the fair value of the options at the time of issue, were recorded as an increase in share capital.