SIRIOS RESOURCES INC.
TSX-V: SOI

Annual Financial Statements

As of June 30, 2018 and 2017

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Raymond Chabot
Grant Thornton

Independent Auditor's Report

Raymond Chabot
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To the Shareholders of
Sirios Resources Inc.

We have audited the accompanying financial statements of Sirios Resources Inc., which comprise the statements of financial position as at June 30, 2018 and 2017 and the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sirios Resources Inc. as at June 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP [1]

Val-d'Or
October 3, 2018

[1] CPA auditor, CA public accountancy permit no. A109964

SIRIOS RESOURCES INC.

Statements of Financial Position

(in Canadian dollars)

	Notes	**June 30, 2018**	June 30 2017
		$	$
ASSETS			
Current			
Cash		1,346,704	2,258,776
Term deposits	6	50,000	1,500,000
Other receivables	7	69,809	189,518
Listed shares		686,508	44,882
Good and services tax receivable		261,041	137,919
Tax credits receivable		1,969,288	1,603,756
Prepaid expenses		95,792	17,346
		4,479,142	5,752,197
Non current			
Property and equipment	8	581,772	282,568
Exploration and evaluation assets	9	21,102,011	14,759,235
Investment accounted for using the equity method	12	-	624,789
Total assets		26,162,925	21,418,789
LIABILITIES			
Current			
Trade and other payables		431,893	381,935
Provisions		183,679	183,679
Obligations under finance lease	11	37,793	-
		653,365	565,614
Non current			
Future tax liabilities	19	538,780	-
Total liabilities		1,192,145	565,614
EQUITY			
Share capital	14	42,909,356	37,170,056
Contributed surplus		3,820,961	3,485,044
Deficit		(21,759,537)	(19,801,925)
Total equity		24,970,780	20,853,175
Total liabilities and equity		26,162,925	21,418,789

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

These financial statements were approved and authorized by the Board of Directors on October 2, 2018.

(signed) Dominique Doucet
Dominique Doucet, President

(signed) Luc Cloutier
Luc Cloutier, Director

SIRIOS RESOURCES INC.
Statements of Comprehensive Loss
(in Canadian dollars)

	Notes	Years ended June 30, 2018	2017
		$	$
EXPENSES			
Salaries and employee benefits expense	15.1	718,996	1,022,061
Investors and shareholders' relations		147,767	204,923
Professional fees		119,793	98,423
Consulting fees		109,737	90,611
Rent expenses		65,668	27,882
Amortization of property and equipment		49,257	15,495
Trustees and registration fees		39,912	42,542
Training		27,863	-
Publicity and sponsorship		27,500	-
Office expenses		22,301	23,171
Insurances, taxes and permits		13,050	6,655
Bank charges		1,560	1,960
Income taxes of section XII.6		1,049	288
Project generation expenses		19,934	10,161
Loss on disposal of exploration and evaluation assets	9	109,592	-
Write-off of provision for compensation		-	(132,240)
Write-off of exploration and evaluation assets	9	-	58,318
OPERATIONAL LOSS		1,473,979	1,470,250
OTHER REVENUES AND EXPENSES			
Finance costs	17	(84,773)	(45,301)
Finance income	17	116,357	38,900
Share of loss from equity-accounted investment		(18,818)	(72,439)
Adjustment of ownership in equity-accounted investment		-	186,683
		12,766	107,843
LOSS BEFORE INCOME TAX		(1,461,213)	(1,362,407)
Deferred income taxes	19	(138,010)	301,950
NET LOSS AND COMPREHENSIVE LOSS		(1,599,223)	(1,060,457)
NET LOSS PER SHARE - basic and diluted	18	(0.01)	(0.01)

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

SIRIOS RESOURCES INC.

Statements of Changes in Equity

(in Canadian dollars)

	Notes	Share capital	Contributed Surplus	Deficit	Total Equity
		$	$	$	$
As of July 1st, 2016		31,458,620	2,578,068	(18,618,190)	15,418,498
Net loss and comprehensive loss		-	-	(1,060,457)	(1,060,457)
Share-based payments	15.2	-	1,011,000	-	1,011,000
Issuance costs of shares		-	-	(123,278)	(123,278)
Issuance of units and shares	14.1	1,826,260	52,154	-	1,878,414
Exercise of warrants	14.1	3,040,776	(55,778)	-	2,984,998
Exercise of options	14.1	274,400	(100,400)	-	174,000
Shares issued for the acquisition of mining rights	14.1	570,000	-	-	570,000
As of June 30, 2017		37,170,056	3,485,044	(19,801,925)	20,853,175
As of July 1st, 2017		37,170,056	3,485,044	(19,801,925)	20,853,175
Net loss and comprehensive loss		-	-	(1,599,223)	(1,599,223)
Share-based payments	15.2	-	470,250	-	470,250
Issuance costs of shares (a)		-	86,667	(358,389)	(271,722)
Issuance of units and shares	14.1	4,500,000	-	-	4,500,000
Exercise of warrants	14.1	742,300	-	-	742,300
Exercise of options	14.1	497,000	(221,000)	-	276,000
As of June 30, 2018		42,909,356	3,820,961	(21,759,537)	24,970,780

(a) Net of a deferred tax asset of an amount of $99,230.

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

SIRIOS RESOURCES INC.

Statements of Cash Flows

(in Canadian dollars)

	Notes	Years ended June 30, 2018	2017
		$	$
OPERATING ACTIVITIES			
Net loss		(1,599,223)	(1,060,457)
Adjustments			
Share-based payments		299,250	708,727
Write-off of provision for compensation		-	(132,240)
Amortization of property and equipment		49,257	15,495
Change in fair value of listed shares		75,345	44,882
Write-off of exploration and evaluation assets		-	58,318
Deferred income taxes		138,010	(301,950)
Loss on disposal of exploration and evaluation assets		109,592	-
Share of loss from equity-accounted investment		18,818	72,439
Adjustment of ownership in equity-accounted investment		-	(186,683)
Changes in working capital items		(157,376)	(206,196)
Cash flows from operating activities		(1,066,327)	(987,665)
INVESTING ACTIVITIES			
Tax credits received		513,289	-
Additions to term deposits		(50,000)	(1,200,000)
Term deposits redeemed		1,500,000	-
Additions to property and equipment		(416,019)	(116,623)
Additions to exploration and evaluation assets		(7,007,206)	(5,488,823)
Cash flows from investing activities		(5,459,936)	(6,805,446)
FINANCING ACTIVITIES			
Issuance of units and shares		6,018,300	5,339,362
Issuance cost of shares		(370,952)	(123,278)
Payment on obligation under finance lease		(33,157)	-
Cash flows from financing activities		5,614,191	5,216,084
NET CHANGE ON CASH		(912,072)	(2,577,027)
CASH, BEGINNING OF THE YEAR		2,258,776	4,835,803
CASH, END OF THE YEAR		1,346,704	2,258,776

For additional information on cash flows, see Note 20.

Supplementary informations

		2018	2017
Interests paid related to operating activities		9,428	419
Interests received related to operating activities		60,525	34,378

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

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.

2. COMPLIANCE WITH IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

3. GENERAL INFORMATION

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office 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".

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Overall

The significant accounting policies and measurement basis that have been applied in the preparation of the financial statements are summarized below.

4.2 Currency for operation presentation

The financial statements are presented in Canadian currency, which is also the operational currency of the Company.

4.3 Investment in associates

The associate, Pershimex Resources Corporation ("Pershimex") (previously Khalkos Exploration Inc.) is an entity over which the Company is able to exert significant influence but which is not a subsidiary. The investment in an associate is accounted for using the equity method and is initially recognized at cost plus transaction costs.

The carrying amount of the investment in an associate increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

If the Company's share of losses of associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

4.4 Financial instruments

Recognition, initial measurement and derecognition

Financials assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

4.4 Financial instruments (continued)

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liabilities is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest of principal payments; or
- it is becoming probable that the borrower will enter bankruptcy of financial reorganization.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income, if applicable.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, there are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect or discounting is immaterial. Cash, term deposits and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. The listed shares are classified in this category if financial instruments.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables, except salaries payable.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within Finance costs, if applicable.

4.5 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the exercise. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares, at the average market price, at the beginning of the exercise, or, if after, at the date of issue of the potential common shares.

4.6 Tax credits receivable

The Company is entitled to refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4.7 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-to-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.9); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4.9) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

4.7 Exploration and evaluation expenditures and exploration and evaluation assets (continued)

Disposal of interest in connection with option agreement

On disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

4.8 Property and equipment

Property and equipment, including assets leased under a finance lease, are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs subsequently to add to or replace part thereof.

Upon the transfer of exploration and evaluation assets to property and equipment under Mining assets under construction, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mining assets under construction. When development stage is completed, all assets included in the Mining assets under construction category are then transferred to Mining assets.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The periods generally applicable are as follows:

	Useful life
Leasehold improvements	5 years
Vehicles	5 years
Exploration camps and equipment	3 years
Office furniture	5 years
Computer equipment	3 years

The depreciation expense for each period is recognized in profit or loss except for certain items of property and equipment related to exploration and evaluation activities where the depreciation expense is included in the carrying amount of an exploration and evaluation asset when it relates to a specific exploration and evaluation project.

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

4.9 Impairment of exploration and evaluation assets and property and equipment

For the purposes of assessing impairment, assets are grouped at the lowest for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating level.

4.9 Impairment of exploration and evaluation assets and property and equipment (continued)

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-to-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

4.10 Lease agreements

Operating leases

Leases in which a significant portion of the risks and rewards for ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. Related expenses, such as maintenance and insurance expenses, are charged as incurred.

Finance leases

Leases for which the Company has substantially all the risks and rewards of ownership are classified as finance leases and are capitalize at the lease's commencement.

The related asset is recognized at the inception of the lease as the faire value of the leased asset or, if lower value, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability.

Depreciation methods and useful lives for assets held under finance lease agreements, correspond to those applied to comparable assets which are legally owned by the Company. The corresponding finance lease liability is reduced by lease payments less interest expense, which is recognized as a finance expense in profit or loss over the term of the lease.

4.11 Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.12 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transactions is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates are expected to apply to their respective period or realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

4.12 Income taxes (continued)

Deferred tax assets and liabilities are offset only when the Company has a right and intentions to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, or directly in equity, in which case the related deferred tax is also recognized in equity.

4.13 Equity

Share capital

Share capital represents the amount received on the issue of shares. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of mineral property or some other from of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Flow-through placements

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds are allocated to the other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount eligible expenditures capitalized as an asset and its tax basis.

Other elements of equity

Contributed surplus includes charges related to share options and warrants not exercised. When share options and warrants are exercised, the related compensation cost is transferred to share capital.

Deficit includes all current and prior retained profits or losses and shares issue expenses net of underlying income tax benefit from these issuance costs.

4.14 Equity-settled share-based payments

The Company operates equity-settled share-based payment plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any options for a cash settlement.

4.14 Equity-settled share-based payments (continued)

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or servicesreceived,the Company shall measure their value indirectly by reference to the fair value ofthe equityinstruments granted. For the transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

4.15 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors. The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

4.16 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted

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 on the Company's accounting policies for the first period beginning after the effective date of each 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 IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. 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. IFRS9 is effective for annual reporting periods beginning on or after January 1st, 2018. The management has determined that no impact will result from the adoption of this standard on its financial statements and the Company will apply retroactively with restatement of the comparative periods.

4.16 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted (continued)

IFRS 16, Operating lease agreement

In January 2016, the IASB published IFRS 16, Leases which will replace IAS 17, Lease. IFRS16 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 earlyapplication permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its financial statements.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimations and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimations and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimations 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 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 (see Note 4.12).

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 (see Note 4.9).

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.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (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.

See Note 9 for the exploration and evaluation assets impairment analysis.

For the year ended on June 30, 2017, the Company wrote-off the Taïgor and Kukames properties. The total impairment recognized in profit or loss amounts to $58,318. No reversal impairment losses has been recognized for the reporting periods.

There was no testing impairment required this year on the other properties, the Company has the capacity to keep these properties because it 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 ofexercise of the share options and warrants. The model used by the Company is the Black-Scholes valuation model. See Notes 14.2 and 15.2 for more information.

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. See Note 4.6 for more information.

6. TERM DEPOSITS

Term deposits presented in the statement of financial position ($50,000 on June 30, 2018; $1,500,000 on June 30, 2017) are redeemable annually, bearing interest at 1.90% (between 0.75% and 1.41% on June 30, 2017), maturing in June 2023 (between July 2017 and September 2019 on June 30, 2017).

(in Canadian dollars)

7. OTHER RECEIVABLES

	June 30, 2018	June 30, 2017
	$	$
Receivable from a partner	-	89,527
Receivable from listed companies	65,209	-
Advances to a private company, 6%	4,600	67,991
Advances to an associated company, 1.5%	-	32,000
	69,809	189,518

8. PROPERTY AND EQUIPMENT

	Leasehold improvements	Vehicles	Exploration camps and equip.	Office furniture	Computer equipment	Total
	$	$	$	$	$	$
YEAR 2017-2018						
Gross carrying amount						
Balance on July 1st, 2017	588	27,846	292,075	36,683	90,672	447,864
Additions	2,800	-	446,929	-	9,394	459,123
Balance on June 30, 2018	3,388	27,846	739,004	36,683	100,066	906,987
Accumulated amortization						
Balance on July 1st, 2017	10	458	89,654	36,683	38,491	165,296
Amortization	397	5,569	105,093	-	48,860	159,919
Balance on June 30, 2018	407	6,027	194,747	36,683	87,351	325,215
Carrying amount on June 30, 2018	2,981	21,819	544,257	-	12,715	581,772

(in Canadian dollars)

8. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements	Vehicles	Exploration camps and equip.	Office furniture	Computer equipment	Total
	$	$	$	$	$	$
YEAR 2016-2017						
Gross carrying amount						
Balance on July 1st, 2016	-	-	224,750	36,683	41,962	303,395
Additions	588	27,846	67,325	-	48,710	144,469
Balance on June 30, 2017	588	27,846	292,075	36,683	90,672	447,864
Accumulated amortization						
Balance on July 1st, 2016	-	-	-	35,971	23,900	59,871
Amortization	10	458	89,654	712	14,591	105,425
Balance on June 30, 2017	10	458	89,654	36,683	38,491	165,296
Carrying amount on June 30, 2017	578	27,388	202,421	-	52,181	282,568

All amortization expenses are presented in *Amortization of Property and equipment* except for *Exploration camps and equipment* and *Vehicles*, where the expense is presented in *Exploration and evaluation assets*. On June 30, 2018, the Company holds camps included in *Exploration camps and equipment* acquired through a finance lease for a net value of $70,950.

9. EXPLORATION AND EVALUATION ASSETS

YEAR 2017-2018

Mining rights	June 30, 2017	Additions	Disposal	June 30, 2018
	$	$	$	$
(a) Aquilon	888,202	-	-	888,202
(b) Cheechoo	985,482	-	-	985,482
(c) Cheechoo-extension	3,041	-	-	3,041
(e) Pontax	257,098	4,992	-	262,090
(g) 33F06	6,917	5,049	-	11,966
(h) Cheechoo-Éléonore Trend	38,086	-	(38,086)	-
(i) Goldorak	-	17,075	-	17,075
(j) Keoz	-	9,800	-	9,800
(k) Amikap	-	25,093	-	25,093
	2,178,826	62,009	(38,086)	2,202,749

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenses

	June 30, 2017	Additions	Disposal	Tax credits	June 30, 2018
	$	$	$	$	$
(a) Aquilon	1,287,103	102,597	-	(12,328)	1,377,372
(b) Cheechoo	8,548,319	7,166,003	-	(855,991)	14,858,331
(e) Pontax	2,627,798	523	-	-	2,628,321
(g) 33F06	33,667	693	-	-	34,360
(h) Cheechoo-Éléonore Trend	83,522	109,487	(182,507)	(10,502)	-
(i) Goldorak	-	461	-	-	461
(j) Keoz	-	339	-	-	339
(k) Amikap	-	78	-	-	78
	12,580,409	7,380,181	(182,507)	(878,821)	18,899,262
TOTAL	14,759,235	7,442,190	(220,593)	(878,821)	21,102,011

YEAR 2016-2017

Mining rights	June 30, 2016	Additions	Write-off	June 30, 2017
	$	$	$	$
(a) Aquilon	51,382	836,820	-	888,202
(b) Cheechoo	985,482	-	-	985,482
(c) Cheechoo-extension	1,408	1,633	-	3,041
(d) Kukames (1)	512	-	(512)	-
(e) Pontax	257,098	-	-	257,098
(f) Taïgor (1)	6,400	-	(6,400)	-
(g) 33F06	6,917	-	-	6,917
(h) Cheechoo-Éléonore Trend	-	38,086	-	38,086
	1,309,199	876,539	(6,912)	2,178,826

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenses

	June 30, 2016	Additions	Write-off	Tax credits	June 30, 2017
	$	$	$	$	$
(a) Aquilon	1,287,103	-	-	-	1,287,103
(b) Cheechoo	4,212,568	5,374,473	-	(1,038,722)	8,548,319
(e) Pontax	2,622,821	4,977	-	-	2,627,798
(f) Taïgor [1]	50,318	1,088	(51,406)	-	-
(g) 33F06	29,689	3,978	-	-	33,667
(h) Cheechoo-Éléonore Trend	-	130,228	-	(46,706)	83,522
	8,202,499	5,514,744	(51,406)	(1,085,428)	12,580,409
TOTAL	9,511,698	6,391,283	(58,318)	(1,085,428)	14,759,235

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

(1) During the exercise ended June 30, 2017, management wrote-off the mining rights and exploration and evaluation expenses for the Taïgor and Kukames properties for the following reasons: Abandonment of claims or non significant results following exploration fieldwork.

(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 since August 2016.

During the year ended on June 30, 2017, the Company issued 1,000,000 common shares with a market value of $570,000 and paid $250,000 in cash to acquire the remaining 50% of the property.

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

(b) 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).

Golden Valley Mines Ltd. 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.

(c) Cheechoo-extension

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

(d) Kukames

During the year ended on June 30, 2017, the mining rights were written off.

(e) Pontax

The property, owned at 100% by the Company, consists of 70 claims, divided in two-continuous blocks of 69 and 8 claims. It is located in James Bay (Qc), approximately 350 km north of Matagami.

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

(f) Taïgor

During the year ended on June 30, 2017, the mining rights and the exploration and evaluation expenses were written off.

(g) 33F06

The property consists of 18 claims and covers 10 square-km in the James Bay area (Qc). It is located about 50 km southwest of Radisson and about 20 km south of the LG-2 hydro-electric complex.

(h) Cheechoo-Éléonore Trend

The property was owned by a 50-50% joint venture with Sphinx Resources Ltd. and consisted of 551 claims in the James Bay area (Qc). On April 25, 2018, a company agreed to acquire the Company's interest in the Cheechoo-Eleonore Trend for 300,000 common shares of the company with a market value of $111,000. A lost of $109,593 was recorded in profit or loss.

(i) Goldorak

The property, owned at 100%, consists of 115 claims in the James Bay area (Qc) located about 15 km northwest of the 33F06 property.

(j) Keoz

The property, owned at 100%, consists of 66 claims in the James Bay area (Qc) located about 70 km north of the Cheechoo property.

(k) Amikap

The property, owned at 100%, consists of 169 claims in the James Bay area (Qc) located about 70 km north of the Cheechoo property.

10. OPERATING LEASE

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

	Minimum lease payment due		
	Within 1 year	1 to 5 years	Total
	$	$	$
June 30, 2018	72,144	72,144	144,288
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 year amount to $65,668 ($27,882 on June 30, 2017). This amount consist of minimum lease payments.

(in Canadian dollars)

11. OBLIGATIONS UNDER FINANCE LEASE

	June 30, 2018	June 30, 2017
	$	$
Obligation on rented camps, 42%, due in December 2018	37,793	-

The instalments on the obligation under finance leases for the next year are as follows:

	$
Year ended June 30, 2019	42,570
Interest included in minimum lease payments	(4,777)
Balance	37,793

12. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Since January 2012, the interest held in Pershimex Resources Corporation ("Pershimex"), 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 Pershimex. Shares of Pershimex held by the Company are now recorded as a financial asset measured at fair value.

The aggregate amount of Pershimex can be summarized as follows:

	June 30, 2017 (1)
	$
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.

(in Canadian dollars)

12. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (continued)

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

	June 30, 2017 (1)
	$
Total net assets	3,402,053
Contributed surplus not attached to common shareholders	(474,473)
	2,927,580
Proportion of ownership interests held	14.54%
	425,574
Permanent effects of the change in the Company's interest from the settlement of an another receivable by issuance of shares of Pershimex	(57,371)
	368,203
Capital gains balance	256,586
	624,789

(1) The Company used the latest available financial statement as of May 31, 2017.

Variation of the ownership

During the year ended on June 30, 2017, Pershimex issued shares for the exercise of warrants, at the closing of private placements, in return for the redemption of royalties and to acquire mining rights. Those issuances decreased the Company's ownership from 18.71% to 14.54%.

13. PROVISIONS

Provisions relate to various taxation 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 for 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 year ended on June 30, 2017, 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.

14. EQUITY

14.1 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.

(in Canadian dollars)

14.1 Share capital (continued)

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 June 30,	
	2018	2017
Common shares issued and fully paid at beginning of the exercise	120,131,793	101,311,810
Acquisition of mining rights (a)	-	1,000,000
Exercise of options (b) (c)	1,350,000	1,062,143
Exercise of warrants (d) (e)	3,711,500	11,718,882
Flow-through private placements (f) (g) (h)	11,111,111	2,213,000
Private placements (i) (j)	-	2,825,958
Common shares issued and fully paid at the end of the exercise	136,304,404	120,131,793
Preferred shares, Serie A	100,000	100,000

(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 year ended on June 30, 2018, 1,350,000 options were exercised. An amount of $276,000 was received and an amount of $221,000 representing the fair value of the options at the time of the issue were recorded as an increase in share capital.

(c) During the year ended on June 30, 2017, 1,062,143 options were exercised. An amount of $174,000 was received and an amount of $100,400, representing the fair value of the options at the time of the issue were recorded as an increase in share capital.

(d) During the year ended on June 30, 2018, 3,711,500 warrants were exercised. An amount of $742,300 was received at the exercise of warrants.

(e) During the year ended on June 30, 2017, 11,718,882 warrants was exercised. An amount of $2,984,999 was received and an amount of $55,778, representing the fair value of warrants, 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 closing.

(in Canadian dollars)

14.1 Share capital (continued)

(g) 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.

(h) 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 1,5000,000 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.

(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.

14.2 Warrants

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

	June 30, 2018		June 30, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of the exercise	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, end of the exercise	666,666	0.45	5,124,479	0.28

During the year ended on June 30, 2018, 3,711,500 warrants were exercised (11,718,882 warrants on June 30, 2017). A total amount of $742,300 was recorded in share capital (a total amount of $2,984,998 in share capital and an amount of $55,778 as a decrease in contributed surplus on June 30, 2017).

(in Canadian dollars)

14.2 Warrants (continued)

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 year
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 warrants.

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

	June 30, 2018		June 30, 2017	
Expiration date	Number of warrants	Exercise price	Number of warrants	Exercise price
		$		$
September 2, 2017	-	-	3,711,500	0.20
December 21, 2017	-	-	597,368	0.50
December 22, 2017	-	-	815,611	0.50
February 2, 2019	666,666	0.45	-	-
	666,666	0.45	5,124,479	0.28

15. EMPLOYEE REMUNERATION

15.1 Salaries and employee benefit expenses

Salaries and employee benefit expenses recognized are analyzed below:

	June 30, 2018	June 30, 2017
	$	$
Salaries and benefits	1,208,724	1,009,274
Share-based payments	470,250	1,011,000
	1,678,974	2,020,274
Less: salaries and share-based payments capitalized in Exploration and evaluation assets or presented in Project generation expenses	(959,978)	(998,213)
Salaries and employee benefit expenses	718,996	1,022,061

(in Canadian dollars)

15.2 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, maximum of 13,630,440 on June 30, 2018 (maximum of 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 maybe 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.

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

	June 30, 2018		June 30, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, at the beginning of the exercise	6,740,000	0.28	5,736,429	0.16
Granted	2,475,000	0.30	2,500,000	0.51
Exercised	(1,350,000)	(0.20)	(1,062,143)	(0.16)
Expired and cancelled	(75,000)	(0.50)	(434,286)	(0.27)
Outstanding, at the end of the exercise	7,790,000	0.30	6,740,000	0.28

The weighted average share price at the date of exercise was $0.29 in 2018 ($0.86 in 2017).

On October 20, 2016, the Board of Directors of the Company has granted 300,000 options under its stock option incentive plan to a director, at an exercise price of $0.59. The options expire five (5) years from the date of grant.

On November 29, 2016, the Board of Directors of the Company has granted 2,200,000 options under its stock option incentive plan to employees, directors, officers and consultants, at an exercise price of $0.50. The options expire five (5) years from the date of grant.

(in Canadian dollars)

15.2 Share-based payments (continued)

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 $0.19 each ($0.40 for the year ended on June 30, 2017) and was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2018	2017
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 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 table below summarizes the information related to outstanding share options:

	June 30, 2018		June 30, 2017	
Range of exercise price	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
From $0 to $0.35	5,365,000	2.69	4,240,000	1.98
From $0.36 to $0.70	2,425,000	3.21	2,500,000	4.40
	7,790,000		6,740,000	

In total, $470,250 of share-based payments (all of which related to equity-settled share-based payment transactions) was recorded ($299,250 in profit or loss as salaries and employee benefit expenses and $171,000 capitalized in exploration and evaluation assets) for the year ended on June 30, 2018 ($1,011,000, $708,727 in profit or loss as salaries and employee benefit expenses and $302,273 capitalized in exploration and evaluation assets for the year ended on June 30, 2017) and credited to contributed surplus.

16. FAIR VALUE MEASUREMENT

16.1 Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

(in Canadian dollars)

16.1 Fair value measurement of financial instruments (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the assets or liabilities.

The fair value of the listed shares have been estimated by reference of their quoted prices at the reporting date.

Listed shares, measured at fair value, in the statement of financial position on June 30, 2018 and 2017, are classified in Level 1.

17. FINANCE COSTS AND INCOME

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

	June 30,	
	2018	2017
	$	$
Interests on trade accounts	-	(419)
Change in fair value of listed shares	(75,345)	(44,882)
Interests on finance lease payments	(9,428)	-
	(84,773)	(45,301)

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

	June 30,	
	2018	2017
	$	$
Interests income from cash and term deposits	58,130	30,437
Interests income from other receivables	2,395	3,941
Management revenues	55,832	4,522
	116,357	38,900

18. 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 anti-dilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 14.2 and 15.2.

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 2018 and 2017.

	June 30,	
	2018	2017
Net loss	$(1,599,223)	$(1,060,457)
Weighted average number of shares	134,066,956	109,684,305
Basic and diluted loss per share	$(0.01)	$(0.01)

(in Canadian dollars)

19. INCOME TAXES

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the statement of comprehensive income can be reconciled as follows:

	2018	2017
	$	$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada, 26.75% (26.90% in 2017)	(390,874)	(366,487)
Adjustments for the following items		
Variation in tax rates	18,833	-
Tax effect of issuance of flow-through shares	1,337,500	716,057
Reversal of the other liabilities attributable to issuance of flow-through shares	(500,000)	(301,950)
Temporary differences unrecognized	(414,814)	(470,404)
Share-based payments	80,049	190,648
Variation of non-deductible fair value (non-taxable)	10,077	6,037
Other non-deductible expenses	(2,761)	(75,851)
	138,010	(301,950)

Major components of tax expenses

	2018	2017
	$	$
Inception and reversal of temporary differences	(303,509)	(245,653)
Variation in tax rates	18,833	-
Tax effect of issuance of flow-through shares	1,337,500	716,057
Reversal of the other liabilities attributable to issuance of flow-through shares	(500,000)	(301,950)
Temporary difference unrecognized	(414,814)	(470,404)
	138,010	(301,950)

(in Canadian dollars)

19. INCOME TAXES (continued)

Deferred tax assets and liabilities and variation of recognized amounts during the exercise

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance on July 1st, 2017	Recognized in profit or loss	Recognized in equity	Balance on June 30, 2018
	$	$	$	$
Amounts recognized				
Exploration and evaluation assets	(1,271,793)	(1,336,692)	-	(1,336,692)
Unused tax credits receivable	(115,940)	25,706	-	25,706
Property and equipment	28,676	55,877	-	55,877
Issuance costs of shares	41,089	(13,504)	99,230	85,726
Unused non-capital losses	1,317,968	630,603	-	630,603
Recognized deferred income tax assets and liabilities	-	(638,010)	99,230	(538,780)
Reversal of the other liabilities attributable to issuance of flow-through shares		500,000		
Variation of deferred income tax in profit or loss		(138,010)		

	Balance on July 1st, 2016	Recognized in profit or loss	Balance on June 30, 2017
	$	$	$
Amounts recognized			
Exploration and evaluation assets	(629,865)	(641,928)	(1,271,793)
Unused tax credits receivable	(56,985)	(58,955)	(115,940)
Property and equipment	-	28,676	28,676
Issuance costs of shares	-	41,089	41,089
Unused non-capital losses	686,850	631,118	1,317,968
Recognized deferred income tax assets and liabilities	-	-	-
Reversal of the other liabilities attributable to issuance of flow-through shares		(301,950)	
Variation of deferred income tax in profit or loss		(301,950)	

(in Canadian dollars)

19. INCOME TAXES (continued)

	June 30, 2018		June 30, 2017	
	Federal	Provincial	Federal	Provincial
	$	$	$	$
Deductible temporary difference unrecognized				
Property and equipment	-	-	-	191,174
Listed shares	-	427,852	70,963	70,963
Issuance costs of shares	-	-	44,302	318,229
Investment accounted for using the equity method	-	-	372,933	372,933
Non-capital losses	-	-	-	3,010,514
	-	427,852	488,198	3,963,813

The Company has investment tax credits to receive for an amount of $255,969 ($255,969 in 2017) that are not recognized. Those credits can be applied to reduce federal income tax and expire between 2023 and 2034.

The Company had resource tax credit to received for an amount of $223,837 in 2017 that were not recognized. Those credits could be applied to reduce provincial income tax.

20. ADDITIONAL INFORMATION - CASH FLOWS

The change in working capital items are detailed as follows:

	2018	2017
	$	$
Other receivables	119,709	(167,879)
Good and services tax receivable	(123,122)	(35,544)
Prepaid expenses	(78,446)	3,199
Trade and other payables	(75,517)	(5,972)
	(157,376)	(206,196)

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

	2018	2017
	$	$
Tax credits receivable credited to exploration and evaluation assets	878,821	1,085,428
Trades related to exploration and evaluation assets	409,432	256,111
Trades related to property and equipment	-	27,846
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
Shares received in consideration for the disposal of exploration and evaluation assets	111,000	-
Property and equipment acquired through a finance lease	70,950	-
Amortization of property and equipment included in exploration and evaluation assets	110,662	89,930
Reclassification of the investment accounted for using the equity method in listed shares	605,971	-

(in Canadian dollars)

21. 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 year, Sirios provided administrative services to an associated company totaling $46,609 ($108,357 for the year ended on June 30, 2017). 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. As of December 12, 2017, the associat company ceased to be related to the Company.

21.1 Transactions with key management personnel

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

	June 30,	
	2018	2017
	$	$
Salaries and benefits	305,461	228,447
Share-based payments	237,500	621,000
Total remuneration	542,961	849,447

For the year ended on June 30, 2018, an amount of $57,700 ($55,963 on June 30, 2017) of salaries and benefits was recorded as *Exploration and evaluation assets* .

22. 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 flow-through shares for which an amount should be used for exploration work. See all details in Notes 14.1 and 24.

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.

23. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are market, credit and liquidity risks.

The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

(in Canadian dollars)

23. FINANCIAL INSTRUMENT RISKS (continued)

The most significant financial risks to which the Company is exposed are described below.

23.1 Market credit

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the other price risk.

Other price risk sensitivity

The Company is exposed to fluctuations in the market prices of its listed shares. The fair value of the listed shares represents the maximum exposure to price risk.

If the quoted stock price for these listed shares had changed by ± 11% as on June 30, 2018, comprehensive loss and equity would have changed by $75,516.

23.2 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting dates, as summarized below:

	June 30,	
	2018	2017
	$	$
Cash	1,356,704	2,258,776
Term deposits	50,000	1,500,000
Other receivables	69,809	189,518
	1,476,513	3,948,294

Other receivables are receivables from listed companies and advances to a private company (receivables from a partner, advances to a private company and from an associated company for 2017), therefore, the exposure to credit risk for the Company's receivable is considered limited. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting date under review are good credit quality.

No allowances for credit losses was recognized on June 30, 2018 and 2017.

The credit risk for cash and cash equivalents and term deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

23.3 Liquidity credit

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

(in Canadian dollars)

23.3 Liquidity credit (continued)

During the exercise, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The following table shows the contractual maturities (including interest payments, if any) of financial liabilities of the Company:

	June 30, 2018	June 30, 2017
	$	$
Less than six months		
Trade and other payables	394,828	331,596

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk in particular its cash and cash equivalent and tax credits receivable. Cash and cash equivalent and tax credits receivable exceed the current outflow requirements.

24. 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 Companyis committed to taking all the necessary measures in the regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

During the year ended on June 30, 2018, the Company received an amount of $5,000,000 ($1,106,500 on June 30, 2017) from flow-through placement for which the Company renounced the tax deduction on December 31, 2017. Management is required to fulfill commitments within the stipulated deadline of one year from the renounciation date.

The product of unspent funding related to flow-through financings totals $0 ($0 on June 30, 2017).