

Annual Management Discussion and Analysis for 2017-2018



Discovering James Bay



Sirios Resources Inc.

TSX V: SOI
www.sirios.com

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**SIRIOS RESOURCES INC.
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED JUNE 30, 2018**

This Management Discussion and Analysis is dated October 2, 2018 and provides an analysis of the financial results for the year ended June 30, 2018 of Sirios Resources Inc. This discussion and analysis of the financial position and results of operations should be read in conjunction with the audited financial statements for the years ended June 30, 2018 and 2017.

This report contains "forward-looking statements" not based on historical facts. Forward-looking statements express as of the date of this report, estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events could differ materially from current expectations expressed or implied by the forward-looking statements include risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

These annual financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS") and in accordance with accounting policies that the Company proposes to adopt for the financial statements of the year ending June 30, 2018. These accounting policies are based on IFRS, which, according to the Company, will thus be in force.

1. CORPORATE PROFILE AND MISSION

Sirios Resources Inc. ("Sirios" or "the Company") mission is to discover world-class gold deposits in the James Bay region of Eastern Canada.

Common shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange, under the symbol "SOI". On June 30, 2018, there are 136,304,404 common shares issued and outstanding.

Sirios owns, on June 30, 2018, numerous high potential properties such as:

- CHEECHOO (100%): gold discovery in the vicinity of Goldcorp's Eleonore gold mine;
- AQUILON (100%): host of high grade gold vein system;
- PONTAX (100%) : polymetallic project with high grade silver and gold.

2. SUMMARY OF THE ACTIVITIES OF THE EXERCISE

- Closing of a flow-through private placement for a total amount of \$5,000,000;
- Exercise of 3,711,500 warrants for a total amount of \$742,300;
- Nomination of Mrs. Nicole Gauthier as exploration manager and M. Louis Martin as technical advisor;
- Diamond drilling campaign of 26,348 m on the Cheechoo property;
- Acquisition of three new projects: Goldorak (115 claims), Amikap (169 claims) and Keoz (66 claims);
- Disposal of the interest in the Cheechoo-Eleonore Trend property;
- Exploration and evaluation expenses of \$7,380,181 incurred mostly on the Cheechoo property.

3. RESULTS OF OPERATIONS

3.1 Summary of exploration activities

The following table consists of the main exploration and evaluation expenses by the Company on Aquilon, Cheechoo, Pontax, 33F06, CCE, Goldorak, Keoz and Amikap properties during the year. Other properties have not been subject to exploration work during the year.

Properties	Geology-prospecting \$	Geochemistry, analysis \$	Geophysics, line-cutting \$	Transport, helicopter, lodging \$	Drilling \$	General expenses \$	Total \$
Aquilon	70,056	740	-	23,733	-	8,068	102,597
Cheechoo	688,542	879,361	283,370	1,840,715	3,102,102	371,913	7,166,003
Pontax	443	-	-	-	-	80	523
33F06	398	-	-	10	-	285	693
CCE	65,748	32,301	-	11,429	-	9	109,487
Goldorak	428	-	-	-	-	33	461
Keoz	339	-	-	-	-	-	339
Amikap	78	-	-	-	-	-	78
Total	826,032	912,402	283,370	1,875,887	3,102,102	380,388	7,380,181

3.2 Forecast of work for the next fiscal year 2018-2019

The Company plans to continue its exploration work primarily on the Cheechoo property with the completion of metallurgical tests and the addition of additional surveys. The metallurgical tests, which will be carried out in the coming months, added to the data from the surveys carried out so far will make it possible to make a first estimate of the resources. Exploration programs will be established for all other properties but mainly for Aquilon and Pontax following the completion of compiling work currently underway. Finally, a reconnaissance survey will also be completed shortly on the Keoz property.

4.1.1 Executed works

The following fieldworks were completed during the exercise for a total amount of \$7,166,033 :

1. Diamond drilling campaigns (88 NQ drill holes totaling 26,348 metres)
2. Program of logging surveys (35 drill holes)
3. Lithogeochemistry
4. Lidar survey
5. Helicopter magnetometric survey
6. Prospecting of the mafic dyke sector, and detailed mapping of the western part of the main stripping
7. 3D modeling
8. Start of camp improvement work

All geological works were carried by the Sirius' exploration team. The logistical support of operations was provided by Services Technominex Inc.'s team of Rouyn-Noranda.

4.1.2 Diamond drilling campaigns

Eighty-eight NQ diamond drill holes (#108 to 194 and #196) and three PQ drill holes (#195, 197 and 198) were completed during the exercise (figure 2). PQ drill holes (472 metres) will be used to conduct total gold recovery tests and other metallurgical tests.

A first campaign of 33 drill holes totaling 10,628 metres (#108 to 140) was undertaken in fall 2017. A second campaign of 15,720 metres (58 drill holes; #141 to 198) was undertaken from January to June 2018. As of September 25, 2018, results for 24 surveys were still expected.

The cumulative metres drilled during the exercise add up to 26,347.5 metres (including the deepening of the drill holes 020E, 33E, 125E and 162A, 162B and 181A). The metres drilled of all 198 drill holes on the property have now reached 50,450 metres.

The holes intersected a large number of significant gold intervals. The published gold intervals can be found on our website, <http://sirios.devlabcrea.com/categories/cheechoo/>. Gold mineralization consists of a large volume at low levels in which multiple high levels are present. The high-grade Jordi and Eclipse zones are the best defined so far. Gold mineralization extends south-southwest over the property adjacent to Eleonore South.

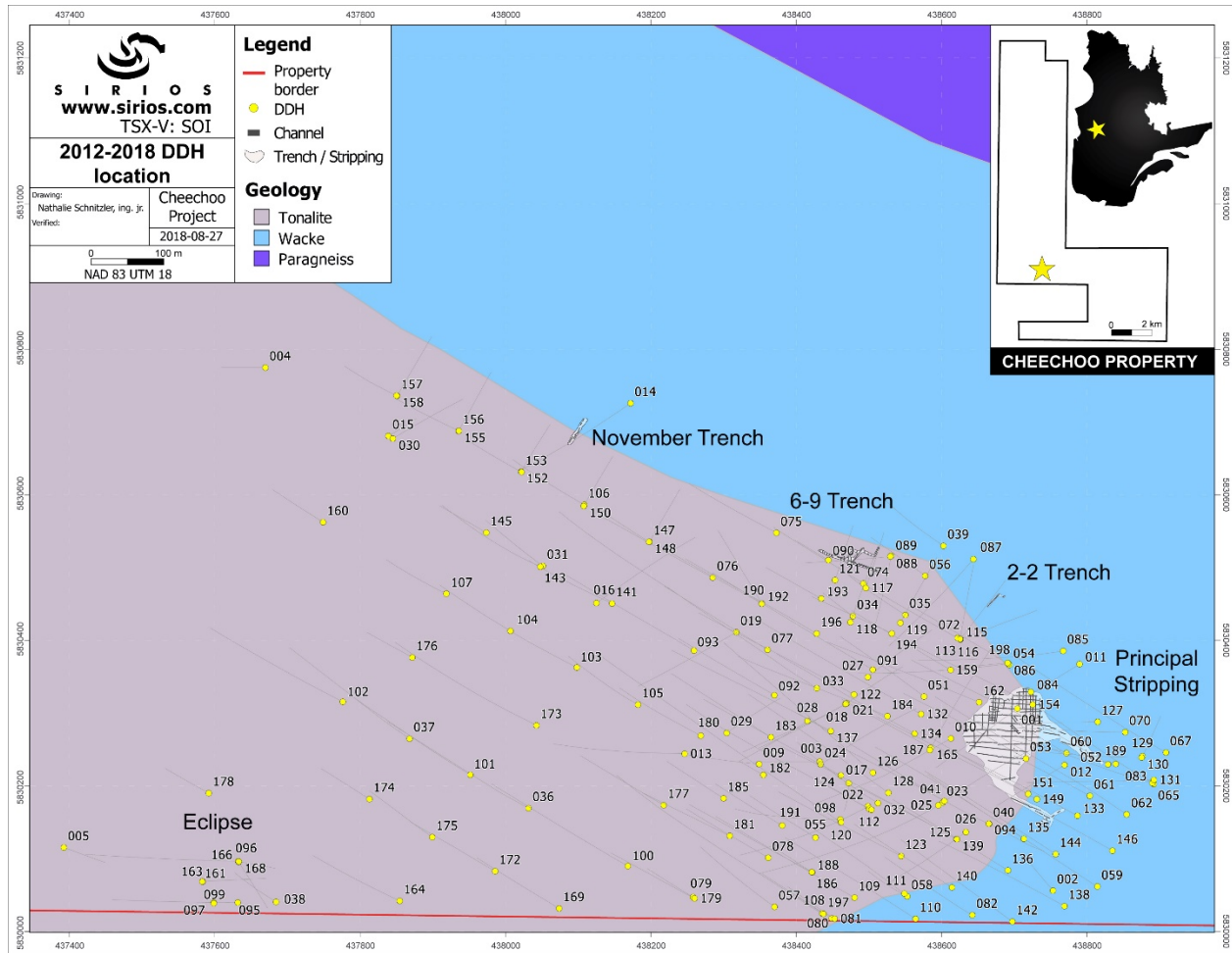


Figure 2 – Localisation of the drill holes on Cheechoo (#108-198)

4.1.3 Logging survey program

In the winter of 2018, logging surveys were undertaken in 35 different drill holes, for 9,500 metres, by the company Pan Pacific Wireline Services Group. In addition to the 21 logs completed in 2017, they provided structural data that allow better interpretation of the geometry of deformed and folded geological units controlling the auriferous mineralization on Cheechoo.

4.1.4 Lithogeochemistry

In December 2017, drill holes were selected for the analysis of oxides, trace and rare earths. The interpretation of the results of these analyzes was made by the Consorem as part of their project on the lithogeochemistry of Archean granitoids in the James Bay region. This study identified several favorable areas for gold associated with felsic and pegmatitic intrusions. In the spring of 2018, Sirius evaluated these areas and acquired two properties on the most promising targets: Amikap and Keoz (see section 4.4). The lithogeochemical study of the Cheechoo property continued internally in 2018.

4.1.5 Geochemistry

In the spring of 2018, Islandis Consultants submitted the 2017 till survey report, however the data were available in 2017 and were used as a guide in the exploration program.

4.1.6 Lidar survey

A Lidar survey was carried out by the firm JL Corriveau & Ass. Inc. to obtain high-resolution topographic coverage of the property and to define an optimal layout for a possible gravel class 3 road. This route was made by a forestry technician from Le Groupe Desfor, a consulting firm. The Lidar survey has been integrated with other geological data to complete the 3D modeling of the Cheechoo gold mineralization.

4.1.7 Geophysics

The technical analysis of the high resolution helicopter magnetic surveys of Novatem (2017) and GDS (2014) on the Cheechoo property was carried out by Marc Bovin, geophysicist consultant. The report was submitted in January 2018. The analysis shows that the resolution is better on the 2014 survey. Following this conclusion, the 2014 survey data were processed and analyzed in order to extract information from the geological and structural character. An analysis of the magnetic lineaments has been completed.

4.1.8 Prospecting, trenching and detailed mapping program

During the exercise, the results of the trenching program on the main stripping and trenches – to 9 carried out in the summer 2017 were compiled and integrated into the Sirios' database. Continuation of the detailed mapping of the main stripping and some trenches as well as several photos taken with the drone were carried out in the fall 2018. During the same period, the continuation of prospecting and sampling of the "mafic dyke" sector was also performed.

4.1.9 3D modeling of gold mineralization

3D modeling is an ongoing process that evolves with the addition of drill holes. Several steps have been taken to perfect the 3D model of the Cheechoo gold mineralization. Sirios commissioned SRK Consulting to review the structural and logging data. Eight holes were surveyed at the Rouyn-Noranda coreshack and a field visit was conducted. Subsequently, the log data was integrated into the Leapfrog software for interpretation to produce a robust and realistic 3D model.

4.1.10 Metallurgical tests

In the summer 2018, InnovExplo Inc. was consulted to discuss the parameters and procedures for bulk sampling and metallurgical testing. A visit to the Rouyn-Noranda coreshack was conducted to examine some of the drill holes.

The objective is to perform metallurgical tests to evaluate the effect of different particle sizes on gold recovery by gravimetry and cyanidation.

4.1.11 Statutory reports

Several statutory work reports covering the 2014-2015 and 2016-2017 drilling campaigns and exploration programs as well as geophysical and geochemical surveys have been submitted to the Ministère de l'Énergie et des Ressources Naturelles (MERN) for total expenditures of \$8.5M.

4.1.12 Permits

Several environmental permits and leases were requested during the exercise for the rehabilitation of the Cheechoo access road and for the raising of the camp which will become in the coming months. Consultations were conducted with independent environmental specialists of forest engineers and representatives of the MFFPQ (Quebec Department of Wildlife and Parks) to make improvements and/or priority fixes to the access path of the property.

4.2 Aquilon property

The Aquilon property is wholly owned by Sirios and it is constituted of 104 claims covering approximately 50 km². It is located at 10 km² south of the LA-1 hydro-electric complex in the region of Eeyou Istchee, James Bay, Quebec. An outfitter with a landing strip is located at less than 40 minutes by road to the property. The latter is accessible by road all year long. During the exercise, a brief tour of the Aquilon property was conducted by Sirios' geologists to verify some historical gold showings as well as to check the general condition of the property. A compilation of all previous works on this property was also initiated.

4.3 Pontax property

The Pontax property, consisting of 70 claims (approximately 249 km²) is located approximately 30 km by helicopter south of the road relay km 381, and approximately 275 km north of the city of Matagami (fig. 1 and 2). The property is owned by Sirios at 100%. It covers part of the sheet 32N15 and 33C02. The Pontax project is a silver and polymetallic project including an area with gold potential within a volcano-sedimentary sequence. Several works have been done : soil survey, till and magnetic survey and polarization provoked on part of the property, two small drill campaigns in 2007 and 2011, thin blade description. The results and evaluation of the potential of this property is not discussed. No activity was carried out on this project during the exercise.

4.4 Goldorak, Amikap et Keoz projects

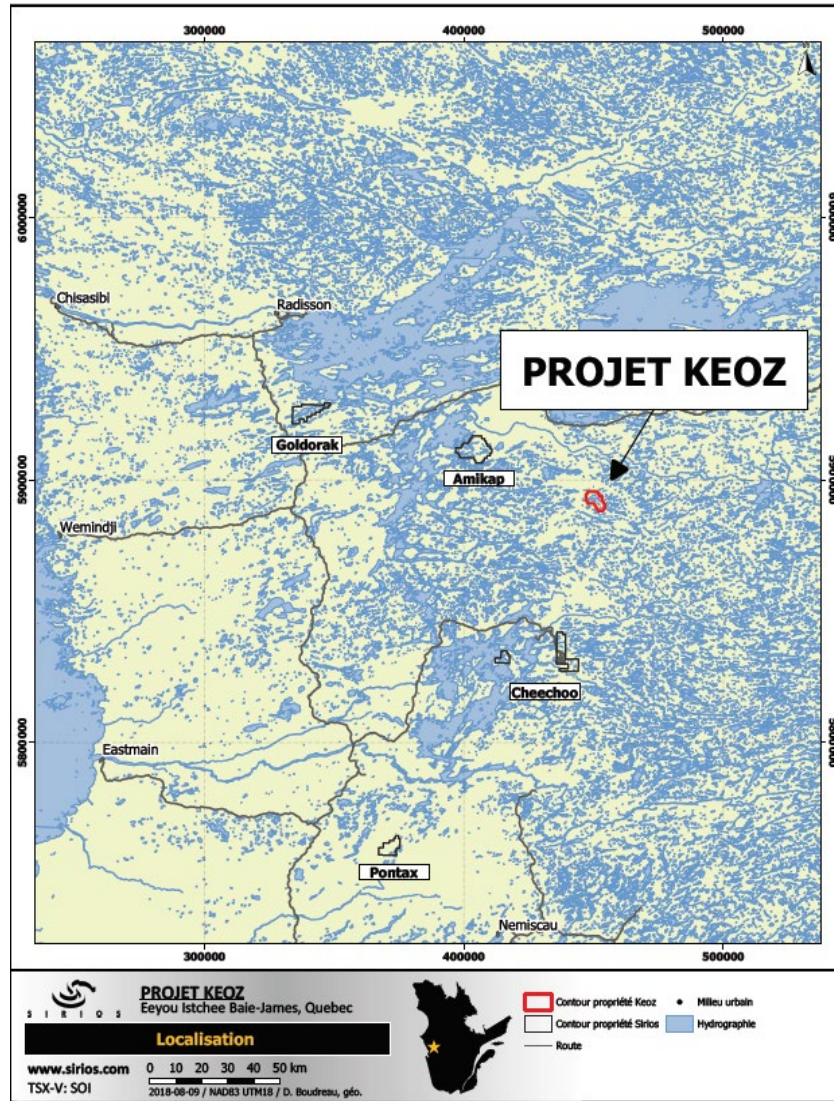


Figure 1: Carte de localisation du projet Keoz

4.4.1 Goldorak property

The Goldorak gold property was acquired by map designation during the exercise. It is 100% owned by Sirios and is constituted of 115 claims covering 59 km² at approximately 40 km south of the Radisson city. The property is located at approximately 5 km from the road of James Bay inside the NTS sheet 33F06. No fieldwork has been done on this property so far.

4.4.2 Amikap et Keoz properties

On May 3, two claim blocks were acquired following the disclosure by CONSOREM to its members of targets with potential for gold and base metals exploration in the Eeyou Istchee, James Bay, region of Quebec. These gold and multi-element targets have been defined by the CONSOREM (Morgane Gigoux) following the integration of several available geological and geochemical parameters showing similarities with the host intrusion of the Cheechoo gold mineralization.

The Amikap block of claims, covering a part of sheets 33F07 and 33F08, is constituted of 169 claims and cover close to 87 km². This property largely covers a specific structure, possibly a dome, consisting of a multi-phased intrusion. Five targets with potential, according to CONSOREM criteria, appear localized at the edge of the structure. An exploration program has been planned for 2019 as for the Goldorak project.

The Keoz property is a gold exploration project located in the Eeyou Istchee, James Bay region. The property is located approximately 25 km south of LG-3 (figure 1) covering one sector of NTS sheet 33G04 (Ewart Lake sheet). The property is accessible by the Transtaïga road and a secondary gravel road, formerly used by Hydro-Quebec. Approximately 38 km from the beginning of the path, a path can reach the property by all-terrain vehicle.

The project is located in the Opinaca Subprovince. The gold and arsenic levels recorded on the Keoz property are associated with syntectonic felsic intrusions and pegmatites intersecting a meta-sedimentary assemblage of paragneiss and biotite wacke.

Recognition prospecting work is being carried out at the date of publication of this report by two teams of geologists and technicians.

4.5 Cheechoo-Éléonore Trend (CET)

During the exercise, Sirius sold 50% interest in this project in exchange for 300,000 common shares of the Quebec Precious Metals Corporation.

5. OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

The net loss of the Company was \$1,599,223 (\$0.01 per share) for the year ended June 30, 2018 in comparison to a net loss of \$1,060,457 (\$0.01 per share) for the year ended June 30, 2017.

Annual results summary	June 30, 2018 \$	June 30, 2017 \$
Finance income	116,357	38,900
Write-off of exploration and evaluation assets	-	58,318
Share-based payments	470,250	1,011,000
Net loss	1,599,223	1,060,457
Net loss per share	0.01	0.01
Total assets	26,162,925	21,418,789

Finance income is comprised of interests on cash and on unpaid invoices of the Company and management revenues.

5.1 General and administrative expense analysis

General and administrative expenses, for the exercise ended in 2018 totaled \$1,005,374 in comparison with \$810,208 in 2017.

General and administrative expenses	2017-2018 \$	2016-2017 \$
Salaries and employee benefit expenses (excluding share-based payments)	419,746	313,334
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
Trustees and registration fees	39,912	42,542
Training	27,863	-
Publicity and sponsorship	27,500	-
Office expenses	22,301	23,171
Insurance	13,050	6,655
Interests charges	9,428	419
Bank charges	1,560	1,960
Income taxes of section XII.6	1,049	288
Total	1,005,374	810,208

Comparing the general and administrative expenses for the exercises ended June 30, 2018 and 2017, we note an increase in *Salaries and employee benefit expenses*. This increase can be explained by the payment of a severance pay for an employee in March 2018.

The increase in *Professional fees* can be explained by the establishment of a governance committee and a conflict interest policy, increasing legal fees as well as external consultations concerning human resources.

The increase in *Consulting fees* can be explained by the hiring of a part-time controller to replace an employee on maternity leave.

The increase in *Rent expenses* is due to an increase in the leasable area of the Company's offices.

For the increase in items *Publicity and sponsorship* and *Training*, the Company has decided this year to establish a training policy for geologists and to sponsor organizations that share the values of the Company.

The increase in *Interests charges* represents the interest paid on the asset held under a finance lease.

5.2 General analysis

Total assets of the Company fluctuated from \$21,418,789 in 2017 to \$26,162,925 in 2018.

Cash, including cash held for exploration charges, totaled \$1,346,704 in 2018 in comparison with \$2,258,776 in 2017; term deposits totaled \$50,000 in 2018 in comparison with \$1,500,000 in 2017. The cash as well as term deposits variations are directly linked to exploration fieldwork and administrative activities of the Company.

Other receivables varied from \$189,518 in 2017 to \$69,809 in 2018.

Listed shares totaled \$44,882 in 2017 to \$686,508 in 2018. The increase can be explained by the change in accounting method for the shares of Pershimex Resources Corporation ("Pershimex). Until December 2017, the shares were accounted for using the equity method because the Company was able to exert significant influence. As a result of the

decrease in the percentage of equity ownership, the Company now accounts for Pershimex's shares as financial assets measured at fair value.

Cash held for exploration expenses is nil on June 30, 2018 and 2017.

Exploration and evaluation assets varied from \$14,759,235 in 2017 to \$21,102,011 in 2018. Tax credits totaling \$878,821 in 2018 (\$1,085,428 in 2017) are recorded as a reduction of exploration and evaluation assets.

5.3 Summary of quarterly results

	2017-2018				2016-2017			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Other revenues and expenses	(262,505)	53,111	181,771	14,857	(863,523)	19,794	967,880	(16,308)
Net loss	1,199,223	133,311	203,828	62,861	1,080,614	(134,916)	(78,682)	193,441
Net loss per share	0.006	0.001	0.002	0.001	0.009	-	-	0.002

Other revenues and expenses consist mainly of changes in value of listed shares, interest income on cash and interests on unpaid invoices and management revenues.

For the Q3-2017, the net results of \$134,916 can be explained by recognized deferred taxes in the period, relating to the amount of flow-through expenditures incurred during the period.

For the Q4-2018, the net loss of \$1,199,223 can be explained by the recognition of a deferred tax of \$638,010. This adjustment is mainly due to the difference between the book value and the tax value (at the federal level) of exploration expenses that could not be offset by non-capital losses.

For the Q1-2017, the write-off of the Taigor property, for an amount of \$57,806, increased the net loss.

For the Q2-2017, the share-based payments, for the grant of options, of an amount of \$708,727, increased the net loss.

For the Q4-2018, the disposal of the CET property resulted in a \$109,592 loss on disposal of exploration and evaluation assets, decreasing revenues.

For the Q4-2017 and Q4-2018, the negative variation in the value of the listed shares for amounts of \$643,373 and \$297,103 respectively, decreased revenues.

For the Q2-2017, Q3-2017, Q1-2018, Q2-2018 and Q3-2018, the positive variation in the value of the listed shares for amounts of \$64,126, \$14,961, \$7,480, \$173,135 and \$41,142 respectively, increased revenues.

For the Q1-2017, Q2-2017, Q1-2018 and Q2-2018, the Company's share of the associated company's loss, recorded using the equity method for amounts of \$20,790, \$21,547, \$13,277 and \$2,790 respectively, decreased revenues.

For the Q1-2017, following the issuance by Pershimex of shares, the Company went through a dilution of its percentage in Pershimex. Following this dilution, an amount of \$369 increased revenues.

6. WORKING CAPITAL AND CASH FLOWS

The working capital, including cash held for exploration expenses, varied from an amount of \$5,186,583 on June 30, 2017 to an amount of \$3,825,777 on June 30, 2018. During the exercise, cash was used for exploration and administrative activities.

Management of Sirios evaluates that the amount of liquidity is acceptable and continually controls very strictly its general and administrative expenses. The Company is considered to be in the exploration stage, thus it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring sufficient financing, there is no guarantee of obtaining any future financing. Moreover, the current economic climate requires larger efforts than before to obtain funds from investors.

As of June 30, 2018 :

- 136,304,404 common shares were issued as well as 100,000 preferred shares;
- 666,666 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company;
- 7,865,000 options were granted and exercisable. Each option can be exchanged by its holder thereof for one common share of the Company.

7. INFORMATION ON ISSUED AND OUTSTANDING SHARES

Table of variation in issued and outstanding shares

	2017-2018		2016-2017	
	Quantity	Amount \$	Quantity	Amount \$
Common shares				
<i>Issued</i>				
Balance, beginning	120,131,793	37,120,056	101,311,810	31,408,620
Common shares	-	-	2,825,958	1,021,710
Flow-through common shares	11,111,111	4,500,000	2,213,000	804,550
Acquisition of mining rights	-	-	1,000,000	570,000
Exercise of options	1,350,000	497,000	1,062,143	274,400
Exercise of warrants	3,711,500	742,300	11,718,882	3,040,776
Preferred shares, Serie A				
<i>Issued and fully paid</i>	100,000	50,000	100,000	50,000
Total	<u>136,404,404</u>	<u>42,909,356</u>	<u>120,231,793</u>	<u>37,170,056</u>

On August 4, 2016, the Company issued 1,000,000 common shares to acquire the remaining 50% of the Aquilon property.

In August 2016, 300,000 options were exercised at a price of \$0.10 each, 100,000 options at a price of \$0.12 each and 21,429 options at a price of \$0.70.

In August 2016, 234,383 warrants were exercised at a price of \$0.18 each, 25,000 warrants at a price of \$0.20 and 152,625 warrants at a price of \$0.28 each.

In September 2016, 225,000 options were exercised at a price of \$0.24 each and 35,714 options at a price of \$0.70 each.

In September 2016, 248,750 warrants were exercised at a price of \$0.28 each.

In October 2016, 200,000 options were exercised at a price of \$0.10 each.

In October 2016, 12,500 warrants were exercised at a price of \$0.28 each.

In November 2016, 37,500 warrants were exercised at a price of \$0.28 each.

In December 2016, 625,000 warrants were exercised at a price of \$0.18 each, 192,500 warrants at a price of \$0.20 each and 1,393,515 warrants at a price of \$0.28 each.

On December 21, 2016, the Company completed the closing of a private placement for a total of \$454,000. In total, 1,194,736 shares were issued as well as 597,368 warrants. At the same date, the Company completed the closing of a flow-through private placement for a total of \$356,500. A total of 713,000 flow-through shares were issued.

On December 22, 2016, the Company completed the closing of a private placement for a total of \$619,864. In total, 1,631,222 shares were issued as well as 815,611 warrants. At the same date, the Company completed the closing of a flow-through private placement for a total of \$750,000. A total of 1,500,000 flow-through shares were issued.

In January 2017, 1,195,832 warrants were exercised at a price of \$0.18 each and 126,250 warrants at a price of \$0.28 each.

In January 2017, 80,000 options were exercised at a price of \$0.10 each.

In February 2017, 733,667 warrants were exercised at a price of \$0.18 each and 162,500 warrants at a price of \$0.28 each.

In March 2017, 225,000 warrants were exercised at a price of \$0.28 each.

In April 2017, 6,353,860 warrants were exercised at a price of \$0.28 each.

In April 2017, 100,000 options were exercised at a price of \$0.10 each.

On August 2, 2017, the Company completed the closing of a flow-through private placement for a total of \$5,000,000. A total of 11,111,111 flow-through shares were issued.

In September 2017, 3,711,500 warrants were exercised at a price of \$0.20 each.

In September 2017, 100,000 options were exercised at a price of \$0.10 each, 100,000 options at a price of \$0.12 each and 250,000 options at a price of \$0.24 each.

In January 2018, 700,000 options were exercised at a price of \$0.24 each.

In April 2018, 100,000 options were exercised at a price of \$0.10 each.

In May 2018, 100,000 options were exercised at a price of \$0.16 each.

Description	Number of common shares	Amount \$
As of June 30, 2018 and October 2, 2018	<u>136,304,404</u>	42,859,356

8. INFORMATION ON OUTSTANDING OPTIONS

Table of variation of options in circulation

	2017-2018		2016-2017	
	Number of options	Average exercise price \$	Number of options	Average exercise price \$
Balance, beginning	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)
Balance, end	7,790,000	0.30	6,740,000	0.28

In August 2016, 300,000 options were exercised at a price of \$0.10 each, 100,000 options at a price of \$0.12 each and 21,429 options at a price of \$0.70 each.

In September 2016, 225,000 options were exercised at a price of \$0.24 each and 35,714 options at a price of \$0.70 each.

The Board of Directors of Sirios has granted, on October 20, 2016, 300,000 stock options under its Stock Option Incentive Plan to a director at an exercise price of \$0.59 per share. The options expire five (5) years from the date of grant.

In October 2016, 200,000 options were exercised at a price of \$0.10 each.

The Board of Directors of Sirios has granted, on November 29, 2016, 2,200,000 stock options under its Stock Option Incentive Plan to employees, directors, officers and consultants at an exercise price of \$0.50 per share. The options expire five (5) years from the date of grant.

In January 2017, 80,000 options were exercised at a price of \$0.10 each.

In April 2017, 100,000 options were exercised at a price of \$0.10 each.

In September 2017, 100,000 options were exercised at a price of \$0.10 each, 100,000 options at a price of \$0.12 each and 250,000 options at a price of \$0.24 each.

The Board of Directors of Sirios has granted, on November 27, 2017, 2,475,000 stock options under its Stock Option Incentive Plan to employees, directors, officers and consultants at an exercise price of \$0.30 per share. The options expire five (5) years from the date of grant.

In January 2018, 700,000 options were exercised at a price of \$0.24 each.

In April 2018, 100,000 options were exercised at a price of \$0.10 each.

In May 2018, 100,000 options were exercised at a price of \$0.16 each.

Options granted to employees, directors, officers and consultants and exercisable as of October 2, 2018 :

Expiry date	Options granted and exercisable	Exercise price \$
October 24, 2018	25,000	0.12
December 11, 2018	875,000	0.16
May 6, 2019	300,000	0.15
November 25, 2019	400,000	0.10
April 13, 2020	160,000	0.12
April 27, 2020	300,000	0.12
December 8, 2020	830,000	0.10
October 20, 2021	300,000	0.59
November 29, 2021	2,125,000	0.50
November 27, 2022	2,475,000	0.30
	<u>7,790,000</u>	0.30

9. INFORMATION ON OUTSTANDING WARRANTS

Table of variation of outstanding warrants

	2017-2018		2016-2017	
	Number of warrants	Average exercise price \$	Number of warrants	Average exercise price \$
Balance, beginning	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	<u>666,666</u>	0.45	<u>5,124,479</u>	0.28

In August 2016, 234,383 warrants were exercised at a price of \$0.18 each, 25,000 warrants at a price of \$0.20 each and 152,625 warrants at a price of \$0.28 each.

In September 2016, 248,750 warrants were exercised at a price of \$0.28 each.

In October 2016, 12,500 warrants were exercised at a price of \$0.28 each.

In November 2016, 37,500 warrants were exercised at a price of \$0.28 each.

For the private placements of December 2016, a total of 1,412,979 warrants were issued at a price of \$0.50 each.

In December 2016, 625,000 warrants were exercised at a price of \$0.18 each, 192,500 warrants at a price of \$0.20 each and 1,393,515 warrants at a price of \$0.28 each.

In January 2017, 1,195,832 warrants were exercised at a price of \$0.18 each and 126,250 warrants at a price of \$0.28 each.

In February 2017, 733,667 warrants were exercised at a price of \$0.18 each and 162,250 warrants at a price of \$0.28 each.

In March 2017, 225,000 warrants were exercised at a price of \$0.28 each.

In April 2017, 6,353,860 warrants were exercised at a price of \$0.28 each.

For the flow-through private placement of August 2, 2017, 666,666 warrants were issued at a price of \$0.45 each.

In September 2017, 3,711,500 warrants were exercised at a price of \$0.20 each.

Warrants issued as October 2, 2018

Expiry date	Number of warrants	Exercise price \$
February 2, 2019	666,666	0.45
	666,666	0.45

10. RELATED PARTY TRANSACTIONS

10.1 Key management personnel

The remuneration of the Company's key management personnel and the president is as follows :

	June 30, 2018 \$	June 30, 2017 \$
Salaries and employee benefit expenses	305,461	228,447
Share-based payments	237,500	621,000
	542,961	849,447

11. SUSTAINABLE DEVELOPMENT PRINCIPALES

The Prospectors and Developers Association of Canada (PDAC) established a framework for responsible exploration called E3 Plus. The E3 Plus serves as a framework for exploration companies to continue their activities while improving their environmental, social and health and safety performances as well as integrating these three aspects in all their exploration work. Sirios adopted the eight principals of E3 Plus and ask its consultants and supplies to also respect them. Here are the main principals that apply to the Company:

- Apply ethical business practices: Sirios continues to abide by management procedures that promote honestly, integrity, transparency and accountability.
- Engage host communities and other affected and interested parties: During exploration activities, Sirios makes sure to interact with local and native communities, notably trappers, organizations, groups and individual on the basis of respect, inclusion and meaningful participation.
- Protect the environment: Sirios conducts its exploration activities in ways that create minimal disturbance to the environment and applies, in all of its operations, the principals of sustainable development.

Moreover, in 2012, the Company's Board of Directors signed a resolution with the following commitments about sustainable governance:

- Concerning governance and responsible management, the Company must ensure :
 - That employees, of all levels, understand their social and environmental responsibilities and that they work towards improving their workplace environmental;
 - To plan, evaluate and manage all its projects with rigor in order to minimize the negative effects on the environmental and local communities.
- Maintaining an open dialogue is key responsible management of projects on lands used by others. The Company must ensure :
 - To develop a proactive, open and transparent communication with local authorities (including Native communities), municipal authorities, as well as governmental organizations;
 - To develop a proactive communication with other parties involved from the region.
- Concerning health and safety, the Company must ensure :
 - To diligently apply the regulations, in terms of health and safety in all of its exploration activities.

- Concerning the environment, the Company must ensure :
 - To apply with diligence, the environmental regulation in all of its exploration activities.
- Concerning socio-economic implications, the Company must ensure :
 - Whenever possible, to generate benefits on a local level and to contribute to the local development by constructively partnering with native and non-native communities in order to respectively consider the interest of all parties involved.

12. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

12.1 Significant management judgment

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.

12.2 Estimation uncertainty

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.

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 are 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 exercise ended June 30, 2017, the Company wrote-off the Taigor and Kukames properties for an amount of \$58,318 recognized in profit or loss. No reversal impairment losses have 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.

12.3 Off-balance sheet arrangements

The Company did not set up any off-balance sheet arrangement, as of June 30, 2018.

13. RISKS AND UNCERTAINTIES

Risk inherent to the industry

Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, tailings impoundments failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing need.

Financial risk

The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Mining claims and title risks

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Tax

No assurance can be made that Canada Revenue Agency or Quebec Minister or Revenue will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses.

Dependence on key personnel

The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employees.

Conflict of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have any project or opportunity of the Company. If a conflict arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Environmental risks

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

14. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with International Financial Reporting Standards (IFRS). The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Montreal, October 2, 2018.

(signed) Dominique Doucet, President

(signed) Frederic Sahyouni, Chief Financial Officer