

**SIRIOS RESOURCES INC.**  
**- MANAGEMENT'S DISCUSSION & ANALYSIS -**  
**QUARTERLY HIGHLIGHTS – THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**



**S I R I O S**

**SIRIOS RESOURCES INC.**  
**TSX-V : SOI**

**Management's Discussion and Analysis**  
**Quarterly highlights**  
**For the three-month period ended September 30, 2018**

The following quarterly highlights management discussion and analysis of the financial condition and results of the operation of Sirios Resources Inc. ("the Company" or "Sirios") constitutes management's review of the factors that affected the Company's financial operating performance for the three-month period ended September 30, 2018.

This discussion and analysis should be read in conjunction with:

- The September 30, 2018 unaudited interim financial statements;
- The 2018 Annual Management report;
- The Company's audited financial statements for the years ended June 30, 2018 and 2017.

These documents and additional information may be available through [www.sedar.com](http://www.sedar.com) website, under the Company's section "Sedar filing" or at [www.sirios.com](http://www.sirios.com).

**1. Nature of activities**

Since its creation in 1994 under the Canada Business Corporations Act, Sirios' goal is to discover world-class gold deposits in the James Bay region, in Quebec. Over the years, Sirios has developed extensive expertise in the exploration of this region.

The 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". As at September 30, 2018, there are 136,304,404 common shares of Sirios issued and outstanding.

**2. Financing activities**

On October 23, 2018, the Company completed private placement for a total of \$175,000. In total, 875,000 shares were issued as well as 437,500 warrants.

On October 24, 2018, 25,000 options were exercised at a price of \$0.12.

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**3. Investing activities**

During the three-month period ended on September 30, 2018, the Company incurred \$533,038 in exploration expenses compared to \$1,315,487 for the same period in 2017.

Properties	Geology-prospecting \$	Transport, helicopter, lodging \$	Geophysics, line-cutting \$	Geochemistry-analysis \$	Drilling \$	General expenses \$	Total \$
<b>Aquilon</b>	69,411	824	-	156	-	-	70,391
<b>Cheechoo</b>	150,809	13,938	-	152,222	45,440	72,263	434,672
<b>Pontax</b>	16,710	6,887	-	-	-	-	23,597
<b>33F06</b>	-	2,856	-	-	-	-	2,856
<b>Keoz</b>	1,360	-	-	-	-	162	1,522
<b>Total</b>	238,290	24,505	-	152,378	45,440	72,425	533,038

*The technical data include in the following text have been revised by Dominique Doucet, engineer and President of Sirios. M. Doucet is a Qualified Person, as defined by National Instrument 43-101.*

**4. Exploration projects**

The technical data concerning the Cheechoo property that are included in this report have been revised by Dominique Doucet, engineer, President of Sirios and Jordi Turcotte, geologist, qualified persons, as defined by National Instrument 43-101. The technical data concerning the Aquilon property that are included in this report have been revised by Dominique Doucet. The technical data concerning the Keoz property that are included in this report have been revised by Dominique Doucet and Nicole Gauthier, geologist, exploration manager and a Qualified Person as defined by National Instrument 43-101.

**4.1 Cheechoo property**

The Company owns 100% of the property which consists of 145 claims, covering 75 km<sup>2</sup> divided in two noncontinuous blocks (figure 1). It is located 320 km north of Matagami, in Quebec, and 13 km east of the Eleonore gold mine of Goldcorp Inc. The main block of 124 claims, located in the 33B12 NTS sheet, is adjacent to the east of the Eleonore mine. The second block of 21 claims is located in the 33C09 NTS sheet and at around 20 km west of the main block. Golden Valley Mines Ltd. retains a net smelter return royalty ranging between 2.5% and 4% depending on the gold price and 4% net return for all other minerals extract of the project. Notably, the gold royalty will be 3% for a gold price per ounce between \$1,200 and \$2,400.

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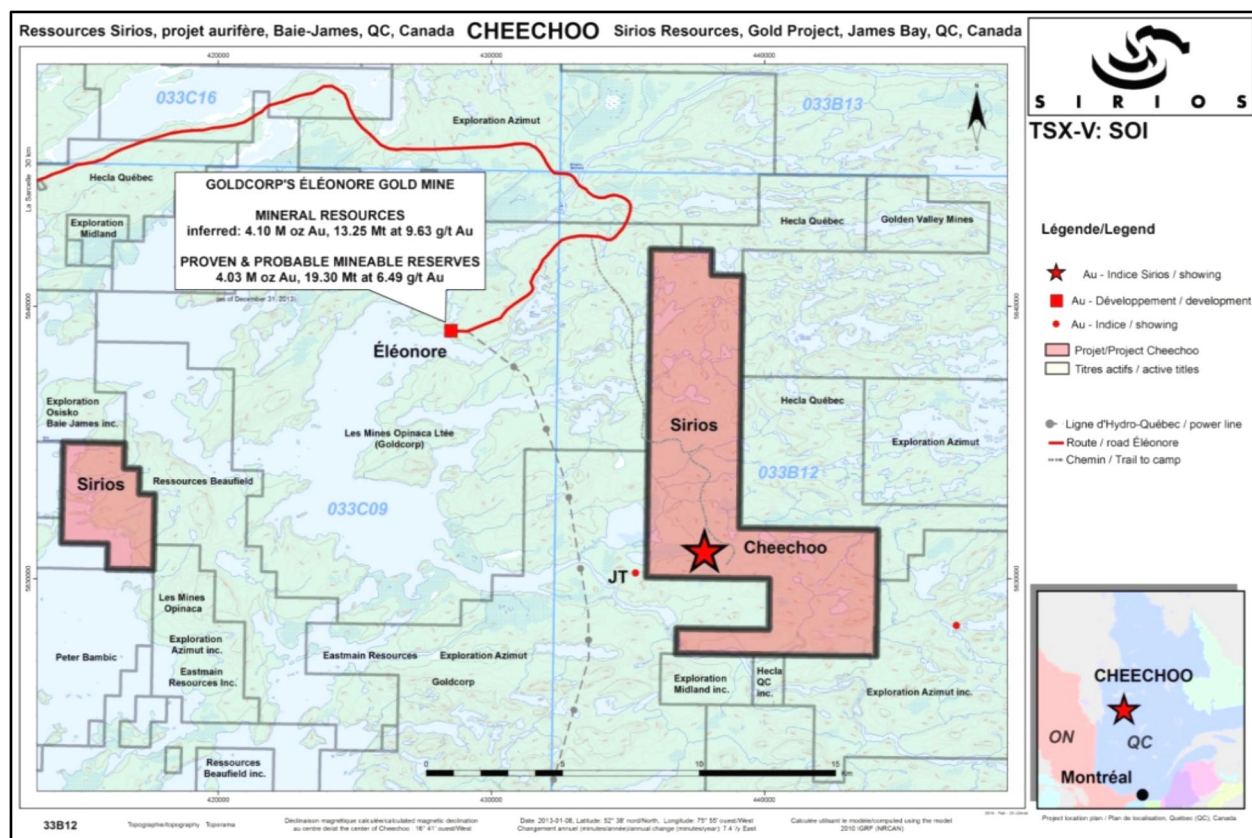


Figure 1 – Localisation of the Cheechoo property

4.1.1 Fieldwork undertaken

The following fieldworks were completed during the exercise for a total amount of \$434,672:

1. Integration and interpretation of new results of assays of several surveys.
2. Continuation of 3D modelling.
3. Planning of the Winter 2019 drilling campaign.
4. Design of protocols for new metallurgical tests.
5. Structural study of veins and pegmatites in relation to gold mineralization.

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

4.1.2 Analysis results and data integration

During the period, Results of surveys #181, #183, #184 to #187, #189, #190 and #192 were received and integrated into the database. Surveys #181, #184, #185 and #192 are part of the thirteen surveys published on October 17, 2018. The results of the remaining five surveys are pending. The cumulative metres drilled on the property, through 198 surveys, totaled 50,450 metres. Surveys' locations can be viewed at the

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following link : <https://storage.googleapis.com/sirios-www-media/1/2018/09/d64f0579-2012-2018ddh-location.jpg>

The holes intersected many significant gold intervals. The published gold intervals can be found on our website, <https://sirios.com/en/cheechoo/>. Gold mineralization consists of a large volume of low-grade with numerous high-grade zones inside it. The high-grade Jordi and Eclipse zones are the better defined currently. Gold mineralization extends south-southwest over the adjacent property, Eleonore South.

#### *4.1.3 3D Modelling of gold mineralization*

The 3D modelling is continuously evolving with the addition of new drill hole results. Currently, the modeling continues with the estimation of the volume of envelopes of different gold grades. The next steps will be statistical analysis and other procedures in preparation for a preliminary estimate of internal resources.

#### *4.1.4 Metallurgical tests*

During the period, a call for tenders was issued to four laboratories for the execution of various metallurgical tests. COREM from Quebec City was finally selected for the undertaking of these tests. Please refer to the press release of November 5th for more details on this subject. Sirios' geological team visited COREM facilities in Quebec City last October 30th.

#### *4.1.5 Structural study of veins and pegmatites in relation to gold*

A postdoctoral researcher, François Turlin, led by Dr. Michel Jébrak of UQAM, began last August a study on the relation of vein systems, pegmatites and gold on the Cheechoo project. The study is currently carried out on a section of two surveys (#CH16-059 and #CH17-012) oriented N300° which crosses through the Cheechoo gold deposit. Two objectives are set for this project: 1) to determine the gold potential on Cheechoo by an authentic method that has never been used in this mineralization context and 2) to better understand the unusual mineralization of Cheechoo, which is difficult to classify as a gold deposit. The continuation of this first phase will be the mineralogical study of the veins and pegmatites. A first presentation took place at the Sirios office on October 19th.

This project is financed by Mitacs and Sirios. Mitacs is a national, not-for-profit organization that has designed and delivered research and training programs in Canada for 19 years. Working with 60 universities, 4,000 companies, and both federal and provincial governments, we build partnerships that support industrial and social innovation in Canada.

#### 4.2 Aquilon property

Compilation and integration of all data into the database are ongoing. Integration of these data into the Leapfrog software has started. The goal is to create a 3D model that will allow the evaluation of the project and establish an effective exploration program.

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4.3 Keoz property

A reconnaissance survey program was conducted on the Keoz property in October by a team of two Sirius' geologists and two technicians. The team was based at the Eleonore mine and was transported by helicopter. About fifty rock and channel samples were collected. All results have been received and only a few samples had little gold anomaly.

**5. Overall performance**

The net loss of the period is \$456,152 (net loss of \$62,861 for the same period last year) whereas expenses for the period totalled \$201,687 (\$162,227 for the same period last year).

Analysis

- Increase in *Salaries and employee benefit expenses* due to salaries increases;
- Increase in Professional fees regarding legal fees relating to operations of the Company;
- Increase in Rent expenses due to an increase in the leasable area of the Montreal office (progressive charge over a period of 12 months).

Analysis of the non-monetary operations that does not require an outflow or inflow of cash

	Three-month period ended September 30, 2018 \$	Three-month period ended September 30, 2017 \$
Change in fair value of listed shares	(258,399)	7,480
Amortization	(4,623)	(7,385)
Deferred income taxes	-	91,894
Share of loss from equity-accounted investment	-	(13,277)

**6. Financial position**

- Working capital decreased by \$979,956 going from \$3,825,777 on June 30, 2018 to \$2,848,821 on September 30, 2018. The decrease can be explained by the decrease of the value of listed shares, as well as the reception of a tax credit less administrative and exploration expenses during the period;
- Cash and term deposits totaled \$1,688,208 on September 30, 2018 compared to \$1,396,704 on June 30, 2018;
- The product of unspent funding related to flow-through financings is nil. The Company is 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;
- On September 30, 2018, Sirius has accrued \$883,860 in refundable tax credits related to exploration expenditures.

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**7. Related party transactions**

Key management personnel of the Company are members of the Board of Directors, as well as the President and the Chief Financial Officer. For the three-month period ended September 30, 2018, the compensation in salaries was \$60,880 (\$59,182 for the same period last year). An amount of \$12,366 (\$12,399 last year) was capitalized in *Exploration and evaluation assets*.

Until December 12, 2017, related parties also included an associated company. During the three-month period ended September 30, 2017 (last year's period), Sirios provided administrative services to this company totaling \$22,867. 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.

**8. Forward-looking information**

See the forward-looking information in the 2018 Annual Management report.

Montreal, Quebec.  
November 13, 2018.