



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

**Interim Financial Statements (unaudited)**

**DECEMBER 31, 2018**

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

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# SIRIOS RESOURCES INC.

## Interim Statement of Financial Position (unaudited)

(in Canadian dollars)

	Notes	December 31, 2018	June 30, 2018
		\$	\$
<b>ASSETS</b>			
Current			
Cash		2,743,074	1,346,704
Term deposits	4	50,000	50,000
Other receivables	5	65,658	69,809
Listed shares		381,105	686,508
Good and services tax receivable		128,351	261,041
Tax credits receivable		883,860	1,969,288
Prepaid expenses		110,866	95,792
		4,362,914	4,479,142
Non current			
Property and equipment	6	837,295	581,772
Exploration and evaluation assets	7	22,437,581	21,102,011
<b>Total assets</b>		<b>27,637,790</b>	<b>26,162,925</b>
<b>LIABILITIES</b>			
Current			
Trade and other payables		183,494	431,893
Provisions	10	183,679	183,679
Other liabilities		752,726	-
Obligations under finance lease	9	-	37,793
		1,119,899	653,365
Non current			
Future tax liabilities		538,780	538,780
<b>Total liabilities</b>		<b>1,658,679</b>	<b>1,192,145</b>
<b>EQUITY</b>			
Share capital	11.1	44,804,846	42,909,356
Contributed surplus		4,020,961	3,820,961
Deficit		(22,846,696)	(21,759,537)
<b>Total equity</b>		<b>25,979,111</b>	<b>24,970,780</b>
<b>Total liabilities and equity</b>		<b>27,637,790</b>	<b>26,162,925</b>

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

These interim financial statements were approved and authorized by the Board of Directors on February 12, 2019.

*(signed) Dominique Doucet*

Dominique Doucet, President

*(signed) Luc Cloutier*

Luc Cloutier, Director

# SIRIOS RESOURCES INC.

## Interim Statement of Comprehensive Loss (unaudited)

(in Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		December 31,		December 31,	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>EXPENSES</b>					
Salaries and employee benefits expenses	12.1	245,382	381,325	316,649	442,917
Investors and shareholders' relations		117,315	47,500	151,780	70,728
Professional fees		45,356	47,402	89,279	73,084
Trustees and registration fees		19,290	23,752	20,968	27,022
Rent expenses		18,036	16,913	39,776	29,596
Publicity and sponsorship		6,963	10,000	14,004	20,000
Office expenses		6,142	4,189	10,151	8,201
Amortization of property and equipment		4,611	7,076	9,234	14,461
Insurances, taxes and permits		2,641	1,666	4,377	3,332
Consulting fees		2,212	32,869	17,456	47,869
Bank charges		711	389	1,295	982
Training		-	17,313	-	17,313
Income taxes of section XII.6		-	288	-	288
Project generation expenses		-	6,934	-	11,436
<b>OPERATIONAL LOSS</b>		<b>468,659</b>	<b>597,616</b>	<b>674,969</b>	<b>767,229</b>
<b>OTHER REVENUES AND EXPENSES</b>					
Finance costs	13	(48,410)	-	(310,259)	-
Finance income	13	6,144	187,312	18,151	215,446
Share of loss from equity-accounted investment		-	(2,790)	-	(16,067)
Adjustment of ownership in equity-accounted investment		-	(2,751)	-	(2,751)
		(42,266)	181,771	(292,108)	196,628
<b>LOSS BEFORE INCOME TAX</b>		<b>(510,925)</b>	<b>(415,845)</b>	<b>(967,077)</b>	<b>(570,601)</b>
Deferred income taxes		56,236	212,017	56,236	303,911
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>(454,689)</b>	<b>(203,828)</b>	<b>(910,841)</b>	<b>(266,690)</b>
<b>NET LOSS PER SHARE - basic and diluted</b>	14	<b>(0.003)</b>	<b>(0.002)</b>	<b>(0.007)</b>	<b>(0.002)</b>

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

# SIRIOS RESOURCES INC.

## Interim Statement of Changes in Equity (unaudited)

(in Canadian dollars)

	Notes	Share capital	Contributed surplus	Deficit	Total Equity
		\$	\$	\$	\$
<b>As of July 1st, 2017</b>		37,170,056	3,485,044	(19,801,925)	20,853,175
Net loss and comprehensive loss		-	-	(266,690)	(266,690)
Share-based payments	11.1	-	470,250	-	470,250
Issuance costs of shares		-	86,667	(458,369)	(371,702)
Issuance of shares	12.1	4,500,000	-	-	4,500,000
Exercise of warrants	12.1	742,300	-	-	742,300
Exercise of options	12.1	146,000	(64,000)	-	82,000
<b>As of December 31, 2017</b>		<b>42,558,356</b>	<b>3,977,961</b>	<b>(20,526,984)</b>	<b>26,009,333</b>
<b>As of July 1st, 2018</b>		42,909,356	3,820,961	(21,759,537)	24,970,780
Net loss and comprehensive loss		-	-	(910,841)	(910,841)
Share-based payments	11.1	-	184,000	-	184,000
Issuance costs of shares		-	-	(176,318)	(176,318)
Issuance of units and shares	12.1	1,890,990	17,500	-	1,908,490
Exercise of options	12.1	4,500	(1,500)	-	3,000
<b>As of December 31, 2018</b>		<b>44,804,846</b>	<b>4,020,961</b>	<b>(22,846,696)</b>	<b>25,979,111</b>

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

# SIRIOS RESOURCES INC.

## Interim Statement of Cash Flows (unaudited)

(in Canadian dollars)

	Six-month period ended	
	December 31,	
	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(910,841)	(266,690)
Adjustments		
Share-based payments	119,600	299,250
Amortization of property and equipment	9,234	14,461
Change in fair value of listed shares	305,403	(180,615)
Deferred income taxes	(56,236)	(303,911)
Share of loss from equity-accounted investment	-	16,067
Adjustment of ownership in equity-accounted investment	-	2,751
Changes in working capital items	(138,677)	(310,250)
Cash flows from operating activities	(671,517)	(728,937)
<b>INVESTING ACTIVITIES</b>		
Tax credits received	1,085,428	513,284
Term deposits redeemed	-	500,000
Additions to property and equipment	(366,871)	(28,002)
Additions to exploration and evaluation assets	(1,157,011)	(2,897,709)
Cash flows from investing activities	(438,454)	(1,912,427)
<b>FINANCING ACTIVITIES</b>		
Issuance of units and shares	2,720,452	5,824,300
Issuance costs of shares	(176,317)	(371,702)
Payment on obligation under finance lease	(37,794)	-
Cash flows from financing activities	2,506,341	5,452,598
<b>NET CHANGE ON CASH</b>	1,396,370	2,811,234
<b>CASH, BEGINNING OF THE YEAR</b>	1,346,704	2,258,776
<b>CASH, END OF THE YEAR</b>	2,743,074	5,070,010
<b>Supplementary information</b>		
Interests paid related to operating activities	4,856	-
Interests received related to operating activities	18,151	29,664

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

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

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(in Canadian dollars)

#### 1. NATURE OF OPERATIONS

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

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

#### 2. SUMMARY OF ACCOUNTING POLICIES

##### **Basis presentation**

These interim financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SUMMARY OF ACCOUNTING POLICIES, as described in our financial statements for the year ended June 30, 2018. The interim financial statements do not include all of the notes required in annual financial statements.

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

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. IFRS 9 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.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

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(in Canadian dollars)

#### 2. SUMMARY OF ACCOUNTING POLICIES (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 early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its financial statements.

#### 3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

##### **Significant management judgment**

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

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

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

##### **Estimation uncertainty**

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

##### **Impairment of exploration and evaluation assets**

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

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

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 3. 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.

For the six-month period ended December 31, 2018 and 2017, there were no impairment. No reversal impairment losses has been recognized for the reporting periods.

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

#### Share-based payments

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

#### Tax credits

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

#### 4. TERM DEPOSITS

Term deposits presented in the statement of financial position (\$50,000 on December 31, 2018 and June 30, 2018) are redeemable annually, bearing interest at 1.90%, maturing in June 2023.

#### 5. OTHER RECEIVABLES

	December 31, 2018	June 30, 2018
	\$	\$
Receivable from listed companies	65,658	65,209
Advances to a private company, 6%	-	4,600
	<u>65,658</u>	<u>69,809</u>

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Vehicles	Exploration camps and equip.	Computer equipment	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>					
Balance on July 1st, 2018	3,388	27,846	739,004	100,066	870,304
Additions	-	-	366,110	761	366,871
Balance on December 31, 2018	3,388	27,846	1,105,114	100,827	1,237,175
<b>Accumulated amortization</b>					
Balance on July 1st, 2018	407	6,027	194,747	87,351	288,532
Amortization	342	2,807	99,306	8,893	111,348
Balance on December 31, 2018	749	8,834	294,053	96,244	399,880
<b>Carrying amount on December 31, 2018</b>					
	2,639	19,012	811,061	4,583	837,295

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*.

#### 7. EXPLORATION AND EVALUATION ASSETS

<i>Mining rights</i>	June 30, 2018	Additions	Write-off	December 31, 2018
	\$	\$	\$	\$
(a) Aquilon	888,202	-	-	888,202
(b) Cheechoo	985,482	21,530	-	1,007,012
(c) Cheechoo-extension	3,041	1,634	-	4,675
(d) Pontax	262,090	-	-	262,090
(e) 33F06	11,966	-	-	11,966
(f) Goldorak	17,075	-	-	17,075
(g) Keoz	9,800	-	-	9,800
(h) Amikap	25,093	-	-	25,093
(i) 33C06/33C11	-	5,791	-	5,791
	2,202,749	28,955	-	2,231,704

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

<i>Exploration and evaluation expenses</i>	June 30,	Additions	Write-off	December 31,
	2018			2018
	\$	\$	\$	\$
(a) Aquilon	1,377,372	131,939	-	1,509,311
(b) Cheechoo	14,858,331	1,101,462	-	15,959,793
(d) Pontax	2,628,321	23,596	-	2,651,917
(e) 33F06	34,360	2,856	-	37,216
(f) Goldorak	461	-	-	461
(g) Keoz	339	46,762	-	47,101
(h) Amikap	78	-	-	78
	18,899,262	1,306,615	-	20,205,877
<b>TOTAL</b>	<b>21,102,011</b>	<b>1,335,570</b>	<b>-</b>	<b>22,437,581</b>

##### (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.

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) 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.

##### (e) 33F06

The property, owned at 100%, 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.

##### (f) 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.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

**(g) 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.

**(h) 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.

**(i) 33C06/33C11**

The property, owned at 100%, consists of 19 claims in the James Bay area (Qc).

#### 8. 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
	\$	\$	\$
December 31, 2018	72,144	36,072	108,216
June 30, 2018	72,144	72,144	144,288

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

Lease payments recognized as an expense during the six-month period amounts to \$39,776 (\$29,596 on December 31, 2017). This amount consists of minimum lease payment.

#### 9. OBLIGATIONS UNDER FINANCE LEASE

	December 31, 2018	June 30, 2018
	\$	\$
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

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 10. 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.

#### 11. EQUITY

##### 11.1 Share capital

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

##### Authorized

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

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

	Number of shares	
	Six-month period ended	
	December 31,	
	2018	2017
Common shares issued and fully paid at beginning of the period	136,304,404	120,131,793
Private placement (a)	875,000	-
Exercise of options (b) (c)	25,000	450,000
Flow-through private placement (d) (e)	11,556,599	11,111,111
Exercise of warrants (f)	-	3,711,500
Common shares issued and fully paid at the end of the period	148,761,003	135,404,404
Preferred shares, Serie A	100,000	100,000

(a) On October 23, 2018, the Company completed the closing of a private placement for a total of \$175,000. It was composed of 875,000 units. The unit, offered at \$0.20, was composed of one common share and half a warrant. In total, 875,000 shares, as well as, 437,500 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.26 per share for a period of twenty-four months. An amount of \$17,500, related to warrants, was recorded as an increase in contributed surplus.

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

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 11.1 Share capital (continued)

(c) During the six-month period ended December 31, 2018, 25,000 options were exercised. An amount of \$3,000 was received and an amount of \$1,500, representing the fair value of the options at the time of the issue, were recorded as an increase in share capital.

(d) 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.

(e) On November 28, 2018, the Company completed the closing of a flow-through private placement for a total of \$2,542,452. It was composed of 11,556,599 flow-through shares at a price of \$0.22 each. An amount of \$1,733,490 was recorded in share capital and an amount of \$808,962 was recorded as other liabilities in the statement of financial position.

(f) During the six-month period ended December 31, 2017, 3,711,500 warrants were exercised. An amount of \$742,300 was received at the exercise of those warrants.

#### 11.2 Warrants

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

	Six-month period ended December 31, 2018		Year ended June 30, 2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, at beginning	666,666	0.45	5,124,479	0.28
Issued	437,500	0.22	666,666	0.45
Exercised	-	-	(3,711,500)	(0.20)
Expired	-	-	(1,412,979)	(0.50)
Balance, at the end	<u>1,104,166</u>	0.37	<u>666,666</u>	0.45

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 11.2 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
Exercise price at the date of grant	\$0.45

The underlying expected volatility was determined by reference to historical data 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:

Expiration date	December 31, 2018	
	Number of warrants	Exercise price
		\$
February 2, 2019	666,666	0.45
October 22, 2020	437,500	0.26
	<u>1,104,166</u>	<u>0.37</u>

## 12. EMPLOYEE REMUNERATION

### 12.1 Salaries and employee benefit expenses

Salaries and employee benefit expenses recognized are analyzed below:

	Three-month period ended		Six-month period ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries and benefits	401,871	305,083	693,595	573,342
Share-based payments	184,000	470,250	184,000	470,250
	<u>585,871</u>	<u>775,333</u>	<u>877,595</u>	<u>1,043,592</u>
less: salaries and share-based payments capitalized				
in Exploration and evaluation assets	(340,489)	(394,008)	(560,946)	(600,675)
Salaries and employee benefit expenses	<u>245,382</u>	<u>381,325</u>	<u>316,649</u>	<u>442,917</u>

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 12.2 Share-based payments

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

- i) the maximum number of shares that may be issued under the plan is limited to 10% of the issued shares at the time of the grant of the option, maximum of 14,876,100 on December 31, 2018 (maximum of 13,630,440 on June 30, 2018);
- 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) 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:

	Six-month period ended December 31, 2018		Year ended June 30, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, at the beginning	7,790,000	0.30	6,740,000	0.28
Granted	2,300,000	0.22	2,475,000	0.30
Exercised	(25,000)	(0.12)	(1,350,000)	(0.20)
Expired or cancelled	(875,000)	(0.16)	(75,000)	(0.50)
Outstanding, at the end	<u>9,190,000</u>	0.30	<u>7,790,000</u>	0.30

On November 13, 2018, the Board of Directors of the Company has granted 2,300,000 options under its stock option incentive plan to employees, directors and officers, at an exercise price of \$0.22. The options expire five (5) years from the date of grant.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 12.2 Share-based payments (continued)

The weighted average fair value of stock options granted is \$0.08 each (\$0.19 for the period ended December 31, 2017) and was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2018	2017
Share price at the date of issuing	\$0.15	\$0.28
Expected dividend yield	0%	0%
Expected weighted volatility	75%	89%
Expected interest average rate	1.75%	1.60%
Expected average life	5 years	5 years
Exercise price at the date of grant	\$0.22	\$0.30

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:

Range of exercise price	December 31, 2018	
	Number of options	Remaining life (years)
From \$0 to \$0.35	6,765,000	3.48
From \$0.36 to \$0.70	2,425,000	2.90
	<u>9,190,000</u>	

In total, \$184,000 of share-based payments (all of which related to equity-settled share-based payment transactions) was recorded (\$119,600 in profit or loss as salaries and employee benefit expenses and \$64,400 capitalized in exploration and evaluation assets) for the six-month period ended December 31, 2018 (\$299,250 in profit or loss as salaries and employee benefit expenses and \$171,000 capitalized in exploration and evaluation assets for the six-month period ended December 31, 2017) and credited to contributed surplus.

#### 13. FINANCE COSTS AND INCOME

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

	Three-month period ended December 31,		Six-month period ended December 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Change in fair value of listed shares	47,004	-	305,403	-
Interests on finance lease payments	1,406	-	4,761	-
Interests on trade accounts	-	-	95	-
	<u>48,410</u>	<u>-</u>	<u>310,259</u>	<u>-</u>

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 13. FINANCE COSTS AND INCOME (continued)

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

	Three-month period ended December 31,		Six-month period ended December 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Interests income from cash	6,144	11,098	10,885	27,632
Interests income from other receivables	-	1,670	7,266	2,032
Management revenues	-	1,409	-	5,167
Change in fair value of listed shares	-	173,135	-	180,615
	<u>6,144</u>	<u>187,312</u>	<u>18,151</u>	<u>215,446</u>

#### 14. LOSS PER SHARE

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

Both the basic and diluted loss per share have been calculated using the net loss as a numerator, i.e. no adjustment to the net loss was necessary in 2018 and 2017.

	Three-month period ended December 31,		Six-month period ended December 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Net loss	\$ (454,689)	\$ (203,828)	\$ (910,841)	\$ (266,690)
Weighted average number of shares	141,269,343	135,404,404	138,786,873	132,047,510
Basic and diluted loss per share	\$ (0.003)	\$ (0.002)	\$ (0.007)	\$ (0.002)

#### 15. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	Six-month period ended December 31,	
	2018	2017
	\$	\$
Other receivables	4,151	163,365
Good and services tax receivable	132,690	(161,867)
Prepaid expenses	(15,074)	(1,037)
Trade and other payables	(260,444)	(310,711)
	<u>(138,677)</u>	<u>(310,250)</u>

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the six-month period ended December 31, 2018 (unaudited)

(in Canadian dollars)

#### 15. ADDITIONAL INFORMATION - CASH FLOWS (continued)

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

	Six-month period ended December 31,	
	2018	2017
	\$	\$
Trades related to exploration and evaluation assets	12,045	624,035
Amortization of property and equipment included in exploration and evaluation assets	102,114	26,104
Share-based payments included in exploration and evaluation assets	64,400	171,000
Tax credits receivable credited to exploration and evaluation assets	-	144,874
Fair value of the warrants issued to brokers	-	86,667

#### 16. RELATED PARTY TRANSACTIONS

The Company's related parties includes its key management personnel. Until December 12, 2017, the Company's related parties included also an associated company. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash. During the six-month period ended December 31, 2017, Sirios provided administrative services to the associated company totaling \$46,025. These transactions occurred in the normal course of business and were measured at the exchange amount, which is the consideration established and agreed by the parties.

##### 16.1 Transactions with key management personnel

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

	Three-month period ended December 31,		Six-month period ended December 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries and benefits	93,102	88,021	153,982	147,203
Share-based payments	110,000	237,500	110,000	237,500
Total remuneration	203,102	325,521	263,982	384,703

For the six-month period ended December 31, 2018, an amount of \$31,458 of salaries and benefits was recorded in Exploration and evaluation assets (\$26,918 for the six-month period ended December 31, 2017).

#### 17. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

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

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

# **SIRIOS RESOURCES INC.**

## **Notes to Interim Financial Statements**

### **For the six-month period ended December 31, 2018 (unaudited)**

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(in Canadian dollars)

#### **17. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (continued)**

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 11.1 and 18.

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

#### **18. CONTINGENCIES AND COMMITMENTS**

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

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

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

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

During the reporting period ended December 31, 2018, the Company received \$2,542,452 following flow-through placements (\$5,000,000 on December 31, 2017) for which the Company renounced the tax deductions on December 31, 2018. The management is required to fulfill its commitments within one year from the date of renunciation.

The product of unspent funding related to flow-through financings total \$2,365,710 on December 31, 2018 (\$1,960,883 on December 31, 2017).