



**S I R I O S**

**SIRIOS RESOURCES INC.**

**TSX-V : SOI**

**Management's Discussion and Analysis**  
**Quarterly highlights**  
**For the nine-month period ended March 31, 2019**

The following quarterly highlights management discussion and analysis of the financial conditions and results of the operation of the Sirios Resources Inc. ("the Company" or "Sirios") constitutes management's review of the factors that affected the Company's financial operating performance for the nine-month period ended March 31, 2019.

This discussion and analysis should be read in conjunction with:

- The March 31, 2019 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 are 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 March 31, 2019, there are 149,061,003 common shares of Sirios issued and outstanding.

**2. Financing activities**

On October 23, 2018, the Company completed a private placement for a total of \$175,000. In total, 875,000 shares were issued, at a price of \$0.30 as well as 437,500 warrants, at a price \$0.26.

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

On November 23, 2018, the Company completed a flow-through private placement for a total of \$2,542,452. In total, 11,556,599 flow-through shares were issued, at a price of \$0.22. The management is required to fulfill its commitments within the prescribed periods of one year from the date of renouncement. The balance of the amount of this unexpended flow-through financing at March 31, 2019 is \$85,080 and is to be expended before December 31, 2019.

On February 22, 2019, 300,000 options were exercised at a price of \$0.12.

### 3. Investing activities

During the three-month period ended March 31, 2019 (the "Quarter"), the Company incurred \$2,407,289 in exploration expenses compared to \$2,006,217 for the same period in 2018.

#### Analysis of the three-month period ended March 31, 2019

Properties	Geology, prospecting \$	Transport, lodging \$	Geophysics, line-cutting \$	Geochemistry, analysis \$	Drilling \$	General expenses \$	Total \$
Aquilon	32,147	-	-	-	-	-	<b>32,147</b>
Cheechoo	53,084	5,882	-	157,947	2,013,942	144,286	<b>2,375,141</b>
<b>TOTAL</b>	<b>85,231</b>	<b>5,882</b>	<b>-</b>	<b>157,947</b>	<b>2,013,942</b>	<b>144,286</b>	<b>2,407,288</b>

During the nine-month period ended March 31, 2019, the Company incurred \$3,713,903 in exploration expenses compared to \$5,724,618 for the same period in 2018.

#### Analysis of the nine-month period ended March 31, 2019

Properties	Geology, prospecting \$	Transport, lodging \$	Geophysics, line-cutting \$	Geochemistry, analysis \$	Drilling \$	General expenses \$	Total \$
Aquilon	154,429	9,384	-	156	-	118	<b>164,087</b>
Cheechoo	495,381	155,720	-	413,089	2,059,382	353,031	<b>3,476,603</b>
Pontax	16,711	6,885	-	-	-	-	<b>23,596</b>
33F06	-	2,856	-	-	-	-	<b>2,856</b>
Keoz	15,245	24,198	-	7,157	-	161	<b>46,761</b>
<b>TOTAL</b>	<b>681,767</b>	<b>199,043</b>	<b>-</b>	<b>420,402</b>	<b>2,059,382</b>	<b>353,310</b>	<b>3,713,903</b>

### 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 reader is referred to the company's website ([www.sirios.com](http://www.sirios.com)) for further information on its exploration activities.

#### 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.

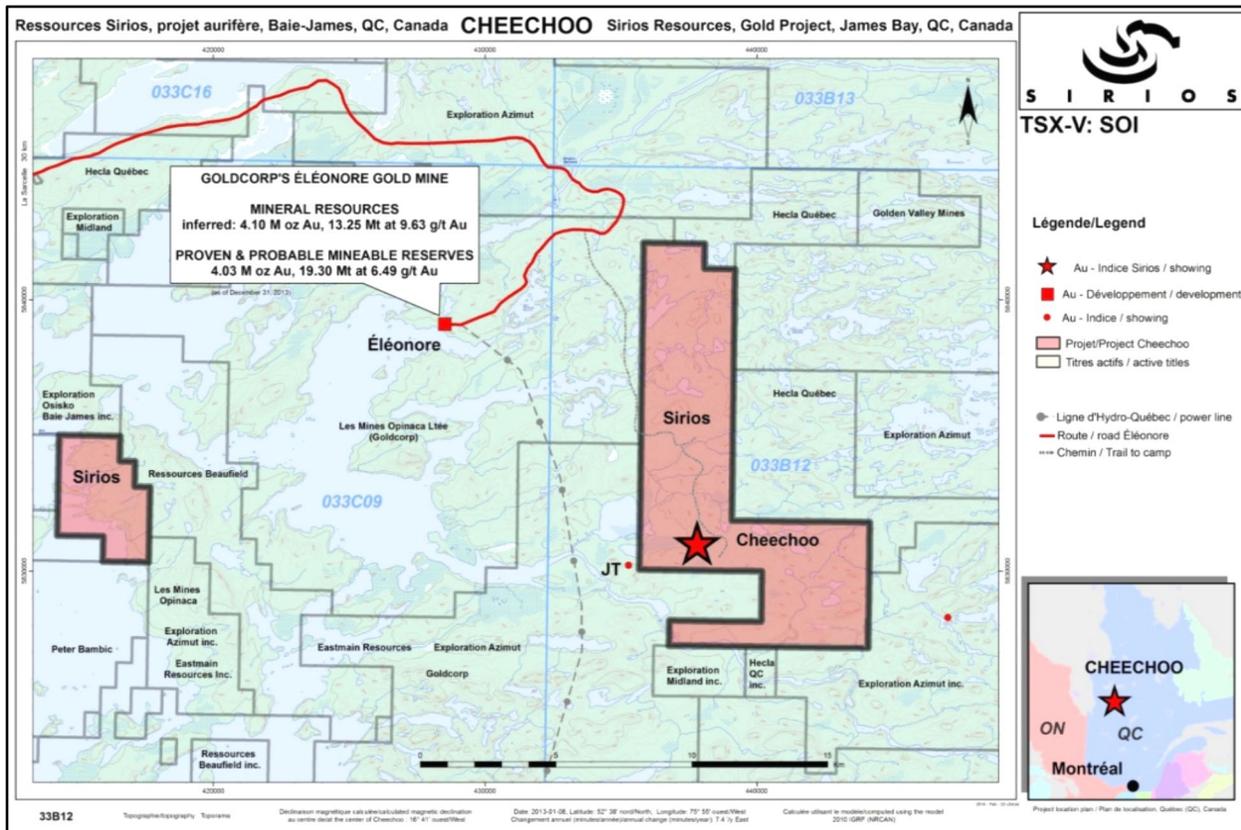


Figure 1: Localisation of the Cheechoo property

#### 4.1.1 Fieldwork undertaken

The following fieldworks were completed during the trimester for a total amount of \$2,375,141:

1. 47 NQ drill holes totaling 11,322 metres.
2. Sample preparation and laboratory analysis of core samples.
3. Integration and interpretation of new survey results.
4. Continued structural study of veins and pegmatites related to gold mineralization by postdoctoral researchers.

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

#### 4.1.2 Assays' results

During the trimester, the first results of 2019 surveys were received and integrated into the database. Those results were published on March 4 and April 16, 2019. The cumulative metres drilled on the property, through 245 surveys, totaled 62,189 metres. Survey's locations can be viewed at the following link : [http://storage.googleapis.com/sirios-www-media/1/2019/03/ebc9014b-20190328\\_localisationforage-1024x791.jpg](http://storage.googleapis.com/sirios-www-media/1/2019/03/ebc9014b-20190328_localisationforage-1024x791.jpg)

The drill holes extended the low-grade auriferous zone, Contact, of 100 metres toward the north-west. The published gold intervals can be found on our website, <http://sirios.com/cheechoo/>. The gold mineralization consists of a large

volume of low-grade with numerous high-grade zones inside it. Gold mineralization extends south-southwest across the property.

The high-grade Jordi and Eclipse zones are the best defined to date. The first six holes in 2019 on the Eclipse Zone intersected several very high grade gold ("Bonanza") intervals as indicated in the March 4, 2019 press release. Subsequent drilling on this area did not repeat the "Bonanza" grades, but nevertheless demonstrated the extension of the zone along a corridor that extends laterally from 80 to 120 metres following a north-northeast dip (ref. April 16, 2019 press release).

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

Researchers continued their work during the trimester. A first public presentation of this work was made during the annual conference of the Geological Association of Canada held in Quebec during the week of May 13, 2019.

#### *4.1.4 Metallurgical tests*

Metallurgical tests continued at COREM's Quebec City facility on 5.5 tonnes of drill core samples (press release dated November 5, 2018). They are proceeding according to schedule.

#### 4.2 Aquilon property

Data integration into 3D modeling software began during the period and is currently ongoing. The 3D model will allow the company in the coming weeks to establish an optimal exploration program for this property. This work was done at a cost of \$32,147 for the trimester.

### **5. Overall performance**

#### Quarter ended March 31, 2019 (3 months)

The net result for the quarter is \$259,617 (net loss of \$133,311 for the same period in 2018) whereas expenses for the quarter totalled \$288,727 (\$353,148 for the same period in 2018).

#### *Analysis*

- Decrease in *Salaries and employee benefit expenses* due primarily to a severance payment to an employee last year;
- Increase in *Investors and shareholders' relations* due to the promotion made by the president during the quarter more important than last year, especially by doing business with communication firms;
- Increase in *Publicity and sponsorship* due to more sponsorships during the quarter than last year;
- Decrease in *Amortization of property and equipment* as certain assets had finish depreciated during the quarter compared to last year;
- Decrease in *Consulting fees* due the hiring of a part-time controller to replace the controller who was on maternity leave last year.

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

	Quarter ended March 31, 2019 \$	Quarter ended March 31, 2018 \$
Deferred income taxes recovered	576,804	187,934
Change in fair value of listed shares	(27,693)	41,142
Amortization of property and equipment	(5,987)	(21,208)

**Period ended March 31, 2019 (9 months)**

Net loss for the period is \$652,592 (\$400,001 for the same period last year) whereas expenses for the period totalled \$836,229 (\$806,667 for the same period last year).

***Analysis***

- Decrease in *Salaries and employee benefit expenses* due primarily to a severance payment to an employee last year, as well as a stock-based compensation (not a cash outflow) higher last year than this year;
- Increase in *Investors and shareholders' relations* due to the promotion made by the president during the period more important than last year, especially by doing business with communication firms;
- Decrease in *Amortization of property and equipment* as certain assets had finish depreciated during the period compared to last year;
- Decrease in *Training* since less training was done during the period compared to last year;
- Decrease in *Consulting fees* due the hiring of a part-time controller to replace the controller who was on maternity leave last year.

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

	Period ended March 31, 2019 \$	Period ended March 31, 2018 \$
Share-based payments	(119,600)	(299,500)
Deferred income taxes recovered	633,040	491,845
Change in fair value od listed shares	(333,096)	221,757
Amortization of property and equipment	(15,222)	(35,668)
Adjustment of ownership in equity-accounted investment	-	(2,751)
Share of loss from equity-accounted investment	-	(16,067)

**6. Financial position**

- Working capital decreased by \$2,803,491, going from \$3,825,777 on June 30, 2018 to \$1,022,286 on March 31, 2019. 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 \$902,440 on March 31, 2019 in comparison with \$1,396,704 on June 30, 2018;
- The product of unspent funding related to flow-through financings is \$85,080 to spent before December 31, 2019. 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 March 31, 2019, Sirios has accrued \$883,860 in refundable tax credits related to exploration expenditures.

## 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 quarter ended March 31, 2019, the compensation in salaries was \$70,674 (\$80,747 for the same period last year). Included in these amounts are share-based payments totaling \$110,000 (\$237,500 for the same period last year). An amount of \$14,040 (\$16,207 for the same period last year) was capitalized in *Exploration and evaluation assets*. For the period ended March 31, 2019, the compensation in salaries was \$334,657 (\$465,450 for the same period last year). Included in these amounts are share-based payments totaling \$110,000 (\$237,500 for the same period last year). An amount of \$45,498 (\$43,125 for the same period last year) was capitalized in *Exploration and evaluation assets*.

No amount has been accrued in relation to an associated company for the nine-month period ended March 31, 2019, compared to an amount of \$46,609 for the nine-month period ended March 31, 2018, for administrative services. 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. Since December 12, 2017, this company is no longer associated with Sirios.

Montreal, Quebec.  
May 22, 2019.