



**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, 2020**

This quarterly Management Discussion and Analysis, dated May 6, 2020, highlights Sirios Resources Inc.'s ("the Company" or "Sirios") operations and constitutes management's review of the factors that affected the Company's financial operating performance for the nine-month period ended March 31, 2020.

This discussion and analysis should be read in conjunction with:

- The March 31, 2020 unaudited interim financial statements;
- The 2019 Annual Management report;
- The Company's audited financial statements for the years ended June 30, 2019 and 2018.

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, 2020, there are 172,158,525 common shares of Sirios issued and outstanding.

**2. Financing activities**

On October 18, 2019, the Company completed a private placement for a total of \$1,480,000. In total, 7,400,000 shares were issued at a price of \$0.30 as well as 3,700,000 warrants.

On October 23, 2019, 125,000 options were exercised at a price of \$0.10.

On November 19, 2019, 150,000 options were exercised at a price of \$0.10 and 40,000 options at a price of \$0.12.

On November 20, 2019, 70,000 options were exercised at a price of \$0.10.

On November 25, 2019, 55,000 options were exercised at a price of \$0.10.

On December 20, 2019, the Company completed a flow-through private placement for a total of \$1,781,125. In total, 7,744,022 flow-through shares were issued, at a price of \$0.23. The management is required to fulfill its commitments within the prescribed period of one year from the date of renouncement. The balance of the amount of this flow-through financing at March 31, 2020 is \$391,064 and is to be expended before December 31, 2020.

On December 20, 2019, the Company completed a flow-through private placement for a total of \$64,980. In total, 361,000 flow-through shares were issued, at a price of \$0.18. The management is required to fulfill its commitments within the prescribed period of one year from the date of renouncement. The balance of the amount of this flow-through financing at March 31, 2020 is \$64,980 and is to be expended before December 31, 2020.

### 3. Investing activities

During the three-month period ended March 31, 2020 (the "Quarter"), the Company incurred \$1,513,322 in exploration expenses compared to \$2,407,289 for the same period in 2019.

The Company has changed the categories in the following table to better represent the breakdown of exploration expenses incurred.

#### Analysis of the three-month period ended March 31, 2020

	<b>Aquilon</b>	<b>Cheechoo</b>	<b>Goldorak</b>	<b>Niska</b>	<b>Solo</b>	<b>TOTAL</b>
<b>Geology</b>	34,820	13,581	875	-	-	49,276
<b>Geochemistry</b>	-	-	-	-	-	-
<b>Geophysics</b>	-	-	-	67,564	5,875	73,439
<b>Drilling</b>	54,521	1,080,261	-	-	-	1,134,782
<b>Property evaluation</b>	-	-	-	-	-	-
<b>Stripping /Excavation</b>	-	1,837	-	-	-	1,837
<b>Bulk sampling</b>	-	-	-	-	-	-
<b>Technical evaluation</b>	-	13,006	-	-	-	13,006
<b>Other*</b>	5,491	233,257	-	861	1,373	240,982
<b>TOTAL</b>	<b>94,832</b>	<b>1,341,942</b>	<b>875</b>	<b>68,425</b>	<b>7,248</b>	<b>1,513,322</b>

\*An amount of \$112,520, included in the "Other" category, does not constitute an outflow of money. It is mainly composed of the charge for the granting of stock options as well as the amortization charge.

During the nine-month period ended March 31, 2020, the Company incurred \$2,900,496 in exploration expenses compared to \$5,724,618 for the same period in 2019.

#### Analysis of the nine-month period ended March 31, 2020

	<b>Aquilon</b>	<b>Cheechoo</b>	<b>Goldorak</b>	<b>Amikap</b>	<b>Niska</b>	<b>Tilly 2</b>	<b>Solo</b>	<b>TOTAL</b>
<b>Geology</b>	161,202	279,771	41,230	37,623	30,291	9,702	-	559,819
<b>Geochemistry</b>	2,621	-	-	-	-	-	-	2,621
<b>Geophysics</b>	-	-	-	-	67,563	-	5,875	73,438
<b>Drilling</b>	57,328	1,240,431	-	-	-	-	-	1,297,759
<b>Property evaluation</b>	-	-	2,703	542	3,755	-	-	7,000
<b>Stripping /Excavation</b>	-	4,620	-	-	-	-	-	4,620
<b>Bulk sampling</b>	-	2,292	-	-	-	-	-	2,292
<b>Technical evaluation</b>	-	141,314	-	-	-	-	-	141,314
<b>Other</b>	31,172	774,466	2,011	1,750	861	-	1,373	811,633
<b>TOTAL</b>	<b>252,323</b>	<b>2,442,894</b>	<b>45,944</b>	<b>39,915</b>	<b>102,470</b>	<b>9,702</b>	<b>7,248</b>	<b>2,900,496</b>

\* An amount of \$452,440, included in the "Other" category, does not constitute an outflow of money. It is mainly composed of the charge for the granting of stock options as well as the amortization charge.

#### 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. Information for the Aquilon property that are included in this report have been revised by Roger Moar, Geologist, also a qualified person. Information for the Niska and Solo properties that are included in this report have been revised by Dominique Doucet. Projects are located in figure 1.

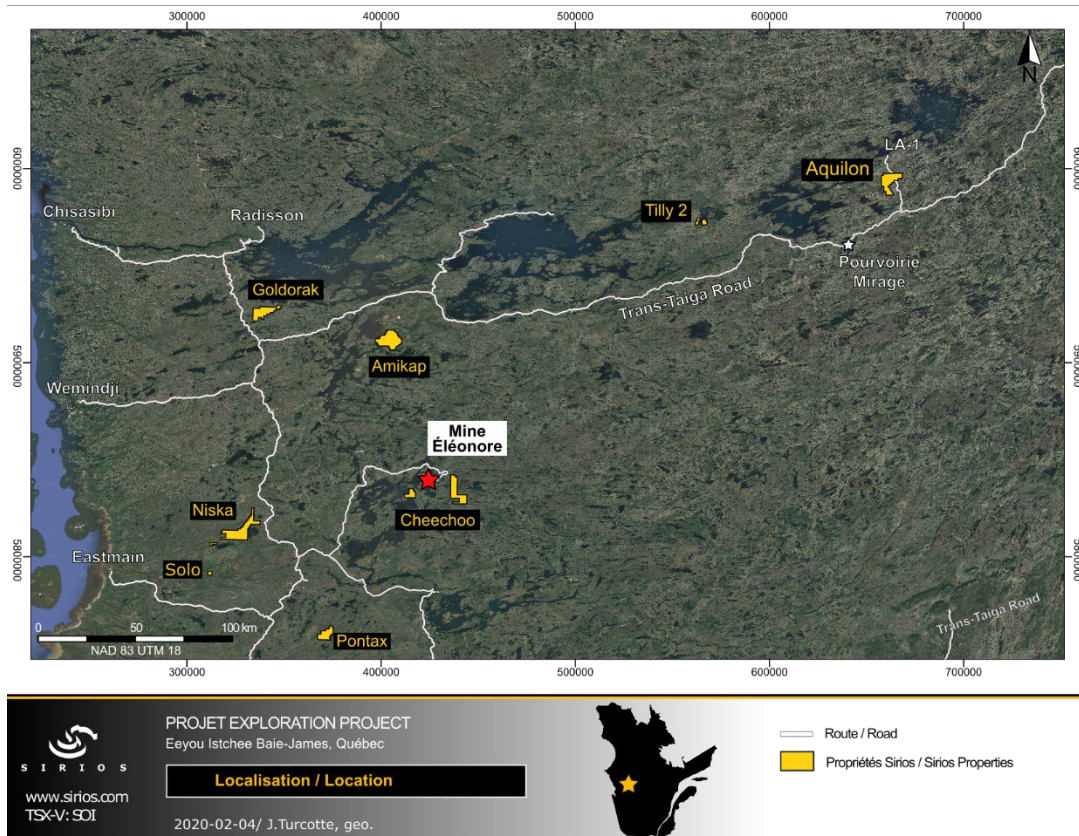


Figure 1: Localisation of Sirios' projects

#### 4.1 Cheechoo property

The Company owns 100% of the property which consists of 156 claims covering 81 km<sup>2</sup> divided in two non-contiguous blocks (Figure 1). It is located 320 km north of Matagami in Quebec, and 13 km east of the Eleonore gold mine of Newmont Corp. The main block of 121 claims, located in the 33B12 NTS sheet, is adjacent to the east of the Eleonore mine. The second block of 35 claims is located in the 33C09 NTS sheet and at around 20 km west of the main block. Golden Valley Mines Ltd. retains a royalty on all claims, except for 11 claims of the second block. This net smelter return royalty ranges 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 would be 3% for a gold price per ounce between \$1,200 and \$2,400.

#### **4.1.1 Executed work**

Following government instructions relating to the COVID-19 pandemic, the fieldwork had to be stopped during the month of March, but the entire campaign of twenty-two holes was completed on the property for a total of 5,237 metres. These holes tested the extension of the gold deposit to the west, as recommended in technical report 43-101 of December 2019, as well as further north-west, along the tonalite-metasediments contact. The mafic Dyke sector, which contains significant gold intersections, was also drilled.

All the drill core was sent to Rouyn Noranda to our contractor who saw the rock and prepared our samples for the Actlabs laboratory in Ste Germaine Boulé. There is only one and a half hole left to describe. The cutting, which was also stopped, should resume shortly but at a slower rate. The analysis laboratory also continues its activities at a reduced rate.

In addition, just over 500 kg of rock samples representative of all of the gold mineralization were taken from the main stripping for further metallurgical testing. The new tests will mainly consist of cyanidation tests in bottle (bottle roll) and in column on coarse material to validate the possibility of heap leach. The samples were shipped to the United States to a specialized laboratory where bottle testing began at the end of April.

#### **4.2 Aquilon property**

The Aquilon property is wholly owned by Sirios and it is constituted of 140 claims covering approximately 70 km<sup>2</sup>. It is located approximately 1,750 km north of Montreal and 490 km east of Radisson. The property is easily accessible by road in all seasons via the road leading to the Laforge hydroelectric power station 1, 20 km north of the Trans-Taïga road.

#### **4.2.1 Executed work**

A 2,000-metre drilling campaign was undertaken but was stopped after a 250-metre drill hole was completed, in accordance with government guidelines for the COVID-19 epidemic. This campaign was the first step in a larger program totaling 10,000 metres which will be completed later. The program aims to test the extension at depth of the three main high grade gold showings as well as to verify the presence of new gold mineralization in the Loup structural corridor.

#### **4.3 Niska and Solo properties**

The Niska property, previously named "39 property" is wholly owned by Sirios and is located about 30 km north-west of the km 381 road relay on the James Bay road connecting Matagami to Radisson. It is composed of 189 claims covering about 99 km<sup>2</sup>. It is located between the Munischiwan property co-owned by Azimut Exploration and SOQUEM and the recent Patwon gold discovery on the Elmer property of Azimut, where the drilling results gave 3.15 g/t Au over 102.0 m, of which 10.1 g/t Au over 20.5 m (Azimut press release 01/04/2020).

The Solo property, owned by Dios Exploration Inc. ("Dios"), is located approximately 13 km southwest of the recent Patwon gold discovery and directly adjacent to the Elmer property of Azimut. It is composed of 10 claims covering 5 km<sup>2</sup>. The agreement, signed in February 2020 with Dios, allows Sirios to obtain a 51% interest in the property over a three-year period, with payments totalling \$125,000 and exploration work totalling \$600,000. Once the 51% interest is obtained, Sirios will have the option to continue the exploration in a joint venture with Dios on a 51/49 basis or to increase its interest in the property to 90%. To increase its interest Sirios will have to make payments totalling \$150,000 over an additional three-year period and complete a total of 20,000 metres of drilling on the property. Sirios will have to complete a minimum of 3,000 metres of drilling in each of these three additional years. Dios could choose to convert its 10% interest into a 2% Net Smelter Return ("NSR") royalty, half of which may be purchased by Sirios for 1M\$, with a first right of refusal for the remaining NSR.

### 4.3.1 Executed work

A high-resolution helicopter-borne magnetic survey was completed on all of the Niska and Solo properties. The survey, which has proven to be of excellent quality, includes a total of 2,589 km of flight lines spaced every 50 metres. This survey provided the Sirios exploration team with important geophysical information concerning the north-east-south-west oriented shear zone identified last summer on the original mining titles of the property "39" and which seems to be expanded on new mining titles.

A review and compilation of the Solo property data has also been completed.

## 5. Overall performance

### Quarter ended March 31, 2020 (3 months)

The net loss of the quarter is \$344,740 (net result of \$259,617 for the same period in 2019) whereas expenses for the quarter totalled \$319,290 (\$288,727 for the same period in 2019).

#### *Analysis*

- 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 *Salaries and employee benefit expenses* due to higher salary increases in 2020 comparing to last year;
- Increase in *Professional fees* due to more frequent exchanges with our legal advisor compared to last year.

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

	Quarter ended March 31, 2020 \$	Quarter ended March 31, 2019 \$
Deferred income taxes	60,736	576,804
Change in fair value of listed shares	(91,587)	(27,693)
Amortization of property and equipment	992	5,987

### Period ended March 31, 2020 (9 months)

The net loss for the nine-month period is \$1,342,092 (\$652,592 for the same period last year) whereas expenses for the period totalled \$911,766 (\$836,229 for the same period last year).

#### *Analysis*

- 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;
- Increase in *Salaries and employee benefit expenses* due to the high share-based compensation expense this year compared to last year (items not requiring cash outflows) and to higher salary increases in 2020 comparing with last year;
- Increase in *Professional fees* due to the closing of three financings this year compared to only two last year;
- Decrease in *Consulting fees* due to the end of the hiring of an external controller to replace the controller who was on maternity leave.

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

	Period ended March 31, 2020	Period ended March 31, 2019
	\$	\$
Share-based payments	418,000	184,000
Deferred income taxes	9,010	633,040
Change in fair value of listed shares	(121,093)	(333,096)
Amortization of property and equipment	12,326	15,222

## 6. Financial position

- Working capital decreased by \$467,442, going from \$2,173,401 on June 30, 2019 to \$1,705,959 on March 31, 2020. The decrease can be explained by larger exploration work at the end of the period, thus increasing the accounts payable on March 31, 2020;
- Cash and term deposit totaled \$1,877,455 on March 31, 2020 in comparison with \$352,519 on June 30, 2019;
- The product of unspent funding related to flow-through financings is \$497,154 to spend before December 31, 2020. 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, 2020, Sirius has accrued \$45,746 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, 2020, the compensation in salaries was \$74,261 (\$70,674 for the same period last year). An amount of \$14,085 (\$14,040 for the same period last year) was capitalized in *Exploration and evaluation assets*.

For the nine-month period ended March 31, 2020, the compensation in salaries was \$488,336 (\$334,657 for the same period last year). Included in these amounts are share-based payments totaling \$242,000 (\$110,000 for the same period last year). Also, an amount of \$49,924 (\$45,498 for the same period last year) was capitalized in *Exploration and evaluation assets*.

## 8. Subsequent event

In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at the global, national, provincial and local levels. These measures, which include travel bans, solitary confinement or quarantine, voluntary or not, and social distancing, have caused significant disruption among businesses, globally and in Canada, due to the slowdown economic. Governments and central banks responded by implementing monetary and fiscal measures to stabilize the world economy; however, the current difficult economic climate may cause adverse changes in cash flow, the level of working capital and / or the search for future financing, which could have a direct impact on its future financial position.

The Company has implemented measures to mitigate the impact of the pandemic on its future operations. As the Quebec government has requested the closure of all non-essential services, Sirius has temporarily suspended at the end of March 2020 exploration field works. We are following each update issued by the government closely.

Montreal, Quebec.  
May 6, 2020.