



# Annual Management Discussion and Analysis for 2019-2020



Discovering James Bay



## Sirios Resources Inc.

TSX V: SOI  
[www.sirios.com](http://www.sirios.com)

## Table of content

1.	CORPORATE PROFILE AND MISSION .....	2
2.	SUMMARY OF THE ACTIVITIES OF THE EXERCISE .....	2
3.	RESULTS OF OPERATIONS .....	2
3.1	Summary of exploration activities .....	2
4.	EXPLORATION PROJECTS .....	3
4.1	Cheechoo property .....	3
4.1.1	Executed works .....	4
4.1.2	Resource estimate .....	5
4.1.3	Diamond drilling campaign.....	6
4.1.4	Progress of metallurgical tests.....	7
4.1.5	Interpretation report of a pedogeochemical survey and prospecting .....	8
4.1.6	Improved infrastructure.....	8
4.1.7	Wetland characterization.....	9
4.1.8	Research project "Genèse des granitoïdes aurifères archéens dans la Province du Supérieur, Baie James " .....	9
4.1.9	Planning trench work and permit applications .....	9
4.2	Aquilon project .....	9
4.2.1	Executed work.....	9
4.2.2	Prospecting work.....	9
4.2.3	Drilling campaign .....	9
4.2.4	Ground survey work.....	10
4.3	Pontax property.....	11
4.4	Niska property.....	11
4.4.1	Executed work.....	12
4.5	Solo property.....	12
4.5.1	Executed work.....	12
4.6	New property : Maskwa.....	12
4.7	Tilly 2 property .....	12
4.8	Amikap property .....	13
4.9	Goldorak property .....	13
5.	OPERATION RESULTS AND SELECTED ANNUAL INFORMATION.....	13
5.1	General and administrative expense analysis .....	14
5.2	General analysis .....	14
5.3	Summary of quarterly results .....	15
6.	WORKING CAPITAL AND CASH FLOWS .....	15
7.	INFORMATIONS ON ISSUED AND OUTSTANDING SHARES .....	16
8.	INFORMATIONS ON OUTSTANDING OPTIONS .....	17
9.	INFORMATIONS ON OUTSTANDING WARRANTS.....	18
10.	RELATED PARTY TRANSACTIONS .....	18

10.1	Key management personnel .....	18
11.	SUSTAINABLE DEVELOPMENT PRINCIPALES .....	19
12.	JUDGMENTS, ESTIMATES AND ASSUMPTIONS.....	19
12.1	Significant management judgment.....	19
12.2	Estimation uncertainty .....	20
12.3	Off-balance sheet arrangements .....	20
13.	RISKS AND UNCERTAINTIES .....	21
14.	MANAGEMENT’S RESPONSABILITY FOR FINANCIAL INFORMATION .....	21



**S I R I O S**

**TSX-V : SOI**

**SIRIOS RESOURCES INC.  
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS FOR  
THE YEAR ENDED JUNE 30, 2020**

This Management Discussion and Analysis is dated October 9, 2020 and provides an analysis of the financial results for the year ended June 30, 2020 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, 2020 and 2019.

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, 2020. 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, 2020, there are 178,558,525 common shares issued and outstanding.

Sirios owns, on June 30, 2019, numerous high potential properties such as:

- CHEECHOO (100%): gold discovery in the vicinity of Newmont Corp.'s Eleonore gold mine;
- AQUILON (100%): host of high grade gold vein system

## 2. SUMMARY OF THE ACTIVITIES OF THE EXERCISE

- Closing of flow-through private placements for a total amount of \$2,806,105;
- Closing of private placements for a total amount of \$1,480,000;
- Production of a first resource estimate on the Cheechoo property;
- Diamond drilling campaign of 5,463 m on the Cheechoo property;
- Option agreement on the new Solo property;
- Exploration and evaluation expenses of \$3,530,575, 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, Goldorak, Amikap, Niska, Tilly 2 and Solo properties during the year. Other properties have not been subject to exploration work during the year.

	<b>Aquilon</b>	<b>Cheechoo</b>	<b>Pontax</b>	<b>Goldorak</b>	<b>Amikap</b>	<b>Niska</b>	<b>Tilly 2</b>	<b>Solo</b>	<b>TOTAL</b>
<b>Geology</b>	162,391	280,742	4,425	41,230	37,623	30,291	11,088	-	<b>567,790</b>
<b>Geochemistry</b>	3,498	275	-	-	-	-	-	1,989	<b>5,762</b>
<b>Geophysics</b>	-	-	-	-	-	67,563	-	5,875	<b>73,438</b>
<b>Drilling</b>	93,527	1,542,131	-	-	-	-	-	-	<b>1,635,658</b>
<b>Property evaluation</b>	-	-	-	2,703	542	3,755	-	-	<b>7,000</b>
<b>Stripping /excavation</b>	-	4,620	-	-	-	-	-	-	<b>4,620</b>
<b>Bulk sampling</b>	-	50,451	-	-	-	-	-	-	<b>50,451</b>
<b>Technical evaluation</b>	8,920	156,816	-	-	-	-	-	-	<b>165,736</b>
<b>Other*</b>	40,359	962,064	11,701	2,011	1,750	861	-	1,373	<b>1,029,728</b>
<b>TOTAL</b>	<b>308,696</b>	<b>2,997,099</b>	<b>16,126</b>	<b>45,944</b>	<b>39,915</b>	<b>102,470</b>	<b>11,088</b>	<b>9,237</b>	<b>3,530,575</b>

\* An amount of \$595,596, 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 on the Cheechoo property contained in this report have been approved by Dominique Doucet, ing, President of Sirios and Jordi Turcotte, Senior Geologist, qualified persons, as defined by National Instrument 43-101. Information for the Aquilon property contained in this report has been approved by Dominique Doucet and Roger Moar, Senior Geologist, also a qualified person. The technical data on the Pontax, Maskwa, Goldorak, Amikap, Tilly 2, Niska and Solo properties in this report were approved by Dominique Doucet. Projects are in Figure 1. Readers are asked to refer to the Company's website([www.sirios.com](http://www.sirios.com)) for more information about its exploration activities.

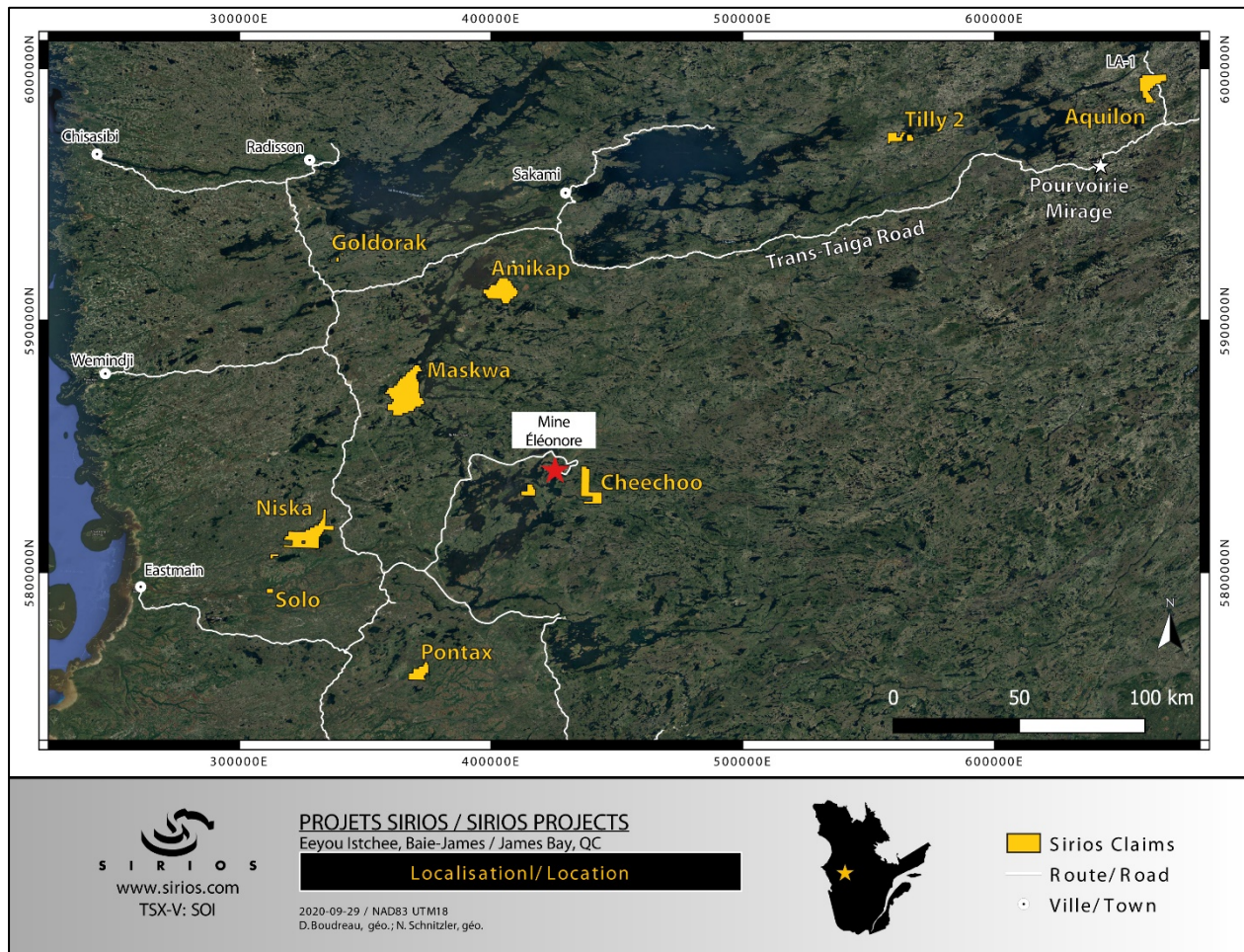


Figure 1 : Location of Sirios projects

##### 4.1 Cheechoo property

The property located 320 km north of Matagami, Eeyou Istchee James Bay in Quebec, is composed of two blocks of non-contiguous claims that cover an area of 81 km<sup>2</sup>. Its 121-claims main block is adjacent to the east of Newmont Corp.'s Eleonore gold mine in the 33B12 NTS sheet (Figure 2). The second block consists of 35 claims and is located about 20 km west of the main block. The 156 claims are 100% held by Sirios with a royalty for gold on 145 claims to Golden Valley Mines Ltd. which varies between 2.5% and 4% of the net smelter return ("NSR") depending on the price of gold and 4% net return for all other minerals extracted from the project. Notably, the gold royalty would be 3.5% for a price of gold of between CAD\$2,400 and \$3,000 per ounce.

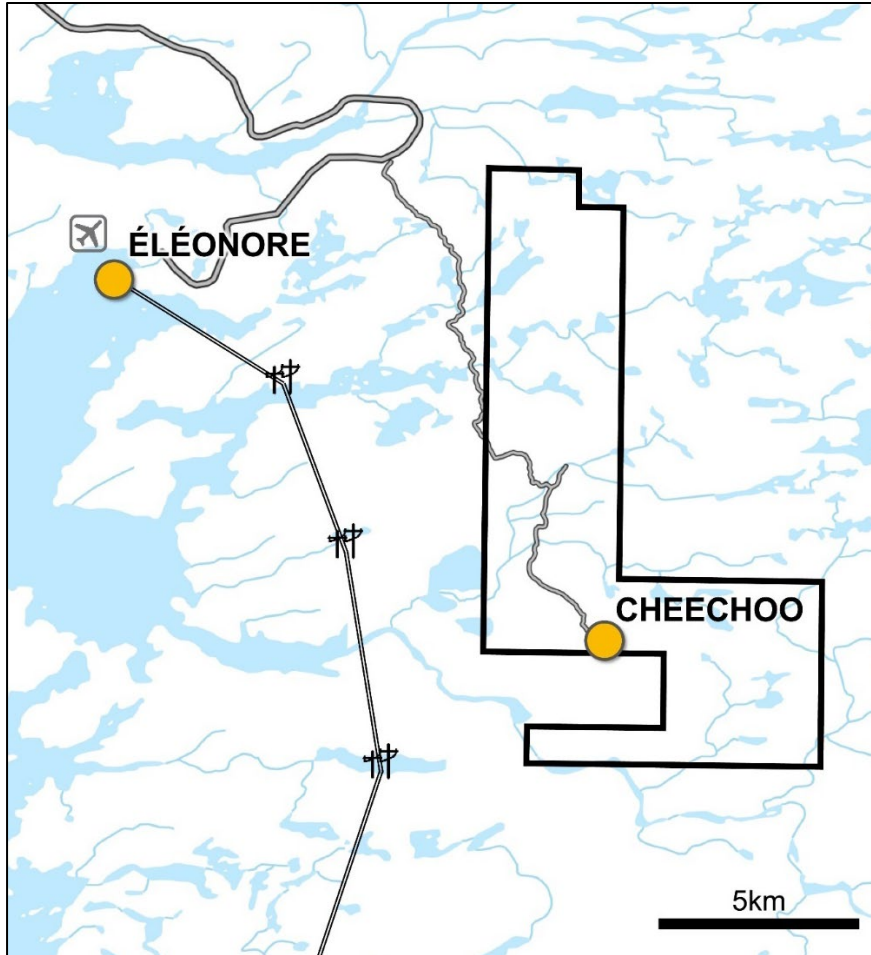


Figure 2 : Location of the main block of the Cheechoo property

#### 4.1.1 Executed works

The following were either started or completed during the exercise, for a total amount of \$2,997,099 :

1. Resource estimate
2. Diamond drilling campaign (22 NQ drills totaling 5,463 m)
3. Metallurgical tests
4. Interpretation report of a pedogeochemical survey and prospecting
5. Improved infrastructure
6. Wetland characterization
7. Continuation of the research project "*Genèse des granitoïdes aurifères archéens dans la Province du Supérieur, Baie James*" by postdoctoral researchers at UQAM
8. Application for permits and work planning

All geological work was carried out by the Sirios exploration team. Logistics support for operations was provided by the Services Technominex Inc. team in Rouyn-Noranda.

#### 4.1.2 Resource estimate

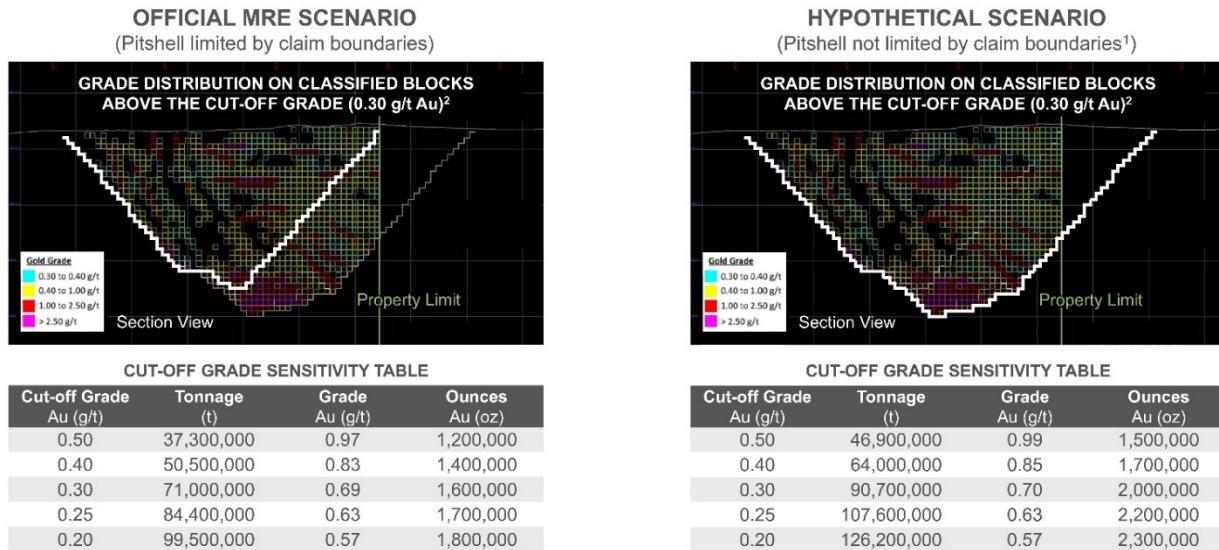
During the period, Sirios granted the mandate of the very first estimate of Cheechoo’s deposit resources to engineering consulting firm BBA Inc. A field visit was conducted in accord with the Canadian mining project information standard 43-101 on October 11, 2019. The visit was made by Pierre-Luc Richard, Geo., qualified person of the firm BBA, Jordi Turcotte, Geo. and Daniel Boudreau, Geo. of Sirios.

The results of this resources estimate were released in December 2019 (ref. press release 11/12/2019) and the final report 43-101 was officially released on January 28, 2020. It is available on SEDAR and on the Sirios website. Mineral resources were estimated within a conceptual pit in an open pit scenario.

Classification	Tonnage	Grade	Ounces
	(t)	Au (g/t)	Au (oz)
Inferred	71,000,000	0.69	1,600,000

Table 1 : Estimate of inferred mineral resources inside potential pit for the Cheechoo Project

The report indicated that, should an agreement be reached with the owners of the neighbouring mining property to the south, the Cheechoo deposit would contain 25% additional resources if the pit could overlap the boundary of the properties, as shown in Figure 3 below. Another strength of the project identified in the report is the strip ratio of 1.1:1 for the conceptual pit model.



<sup>1</sup> Would require an agreement with the neighbour.

<sup>2</sup> All blocks presented are either classified as Inferred or would reach that category if an agreement with the neighbouring property owner was reached.

Figure 3 : Comparison between the scenarios of a concept pit totally on the property and one exceeding its limit

Notes to the MRE Table:

- The independent qualified person for the 2019 MRE, as defined by NI 43-101 guidelines, is Pierre-Luc Richard, P. Geo., of BBA Inc. The effective date of the estimate is December 6, 2019.
- These mineral resources are not mineral reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred resources in this MRE are uncertain in nature and there has been insufficient exploration to define these resources as Indicated or Measured; however, it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
- Resources are presented as undiluted and pit constrained scenario and are considered to have reasonable prospects for economic extraction. Although calculated cut-off grades range from 0.28 to 0.29g/t, a cut-off grade of 0.30g/t Au was used for the MRE. The pit optimization was done using Deswik Mining Software Version 2019.3.491. The constraining pit shell was developed using pit slopes of 45 to 50 degrees in hard rock and 26 degrees in overburden. The cut-off grade and pit optimization was calculated using the following parameters (amongst others): Gold price = USD 1,300, CAD:USD exchange rate = 1.30, Hard Rock Mining cost = \$2.60/t mined with incremental bench costs of 0.05\$ per 10m bench, Overburden Mining Cost = \$3.50/t mined, Mining Recovery = 95%, Mining dilution = 5% at 0g/t Au, Metallurgical Recovery varying from 85% to 88%, Processing cost = \$10.00/t processed, G&A = \$2.94/t processed, Royalty of 3%, Refining and Transportation cost = \$5.00/oz. The conceptual pit-constrained resource has a 1.1:1 stripping ratio. The cut-off grade will be re-evaluated in light of future prevailing market conditions and costs.



4. The MRE was prepared using Geovia® GEMS 6.8.2 and is based on 270 surface drill holes and 385 surface channel samples, with a total of 47,363 assays. The resource database was validated before proceeding to the resource estimation. Grade model resource estimation was calculated from drill hole data using an OK interpolation method in a block model using blocks measuring 10 m x 10 m x 10 m in size. The cut-off date for drill hole database was March 20, 2019.
5. The model comprises 37 mineralized zones (which have a minimum thickness of 3 m), five lithological units and one low-grade mineralized body mostly included in the tonalite intrusive unit, each defined by drill holes intercepts.
6. High-grade capping was done on the composited assay data and established on a per unit basis. Capping grades used vary from 5 g/t to 80 g/t Au and the use of restricted search ellipsoids was also used. A value of zero grade was applied in cases of core not assayed.
7. Fixed density values were established on a per unit basis, corresponding to the median of the SG data of each unit ranging from 2.65 to 2.71. A fixed density of 2.00 g/cm<sup>3</sup> was assigned to the overburden.
8. The MRE presented herein is categorized as an Inferred resource. The Inferred mineral resource category is defined for blocks that are informed by a minimum of two drill holes where drill spacing is less than 100 m for the mineralized intrusive-related mineralization. Where needed, some materials have been either upgraded or downgraded to avoid isolated blocks.
9. The number of tonnes (metric) and ounces were rounded to the nearest hundred thousand.
10. CIM definitions and guidelines for Mineral Resource Estimates have been followed.

The author is not aware of any known environmental, permitting, legal, title-related, taxation, sociopolitical or marketing issues, or any other relevant issues not reported in this Technical Report that could materially affect the Mineral Resource Estimate.

### **4.1.3 Diamond drilling campaign**

During the period, all assays results from the 22 surveys of the Winter 2020 campaign, from drill hole #246 to #267, were received and integrated into the database. Sixteen drill holes, mainly near the western edge of the Cheechoo deposit, yielded significant results of gold mineralization, sometimes outside the concept pit. Details as well as maps and sections of these results are available in the [May 12, 2020](#) and [August 17, 2020](#) press releases. Six exploration drill holes, located between 300m and more than 2 km northwest of the Cheechoo deposit, did not yield significant results.

The footage of all 267 holes drilled so far on the property is 67,652 meters.

Following government instructions on the COVID-19 pandemic, fieldwork had to be halted during March, but the entire 22-drill holes campaign was completed on the property for a total of 5,463 metres. These surveys tested the extension of the gold deposit to the west, as recommended in the Technical Report 43-101 of December 2019, as well as further northwest, along the tonalite-metasediments contact. The Dyke Mafic area, which contains significant gold intersections, has also been drilled. All the drill core was sent to Rouyn Noranda to our contractor who saws the rock and prepares our samples before being sent to the Actlabs laboratory in Ste Germaine Boulé.

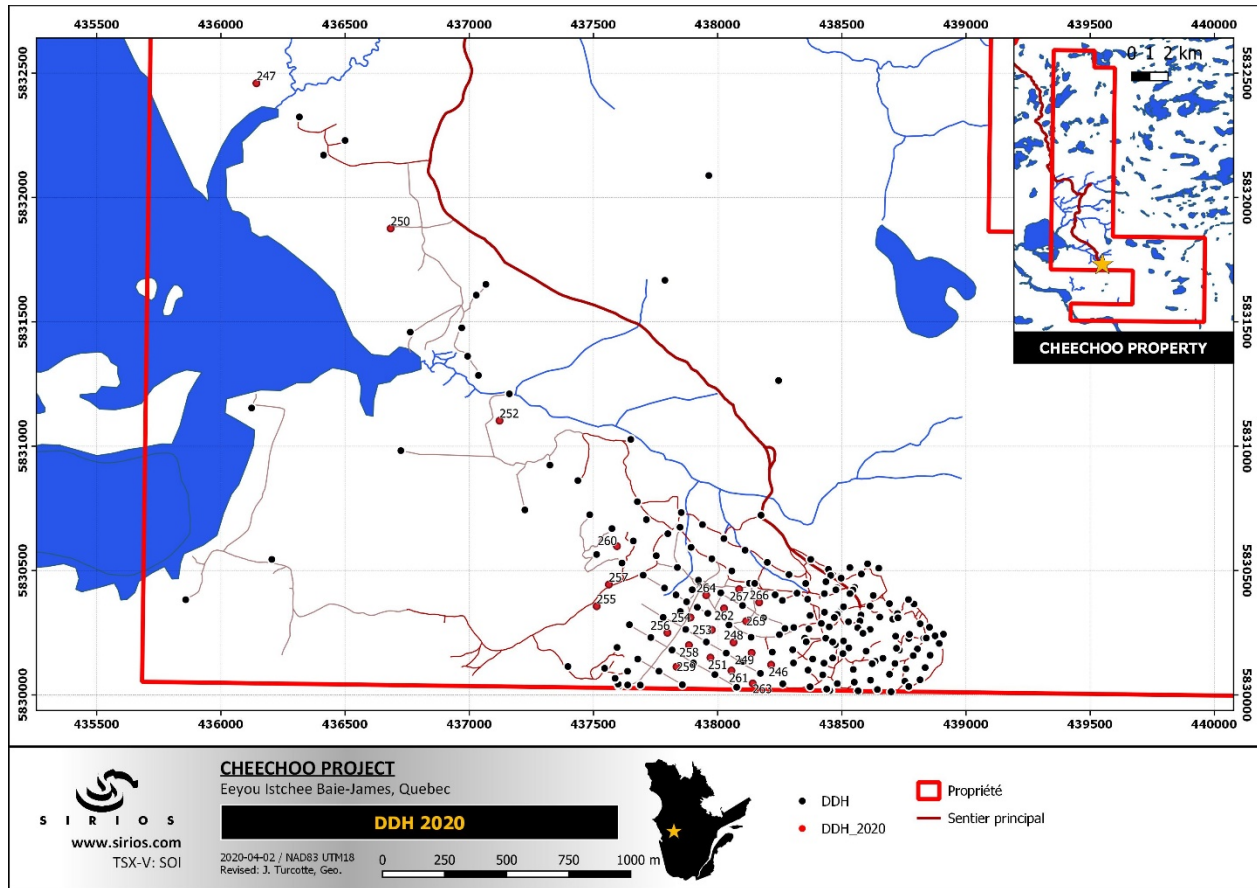


Figure 4 : Location of the drill holes during the period (#246 to #267) on Cheechoo

#### 4.1.4 Progress of metallurgical tests

##### Tests carried out at COREM laboratories in Quebec City

Metallurgical tests were conducted during the period at COREM's Quebec City facility on more than 5.5 tonnes of drill cores composite samples of (ref. press release of 05/11/2018). The results showed gold recovery rates of up to 97%, including 88% by gravity as shown in figure 5 that summarizes the highlights of these tests. These were carried out on three composite samples of PQ-caliber drill cores of approximately 130 kg each. (ref. press release of 02/09/2019).

- **Free gold**, often coarse
- Gold recovery rates up to **97.1%**
- Mineralization mostly included in **tonalite (80%) & pegmatite (15%)**
- Low-polluting (< 0.2% sulfides in the tailings)
- Promising comminution tests and potential for HPGR (High Pressure Grinding Roll)
- Potential for flotation of the gravity process' tailings
- Potential for heap leach extraction

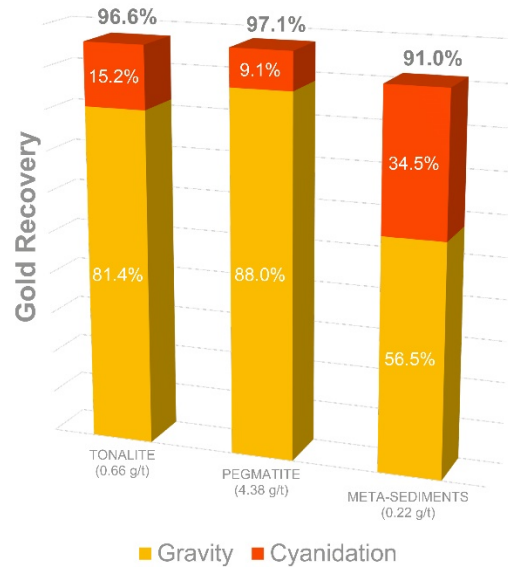


Figure 5 : Recovery of gold by gravity and tailings cyanidation

A comminution test was done on all samples. Approximately 30 kg were used for gravity treatment, while approximately 70 kg were used for cyanidation recovery tests with different granulometry, as well as studies of quantitative mineralogy and gold deportment.

#### Tests at KCA laboratories in Reno, Nevada

Bottle and column cyanidation tests at the Kappes Cassiday and Associates (KCA) laboratory in Reno, Nevada, USA, began in the spring of 2020. A total of 514 kg of gold rock representative of the Cheechoo deposit were sent to test the gold recovery by heap leach. Samples were taken by channel sampling on the main stripping area. For bottle tests, the material was divided to test two crushing methods, a standard method with a jaw crusher and the high-pressure grinding roll method (HPGR). For each method, two granulometries, P<sub>100</sub> 9.5mm and P<sub>100</sub> 6.3mm, were generated. Each sub-sample was divided to test two different temperatures, one at room temperature (20°C) and one near freezing (4°C). The bottled tests were done over a 21-day period.

Column testing began after the results of the bottle tests were received and will take place over a maximum of 183 days, which should be completed by January 2021. They will test both crushing methods and both temperatures at P<sub>100</sub> 6.35 mm granulometry. The purpose of these tests is to measure the gold recovery rate over time, and thus determine the time required to obtain maximum recovery by heap leaching. These results could have a significant positive impact on the future preliminary economic assessment ("PEA") of the project.

#### **4.1.5 Interpretation report of a pedogeochemical survey and prospecting**

An interpretation report of humus soil sampling campaigns conducted from 2010 to 2016 by IOS Geoscientific Services and Sirios was received during the period. Seven targets were identified however, due to lack of exposure of the bedrock, the exploration work failed to validate them. In addition, the excavation of trenches carried out in July 2020 also did not reach the rock, so the anomalies remain unexplained and will have to be tested by drilling.

#### **4.1.6 Improved infrastructure**

A new bridge has been installed at km 6.75 between the Eleonore mine road and Camp Cheechoo (photo 1). The bridge has a carrying capacity of 65 tonnes and meets the new requirements of *Règlement sur l'aménagement durable des forêts du domaine de l'État (RADF)*. Parts of the Cheechoo camp have also been repaired and modernized.

#### **4.1.7 Wetland characterization**

A wetland characterization report was produced by Groupe Hemispheres and received on November 4, 2019.

#### **4.1.8 Research project "Genèse des granitoïdes aurifères archéens dans la Province du Supérieur, Baie James "**

The project "*Genèse des granitoïdes aurifères archéens dans la Province du Supérieur, Baie James*" jointly funded by Sirios, NSERC and UQAM, began in July 2019 and will continue until January 2021. Field visits for data were conducted in the summer and autumn of 2019 as well as in July 2020. During the period, geochemical analyses, thin sections, and sample preparations for dating were carried out. A scientific paper has been published in the *Journal of Structural Geology*: <https://bit.ly/3fN8iGI> .

#### **4.1.9 Planning trench work and permit applications**

Planning and applications for permission for exploration work have been completed. An application for exemption and a CDPNQ application (Presence of threatened or vulnerable or likely to be designated flora and fauna species) were sent for authorization to build trenches in the summer of 2020. Applications for non-exclusive lease renewal have also been sent to allow access to unconsolidated equipment required to improve and maintain the road leading to the Cheechoo project. All permits and authorizations were obtained in accordance with the regulations.

#### **4.2 Aquilon project**

The Aquilon property is 100% owned by Sirios. It consists of 140 claims and covers approximately 70 square km, 10 kilometres south of the LA-1 hydroelectric complex in the region of Eeyou Istchee James Bay, Quebec. It is located approximately 490 km east of Radisson and is easily accessible year-round by road via the Trans-Taiga highway crossing the Eeyou Istchee James Bay region. An airstrip outfitter is located at less than a 40-minute drive from the property. Drilling on the property is optimal in winter given the presence of swampy areas.

#### **4.2.1 Executed work**

The following work was either started or completed during the exercise, for a total amount of \$308,696 :

1. Prospecting work
2. Diamond drilling campaign
3. Ground survey work

All geological work was carried out by the Sirios exploration team.

#### **4.2.2 Prospecting work**

In August 2019, an exploration team from Sirios carried out exploration, detailed mapping, and channel sampling. A total of 125 selected samples were collected and sent for analysis for gold. Four selected samples returned values ranging from 2.2 g/t Au to 10.2 g/t Au. The channel sampling of a gold vein, discovered in 2002 and located 200 m west of Wolf Lake, yielded 15.6 g/t Au over 0.80 m. Sixty-three half-core samples were also collected from five former drill holes and sent for total rock analysis. These samples were collected to characterize the alteration associated with gold veins. The compilation work started in the previous period continues with the integration of new data collected.

#### **4.2.3 Drilling campaign**

A drilling campaign was undertaken during the period and completed during the summer of 2020 (it was temporarily halted after a 250-metre survey (AQ20-105) was conducted, in accordance with government guidelines regarding the

COVID-19 outbreak). Seven drill holes have been completed for a total of 1,414 m. This campaign was the first step of a larger 10,000-metre program that will be completed later. The program tested the in-depth extension of three of the major high-grade gold showings and to verify the presence of new gold mineralizations, namely the Moman, Fleur de lys and Lingo areas. The gold system in these areas corresponds to high-grade gold quartz veins. Drill hole AQ20-108 intersected 4.65 g/t Au over 6.9 m, including 10.3 g/t Au over 2.9 m. It extends the Moman vein index laterally over 175 m to the west, joining the Fleur de lys index. The AQ20-105 survey intersected a quartz vein with an interval of 4.36 g/t Au over 1.2 m. In the Lingo area, the main vein was cross-referenced in depth by the AQ20-106 survey with 1.43 g/t Au over 1 m. Some drill holes have highlighted the presence of gold mineralization associated with scattered and semi-massive sulphides. The results of the entire campaign were published in the press release of [22 September 2020](#).

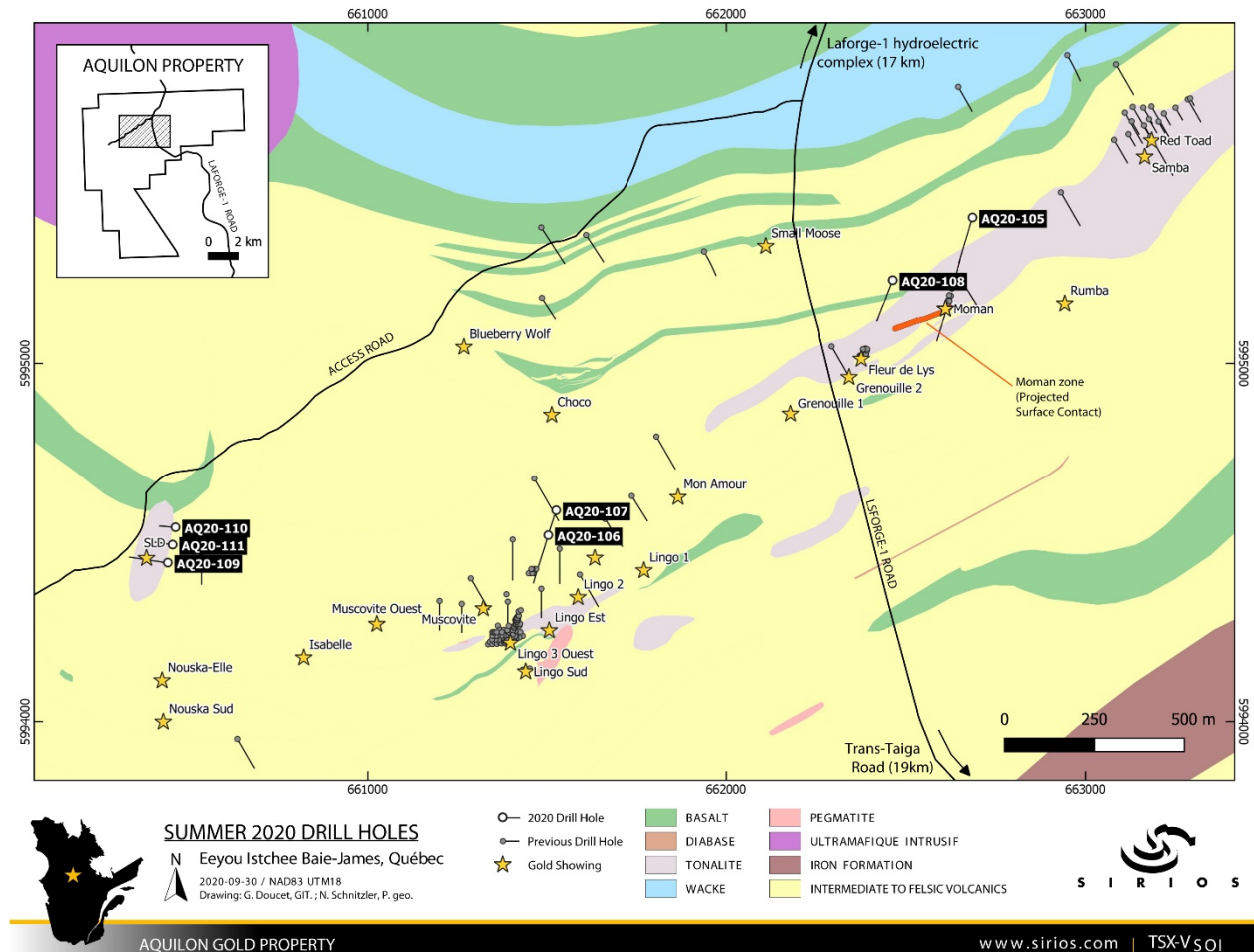


Figure 6 : Location of the drill holes during the period (AQ20-105 to AQ20-111) on Aquilon

#### 4.2.4 Ground survey work

Ground survey work (humus) was carried out on the property during July 2020 by IOS Geoscientific Services Inc. The objective of the survey was to test the geochemical signal of part of the Wolf auriferous trend where most of the property's high-grade gold showings are located. A total of 643 samples were collected during this campaign and are currently in the laboratory for analysis. The report is expected by early 2021.

### 4.3 Pontax property

The Pontax property, consisting of 70 claims (approximately 37 km<sup>2</sup>) is located approximately 30 km by helicopter south of the road relay km 381, and approximately 275 km north of the city of Matagami (Figures 1 and 2). The property is 100% owned by Sirios, it straddles SNRC sheets 32N15 and 33C02. The Pontax project is a silver and polymetallic project (Ag, Zn, Au, Cu) centered on a volcano-sedimentary sequence with gold potential in its eastern part. Several works were carried out: ground survey, till sampling, magnetic survey, and induced polarization survey on part of the property, two drilling campaigns in 2007 and 2011 as well as mineralogy studies. A project reassessment was completed during the period. In addition, a compilation and integration of all data into a database for a complete reassessment of the project is planned for the next period 2020-2021. Since no significant work has been done in recent years, the Company devaluated the property for an amount of \$2,924,914 on June 30, 2020. However, the value of the property could be revalued upwards in the future.

### 4.4 Niska property

The Niska property, formerly known as "Property 39" is wholly owned by Sirios. It is located about 40 km northwest of the 381 km relay station on the James Bay road connecting Matagami to Radisson in Eeyou Istchee, James Bay, Quebec. Sirios has expanded the property to 229 claims, bringing its area to nearly 120 km<sup>2</sup>, by map designation. It is located between the Munischiwan property co-owned by Azimut Exploration and SOQUEM and Patwon's recent gold discovery on the Elmer property of Azimut, where drilling results yielded 3.15 g/t Au over 102.0 m including 10.1 g/t Au over 20.5 m.(ref.: press release Azimut 01/14/2020).

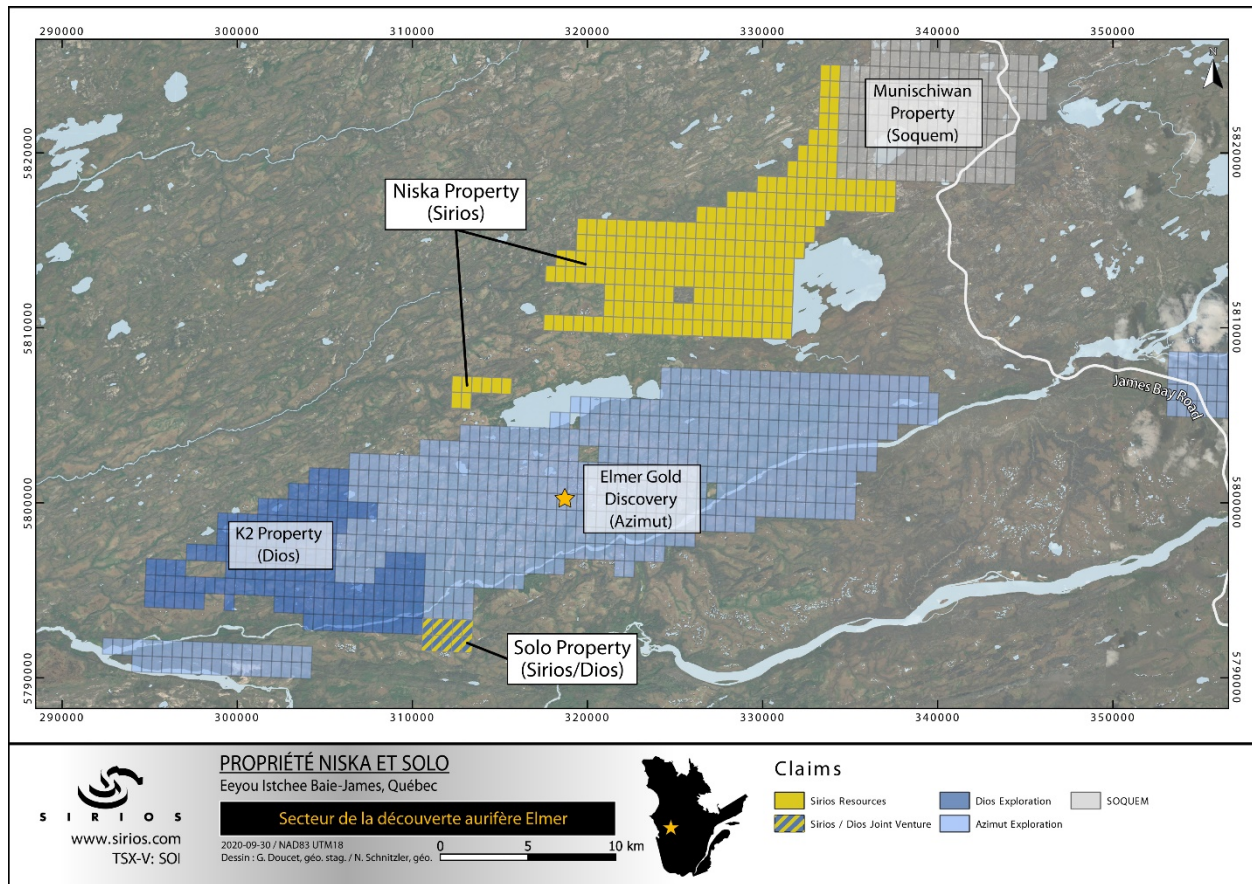


Figure 7 : Location of Niska (Sirios) and Solo (Sirios/Dios) projects

#### **4.4.1 Executed work**

A reconnaissance prospecting program was conducted on the property during the summer of 2019 to verify the gold potential of an interpreted shear zone of northeast-southwest orientation. A total of 52 lithological samples (46 outcrops and 6 blocks) were collected and a sample of a quartz vein about 30 cm in width (indeterminate length) yielded 1.27 g/t Au. A greater lithological variability than that mapped by MERN could be observed on the property, with the presence, among other things, of sedimentary rocks.

A high-resolution magnetic survey of 2,394 kilometres was conducted by Geo Data Solutions GDS Inc. in February 2020.

A second exploration program was carried out during the months of July-August 2020. This program was a follow-up on observations from the 2019 work and assessed the gold potential of a northeast-southwest orientation shear zone that appears to be extending toward newly acquired mining claims. A total of 36 lithological samples (35 outcrops and 1 blocks) were collected and sent to the laboratory. The samples did not yield significant results.

#### **4.5 Solo property**

The Solo property, owned by Exploration Dios Inc., is located approximately 13 km southwest of the recent Patwon gold discovery and directly adjacent to the Elmer property in Azimut. It consists of 10 claims covering 5 km<sup>2</sup>. In February 2020, Sirios signed an agreement with Dios that allows it to obtain, over a three-year period, a 51% interest with payments totalling \$125,000 and the execution of exploration work totalling \$600,000. Once the 51% stake is obtained, Sirios will have the option to continue exploration in co-partnership with Dios on a 51/49 basis or to start a second phase of exploration allowing it to increase its participation to 90%. Sirios will then have to make payments totalling \$150,000 over an additional three years and complete 20,000 metres of drilling on the property. In each of these three years, Sirios will have to complete a minimum of 3,000 metres of drilling. Dios will have the opportunity to convert its 10% stake into a 2% net smelter return royalty ("NSR"). Sirios will be able to buy back half of this royalty for \$1M and will have a right of first refusal in the second half.

#### **4.5.1 Executed work**

A 195-kilometre high-resolution heli-borne magnetic survey was conducted by Geo Data Solutions GDS Inc. in February 2020. This geophysical information was used, among other things, to plan the upcoming drilling campaign.

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

Drilling is planned for the next period (winter 2021) to test soil gold anomalies as well as corresponding geophysical induced polarization anomalies in an environment where exposure to the bedrock is almost non-existent. These targets, which cannot be tested other than by drilling, have never been verified.

#### **4.6 New property : Maskwa**

The new Maskwa property is wholly owned by Sirios. The 355 claims were acquired by map designation in August and September 2020, covering an area of approximately 181 km<sup>2</sup>. The property is located about 100 km southeast of Radisson and about 120 km east of Wemindji. A till sampling program was conducted by IOS Geoscientific Services during August 2020 and 97 till samples were collected and assayed. The report is expected between 2020 and 2021.

#### **4.7 Tilly 2 property**

A reconnaissance exploration program was conducted on the property Tilly 2 in July 2019 to attempt to explain the presence of a significant magnetic anomaly in the western portion of Tilly Lake. Five samples were collected (1 outcrop and 4 blocks). All test results were received, but these, as well as the time spent on the project, did not explain the

presence of the magnetic anomaly, which was located near the shore, but under the lake. One or several drill holes may eventually allow verification of this anomaly.

#### **4.8 Amikap property**

A reconnaissance prospecting program was carried out on the Amikap property during the period. A total of 90 lithological samples (outcrops) were collected and sent to the laboratory. All results were received and did not identify any gold anomaly. The Company does not intend to renew the mining titles and proceeded with its devaluation as of June 30, 2020 for an amount of \$65,403.

#### **4.9 Goldorak property**

A reconnaissance prospecting program was conducted on the Goldorak property during the period. A total of 77 lithological samples (71 outcrops and 6 blocks) were collected and sent to the laboratory. All results were received and only one sample yielded an anomaly gold value of 0.27 g/t Au. The summer 2019 exploration report on the Goldorak property was completed during the period. Only 4 mining titles have been renewed. The property was therefore devalued, as of June 30, 2020 for an amount of \$64,385.

### **5. OPERATION RESULTS AND SELECTED ANNUAL INFORMATION**

The net loss of the Company was \$2,920,283 (\$0.018 per share) for the year ended June 30, 2020 in comparison to a net loss of \$826,617 (\$0.006 per share) for the year ended June 30, 2019.

<b>Annual results summary</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
	<b>\$</b>	<b>\$</b>
Finance income	378,518	26,752
Write-off of exploration and evaluation assets	-	49,182
Devaluation of exploration and evaluation assets	3,054,702	40,119
Share-based payments	418,000	184,000
Net loss	2,920,283	826,617
Net loss per share	0.018	0.006
Total assets	29,271,787	28,927,645

Finance income is comprised of interest on cash, change in fair value of listed shares for 2020 and interests on unpaid invoices for 2019.



## 5.1 General and administrative expense analysis

General and administrative expenses, for the exercise ended in 2020 totaled \$1,156,618 in comparison with \$1,136,039 in 2019.

General and administrative expenses	2019-2020 \$	2018-2019 \$
Salaries and employee benefit expenses (excluding share-based payments)	414,439	390,966
Investors and shareholders' relations	401,950	405,228
Professional fees	136,090	127,706
Rent expenses	80,866	75,848
Publicity and sponsorship	39,201	27,125
Trustees and registration fees	38,713	33,931
Office expenses	20,016	24,649
Insurances, taxes and permits	12,026	12,571
Training	7,937	10,956
Income taxes of section XII.6	2,963	1,768
Bank charges	1,930	2,979
Interests charges	487	4,856
Consulting fees	-	17,456
<b>TOTAL</b>	<b>1,156,618</b>	<b>1,136,039</b>

Comparing the general and administrative expenses for the exercises ended June 30, 2020 and 2019, we note a slight increase in *Salaries and employee benefit expenses*. The increase can be explained by the slightly higher salary increases in 2020.

The increase in *Professional fees* can be explained by more frequent exchanges, on several subjects, with our legal advisor in 2020 compared to the previous year.

The decrease in Consulting fees can be explained by the end of the hiring of an external controller during the maternity leave of the Company controller in 2019.

## 5.2 General analysis

Total assets of the Company fluctuated from \$28,927,645 in 2019 to \$29,271,787 in 2020.

Cash, including cash held for exploration charges, totaled \$1,585,502 in 2020 in comparison with \$301,569 in 2019; term deposits totaled \$52,045 in 2020 in comparison with \$50,950 in 2019. The cash as well as term deposits variations are directly linked to exploration fieldwork and administrative activities of the Company.

Amounts receivable from listed companies varied from \$64,468 in 2019 to \$4,481 in 2020.

Listed shares totaled \$455,476 in 2019 and \$826,695 in 2020. The increase can be explained by the purchase of shares of listed companies during the year, as well as the increase in the stock quotes of these companies.

The credits receivable fluctuated from \$1,252,763 in 2019 to \$322,354 in 2020. The tax credits receivable for 2019 include those for 2018 and 2019, and those from 2020 include tax credits of 2019 and 2020.

Property and equipment fluctuated from \$1,022,682 in 2019 to \$679,220 in 2020. The decrease can be explained by the smaller acquisitions in 2020, compared to those in 2019, during which the Company was building a camp.

Cash held for exploration expenses is \$962,431 on June 30, 2020 compared to \$365,628 on June 30, 2019. The amount in 2020 must be incurred before December 31, 2021.

Exploration and evaluation assets varied from \$25,371,544 in 2019 to \$25,915,979 in 2020. Tax credits totaling \$276,608 in 2020 (\$368,903 in 2019) are recorded as a reduction of exploration and evaluation assets.

### 5.3 Summary of quarterly results

	2019-2020				2018-2019			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Other revenues and expenses	479,477	(85,194)	54,408	(70,660)	167,263	(22,473)	(42,266)	(249,842)
Net loss	1,578,484	344,740	777,469	219,590	175,393	(259,617)	454,689	456,152
Net loss per share	0.010	0.002	0.005	0.001	-	-	0.003	0.003

Other revenues and expenses consist of mainly of changes in value of listed shares, interest income on cash in 2020 and interests on unpaid invoices in 2019.

For the Q4-2019, the write-off of the 33F06 property and the devaluation of the Keoz property for amounts of \$49,182 and \$40,119 respectively, increased the net loss.

For the Q4-2020, the devaluation of the Pontax, Goldorak and Amikap properties for a total amount of \$3,054,704 increased the net loss.

The Q1-2019, Q2-2019, Q3-2019, Q1-2020 and Q3-2020, the negative variation in the value of the listed shares for amounts of \$258,399, \$47,004, \$27,693, \$79,608 and \$91,587 respectively, decreased revenues.

For the Q4-2019, Q2-2020 and Q4-2020, the positive variation in the value of listed shares for amounts of \$163,882, \$50,102 and \$477,793 respectively, increased revenues.

## 6. WORKING CAPITAL AND CASH FLOWS

The working capital, including cash held for exploration expenses, varied from an amount of \$2,734,227 on June 30, 2019 to an amount of \$2,173,401 on June 30, 2020. During the exercise, cash was used for exploration and administrative activities.

Management of Sirios is aware of the cash position as of June 30, 2020 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, 2020 :

- 178,558,525 common shares were issued as well as 100,000 preferred shares;
- 5,925,000 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company;
- 11,680,000 options were granted and exercisable. Each option can be exchanged by its holder thereof for one common share of the Company.

## 7. INFORMATIONS ON ISSUED AND OUTSTANDING SHARES

Table of variation in issued and outstanding shares

	2019-2020		2018-2019	
	Quantity	Amount \$	Quantity	Amount \$
<b>Common shares</b>				
<i>Issued</i>				
Balance, beginning	156,213,503	46,263,259	136,304,404	42,859,356
Common shares	7,400,000	1,295,000	4,450,000	836,750
Flow-through common shares	14,505,022	2,175,753	15,134,099	2,502,653
Exercise of options	440,000	72,400	325,000	64,500
<b>Preferred shares, Serie A</b>				
<i>Issued and fully paid</i>	100,000	50,000	100,000	50,000
<b>Total</b>	<b>178,658,525</b>	<b>49,856,412</b>	<b>156,313,503</b>	<b>46,313,259</b>

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

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

On November 28, 2018, the Company completed the closing of a flow-through private placement for a total of \$2,542,452. A total of 11,556,599 flow-through shares were issued.

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

On April 4, 2019, the Company completed the closing of a flow-through private placement for a total of \$1,144,800. A total of 3,577,500 flow-through shares were issued.

On May 8, 2019 and June 18, 2019, the Company completed two closings of a private placement for a total of \$715,000. In total, 3,575,000 shares were issued as well as 1,787,500 warrants.

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.

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

In November 2019, 275,000 options were exercised at a price of \$0.10 and 40,000 options at a price of \$0.12.

On December 20, 2019, the Company completed the closing of a flow-through private placement for a total of \$1,781,125. A total of 7,744,022 flow-through shares were issued at a price of \$0.23.

On December 20, 2019, the Company completed the closing of a flow-through private placement for a total of \$64,980. A total of 361,000 flow-through shares were issued at a price of \$0.18.

On June 30, 2020, the Company completed the closing of a flow-through private placement for a total of \$960,000. A total of 6,400,000 flow-through shares were issued.

Description	Number of shares	Amount \$
<b>As of June 30, 2020</b>	<b>178,558,525</b>	<b>49,806,412</b>
Exercise of options	500 000	80 000
<b>As of October 9, 2020</b>	<b>179,058,525</b>	<b>49,886,412</b>

In September 2020, 200,000 options were exercised at a price of \$0.10.

In October 2020, 300,000 options were exercised at a price of \$0.10.

## 8. INFORMATIONS ON OUTSTANDING OPTIONS

Table of variation of options in circulation

	2019-2020		2018-2019	
	Number of options	Average exercise price \$	Number of options	Average exercise price \$
Balance, beginning	8,590,000	0.31	7,790,000	0.30
Granted	3,800,000	0.185	2,300,000	0.22
Exercised	(440,000)	(0.10)	(325,000)	(0.12)
Expired and cancelled	(270,000)	(0.18)	(1,175,000)	(0.16)
<b>Balance, end</b>	<b>11,680,000</b>	<b>0.28</b>	<b>8,590,000</b>	<b>0.31</b>
Exercised	(500,000)	(0.10)		
<b>Balance, on October 9, 2020</b>	<b>11,180,000</b>	<b>0.29</b>		

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

The Board of Directors of Sirios has granted, on November 13, 2018, 2,300,000 stock options under its Stock Option Incentive Plan to employees, directors, officers and consultants at an exercise price of \$0.22 per share. The options expire five (5) years from the date of grant.

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

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

The Board of Directors of Sirios has granted, on November 19, 2019, 3,800,000 stock options under its Stock Option Incentive Plan to employees, directors, officers and consultants at an exercise price of \$0.185 per share. The options expire five (5) years from the date of grant.

In November 2019, 275,000 options were exercised at a price of \$0.10 each and 40,000 options at a price of \$0.12 each.

In September 2020, 200,000 options were exercised at a price of \$0.10 each.

In October 2020, 300,000 options were exercised at a price of \$0.10.

Options granted to employees, directors, officers and consultants and exercisable as of October 9, 2020

Expiry date	Options granted and exercisable	Exercise price \$
December 8, 2020	330,000	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
November 13, 2023	2,150,000	0.22
November 19, 2024	3,800,000	0.185
	<b>11,180,000</b>	<b>0.28</b>

## 9. INFORMATIONS ON OUTSTANDING WARRANTS

Table of variation of outstanding warrants

	2019-2020		2018-2019	
	Number of warrants	Average exercise price \$	Number of warrants	Average exercise price \$
Balance, beginning	2,225,000	0.29	666,666	0.45
Issued	3,700,000	0.30	2,225,000	0.29
Exercised	-	-	-	-
Expired	-	-	(666,666)	(0.45)
<b>Balance, end</b>	<b>5,925,000</b>	<b>0.30</b>	<b>2,225,000</b>	<b>0.29</b>

For the private placement of October 22, 2018, 437,500 warrants were issued at a price of \$0.26 each.

For the closings of the private placement of May 8, 2019 and June 18, 2019, 1,787,500 warrants were issued at a price of \$0.30 each.

For the closing of the private placement of October 18, 2019, 3,700,000 warrants were issued at a price of \$0.30 each.

Warrants issued as October 9, 2020

Expiry date	Number of warrants	Exercise price \$
October 22, 2020	437,500	0.26
November 8, 2020	1,287,500	0.30
December 18, 2020	500,000	0.30
April 18, 2021	3,700,000	0.30
	<b>5,925,000</b>	<b>0.30</b>

## 10. RELATED PARTY TRANSACTIONS

### 10.1 Key management personnel

The remuneration of the Company's key management personnel and members of the Board of Directors is as follow:

	June 30, 2020 \$	June 30, 2019 \$
Salaries and employee benefit expenses	327,951	302,124
Share-based payments	242,000	110,000
	<b>569,951</b>	<b>412,124</b>

## 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.

#### **Impairment of property and equipment**

Evaluation facts and circumstances that demonstrate the existence of any indication that an asset may have depreciated or recover in value is a subjective process that involves judgment and often a number of estimates and assumptions.

As at June 30, 2020 and 2019, no impairment was recorded on property and equipment.

**Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

**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 recovered 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 year ended June 30, 2020, the Company devalued the Pontax, Goldorak and Amikap properties (devalued the Keo property and wrote-off the 33F06 property on June 30, 2019). Total impairments of devaluation recognized in profit or loss amounts to \$3,054,704 (devaluation of \$40,119 and write-off of \$49,182 on June 30, 2019). No reversal impairment losses has been recognized for the reporting periods.

There was no testing impairment required this year on the other properties, the Company has the capacity to keep these properties because it 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 arrangements, as of June 30, 2020.

### **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 9, 2020.

**(signed) Dominique Doucet, President**

**(signed) Frederic Sahyouni, Chief Financial Officer**