



Annual Management Discussion and Analysis for 2018-2019



Discovering James Bay



Sirios Resources Inc.

TSX V: SOI
www.sirios.com

Table des matières

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	2
4.1	Cheechoo property.....	3
4.1.1	Executed works.....	3
4.1.2	Diamond drilling campaign.....	4
4.1.3	Prospecting, sampling and drilling of the mafic dyke sector.....	7
4.1.4	Structural study of veins and pegmatites in relation to gold mineralization (for description, please see the Management Report of December 31, 2018).....	7
4.1.5	3D modeling of the gold mineralization.....	8
4.1.6	Progress on the metallurgical tests	8
4.1.7	Resource Estimate.....	9
4.2	Aquilon property.....	9
4.3	Pontax property.....	10
4.4	39 property.....	10
4.5	Amikap and Goldorak properties	10
4.6	Keoz property	10
5.	OPERATION RESULTS AND SELECTED ANNUAL INFORMATION.....	10
5.1	General and administrative expense analysis	11
5.2	General analysis.....	11
5.3	Summary of quarterly results.....	12
6.	WORKING CAPITAL AND CASH FLOWS	12
7.	INFORMATION ON ISSUED AND OUTSTANDING SHARES.....	13
8.	INFORMATION ON OUTSTANDING OPTIONS	14
9.	INFORMATION ON OUTSTANDING WARRANTS.....	15
10.	RELATED PARTY TRANSACTIONS	16
10.1	Key management personnel	16
11.	SUSTAINABLE DEVELOPMENT PRINCIPALES.....	16
12.	JUDGMENTS, ESTIMATES AND ASSUMPTIONS.....	17
12.1	Significant management judgment.....	17
12.2	Estimation uncertainty	17
12.3	Off-balance sheet arrangements	18
13.	RISKS AND UNCERTAINTIES	18
14.	MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION.....	19



TSX-V: SOI

**SIRIOS RESOURCES INC.
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED JUNE 30, 2019**

This Management Discussion and Analysis is dated September 26, 2019 and provides an analysis of the financial results for the year ended June 30, 2019 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, 2019 and 2018.

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 Financial 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, 2019. 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, 2019, there are 156,213,503 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 Goldcorp's Eleonore gold mine;
- AQUILON (100%): host of high grade gold vein system
- PONTAX (100%): polymetallic project with high grade silver and gold.

2. SUMMARY OF THE ACTIVITIES OF THE EXERCISE

- Closing of flow-through private placement for a total amount of \$3,687,252;
- Closing of private placements for a total amount of \$890,000;
- Diamond drilling campaign of 11,322 m on the Cheechoo property;
- Acquisition of two new projects: 39 (39 claims) and Tilly 2 (26 claims);
- Exploration and evaluation expenses of \$4,673,980, 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, Amikap, Keoz and 33F06 properties during the year. Other properties have not been subject to exploration work during the year.

Properties	Geology-prospecting \$	Geochemistry, analysis \$	Geophysics, line-cutting \$	Transport, helicopter, lodging \$	Drilling \$	General expenses \$	Total \$
Aquilon	194,557	156	-	9,383	-	223	204,319
Cheechoo	698,733	696,043	-	212,004	2,219,574	568,918	4,395,272
Pontax	16,710	-	-	6,886	-	-	23,596
Amikap	318	-	-	-	-	-	318
Keoz	16,102	7,157	-	24,198	-	162	47,619
33F06	-	-	-	2,856	-	-	2,856
Total	926,420	703,356	-	255,327	2,219,574	569,303	4,673,980

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 Dominique Doucet and Roger Moar, Senior Geologist, also a qualified person. The reader is referred to the Company's website (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 km² divided in two non-continuous blocks (figure 1). It is located 320 km north of Matagami, Eeyou Istchee James Bay, in Quebec, and 13 km east of the Eleonore gold mine of Newmont 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.

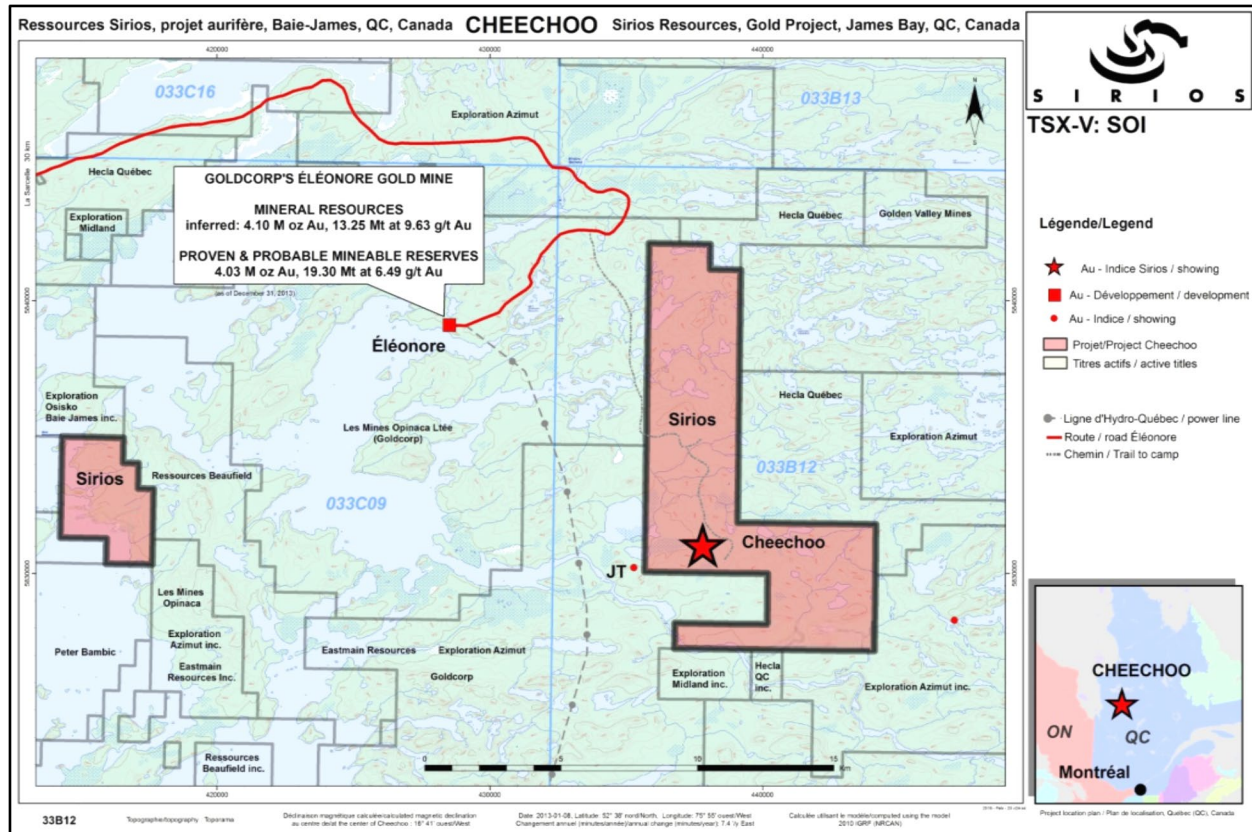


Figure 1 – Localisation of the Cheechoo's property

4.1.1 Executed works

The following were started or completed during the exercise for a total amount of \$4,395,272:

1. Diamond drilling campaigns (47 NQ drill holes totaling 11,322 metres);
2. Prospecting and sampling of the mafic dyke sector;
3. Continued structural study of veins and pegmatites in relation to gold mineralization by postdoctoral researchers;
4. 3D modeling of the gold mineralization;
5. Metallurgical tests;
6. Call for tender for an initial estimate of resources.

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

4.1.2 Diamond drilling campaign

During the period, all 2019 winter survey results, #199 to #245, were received and integrated into the database. These results were published in the press releases of March 4, April 16, May 27 and June 3, 2019. The total footage of all 245 holes drilled to date on the property is 62,189 metres.

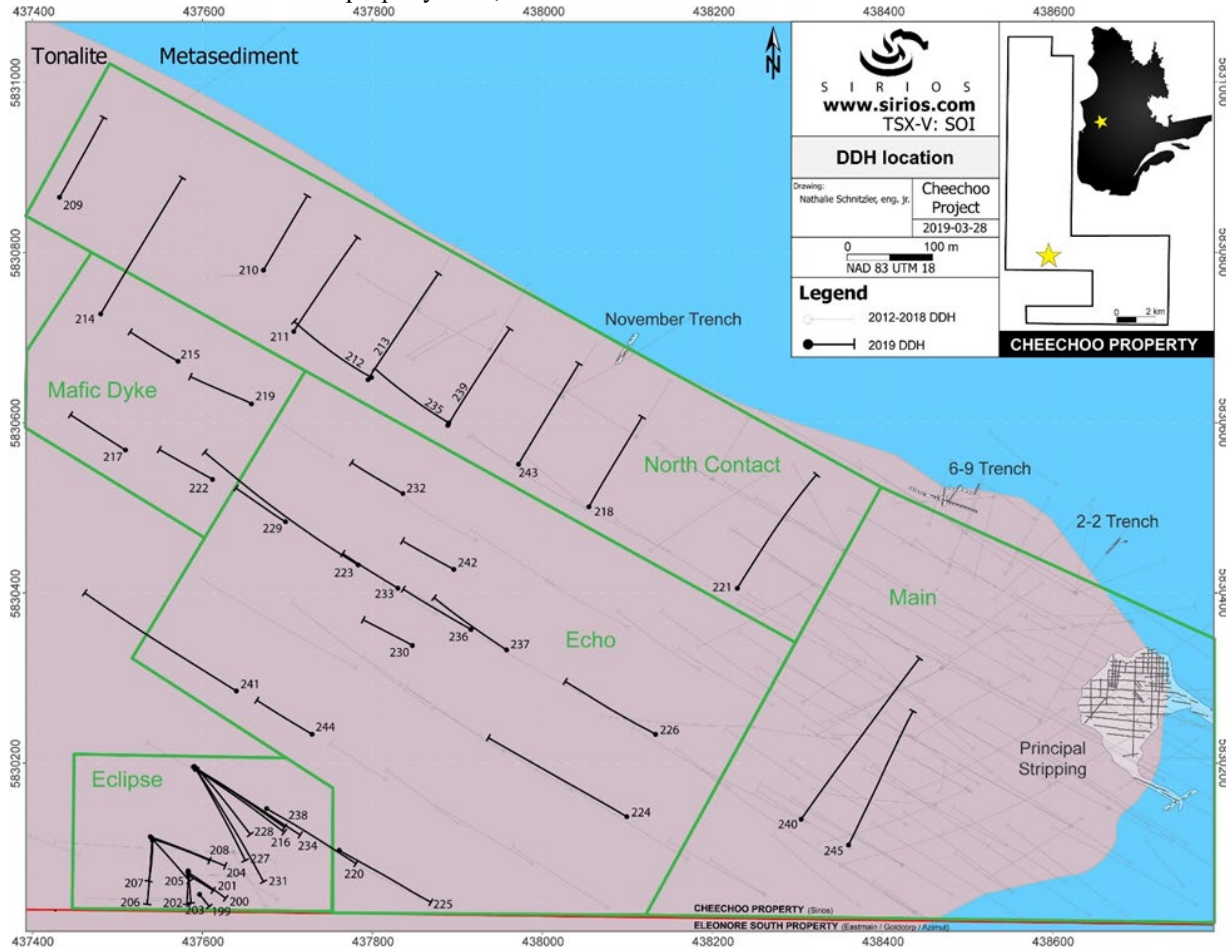


Figure 2 – Localisation of the drill holes of the exercise on Cheechoo (#199 à #245)

Gold mineralization consists of a large volume at low levels in which multiple high levels are present. The high-grade Jordi and Eclipse zones are the best defined so far. Gold mineralization extends south-southwest over the property adjacent to Eleonore South.

Contact Zone

Six drill holes (#209 to 214) undertaken on the North Contact Area, in addition to drill hole #223 drilled from the Echo Area, targeted the auriferous mineralization at the tonalite and meta-sediments contact (Contact Zone). Drill hole #211 intersected 0.7 g/t Au over 19.5 m, thus extending the Contact Zone for more than 100 metres laterally towards the north-west from its previously interpreted position. Drill holes #213, #223 and #218 intersected the zone down to more than 400 metres (#223), with respectively 0.8 g/t Au over 6.8 m, 0.9 g/t Au over 12.5 m and 0.6 g/t Au over 21.7 m. Drill holes #209, 210 and 214 tested the north-west extension of the Contact Zone, with the limit of the mineralization located between drill holes #210 and 211.

The zone extends laterally from the NW to the SE for more than 1,500 m and to a vertical depth of 400 to 500 metres, as defined by the tonalite-meta-sediments contact. In the main area at the eastern of the intrusion, the zone is up to 100 metres in width, while ranging between 10 and 60 metres in width further towards the north-west. The gold grade of

the Contact Zone varies between 0.5 g/t Au and 1.1 g/t Au, with its surface projection illustrated on the figure showing the surface location of the drill holes.

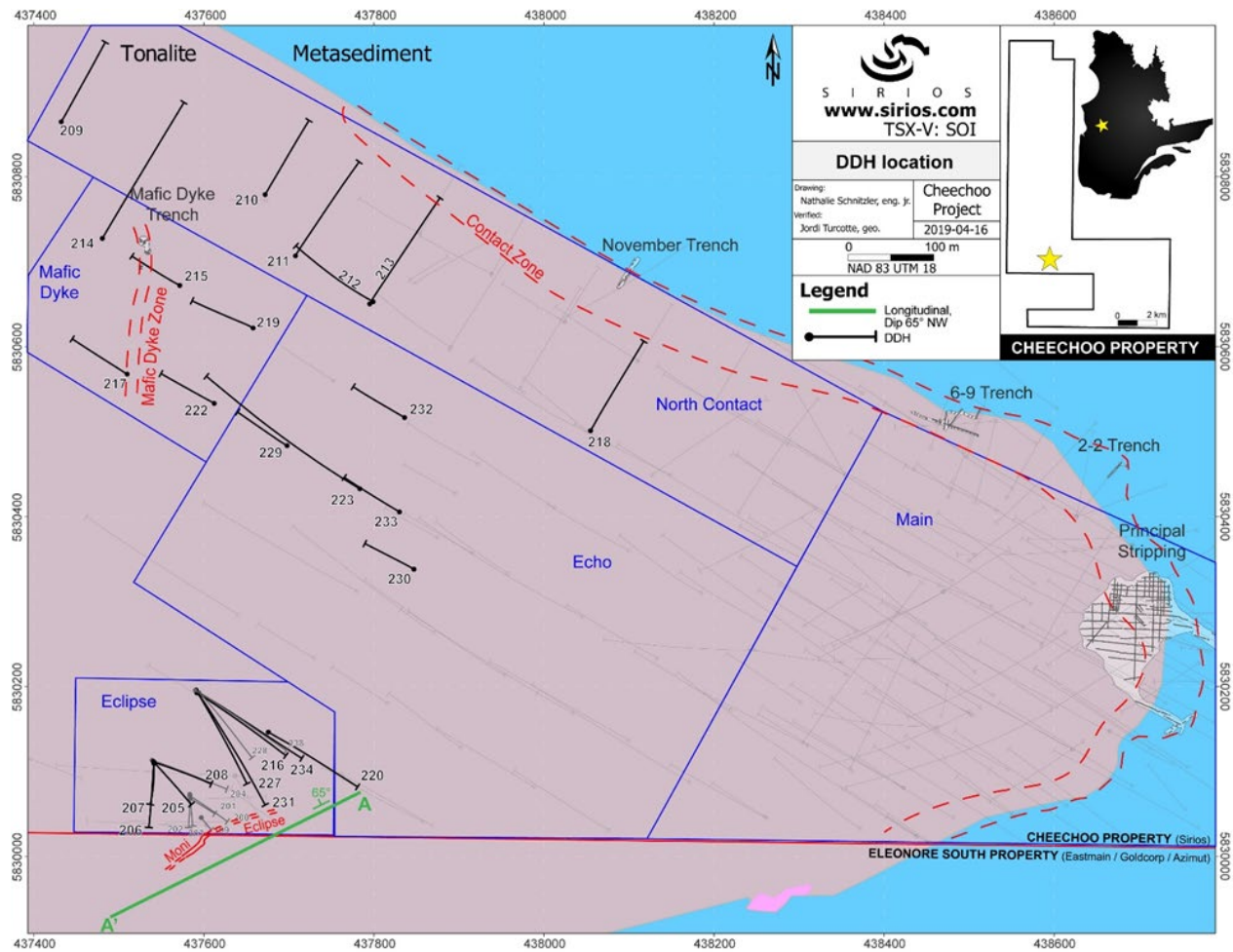


Figure from the April 16, 2019 press release

Vein 112 and Jordi Zone

Drill holes #240 and #245 targeted Vein 112, at a vertical depth of 300 m and about 40 m on either side of the drill hole #112 discovery that gave 8.0 m at 41.0 g/t Au (ref. press release of 02/14/2018). These holes connected Vein 112 with similar veins intersected in holes #098 and #125^E, confirming the lateral extension of the vein 110 metres in a north-south direction. Vein 112 remains open in all directions.

Drill holes #240 and 245 also intersected the Jordi Zone, at a vertical depth of approximately 50 metres, reinforcing the interpretation of the geological model. This area had already been intersected by numerous holes with grades up to 867.1 g/t Au over 0.5 m (ref. press releases of 03/04/2018 and 04/24/2018).

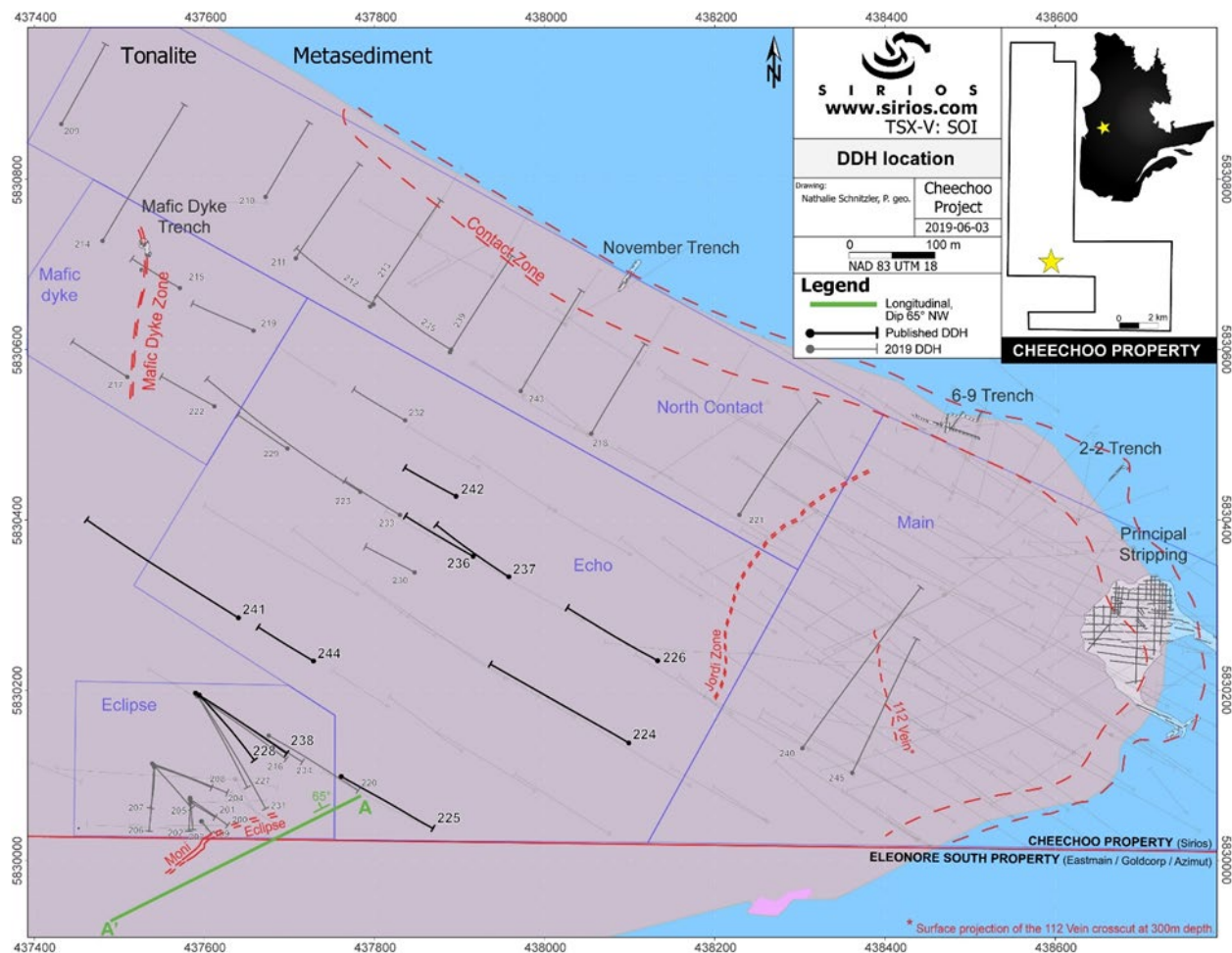


Figure from the press release of June 3, 2019.

Eclipse Zone

The Eclipse gold zone is located at approximately 750 metres west to the main area. It is interpreted as being the depth extension of the high-grade vein systems of the Moni surface showing, located on the neighbouring Eleonore South property (ref. October 17, 2017 Eastmain Res. Press Release), only a few metres from the common border of both properties. The zone is characterized by the presence of disseminated coarse free gold in a variable network of pegmatite dikes and veins ranging from quartz-feldspar with the characteristic 'giraffe' texture to stockwork veinlets composed of gray quartz.

Five of the six first drill holes of 2019 made on the Eclipse Zone intersected several very high grade ('Bonanza') intervals such as 315 g/t Au over 1.1 m or 219 g/t over 1 m., as mentioned in the press release of March 4, 2019. Subsequent drilling on this area has demonstrated the extension of the area along a corridor that extends laterally from 80 to 120 metres following a north-north-east dipping (ref. press release of April 16, 2019). The zone was observed at the targeted locations in drill holes #205 and 227 (quartz vein stockwork with arsenopyrite) without, however, giving significant gold grades. The zone was not observed in drill hole #208 due to the presence of a pegmatite dyke at the targeted location. Drill hole #216 confirmed the extension of the zone to a vertical depth of 250 metres with 1.4 g/t Au over a true thickness of 6.4 m including 6.2 g/t Au over 1.0 m while drill holes #228 gave 31.3 g/t Au over 0.7 m. The area remains open at depth as shown in the longitudinal section below.

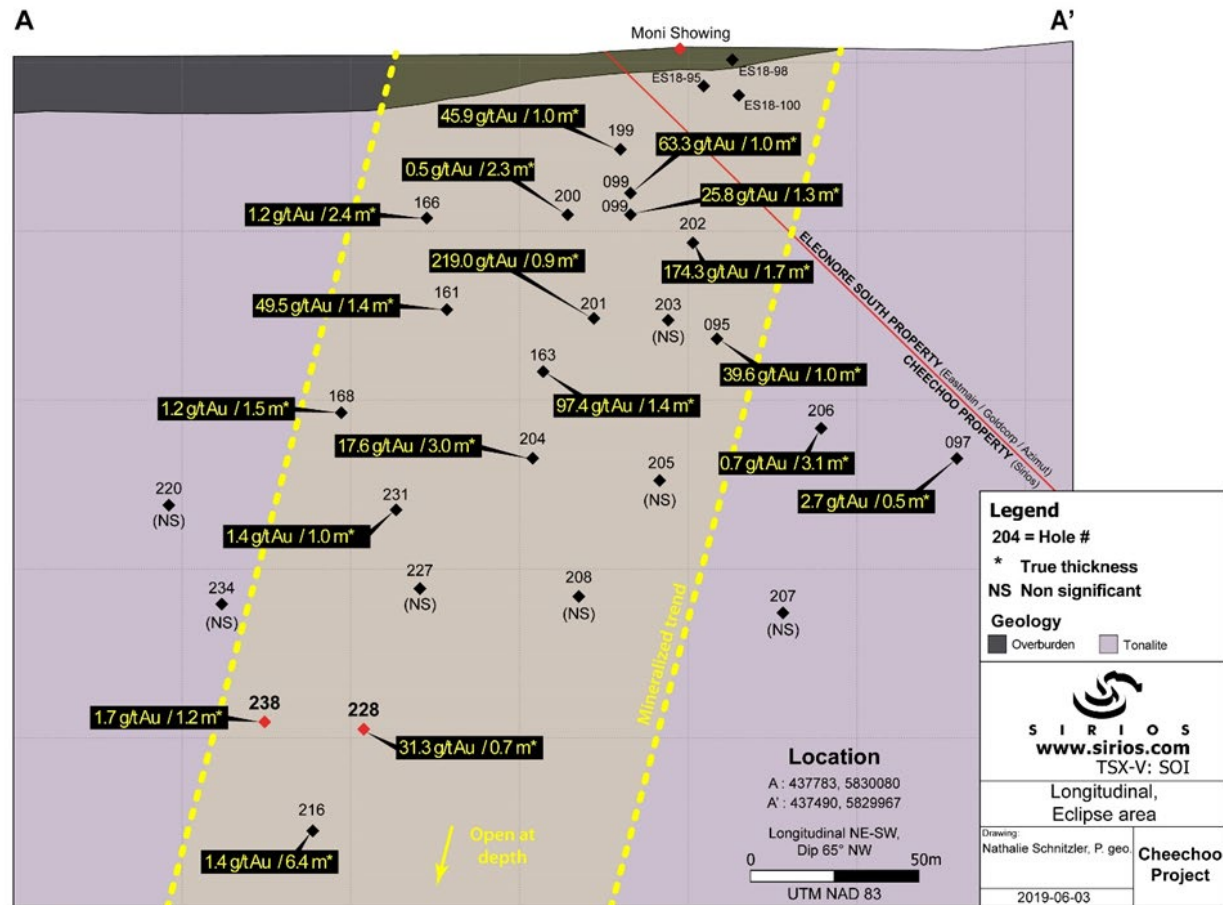


Figure from the press release of June 3, 2019

4.1.3 Prospecting, sampling and drilling of the mafic dyke sector

Prospecting and sampling were conducted during the period in the mafic Dyke showing sector located on the north-western extension of the main sector. This work has significantly enlarged the size of the index. The significant results are: 0.78 g/t Au over 7.8 m; 1.4 g/t Au over 2.7 m; 1.6 g/t Au over 2.9 m; 3.05 g/t Au over 4.4 m (including 11.4 g/t Au over 1.1 m) and 0.58 g/t Au over 5.7 m. Drill holes #21 and 217 intersected 2.5 m at 4.8 g/t Au and 5.9 m at 1.1 g/t Au respectively and gold was observed in these two holes. These results are consistent with those observed at the surface (ref. press release of October 3, 2017). This mineralized corridor is spatially associated with the presence of a mafic dyke that is currently known to extend for more than 180 metres along a north-south axis and has been intersected down to a vertical depth of 50 metres in drill hole #215. This mineralized area remains underexplored and is open laterally and at depth.

4.1.4 Structural study of veins and pegmatites in relation to gold mineralization (for description, please see the Management Report of December 31, 2018)

The researchers continued their work during the period. A first public presentation of this work was made during the annual conference of the Geological Association of Canada held in Quebec City in May 2019.

4.1.5 3D modeling of the gold mineralization

The 3D model of gold mineralization was refined by adding the results of the last holes during the period combined with the structural geology analysis from the logging data. The modeling and the estimation of the volume of the envelopes of the different gold grades were carried out by the geologists of Sirios. The model was provided to the BBA engineering firm mandated to estimate the resources.

4.1.6 Progress on the metallurgical tests

Metallurgical testing began and continued during the period at COREM's Quebec facility on more than 5.5 tons of composite drill core samples (ref. press release of November 5, 2018). The positive results of Phase I of metallurgical tests performed by COREM were received in September 2019. Gold recovery rates of up to 97% were achieved, including 88% gravimetric as indicated in the table below. The tests were conducted on three composite samples of PG drill core, each of approximately 130 kg (ref. press release of September 2, 2019). Phase II testing should be completed in November 2019.

Gold recovery by gravity and tailing cyanidation						
Sample #	Lithology	Head grade Au (g/t)	Gold recovery Au (%)			Grade obtained Au (g/t)
			Gravity	Tailing cyanidation	Total	
9	Tonalite	0.56	81.4	15.2	96.6	0.92
12	Pegmatite	3.06	88.0	9.1	97.1	2.81
26	Meta-greywacke	0.27	56.5	34.5	91.0	0.31

The tonalite sample #9 represents approximately 70% of the gold mineralization on Cheechoo. Samples #12 and 26 represent respectively approximately 20% and 5% of the gold mineralization.

The grades obtained from the metallurgical tests show a significant increase compared to the head grades for the low-grade samples #9 and #26, while a slight decrease is observed for the sample #12. A population of 3 samples is however not sufficient to define a general trend, further studies of variations in gold grade will be conducted when Phase II of the metallurgical testing will be completed and available.

Gold recovery by gravity (GRG) tests undertaken in Phase I, were conducted following the standard procedure developed by the late André Laplante, PhD, involving three successive separation steps with re-grinding between each step.

The tests also demonstrated the potential to concentrate the sulfides in the tailings of the gravity process using flotation. Note that there is a very low sulfides content, in the order of less than 0.2%, in the tailings from the treatment of Cheechoo samples.

Cyanide tests via direct feed, demonstrate a low consumption of reagents, in the range of 0.19 and 0.58 kg/t of NaCN, and 0.56 and 1.09 kg/t of Ca(OH)₂.

The whole of each sample was used for the comminution tests. Approximately 30 kg was used for gravity-testing, while 70 kg was used for cyanidation recovery tests at different granulometries, as well as quantitative mineralogy and gold deportment studies. The completed tests allowed the company to determined the granulometry, being P₈₀ 75µm, to be used for the treatment of the 30 additional composite samples that constitute Phase II of the work currently underway at COREM. All thirty-three samples have a total mass of 5.5 tones.

4.1.7 Resource Estimate

During the period, a call for tenders was issued for a first Mineral Resources Estimate and a NI 43-101 compliant Technical Report. In September 2019, the engineering firm BBA was chosen to prepare this report. Delivery of this estimate is expected before the end of 2019.

4.2 Aquilon property

The Aquilon property is wholly owned by Sirios and it is constituted of 104 claims covering approximately 50 km². It is located at 10 km² south of the LA-1 hydro-electric complex in the region of Eeyou Istchee, James Bay, Quebec. An outfitter with a landing strip is located at less than 40 minutes by road to the property. The latter is accessible by road all year long.

Sirios completed during the period, the compilation and integration of all data into a database and expanded the 100% owned property to 140 claims covering approximately 70 km² per map designation. In August 2019, a Sirios exploration team carried out prospecting, detailed mapping and lithogeochemical sampling.

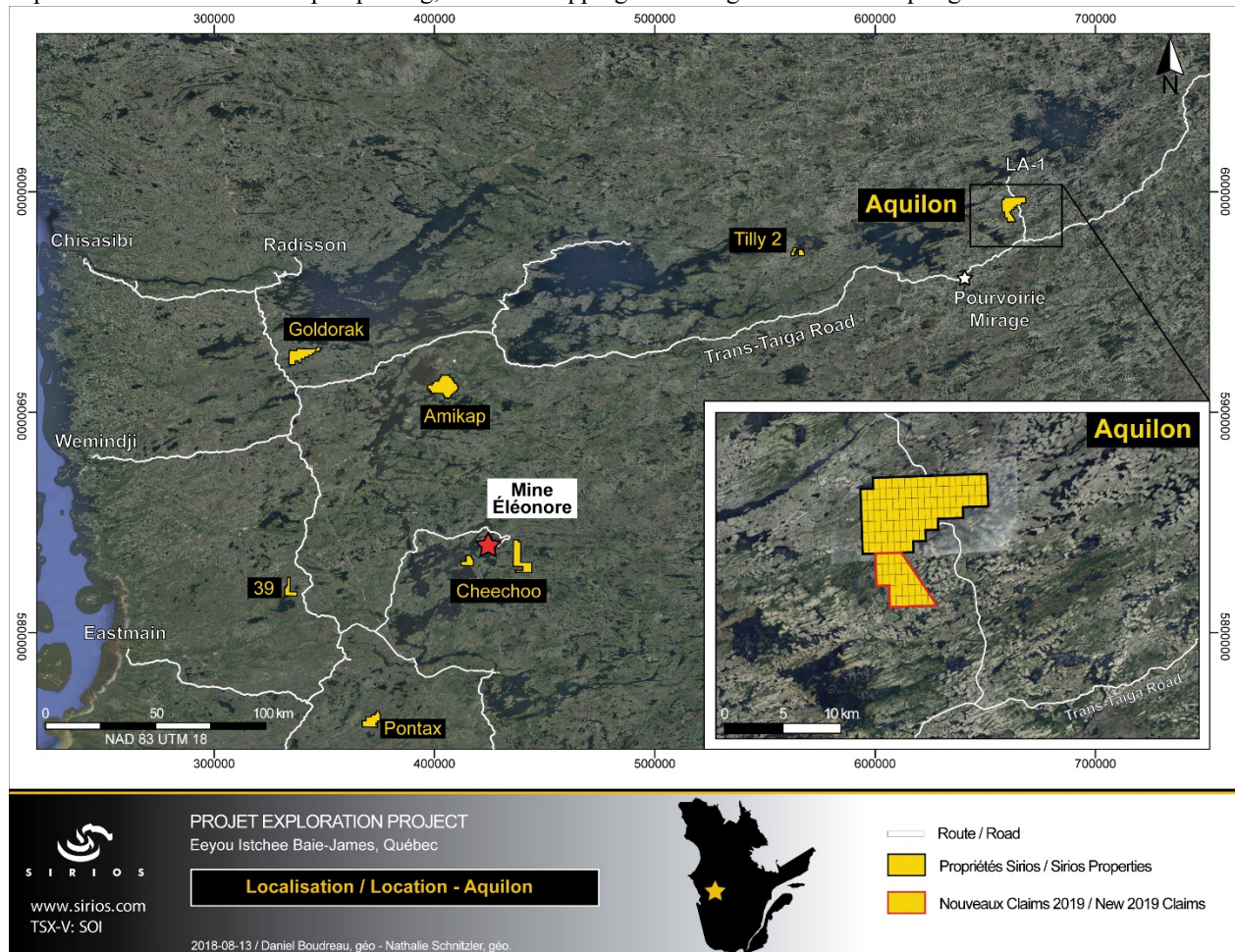


Figure 3 – Localisation of Sirios' properties

4.3 Pontax property

The Pontax property, consisting of 70 claims (approximately 37 km²) is located approximately 30 km by helicopter south of the road relay km 381, and approximately 275 km north of the city of Matagami (fig. 1 and 2). The property is owned by Sirios at 100%. It covers part of the sheet 32N15 and 33C02. The Pontax project is a silver and polymetallic project including an area with gold potential within a volcano-sedimentary sequence. A lot of fieldwork was undertaken such as: soil survey, till and magnetic survey and polarization provoked on part of the property, two small drill campaigns in 2007 and 2011, and mineralogical studies. No activities were carried out on this project during the period, however a complete recompilation and reassessment of the project is planned for the next period 2019-2020.

4.4 39 property

The 39 property was acquired in 2018 and is wholly owned by Sirios. It is located about 30 km north-west of the km 381 road relay on the James Bay road connecting Matagami to Radisson. The property borders the Munischiwan property of Exploration Azimut and SOQUEM to the southwest, where prospecting results yielded up to 100.5 g/t Au, 435.0 g/t Ag, and 156.0 g/t Te and 1.67% Cu from selected samples (ref. Azimut press release of June 27, 2019). During the summer of 2019, prospecting work was carried out to verify the gold potential of an interpreted geological structure oriented north-east to south-west.

4.5 Amikap and Goldorak properties

During the summer of 2019, prospecting work was undertaken on these two properties. Sirios searches for gold mineralization of the same type as those found on Cheechoo. During a regional reconnaissance undertaken by Sirios in 2016 on what later became the Goldorak property, anomalous gold levels ranging between 30 and 100 ppb (parts per billion) were detected on selected samples of granitic rock. The Amikap claim block covers five prospecting targets defined in a lithogeochemical study conducted by CONSOREM that targeted metallogenic contexts similar to the Cheechoo project of Sirios (ref. press release of May 10, 2018).

4.6 Keoz property

The Keoz property is a gold exploration project located in the Eeyou Istchee James Bay region. The property is located approximately 25 km south of LG-3 (figure 1) covering one sector of NTS sheet 33G04. The property is accessible by the Transtaïga road and a secondary gravel road. Exploration work was carried out in the summer of 2018 without significant results and the project was abandoned.

5. OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

The net loss of the Company was \$826,617 (\$0.006 per share) for the year ended June 30, 2019 in comparison to a net loss of \$1,599,223 (\$0.01 per share) for the year ended June 30, 2018.

Annual results summary	June 30, 2019 \$	June 30, 2018 \$
Finance income	26,752	116,357
Write-off of exploration and evaluation assets	49,182	-
Devaluation of exploration and evaluation assets	40,119	-
Share-based payments	184,000	470,250
Net loss	826,617	1,599,223
Net loss per share	0.006	0.01
Total assets	28,927,645	26,162,925

Finance income is comprised of interests on cash and on unpaid invoices of the Company and management revenues for 2018.

5.1 General and administrative expense analysis

General and administrative expenses, for the exercise ended in 2019 totaled \$1,136,039 in comparison with \$1,005,374 in 2018.

General and administrative expenses	2018-2019 \$	2017-2018 \$
Investors and shareholders' relations	405,228	147,767
Salaries and employee benefit expenses (excluding share-based payments)	390,966	419,746
Professional fees	127,706	119,793
Rent expenses	75,848	65,668
Trustees and registration fees	33,931	39,912
Publicity and sponsorship	27,125	27,500
Office expenses	24,649	22,301
Consulting fees	17,456	109,737
Insurances, taxes and permits	12,571	13,050
Training	10,956	27,863
Interests charges	4,856	9,428
Bank charges	2,979	1,560
Income taxes of section XII.6	1,768	1,049
TOTAL	1,136,039	1,005,374

Comparing the general and administrative expenses for the exercises ended June 30, 2019 and 2018, we note an increase in *Investors and shareholders' relation*. The increase can be explained by the president promoting the Company during the 2019 exercise more important than last year, especially through communication firms.

The decrease in *Salaries and employee benefit expenses* can be explained by the payment of a severance pay for an employee in 2018.

The decrease in *Consulting fees* can be explained by the hiring of a part-time controller to replace the controller who was on maternity leave last year.

The decrease in *Training* can be explained because less training was done during the exercise compared to last year.

5.2 General analysis

Total assets of the Company fluctuated from \$26,162,925 in 2018 to \$28,927,645 in 2019.

Cash, including cash held for exploration charges, totaled \$301,569 in 2019 in comparison with \$1,346,704 in 2018; term deposits totaled \$50,950 in 2019 in comparison with \$50,000 in 2018. The cash as well as term deposits variations are directly linked to exploration fieldwork and administrative activities of the Company.

Other receivables varied from \$69,809 in 2018 to \$64,468 in 2019.

Listed shares totaled \$686,508 in 2018 and \$455,476 in 2019. The decrease can be explained by the sale of shares of listed companies during the exercise, as well as the decrease in the stock market prices of these companies.

The credits receivable fluctuated from \$1,969,288 in 2018 to \$1,252,763 in 2019. The tax credits receivable for 2018 include those for 2017 and 2018, and those from 2019 include tax credits of 2018 and 2019. The decrease can therefore be explained by the tax credit receivable of 2017 larger than the tax credit receivable of 2019. As a result, more significant exploration was done with non-flow-through money in 2017 compared to 2019.

Property and equipment fluctuated from \$581,772 in 2018 to \$1,022,682 in 2019. Most of the increase can be explained by the construction of an exploration camp during the 2019 exercise.

Provisions fluctuated from \$183,679 in 2018 to nil in 2019. The decrease is explained by the expiry of the prescription for a financing of which a provision for compensation had been recorded.

Cash held for exploration expenses is \$365,628 on June 30, 2019 compared to nil on June 30, 2018. This amount must be incurred before December 31, 2020.

Exploration and evaluation assets varied from \$21,102,011 in 2018 to \$25,371,544 in 2019. Tax credits totaling \$368,903 in 2019 (\$878,821 in 2018) are recorded as a reduction of exploration and evaluation assets.

5.3 Summary of quarterly results

	2018-2019				2017-2018			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Other revenues and expenses	167,263	(22,473)	(42,266)	(249,842)	(262,505)	53,111	181,771	14,857
Net loss	175,393	(259,617)	454,689	456,152	1,199,223	133,311	203,828	62,861
Net loss per share	-	-	0.003	0.003	0.006	0.001	0.002	0.001

Other revenues and expenses consist of mainly of changes in value of listed shares, interest income on cash and interests on unpaid invoices and management revenues in 2018.

For the Q4-2018, the net loss of \$1,199,223 can be explained by the recognition of a deferred tax of \$638,010. This adjustment is mainly due to the difference between the book value and the tax value (at the federal level) of exploration expenses that could not be offset by non-capital losses.

For the Q4-2018, the disposal of the CET property resulted in a \$109,592 loss on disposal of exploration and evaluation assets, decreasing revenues.

For the Q4-2018, Q1-2019, Q2-2019 and Q3-2019, the negative variation in the variation of the listed shares for amounts of \$297,103, \$258,399, \$47,004 and \$27,693 respectively, decreased revenues.

For the Q1-2018, Q2-2018, Q3-2018 and Q4-2019, the positive variation in the value of the listed shares for amounts of \$7,480, \$173,135, \$41,142 and \$163,882 respectively, increased revenues.

For the Q1-2018 and Q2-2018, the Company's share of the associated company's loss, recorded using the equity method for amounts of \$13,277 and \$2,790 respectively, decreased revenues.

6. WORKING CAPITAL AND CASH FLOWS

The working capital, including cash held for exploration expenses, varied from an amount of \$3,825,777 on June 30, 2018 to an amount of \$2,173,401 on June 30, 2019. During the exercise, cash was used for exploration and administrative activities.

Management of Sirios is aware of the cash position as of June 30, 2019 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, 2019:

- 156,213,503 common shares were issued as well as 100,000 preferred shares;
- 2,225,000 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company;
- 8,590,000 options were granted and exercisable. Each option can be exchanged by its holder thereof for one common share of the Company.

7. INFORMATION ON ISSUED AND OUTSTANDING SHARES

Table of variation in issued and outstanding shares

	2018-2019		2017-2018	
	Quantity	Amount \$	Quantity	Amount \$
Common shares				
<i>Issued</i>				
Balance, beginning	136,304,404	42,859,356	120,131,793	37,120,056
Common shares	4,450,000	836,750	-	-
Flow-through common shares	15,134,099	2,502,653	11,111,111	4,500,000
Exercise of options	325,000	64,500	1,350,000	497,000
Exercise of warrants	-	-	3,711,500	742,300
Preferred shares, Serie A				
<i>Issued and fully paid</i>	100,000	50,000	100,000	50,000
Total	<u>156,313,503</u>	<u>46,313,259</u>	<u>136,404,404</u>	<u>42,909,356</u>

On August 2, 2017, the Company completed the closing of a flow-through private placement for a total of \$5,000,000. A total of 11,111,111 flow-through shares were issued.

In September 2017, 3,711,500 warrants were exercised at a price of \$0.20 each.

In September 2017, 100,000 options were exercised at a price of \$0.10 each, 100,000 options at a price of \$0.12 each and 250,000 options at a price of \$0.24 each.

In January 2018, 700,000 options were exercised at a price of \$0.24 each.

In April 2018, 100,000 options were exercised at a price of \$0.10 each.

In May 2018, 100,000 options were exercised at a price of \$0.16 each.

On October 22, 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.

Description	Number of shares	Amount \$
As of June 30, 2019 and September 26, 2019	<u>156,213,503</u>	46,263,259

8. INFORMATION ON OUTSTANDING OPTIONS

Table of variation of options in circulation

	2018-2019		2017-2018	
	Number of options	Average exercise price \$	Number of options	Average exercise price \$
Balance, beginning	7,790,000	0.30	6,740,000	0.28
Granted	2,300,000	0.22	2,475,000	0.30
Exercised	(325,000)	(0.12)	(1,350,000)	(0.20)
Expired and cancelled	(1,175,000)	(0.16)	(75,000)	(0.50)
Balance, end	<u>8,590,000</u>	0.31	<u>7,790,000</u>	0.30

In September 2017, 100,000 options were exercised at a price of \$0.10 each, 100,000 options at a price of \$0.12 each and 250,000 options at a price of \$0.24 each.

The Board of Directors of Sirios has granted, on November 27, 2017, 2,475,000 stock options under its Stock Option Incentive Plan to employees, directors, officers and consultants at an exercise price of \$0.30 per share. The options expire five (5) years from the date of grant.

In January 2018, 700,000 options were exercised at a price of \$0.24 each.

In April 2018, 100,000 options were exercised at a price of \$0.10 each.

In May 2018, 100,000 options were exercised at a price of \$0.16 each.

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.

Options granted to employees, directors, officers and consultants and exercisable as of September 26, 2019:

Expiry date	Options granted and exercisable	Exercise price \$
November 25, 2019	400,000	0.10
April 13, 2020	160,000	0.12
December 8, 2020	830,000	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	2,300,000	0.22
	8,590,000	0.31

9. INFORMATION ON OUTSTANDING WARRANTS

Table of variation of outstanding warrants

	2018-2019		2017-2018	
	Number of warrants	Average exercise price \$	Number of warrants	Average exercise price \$
Balance, beginning	666,666	0.45	5,124,479	0.28
Issued	2,225,000	0.29	666,666	0.45
Exercised	-	-	(3,711,500)	(0.20)
Expired	(666,666)	(0.45)	(1,412,979)	(0.50)
Balance, end	2,225,000	0.29	666,666	0.45

For the flow-through private placement of August 2, 2017, 666,666 warrants were issued at a price of \$0.45 each.

In September 2017, 3,711,500 warrants were exercised at a price of \$0.20 each.

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.

Warrants issued as September 26, 2019

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
	2,225,000	0.29

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, 2019 \$	June 30, 2018 \$
Salaries and employee benefit expenses	302,124	305,461
Share-based payments	110,000	237,500
	412,124	542,961

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, 2019 and 2018, 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, meets 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 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 are 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, 2019, the Company devalued the Keoz property and wrote-off the 33F06 property. Total impairments of devaluation and write-off recognized in profit or loss amounts to \$40,119 and \$49,182 respectively. No reversal impairment losses have 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 arrangement, as of June 30, 2019.

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 of 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. September 26, 2019.

(signed) Dominique Doucet, President

(signed) Frederic Sahyouni, Chief Financial Officer