

Annual Management Discussion and  
Analysis for 2013-2014



**Sirios Resources Inc.**

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

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**S I R I O S**

**TSX-V : SOI**

**SIRIOS RESOURCES INC.  
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS FOR  
THE YEAR ENDED JUNE 30, 2014**

This Management Discussion and Analysis is dated October 20, 2014 and provides an analysis of the financial results for the year ended June 30, 2014 of Sirios Resources Inc. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2014 and the audited consolidated financial statements for the year ended June 30, 2013.

This report contains "forward-looking statements" not based on historical facts. Forward-looking statements express, as of the date of this report, estimates, forecasts, projects, 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 current expectations expressed or implied by the forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

Moreover, 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, 2014. These accounting policies are based on International Financing Reporting Standards which, according to the Company, will thus be in force.

## CORPORATE PROFIL AND MISSION

Sirios Resources Inc.'s ("Sirios" or "the Company") mission is to discover world-class gold deposits in the James Bay region of Eastern Canada.

On June 30, 2014, Sirios holds 5,393,931 shares of Khalkos Exploration Inc. ("Khalkos") consisting of 18.22% of its share capital.

Common shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange under the symbol SOI. On June 30, 2014, there are 43,092,738 ordinary shares issued and outstanding.

Sirios owns numerous high potential properties such as :

- CHEECHOO (45% increasing ownership to 100%), new significant discovery in the vicinity of the Opinaca Mines (Goldcorp) Eleonore gold deposit;
- AQUILON (40% increasing ownership to 50%), hosting a high grade gold vein system;
- PONTAX, polymetallic project with high grade silver and gold.

## SUMMARY OF THE ACTIVITIES OF THE EXERCISE

- Closings of private placement for a total amount of \$2,021,000;
- Reimbursement of the secured loan of \$487,400;
- Completion of a non-secured loan for an amount of \$150,000;
- Adoption of a shareholder rights plan;
- Exploration and evaluation expenses of \$1,395,191 were incurred, mostly on the Cheechoo and excellent results were obtain on this property.

## RESULTS OF OPERATION

### Summary of exploration activities

The following table consists of the main exploration and evaluation expenses by the Company on its properties during the year:

Properties	Geology-prospecting	Geochemistry, analysis	Geophysics, line-cutting	Transport, helicopter, lodging	Drilling	General expenses, drafting	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cheechoo</b>	155,875	33,591	60,881	217,016	792,970	36,966	1,297,299
<b>Aquilon</b>	-	2,481	-	13,935	76,557	-	92,973
<b>Nasa</b>	4,919	-	-	-	-	-	4,919
<b>TOTAL</b>	160,794	36,072	60,881	230,951	869,527	36,966	1,395,191

*The technical data included in the following text have been revised by Dominique Doucet, Engineer and President of Sirios. M. Doucet is a qualified person, as defined by National Instrument 43-101.*

## **PROJECTS**

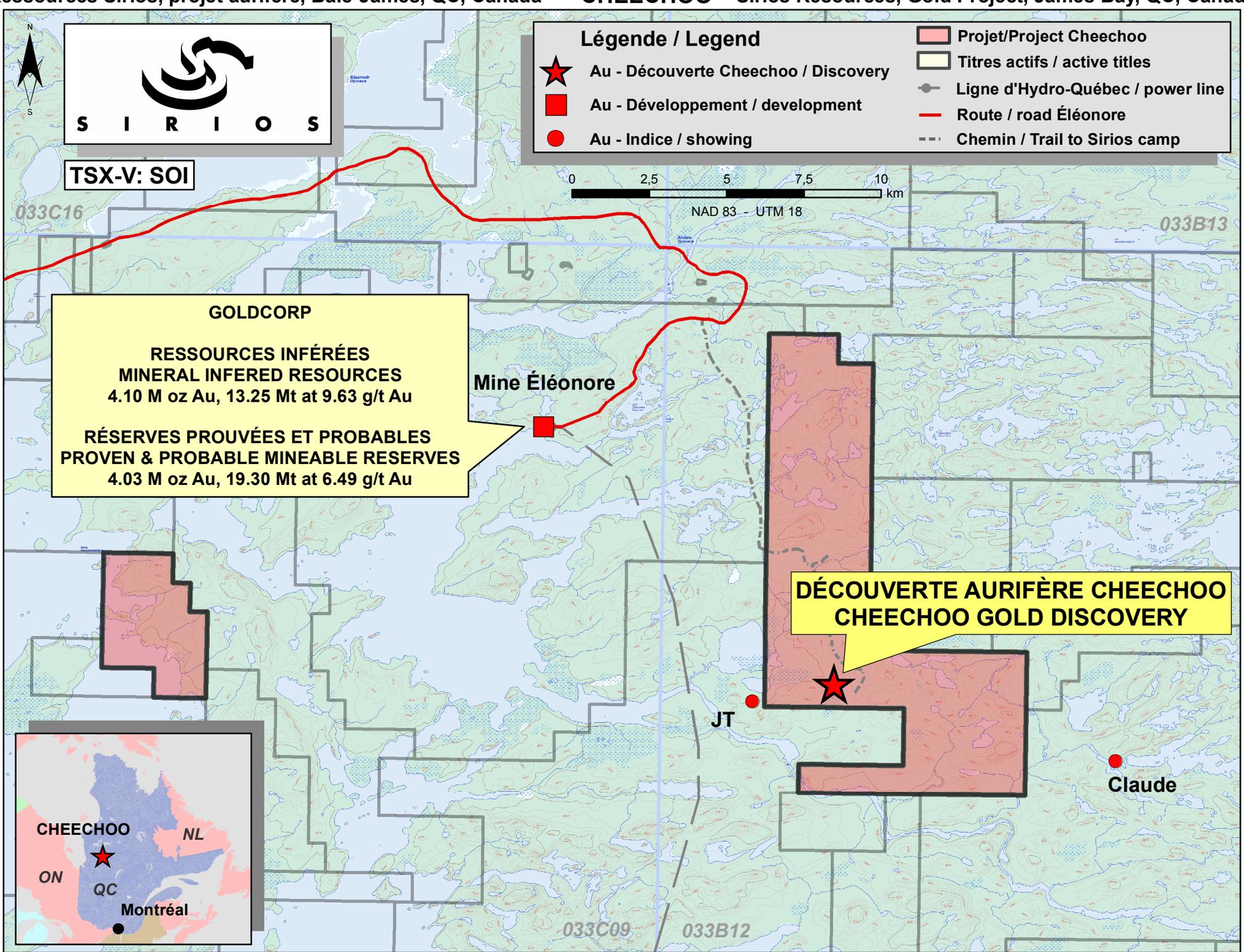
### **CHEECHOO Property**

The Cheechoo project is the flagship project of the Company, because since the discovery of the first gold surface indications, the project produced extremely encouraging results. Since 2012, the Company completed a total of 19 diamond drill holes, including three very recent ones. As of the date of this report, results are still pending. These holes allow limitations, still partially, of a gold low grade envelope extending over a minimum of 1.1 km by about 200 to 450 metres wide and it has a vertical depth of over 345 metres. The geological features observed seem typical of a model of reduced intrusion related gold deposit. Thus type of deposit has never been observed in Quebec and is therefore something new and unusual for explorers from the province. The discovery of Sirios could therefore lead to the delimitation of a gold deposit with very high tonnage at levels varying between 0.5 g/t Au and 2.5 g/t Au. In addition, the recent discovery of the JORDI area demonstrates the existence of at least one zone of high grade gold within the highly mineralized envelope. Therefore, there is a good chance for Sirios to define a gold deposit significantly higher than what was observed in the overall mineralized envelop. Sirios emphasize in the short to medium-term, on the exploration work, principally drilling for this property.

The Cheechoo project of held by the Company (45%) and Golden Valley Mines Ltd. ("Golden Valley") (55%). The claims are located adjacently to the east of the Eleonore gold property of Opinaca Mines Ltd. (a subsidiary of Goldcorp Inc.), approximately 13 km east of the mine itself, and 320 km north of Matagami, in James Bay, Quebec. Following a four year development period, the initial dore bar was poured on October 1, 2014 at the Eleonore Mine. This mine will become one of the most important underground gold mines in North America. The Cheechoo property, following the option agreement with Golden Valley, consists of 145 claims, covering 75 km<sup>2</sup>, divided in two non-continuous blocks of 121 and 24 claims, on the 33C09 and 33B12 NTS sheet.

In 2012, when Sirios held 40% of the project, signed an agreement with Golden Valley, to acquire the remaining 60% of the project. Since 2012, Sirios is the manager of the project. On the date of this report, taking into account the amounts already invested on the project by Sirios and management fees, the balance in fieldworks amounts to \$2.1M to spend on exploration work to acquire the totality of the project and a payment of \$500,000 in cash or shares to Golden Valley on or before June 13, 2016. Should Sirios acquire full ownership of the project, Golden Valley would keep a net return royalty relevant to gold mineral products varying between 2.5% and 4% depending on the price of gold as well as a 4% of the net returns from all mineral products mined or removed from the project. The net return royalty for the gold mineral would be 3% if the price of gold happens to be between \$1,200 and \$2,400 for an ounce.

A first diamond drilling program of eight NQ caliber holes totalizing 938 metres happened at the end of 2012. The first three holes allowed a significant gold discovery in a tonalite (granitic intrusive rock) to a large tonnage potential. A NI 43-101 technical report was filed on June 14, 2013. In the report, Mr. Rejean Girard, an independent consulting geologist of the firm IOS Services Géophysiques Inc., from Saguenay, mentions, among other things: «The autumn 2012 drill discovery made By Sirios Resources in Cheechoo-B-West might be the most significant gold occurrence in James Bay after Eleonore mine".



## **Fieldwork completed during the exercise**

### **Visible gold detected in drill core witness samples**

In September 2013, following a new visual exam of some drilling samples from the 2012-2013 campaign, the presence of visible gold has been detected in 2 witness half drill core sample from #2\* and #3 drill holes. The most remarkable observation came from a sample that yielded 2.52 g/t in gold at depth from 8600 m to 87.50 m in hole #2. The sample displays a several millimetre cluster composed of multitude points of free gold of which the individual size can reach half of a millimetre.

The presence of relatively abundant coarse gold in a rather low grade sample (2.52 g/t) confirms the need to consider a potential heterogeneous gold distribution, commonly known as the "nugget effect".

### **November 2013 drilling campaign**

A camp has been established on the Cheechoo property as well as, for the first time, a trail that allows land access for the machinery onto the drilling sites. Just like in the first 2012 campaign, visible gold was observed in 12 core samples of 0.5 metre to 1 metre taken from different zones in drill holes #9\*, 10 and 12 (ref. to press releases in October 2013). Seven of these samples graded between 11.5 g/t and 47.9 g/t Au while five others graded between 0.05 g/t and 3.72 g/t Au. Photo of visible gold spec are available on the following links:

<http://sirios.com/images/cheechoo/resized/Visible%20Gold%202013-09.jpg>

<http://sirios.com/images/cheechoo/resized/Visible%20Gold%202013-10.JPG>

More than eight new gold zones have been intersected by drilling 9, 10 and 12 targeting and intersecting the tonalite intrusion.

**PRINCIPAUX RÉSULTATS D'ANALYSE DES FORAGES 2013 SUR CHEECHOO**

Forage # CH-919-13-	Position du collet UTM Nad 83		Azimut	Plongée	De (m)	À (m)	Epaisseur (m)	Au (g/t)
<b>09</b>	<b>438352E</b>	<b>5830237N</b>	<b>270°</b>	<b>45°</b>	<b>9,3</b>	<b>72,0</b>	<b>62,7</b>	<b>0,53</b>
				incl.	27,0	68,0	41,0	0,74
				incl.	63,4	65,4	2,0	7,37
				incl.	64,0	64,8	0,8	*12,70
					<b>123,8</b>	<b>(FDT) 150,0</b>	<b>26,2</b>	<b>0,42</b>
	<b>Moyenne pondérée totale du forage</b>				<b>9,3</b>	<b>(FDT) 150,0</b>	<b>140,7</b>	<b>0,37</b>
<b>10</b>	<b>438615E</b>	<b>5830263N</b>	<b>235°</b>	<b>45°</b>	<b>7,0</b>	<b>44,3</b>	<b>37,3</b>	<b>*0,41</b>
				incl.	20,0	26,8	6,8	1,41
					<b>58,0</b>	<b>60,0</b>	<b>2,0</b>	<b>15,25</b>
				incl.	58,0	59,0	1,0	29,70
					<b>114,5</b>	<b>183,0</b>	<b>68,5</b>	<b>0,68</b>
				incl.	114,5	155,0	40,5	0,97
				incl.	129,0	155,0	26,0	1,28
				incl.	140,4	143,0	2,6	*5,91
				incl.	140,4	140,9	0,50	*16,65
					<b>207,0</b>	<b>221,0</b>	<b>14,0</b>	<b>1,74</b>
				incl.	213,4	219,0	5,6	4,10
				incl.	216,3	216,8	0,5	*28,00
					<b>229,0</b>	<b>(FDT) 300,0</b>	<b>71,0</b>	<b>0,80</b>
				incl.	254,2	283,6	29,4	*1,45
				incl.	267,4	267,9	0,5	*47,90
	<b>Moyenne pondérée totale du forage</b>				<b>4,8</b>	<b>(FDT) 300,0</b>	<b>295,2</b>	<b>0,61</b>
<b>12</b>	<b>438773E</b>	<b>5830233N</b>	<b>235°</b>	<b>45°</b>	<b>5,0</b>	<b>39,0</b>	<b>34,0</b>	<b>1,08</b>
				incl.	7,0	20,0	13,0	2,23
				incl.	11,3	14,2	2,9	6,69
				incl.	11,3	11,8	0,5	*30,20
					<b>93,0</b>	<b>(FDT) 150,0</b>	<b>57,0</b>	<b>0,89</b>
				incl.	123,7	144,5	20,8	2,00
				incl.	136,0	143,5	7,5	4,70
				incl.	136,0	138,0	2,0	13,42
				incl.	136,0	137,0	1,0	25,90
				incl.	143,0	143,5	0,50	*11,05
	<b>Moyenne pondérée totale du forage</b>				<b>3,4</b>	<b>(FDT) 150,0</b>	<b>146,6</b>	<b>0,64</b>

(FDT) : Fin du trou      \* : or visible

Similar to the drill holes undertaken in 2012, drill holes #9, #10 and #12 show a fine and weak dissemination of pyrrhotite and arsenopyrite over large widths in a silicified tonalite (granitic intrusive rock). Numerous quartz veinlets cross-cut the tonalite. The presence of localized gold bearing pegmatites was also observed in some drill holes. The meta-greywacke intersected on almost the whole length of drill #11, has gold anomalies ranging between 0.13 g/t and 0.34 g/t over intervals of 5 to 10 metres. It is also less mineralized than the tonalite.

As the orientation and shape of the gold zones are not defined it is not possible at this time to know the true widths of the mineralized sections. Only systematic drilling will define the orientation, shape and continuity of the different gold zones.

\* The prefixes CH-919-12 or CH-919-13 or CH-919-14 were removed from the # of the drills to lighten the text.

### **Detailed helicopter-borne magnetometric survey and prospection**

A detailed helicopter-borne magnetometric survey has been completed in February 2014 by Geo Data Solutions GDS Inc., of Laval. An interpretive report as also completed by independent consulting geophysicist Camille St-Hilaire of Rouyn-Noranda. The detailed survey, with spacing of 50 metres between flight-lines, allowed to detect structural geological features related to the tonalite that forms a large, low-grade gold envelop. The survey allowed the localization of four distinct sectors having similar geophysical characteristics to the gold zone already discovered by drilling. These sectors went through detailed prospecting and systematic rock sampling in June 2014.

These works allowed to define a new gold anomalous area in bedrock adjacent to the anomalies in gold, arsenic and tungsten in soils located in 2010, where there is no exposure of rock. This sector is therefore untested by drilling an area of about 1 square km target area. Moreover, it appears to be in the northwest extension of the large gold envelope located by drilling Sirios.



**TSX-V: SOI**

**Légende/Legend**

- Lithologie/Lithology**
- Granite
  - Tonalite (pegmatite)
  - Metasediments (pegm)
  - Contacts présumés / inferred
  - Conductivité du mort-terrain / overburden conductivity

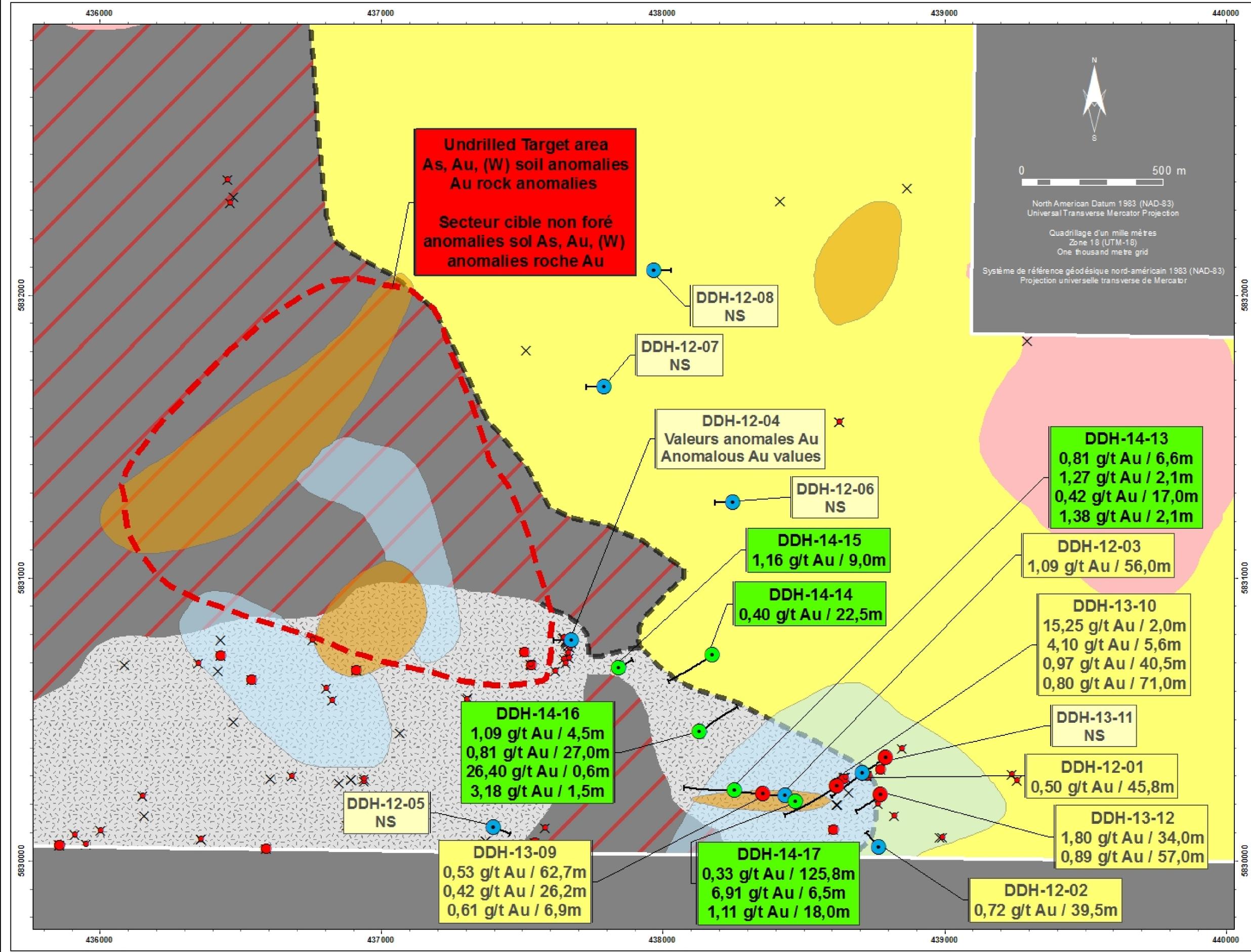
**Géochimie sol / soil geochemistry**

- Au anomalie / enrichment
- As anomalie / enrichment
- Secteur cible / Target area

- x Au g/t affleurement/bedrock**
- x 0,005 - 0,05
  - >0,05 - 0,5
  - >0,5 - 2,6

**Forages / DDH**

- 2012 collet de forage/DDH collar
- 2013 collet de forage/DDH collar
- 2014 collet de forage/DDH collar



**Undrilled Target area**  
As, Au, (W) soil anomalies  
Au rock anomalies

**Secteur cible non foré**  
anomalies sol As, Au, (W)  
anomalies roche Au

**DDH-14-16**  
1,09 g/t Au / 4,5m  
0,81 g/t Au / 27,0m  
26,40 g/t Au / 0,6m  
3,18 g/t Au / 1,5m

**DDH-14-17**  
0,33 g/t Au / 125,8m  
6,91 g/t Au / 6,5m  
1,11 g/t Au / 18,0m

**DDH-14-13**  
0,81 g/t Au / 6,6m  
1,27 g/t Au / 2,1m  
0,42 g/t Au / 17,0m  
1,38 g/t Au / 2,1m

**DDH-12-03**  
1,09 g/t Au / 56,0m

**DDH-13-10**  
15,25 g/t Au / 2,0m  
4,10 g/t Au / 5,6m  
0,97 g/t Au / 40,5m  
0,80 g/t Au / 71,0m

**DDH-13-11**  
NS

**DDH-12-01**  
0,50 g/t Au / 45,8m

**DDH-13-12**  
1,80 g/t Au / 34,0m  
0,89 g/t Au / 57,0m

**DDH-12-02**  
0,72 g/t Au / 39,5m

**DDH-12-07**  
NS

**DDH-12-04**  
Valeurs anomaes Au  
Anomalous Au values

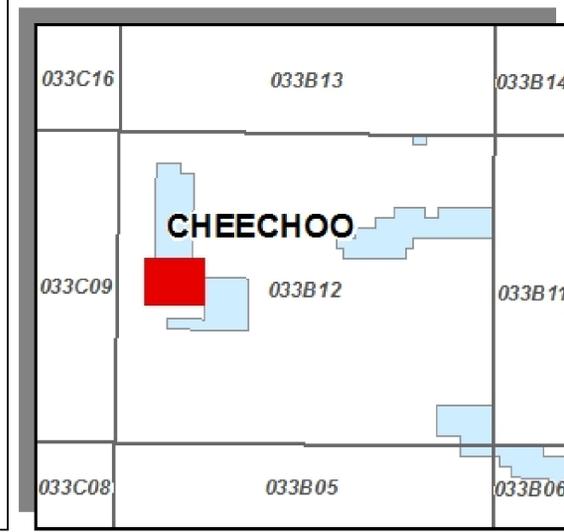
**DDH-12-06**  
NS

**DDH-14-15**  
1,16 g/t Au / 9,0m

**DDH-14-14**  
0,40 g/t Au / 22,5m

**DDH-12-05**  
NS

**DDH-13-09**  
0,53 g/t Au / 62,7m  
0,42 g/t Au / 26,2m  
0,61 g/t Au / 6,9m



### May-June 2014 drilling campaign

Five NQ drill holes (#13 to 17), totaling 1,036 metres, were completed in May-June 2014. Those holes led to the discovery of the gold zone "Jordi" that intersect gold zones of lower grade with thickness ranging from tens to hundreds of metres (table below) that are similar to those obtained in previous campaigns. The JORDI zone was intersected by drill holes #16 and 17, 420 metre apart, grading 6.9 g/t Au over 6.5 m and 26.4 g/t Au over 0.6 m, with the presence of visible gold in both holes. This zone had been previously intersected at about fifty metres southeast of hole #17 by drill hole #10 with a grade of 4.1 g/t Au over 5.6 m and also, with the presence of visible gold.

The JORDI zone appears to have a tabular shape with an area of around 400 metres by 450 metres and it remains open in all directions. The zone was also intersected by drill hole #09 of 2013 grading at 0.6 g/t Au over 6.9 m as well as by drill hole #13 of 2014 with 0.8 g/t Au over 6.6 m. The thickness and the average grade of this gold zone as well as its continuity and extent will only be determined with precision with additional drill holes.

### JORDI ZONE DIAMOND DRILL HOLES' ASSAY RESULTS

<b>Drill hole # CH-919</b>	<b>Collar Position UTM Nas 83</b>		<b>Azimut</b>	<b>Plunge</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>
<b>13-09</b>	<b>438352E</b>	<b>5830237N</b>	<b>270°</b>	<b>45°</b>	<b>138.2</b>	<b>145.1</b>	<b>6.9</b>	<b>0.61</b>
<b>13-10</b>	<b>438615E</b>	<b>5830263N</b>	<b>235°</b>	<b>45°</b>	<b>213.4</b>	<b>219.0</b>	<b>(PP) 5.6</b>	<b>4.10</b>
				<b>incl.</b>	<b>216.3</b>	<b>216.8</b>	<b>0.5</b>	<b>*28.00</b>
<b>14-13</b>	<b>438252E</b>	<b>5830248N</b>	<b>270°</b>	<b>45°</b>	<b>68.0</b>	<b>74.6</b>	<b>6.6</b>	<b>0.81</b>
<b>14-16</b>	<b>438127E</b>	<b>5830455N</b>	<b>55°</b>	<b>45°</b>	<b>151.8</b>	<b>152.4</b>	<b>0.6</b>	<b>*26.4</b>
<b>14-17</b>	<b>438470E</b>	<b>5830209N</b>	<b>N/A</b>	<b>90°</b>	<b>137.5</b>	<b>144.0</b>	<b>6.5</b>	<b>6.91</b>
				<b>incl.</b>	<b>142.0</b>	<b>143.1</b>	<b>1.1</b>	<b>*21.5</b>

**\* : visible gold**

The drill hole #15 which ended at 70 metres, due to technical reasons, has intersected the beginning of a gold zone of 1.16 g/t Au on its last 9 metres. This zone which remains open in depth, reveals that the gold envelope in tonalite extend now to a minimum length of more than 1.1 km from south-east to the north-west, inside the property. Also, the lone existing vertical drill hole (#17) confirmed that this gold envelope is still present at more than 220 metres vertical depth.

Drill hole # 14-14, situated at approximately 600 metres north-west to the section formed by drill holes executed in 2012 and 2013, verified the possible extension of the gold-bearing tonalite in a section devoid of outcrop. Thirty four metres of tonalite were intersected at the end of the drill hole after crossing 215 metres of non-mineralized meta-sedimentary rocks. A section of 22.5 metres of tonalite assayed 0.40g/t Au between 215.0 m and 237.5 m with a maximum gold grade of 1.21g/t over 1 metre. The drill hole ends at 249 metres in the tonalite.

Drill hole #13 confirmed the extension to the west of the gold-bearing tonalite, thus increasing the section formed by drill holes #3 and #9. The drill hole ends at 249 metres in the tonalite.

Exploration expenses totaled \$1,297,299 on the Cheechoo project for the exercise and \$413,627 for the mining rights. This amount is related to the issuance of 2,898,374 shares to Golden Valley regarding the 2012 agreement.

**CHEECHOO 2014 DIAMOND DRILL HOLES' MAIN ASSAY RESULTS**

<b>Drill hole # CH-919- 14-</b>	<b>Collar Position UTM Nad 83</b>	<b>Azimut</b>	<b>Plunge</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>
<b>13</b>	<b>438252E 5830248 N</b>	<b>270°</b>	<b>45°</b>	63.0	74.6	11.6	0.57
	<b>Zone JORDI</b>		<b>incl.</b>	<b>68.0</b>	<b>74.6</b>	<b>6.6</b>	<b>0.81</b>
				92.9	95.0	(PP) 2.1	1.27
				131.0	148.0	17.0	0.42
				152.0	161.0	9.0	0.47
				240.3	242.4	2.1	1.38
<b>14</b>	<b>438175E 5830729N</b>	<b>235°</b>	<b>45°</b>	<b>215.0</b>	<b>237.5</b>	(PP) <b>22.5</b>	<b>0.40</b>
<b>15</b>	<b>437843E 5830682N</b>	<b>55<sup>0</sup></b>	<b>45<sup>0</sup></b>	<b>63.0</b>	<b>72.00</b>	<b>9.0</b>	<b>1.16</b>
<b>16</b>	<b>438127E 5830455N</b>	<b>55<sup>0</sup></b>	<b>45<sup>0</sup></b>	<b>19.5</b>	<b>34.50</b>	<b>15.0</b>	<b>0.50</b>
			incl.	30.0	34.50	4.50	1.09
				<b>62.0</b>	<b>89.0</b>	<b>27.0</b>	<b>0.81</b>
	<b>Zone JORDI</b>			<b>151.8</b>	<b>152.4</b>	<b>0.60</b>	<b>*26.40</b>
				<b>201.5</b>	<b>203.0</b>	<b>1.50</b>	<b>3.18</b>
<b>17</b>	<b>438470E 5830209N</b>	<b>N/A</b>	<b>90°</b>	<b>1.2</b>	<b>127.0</b>	<b>125.8</b>	<b>0.33</b>
	<b>Zone JORDI</b>			<b>137.5</b>	<b>144.0</b>	<b>6.5</b>	<b>6.91</b>
			incl.	<b>142.0</b>	<b>143.1</b>	<b>1.1</b>	<b>*21.50</b>
				<b>188.0</b>	<b>206.0</b>	<b>18.0</b>	<b>1.11</b>
			incl.	<b>202.0</b>	<b>202.5</b>	<b>0.5</b>	<b>*23.80</b>
				<b>222.5</b>	<b>224.0</b>	<b>1.5</b>	<b>2.20</b>

# Résultats d'analyses des forages 2012 - 2014 Cheechoo, SNRC 33B12, Baie-James, QC, Canada Assay results from DDH 2012 - 2014



**TSX-V: SOI**

### Légende/Legend

**Résistivité/Resistivity**

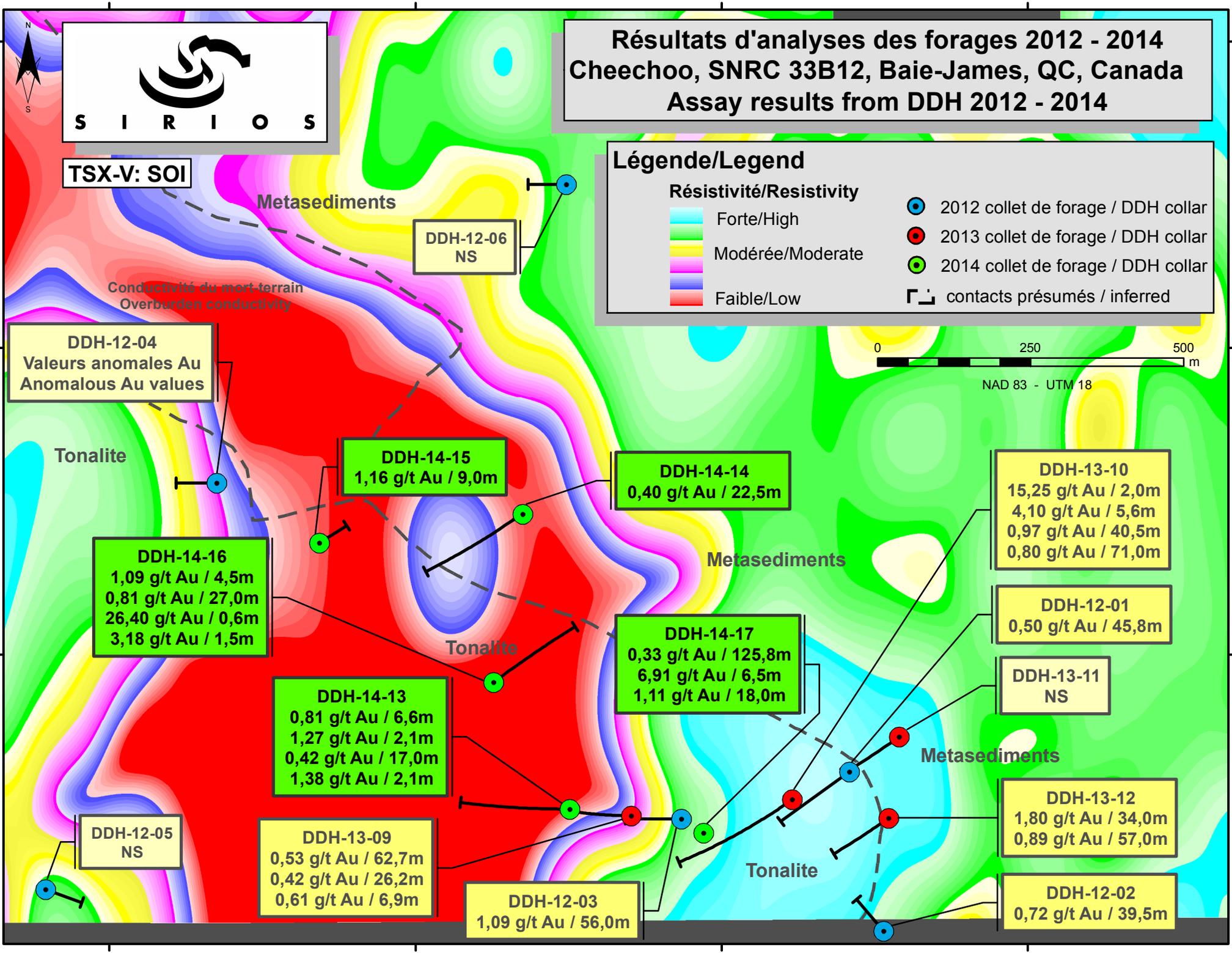
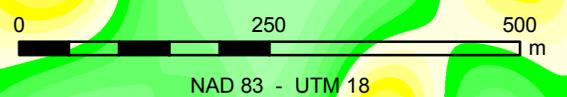
- Forte/High
- Modérée/Moderate
- Faible/Low

**2012 collet de forage / DDH collar**

**2013 collet de forage / DDH collar**

**2014 collet de forage / DDH collar**

**contacts présumés / inferred**



**DDH-12-04**  
Valeurs anormales Au  
Anomalous Au values

**DDH-12-06**  
NS

**DDH-14-15**  
1,16 g/t Au / 9,0m

**DDH-14-14**  
0,40 g/t Au / 22,5m

**DDH-13-10**  
15,25 g/t Au / 2,0m  
4,10 g/t Au / 5,6m  
0,97 g/t Au / 40,5m  
0,80 g/t Au / 71,0m

**DDH-12-01**  
0,50 g/t Au / 45,8m

**DDH-14-16**  
1,09 g/t Au / 4,5m  
0,81 g/t Au / 27,0m  
26,40 g/t Au / 0,6m  
3,18 g/t Au / 1,5m

**DDH-14-17**  
0,33 g/t Au / 125,8m  
6,91 g/t Au / 6,5m  
1,11 g/t Au / 18,0m

**DDH-13-11**  
NS

**DDH-14-13**  
0,81 g/t Au / 6,6m  
1,27 g/t Au / 2,1m  
0,42 g/t Au / 17,0m  
1,38 g/t Au / 2,1m

**DDH-13-12**  
1,80 g/t Au / 34,0m  
0,89 g/t Au / 57,0m

**DDH-12-05**  
NS

**DDH-13-09**  
0,53 g/t Au / 62,7m  
0,42 g/t Au / 26,2m  
0,61 g/t Au / 6,9m

**DDH-12-03**  
1,09 g/t Au / 56,0m

**DDH-12-02**  
0,72 g/t Au / 39,5m

### **Assaying Quality Control**

During drilling campaign, NQ-caliber drill cores were collected, sawed in half, with one half sent to a commercial laboratory for analysis and other half retained for future reference. A strict QA/QC program was followed by integrating blanks and certified reference materials to the drill core samples, all of which were prepared by IOS Services Géoscientifiques inc. of Chicoutimi, and assayed for gold by fire assay and atomic absorption finish (AA23 or AA24) by the ALS Minerals laboratories in Val d'Or, Quebec. Assays on the highest grades were duplicated in the laboratory. Samples grading more than 10 g/t were re-assayed by fire assay with gravimetric finish. These samples along with the ones with visible gold will be tested for coarse gold.

The work of logistics support and geology are performed in the field by the firm IOS Geosciences Inc. Saguenay in the presence of a geologist of Sirios, while holes were drilled by the firm Rouillier Drilling Amos.

### **Subsequent events**

On October 21, 2014, the Company announced the completion of a drilling campaign totaling 522 metres. The drill program, now completed, consisted of two drill holes (#18 and 19) as well as the deepening of around 100 metres, total of 345 metres, of vertical hold #17. Just as the other six holes from the 2012-2013 campaign, visible gold was discovered in the hole #18. On the date of this report, results from this campaign are on the way.

### **AQUILON Project**

This 104 claims gold property is located near LA-1 hydro-electric complex in the James Bay area (Qc).

In 2004, the Company signed a formal agreement with Golden Tag Resources Ltd. ("Golden Tag") and Soquem Inc. relating to this property. According to the agreement, modified subsequently, Golden Tag completed in May 2011, the acquisition of a 60% stake in the property. The Company now owns a 40% stake in the property and Soquem has a 1% NSR ("Net Smelter Return").

On October 22, 2010 (amended in 2012 and 2013), the Company and Golden Tag signed an agreement in which Sirios is to pay \$15,000 to Golden Tag (completed) at the signing of the agreement as well as to incur over \$600,000 in expenditures on the property before June 15, 2014 in order to increase the ownership of the Company in the property from 40% to 50%. Golden Tag remains operator of the future 50/50 joint venture. During the exercise, and before June 15, 2014, Sirios incurred exploration work for an amount of \$92,973, for a total amount of \$622,073, on the property. Two diamond drill holes were executed. With these exploration works, Sirios completed its obligations in relation to the agreement with Golden Tag and acquired 50% of the property.

## OPERATION RESULTS AND SECLECTED ANNUAL INFORMATION

The net loss of the Company was \$128,174 (\$0.003 per share) for the year ended June 30, 2014, in comparison to a net loss of \$2,614,152 (\$0.14 per share) for the year ended June 30, 2013.

For the net loss in 2013 can be explained by the write-offs of the Kukames, Upinor and AAA properties for a total amount of \$1,067,538. Also, an expense of the income taxes of section XII.6 during the year ended 2013, increase the net loss for an amount of \$107,833, in comparison with an expense of only \$280 during the year ended in 2014. A provision for compensation was also incurred in 2013, for an amount of \$315,919, in comparison with none in 2014. The decreasing of the net loss in 2014 can be explained by the recovery in value of the investment accounted for using the equity-method for an amount \$640,374.

Annual Results Summary	June 30, 2014 \$	June 30, 2013 \$
Finance income	37,788	4,184
Write-off of exploration and evaluation assets	4,919	1,067,538
Provision for compensation	-	315,919
Share-based payments	197,842	254,470
Net loss	128,174	2,614,152
Net loss per share	0.003	0.14
Total assets	8,204,667	6,534,027

### Finance income

Finance incomes are comprised of interests on cash and interests on unpaid invoices of the Company.

### Net loss

Net loss changes from year to year are mainly due to administrative expenses, share-based payments, future income tax variations, write-off of exploration and evaluation assets and the variation of the investment accounted for using the equity-method.

## General and administrative expenses analysis

General and administrative expenses, for the period ended in 2014, totalled \$642,131 in comparison with \$987,603 in 2013.

General and administrative expenses	2014 \$	2013 \$
Salaries and employee benefits expenses	374,484	337,234
Publicity, travel and promotion	117,172	34,012
Trustees, registration fees and shareholders relations	62,671	54,224
Professional fees	55,380	107,445
Rent expenses	13,105	13,720
Office expenses	10,419	7,133
Insurance	6,474	8,084
Bank charges	1,094	835
Amortization of property and equipment	1,052	1,114
Income taxes of section XII.6	280	107,883
Provision for compensation	-	315,919
<b>Total</b>	<b>642,131</b>	<b>987,603</b>

The decrease in *Professional fees* can be explained by the fact that the Company held a Special Shareholders' Meeting and its Annual Meeting of Shareholders during the exercise ended on June 30, 2013, to approve the consolidation of the share capital.

We can see a difference in the expense for *Publicity, travel and promotion* since the Company signed a contract with an investor's relation firm, thus increasing costs during the quarter. Moreover, in order to increase visibility on the recent developments on the Cheechoo project, all of the Company's employees attended two trade shows during the period, thus increasing these expenses.

The *Income taxes of section XII.6* represent an income tax payable which is calculated on a monthly basis, on the amount of unspent exploration expenses which were renounced for tax deductions to investors the previous year. During the exercise ended June 30, 2013, the Company revised its tax credits relating to resources of its tax declarations, thus increasing significantly the income taxes receivable as well as Income taxes of section XII.6. A *Provision for compensation* was recognized on June 30, 2013 related to this change in the laws.

## General analysis

Total assets of the Company fluctuated from \$6,534,027 in 2013 to \$8,204,667 in 2014.

Cash, including cash held for exploration charges, totaled \$207,974 in 2013 in comparison with \$206,711 in 2014; the cash variations are directly linked to exploration fieldwork.

Other receivables varied from \$140,306 in 2013 to \$199,670 in 2014 and are mainly comprise of advances to an associate, Khalkos.

Listed shares totaled \$71,065 in 2013 and \$29,921 in 2014. The decrease is due to the variation of fair value on the market of those shares.

Cash held for exploration expenses totaled \$221,521 in 2013 and \$360,331 in 2014.

Exploration and evaluation assets increased from \$4,949,982 in 2013 to \$6,704,931 in 2014.

### Summary of quarterly results

	2014				2013			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Other revenues and expenses	419,041	(16,581)	6,876	(61,453)	(305,523)	31,512	(61,390)	(219,373)
Net loss	(343,359)	91,480	217,228	162,825	1,514,885	238,600	265,465	595,202
Net loss per share	(0.02)	0.003	0.008	0.007	0.11	0.01	0.015	0.005

Other revenues and expenses consist mainly of changes in value of listed shares, interest income on cash of the Company, interests on unpaid invoices of the Company as well as the devaluation of the associated company's shares and the Company's share of the associated company's loss which is recorded using the equity method.

In the last eight quarters, the quarterly net loss varies from \$(343,359) to \$1,514,885.

For the Q4-2014, the net result of \$343,359 can be explained by the recovery in value of the investment accounted for using the equity-method for an amount of \$640,374, thus increasing the result of the quarter. This recovery in value can be explained by the positive variation of the market value of Khalkos' shares.

For the Q1-2013, Q3-2013, Q4-2013, Q1-2014 and Q3-2014, the variation in the value of the listed shares for amounts of \$22,441, \$22,439, \$11,220, \$26,183 and \$22,441 respectively, reduced the revenues.

For the Q1-2013 and Q4-2013, the devaluation of the associated company's shares as well as the Company's share of the associated company's loss, which is recorded using the equity method, for amounts of \$195,109 and \$47,618 for the Q12013 and \$38,460 and \$196,548 for the Q4-2013, decrease the revenues for those quarters.

For the Q4-2014, following issuance by Khalkos of shares, the Company went through a dilution of its percentage in Khalkos. Following this dilution, an amount of \$113,781 was recognized.

For the Q3-2013, the increase in the value of listed shares of \$60,874 increased the revenue

For the Q1-2014, Q2-2014, Q3-2014 and Q4-2014, the amortization of fees related to loans of \$50,397, \$329, \$1,173 and \$1,239 respectively, decreased the revenues. However, interests on other receivables of \$6,288, \$6,876 \$6,906 and \$7,894 respectively, increased those revenues. Revenues are also lower than usual since the investment accounted for using the equity method doesn't generate devaluation of shares of the loss since the investment has a book value of zero.

For the Q4-2013, the net loss can be explained by the write-offs of Kukames, Upinor, Nasa and AAA for an amount of \$1,067,538.

## **WORKING CAPITAL AND CASH FLOWS**

The working capital, including cash held for exploration expenses, varies from an amount of \$316,407 on June 30, 2013 to an amount of \$365,133 on June 30, 2014. During the period, cash was used for exploration and administrative activities.

Management of Sirios evaluates that the amount of liquidity is low 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.**

## **INFORMATIONS ON ISSUED AND OUTSTANDING SHARES**

On June 30, 2014 :

- 43,092,738 common shares were issued;
- 3,392,857 options were granted and exercisable, at prices of between \$0.12 and \$0.17 between 2015 and 2019. Each option can be exchanged by its holder thereof for one common share of the Company.
- 5,225,674 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company.
- 717,898 brokers' warrants were issued. Each broker's can be exchanged by its holder thereof for one common share of the Company.

Table of variation in issued and outstanding shares

	2014		2013	
	Quantity	Amount \$	Quantity	Amount \$
<b>Common shares</b>				
<i>Issued</i>				
Balance, beginning	23,896,505	19,666,439	17,389,536	18,972,280
Paid in cash	6,155,001	603,400	4,054,845	151,655
Flow-through shares	10,142,858	1,220,966	2,452,148	542,504
Adjustement from the consolidation of shares	-	-	(24)	-
Acquisition of a percentage in a property	2,898,374	405,772	-	-
<b>Preferred shares, Serie A</b>				
<i>Issued and fully paid</i>	100,000	50,000	100,000	50,000
<b>Total</b>	<b><u>43,192,738</u></b>	<b><u>21,946,577</u></b>	<b><u>23,996,505</u></b>	<b><u>19,716,439</u></b>

On July 4, 2013, the Company completed the closing of a private placement for a total of \$88,000. In total, 880,000 common shares as well as 880,000 warrants were issued.

On October 16, 2013 and November 5, 2013, the Company completed a first and second closing of a private placement for a total of \$400,000. In total, 4,500,000 shares were issued (2,500,000 common shares and 2,000,000 flow-through common shares) as well as 2,500,000 warrants. Sirios also issued 100,000 brokers' warrant.

On December 9, 2013, the Company issued 2,898,374 common shares to Golden Valley Ltd in accordance with the option agreement between the two parties that allows Sirios to acquire the gold property Cheechoo.

On December 20, 2013, the Company completed the closing of a flow-through private placement for a total of \$200,000. For this placement, 1,000,000 flow-through shares were issued. Sirios also issued 90,000 brokers' warrants.

On April 3, 2014 and April 10, 2014, the Company completed a first and second closing of a private placement for a total of \$1,333,000. In total, 9,917,858 shares were issued (2,775,000 common shares and 7,142,858 flow-through common shares) as well as 1,387,500 warrants. Sirios also issued 443,485 brokers' warrants.

Description	Number of shares	Amount (\$)
As at June 30, 2014 and October 20, 2014	<u>43,192,738</u>	<u>21,946,577</u>

## INFORMATION ON OUTSTANDING OPTIONS

Table of variation of options in circulation

	2014		2013	
	Number of options	Average exercise price \$	Number of options	Average exercise price \$
Balance, beginning	1,695,714	0.38	714,143	0.78
Granted	1,800,000	0.16	1,175,000	0.24
Expired	(102,857)	(0.70)	(107,714)	(1.26)
Cancelled	-	-	(85,715)	(0.70)
<b>Balance, end</b>	<b><u>3,392,857</u></b>	<b>0.25</b>	<b><u>1,695,714</u></b>	<b>0.38</b>

The Board of Directors of Sirios has granted, on October 25, 2013, 25,000 stock options under its Stock Option Incentive Plan to an employee at an exercise price of \$0.12 per share. The options expire five (5) years from the date of grant.

The Board of Directors has granted, on December 10, 2013, 1,175,000 stock options under its Stock Option Incentive Plan to employees, directors and officers at an exercise price of \$0.16 per share. The options expire five (5) years from the date of grant.

The Board of Directors has granted, on May 6, 2014, 600,000 stock options under its Stock Option Incentive Plan to an officer and a director at an exercise price \$0.15 per shares. The options expire five (5) years from the date of grant.

Options granted to employees, directors and officers and exercisable as at October 20, 2014:

Expiration date	Number of options	Options exercisable	Exercise price (\$)
April 22, 2015	117,857	117,857	0.70
May 11, 2016	128,571	128,571	0.70
June 17, 2017	171,429	171,429	0.70
January 18, 2018	1,175,000	1,175,000	0.24
October 24, 2018	25,000	25,000	0.12
December 11, 2018	1,175,000	1,175,000	0.16
May 6, 2019	600,000	600,000	0.15
	<b><u>3,392,857</u></b>	<b><u>3,392,857</u></b>	<b>0.25</b>

## INFORMATION ON OUTSTANDING WARRANTS

Table of variation of outstanding warrants

	2014		2013	
	Number of warrants	Average exercise price (\$)	Number of warrants	Average exercise price (\$)
Balance, beginning	4,530,768	0.20	1,782,458	1.26
Issued	5,400,985	0.14	4,530,768	0.20
Expired	(3,988,181)	(0.20)	(1,782,458)	(1.26)
<b>Balance, end</b>	<b>5,943,572</b>	<b>0.14</b>	<b>4,530,768</b>	<b>0.20</b>
Expired	(2,592,500)	(0.14)		
<b>Balance on October 20, 2014</b>	<b>3,351,072</b>	<b>0.15</b>		

For the placement of July 4, 2013, 880,000 warrants were issued.

In total, 2,500,000 warrants and 100,000 brokers' warrants were issued for placement of October 16, 2013 and November 5, 2013.

For the placement of December 20, 2013, the Company issued 90,000 brokers' warrants.

In total, 1,387,500 warrants and 443,485 brokers' warrants were issued for placement of April 3, 2014 and April 10, 2014.

Warrants issued as at October 20, 2014:

Expiration date	Number of warrants	Exercise price (\$)
November 5, 2014	787,500	0.12
November 5, 2014	100,000	0.10
November 23, 2014	323,730	0.18
December 18, 2014	218,857	0.18
December 20, 2014	90,000	0.20
April 3, 2015	795,833	0.15
April 3, 2015	393,790	0.14
April 3, 2015	33,000	0.15
April 10, 2015	591,667	0.15
April 10, 2015	10,695	0.14
April 10, 2015	6,000	0.15
	<b>3,351,072</b>	<b>0.15</b>

## RELATED PARTY TRANSACTIONS

### Key management personnel

The remuneration paid or payable to key management personnel, President, CFO, and Board of Directors, is as follows:

	June 30, 2014	June 30, 2013
	\$	\$
Salaries and employee benefits expenses	132,794	92,098
Share-based payments	178,459	200,948
	<b>311,253</b>	<b>293,046</b>

### Associated company

During the exercise, Sirios provided administrative services to an associate company, Khalkos Exploration Inc., totaling \$94,467. These services are charged at cost.

A director and an officer of the Company are on the Board of Directors of the two companies.

## SUBSEQUENT EVENTS

On July 2, 2014, Khalkos Exploration Inc., the associated company, issued to Sirios 2,625,438 common shares at \$0.07 per share to settle a debt of \$183,781. The shares are subject to a holding period of four months and a day.

Following this issuance, the Company has now 8,019,369 shares representing 24.84% of the share capital of Khalkos.

## 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 performance as well integrating these three aspects in all their exploration work. Sirios adopted the eight principales of E3 Plus and asks its consultants and suppliers to also respect them. Here are the main principles that apply to the Company:

- Apply ethical business practices: Sirios continues to abide by management procedures that promote honesty, 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 individuals 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 principles of sustainable development.

Moreover, on February 7, 2012, the Company's Board of Directors signed a resolution with the following commitments about sustainable development 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 environment.
  - To plan, evaluate and manage all its projects with rigor in order to minimize the negative effects on the environment and local communities.
- Maintaining an open dialogue is key to 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 regulations in of its exploration activities.
- Concerning socio-economic implication, 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 interests of all parties involved.

## **CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

### **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.

#### **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.

### **Estimation uncertainty**

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

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses are 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 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.

No testing for impairment was conducted on Aquilon, Pontax, Cheechoo and Hipo properties despite the fact that the carrying value of the Company's net asset is superior to its market capitalization and despite the fact that no significant fieldwork was undertaken in those properties during the year. Management judged that there was no testing for impairment required this year on those properties, because despite

unfavorable change of the over all climate of the sector as well as the general situation of the economy that have an impact on the Company's capacity to raise additional capital in order to pursue its exploration activities, coupled with a decrease in the share price, the Company has sufficient funds to respect its short term obligations and has both the intention and capacity to keep those properties until the economic context improves and the Company can this pursue exploration activities on those properties after raising additional capital.

The total impairment loss of the exploration and evaluation assets recognized in profit or loss amounts \$4,919 for the year ended June 30, 2014 (\$1,067,538 for the year ended June 30, 2013) on the Nasa property. No reversal impairment losses has been recognized for the reporting periods.

### **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 share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

### **Tax credits receivable**

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.

### **Off-balance sheet arrangements**

The Company did not set up any off-balance sheet arrangements, as at June 30, 2014.

## **RISK 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 impoundment 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 those

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 needs.

### **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.

### **Fiscalité**

No assurance can be made that Canada Revenue Agency or Quebec Minister of Revenue will agree with 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 employers.

### **Conflicts 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.

## **MANAGEMENT'S RESPONSABILITY FOR FINANCIAL INFORMATION**

The Company's consolidated financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements include certain amounts based on the use of estimations and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

Montreal, October 20, 2014.

**(signed) Dominique Doucet, President**

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