

Annual Management Discussion and Analysis for 2014-2015



Discovering James Bay



Sirios Resources Inc.

TSX V: SOI
www.sirios.com

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TSX-V : SOI

**SIRIOS RESOURCES INC.
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED JUNE 30, 2015**

This Management Discussion and Analysis is dated October 28, 2015 and provides an analysis of the financial results for the year ended June 30, 2015 of Sirios Resources Inc. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited financial statements for the years ended June 30, 2015 and 2014.

This report contains "forward-looking statements" not based on historical facts. Forward-looking statements express as of the date of this report, estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events could differ materially from current expectations expressed or implied by the forward-looking statements include risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

These annual financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS") and in accordance with accounting policies that the Company proposes to adopt for the financial statements of the year ending June 30, 2015. These accounting policies are based on IFRS which according to the Company, will thus be in force.

CORPORATE PROFILE 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, 2015, Sirios holds 8,019,369 shares of Khalkos Exploration Inc. ("Khalkos") consisting of 22.18% 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, 2015, there are 57,374,238 ordinary shares issued and outstanding.

Sirios owns numerous high potential properties such as:

- CHEECHOO, gold discovery in the vicinity of Goldcorp's Eleonore gold mine;
- AQUILON, host of high grade gold vein system;
- PONTAX, polymetallic project with high grade silver and gold.

SUMMARY OF THE ACTIVITIES OF THE EXERCISE

- Closing of private placements for a total amount of \$1,496,385;
- Partial reimbursement of the non-secured loan for \$100,000;
- Debt payment by Khalkos through issuance of shares;
- Appointment of Mr. Christian Guilbaud as Vice-President of Corporate Development;
- Corporate presentation of the Cheechoo project in Toronto and New York;
- Metallurgical tests showing gravity gold recoveries of over 70% on Cheechoo;
- Exploration and evaluation expenses of \$457,153 were incurred, mostly on the Cheechoo project.

Change in the Board of Directors

On April 13, 2014, management of Sirios nominated Mr. Didier Mekki as independent director. Didier Mekki heads the FLC Corporation SA, based in Geneva, Switzerland. He acts as independent asset manager, private banker and expert financial consultant in the fields of metals/natural resources, renewable energy, biosciences and real estate. He is involved in projects in Europe, Asia, Africa, Middle-East and America. He has extensive experiences in private banking. Mr. Mekki graduated from Université de la Sorbonne Paris, France where he obtained Masters and PhD degrees in 1974.

Also, on April 27, 2015, management of Sirios nominated Mr. Guy Chevette as independent director. Mr. Chevette first worked as an unionist where he made his mark as a key member of the Cliché Commission in the investigation of the sacking of James Bay in 1974. He became a member of the National Assembly of Quebec in 1976, a position which he held until 2002. During this period, he served as Minister of Natural Resources, Minister responsible for Aboriginal Affairs, Minister responsible for regional development, Minister of Transport and Minister responsible for Wildlife and Parks. He also was the Minister in several other ministries such as of Social Affairs, Health and Social Services, State for Regional Development and Municipal Affairs. In 2002, he was appointed Special Representative of the Prime Minister on the issue of the territorial agreement with the Innu of North Shore. He then became the President of the Association des centres locaux de développement du Québec (ACLDQ) in 2004 and in 2005, he became CEO of the Québec Forest Industry Council, until the end of 2010.

Those appointments reflect the desire of the Company to develop a strong corporate team to support the technical team that is ready to increase its explorations activity on the Cheechoo gold discovery.

Mr. Frederic Sahyouni has left his position as director of Sirios to allow the joining of Mr. Mekki but remains Chief Financial Officer of Sirios.

Roger Doucet has left his position as director of Sirios to allow the joining of Mr. Chevette to the Board of Directors. Nonetheless, Mr. Doucet is named the official technical advisor of Sirios. Now a retired geologist, he has, during his career, played a predominant role in the discovery and the development of several important gold mines. They include the Bousquet and Doyon mines in Abitibi, Quebec, the Pinos Altos and Mascota mines of Agnico Eagle in Mexico. Furthermore, along with his Lac Minerals' team, he discovered numerous gold zones that are being mined presently by the Canadian Malartic mine (Yamana-Agnico Eagle) in Abitibi, Quebec.

RESULTS OF OPERATIONS

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 \$
Cheechoo	64,105	44,138	-	35,678	274,162	5,496	423,579
Aquilon	901	-	-	-	3,575	214	4,690
Pontax	-	-	-	23,815	-	-	23,815
Taïgor	-	-	-	-	-	5,069	5,069
TOTAL	65,006	44,138	=	59,493	277,737	10,779	457,153

Other properties have not been subject to exploration work during the exercise.

EXPLORATION PROJECTS

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

CHEECHOO property

The Cheechoo project is the flagship project of the Company due to its continuous encouraging results since the discovery of the first gold surface indications. For this project, Sirios aims to delineate a world-class gold deposit, meaning multiple millions ounces of gold.

The first gold showings were discovered in 2010 by prospection yielding multiple rock grab samples grading from 0.1 to 2.6 g/t Au. In fall 2014, Sirios have completed a total of 19 diamond drill holes for a total of 3,246 metres. These drill holes allowed to delineate a low-grade gold envelop that extends over a minimum of more than a kilometer in length by 200 to 450 metres in width and more than 340 metres in vertical depth. Numerous intervals of 20 metres and more with varying grades between 1 and 3 g/t Au were discovered, including high-grade shorter intervals. Here are some examples among the best results: 7.24 g/t Au over 7.9 m; 6.9 g/t Au over 6.5 m; 2.79 g/t Au over 22.5 m; 2.00 g/t Au over 20.8; 0.5 g/t over 238,4m; 15.25 g/t Au over 2.0 m. Please refer to previous annual management report to obtain the results of the drilling campaigns of 2013-14 for more details.

The exploration fieldworks totaled \$ 423,579 for Cheechoo during the period, meanwhile an amount of \$ 11,181 was invested in mining rights.

Fieldworks undertaken during the period and subsequent fieldworks

Drill holes undertaken in fall 2014

Sirios has carried, in October 2014, two diamond drill holes (#18 and #19) in addition to deepen the vertical drill hole #17 down to a depth of 345 metres for a total of 522 metres drilled.

Two separate gold zones were intersected by drill hole #18. The first zone consists of a high grade section of 7.24 g/t Au over 7.9 m who is part of a larger section of 33.5 meters grading 2.02 g/t Au, while the second one graded 1.53 g/t Au over 19.5 meters including a section of 2.04 g/t Au over 8.8 m with the presence of visible gold. The assays show the entire hole #18 is included in a gold envelope of lower grade and its total weighted average grade yielded 0.68 g/t Au over 199 m.

Two distinct gold zones were intersected by drill hole #19. The first zone consists of a section of 12.9 m at 1.16 g/t Au including an interval of 3.0 m grading 3.22 g/t Au, while the second one graded 0.73 g/t Au over 31.3 m comprising a section of 2.01 g/t Au over 4.2 m.

The drill hole #18 is located approximately 150 metres north-west of the holes #10 and #17 and is approximately 300 metres south-east from hole #16. The drill hole #19 is located halfway between holes #16 and 18, which is approximately north-west of hole #18.

MAIN ASSAY RESULTS OF DRILL HOLE #18

	From (m)	To (m)	Interval (m)	Au (g/t)
	15.1	72.0	56.9	0.89
incl.	35.5	55.0	19.5	1.53
incl.	39.8	48.6	8.8	*2.04
and	54.6	55.0	0.4	*17.15
	119.5	153.0	33.5	2.02
incl.	119.5	142.0	22.5	2.79
incl.	124.4	135.0	7.9	7.24
incl.	125.2	126.0	0.8	27.30
and	130.6	133.1	2.5	13.41
incl.	131.1	131.8	0.7	36.00
Total weighted average of the drill hole	5.0	204.0	199.0	0.68

* Visible gold

MAIN ASSAY RESULTS OF DRILL HOLE #19

	From (m)	To (m)	Interval (m)	Au (g/t)
	12.0	130.0	118.0	0.59
incl.	31.0	43.9	12.9	1.16
incl.	37.5	43.9	6.4	1.76
incl.	38.6	41.6	3.0	3.22
and	78.0	109.3	31.3	0.73
incl.	78.0	91.8	13.8	1.05
incl.	78.0	82.2	4.2	2.01
Total weighted average of the drill hole	12.0	213.0	201.0	0.44

The deepening of hole # 17 from 239.6 m to 345.0 m shows anomalous gold content down to the end of the hole with a weighted average of 0.14 g/t Au over 105.4 m including a highest grade of 1.80 g/t Au over 1.2 m.

Due to the orientation and the shape of the gold zones are not yet defined, it is not possible at the moment to determine the true widths of the mineralized sections. Only systematic drilling will establish the orientation, the shape and the continuity of the different gold zones.

Control of the assay's quality

For drill holes #17 and #18, two hundred fifty five samples representing 304.4 meters of NQ drill core 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 (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.

Metallurgical assays

In the first trimester of 2015, metallurgical assays were undertaken on composite drill core samples with different grades. High rate of gold recovery by gravity varying between 70% and 76% was obtained with each of the samples. The recovery rate reached 93% when cyanidation leaching was applied. Rates of gold extraction varying between 60% and 80% were obtained after six hours of leaching with a low consumption of sodium cyanide and lime, not exceeding 0.5 kg/t.

The three composite samples used for these tests were formed from various continuous gold zones of different grades from three different drill holes as indicated in the following table:

Composite Sample* #	Drill Hole #	Thickness of the selected section (m)	Calculated** gold head grade (g/t)	Gold Recovery to Gravity Concentrate (%)	Total Gold Recovery (gravity + leaching) (%)
1	2012-02	39,5	0,89	70,4	92,4
2	2013-10	29,4	1,00	74,8	91,8
3	2014-18	7,9	4,52	76,2	92,7

* Samples were ground to approximately 150µm (K80) using a laboratory rod mill.

** Calculated head grades based on average calculated gold head grades from gravity concentration tests.

The gravimetric processing is an easy, quick and inexpensive technique compared to the other mineral processing methods. These metallurgical tests are crucial for the pursuit of the exploration fieldworks. The directors of Sirios believe that since the presence of visible gold was observed in most drill holes, the high rates of gold recovery using gravity concentration should be representative of the whole mineralization of Cheechoo.

Treatment procedures of the samples for metallurgical assays

Seventy-two drill core samples previously crushed with a total weight of about 97 kg and forming three separate composite samples were prepared by IOS Services Géoscientifiques Inc. Services in Chicoutimi and then, shipped to ALS Metallurgy laboratory in Kamloops, British Columbia. The metallurgical tests were conducted under the supervision of Robert Sloan, P. Eng., VP ALS Metallurgy, North America. An interim report was produced by ALS.

Gravity separation tests with a Knelson gravity separator and panning of the Knelson concentrate were performed on 2 kilogram samples of Composite 1 and Composite 2 to assess the gold recovery rate. Nominal primary grind sizings of 100 and 150 µm K80 were tested. A single gravity recovery test with Composite 3 was completed at a primary grind sizing of about 157 µm K80. Cyanidation leach bottle roll tests on the gravity tail were performed on Composite 1, Composite 2, and Composite 3 to measure overall gold extraction. The combined Knelson and pan tail was subjected to cyanidation bottle roll leaching for 48 hours at a sodium cyanide concentration of 1,000 ppm with interval sampling at 2, 6, 24 and 48 hours. The slurry was sparged with oxygen, and the pH was maintained at 11.0 during the cyanidation leach test with lime.

Surface fieldworks and diamond drilling

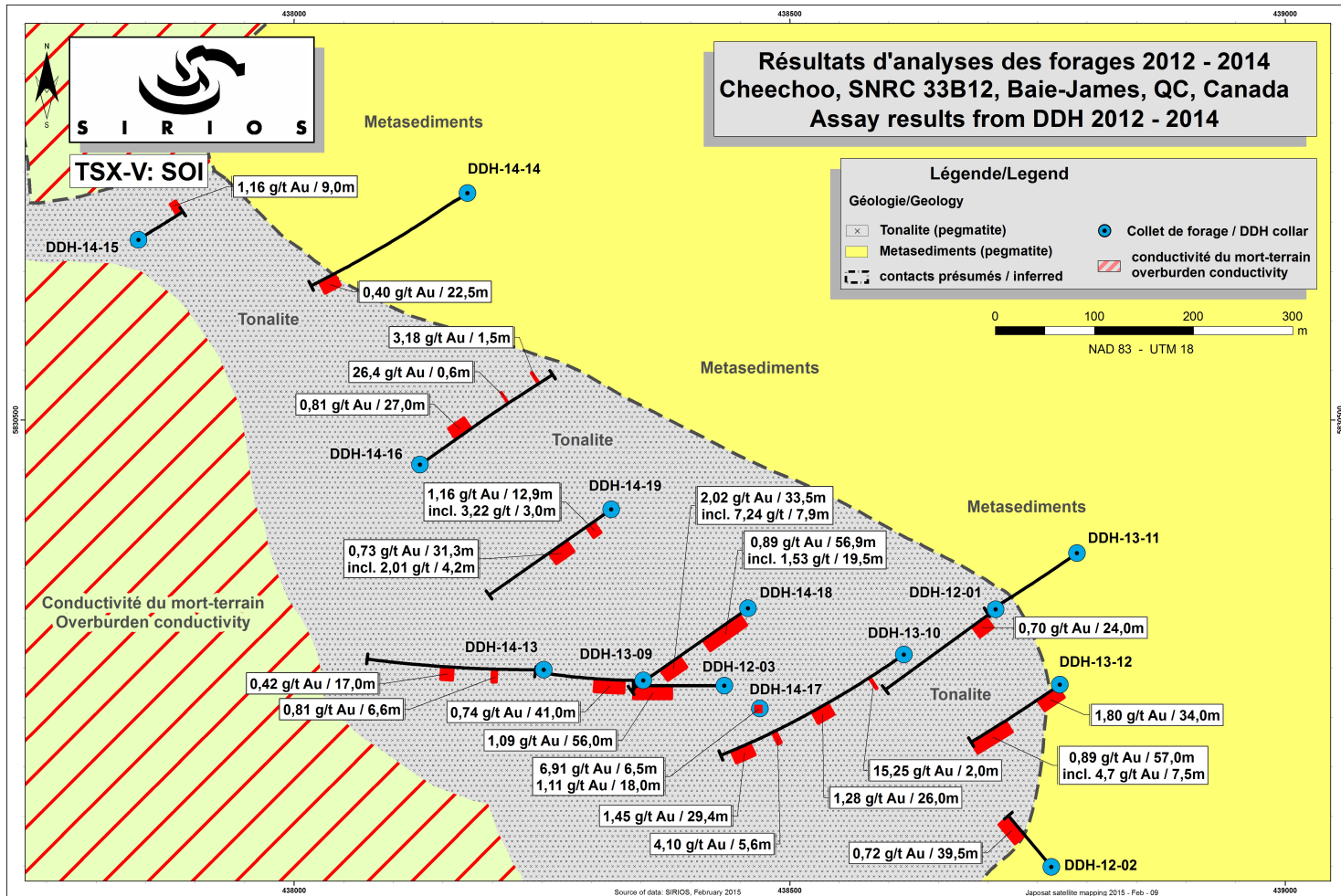
Eleven new drill holes, for a total of 1962 metres of additional drilling, were undertaken in September 2015. Visible gold was observed in seven out of the eleven drill holes. Drill core samples from these drill holes, as of this report, are being assayed. The drilling campaign will continue in the winter of 2015-2016. Simultaneously to the drill holes of September 2015, over four hundred samples of soil, till and rock were collected and are currently being assayed. These samplings will allow to validate and to confirm several established drilling targets with different techniques as well as to generate others in new sectors of the property.

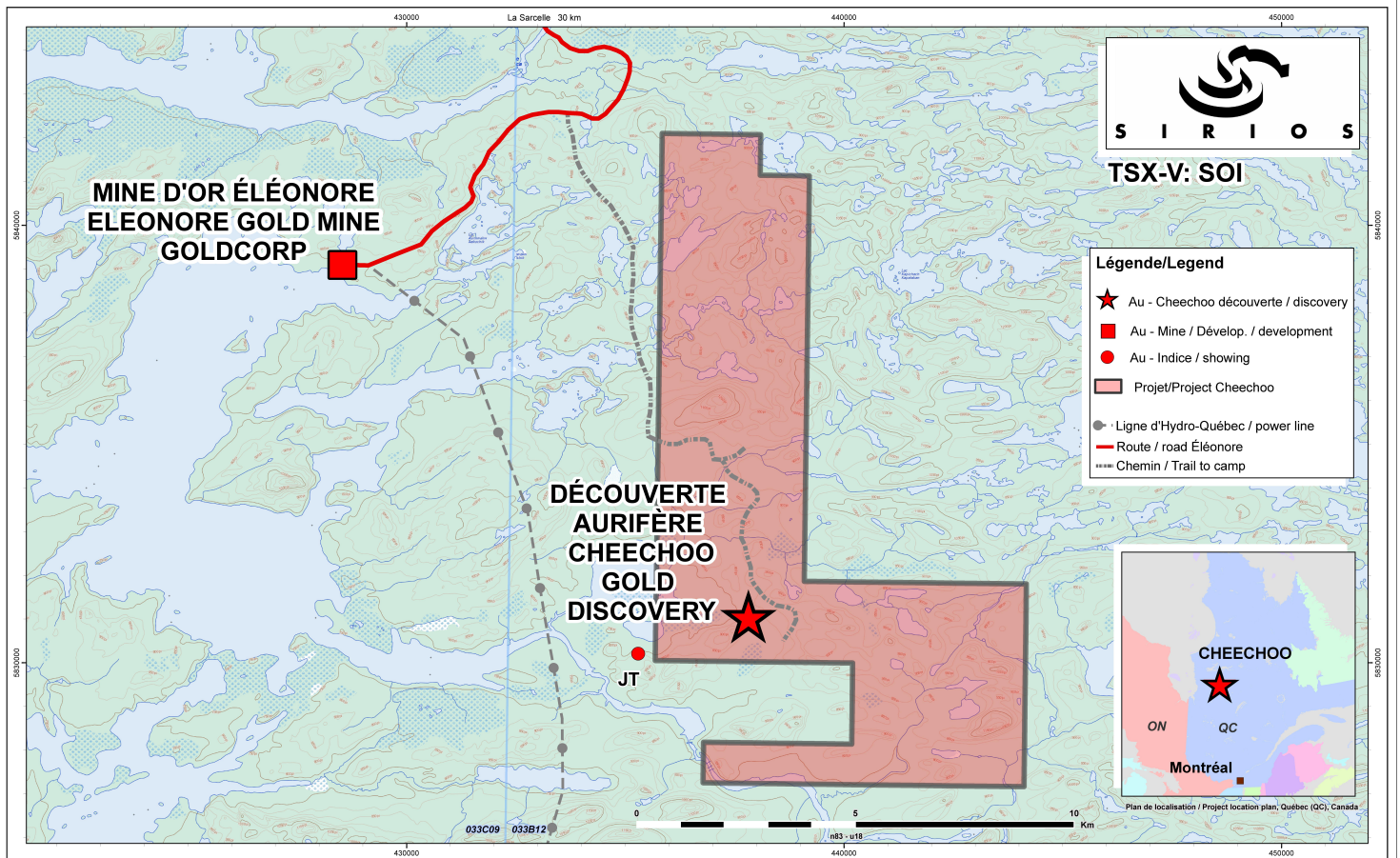
The fieldworks carried out in fall 2015 are part of the three-year plan announced by Sirios in last June that anticipate, for the year of 2015-16, a major diamond drilling program of approximately 15,000 metres and aim to delineate inferred resources.

Description of the property

The claims forming the Cheechoo property are located adjacent to 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. The Eleonore gold mine began commercial production in the first quarter of 2015. This mine will become one of the most significant underground gold mines in North America. The Cheechoo property, following the option agreement with Golden Valley Mines Ltd. ("Golden Valley"), consists of 145 claims, covering 75 km², divided in two non-continuous blocks of 121 and 24 claims, on the 33C09 and 33B12 NTS sheet.

The Cheechoo project is held currently at 45% by the Company and 55% by Golden Valley. Sirios is in the process of acquiring the entire property following an agreement reached in 2012. Sirios is the manager of the project since the signing of the agreement. On the date of this report, taking into account the amounts already invested in the project by Sirios and management fees, the balance of required amounts to be spent in exploration works to acquire the totality of the project is \$1.1M in addition of a payment of \$500,000 in cash or shares to Golden Valley on or before June 13, 2016. Golden Valley will keep a net return 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 is between \$1,200 and \$2,400 per ounce.





Bloc of claims CHEECHOO - EXTENSION

During the period, Sirios has acquired by map-staking a block of 11 claims approximately 15 km south-west of the Éléonore gold mine of Goldcorp Inc. The claims, which cover an area of about 6 km², are adjacent to the 24 claims of the Cheechoo property located in the 33C09 NTS sheet. Sirios owns 100% of Cheechoo-Extension. An amount of \$ 1,408 was paid for the mining rights for these new claims.

AQUILON property

The Aquilon property is located near LA-1 hydro-electric complex in the James Bay, Quebec and is consisted of 104 claims. 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 theses exploration works, Sirios completed its obligations in relation to the agreement with Golden Tag and acquired 50% of the property.

The Company signed in June 2015 and amended October 28, 2015, an option to sell its 50% interest in the property with a private company. A consideration of one million dollars will be paid no later than June 1 to Sirios 2016 as follows: \$ 20,000 in cash payment (received October 1, 2015); a cash payment of \$ 480,000 and a payment of \$ 500,000 in the capital stock of the acquirer, 70% of the amount assessed share price by the purchaser at its first round of financing and 30% assessed price of the second round of financing. The exploration work totaled \$ 4 690 of Aquilon during the period while an amount of \$ 27,932 was paid for mineral rights.

Drill holes results of 2014

The first hole intersected, at a depth of less than 7 meters, the Moman vein with 560.1 g/t gold over 0.49 meters and this, at 5 meters from drill hole # 01 drilled in 2010. In addition, gold grade of 20.5 g/t over 1.47 m was obtained in the hanging wall. Auriferous quartz veinlets were also intersected at depths of 94 and 118 meters along the first drill hole, with respective gold grades of 2.7 and 2.8 g/t over 0.5 m.

The second drill hole was conducted to verify the extension along the plunge of the Moman vein at a vertical depth of approximately 70 m. However, the target has not been reached due to an excessive deviation of the drill hole that was oriented at low angle toward the plunge of the vein. However, a section containing weak pyrrhotite and pyrite disseminations assayed 2.5 g/t over 2.0 m at a depth of 101 meters along the hole.

Both NQ-caliber diamond drill holes, totaling 336 meters, were targeting the gold-bearing quartz vein Moman and the underlying rocks. Recall that fourteen short drill holes had been completed on the Moman showing at the end of 2010. Eleven drill holes intersected the extension of the vein down to a vertical depth of 44 meters. The elongated half-pipe-shaped folded vein has a cross-section of approximately 3 to 4 metres by 5 metres and extends over more than 80 meters with a weak plunge toward NNE. It remains open at its plunge's depth. Very high gold values were obtained on this vein in the 2010 drill holes grading up to 834 g/t gold over 1.7 m (ref. Press release 19/01/2011).

Assay methods and quality control

Sixty-eight (68) half-core samples with an average length of 0.84 m, were collected and sent to ALS Minerals laboratory ("ALS") of Val d'Or, Quebec for analysis. A strict QA/QC program was followed by integrating blanks and certified reference materials to the drill core samples. Samples showing no visible gold were prepared according to standard procedures of ALS and analyzed by conventional fire assay with atomic absorption finish (Au-AA24). Samples exceeding the upper limit of detection were systematically re-assayed with gravimetry (GRA22 Au). All core samples from the host rock and the Moman gold vein were sent to ALS laboratory for fire assay with metallic screening (Au-SCR21) of 100 microns.

TAÏGOR Property

Sirios has also acquired by map-staking et during the period a bloc of 50 claims adjacent to the Aquilon property. These claims, fully owned by Sirios, cover about 26 km² in the 33I01 NTS sheet. An amount of \$ 5,069 was invested for remote sensing fieldworks for these claims as well as 6,400\$ for the acquisition of the mining rights.

PONTAX Property

The PONTAX property, wholly owned by Sirios, is constituted of 78 claims divided in two non-continuous blocs of 70 and 8 claims. It is located in James Bay, Quebec, approximately 350 km north of Matagami.

The regional prospection fieldwork and the drill holes undertaken by Sirios between 2006 and 2012, allowed, by drilling, to delimit a mineralized zone of silver-zinc as well as a gold potential zone located about 10 km east of this zone. The silver-zinc zone shows in some places very high grades of silver in the order of several kg of silver per ton meanwhile a gold-bearing vein graded up to a bit more than 11 g/t Au in the eastern part of the property.

Following a reevaluation of the project, Sirios budgeted, for the year of 2015-16, \$200,000 in fieldwork. These fieldworks will emphasize on the gold potential in the eastern part of the property as well as the potential of silver-zinc-gold of the claims in the west.

Finalizing works of equipment demobilization amounted to \$23,815 for the period on Pontax.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

The net loss of the Company was \$840,941 (\$0.018 per share) for the year ended June 30, 2015, in comparison to a net loss of \$128,174 (\$0.004 per share) for the year ended June 30, 2014.

The increase of the net loss can be explained by the recovery, in 2014, in the value of the investment accounted for using the equity-method for an amount of \$640,374, decreasing the net loss for this exercise. Also, the share of loss for the investment accounted for using the equity-method, recorded in comprehensive income, was higher in 2015 than in 2014, \$265,279 in comparison with \$95,193, increasing the net loss for the 2015 exercise.

Annual Results Summary	June 30, 2015 \$	June 30, 2014 \$
Finance income	42,627	37,788
Write-off of exploration and evaluation assets	7,258	4,919
Share-based payments	134,000	197,842
Net loss	840,941	128,174
Net loss per share	0.018	0.004
Total assets	8,505,026	8,204,667

Finance income is comprised of the gain on reimbursement of a receivable account, interests on cash, interests on unpaid invoices of the Company.

General and administrative expenses analysis

General and administrative expenses, for the exercise ended in 2015, totaled \$517,977, in comparison with \$454,354 in 2014.

General and administrative expenses	2014-2015 \$	2013-2014 \$
Salaries and employee benefit expenses	205,361	187,759
Investors and shareholders' relations	197,545	147,132
Trustees and registration fees	30,746	32,711
Professional fees	67,881	55,380
Rent expenses	12,428	13,105
Office expenses	9,437	10,419
Insurance	6,422	6,474
Bank charges	849	1,094
Income taxes of section XII.6	(12,693)	280
Total	<u>517,976</u>	<u>454,354</u>

Comparing the general and administrative expenses for the exercises ended June 30, 2015 and 2014, we note an increase in Investors and shareholders' relation. This increase can be explained by the efforts undertaken by management and staff to promote the Company.

General Analysis

Total assets of the Company fluctuated from \$8,204,667 in 2014 to \$8,505,026 in 2015.

Cash, including cash held for exploration charges, totaled \$206,711 in 2014 in comparison with \$771,227 in 2015; the cash variations are directly linked to exploration fieldwork..

Other receivables varied from \$199,670 in 2014 to \$13,926 in 2015 and are comprised of advances to an associate, Khalkos. During the exercise, the Company received 2,625,438 shares of Khalkos in settlement of a debt for an amount of \$236,289.

Listed shares totaled \$29,921 in 2014 and \$44,882 in 2015. The increase is due to the variation of fair value on the market of those shares.

Cash held for exploration expenses totaled \$360,331 in 2014 and \$84,798 to spend before December 31, 2015 and \$818,775 to spend before December 31, 2016 (\$360,331 before December 31, 2015 in 2014).

Summary of quarterly results

	2014-2015				2013-2014			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Other revenues and expenses	(205,054)	(39,855)	(52,875)	77,665	419,041	(16,581)	6,876	(61,453)
Net loss	471,561	135,776	222,055	11,549	(343,359)	91,480	217,228	162,825
Net loss per share	0.01	0.003	0.005	0.0003	(0.002)	0.003	0.008	0.007

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

In the last eight quarters, there is a variation from a net gain of \$343,359 to a net loss of \$285,724.

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 \$340,374, 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 Q1-2014, Q3-2014, Q2-2015 and Q3-2015, the variation in the value of the listed shares for amounts of \$26,183, \$22,441, \$29,921 and \$7,480 respectively, reduced the revenues.

For the Q1-2015 and T4-2015, the positive variation in the value of the listed shares for amounts of \$44,882 and \$7,480 respectively, increased revenues.

For the Q1-2015, Q2-2015, Q3-2015 and Q4-2015, the Company's share of the associated company's loss, which is recorded using the equity method, for amounts of \$8,092, \$18,003, \$31,302 and \$207,882 respectively, decreased revenues?

For Q4-2014, Q1-2015 and Q2-2015, following issuance by Khalkos of shares, the Company went through dilutions of its percentage in Khalkos. Following those dilutions, amounts of \$113,781, \$(388) and \$9,587 respectively, were recorded in reduction of revenues.

For Q1-2014, Q2-2014, Q3-2014, Q4-2014, Q1-2015, Q2-2015, Q3-2015 and Q4-2015, the amortization of fees related to loans for amounts of \$50,397, \$153, \$1,173, \$1,239, \$1,308, \$1,358, \$1,350 and \$1,456 respectively, decreased revenues.

WORKING CAPITAL AND CASH FLOWS

The working capital, including cash held for exploration expenses, varied from an amount of \$365,133 on June 30, 2014 to an amount of \$158,495 on June 30, 2015. During the exercise, 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

As of June 30, 2015 :

- 57,374,238 common shares were issued as well as 100,000 preferred shares.
- 5,075,000 options were granted and exercisable, at prices between \$0.10 and \$0.70, between 2016 and 2020. Each option can be exchanged by its holder thereof for one common share of the Company.
- 3,411,500 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company.
- 68,400 brokers' warrants were issued. Each brokers' warrant can be exchanged by its holder thereof for one common share of the Company.

INFORMATIONS ON ISSUED AND OUTSTANDING SHARES

Table of variation in issued and outstanding shares

	2014-2015		2013-2014	
	Quantity	Amount (\$)	Quantity	Amount (\$)
Common shares				
<i>Issued</i>				
Balance, beginning	43,092,738	21,896,577	23,896,505	19,666,439
Common shares	6,823,001	477,610	6,155,001	603,400
Flow-through common shares	7,458,499	760,435	10,142,858	1,220,966
Acquisition of a percentage in an property	-	-	2,898,374	405,772
Preferred shares, Serie A				
<i>Issued and fully paid</i>	100,000	50,000	100,000	50,000
TOTAL	57,474,238	23,184,622	43,192,738	21,946,577

On December 19, 2014, the Company completed the closing of a private placement for a total of \$477,610. In total, 6,823,001 shares were issued as well as 3,411,500 warrants.

On December 19, 2014, the Company completed the closing of a flow-through private placement for a total of \$200,000. In total, 2,000,000 flow-through shares were issued as well as 68,400 brokers' warrants.

On June 30, 2015, the Company completed the closing of a flow-through private placement for a total of \$818,775. In total, 5,458,499 flow-through shares were issued.

Description	Number of shares	Amount (\$)
As of June 30, 2015	57,374,238	23,134,622
Exercise of warrants	2,128,643	212,864
Private placement	6,096,765	670,644
Flow-through private placement	1,624,997	178,750
As of October 28, 2015	<u>67,224,643</u>	<u>24,196,880</u>

On July 20, 2015, 1,771,500 warrants were exercised, by two institutional funds from Quebec, at a price of \$0.10 per share.

On July 30, 2015, 357,143 warrants were exercised, by an institutional fund from Quebec, at a price of \$0.10 per share.

On August 6, 2015, the Company completed the closing of a private placement for a total of \$176,132. In total, 1,467,765 shares were issued as well as 733,882 warrants.

On August 6, 2015, the Company completed the closing of a flow-through private placement for a total of \$80,000. In total, 533,333 flow-through shares were issued.

On September 17, 2015, the Company completed the closing of a private placement for a total of \$555,480. In total, 4,629,000 shares were issued as well as 2,314,500 warrants.

On September 17, 2015, the Company completed the closing of a flow-through private placement for a total of \$163,750. In total, 1,091,664 flow-through shares were issued.

INFORMATION ON OUTSTANDING OPTIONS

Table of variation of options in circulation

	2014-2015		2013-2014	
	Number of options	Average exercise price (\$)	Number of options	Average exercise price (\$)
Balance, beginning	3,392,857	0.25	1,695,714	0.38
Granted	1,800,000	0.11	1,800,000	0.16
Expired	(117,857)	(0.70)	(102,857)	(0.70)
Balance, end	<u>5,075,000</u>	<u>0.19</u>	<u>3,392,857</u>	<u>0.25</u>

The Board of Directors of Sirios has granted, on November 25, 2014, 800,000 stock options under its Stock Option Incentive Plan to employees, directors, officers and a consultant at an exercise price of \$0.10 per share. The options expire five (5) years from the date of grant.

The Board of Directors of Sirios has granted, on April 13, 2015, 600,000 stock options under its Stock Option Incentive Plan to directors and officers 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 April 27, 2015, 400,000 stock options under its Stock Option Incentive Plan to a director and an officer at an exercise price of \$0.12 per share. The options expire five (5) years from the date of grant.

Options granted to employees, directors, officers and consultants and exercisable as of October 28, 2015:

Expiry date	Options granted and exercisable	Exercise price (\$)
May 11, 2016	128,571	0.70
June 17, 2017	171,429	0.70
January 17, 2018	1,175,000	0.24
October 24, 2018	25,000	0.12
December 11, 2018	1,175,000	0.16
May 6, 2019	600,000	0.15
November 25, 2019	800,000	0.10
April 13, 2020	600,000	0.12
April 27, 2020	400,000	0.12
	<u>5,075,000</u>	0.19

INFORMATION ON OUTSTANDING WARRANTS

Table of variation of outstanding warrants

	2014-2015		2013-2014	
	Number of warrants	Average exercise price (\$)	Number of warrants	Average exercise price (\$)
Balance, beginning	5,943,572	0.14	4,530,768	0.20
Issued	3,479,900	0.10	5,400,985	0.14
Expired	(5,943,572)	(0.14)	(3,988,181)	(0.20)
Balance, end	3,479,900	0.10	5,943,572	0.14
Exercised	(2,128,643)	(0.10)		
Issued	3,048,383	0.18		
Balance on October 28, 2015	<u>4,399,640</u>	0.16		

For the private placement of December 19, 2014, 3,411,501 warrants were issued at a price of \$0.10.

For the flow-through private placement of December 19, 2014, 68,400 brokers' warrants were issued at a price of \$0.10.

On July 20, 2015, 1,771,500 warrants were exercised at a price of \$0.10.

On July 30, 2015, 357,143 warrants were exercised at a price of \$0.10.

For the private placement of August 6, 2015, 733,882 warrants were issued at a price of \$0.18.

For the flow-through private placement of August 6, 2015, 2,314,500 brokers' warrants were issued at a price of \$0.18.

Warrants issued as of October 28, 2015:

Expiry date	Number of warrants	Exercise price (\$)
December 19, 2015	1,282,857	0.10
December 19, 2015	68,400	0.10
February 6, 2017	733,883	0.18
March 17, 2017	2,314,500	0.18
	<u>4,399,640</u>	<u>0.16</u>

RELATED PARTY TRANSACTIONS

Key management personnel

The remuneration of the Company's key management personnel and the president is as follows:

	June 30, 2015 \$	June 30, 2014 \$
Salaries and employee benefit expenses	143,105	132,794
Professional fees	27,000	-
Share-based payments	114,500	178,459
	<u>284,605</u>	<u>311,253</u>

Associated company

During the exercise, Sirios provided administrative services to an associate company, Khalkos, totaling \$71,847. 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 20, 2015, the Company repaid the balance of the loan to Société de développement de la Baie-James for an amount of \$50,000. The remaining \$3,030 of transactions costs was amortized in full at that time.

On July 20, 2015 and July 30, 2015, a total of 2,128,643 warrants were exercised at a price of \$0.10 per share. An amount of \$212,864, equal to the exercise price, was recorded as an increase in the share capital.

On August 6, 2015, the Company completed the closing of a private placement for a total of \$176,132. It was composed of 1,467,765 units. The unit, offered at \$0.12, was composed of one common share and half a warrant. In total, 1,467,765 common shares, as well as 733,883 warrants. Each warrant entitles its holder to subscribe for one common share at \$0.18 per share for a period of eighteen months. An amount of \$14,678, related to warrants, was recorded as an increase in contributed surplus.

On August 6, 2015, the Company completed the closing of a flow-through private placement for a total of \$80,000. It was composed of 533,333 flow-through shares at a price of \$0.15 each. An amount of \$58,667 was recorded in share capital and an amount of \$21,333 was recorded as other liabilities.

On September 17 2015, the Company completed the closing of a private placement for a total of \$555,480. It was composed of 4,629,000 units. The unit, offered at \$0.12, was composed of one common share and half a warrant. In total, 4,629,000 common shares, as well as 2,314,500 warrants. Each warrant entitles its holder to subscribe for one common share at \$0.18 per share for a period of eighteen months. An amount of \$46,290, related to warrants, was recorded as an increase in contributed surplus.

On September 17, 2015, the Company completed the closing of a flow-through private placement for a total of \$163,750. It was composed of 1,091,664 flow-through shares at a price of \$0.15 each. An amount of \$120,083 was recorded in share capital and an amount of \$43,667 was recorded as other liabilities.

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 as integrating these three aspects in all their exploration work. Sirios adopted the eight principals of E3 Plus and ask its consultants and suppliers 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 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 principals of sustainable development.

Moreover, on February 7, 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 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 environmental, the Company must ensure:
 - To apply with diligence the environmental regulations 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.

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, 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.

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.

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 is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

For the year ended June 30, 2015, the Company wrote-off the Hipo, Nasa and AAA properties for an amount of \$7,258 (\$4,919 on June 30, 2014 for the Nasa property). No reversal impairment losses have been recognized for the reporting periods.

No impairment was conducted on other properties. The Company 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 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

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 of June 30, 2015.

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 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.

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 estimated and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Montreal, October 28, 2015.

(signed) Dominique Doucet, President

(signed) Frederic Sahyouni, Chief Financial Officer