



**SIRIOS RESOURCES INC.**  
**TSX-V: SOI**

**Annual Financial Statements**

**As of June 30, 2022 and 2021**

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1000, St-Antoine West, Suite 410, Montreal QC H3C 3R7  
Phone: 514-510-7961 [www.sirios.com](http://www.sirios.com) [info@sirios.com](mailto:info@sirios.com)

## Independent Auditor's Report

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Raymond Chabot  
Grant Thornton LLP  
50 Dallaire Avenue  
Rouyn-Noranda, Quebec  
J9X 4S7

T 819-762-1714

To the Shareholders of  
Ressources Sirios Inc.

### Opinion

We have audited the financial statements of Ressources Sirios Inc. (hereafter "the Company"), which comprise the statements of financial position as at June 30, 2022 and 2021, the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Carole Lepage.

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Raymond Chabot Grant Thornton LLP

Rouyn-Noranda  
October 21, 2022

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<sup>1</sup> CPA auditor, public accountancy permit no. A119351

# SIRIOS RESOURCES INC.

## Statements of Financial Position

(in Canadian dollars)

	Notes	<b>June 30, 2022</b>	June 30, 2021
		\$	\$
<b>ASSETS</b>			
Current			
Cash		375,600	3,107,538
Term deposit	6	54,653	53,294
Amounts receivable from listed companies		-	4,481
Listed shares		32,523	490,655
Good and services tax receivable		86,274	100,556
Tax credits receivable		639,402	31,181
Prepaid expenses		121,895	225,424
		<b>1,310,347</b>	<b>4,013,129</b>
Non-current			
Property and equipment	7	579,935	296,372
Advances on exploration and evaluation assets		-	197,592
Exploration and evaluation assets	8	31,871,903	27,775,111
<b>Total assets</b>		<b>33,762,185</b>	<b>32,282,204</b>
<b>LIABILITIES</b>			
Current			
Trade and other payables		329,273	418,957
Other liabilities		102,259	611,672
		<b>431,532</b>	<b>1,030,629</b>
Non-current			
Deferred tax liabilities	15	1,061,476	520,817
Loan guaranteed by the Government of Canada	9	40,000	40,000
<b>Total liabilities</b>		<b>1,533,008</b>	<b>1,591,446</b>
<b>EQUITY</b>			
Share capital	10.1	55,195,143	52,968,542
Contributed surplus		5,168,221	4,998,971
Deficit		(28,134,187)	(27,276,755)
<b>Total equity</b>		<b>32,229,177</b>	<b>30,690,758</b>
<b>Total liabilities and equity</b>		<b>33,762,185</b>	<b>32,282,204</b>

The accompanying notes are an integral part of the financial statements.

These financial statements were approved and authorized by the Board of Directors on October 21, 2022.

*(signed) Dominique Doucet*

Dominique Doucet, President

*(signed) Luc Cloutier*

Luc Cloutier, Director

# SIRIOS RESOURCES INC.

## Statements of Comprehensive Loss

(in Canadian dollars)

	Notes	Years ended	
		June 30,	
		2022	2021
		\$	\$
<b>EXPENSES</b>			
Salaries and employee benefits expenses	11.1	343,021	477,125
Investors and shareholders' relation		138,873	129,116
Professional fees		118,165	88,248
Insurances, taxes and permits		53,752	18,188
Trustees and registration fees		44,300	30,423
Office expenses		25,783	29,284
Publicity and sponsorship		24,460	22,667
Rent expenses		19,374	19,058
Income taxes of section XII.6		2,371	-
Training		2,094	15,445
Bank charges		1,596	2,514
Amortization of property and equipment		1,428	1,644
Project generation expenses (a)		45,703	90,111
Gain on disposal of exploration and evaluation assets	8	(9,766)	-
Write-off of exploration and evaluation assets	8	3,857	38,807
<b>OPERATIONAL LOSS</b>		<b>815,011</b>	<b>962,630</b>
<b>OTHER REVENUES AND EXPENSES</b>			
Finance costs	13	(128,220)	(273,701)
Finance income	13	6,544	8,646
Government assistance	9	-	20,000
		(121,676)	(245,055)
<b>LOSS BEFORE INCOME TAX</b>		<b>(936,687)</b>	<b>(1,207,685)</b>
Deferred income taxes	15	166,990	(2,610)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>(769,697)</b>	<b>(1,210,295)</b>
<b>NET LOSS PER SHARE - basic and diluted</b>	14	<b>(0.003)</b>	<b>(0.006)</b>

(a) Net of tax credits of an amount of \$18,288.

The accompanying notes are an integral part of the financial statements.

# SIRIOS RESOURCES INC.

## Statements of Changes in Equity

(in Canadian dollars)

	Notes	Share capital	Contributed surplus	Deficit	Total Equity
		\$	\$	\$	\$
<b>As of July 1st, 2020</b>		49,856,412	4,608,111	(25,883,975)	28,580,548
Net loss and comprehensive loss		-	-	(1,210,295)	(1,210,295)
Share-based payments	11.2	-	204,750	-	204,750
Issuance cost of shares (a)		-	-	(182,485)	(182,485)
Issuance of units and shares	10.1	3,000,130	228,110	-	3,228,240
Exercise of options	10.1	112,000	(42,000)	-	70,000
<b>As of June 30, 2021</b>		52,968,542	4,998,971	(27,276,755)	30,690,758
<b>As of July 1st, 2021</b>		52,968,542	4,998,971	(27,276,755)	30,690,758
Net loss and comprehensive loss		-	-	(769,697)	(769,697)
Share-based payments	11.2	-	99,250	-	99,250
Issuance cost of shares (b)		-	-	(87,735)	(87,735)
Issuance of units and shares	10.1	2,226,601	70,000	-	2,296,601
<b>As of June 30, 2022</b>		55,195,143	5,168,221	(28,134,187)	32,229,177

(a) Net of a deferred tax asset of an amount of \$65,796.

(b) Net of deferred tax asset of an amount of \$31,631.

The accompanying notes are an integral part of the financial statements.



# SIRIOS RESOURCES INC.

## Statements of Cash Flows

(in Canadian dollars)

		Years ended	
		June 30,	
	Notes	2022	2021
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss		(769,697)	(1,210,295)
Adjustments			
Share-based payments		61,000	149,468
Amortization of property and equipment		1,428	1,644
Project generation expenses		(18,288)	-
Change in fair value of listed shares		123,993	272,926
Deferred income taxes		(166,990)	2,610
Gain on disposal of exploration and evaluation assets		(9,766)	-
Write-off of exploration and evaluation assets		3,857	38,807
Changes in working capital items	16	376,211	(99,987)
Cash flows used in operating activities		(398,252)	(844,827)
<b>INVESTING ACTIVITIES</b>			
Tax credits received (refunded)		(49,409)	273,876
Additions to listed shares		(2,141)	(25,801)
Disposal of listed shares		336,280	88,915
Additions to term deposit		(1,359)	(1,249)
Additions to property and equipment		(675,976)	(68,188)
Additions to advances on exploration and evaluation assets		-	(197,592)
Disposal of advances on exploration and evaluation assets		197,592	-
Addition to exploration and evaluation assets		(4,605,775)	(1,530,907)
Disposal of exploration and evaluation assets		210,000	-
Cash flows used in investing activities		(4,590,788)	(1,460,946)
<b>FINANCING ACTIVITIES</b>			
Issuance of units and shares		2,376,468	4,036,090
Issuance cost of shares		(119,366)	(248,281)
Loan guaranteed by the Government of Canada		-	40,000
Cash flows from financing activities		2,257,102	3,827,809
<b>NET CHANGE ON CASH</b>		(2,731,938)	1,522,036
<b>CASH, BEGINNING OF THE YEAR</b>		3,107,538	1,585,502
<b>CASH, END OF THE YEAR</b>		375,600	3,107,538

For additional information on cash flows, see Note 16.

### Supplementary informations

Interest paid related to operating activities	4,227	775
Interest received related to operating activities	6,544	8,646

The accompanying notes are an integral part of the financial statements.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 1. NATURE OF OPERATIONS

Since its creation in 1994, Sirios Resources Inc., ("Sirios" or "the Company") goal is to discover world-class gold deposits in the James Bay region, in Quebec.

#### 2. GOING CONCERN ASSUMPTIONS AND COMPLIANCE WITH IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not generated income nor cash flows from operations. As of June 30, 2022, the Company has a deficit of \$28,134,187 (\$27,276,755 on June 30, 2021). The Company's current liquidity is not sufficient to fund its administrative and exploration and evaluation expenses for the next year. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amount of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required of the going concern assumption was not appropriate. These adjustments could be significant.

#### 3. GENERAL INFORMATION

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office is 1000, St-Antoine West, Suite 410, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange, under the symbol "SOI".

#### 4. SUMMARY OF ACCOUNTING POLICIES

##### 4.1 Overall

The significant accounting policies and measurement basis that have been applied in the preparation of the financial statements are summarized below.

##### 4.2 Currency for operating presentation

The financial statements are presented in Canadian currency, which is also the operational currency of the Company.

##### 4.3 Financial instruments

###### Measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs, where appropriate.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 4.3 Financial instruments (cont'd)

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

##### **Classification and initial measurement of financial assets**

Financial assets are classified into the following categories:

- at amortized cost;
- at fair value through profit or loss (FVTPL).

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income.

##### **Subsequent measurement of financial assets**

###### At amortized cost

Financial assets are measured at amortized cost if they meet the following conditions:

- they are held according to an economic model whose purpose is to hold financial assets in order to collect the contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if its effect is not significant. Cash and term deposit are included in this category of financial instruments (amounts receivable from listed companies were also part of this category of financial instruments as of June 30, 2021).

###### At fair value through profit of loss

Financial assets that are held in a different economic model than "holding for the purpose of collection" or "holding for the purpose of collection and sale" are classified in the FVTPL category.

This category includes investments in listed shares. The Company accounts for the investment at FVTPL and has not made an irrevocable election to account for its investment in listed shares at fair value through other comprehensive loss (FVOCI).

Assets in this category are measured at fair value and gains or losses are recognized in profit or loss. The fair value of financial assets in this category is determined based on transactions in an active market or by applying a valuation technique when there is no active market.

##### **Depreciation of financial assets**

The impairment provisions in IFRS 9 use the expected credit loss model.

The recognition of credit losses should consider a range of information for the assessment of credit risk and the assessment of expected credit losses, including: past events, current circumstances, reasonable and supportable forecasts that affect the expected collectability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

##### **Classification and subsequent measurement of financial liabilities**

The Company's financial liabilities include trade and other payables (except salaries payable and income taxes of section XII.6) and the loan guaranteed by the Government of Canada.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 4.3 Financial instruments (cont'd)

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within Finance costs, if applicable.

#### 4.4 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the exercise. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares, at the average market price, at the beginning of the exercise, or, if after, at the date of issue of the potential common shares.

#### 4.5 Tax credits receivable

The Company is entitled to refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

#### 4.6 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-to-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.8); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4.8) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

(in Canadian dollars)

#### 4.6 Exploration and evaluation expenditures and exploration and evaluation assets (cont'd)

##### Disposal of interest in connection with option agreement

On disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

#### 4.7 Property and equipment

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs subsequently to add to or replace part thereof.

Upon the transfer of exploration and evaluation assets to property and equipment under Mining assets under construction, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mining assets under construction. When development stage is completed, all assets included in the Mining assets under construction category are then transferred to Mining assets.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The periods generally applicable are as follows:

	<u>Useful life</u>
Leasehold improvements	5 years
Vehicles	5 years
Exploration camps and equipment	3 years
Office furniture	5 years
Computer equipment	3 years

The depreciation expense for each period is recognized in profit or loss except for certain items of property and equipment related to exploration and evaluation activities where the depreciation expense is included in the carrying amount of an exploration and evaluation asset when it relates to a specific exploration and evaluation project.

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

#### 4.8 Impairment of exploration and evaluation assets and property and equipment

For the purposes of assessing impairment, assets are grouped at the lowest for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 4.8 Impairment of exploration and evaluation assets and property and equipment (cont'd)

Impairment reviews for exploration and evaluation assets are carried out on a project-to-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

#### 4.9 Lease agreements

Rent payments relating to leases with a lease term of 12 months or less are recognized on a straight-line basis as an expense in profit or loss.

#### 4.10 Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 4.11 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transactions is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates are expected to apply to their respective period or realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intentions to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except when they are related to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

#### 4.12 Equity

##### Share capital

Share capital represents the amount received on the issue of shares. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of mineral property or some other form of nonmonetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

##### Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 4.12 Equity (cont'd)

##### Flow-through placements

Issuance of flow-through shares or units represents in substance an issue of common shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through shares or units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through shares or units are allocated between shares, warrants, if applicable and the other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance then to warrants if applicable based on their fair value at the date of issuance. The fair value of warrants is determined using the Black & Scholes model and the residual proceeds are allocated to the other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount eligible expenditures capitalized as an asset and its tax basis.

##### Other elements of equity

Contributed surplus includes charges related to share options and warrants not exercised. When share options and warrants are exercised, the related compensation cost is transferred to share capital.

Deficit includes all current and prior retained profits or losses and shares issue expenses net of underlying income tax benefit from these issuance costs.

#### 4.13 Equity-settled share-based payments

The Company operates equity-settled share-based payment plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

#### 4.14 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors. The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.



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## Notes to Financial Statements

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(in Canadian dollars)

#### **4.15 Standards, amendments and interpretations of standards which are not yet in force and which have not been early adopted by the Company**

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted on the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

#### **5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

When preparing the financial statements, management undertakes a number of judgments, estimations and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimations and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimations and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

##### **Significant management judgment**

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

##### **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 (see Note 4.11).

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

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

As of June 30, 2022 and 2021, no impairment was recorded on property and equipment.

##### **Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

##### **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are provided below. Actual results may be substantially different.

##### **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 (see Note 4.8).

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditures 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.

See Note 8 for the exploration and evaluation assets impairment analysis.

For the year ended June 30, 2022, the Company wrote-off the Goldorak property (write-off of the Amikap, Keoz and Solo properties on June 30, 2021). Total amount of write-off in profit or loss amounts to \$3,857 (write-off of \$38,807 on June 30, 2021). No reversal impairment losses has been recognized for the reporting periods.

There was no testing impairment required this year on the other properties, the Company has the capacity to keep these properties because it has sufficient funds to respect its short-term obligation. Additionally, claims will not expire in the near future or are expected to be renewed, work was performed during the last three years and/or promising results were obtained on these properties.

#### Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of share options and warrants granted and the time of exercise of the share options and warrants. The model used by the Company is the Black & Scholes valuation model. See Notes 10.2 and 11.2 for more information.

#### 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. See Note 4.5 for more information.

#### 6. TERM DEPOSIT

Term deposit presented in the statement of financial position is redeemable annually, bearing interest at 2.70% (2.55% in 2021), maturing in June 2023.

**SIRIOS RESOURCES INC.**  
**Notes to Financial Statements**  
**As of June 30, 2022 and 2021**

(in Canadian dollars)

**7. PROPERTY AND EQUIPMENT**

	Leasehold improvements	Vehicles	Exploration camps and equip.	Office furniture	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
<b><u>YEAR 2021-2022</u></b>						
<b>Gross carrying amount</b>						
Balance on						
July 1st, 2021	3,388	31,846	1,700,602	36,683	121,485	1,894,004
Additions	-	-	674,610	-	1,366	675,976
Balance on						
June 30, 2022	3,388	31,846	2,375,212	36,683	122,851	2,569,980
<b>Accumulated amortization</b>						
Balance on						
July 1st, 2021	2,440	24,341	1,413,209	36,683	120,959	1,597,632
Amortization	678	6,369	384,615	-	751	392,413
Balance on						
June 30, 2022	3,118	30,710	1,797,824	36,683	121,710	1,990,045
<b>Carrying amount on</b>						
<b>June 30,</b>						
<b>2022</b>	270	1,136	577,388	-	1,141	579,935
<b><u>YEAR 2020-2021</u></b>						
<b>Gross carrying amount</b>						
Balance on						
July 1st, 2020	3,388	31,846	1,632,835	36,683	121,064	1,825,816
Additions	-	-	67,767	-	421	68,188
Balance on						
June 30, 2021	3,388	31,846	1,700,602	36,683	121,485	1,894,004
<b>Accumulated amortization</b>						
Balance on						
July 1st, 2020	1,762	17,972	970,187	36,683	119,992	1,146,596
Amortization	678	6,369	443,022	-	967	451,036
Balance on						
June 30, 2021	2,440	24,341	1,413,209	36,683	120,959	1,597,632
<b>Carrying amount on</b>						
<b>June 30,</b>						
<b>2021</b>	948	7,505	287,393	-	526	296,372

All amortization expenses are presented in *Amortization of Property and equipment* except for *Exploration camps and equipment* and *Vehicles*, where the expense is presented in *Exploration and evaluation assets*.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

(in Canadian dollars)

#### 8. EXPLORATION AND EVALUATION ASSETS

##### YEAR 2021-2022

##### *Mining rights*

	June 30, 2021	Additions	Write-off/ Dispositions	June 30, 2022
	\$	\$	\$	\$
(a) Aquilon <sup>(1)</sup>	908,598	46,612	(110,000)	845,210
(b) Cheechoo	1,036,022	11,040	-	1,047,062
(c) Pontax <sup>(1)</sup>	1	-	-	1
(d) Goldorak <sup>(2)</sup>	1	-	(1)	-
(e) Niska <sup>(1)</sup>	35,205	-	(10,000)	25,205
(f) Tilly 2 <sup>(1)</sup>	7,949	10,560	(15,000)	3,509
(g) Maskwa <sup>(1)</sup>	57,288	-	(25,000)	32,288
	<u>2,045,064</u>	<u>68,212</u>	<u>(160,001)</u>	<u>1,953,275</u>

##### *Exploration and evaluation expenses*

	June 30, 2021	Additions	Write-off/ Dispositions	Tax credits	June 30, 2022
	\$	\$	\$	\$	\$
(a) Aquilon <sup>(1)</sup>	2,123,907	337,694	-	(67,396)	2,394,205
(b) Cheechoo	23,258,366	4,426,633	-	(471,758)	27,213,241
(c) Pontax <sup>(1)</sup>	38,796	1,438	(40,234)	-	-
(d) Goldorak <sup>(2)</sup>	-	3,856	(3,856)	-	-
(e) Niska <sup>(1)</sup>	165,862	-	-	-	165,862
(f) Tilly 2 <sup>(1)</sup>	11,088	3,574	-	(1,370)	13,292
(g) Maskwa <sup>(1)</sup>	132,028	-	-	-	132,028
	<u>25,730,047</u>	<u>4,773,195</u>	<u>(44,090)</u>	<u>(540,524)</u>	<u>29,918,628</u>
<b>TOTAL</b>	<u>27,775,111</u>	<u>4,841,407</u>	<u>(204,091)</u>	<u>(540,524)</u>	<u>31,871,903</u>

##### YEAR 2020-2021

##### *Mining rights*

	June 30, 2020	Additions	Write-off	June 30, 2021
	\$	\$	\$	\$
(a) Aquilon	908,598	-	-	908,598
(b) Cheechoo	1,011,686	24,336	-	1,036,022
(c) Pontax	1	-	-	1
(d) Goldorak	1	-	-	1
(e) Niska	38,285	(3,080)	-	35,205
(f) Tilly 2	7,949	-	-	7,949
(g) Maskwa	-	57,288	-	57,288
(h) Amikap <sup>(2)</sup>	1	-	(1)	-
(i) Keoz <sup>(2)</sup>	1	-	(1)	-
(j) Solo <sup>(2)</sup>	26,540	-	(26,540)	-
	<u>1,993,062</u>	<u>78,544</u>	<u>(26,542)</u>	<u>2,045,064</u>

**SIRIOS RESOURCES INC.**  
**Notes to Financial Statements**  
**As of June 30, 2022 and 2021**

(in Canadian dollars)

**8. EXPLORATION AND EVALUATION ASSETS (cont'd)**

*Exploration and evaluation expenses*

	June 30, 2020	Additions	Write-off	Tax credits	June 30, 2021
	\$	\$	\$	\$	\$
(a) Aquilon	1,818,503	304,796	-	608	2,123,907
(b) Cheechoo	21,715,731	1,526,112	-	16,523	23,258,366
(c) Pontax	-	38,630	-	166	38,796
(e) Niska	91,752	74,110	-	-	165,862
(f) Tilly 2	11,088	-	-	-	11,088
(g) Maskwa	-	132,028	-	-	132,028
(j) Solo <sup>(2)</sup>	9,237	3,028	(12,265)	-	-
	23,646,311	2,078,704	(12,265)	17,297	25,730,047
<b>TOTAL</b>	<b>25,639,373</b>	<b>2,157,248</b>	<b>(38,807)</b>	<b>17,297</b>	<b>27,775,111</b>

All write-off expenses are presented in Write-off of exploration and evaluation assets in profit or loss.

- (1) During the year ended June 30, 2022, the Company signed a strategic agreement with an investor and granted royalties, between 0.5% and 1% NSR, on some of its properties. For more details, refer to Note 10.1 (c).
- (2) During the year ended June 30, 2022, management wrote-off the mining rights and exploration and evaluation expenses for the Goldorak property (write-off of the Amikap, Keoz and Solo properties on June 30, 2021), for the following reason: abandonment of claims (abandonment of claims and the acquisition option on June 30, 2021).

**(a) Aquilon**

This 140-claim gold property, owned at 100%, is located near LA-1 hydro-electric complex in the James Bay area (Qc) and is fully owned by the Company.

Soquem Inc. retains a 1% NSR royalty, half of which is redeemable for \$500,000.

A private investor holds a 1% NSR royalty, three-quarters of which is redeemable for \$200,000 at any time before June 30, 2022. On June 29, 2022, the Company paid an amount of \$25,000 to the private investor in order to extend the redemption period until July 30, 2022.

**(b) Cheechoo**

The property located 320 km north of Matagami, Eeyou Istchee James Bay in Quebec, was originally composed of two blocks of non-contiguous claims. Its 121-claims main block is adjacent to the east of Newmont Corp.'s Eleonore gold mine. The second block consists of 35 claims and is located about 20 km west of the main block. The 156 claims are 100% held by Sirios with a net return royalty for gold on 145 claims to Gold Royalty Corp which varies between 2.5% and 4% of the net return depending on the price of gold and 4% net return for all other minerals extracted from the project.

During the months of March and April 2022, Sirios added 69 new claims to the property. A first block of 35 new claims is adjacent to the central-eastern part of the main block and another block of 34 claims forms a third block not contiguous to the original blocks of the property. These 69 new claims are 100% owned by Sirios and are not subject to any royalties.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

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(in Canadian dollars)

#### 8. EXPLORATION AND EVALUATION ASSETS (cont'd)

The Cheechoo property is therefore now composed of three blocks of non-contiguous claims comprising 225 claims for a total area of 118 km<sup>2</sup>.

##### (c) Pontax

The property, owned at 100% by the Company, consists of 70 claims, divided in two-continuous blocks of 64 and 6 claims. It is located in James Bay (Qc), approximately 350 km north of Matagami.

A private investor holds a 0.5% NSR royalty, half of which is redeemable for \$200,000.

##### (d) Goldorak

The property, owned at 100% by the Company, consisted of 6 claims in the James Bay area (Qc). During the exercise ended June 30, 2022, the Company wrote-off the mining rights and exploration evaluation expenses for this property.

##### (e) Niska

The property, owned at 100% by the Company, consists of 190 claims and covers almost 100 km<sup>2</sup> in James Bay, Quebec.

A private investor holds a 0.5% NSR royalty, half of which is redeemable for \$200,000.

##### (f) Tilly 2

The property, owned at 100% by the Company, consists of 66 claims in the James Bay area (Qc).

A private investor holds a 0.5% NSR royalty, half of which is redeemable for \$200,000.

##### (g) Maskwa

The property, owned at 100% by the Company, consists of 372 claims. It is located approximately 100 km southwest of Radisson and approximately 120 km east of Wemindji in the James Bay area (Qc).

A private investor holds a 0.5% NSR royalty, half of which is redeemable for \$200,000.

##### (h) Amikap

The property, owned at 100% by the Company, consisted of 169 claims in the James Bay area (Qc). It was located about 70 km north of the Cheechoo property. During the year ended June 30, 2021, the Company wrote-off the mining rights and exploration and evaluation expenses for this property

##### (i) Keoz

The property, owned at 100% by the Company, consisted of 66 claims in the James Bay area (Qc). During the year ended June 30, 2021, the Company wrote-off the mining rights for this property.

##### (j) Solo

The property was located approximately 50 km west of the 381 km relay station on the James Bay Highway and less than 20 km southwest of the Niska property. It consisted of 10 claims covering 5 km<sup>2</sup>.

During the year ended June 30, 2021, the Company wrote-off mining rights and exploration and evaluation expenses for this property.

#### 9. LOAN GUARANTEED BY THE GOVERNMENT OF CANADA

The Company received a loan of \$60,000 under the Emergency Account for Canadian Businesses program. If the Company repays an amount totaling \$40,000 of the loan by December 31, 2023, no further amount will be repayable. Otherwise, the balance of the loan will bear interest at the rate of 5% and will be repayable at maturity on December 31, 2025.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

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(in Canadian dollars)

#### 9. LOAN GUARANTEED BY THE GOVERNMENT OF CANADA (cont'd)

Given that the government assistance of \$20,000 is not repayable if the Company repays the amount of \$40,000 by December 31, 2023, this amount was recognized as an other income at the time the government assistance was granted. The estimated instalments payable in the next years are \$40,000 in 2024.

#### 10. EQUITY

##### 10.1 Share capital

The share capital of the Company consists of fully paid common and preferred shares.

##### Authorized

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

Unlimited preferred shares, issuable in one or several series, composed of the number of shares, rights, liens, conditions and restrictions as determined before issuance by resolutions of directors of the Company, without par value. The preferred shares, series A, are redeemable at the Company's option at their issuance price, non-voting and not entitled to dividends.

	Number of shares	
	June 30,	
	2022	2021
Common shares issued and fully paid at beginning of the exercise	202,069,527	178,558,525
Private placements (a) (b) (c)	25,000,000	3,469,996
Flow-through private placements (d) (e) (f)	7,387,233	19,341,006
Exercise of options (g)	-	700,000
Common shares issued and fully paid at the end of the exercise	234,456,760	202,069,527
Preferred shares, Serie A	100,000	100,000

(a) On December 17, 2020, the Company completed the closing of a private placement for a total of \$520,500. It was composed of 3,469,996 units. The unit, offered at \$0.15, was composed of one common share and half a warrant. In total, 3,469,996 shares, as well as 1,734,998 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.23 per share for a period of eighteen months. An amount of \$34,700, related to warrants, was recorded as an increase in contributed surplus.

(b) On September 17, 2021, the Company completed the closing of a private placement for a total of \$350,000. It was composed of 3,500,000 unit. The unit, offered at \$0.10, was composed of one common share and one warrant. In total, 3,500,000 shares, as well as 3,500,000 warrants, were issued. Each warrant entitled its holder to subscribe for one common share at \$0.15 per share for a period of eighteen months. An amount of \$70,000, related to warrants, was recorded as an increase in contributed surplus.

(c) On January 26, 2022, the Company completed the closing of a private placement. The strategic agreement included the issuance of 21,500,000 common shares of Sirios at a price of \$0.06 per share, as well as the sale of royalties on the Aquilon, Pontax, Maskwa, Niska and Tilly 2 properties for a consideration of \$210,000. An amount of \$1,290,000 was recorded as an increase in share capital and an amount of \$9,766, related to the sale of royalties, was recorded in profit or loss as a gain on disposal of exploration and evaluation assets.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

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(in Canadian dollars)

#### 10.1 Share capital (cont'd)

- (d) On December 11, 2020 and December 16, 2020, the Company completed the closing of a flow-through private placement for a total of \$2,567,140. It was composed of 14,261,889 units. The unit, offered at \$0.18, was composed of one flow-through share and half a warrant. In total, 14,261,889 flow-through shares, as well as 7,130,944 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.23 per share for a period of eighteen months. An amount of \$1,854,046 was recorded in share capital, an amount of \$142,619, related to warrants, was recorded as an increase in contributed surplus and an amount of \$570,475 was recorded as other liabilities in the statement of financial position.
- (e) On December 11, 2020 and December 16, 2020, the Company completed the closing of a flow-through private placement for a total of \$863,450. It was composed of 5,079,117 units. The unit, offered at \$0.17 was composed of one flow-through share and half a warrant. In total, 5,079,117 flow-through shares, as well as 2,539,559 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.23 per share for a period of eighteen months. An amount of \$660,285 was recorded in share capital, an amount of \$50,791, related to warrants, was recorded as an increase in contributed surplus and an amount of \$152,374 was recorded as other liabilities in the statement of financial position.

The weighted average fair value of \$0.02 for these warrants, included in the units described at (d) and (e), was determined using the Black & Scholes model and based on the following weighted average assumptions:

	<u>2021</u>
Average share price at the date of grant	\$0.13
Expected dividend yield	0%
Expected weighted volatility	61%
Average risk-free interest rate	0.35%
Expected average life	1.5 year
Average exercise price at the date of grant	\$0.23

The underlying expected volatility was determined by reference to historical date of the Company's share over the expected average life of the warrants.

- (f) On August 31 and September 17, 2021, the Company completed the closing of a flow-through private placement for a total of \$886,468. It was composed of 7,387,233 flow-through shares at a price of \$0.12 each. An amount of \$656,601 was recorded in share capital and an amount of \$229,867 was recorded as other liabilities in the statement of financial position.
- (g) During the year ended June 30, 2021, 700,000 options were exercised. An amount of \$70,000 was received and an amount of \$42,000, representing the fair value of the options at the time of the issue, were recorded as an increase in share capital.



# SIRIOS RESOURCES INC.

## Notes to Financial Statements

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(in Canadian dollars)

#### 10.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	June 30, 2022		June 30, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning of the year	11,405,501	0.23	5,925,000	0.30
Issued	3,500,000	0.15	11,405,501	0.23
Expired	(11,405,501)	(0.23)	(5,925,000)	(0.30)
Balance, end of the year	<u>3,500,000</u>	<u>0.15</u>	<u>11,405,501</u>	<u>0.23</u>

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

Expiration date	June 30, 2022		June 30, 2021	
	Number of warrants	Exercise price	Number of warrants	Exercise price
		\$		\$
June 11, 2022	-	-	3,872,725	0.23
June 16, 2022	-	-	5,797,778	0.23
June 17, 2022	-	-	1,734,998	0.23
March 17, 2023	3,500,000	0.15	-	-
	<u>3,500,000</u>	<u>0.15</u>	<u>11,405,501</u>	<u>0.23</u>

#### 11. EMPLOYEE REMUNERATION

##### 11.1 Salaries and employee benefit expenses

Salaries and employee benefit expenses recognized are analyzed below:

	June 30,	
	2022	2021
	\$	\$
Salaries and benefits	883,956	789,844
Share-based payments	99,250	204,750
	<u>983,206</u>	<u>994,594</u>
Less: salaries and share-based payments capitalized in Exploration and evaluation assets or presented in Project generation expenses	<u>(640,185)</u>	<u>(517,469)</u>
Salaries and employee benefit expenses	<u>343,021</u>	<u>477,125</u>

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

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(in Canadian dollars)

#### 11.2 Share-based payments

The Company has a share-based payments plan for eligible directors, officers, employees, consultants and service suppliers of investors' relations. The most important terms of the plan are as follows:

- i) the maximum number of shares that may be issued under the plan is limited to 10% of the issued shares at the time of the grant of the option, maximum of 23,445,676 on June 30, 2022 (maximum of 20,206,953 on June 30, 2021);
- ii) the maximum number of shares that can be reserved for a beneficiary is limited to 5% of issued and outstanding shares;
- iii) the maximum number of shares that can be reserved for a consultant during a 12-month period is limited to 2% of issued and outstanding shares;
- iv) the maximum number of shares that can be reserved for a supplier of investors' relation services during any 12-month period is limited to 2% of issued and outstanding shares; moreover, the options granted maybe exercised by steps over a period of 12 months after the grant, at the rate of 25% per quarter;
- v) the options granted to directors, officers, employees and consultants may be exercised entirely at the date of the grant.

The options' term cannot exceed ten years. The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of the grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The Company's share options are as follow for the period presented:

	June 30, 2022		June 30, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding and exercisable, beginning of the year	13,775,000	0.26	11,680,000	0.28
Granted	3,225,000	0.08	2,925,000	0.15
Exercised	-	-	(700,000)	(0.10)
Expired	(3,175,000)	(0.44)	(130,000)	(0.10)
Outstanding and exercisable, end of the year	<u>13,825,000</u>	0.18	<u>13,775,000</u>	0.26

The weighted average share price at the date of exercise was \$0.13 in 2021.

On December 9, 2020, the Board of Directors of the Company has granted 2,925,000 options under its stock option incentive plan to employees, directors, officers and consultants, at an exercise price of \$0.15. The options expire five years from the date of grant.

On December 21, 2021, the Board of Directors of the Company granted 2,975,000 options under its stock option incentive plan to employees, directors, officers and consultants, at an exercise price of \$0.08. The options expire five years from the date of grant.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

(in Canadian dollars)

#### 11.2 Share-based payments (cont'd)

On January 25, 2022, the Board of Directors of the Company granted 250,000 options under its stock option incentive plan to a new director, at an exercise price of \$0.08. The options expire five years from the date of grant.

The weighted average fair value of stock options granted is \$0.03 (\$0.07 for the exercise ended June 30, 2021) and was estimated using the Black & Scholes model and based on the following weighted average assumptions:

	2022	2021
Share price at the date of issuing	\$0.07	\$0.13
Expected dividend yield	0%	0%
Expected weighted volatility	57%	71%
Expected interest average rate	1.23%	0.27%
Expected average life	5 years	5 years
Average exercise price at the date of grant	\$0.08	\$0.15

The underlying expected volatility was determined by reference to historical date of the Company's share over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

The table below summarizes the information related to outstanding share options:

	June 30, 2022		June 30, 2021	
	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
Range of exercise price				
From \$0 to \$0.35	13,825,000	2.54	11,350,000	2.91
From \$0.36 to \$0.70	-	-	2,425,000	0.40
	<u>13,825,000</u>		<u>13,775,000</u>	

In total, \$99,250 (\$204,750 for the year ended June 30, 2021) of share-based payments (all of which related to equity-settled share-based payment transactions) was recorded (\$61,000 in profit or loss as salaries and employee benefit expenses and \$38,250 capitalized in exploration and evaluation assets) for the year ended on June 30, 2022 (\$149,468 in profit or loss as salaries and employee benefit expenses and \$55,282 capitalized in exploration and evaluation assets for the year ended on June 30, 2021) and credited to contributed surplus.

## 12. FAIR VALUE MEASUREMENT

### 12.1 Financial instruments measured at fair value

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the assets or liabilities.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

(in Canadian dollars)

#### 12.1 Financial instruments measured at fair value (cont'd)

The fair value of the listed shares have been estimated by reference of their quoted prices at the reporting date.

Listed shares, measured at fair value, in the statement of financial position on June 30, 2021 and 2020, are classified in Level 1.

The fair value of the loan guaranteed by the Government of Canada is \$40,000 as of June 30, 2022 and 2021 and is determined using the estimated market rate that the Company would have obtained for similar financing and is classified in Level 2.

#### 13. FINANCE COSTS AND INCOME

Finance costs can be analyzed as follow for the reporting periods presented:

	June 30,	
	2022	2021
	\$	\$
Change in fair value of listed shares	(123,993)	(272,926)
Interests on trade accounts	(4,227)	(775)
	<u>(128,220)</u>	<u>(273,701)</u>

Finance income can be analyzed as follow for the reporting periods presented:

	June 30,	
	2022	2021
	\$	\$
Interests income from cash and term deposit	6,544	8,646

#### 14. LOSS PER SHARE

In calculating the diluted loss per share, dilutive potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 10.2 and 11.2.

Both the basic and diluted loss per share have been calculated using the net loss as a numerator, i.e. no adjustment to the net loss was necessary in 2022 and 2021.

	June 30,	
	2022	2021
Net loss	(769,697) \$	(1,210,295) \$
Weighted average number of shares	220,124,854	191,461,414
Basic and diluted loss per share	(0.003) \$	(0.006) \$

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

As of June 30, 2022 and 2021

(in Canadian dollars)

### 15. INCOME TAXES

#### Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the statement of comprehensive income can be reconciled as follows:

	2022	2021
	\$	\$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada, 26.50% in 2022 and 2021	(248,222)	(320,037)
Adjustments for the following items		
Tax effect of issuance of flow-through shares	788,526	387,343
Reversal of the other liabilities attributable to issuance of flow-through shares	(739,280)	(111,730)
Temporary differences unrecognized	16,748	(4,205)
Share-based payments	16,165	39,609
Variation of non-deductible fair value	16,429	36,163
Other non-deductible expenses	(17,356)	(24,533)
	<u>(166,990)</u>	<u>2,610</u>

#### Major components of tax expenses

	2022	2021
	\$	\$
Inception and reversal of temporary differences	(232,984)	(268,798)
Tax effect of issuance of flow-through shares	788,526	387,343
Reversal of the other liabilities attributable to issuance of flow-through shares	(739,280)	(111,730)
Temporary difference unrecognized	16,748	(4,205)
	<u>(166,990)</u>	<u>2,610</u>

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

(in Canadian dollars)

#### 15. INCOME TAXES (cont'd)

##### Deferred tax assets and liabilities and variation of recognized amounts during the exercise

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance on July 1st, 2021	Recognized in profit or loss	Recognized in equity	Balance on June 30, 2022
	\$	\$	\$	\$
Amounts recognized				
Exploration and evaluation assets	(4,086,680)	(925,709)	-	(5,012,389)
Unused tax credits receivable	-	(70,097)	-	(70,097)
Property and equipment	455,091	114,641	-	569,732
Issuance cost of shares	138,194	(66,355)	31,631	103,470
Unused non-capital losses	2,972,578	375,230	-	3,347,808
Recognized deferred income tax assets and liabilities	(520,817)	(572,290)	31,631	(1,061,476)
Reversal of the other liabilities attributable to issuance of flow-through shares		739,280		
Variation of deferred income tax in profit or loss		166,990		
	Balance on July 1st, 2020	Recognized in profit or loss	Recognized in equity	Balance on June 30, 2021
	\$	\$	\$	\$
Amounts recognized				
Exploration and evaluation assets	(3,547,701)	(538,979)	-	(4,086,680)
Unused tax credits receivable	(28,224)	28,224	-	-
Property and equipment	283,013	172,078	-	455,091
Issuance cost of shares	138,998	(66,599)	65,796	138,194
Unused non-capital losses	2,681,642	290,936	-	2,972,578
Recognized deferred income tax assets and liabilities	(472,272)	(114,340)	65,796	(520,817)
Reversal of the other liabilities attributable to issuance of flow-through shares		111,730		
Variation of deferred income tax in profit or loss		(2,610)		
	June 30, 2022		June 30, 2021	
	Federal	Provincial	Federal	Provincial
	\$	\$	\$	\$
<b>Deductible temporary difference unrecognized</b>				
Listed shares	27,469	27,469	423,611	423,611
Capital loss	561,995	561,995	103,877	103,877

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

(in Canadian dollars)

#### 15. INCOME TAXES (cont'd)

The Company has investment tax credits to receive for an amount of \$255,969 (\$255,969 in 2021) that are not recognized. Those credits can be applied to reduce federal income tax and expire between 2023 and 2034.

#### 16. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	2022	2021
	\$	\$
Amounts receivable from listed companies	4,481	-
Good and services tax receivable	14,282	(31,859)
Prepaid expenses	103,529	(147,004)
Trade and other payables	253,919	78,876
	<u>376,211</u>	<u>(99,987)</u>

Non-monetary operations in the statement of financial position are as follows:

	2022	2021
	\$	\$
Tax credits receivable credited to exploration and evaluation assets	621,114	-
Tax credits received credited to exploration and evaluation assets	1,538	-
Refused tax credits debited to exploration and evaluation assets	82,128	17,297
Trades related to exploration and evaluation assets	45,463	239,066
Share-based payments included in exploration and evaluation assets	38,250	55,282
Amortization of property and equipment included in exploration and evaluation assets	390,985	449,392
Share subscription paid by compensation of trade payables	150,000	-

#### 17. RELATED PARTY TRANSACTIONS

The Company's related parties includes its key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash.

##### 17.1 Transactions with key management personnel

The remuneration of the Company's key management personnel and members of the Board of Directors includes the following expenses:

	June 30,	
	2022	2021
	\$	\$
Salaries and benefits	231,449	315,992
Share-based payments	55,750	122,500
Total remuneration	<u>287,199</u>	<u>438,492</u>

For the year ended on June 30, 2022, an amount of \$58,087 (\$58,225 on June 30, 2021) of salaries and benefits was recorded as Exploration and evaluation assets.

# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

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(in Canadian dollars)

#### 18. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flows, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all details in Notes 10.1 and 20.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

#### 19. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are market, credit and liquidity risks.

The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

##### 19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the other price risk.

##### Other price risk sensitivity

The Company is exposed to fluctuations in the market prices of its listed shares. The fair value of the listed shares represents the maximum exposure to price risk.

If the quoted stock price for these listed shares had changed by +/- 55% as of June 30, 2022 (+/- 33% as of June 30, 2021), comprehensive loss and equity would have changed by \$17,888 (\$163,769 on June 30, 2021).

##### 19.2 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.



# SIRIOS RESOURCES INC.

## Notes to Financial Statements

### As of June 30, 2022 and 2021

(in Canadian dollars)

#### 19.2 Credit risk (cont'd)

The maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting dates, as summarized below:

	June 30,	
	2022	2021
	\$	\$
Cash	375,600	3,107,538
Term deposit	54,653	53,294
Amounts receivable from listed companies	-	4,481
	<u>430,253</u>	<u>3,165,313</u>

The credit risk for cash and term deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### 19.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

During the exercise, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The following table shows the contractual maturities (including interest payments, if any) of financial liabilities of the Company:

	June 30,	
	2022	2021
	\$	\$
Less than six months		
Trade and other payables	288,227	384,392
From 1 to 5 years		
Loan guaranteed by the Government of Canada	40,000	40,000
	<u>328,227</u>	<u>424,392</u>

The Company considers the cash flows that it expects to derive from financial assets in its assessment and management of liquidity risk, in particular, cash, term deposits, good and services tax receivable and tax credits receivable.

#### 20. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Three years following the flow-through placement;
- Two years after the Company has renounced the tax deductions relating to the exploration work.

# **SIRIOS RESOURCES INC.**

## **Notes to Financial Statements**

### **As of June 30, 2022 and 2021**

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(in Canadian dollars)

#### **20. CONTINGENCIES AND COMMITMENTS (cont'd)**

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in the regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

During the year ended on June 30, 2022, the Company received an amount of \$886,468 (\$3,430,590 on June 30, 2021) from flow-through placement for which the Company renounced the tax deduction on December 31, 2021. Management is required to fulfill commitments within the stipulated deadline of two years from the renunciation date.

As of June 30, 2022, the product of unspent funding related to flow-through financings totals \$422,493 (\$3,476,560 on June 30, 2021).

#### **21. SUBSEQUENT EVENTS**

On July 28, 2022, the Company completed the closing of a private placement for a total of \$1,175,325. It was composed of 19,588,749 units. The unit, offered at \$0.06, was composed of one common share and one warrant. In total, 19,588,749 shares, as well, as 19,588,749 warrants, were issued. Each warrant entitled its holder to subscribe for one common share at \$0.10 per share for a period of twenty-four months.

On July 28, 2022, the Company buy back three-quarters of the 1% Net Smelter Return ("NSR") royalty for an amount of \$200,000, on its Aquilon property. Therefore, the royalty has been reduced to 0.25%. The Company had previously obtained a deadline extension for exercising the buy back before July 31, 2022 instead of June 30, in return for an amount of \$25,000.