



SIRIOS RESOURCES INC.
TSX-V: SOI

Interim Financial Statements (unaudited)

MARCH 31, 2023

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The attached interim financial statements have been prepared by Sirios Resources Inc. and its external auditors have not been reviewed these financial statements.

1000, St-Antoine West, Suite 410, Montreal, QC, H3C 3R7
Phone: 514-510-7961 www.sirios.com info@sirios.com

SIRIOS RESOURCES INC.

Interim Statement of Financial Position (unaudited)

(in Canadian dollars)

| | | March 31, 2023 | June 30, 2022 |
|---|-----|---------------------------|-------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current | | | |
| Cash | | 471,168 | 375,600 |
| Term deposit | 4 | 54,653 | 54,653 |
| Listed shares | | 32,864 | 32,523 |
| Goods and services tax receivable | | 19,661 | 86,274 |
| Tax credits receivable | | 639,402 | 639,402 |
| Prepaid expenses | | 60,630 | 121,895 |
| | | 1,278,378 | 1,310,347 |
| Non-current | | | |
| Property and equipment | 5 | 214,333 | 579,935 |
| Exploration and evaluation assets | 6 | 33,576,980 | 31,871,903 |
| Total assets | | 35,069,691 | 33,762,185 |
| LIABILITIES | | | |
| Current | | | |
| Trade and other payables | | 206,984 | 329,273 |
| Other liabilities | | 61,899 | 102,259 |
| | | 268,883 | 431,532 |
| Non-current | | | |
| Deferred tax liabilities | | 1,372,998 | 1,061,476 |
| Loan guaranteed by the Government of Canada | 7 | 40,000 | 40,000 |
| Total liabilities | | 1,681,881 | 1,533,008 |
| EQUITY | | | |
| Share capital | 8.1 | 57,299,039 | 55,195,143 |
| Contributed surplus | | 5,234,721 | 5,168,221 |
| Deficit | | (29,145,950) | (28,134,187) |
| Total equity | | 33,387,810 | 32,229,177 |
| Total liabilities and equity | | 35,069,691 | 33,762,185 |

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

These interim financial statements were approved and authorized by the Board of Directors on May 24, 2023.

(signed) Dominique Doucet

Dominique Doucet, President

(signed) Luc Cloutier

Luc Cloutier, Director

SIRIOS RESOURCES INC.

Interim Statement of Comprehensive Loss (unaudited)

(in Canadian dollars)

| | Notes | Three-month period ended March 31, | | Nine-month period ended March 31, | |
|--|-------|---------------------------------------|------------------|--------------------------------------|------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| EXPENSES | | | | | |
| Investors and shareholders' relation | | 142,632 | 27,009 | 213,303 | 100,843 |
| Salaries and employee benefit expenses | 9.1 | 77,044 | 78,659 | 251,221 | 280,926 |
| Professional fees | | 49,883 | 22,054 | 132,832 | 104,973 |
| Trustees and registration fees | | 9,924 | 3,709 | 48,668 | 42,090 |
| Insurances, taxes and permits | | 8,810 | 20,406 | 20,292 | 47,615 |
| Office expenses | | 7,789 | 6,107 | 15,382 | 19,760 |
| Income taxes of section XII.6 | | 5,900 | 1,200 | 6,474 | 1,200 |
| Rent expenses | | 4,500 | 4,500 | 13,500 | 14,874 |
| Publicity and sponsorship | | 2,116 | 2,946 | 9,708 | 20,487 |
| Training | | 1,795 | 350 | 2,413 | 1,250 |
| Bank charges | | 988 | 411 | 1,915 | 1,251 |
| Amortization of property and equipment | | 422 | 352 | 2,154 | 1,072 |
| Project generation expenses | | - | 21,272 | - | 49,218 |
| Gain on disposal of exploration and evaluation assets | | - | (9,766) | - | (9,766) |
| Write-off of exploration and evaluation assets | | - | 3,857 | - | 3,857 |
| OPERATIONAL LOSS | | 311,803 | 183,066 | 717,862 | 679,650 |
| OTHER REVENUES AND EXPENSES | | | | | |
| Finance costs | 10 | (10) | (22,354) | (10) | (111,583) |
| Finance income | 10 | 60,329 | 1,945 | 59,186 | 3,820 |
| | | 60,319 | (20,409) | 59,176 | (107,763) |
| LOSS BEFORE INCOME TAX | | (251,484) | (203,475) | (658,686) | (787,413) |
| Deferred income taxes | | 22,189 | 74,936 | (230,493) | 656,366 |
| NET LOSS AND COMPREHENSIVE LOSS | 11 | (229,295) | (128,539) | (889,179) | (131,047) |
| NET LOSS PER SHARE - basic and diluted | | (0.0009) | (0.0005) | (0.003) | (0.0006) |

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

SIRIOS RESOURCES INC.

Interim Statement of Changes in Equity (unaudited)

(in Canadian dollars)

| | Notes | Share capital | Contributed surplus | Deficit | Total Equity |
|---------------------------------|-------|---------------|---------------------|--------------|--------------|
| | | \$ | \$ | \$ | \$ |
| As of July 1st, 2021 | | 52,968,542 | 4,998,971 | (27,276,755) | 30,690,758 |
| Net loss and comprehensive loss | | - | - | (131,047) | (131,047) |
| Share-based payments | 9.2 | - | 99,250 | - | 99,250 |
| Issuance cost of shares (a) | | - | - | (98,254) | (98,254) |
| Issuance of units and shares | 8.1 | 2,226,601 | 70,000 | - | 2,296,601 |
| As of March 31, 2022 | | 55,195,143 | 5,168,221 | (27,506,056) | 32,857,308 |
| As of July 1st, 2022 | | 55,195,143 | 5,168,221 | (28,134,187) | 32,229,177 |
| Net loss and comprehensive loss | | - | - | (889,179) | (889,179) |
| Share-based payments | 9.2 | - | 66,500 | - | 66,500 |
| Issuance cost of shares (b) | | - | - | (122,584) | (122,584) |
| Issuance of units and shares | 8.1 | 2,103,896 | - | - | 2,103,896 |
| As of March 31, 2023 | | 57,299,039 | 5,234,721 | (29,145,950) | 33,387,810 |

(a) Net of a deferred tax assets of an amount of \$20,475.

(b) Net of a deferred tax assets of an amount of \$30,760.

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

SIRIOS RESOURCES INC.

Interim Statement of Changes in Equity (unaudited)

(in Canadian dollars)

| | | Nine-month period ended | |
|---|-------|-------------------------|-------------|
| | | March 31, | |
| | Notes | 2023 | 2022 |
| | | \$ | \$ |
| OPERATING ACTIVITIES | | | |
| Net loss | | (889,179) | (131,047) |
| Adjustments | | | |
| Share-based payments | | 46,000 | 61,000 |
| Amortization of property and equipment | | 2,154 | 1,072 |
| Change in fair value of listed shares | | (341) | 107,357 |
| Deferred income taxes | | 230,493 | (656,366) |
| Gain on disposal of exploration and evaluation assets | | - | (9,766) |
| Write-off of exploration and evaluation assets | | - | 3,857 |
| Changes in working capital items | 12 | (321) | (131,795) |
| Cash flows used in operating activities | | (611,194) | (755,688) |
| INVESTING ACTIVITIES | | | |
| Tax credits received | | - | (49,409) |
| Additions to listed shares | | - | (2,140) |
| Disposal of listed shares | | - | 336,280 |
| Additions to property and equipment | | (12,461) | (433,854) |
| Disposal of advances on exploration and evaluation assets | | - | 197,592 |
| Addition to exploration and evaluation assets | | (1,267,667) | (3,887,532) |
| Cash flows used in investing activities | | (1,280,128) | (3,839,063) |
| FINANCING ACTIVITIES | | | |
| Issuance of units and shares | | 2,149,364 | 2,714,761 |
| Issuance cost of shares | | (162,474) | (118,726) |
| Cash flows from financing activities | | 1,986,890 | 2,596,035 |
| NET CHANGE ON CASH | | 95,568 | (1,998,716) |
| CASH, BEGINNING OF THE PERIOD | | 375,600 | 3,107,538 |
| CASH, END OF THE PERIOD | | 471,168 | 1,108,822 |
| Supplementary information | | | |
| Interest paid related to operating activities | | 6,433 | 4,227 |
| Interest received related to operating activities | | 10 | 3,822 |

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

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(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.

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office and its principal place of business 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".

2. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

These interim financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SUMMARY OF ACCOUNTING POLICIES, as described in our financial statements for the year ended June 30, 2022. The interim financial statements do not include all of the notes required in annual financial statements.

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 interim 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.

3. 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.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(in Canadian dollars)

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

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 March 31, 2023 and 2022, 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.

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.

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.

For the nine-month period ended March 31, 2023, there were no impairment of exploration and evaluation assets (write-off of the Goldorak property for an amount of \$3,857 on March 31, 2022). No reversal impairment losses have been recognized for the reporting periods.

There was no testing impairment required during the period 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.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(in Canadian dollars)

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

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.

4. TERM DEPOSIT

Term deposit presented in the interim statement of financial position is redeemable annually, bearing interest at 2.70% (2.55% in 2022), maturing in June 2023.

5. PROPERTY AND EQUIPMENT

| | Leasehold improvements | Vehicles | Exploration camps and equip. | Office furniture | Computer equipment | Total |
|---------------------------------|---------------------------|----------|---------------------------------|---------------------|-----------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | | | | | | |
| Balance on July 1st, | | | | | | |
| 2022 | 3,388 | 31,846 | 2,375,212 | 36,683 | 122,851 | 2,569,980 |
| Additions | - | - | 12,461 | - | 4,307 | 16,768 |
| Balance on March 31, | | | | | | |
| 2023 | 3,388 | 31,846 | 2,387,673 | 36,683 | 127,158 | 2,586,748 |
| Accumulated amortization | | | | | | |
| Balance on July 1st, | | | | | | |
| 2022 | 3,118 | 30,710 | 1,797,824 | 36,683 | 121,710 | 1,990,045 |
| Amortiz. | 270 | 1,136 | 378,882 | - | 2,082 | 382,370 |
| Balance on March 31, | | | | | | |
| 2023 | 3,388 | 31,846 | 2,176,706 | 36,683 | 123,792 | 2,372,415 |
| Carrying amount on | | | | | | |
| March 31, | | | | | | |
| 2023 | - | - | 210,967 | - | 3,366 | 214,333 |

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 Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

Mining rights

| | June 30, 2022 | Additions | March 31, 2023 |
|--------------|------------------|----------------|-------------------|
| | \$ | \$ | \$ |
| (a) Aquilon | 845,210 | - | 845,210 |
| (b) Cheechoo | 1,047,062 | 13,020 | 1,060,082 |
| (c) Pontax | 1 | 5,708 | 5,709 |
| (d) Niska | 25,205 | - | 25,205 |
| (e) Tilly 2 | 3,509 | 15,758 | 19,267 |
| (f) Maskwa | 32,288 | 3,910 | 36,198 |
| (g) Li-52 | - | 93,500 | 93,500 |
| | <u>1,953,275</u> | <u>131,896</u> | <u>2,085,171</u> |

Exploration and evaluation expenses

| | June 30, 2022 | Additions | March 31, 2023 |
|--------------|--------------------------|-------------------------|--------------------------|
| | \$ | \$ | \$ |
| (a) Aquilon | 2,394,205 | 56,945 | 2,451,150 |
| (b) Cheechoo | 27,213,241 | 1,516,236 | 28,729,477 |
| (d) Niska | 165,862 | - | 165,862 |
| (e) Tilly 2 | 13,292 | - | 13,292 |
| (f) Maskwa | 132,028 | - | 132,028 |
| | <u>29,918,628</u> | <u>1,573,181</u> | <u>31,491,809</u> |
| TOTAL | <u>31,871,903</u> | <u>1,705,077</u> | <u>33,576,980</u> |

(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.

In July 2022, the Company bought back three-quarters of the 1% Net Smelter Return ("NSR") royalty retained by a private investor for an amount of \$200,000 on the property. Therefore, the royalty has been reduced to 0.25%.

In December 2022, the Company signed a property option agreement with Sumitomo Mining Canada Ltd. ("Sumitomo"), pursuant to which has agreed to grant to Sumitomo an option to acquire up to an 80% interest, following an investment totaling \$14.8M on the Aquilon property. Sumitomo can earn an initial 51% interest by incurring an aggregate \$4.6M in mineral exploration expenditures over a period of 3 years. Sirios will be operator during this earn-in period. A firm commitment of \$1.6M will be spent on the property during this earn-in period. Sumitomo can earn an additional 29% interest in the project, for an aggregate of 80%, by incurring an additional aggregate of \$10M in mineral exploration expenditures over a period of 3 additional years. Following the earn-in of an 80% interest, a joint venture will be formed. In the event a joint venture, participant's interest is diluted to below 10%, it will convert its joint venture interest to a net smelter return royalty of 2%.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(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.

In 2022 and 2023, Sirios added 150 new claims to the property. A first block of 110 new claims is adjacent to the east-central part of the main block, while another block of 40 claims forms a third block not contiguous to the original blocks of the property. These 150 new claims are 100% owned by Sirios and are not subject to any royalties.

The Cheechoo property is therefore now composed of three blocks of non-contiguous claims comprising 306 claims for a total area of 157 km².

(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.

On February 16, 2023, the Company signed a sale and purchase agreement with the Australian company Cygnus Gold Ltd. ("Cygnus") and its wholly owned Canadian subsidiary Avenir Metals (Canada) Limited ("Avenir") for the sale of the Pontax property. Cygnus will pay Sirios \$1.2M (CAD) upon signing and issue 750,000 shares, half of which will have a one-year hold period.

If a resource of 4M metric tonnes at a minimum grade of 0.8% Li₂O is delineated on the property (validated under the JORC code), Cygnus will be required to make a further cash payment of \$1M and issue 500,000 shares. Finally, an additional payment of \$2M will be required, in addition to the issuance of 500,000 shares, in the event that the resource on Pontax (validated under the JORC code) reaches 6M metric tonnes at a minimum grade of 0.8% Li₂O.

Sirios will hold a 1.5% net smelter return royalty with a buy-back clause by Cygnus for 0.75% in consideration of a \$600,000 payment.

Completion of the sale of the Pontax property is conditional to the satisfaction of mutually agreeable ancillary agreements on or before the expiry of a delay of 90 days after the signature of the sale and purchase agreement.

(d) Niska

The property, owned at 100% by the Company, consists of 190 claims and covers almost 100 km² in James Bay, Quebec.

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

(e) Tilly 2

The property, owned at 100% by the Company, consists of 86 claims in the James Bay area (Qc).

A private investor holds a 0.5% NSR royalty on 76 claims, half of which is redeemable for \$200,000.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(f) Maskwa

The property, owned at 100% by the Company, consists of 395 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.

(g) Li-52

The property, owned at 100% by the Company, consists of 550 claims for an area of more than 286 km². It is located approximately 20 km south of the Maskwa property, in the James Bay area (Qc).

7. 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.

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.

8. EQUITY

8.1 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 | |
|--|-------------------------|-------------|
| | Nine-month period ended | |
| | March 31, | |
| | 2023 | 2022 |
| Common shares issued and fully paid at beginning | 234,456,760 | 202,069,527 |
| Private placement (a) (b) (c) | 19,588,749 | 25,000,000 |
| Flow-through private placement (d) (e) | 14,285,704 | 7,387,233 |
| Common shares issued and fully paid at the end | 268,331,213 | 234,456,760 |
| Preferred shares, Serie A | 100,000 | 100,000 |

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(in Canadian dollars)

8.1 Share capital (cont'd)

- (a) 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.
- (b) 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.
- (c) 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 unit. 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.
- (d) 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.
- (e) On December 22, 2022, the Company completed the closing of a flow-through private placement for a total of \$999,999. It was composed of 14,285,704 flow-through shares at a price of \$0.07 each. An amount of \$928,571 was recorded in share capital and an amount of \$71,428 was recorded as other liabilities in the statement of financial position.

8.2 Warrants

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

| | Nine-month period ended March 31, 2023 | | Year ended June 30, 2022 | |
|---------------------|---|---------------------------------------|--------------------------|---------------------------------------|
| | Number of warrants | Weighted average exercise price | Number of warrants | Weighted average exercise price |
| | | \$ | | \$ |
| Balance, beginning | 3,500,000 | 0.15 | 11,405,501 | 0.23 |
| Issued | 19,588,749 | 0.10 | 3,500,000 | 0.15 |
| Expired | (3,500,000) | (0.15) | (11,405,501) | (0.23) |
| Balance, at the end | <u>19,588,749</u> | 0.10 | <u>3,500,000</u> | 0.15 |

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the nine-month period ended March 31, 2023 (unaudited)

(in Canadian dollars)

8.2 Warrants (cont'd)

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

| Expiration date | March 31, 2023 | |
|-----------------|--------------------|----------------|
| | Number of warrants | Exercise price |
| | | \$ |
| July 28, 2024 | 19,588,749 | 0.10 |

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefit expenses

Salaries and employee benefit expenses recognized are analyzed below:

| | Three-month period ended | | Nine-month period ended | |
|--|--------------------------|---------------|-------------------------|----------------|
| | March 31, | | March 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Salaries and benefits | 240,332 | 219,151 | 644,783 | 689,326 |
| Share-based payments | - | 10,000 | 66,500 | 99,250 |
| | 240,332 | 229,151 | 711,283 | 788,576 |
| Less: salaries and share-based payments capitalized in Exploration and evaluation assets | (163,288) | (150,492) | (460,062) | (507,650) |
| Salaries and employee benefit expenses | 77,044 | 78,659 | 251,221 | 280,926 |

9.2 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 options, maximum of 26,833,121 on March 31, 2023 (maximum of 23,445,676 on June 30, 2022);
- 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.

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9.2 Share-based payments (cont'd)

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 follows for the period presented:

| | Nine-month period ended March 31, 2023 | | Year ended June 30, 2022 | |
|---|---|---------------------------------------|--------------------------|---------------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| | | \$ | | \$ |
| Outstanding and exercisable, at beginning | 13,825,000 | 0.18 | 13,775,000 | 0.26 |
| Granted | 3,325,000 | 0.07 | 3,225,000 | 0.08 |
| Expired | (2,275,000) | (0.30) | (3,175,000) | (0.44) |
| Outstanding and exercisable, at the end | 14,875,000 | 0.13 | 13,825,000 | 0.18 |

On December 15, 2022, the Board of Directors of the Company granted 3,325,000 options under its stock option incentive plan to employees, directors, officers and consultants, at an exercise price of \$0.07. The options expire five (5) years from the date of grant.

The weighted average fair value of stock options granted is \$0.02 (\$0.03 for the period ended March 31, 2022) and was estimated using the Black & Scholes model and based on the following weighted average assumptions:

| | 2023 | 2022 |
|---|---------|---------|
| Share price at the date of issuing | 0.05 \$ | 0.07 \$ |
| Expected dividend yield | 0 % | 0 % |
| Expected weighted volatility | 60 % | 57 % |
| Expected interest average rate | 3.40 % | 1.22 % |
| Expected average life | 5 years | 5 years |
| Average exercise price at the date of grant | 0.07 \$ | 0.08 \$ |

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:

| | March 31, 2023 | |
|-------------------------|----------------------|---|
| Range of exercise price | Number of options | Weighted average remaining contractual life (years) |
| From \$0 to \$0.15 | 9,325,000 | 3.78 |
| From \$0.16 to \$0.30 | 5,550,000 | 1.27 |
| | 14,875,000 | |

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9.2 Share-based payments (cont'd)

In total, \$66,500 of share-based payments (all of which related to equity-settled share-based payment transactions) was recorded (\$46,000 in profit or loss as salaries and employee benefit expenses and \$20,500 capitalized in exploration and evaluation assets) for the nine-month period ended March 31, 2023 (\$61,000 in profit or loss as salaries and employee benefit expenses and \$38,250 capitalized in exploration and evaluation assets for the nine-month period ended March 31, 2022) and credited to contributed surplus.

10. FINANCE COSTS AND INCOME

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

| | Three-month period ended March 31, | | Nine-month period ended March 31, | |
|---------------------------------------|---------------------------------------|-----------------|--------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Interests on trade accounts | (10) | (4,175) | (10) | (4,227) |
| Change in fair value of listed shares | - | (18,179) | - | (107,356) |
| | (10) | (22,354) | (10) | (111,583) |

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

| | Three-month period ended March 31, | | Nine-month period ended March 31, | |
|---------------------------------------|---------------------------------------|--------------|--------------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Interests income from cash | 2,599 | 1,945 | 6,433 | 3,820 |
| Change in fair value of listed shares | 5,318 | - | 341 | - |
| Management income | 52,412 | - | 52,412 | - |
| | 60,329 | 1,945 | 59,186 | 3,820 |

11. 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 8.2 and 9.2.

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 2023 and 2022.

| | Three-month period ended March 31, | | Nine-month period ended March 31, | |
|----------------------------------|---------------------------------------|--------------|--------------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net loss | (229,295) \$ | (128,539) \$ | (889,179) \$ | (131,047) \$ |
| Weighted average number of share | 268,331,213 | 228,484,538 | 257,328,991 | 215,364,988 |
| Basic and diluted loss per share | (0.0009) \$ | (0.0005) \$ | (0.003) \$ | (0.0006) \$ |

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

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(in Canadian dollars)

12. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

| | Nine-month period ended March 31, | |
|--|--------------------------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Amounts receivable from listed companies | - | 4,481 |
| Good and services tax receivable | 66,613 | 44,274 |
| Prepaid expenses | 61,535 | 148,834 |
| Trade and other payables | (128,469) | (329,384) |
| | (321) | (131,795) |

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

| | Nine-month period ended March 31, | |
|--|--------------------------------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| Trades related to exploration and evaluation assets | 6,180 | 12,642 |
| Amortization of property and equipment included in exploration and evaluation assets | 380,018 | 331,866 |
| Share-based payments included in exploration and evaluation assets | 20,500 | 38,250 |
| Tax credits receivable credited to exploration and evaluation assets | - | 80,590 |

13. 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.

13.1 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:

| | Three-month period ended March 31, | | Nine-month period ended March 31, | |
|-----------------------|---------------------------------------|---------------|--------------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Salaries and benefits | 63,547 | 62,399 | 176,282 | 179,401 |
| Share-based payments | - | 10,000 | 35,500 | 55,750 |
| Total remuneration | 63,547 | 72,399 | 211,782 | 235,151 |

For the nine-month period ended March 31, 2023, an amount of \$45,274 of salaries and benefit expenses was recorded in *Exploration and evaluation assets* (\$44,610 for the nine-month period ended March 31, 2022).

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Notes to Interim Financial Statements

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(in Canadian dollars)

14. 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 flowthrough shares for which an amount should be used for exploration work. See all details in Notes 8.1 and 15.

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.

15. 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:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

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 that regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

As of March 31, 2023, the product of unspent funding related to flow-through financings totals \$866,580 to be incurred before December 31, 2023 (\$770,883 on March 31, 2022).

16. SUBSEQUENT EVENT

On April 12, 2023, the sale of the Pontax property was completed, pursuant to the term and conditions of the sale and purchase agreement entered into between the Company, Cygnus Metals Ltd. and its wholly owned Canadian subsidiary Avenir Metals (Canada) Limited, on February 16, 2023. As agreed, all ancillary agreements to the sale and purchase agreement were signed and the Company received a \$1.2M cash payment as well as 750,000 shares of Cygnus.