

SIRIOS RESOURCES INC.

(an exploration company)

Consolidated Interim Financial Statements

SEPTEMBER 30, 2011

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

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SIRIOS RESOURCES INC. (an exploration company)**Consolidated Interim Statement of Financial Position (unaudited)**

(in Canadian dollars)

	Notes	September 30 2011	June 30 2011	July 1st 2010
		\$	\$	\$
ASSETS				
Current				
Cash		-	576,509	4,513
Cash held for exploration expenses		1,185,373	1,512,000	777,620
Other receivables	7	89,062	108,024	67,396
Other short-term financial assets	8	358,030	371,289	802,671
Tax credits and credit on duties receivable		201,291	201,291	168,433
Prepaid expenses and deposits		17,338	23,437	24,161
		1,851,094	2,792,550	1,844,794
Non-current				
Exploration and evaluation assets	9	7,581,375	7,248,446	6,099,738
Property and equipment	10	5,903	6,237	12,386
Total assets		9,438,372	10,047,233	7,956,918
LIABILITIES				
Current				
Bank overdraft		127,392	-	-
Trade accounts and other payables	12	40,941	634,508	219,222
Other liabilities		196,157	196,157	16,982
		364,490	830,665	236,204
Non-current				
Liability component of convertible debenture	13	147,833	143,302	126,762
Deferred income tax		-	-	38,562
Total liabilities		512,323	973,967	401,528
EQUITY				
Share capital	14	20,240,024	20,240,024	18,140,832
Equity component of convertible deventure	13	43,200	43,200	43,200
Contributed surplus		1,663,201	1,640,367	1,197,801
Deficit		(13,020,376)	(12,850,325)	(11,826,443)
Total equity		8,926,049	9,073,266	7,555,390
Total liabilities and equity		9,438,372	10,047,233	7,956,918

Going concern assumption (see Note 2)

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 22, 2011.

(signed) Dominique Doucet

 Dominique Doucet, President

(signed) Luc Cloutier

 Luc Cloutier, Director

SIRIOS RESOURCES INC. (an exploration company)**Consolidated Statement of Comprehensive Income (unaudited)**

(in Canadian dollars)

		Three-month period ended September 30	
	Notes	2011	2010
		\$	\$
EXPENSES			
Professional fees		37,886	28,115
Salaries and employee benefits expense	15.1	69,614	43,318
Publicity, travel and promotion		8,518	13,029
Rent expenses		5,081	4,375
Insurance, Tax and permits		1,978	2,245
Office expenses		3,151	2,200
Trustees, registration fees and shareholders relations		10,956	2,610
Interest and bank charges		20,228	9,351
Property and equipment amortization		334	1,801
OPERATING LOSS		157,746	107,044
OTHER REVENUES AND EXPENSES			
Interests income	17	955	1,130
Unrealized gain (loss) on listed shares		(13,260)	(16,131)
LOSS BEFORE INCOME TAXES		(170,051)	(122,045)
Deferred Income Taxes		-	1,763
NET LOSS AND COMPREHENSIVE LOSS		(170,051)	(120,282)
NET GAIN (LOSS) PER SHARE - basic and diluted	18	(0.001)	(0.001)

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

SIRIOS RESOURCES INC. (an exploration company)

Consolidated Statement of Changes in Equity

(in Canadian dollars)

	Share Capital	Equity component of convertible deventure	Contributed Surplus	Deficit	Total Equity
	\$	\$	\$	\$	\$
Balance at July 1st, 2010	18,140,832	43,200	1,197,801	(11,826,443)	7,555,390
Net loss and comprehensive loss for the period				(120,282)	(120,282)
Share-based payments			20,548		20,548
Balance at September 30, 2010	<u>18,140,832</u>	<u>43,200</u>	<u>1,218,349</u>	<u>(11,946,725)</u>	<u>7,455,656</u>
Balance at July 1st, 2011	20,240,024	43,200	1,640,367	(12,850,325)	9,073,266
Net loss and comprehensive loss for the period				(170,051)	(170,051)
Share-based payments			22,834		22,834
Balance at September 30, 2011	<u>20,240,024</u>	<u>43,200</u>	<u>1,663,201</u>	<u>(13,020,376)</u>	<u>8,926,049</u>

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

SIRIOS RESOURCES INC. (an exploration company)
Consolidated Statement of Cash Flows (unaudited)

(in Canadian dollars)

	Three-month period ended September 30	
	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Net loss	(170,051)	(120,282)
Adjustments		
Share-based payments	22,834	20,548
Interest on convertible debenture	4,531	4,135
Unrealized (gain) loss on listed shares	13,260	16,131
Amortization of non-financial assets	334	1,801
Changes in working capital items	19	(207,661)
Cash flows from operating activities	(697,598)	(285,328)
INVESTING ACTIVITIES		
Cash held for exploration expenses	326,627	80,764
Additions to exploration and evaluation assets	(332,930)	(87,512)
Cash flows from investing activities	(6,303)	(6,748)
NET CHANGE IN CASH	(703,901)	(292,076)
CASH, BEGINNING OF THE PERIOD	576,509	4,513
BANK OVERDRAFT, END OF THE PERIOD	(127,392)	(287,563)
Cash transactions:		
Interest received	955	1,130
Interest paid	10,974	283

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

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

(in Canadian dollars)

1. NATURE OF OPERATIONS

Sirios Resources Inc. and its subsidiary (the "Company") is an exploration company and its activities are located in Canada.

2. GOING CONCERN ASSUMPTION

The consolidated interim financial statements have been prepared 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 yet generated income or cash flows from its operations. As at September 30, 2011, the Company has a cumulated retained deficit of \$13,020,376 (\$11,946,725 on June 30, 2011). These material 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. 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 amounts of assets, liabilities, revenues and expenses presented in the consolidated interim financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

These consolidated interim financial statements, on September 31, 2011, of the Company were prepared in accordance with IAS 34, *Interim Financial Reporting* and by IFRS 1, *First-time Adoption of IFRS*. These consolidated interim financial statements should be read in conjunction with the audited financial statement of the year ended June 30, 2011 and the notes thereto, established under the Canadian GAAP.

The Company's financial statements were previously prepared in accordance with Canadian GAAP, in place before January 1st, 2011. In preparing these consolidated interim financial statements on September 30, 2011, under IFRS, management has amended certain accounting and valuation previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for past years were restated to reflect these adjustments. Certain information and footnote disclosures which are considered material to the understanding of the Company's consolidated interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in note 21 along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive loss.

The Company and its subsidiary 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 Street West, Suite 711, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Overall considerations and first-time adoption of IFRS

The consolidated interim financial statements have been prepared using accounting policies specified by those IFRS that are in effect at the end of the reporting period on June 30, 2012.

The significant accounting policies that have been applied in the preparation of these interim financial statements are summarized below.

These accounting policies have been used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Company and the effects of transition to IFRS are presented in Note 21.

4.2 Basis of evaluation

These consolidated financial statements on September 30, 2011 were prepared using the historical method, except for some financial instruments which are measured at fair value.

4.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated 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 in the Company's accounting policy for the first period beginning after the effective date of the 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 a material impact on the Company's financial statements.

IFRS 9, Financial Instruments: The International Accounting Standards Board ("IASB") aims to replace IAS 39, *Financial Instruments: Recognition and Measurements* in its entirety. The replacement standard is being issued in phases. To date, the chapters dealing with recognition classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2013. Further chapters dealing with impairment methodology and hedge account are still being developed. Management has not yet assessed the impact that this amendment is likely to have on the financial statements of the Company. However, it does not expect to implement the amendments until all chapters of IFRS 9 have been published and it can comprehensively assess the impact to all changes.

IFRS 10, Consolidated Financial Statements: This standard replaces IAS 27, Consolidated and Separate Financial Statements, and SIC12, Consolidation - Special Purpose Entities. It builds on existing principles by identifying the concept of control as the determining factor on whether an entity should be included within the consolidated financial statements of the parent company. The standard provided additional guidance to assist in the determination of control where this is difficult to assess. Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Company.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.3 Standards, amendments and interpretations to existing standards that are not yet eddective and have not been adopted early by the Company (cont'd)

IFRS 12, Disclosure of Interests in Other Entities : This new and comprehensive standard establishes disclosure requirements for all forms of interests in other entities. This includes subsidiaries, joint arrangements, associates and unconsolidated structured entities, which used to be previously found in each individually applicable standard. Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Company.

IFRS 13, Evaluation of fair value: This amendment aims to clarify the definition of the fair value, to provide guidelines on the valuation of the fair value and to improve the requirements regarding information to be provided relating to the valuation of the fair value. Management have yet to asses the impact that this amendment is likely to have on the financial statements of the Company.

4.4 Basis of consolidation

The Company's consolidated interim financial statements consolidate those of the parent company and its subsidiary as at September 30, 2011. The subsidiary is an entity over which the Company has the power to control the financial and operational policies. The Company's subsidiary is 100% owned by the parent company. The subsidiary has a June 30 reporting date.

All transactions and balances between the companies are eliminated upon consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Subsidiary

Name of subsidiary	Principal activity	Country of incorporation	% of ownership	
			Interest and voting	Power held
Khalkos Exploration Inc. (previously Magmax Exploration Inc.)	Mineral exploration in Canada	Canada	100%	100%

4.5 Jointly controlled assets and exploration activities

A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

When the Company's activities are undertaken through jointly held exploration assets and activities the consolidated financial statements contains the assets that the Company controls and the assets that it incurs in order to pursue the jointly held activity as well as the expenses that the Company incurs and the held percentage of the products that it derives from the jointly held activity.

4.6 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

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.

SIRIOS RESOURCES INC.
Notes to Interim Financial Statement
For the three-month period ended September 30, 2011 (unaudited)

4.6 Financial instruments (cont'd)

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

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and guaranteed investment certificates fall into this category of financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Other short-term financial assets are classified in this category.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in profit or loss within Other operating expenses.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.6 Financial instruments (cont'd)

Financial liabilities

The Company's financial liabilities include trade account, others payable and liability component of convertible debenture.

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.

Compound financial instruments

The component parts of compound financial instruments (convertible debenture) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments is classified as an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the prevailing market interest rate for similar non convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debentures will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible note, the equity component of the convertible debentures will be transferred to contributed surplus. No gain or loss is recognised upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debenture are allocated to the liability and equity components in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible debenture using the effective interest method.

4.7 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, at the date of issue of the potential ordinary shares.

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options as explained in Note 18.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.8 Cash held for exploration expenses

Exploration funds consist of proceeds of flow-through financing agreements not expended yet. Under the terms of the agreements, the Company is committed to spend the amounts on exploration.

4.9 Tax credits and credit on duties

Tax credits

The Company is entitled to a refundable tax credit on qualified expenditures incurred. The refundable tax credit may reach 35% or 38.75% of qualified exploration expenditure incurred.

In accordance with IAS 20, the exploration tax credits have been applied against the costs incurred.

Credit on duties

The Company is entitled to a refundable credit on duties for losses under the Mining Duties Act. This refundable credit on duties for losses is applicable on exploration costs incurred in the Province of Quebec at a rate of 15%.

In accordance with IAS 20, the credit on duties has been applied against the cost incurred since the Company intends to realize the value of its exploration and evaluation assets through sale.

4.10 Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. 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, expenses related to the exploration and evaluation of mining properties, less refundable tax credits and credits on duties 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-by-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 project is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to Mining assets under construction. Before their classification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, no technical feasibility and no commercial viability of extracting a mineral resource has been demonstrated.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.10 Exploration and evaluation assets (cont'd)

Although the Company has taken steps to verify the titles to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, however these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with option agreement

On the 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 consideration received directly from the acquirer are credited against the 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.

4.11 Property and equipment

Property and equipment are held at cost less accumulated depreciation and amortization, 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 incurred subsequently to add to or replace part thereof. Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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*.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. 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. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The periods generally applicable are as follows:

	Amortization method	
	Diminishing	Straight-line
Office furniture	30%	5 years
Computer equipment	30%	3 years
Leasehold improvements	-	3 years

The amortization expense for each period is recognized as profit or loss.

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

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.11 Property and equipment (cont'd)

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.

4.12 Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease. Related expenses, such as maintenance and insurance expenses, are charged to income as incurred.

4.13 Impairment of exploration and evaluation assets and property and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels 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 unit 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. 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's 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. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

The impairment loss reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.14 Provisions, contingent liabilities and contingent assets

Provisions are recognized when present 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. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure 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.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.14 Provisions, contingent liabilities and contingent assets (cont'd)

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, given that the Company's operations are still in the exploration and evaluation stage, and are capitalized to the cost of exploration and evaluation assets as incurred. 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.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

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

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

4.15 Employee benefits

A defined contribution plan is a pension plan under which the Company pays fixed contributions to an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions. The Company contributes to several state plans for individual employees, that are considered defined contribution plans. Contributions to the plans are recognized as an expense in the period that relevant employee services are rendered.

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognized in the period in which the services are rendered and is not discounted.

The cost of bonus payments is recognized in profit or loss when there is a legal or constructive obligation to make such payments as a result of past performance.

4.16 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.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.16 Income taxes (cont'd)

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 goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of 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 they will be able to be utilized against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention 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 in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Under the provisions of tax legislation relating to flow-through shares, the Group is required to renounce tax deductions for expenses related to exploration activities to the benefit of the investors. When the Group has renounced to its tax deductions and has incurred its admissible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction to deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of admissible expenditures capitalized as an asset and its tax base.

4.17 Equity

Share capital represents the amount received on the issue of shares.

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.

Flow-through placements

Issuance of flow-through shares represents an issue of ordinary shares and the sale of tax deductions to the investors. The sale of tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method which means that the shares are valued at the fair value of existing shares at the time of issuance and the residual proceeds are allocated to the liability. The liability component recorded initially on the issuance of shares is reversed on renouncement of tax deductions to the investors and when admissible expenses are incurred.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

4.17 Equity (cont'd)

Other elements of equity

Contributed surplus includes charges related to share options and warrants until such equity instruments are exercised.

Retained deficit includes all current and prior period retained profits or losses, minus share issue expenses, deductions of all tax advantages on profit or loss of those share issue expenses.

4.18 Equity-settled share-based payments

The Company operates equity-settled share-based payment plans for its eligible directors, employees and consultants. None of the Company's plans 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 entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted.

All 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 year, 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 share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital.

4.19 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 Chairman and the Board of Directors. The Chairman and the Board of Directors have joint responsibility for allocating resources to the Company's operating segments and assessing their performance.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

4.20 Currency for operation and presentation

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

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

5. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

Exploration and evaluation assets

Technical feasibility and commercial viability of the exploration and evaluation assets

Decisions regarding the technical feasibility and commercial viability of the exploration and evaluation assets involves a number of assumptions, such as estimated reserves, resource price forecasts, expected production volumes and discount rates, which could all change significantly in the future.

Indications of impairment and of reversal of impairment loss and recoverable amount

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 interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Group's assets and earnings may occur during the next period.

Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

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

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Further information regarding going concern is outlined in Note 2.

Share-based payments

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

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated interim financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

6. JOINTLY CONTROLLED ASSETS AND EXPLORATION ACTIVITIES

Jointly controlled assets

The Company jointly controls five (5) of its exploration and evaluation assets:

- Aquilon: The Company controls 40% and Golden Tag Resources Ltd 60%.
- Cheechoo & Sharks : The Company controls 40% and Golden Valley Mines Ltd. 60%.
- Murdoch : The Company controls 50% and Freewest Resources inc. 50%.
- Pontax-Lithium : The Company controls 50% and Dios Exploration inc. 50%.
- Upinor: The Company controls 50% and Dios Exploration inc. 50%.

7. OTHER RECEIVABLES

	As at September 30 2011	As at June 30 2011	As at July 1st 2010
	\$	\$	\$
Goods and services tax receivable	-	89,584	34,695
Advances to employee, without interest	2,900	-	12
Other receivables	86,162	18,440	27,000
	<u>89,062</u>	<u>108,024</u>	<u>61,707</u>

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

8. OTHER SHORT-TERM FINANCIAL ASSETS

	As at September 30 2011	As at June 30 2011	As at July 1st 2010
	\$	\$	\$
Listed shares held for trading (market value)	358,030	371,289	802,671

9. EXPLORATION AND EVALUATION ASSETS

Mining rights

	As at June 30 2011	Additions	As at September 30 2011
	\$	\$	\$
(a) Aquilon	30,346	-	30,346
(b) Tilly	91,998	-	91,998
(c) Pontax	238,683	-	238,683
(d) Murdoch	120,144	-	120,144
(e) Cheechoo & Sharks	37,146	(463)	36,683
(f) Kukames	155,077	-	155,077
(c) Pontax-Lithium	2,802	-	2,802
(g) Upinor	62,731	6,765	69,496
(h) Baleine	16,290	-	16,290
(i) Koala	11,640	-	11,640
Other	-	-	-
	766,857	6,302	773,159

Exploration and evaluation

	As at June 30 2011	Additions	As at September 30 2011
	\$	\$	\$
(a) Aquilon	1,184,581	18,936	1,203,517
(b) Tilly	1,150,074	8,598	1,158,672
(c) Pontax	2,753,621	20,209	2,773,830
(d) Murdoch	249,680	633	250,313
(e) Cheechoo & Sharks	132,811	23,972	156,783
(f) Kukames	478,985	-	478,985
(c) Pontax-Lithium	118,083	646	118,729
(g) Upinor	266,132	-	266,132
(h) Baleine	74,879	176,438	251,317
(i) Koala	5,054	40,966	46,020
(j) Nasa	57,635	4,927	62,562
(k) AAA	10,054	2,332	12,386
Other	-	28,970	28,970
	6,481,589	326,627	6,808,216
TOTAL	7,248,446	332,929	7,581,375

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Aquilon

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

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

On October 22, 2010, the Company and Golden Tag signed an agreement in which Sirius is to pay \$15,000 to Golden Tag (completed) at the signing of the agreement as well as to incur over \$600,000 in expenditures on the property before June 15, 2012, in order to increase the ownership of the Company in the property from 40% to 50%. Golden Tag will remain operator of the future 50/50 joint venture and retain a casting vote in all management decisions.

(b) Tilly

Located 30 km west of the LG-4 complex located in the James Bay area (Qc), this property is held at 100% by the Company and covers 101 claims for 51 square km.

The property is host to a major polymetallic hydrothermal system Mo-Cu (Ag-Au-Bi) discovered by Sirius in 1997 into an Achean tonalitic complex.

On February 22, 2011, the Company announced its intention to transfer this property to its subsidiary.

(c) Pontax and Pontax-Lithium

In 2005, the Company acquired, in a partnership with Dios Exploration Inc. ("Dios"), the Pontax property which counts now 447 claims, as well as another 89 claims that form Pontax-Lithium. This property covers close to 250 square km in the James Bay area (Qc), 250 km north of Matagami along the road going to Radisson.

Under the agreement with Dios, each company holds a 50% interest, and the acquisition and exploration expenses are to be equally shared according to the agreement between both companies.

Depending on the future results, if the project should focus specifically on diamond exploration, Dios will then have the option to repurchase the Company's carrying interest, by reimbursing in cash or shares its acquisition and exploration costs and the Company will keep 1% gross overriding royalty that can be repurchased for \$1 million. However, if it turns out as a gold or base metals project, the Company will then have the option to repurchase Dios' carrying interest by reimbursing the acquisition and exploration costs and Dios will hold a 1% NSR that can be repurchased for \$1 million.

On April 3, 2006, the Company acquired from Exploration Dios Inc. additional mining claims that are subject to a 1% NSR repurchasable for \$1 million.

Following a lithium discovery, in 2009, the company formed a new property by subdivided around 89 claims specific to lithium, equally held with Dios, with Sirius as operator.

On February 22, 2011, the Company announced its intention to transfer the property Pontax-Lithium to its subsidiary.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(d) Murdoch

The Murdoch copper-nickel property is located 150 km south of Kuujuaq and 230 km north of Schefferville (Qc). The property consists of 169 claims covering approximately 80 square km. In September 2005, the Company entered into an agreement with Freewest Resources Canada Inc., whereby the Company was granted the right to earn a 50% interest in this property by spending a total of \$400,000 in exploration expenses and by issuing a total of 300,000 common shares to Freewest Resources Canada Inc. by September 30, 2008.

As at June 30, 2010, the Company considered that conditions have been respected but at this date, no joint venture agreement is signed so far. Therefore, the Company owns 50% of the property and is the operator.

On February 22, 2011, the Company announced its intention to transfer this property to its subsidiary.

(e) Cheechoo & Sharks

The Cheechoo project is comprised of the Cheechoo and Sharks gold properties and is owned by the Company (40%) and Golden Valley Mines Ltd. (60%). The property consists of 242 claims covering 12,200 acres in three distinct blocks with two of them adjoining the Eleonore gold deposit owned by Goldcorp. It is located approximately 3 km east of the main Goldcorp Eleonore property, approximately 13 km east of the discovery area which is itself located 320 km north of Matagami (Qc).

During December 2004, the Company signed agreements with Golden Valley Mines Ltd granting this company the right to earn a 60% interest in the Cheechoo project by spending, over a four-year period, a total of \$2 millions in exploration expenses (\$1 million on each property) and other obligations. Golden Valley Mines Ltd. has prevailed of its right by respecting all conditions, in 2009. Following the exercise of its right, the property is held jointly by Sirios (40%) and Golden Valley Mines Ltd. (60%). Golden Valley Mines Ltd can earn a further 20% interest, for a total 80% interest in Cheechoo, by completing before March 31, 2012 a bankable feasibility study and by reimbursing Sirios the double of the exploration expenses spent between March 31, 2009 and the delivery of the feasibility study.

The Company must pay from hereon its 40% share of exploration programs on the property, except if Golden Valley Mines Ltd. begins a feasibility study within the prescribed time. During the period, the Company informed Golden Valley Mines Ltd that it will keep its interest in only 121 claims.

(f) Kukames

This gold property, owned at 100% by the Company, totals 142 claims covering approximately 70 square km. It is located approximately 25 km southeast of the Eleonore gold deposit owned by Goldcorp

(g) Upinor

The Upinor uranium property comprises 315 claims covering around 160 square km and is equally owned (50%) by the Company and Dios Exploration Inc. It is located at about 50 km south of the all-weather Trans-Taiga road, James Bay, Quebec.

In September 2009, the Company gave a notice to its partner Dios that it will not contribute for the renewal of certain claims of the property and that it wished to reserve the right to start or not a dilution process on some other central claims depending on its future participation in fieldworks campaigns.

SIRIOS RESOURCES INC.
Notes to Interim Financial Statement
For the three-month period ended September 30, 2011 (unaudited)

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(h) Baleine

Located near the Great Whale River, this property covers 152 claims.

(i) Koala

Located near the Robert Bourassa Reservoir, this property covers 97 claims.

(j) and (k) Nasa and AAA

The Nasa and AAA projects are conceptual projects in areas that have barely been explored, if not explored at all, in James Bay, Quebec. They are incubators for new future projects and will eventually be subject to claim acquisition by Sirios. During the period, a remote sensing (teledetection) program was granted to specialized firms for studies on two territories of 10,000 km² (AAA research project) and 3,000 km² (Nasa research project).

10. PROPERTY AND EQUIPMENT

	Office furniture	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at June 30, 2011	36,683	19,959	5,133	61,775
Additions	-	-	-	-
Balance at September 30, 2011	<u>36,683</u>	<u>19,959</u>	<u>5,133</u>	<u>61,775</u>
Accumulated depreciation and impairment				
Balance at June 30, 2011	31,455	18,951	5,133	55,539
Amortization	225	108	-	333
Balance at September 30, 2011	<u>31,680</u>	<u>19,059</u>	<u>5,133</u>	<u>55,872</u>
Carrying amount at September 30, 2011	<u>5,003</u>	<u>900</u>	<u>-</u>	<u>5,903</u>

All amortization expenses are presented in Amortization of the statement of comprehensive income.

11. LEASES

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due			Total
	Within 1 year	1 to 5 years	After 5 years	
	\$	\$	\$	\$
September 30, 2011	39,121	65,202	-	104,323
June 30, 2011	39,121	74,982	-	114,103
July 1st, 2011	35,346	114,103	-	149,449

The Company's leases its offices under a lease expiring on May 30, 2014.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

11. LEASES (cont'd)

Lease payments recognized as an expense during the reporting period amount to \$5,081 (\$4,375 on September 30, 2010). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. The Company's operating lease agreements do not contain any contingent rent clauses, renewal options or escavation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing.

12. TRADE AND OTHER PAYABLES

	As at September 30 2011	As at June 30 2011	As at July 1 2010
	\$	\$	\$
Trade accounts	33,476	611,815	164,891
Credit cards	561	6,974	2,785
Accrued	6,904	15,719	51,546
	<u>40,941</u>	<u>634,508</u>	<u>219,222</u>

13. LIABILITY COMPONENT OF CONVERTIBLE DEBENTURE

The debenture with a nominal value of \$150,000, bearing annual interest of 12 % (effective rate of 27%), payable each semester in cash or in common shares if half-yearly the share price, does not exceed \$0.18 for the first year and \$0.22 for the second and third years, maturing November 2011 and reimbursable in cash or common shares, at the Company's option. Subject to regulatory approval, interest and principal, if so, will be paid in common shares. Issue costs were allocated between and proportionately against the two components. The debt component of \$106,800, net of issue costs of \$13,350, is measured at amortized cost using the effective interest method (27.25%). The equity component of \$43,200 net of issue costs of \$5,400 is shown under shareholders' equity as the *equity component of the convertible debenture*.

The debenture is convertible, at the holder's option, into common shares and share purchase warrants with conversion prices ranging between \$0.10 and \$0.11.

14. EQUITY

14.1 Share capital

Authorized

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

Unlimited number of 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.

SIRIOS RESOURCES INC.
Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

14.1 Share capital (cont'd)

	Number of shares		
	For the three-month period ended September 30 2011	September 30 2010	June 30 2011
Shares issued and fully paid at beginning of the period	118,726,758	92,077,920	92,077,920
Private placements	-	-	7,753,332
Flow-through private placements	-	-	18,895,506
Total shares issued and fully paid at the end of the period	<u>118,726,758</u>	<u>92,077,920</u>	<u>118,726,758</u>

14.2 Warrants

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

	September 30, 2011	
	Number of warrants	Weighted average exercise price
		\$
Balance, at beginning	14,657,210	0.14
Expired	(640,000)	-
Balance, at the end	<u>14,017,210</u>	0.14

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

Date d'échéance	September 30, 2011	
	Number	Exercise price
		\$
November 2011	810,000	0.18
December 2011	730,000	0.17
March 2012/March 2013	4,232,362	0,14/0,18
May 2012/May 2013	891,515	0,14/0,18
June 2012/June 2013	7,353,333	0,14/0,18
	<u>14,017,210</u>	

14.3 Brokers warrants

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

	Number of brokers' warrants	Weighted average exercise price
		\$
Balance, at beginning	1,228,800	0.09
Issued	-	-
Balance, at the end	<u>1,228,800</u>	0.09

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

14.3 Brokers warrants (cont'd)

During last period, 1,228,800 brokers warrants were issued at an exercise price of \$0.09. The fair value of those warrants was record in Share issue expenses for an amount of \$24,576. This amount was estimated with the Black-Scholes method.

15. EMPLOYEE REMUNERATION

15.1 Employee benefits expense

	Three-month period ended September 30	
	2011	2010
	\$	\$
Salaries	101,628	63,613
Social security costs	464	183
Share-based payments	22,835	20,548
Defined contribution State plans	4,457	1,961
	<hr/>	<hr/>
	129,384	86,305
Less: Salaries capitalized in Exploration and evaluation assets	(59,770)	(42,987)
Salaries and employee benefits expense	<hr/>	<hr/>
	69,614	43,318

15.2 Share-based payments

The Company has a share-based payments plan for directors, officers, key-employees and services suppliers. The maximum number of shares that can be issued pursuant to this plan is limited to 6,000,000 common shares. The most important terms of the plan are as follows:

- i) the maximum number of shares that can be reserved for a beneficiary is limited to 5% of issued and outstanding shares;
- ii) the maximum number of shares that can be reserved for a consultant during any 12 months period is limited to 2% of issued and outstanding shares;
- iii) the maximum number of shares that can be reserved for a supplier of investor's relation services during any 12 months period is limited to 2% of issued and outstanding shares; moreover, the options granted may be exercised by steps over a period of 12 months after the grant, at the rate of 25% per quarter;
- iv) the options granted to directors, officers, employees and consultants may be exercised by steps over a period of 18 months at the rate of 15% per quarter and 10% at the day of the grant.

The options' term cannot exceed five 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 grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options. The Company's share options are as follows for the reporting periods presented:

SIRIOS RESOURCES INC.
Notes to Interim Financial Statement
For the three-month period ended September 30, 2011 (unaudited)

15.2 Share-based payments (cont'd)

	Number of options	Weighted average exercise price
		\$
Outstanding as at June 30, 2011	4,471,000	0.17
Outstanding as at September 30, 2011	<u>4,471,000</u>	<u>0.17</u>

The table below summarizes the information related to share options as at September 30, 2011:

Range of exercise price	Outstanding options			Exercisable options	
	Number of options	Weighted average exercise price	Remaining life (years)	Number of options	Weighted average exercise price
\$		\$			\$
0.10 to 0.30	3,656,000	0.12	3.13	2,414,750	0.12
0.31 to 0.50	815,000	0.38	0.45	815,000	0.45
	<u>4,471,000</u>	<u>0.16</u>		<u>3,229,750</u>	<u>0.19</u>

The weighted average fair value of stock options granted in the period is \$0 (\$0 for options granted on September 30, 2011) and the fair value was estimated using the Black-Scholes and binomial model.

A total of \$22,835 has been accounted in *Salaries and employee benefits expenses* during the three-month period ended September 30, 2011 and in *Contributed Surplus* (\$20,548 for the three-month period ended September 30, 2010).

16. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the consolidated interim statement of financial position are as follows:

	September 30, 2011		June 30, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
<i>Loans and receivables</i>				
Cash	-	-	576,509	576,509
<i>Available-for-sale financial assets</i>				
Other short-term financial assets	358,030	358,030	371,289	371,289
Financial liabilities				
<i>Financial liabilities measured at amortized cost</i>				
Trade accounts and other payables	40,941	40,941	634,508	634,508

SIRIOS RESOURCES INC.
Notes to Interim Financial Statement
For the three-month period ended September 30, 2011 (unaudited)

16. FINANCIAL ASSETS AND LIABILITIES (cont'd)

	July 1st, 2010	
	Carrying amount	Fair value
	\$	\$
Financial assets		
<i>Loans and receivable</i>		
Cash	4,513	4,513
<i>Available-for-sale financial assets</i>		
Other short-term financial assets	802,671	802,671
Financial liabilities		
<i>Financial liabilities measured at amortized cost</i>		
Trade accounts and other payables	219,222	219,222

The carrying amount of cash, trade accounts and other payables are considered to be reasonable of fair value because of the short-term maturity of these financial instruments.

See Note 4.6 for a description of the accounting policies for each category of financial instruments.

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the consolidated interim statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 : inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers between the levels in the period.

Other short-term financial assets in the statement of financial position are classified as Level 1.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

17. FINANCE INCOME

	Three-month period ended	
	September 30	
	2011	2010
	\$	\$
Interest income from cash	466	1,130
Interest income from guaranteed investment certificats	489	-
	955	1,130

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

18. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential ordinary shares such as share options, warrants, brokers' warrants and the convertible debenture 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, warrants, brokers' warrants and the convertible debenture that could potentially dilute earnings per share in the future are given in Notes 13, 14.2, 14.3, and 15.2.

	September 30	
	2011	2010
Loss for the period	(170,051) \$	(123,808) \$
Weighted average number of outstanding shares	118,726,758	92,077,920
Basic and diluted loss per share	(0.001) \$	(0.001) \$

19. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	Three-month period ended September 30	
	2011	2010
	\$	\$
Goods and services tax receivable	89,584	(8,045)
Tax credits and credit on duties receivable	-	-
Prepaid expenses	6,099	6,051
Trade accounts and other payables	(593,567)	(183,342)
Other receivables	(70,622)	(22,325)
	<u>(568,506)</u>	<u>(207,661)</u>

20. RELATED PARTY TRANSACTIONS

The Company's related parties include another company because they have some common directors and key management personnel, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and guarantees were given or received. Outstanding balances are usually settled in cash.

20.1 Transactions with key management personnel

The Company's key management personnel are the president and the chief financial officer. Key management personnel remuneration includes the following expenses:

	Three-month period ended September 30	
	2011	2010
	\$	\$
Short-term employee benefits		
Salaries including bonuses and benefits	42,484	38,773
Social security costs	945	637
Total short-term employee benefits	<u>43,429</u>	<u>39,410</u>
Share-based payments	8,189	6,654
Total remuneration	<u>51,618</u>	<u>46,064</u>

SIRIOS RESOURCES INC.

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21. FIRST-TIME ADOPTION OF IFRS

These consolidated interim financial statements are the Company's first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS is July 1, 2010.

The Company's IFRS accounting policies presented in Note 4 have been applied in preparing the consolidated interim financial statements for the period ended September 30, 2011, the comparative information and the opening consolidated statement of financial position at the date of transition.

The Company has applied IFRS 1 in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive loss and reported cash flows already established are presented in this section and are further explained in the notes that accompany the tables.

21.1 First-time adoption - exemptions applied

Upon transition, IFRS 1 dictate certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Group in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable.

Financial assets and liabilities that were derecognized before July 1, 2010 pursuant to Canadian GAAP were not recognized under IFRS. The Company has early applied the change in IFRS 1 in this respect regarding the application date of the exception, i.e. July 1, 2010.

Optional exemptions

The Company has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted before February 4, 2009 or granted after February 4, 2009 and vested before the date of transition to IFRS.

The Company decided not to retroactively apply IFRS 3, Business combination, for business combinations that were completed prior to the date of transition, which was July 1st, 2010. Note 21.5 further explains the implications of this exemption.

SIRIOS RESOURCES INC.
Notes to Interim Financial Statement
For the three-month period ended September 30, 2011 (unaudited)

21.2 Reconciliation of equity

	July 1 2010	June 30 2011	September 30 2011
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Equity under pre-change accounting standards	7,572,372	9,269,429	7,470,875
Variations in equity reported in accordance with pre-change accounting standards, as a result of the following differences between pre-change accounting standards and IFRS			
Share-capital: Shares issued by flow-through private placements	(435,188)	(807,968)	(435,188)
Contributed surplus: Flow-through shares	(75,913)	97,647	(73,473)
Contributed surplus: Share-based payments	2,440	3,064	6,041
Retained deficit: Flow-through shares	494,119	514,158	493,442
Retained deficit: Share-based payments	(2,440)	(3,064)	(6,041)
Equity under IFRS	<u>7,555,390</u>	<u>9,073,266</u>	<u>7,455,656</u>

21.3 Reconciliation of comprehensive loss

Total comprehensive loss for the period ended September 30, 2011 and the reporting period ended June 30, 2011 can be reconciled to the amounts reported under pre-change accounting standards as follows:

	June 30 2011 <u>12 months</u>	September 30 2010 <u>3 months</u>
	<u>\$</u>	<u>\$</u>
Comprehensive loss under pre-change accounting standards	(805,894)	(116,004)
Variations in total comprehensive income reported in accordance with pre-change accounting standards, as a result of the following differences between pre-change accounting standards and IFRS		
Share-based payments	(6,283)	(6,041)
Future taxes	(16,981)	(1,763)
Total comprehensive loss under IFRS	<u>(829,158)</u>	<u>(123,808)</u>

21.4 Presentation differences

Certain presentation differences between pre-change accounting standards and IFRS have no impact on reported loss or total equity.

As can be seen in the following tables, some line items are described differently (renamed) under IFRS compared to pre-change accounting standards, although the assets and liabilities included in these line items are unaffected.

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21.4 Presentation differences (cont'd)

The following table shows the total effect of the transition on the consolidated statement of financial position on June 30, 2011:

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	June 30, 2011			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		\$	\$	\$	
ASSETS					ASSETS
Current assets					Current
Cash		576,509		576,509	Cash
Exploration funds		1,512,000		1,512,000	Cash held for exploration expenses
Accounts receivable	b)	309,315	(201,291)	108,024	Other receivables
	b)	-	201,291	201,291	Tax credits and credit on duties receivable
Listed shares held for trading		371,289		371,289	Other short-term financial assets
Prepaid expenses		23,437		23,437	Prepaid expenses
		<u>2,792,550</u>		<u>2,792,550</u>	
Fixed assets		6,237		6,237	Non-current
Deferred exploration expenses	b)	6,481,589	(6,481,589)	-	Property and equipment
Mineral properties	b)	766,857	6,481,589	7,248,446	Exploration and evaluation assets
		<u>10,047,233</u>		<u>10,047,233</u>	
LIABILITIES					LIABILITIES
Current liabilities					Current
Accounts payable and accrued liabilities		634,508		634,508	Trade accounts and other payables
		-	196,157	196,157	Other liabilities
Liability component of convertible debenture		143,302		143,302	Non current
					Liability component of convertible debenture
SHAREHOLDERS' EQUITY					EQUITY
Capital stock	a)	21,047,992	(807,968)	20,240,024	Share capital
Shareholder's equity component of convertible debenture		43,200		43,200	Equity's component of convertible debenture
Contributed surplus	a); c)	1,530,933	100,711	1,631,644	Contributed surplus
Deficit	b); c)	(13,352,702)	511,100	(12,841,602)	Deficit
		<u>9,269,423</u>		<u>9,073,266</u>	
		<u>10,047,233</u>		<u>10,047,233</u>	

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21.4 Presentation differences (cont'd)

The following table shows the total effect of the transition on the consolidated statement of financial position on September 30, 2011:

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	September 30, 2011			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		\$	\$	\$	
ASSETS					ASSETS
Current assets					Current
			696,856	696,856	Cash held for exploration expenses
Amount receivable	b)	248,511	(150,745)	97,766	Other receivables
Accounts receivable from a mining company	b)	17,688	(17,688)	-	
			786,539	786,539	Other short-term financial assets
			168,433	168,433	Tax credits and credit on duties receivable
Prepaid expenses		18,110		18,110	
		284,309		1,767,704	
Listed shares held for trading	b)	786,539	(786,539)	-	Non-current
Exploration funds	b)	696,856	(696,856)	-	Property and equipments
Fixed asset		10,585		10,585	
Mining properties	b)	691,684	5,495,565	6,187,249	
Deferred exploration expenses	b)	5,495,565	(5,495,565)	-	Exploration and evaluation assets
		7,965,538		7,965,538	
LIABILITIES					LIABILITIES
Current liabilities					Current
Bank overdraft		289,326		289,326	Bank overdraft
Accounts payable and accrued liabilities		35,878		35,878	Trade accounts and other payables
	a)		15,219	15,219	Other liabilities
		325,204		340,423	
Liabilities component of convertible debenture		130,897		130,897	Non-current
Future income taxes	a)	38,562		38,562	Liabilities component of convertible debenture
		494,663		509,882	Deferred income tax
SHAREHOLDER'S EQUITY					EQUITY
Share capital	a)	18,576,020	(435,188)	18,140,832	Share capital
Shareholder's equity component of convertible debenture		43,200		43,200	Equity component of convertible debenture
Contributed surplus	a); c)	1,285,781	(67,432)	1,218,349	Contributed surplus
Deficit	a); c)	(12,434,126)	487,401	(11,946,725)	Deficit
		7,470,875		7,455,656	
		7,965,538		7,965,538	

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21.4 Presentation differences (cont'd)

The following table shows the total effect of the transition on the consolidated statement of financial position on July 1, 2010:

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	July 1, 2010			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		\$	\$	\$	
ASSETS					ASSETS
Current assets					Current
Cash		4,513		4,513	Cash
			777,620	777,620	Cash held for exploration expenses
Amounts receivables		230,140	(162,744)	67,396	Other receivables
Amounts receivable from a related mining company		5,689	(5,689)	-	
			802,671	802,671	Other short-term financial assets
			168,433	168,433	Tax credits and credit on duties receivable
Prepaid expenses		24,161		24,161	Prepaid expenses and deposits
		264,503		1,844,794	
Listed shares held for trading		802,671	(802,671)	-	
Exploration funds		777,620	(777,620)	-	Non-current
Fixed assets		12,386		12,386	Property and equipment
Mineral properties		684,105	5,415,633	6,099,738	Exploration and evaluation assets
Deferred exploration expenses		5,415,633	(5,415,633)	-	
		7,956,918		7,956,918	
LIABILITIES					LIABILITIES
Current liabilities					Current
Accounts payable and accrued liabilities		219,222		219,222	Trade accounts and other payables
			16,982	16,982	Other liabilities
				236,204	
					Non current
Liability component of convertible debenture		126,762		126,762	Liability component of convertible debenture
Future income taxes		38,562		38,562	Deferred income tax
		384,546		401,528	
SHAREHOLDERS' EQUITY					EQUITY
Capital stock		18,576,020	(435,188)	18,140,832	Share capital
Shareholder's equity component of convertible debenture		43,200		43,200	Equity's component of convertible debenture
Contributed surplus		1,271,274	(73,473)	1,197,801	Contributed surplus
Deficit		(12,318,122)	491,679	(11,826,443)	Deficit
		7,572,372		7,555,390	
		7,956,918		7,956,918	

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21.4 Presentation differences (cont'd)

The following table shows the total effect of the transition on the statement of earnings and comprehensive loss for the year ended June 30, 2011

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	Twelve-month period ended June 30, 2011			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		\$	\$	\$	
ADMINISTRATIVE EXPENSES					EXPENSES
Stock-based compensation	b)	38,584	(38,584)	-	
Salaries and fringe benefits	b); c)	144,925	44,867	189,792	Salaries and employee benefits expenses
Shareholders' information	b)	11,985	(11,985)	-	
Office expenses		12,386		12,386	Office expenses
Trustees and registration fees	b)	18,317	11,985	30,302	Trustees, registration fees and shareholders' relations
Marketing, travail and Public relation		87,479		87,479	Publicity, travel and promotion
Professional fees		102,053		102,053	Professional fees
Rental expenses		17,955		17,955	Rent
Income taxes of section XII.6		690		690	Income taxes of section XII.6
Insurance, taxes and licensing fees		8,528		8,528	Insurance, Tax and permits
Interest expenses		34,540	2,802	37,342	Interest and bank charges
Bank charges		2,802	(2,802)	-	
Amortization of fixed assets		6,149		6,149	Property and equipment amortization
		<u>486,393</u>		<u>492,676</u>	
OTHER INCOME AND EXPENSES					OTHER REVENUES AND EXPENSES
Write-off of mineral properties	b)	(46,230)	(315,658)	(361,888)	Disposal of exploration and evaluation assets
Write-off of deferred exploration expenses	b)	(315,658)	315,658	-	
Changes in value of held-for-trading financing assets		3,825		3,825	Variation in Other short-term financial assets
		<u>(358,063)</u>		<u>(358,063)</u>	
Future income taxes		38,562	16,981	55,543	Deferred income tax
NET LOSS AND COMPREHENSIVE LOSS		(805,894)		(795,196)	NET LOSS AND COMPREHENSIVE LOSS
NET LOSS PER SHARE - basic and diluted		(0.009)		(0.009)	Basic and diluted loss per share

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21.4 Presentation differences (cont'd)

The following table shows the total effect of the transition on the statement of earnings and comprehensive loss for the three-month period ended September 30, 2010

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	Three-month period ended September 30, 2010			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		\$	\$	\$	
ADMINISTRATIVE EXPENSES					EXPENSES
Professional feed		28,115		28,115	Professional feed
Salaries and fringe benefits	b); c)	22,770	20,548	43,318	Salaries and employee benefits expenses
Stock-based compensation	b)	14,507	(14,507)	-	
Public relations		13,029		13,029	Publicity, travel and promotion
Rental fees		4,375		4,375	Rent
Insurance, taxes and licensing fees		2,245		2,245	Insurance, Tax and permits
Office and communication expenses		2,200		2,200	Office expenses
Shareholder information	b)	1,360	(1,360)	-	
Registration and listing fees	b)	1,250	1,360	2,610	Trustees, registration fees and shareholders' relations
Interest and bank charges		9,351		9,351	Interest and bank charges
Amortization of fixed assets		1,801		1,801	Property and equipment amortization
		<u>101,003</u>		<u>107,044</u>	
OTHER INCOME AND EXPENSES					OTHER REVENUES AND EXPENSES
Interest income		1,130		1,130	Interest income
Unrealized gain (loss) on listed shares		(16,131)		(16,131)	Unrealized gain (loss) on listed shares
		<u>(15,001)</u>		<u>(15,001)</u>	
Future income taxes	a)	-	1,763	1,763	Deferred income tax
NET LOSS AND COMPREHENSIVE LOSS		(116,004)		(120,282)	NET LOSS AND COMPREHENSIVE LOSS
NET LOSS PER SHARE - basic and diluted		(0.001)		(0.001)	Basic and diluted loss per share

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

(in Canadian dollars)

21. FIRST-TIME ADOPTION OF IFRS

21.5 Notes to reconciliation

(a) Shares issued by flow-through placement

Under Pre-change accounting standards, the entire proceeds received on the issuance of flow-through shares were credited to share capital.

Under IFRS, issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the obligation to revert the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability 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 the liability.

Under Pre-change accounting standards, when the renouncement of the tax deductions related to the resource expenditure for income tax purposes, temporary taxable differences were created and a deferred income tax was recorded, and the related charge was treated as share issue costs.

Under IFRS, when the Company has renounced to its deductions and has incurred its admissible expenditures, (or when its admissible expenditures and has the intention to renounce), the sale of tax deductions is recognized in profit or loss as a reduction of deferred tax expenses and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of admissible expenditures capitalized as an asset and its tax base.

As there is no exemption under IFRS 1 for first-time adopters regarding flow-through shares, the treatment under IFRS needs to be applied retrospectively.

The impact of the transition to the IFRS is as follow :

	As at July 1st, 2010	As at September 30, 2010 3 months	As at June 30, 2011 12 months
	\$	\$	\$
<u>Share-capital</u>			
Increase (decrease)	(435,188)	-	(372,780)
Total	(435,188)	(435,188)	(807,968)
<u>Deficit</u>			
Increase (decrease)	(494,119)	(1,763)	(16,981)
Total	(494,119)	(495,882)	(511,100)
<u>Other liabilities</u>			
Increase (decrease)	16,982	(1,763)	179,175
Total	16,982	15,219	196,157

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21.5 Notes to reconciliation (cont'd)

(b) Presentation differences

Statement of Financial Position

Mineral Properties and *Deferred Exploration expenses* were combined for presentation and are now called *Exploration and evaluation assets*.

Tax credits and credit on duties receivable is now presented separately from Other receivables.

Cash held for exploration expenses was presented as long-term with the GAAP, but under IFRS, it is presented as a current asset.

Other short-term financial assets include the previous Shares held for trading. Also, it is now presented as a current asset.

Statement of Comprehensive income

Salaries and employee benefits expenses for IFRS was adjusted as follows:

	September 30, 2010	June 30, 2010
	<u>3 months</u>	<u>12 months</u>
	\$	\$
Balance before the transition date	22,770	144,925
Grouping:		
Stock-based compensation	14,507	38,584
Share-based payments adjustment	6,041	6,283
Balance as per IFRS	<u>43,318</u>	<u>189,792</u>

Trustees and registration fees and *Information to shareholders* were combined and are now presented as *Trustees, registration fees and shareholders relations*.

(c) Stock-based payments

Under Canadian GAAP, the entity can consider the entire award as a group, determine the fair value using the average term of the instruments and then recognize the compensation expense on a straight-line basis over the vesting period. Additionally, under Canadian GAAP, forfeitures must be recognized as they occur.

Pursuant to IFRS 2, each portion of an award with graded vesting options must be considered as a separate award with its own vesting date and fair value and must be recognized on that basis. Additionally, under IFRS, entities are required to estimate awards that are expected to vest and to revise that estimate if subsequent information indicates that actual forfeitures are likely to differ from initial estimates.

As a result, the Company adjusted its expense for share-based payments to reflect these accounting method differences, resulting in an increase of contributed surplus as follows:

SIRIOS RESOURCES INC. (an exploration company)

Notes to Interim Financial Statement

For the three-month period ended September 30, 2011 (unaudited)

21.5 Notes to reconciliation (cont'd)

	As at July 1st, 2010	As at September 30, 2010	As at June 30, 2011
	\$	3 months \$	12 months \$
<u>Contributed surplus</u>			
Increase (decrease)	2,440	6,041	6,283
Total	2,440	8,481	8,723

(d) Business Combination

The Company has elected not to restate business combinations that occurred before the date of transition to IFRS, July 1st, 2010. Although there are significant differences in accounting for business combination under previous GAAP and IFRS 3, no adjustments were identified.

21.6 Impairment losses recognized at the date of transition

The Company applied IAS 36, Impairment of assets, in determining whether any impairment losses arose at the date of transition to IFRS. No impairment losses (or reversals) were identified.

22. SUBSEQUENT EVENTS

- (a) On October 7, 2011, Sirios transferred to its subsidiary, Khalkos Exploration Inc. ("Khalkos"), its Tilly property as well as its 50% interests in both the Pontax Lithium and Murdoch properties. In exchange, Khalkos issued 8,663,905 common shares at a price of \$0.20 per share. This transaction was carried out at book value of Sirios as at June 30, 2011, which totalled \$1,732,781.
- (b) On November 14, 2011, the Company reimbursed its convertible debenture through shares issuance and cash payment. As specified in the original terms of the debenture, a total of 3,000,000 shares were issued at a price of \$0.05, in addition to a cash payment of \$9,074 for accrued interest.
- (c) At the Annual and Special Meeting of Shareholders, on December 1, 2011, the special resolution allowing the distribution to Sirios' shareholders share of its subsidiary, Khalkos Exploration inc., was accepted. This resolution states that the Company will distribute 5,936,338 common shares of Khalkos on the basis of one (1) common share of Khalkos for each twenty (20) common shares held of Sirios.