Management Interim Report for the three-month period ended September 30, 2011

Sirios Resources Inc.

TSX V: SOI

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S I R I O S

SIRIOS RESOURCES INC.
MANAGEMENT INTERIM REPORT
FOR THE THREE-MONTH PERIOD
ENDED SEPTEMBER 30, 2011

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This Management Discussion and Analysis is dated December 22, 2011 and provides an analysis of our financial results for the quarter ended September 30, 2011. This discussion and analysis of the financial position and results of operation should be read in conjunction with the unaudited interim financial statements for the three-month period ended September 30, 2011 and the audited financial statements for the year ended June 30, 2011 and 2010. The unaudited interim financial statements for the period ended September 30, 2011 were not reviewed by the external auditors.

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

Moreover, these interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and in accordance with accounting policies that the Company proposes to adopt for the financial statements ending June 30, 2012. These accounting policies are based on International Financial Reporting Standards which, according to the Company, will thus be in force.

CORPORATE PROFILE AND MISSION

Sirios Resources Inc.'s ("Sirios" or "the Company") mission is to discover world-class gold or base metals deposits in the James Bay region of Eastern Canada. Sirios' efforts have led to the discovery of numerous gold, silver, copper, zinc and molybdenum showings and occurrences in that region of Quebec. In 2001, Sirios was granted the 2001 Prospector's Award by the Quebec Prospectors Association.

Common Shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange under symbol SOI. As of September 30, 2011, there are 118,726,758 ordinary shares issued and outstanding.

SUMMARY OF THE ACTIVITIES FOR THE PERIOD

- Exploration and evaluation expenses of $326,627 were incurred mostly on the Baleine property during the period ($79,932 in 2010-2011-Q1).
- Claims acquisition for $6,765.

RESULTS OF OPERATION

Summary of exploration activities

The following table contents the principals exploration and evaluation expenses made on the properties of the Company during the period:

Property	Geology, prospecting $	Geo-chemistry $	Geophysics, line-cutting $	Transport, helicopter, lodging $	Drilling $	General expenses, drafting $	Total $
Aquilon	-	-	-	12,054	-	6,882	**18,936**
Sharks & Cheechoo	15,617	-	-	6,156	-	2,199	**23,972**
Pontax	5,461	9,115	-	-	5,633	-	**20,209**
Baleine	48,233	-	-	128,204	-	-	**176,437**
Koala	9,817	-	-	30,990	-	160	**40,967**
Other	16,192	-	7,000	11,502	-	11,412	**45,774**
TOTAL	95,320	9,115	7,000	188,906	5,633	20,653	**326,626**

Acquisitions, disposals, write-off and claims renewal analysis

Property	Fees related to agreements $	Claims renewal $	New claims $	Write-off $	Total $
Upinor		6,765			**6,765**

The technical data included in the following text have been revised by Dominique Doucet, Engineer and President of Sirios. He is a qualified person, as defined by National Instrument 43-101. This document describes only the properties that have been subject to exploration activities during the quarter. The reader should refer to the Sirios' June 2011 Annual Management Report and to the other quarterly reports for additional information on the Company's properties.

PROJECTS

CHEECHOO Project

The Cheechoo project is comprised of the Cheechoo and Sharks gold properties held by the Company (40%) and Golden Valley Mines Ltd. ("Golden Valley") (60%). It is located approximately 3 km east of the main Goldcorp Eleonore property; approximately 13 km east of the discovery area, which is located 320 km north of Matagami (Qc). Those properties consist of 242 claims in the 33B12 NTS sheet (218 claims) and 33C09 NTS sheet (24 claims). However, the Company informed Golden Valley, in December 2010, that it will keep its interest in only 121 claims that covers 6,100 hectares.

A small prospecting program was started during the last week of September in the portion bordering the property held by Mines Opinaca, notably the west-southwest portion of the property. Results from the fieldwork were insignificant.

An amount of $23,972, Sirios' 40% interest in the project, of exploration expenditure was incurred during the period.

PONTAX Property

The Pontax property is located in James Bay, Quebec, approximately 350 km north of Matagami. It was acquired jointly with Dios Exploration Inc. It consists of 447 claims covering close to 225 km². The project's purpose is to test the potential for diamond and metals in a previously unexplored region. Under the agreement with Dios, each company owns an interest of 50% and acquisition fees are split equally.

Furthermore, according to 2005 agreement with Dios, depending on the results and if the project focuses specifically on gold or metals, Sirios has the option to buy back Dios' share, by repaying in cash or shares the acquisition and exploration costs at book value and vice versa. Furthermore, Dios keeps a 1% NSR ("Net Smelter Return") royalty on the claims transferred back to Sirios that can be bought back for $1,000,000.

A helicopter-borne diamond drilling campaign was completed on the property at the end of the period, in June 2011. Twelve NQ-calibre holes were drilled totalling 1,683 metres. The drill cores were transported to the facilities of IOS Services Géoscientifiques Inc. in Chicoutimi where they were sampled and logged. The core samples were then sent to an independent laboratory, in Val-d'Or, Quebec.

The gold-silver drilling targets were defined within a 3 km radius of the high grade silver discovery made by Sirios in 2006. They consist of soil (humus) geochemical multi-metallic anomalies related with induced polarization geophysical anomalies. The targets are documented in a soil sampling interpretation report produced by independent consulting geologist R. Girard of the firm IOS Services Géoscientifiques Inc., Chicoutimi, Quebec. As of the date of this report, 90% of the assay results were received and yielded insignificant values.

For the period, an amount of $20,209 was incurred for the end of the drilling campaign.

BALEINE Property

Located near the Great Whale River, this property covers 128 claims in the NTS sheet 33J15 and 24 claims in the NTS sheet 33O02 in James Bay, Quebec. It covers 7,600 hectare. Some fieldwork was completed on this property in July 2011, for an amount of $176,437. The assays from that fieldwork yielded insignificant results.

KOALA Property

Located near the Robert Bourassa Reservoir, this property covers 97 claims and 5,000 hectars in the NTS sheet 33K01 in James Bay, Quebec. Prospecting was completed in July 2011 totalling $40,967. The assays from that fieldwork yielded insignificant results.

Other properties

Sirios generates new exploration projects from scientific hypothesis and most of the time, its mining property acquisitions are completed without any intermediate, directly by map-designation from the government. This way of proceeding is considered by Sirios' management as the least expensive method and the most profitable for all shareholders as it does not cause any excessive dilution of the share-capital. When preliminary work is initiated on a new project without any results deemed favourable, a write-off is therefore taken into account during the current quarter, explaining the write-off of exploration expenses in «Other Properties » in the annual or quarterly financial statements.

PLANIFICATION – SUMMARY OF EXPLORATION PROGRAMS

PROPERTY	PLANNED WORK 2011-2012	BUDGET	NEXT STEP
AQUILON	Bulk sampling	$400,000 to $600,000 (50% share of the project)	Additional drilling
PONTAX	Data processing to come	To be determined depending on results	To be determined depending on results
CHEECHOO	Processing to come after 2011 prospection, geophysics, drilling	To be determined depending on results, minimum of $300,000 estimated (40% share of the project)	To be determined depending on results
OTHER (AAA, NASA)	Remote-sensing, surveying, till sampling, claim acquisition	$200,000	Airborne geophysics, prospecting, drilling
TOTAL 2011-2012		$900,000 to $1,100,000	

SUMMARY OF FINANCIAL ACTIVITIES

The net loss of the Company is $170,051 for the 2011-2012-Q1 in comparison with a net loss of $120,282 for the 2010-2011-Q1. The variation is mainly caused by the increase of the general and administrative expenses since last year.

General and Administrative expenses Analysis

General and administrative expenses went from $107,044 for the 2010-2011-Q1 to $157,746 for the 2011-2012-Q1.

	2011-2012	**2010-2011**
General and administrative expenses	**Three-month period ended September 30, 2011 $**	**Three-month period ended September 30, 2010 $**
Professional fees	**37,886**	28,115
Salaries and employee benefits expense	**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
Total	**157,746**	**107,044**

Comparing the general and administrative expenses for the three-month periods of 2010-2011 and 2011-2012, we see an augmentation in *Salaries and employee benefits expenses* that can be explained by the hiring of employees since last year. Moreover, the increase in *Trustees, registration and shareholders relation* and *Interest and bank charges* can be explained by the finalization of private placements ended in the last quarter and the preparation of the annual shareholders meeting that took place on December 1st, 2011.

SUMMARY OF QUARTERLY RESULTS

	2011-2012	2010-2011				2009-2010		
	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $
Revenues	(12,305)	39,741	(21,807)	(47,089)	(15,001)	(336,397)	246,698	19,978
Net loss (Net gain)	170,051	383,900	136,576	169,414	116,004	586,411	(338,575)	131,399
Net loss (Net gain) per share	0.001	0.005	0.001	0.002	0.001	0.006	(0.004)	0.02

Revenues consist mainly of changes in value of listed shares as well as the gain from disposal of listed shares and interest income on cash of the Company.

In the eight last quarters, the quarterly net loss (or exceptionally the net profit) varies irregularly from a profit of $338,735 to a loss of $586,411. An exceptional net profit of $338,575 at Q3-2009-2010 is mainly caused by 1) a non cash plus value of listed shares of $245,316 which reflects the significant increase of the value of the investment (shares of Dios Exploration Inc.) on the stock exchange and 2) $176,904 of recovered future income taxes which also strongly increases the net profit of the period. The $586,411 Q4-2009-2010 net loss is explained by the sale of the Escale property and by the decrease of the listed shares on the market.

During Q1-2010-2011, Q3-2010-2011 and Q1-2011-2012 there is a variation in the value of the listed shares held for trading for an amount of $16,131, $46,363 and $13,260 that significantly diminish the revenue to a negative amount of $15,001, $21,807 and $12,305 respectively. Conversely, during the 2009-2010 third quarter, there is a $245,316 increase in the value of the listed shares that augment revenues to a sum of $246,698.

The net loss during Q2-2010-2011 can be explained by the write-offs of two properties, Phoenix and MTK for an amount of $122,380 in deferred exploration expenses and $30,624 in mining properties. The increase of the net loss to $383,900 in the Q4-2010-2011, can be explained by the write-off of the Cognac property and by increase in the three following elements: *Salaries and employee benefits expenses*, *Professionals fees* and *Publicity, travel and promotion*. The increase to those three categories of expenses are related to an increase in publicity and promotion undertaken by Sirios in Toronto, Calgary and Vancouver, which assisted in completing financings during the same quarter. The write-offs of the Cognac property consisted of an amount of $83,835 in deferred exploration expenses and $13,566 in mining properties.

CASH FLOW SITUATION

The working capital, including funds held for exploration charges, decreased from $1,786,753 on June 30, 2011 to $1,486,604 on September 30, 2011. During the period, cash was used for exploration and administrative activities. The bank overdraft was calculated by the difference between *Cash held for explorations expenses* and *Cash.*

Management of Sirios evaluates that the amount of liquidity is acceptable and still controls very strictly its general and administrative expenses. The Company is considered to be in the exploration stage, thus it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring sufficient financing, there is no guarantee of obtaining any future financing. **Moreover, the current economic climate requires larger efforts than before to obtain funds from investors.**

As at September 30, 2011:

- 118,726,758 common shares were issued.
- 4,471,000 options were granted and a total of 3,229,750 can be exercised at prices between $0.10 to $0.425 between 2012 and 2016. Each option can be exchanged by its holder thereof for one common share of the Company.
- 14,017,210 warrants were issued.. Each option can be exchanged by its holder thereof for one common share of the Company.
- 1,228,800 brokers' warrants were issued. Each brokers' warrants can be exchanged by its holder thereof for one common share of the Company.

Variation in share capital as at December 22, 2011:

Description	Number of shares	Amount $
As at June 30, 2011	118,726,758	20,997,992
As at September 30, 2011 and December 22, 2011	118,726,758	20,997,992

<u>Options</u>

Variation in outstanding options as at December 22, 2011:

Date	Number of options	Average excercise price ($)
As at June 30, 2011	4,471,000	0.17
As at September 30, 2011 and December 22, 2011	4,471,000	0.17

Options granted and exercisable as at December 22, 2011:

Expiry date	Options granted	Options exercisable	Exercise price ($)
March 13, 2012	790,000	790,000	0.38
April 30,2012	25,000	25,000	0.425
February 14, 2013	761,000	761,000	0.18
February 3, 2014	870,000	870,000	0.10
April 22, 2015	925,000	508,750	0.10
May 11, 2016	1,100,000	275,000	0.10
	4,471,000	**3,229,750**	**0.17**

Warrants

Date	Number of warrants	Average exercise price ($)
As at June 30, 2011	14,657,210	0.14
Expired	(640,000)	-
As at September 30, 2011 and December 22, 2011	**14,017,210**	**0.14**

During the period, no warrants were exercised.

Brokers' warrants

Date	Number of warrants	Average exercise price ($)
As at June 30, 2011	1,228,800	0.09
As at September 30, 2011 and December 22, 2011	**1,228,800**	**0.09**

During the period, 1,228,800 brokers' warrants were issued, for a private placement, 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 and was estimated with the Black-Scholes method.

RELATED PARTY TRANSACTIONS

The remuneration paid or payable to key management (President and CFO) is as follows:

	Three-month period ended	
	September 30, 2011	**September 30, 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
	129,384	**86,305**

An important part of the remuneration of the President has been allocated to *Exploration and evaluation assets.*

ADOPTION OF E3 PLUS

The Prospectors and Developers Association of Canada (PDAC), of which Sirios is a member, established a framework for responsible exploration called *E3 Plus*. The *E3 Plus* serves as a framework for exploration companies to continue their activities while improving their environmental, social and health and safety performance as well integrating these three aspects in all their exploration work. Sirios Resources adopted the eight principles of *E3 Plus* and asks its consultants and suppliers to also respect them. Here are the main principles that apply to the company:

- Apply ethical business practices: Sirios continues to abide by management procedures that promote honesty, integrity, transparency and accountability.
- Engage host communities and other affected and interested parties: During exploration activities, Sirios makes sure to interact with local and native communities, notably trappers, organizations, groups and individuals on the basis of respect, inclusion and meaningful participation.

During summer 2010, a helicopter-borne visit of the Pontax and Pontax-Lithium properties was carried out with Mr. David Blackned, a Cree trapper from the Waskaganish community, who possesses the trap line that includes the Pontax-Lithium property. The visit was conducted by the president of Sirios, and allowed Mr. Blackned and three of his sons to realize the fieldwork completed to date by Sirios. A visit of Mr. Blackned’s hunting campground was also conducted.

In September 2011, the president of Sirios also visited the trap lines located on the Aquilon property, accompanied by a Cree trapper from Chisasibi.

• Protect the environment: Sirios conducts its exploration activities in ways that create minimal disturbance to the environment and applies, in all of its operations, the principales of sustainable development.

SUBSEQUENT EVENTS

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.

On November 14, 2011, the Company reimburse its convertible debenture through shares issuing 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.

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.

ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. Significant estimates include the recoverability of mineral properties and deferred exploration expenses, future income taxes and stock-based compensation. Actual results may differ from those estimates.

Off-balance sheet arrangements

As at September 30, 2011, there is no off-balance sheet arrangement.

International financial reporting standards ("IFRS")

In February 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the IFRS.

These interim financial statements, on September 30, 2011, of the Company were prepared in accordance with IFRS. As these financial statements represent the Company's initial presentation of its results and financial position under IFRS, on September 30, 2011, they were prepared in accordance with IAS 34, *Interim Financial Reporting* and by IFRS 1, *First-time Adoption of IFRS*.

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

These financial statements, on September 30, 2011, were prepared under the historical cost convention.

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

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:

Financial assets liabilities that were derecognised before June 1, 2010 as per the previous GAAP have not been accounted for under IFRS. The Company has applied the IFRS amendment in advance at the date of application of the exception, July 1, 2010.

Optional exemption

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

Transition to IFRS

Changes observed for the transition to IFRS are mainly the following:

1. Shares issued by flow-through placements

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 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 on the transition to IFRS is as follow:

	As at July 1, 2010	**As at September 30, 2010**	**As at June 30, 2011**
Share capital			
Increase (decrease)	(435,188)	-	(372,780)
Total	(435,188)	(435,188)	(807,968)
Deficit			
Increase (decrease)	(494,119)	(1,763)	(16,981)
Total	(494,119)	(495,882)	(511,100)
Other liabilities			
Increase (decrease)	16,982	(1,763)	179,175
Total	16,982	15,219	196,157

2. 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 expense for IFRS was adjusted as follows:

	September 30, 2010 3 months	June 30, 2010 12 months
	$	$
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	**43,318**	**189,792**

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

3. Share-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:

	As at July 1, 2010	As at September 30, 2010	As at June 30, 2011
Contributed surplus			
Increase (decrease)	2,440	6,041	6,283
Total	2,440	8,481	8,723

4. 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.

RISK AND UNCERTAINTIES

Risk inherent to the industry

Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

Financial risk

The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Mining claims and title risks

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

Tax

No assurance can be made that Canada Revenue Agency or Quebec Minister of Revenue will agree with Company’s characterization of expenditures as Canadian exploration expenses or Canadian development expenses.

Dependence on key personnel

The development of the Company’s business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Conflicts of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have un any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Environmental risks

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

MANAGEMENTS'S RESPONSABILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the board of directors. The financial statements were prepared by the Company's management in accordance with generally accepted Canadian accounting principles. The financial statements include certain amounts based on the use of estimated and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Montreal. December 22, 2011.

(signed) Frederic Sahyouni, Chief Financial Officer
(signed) Dominique Doucet, President and CEO