**SIRIOS RESOURCES INC.**
(an exploration company)

## Consolidated Interim Financial Statement (unaudited)

## DECEMBER 31, 2012

# Content



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


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**SIRIOS RESOURCES INC.** (an exploration company)

**Consolidated Interim Financial Statement of Financial Position (unaudited)**

(in Canadian dollars)

| | Notes | **December 31, 2012** | June 30, 2012 |
|---|---|---|---|
| | | **$** | $ |
| **ASSETS** | | | |
| Current | | | |
| Cash | | 52,268 | 156,892 |
| Other receivables | 6 | 71,716 | 67,110 |
| Investments | 7 | 104,725 | 390,375 |
| Good and services tax receivable | | 103,556 | 22,405 |
| Tax credit and credit on duties receivable | 9 | 1,225,111 | 437,774 |
| Prepaid expenses | | 4,296 | 58,268 |
| | | 1,561,672 | 1,132,824 |
| Non-current | | | |
| Property and equipment | 8 | 4,474 | 5,031 |
| Exploration and evaluation assets | 9 | 5,544,063 | 5,580,936 |
| Investments accounted for using the equity method | 11 | 171,967 | 468,634 |
| Total assets | | 7,282,176 | 7,187,425 |
| **LIABILITIES** | | | |
| Current | | | |
| Trade and other liabilities | 12 | 1,016,962 | 247,387 |
| Total liabilities | | 1,016,962 | 247,387 |
| **EQUITY** | | | |
| Share capital | 13.1 | 19,193,423 | 19,022,281 |
| Contributed surplus | | 1,820,743 | 1,781,681 |
| Deficit | | (14,748,952) | (13,863,924) |
| Total equity | | 6,265,214 | 6,940,038 |
| Total liabilities and equity | | 7,282,176 | 7,187,425 |

Going concern assumption (see Note 2).

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

These financial statements were approved and authorized for issue by the Board of Directors on February 27, 2013.

*(signed) Dominique Doucet*
Dominique Doucet, President

*(signed) Frederic Sahyouni*
Frederic Sahyouni, Director

**SIRIOS RESOURCES INC.** (an exploration company)

## Consolidated Interim Statement of Comprehensive Income (unaudited)

(in Canadian dollars)

| | | Three-month period ended December 31 | | Six-month period ended December 31 | |
|---|---|---|---|---|---|
| | | **2012** | 2011 | **2012** | 2011 |
| | | **$** | $ | **$** | $ |
| **EXPENSES** | | | | | |
| Professional fees | | 68,400 | 33,869 | 100,805 | 71,753 |
| Trustees, registration fees and shareholder relations | | 27,939 | 20,732 | 37,888 | 31,689 |
| Salaries and employee benefits expenses | 14.1 | 26,728 | 79,231 | 53,730 | 148,846 |
| Insurance | | 5,991 | 1,978 | 11,961 | 3,956 |
| Publicity, travel and promotion | | 5,705 | 43,211 | 9,152 | 51,729 |
| Rent expenses | | 3,260 | 6,984 | 7,200 | 12,065 |
| Office expenses | | 1,145 | 1,755 | 2,146 | 4,286 |
| Interest and bank charges | | 843 | 6,395 | 1,568 | 26,623 |
| Property and equipment amortization | | 279 | 269 | 557 | 603 |
| Income taxes of section XII.6 | | 86,979 | - | 88,177 | - |
| Write-off of exploration and evaluation assets | | - | - | 335,628 | - |
| **OPERATIONAL LOSS** | | 227,269 | 194,424 | 648,812 | 351,550 |
| **OTHER REVENUES AND EXPENSES** | | | | | |
| Finance costs | 16 | (7,481) | (92,822) | 14,960 | (106,082) |
| Finance income | 16 | 30 | 4,914 | 943 | 5,869 |
| Devaluation of ownership in equity-accounted investment | | (29,512) | - | (224,622) | - |
| Share of loss from equity-accounted investment | | (24,427) | - | (72,045) | - |
| | | (61,390) | (87,908) | (280,764) | (100,213) |
| **LOSS BEFORE INCOME TAXES** | | (288,659) | (282,332) | (929,576) | (451,763) |
| Deferred Income Taxes | | 23,194 | - | 68,909 | - |
| **NET LOSS AND COMPREHENSIVE LOSS** | | (265,465) | (282,332) | (860,667) | (451,763) |
| **NET LOSS PER SHARE - basic and diluted** | 17 | (0.015) | (0.016) | (0.049) | (0.034) |

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

**SIRIOS RESOURCES INC.** (an exploration company)

## Consolidated Interim Statement of Changes in Equity (unaudited)

(in Canadian dollars)

| | Notes | Share-capital | Shareholders' equity component of convertible debenture | Non-controlling interest | Contributed surplus | Deficit | Total Equity |
|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ |
| As 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 | | - | - | - | - | (451,763) | (451,763) |
| Share-based payments | | - | - | - | 50,387 | - | 50,387 |
| Non-controlling interest | | - | - | 867,536 | 57,693 | (9,695) | 915,534 |
| Reimbursement of the convertible debenture | | 150,000 | (43,200) | - | 43,200 | - | 150,000 |
| As at December 31, 2011 | | 20,390,024 | - | 867,536 | 1,791,647 | (13,311,783) | 9,737,424 |
| | | | | | | | |
| As at July 1st, 2012 | | 19,022,281 | - | - | 1,781,681 | (13,863,924) | 6,940,038 |
| Net loss and comprehensive loss for the period | | - | - | - | - | (860,667) | (860,667) |
| Share-based payments | 14.2 | - | - | - | 16,152 | - | 16,152 |
| Issuance cost of units | | - | - | - | - | (24,361) | (24,361) |
| Units issued by private placement | | 45,817 | - | - | 7,249 | - | 53,066 |
| Units issued by flow-through private placement | | 125,325 | - | - | 15,661 | - | 140,986 |
| As at December 31, 2012 | | 19,193,423 | - | - | 1,820,743 | (14,748,952) | 6,265,214 |

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

**SIRIOS RESOURCES INC.** (an exploration company)

# Consolidated Interim Table of Cash Flows

(in Canadian dollars)

| | Six-month period ended December 31, | |
|---|---|---|
| | **2012** | 2011 |
| | **$** | $ |
| **OPERATING ACTIVITIES** | | |
| Net loss | (860,667) | (451,763) |
| Adjustments | | |
| Share-based payments | 14,482 | 50,387 |
| Interest on convertible debenture | - | 6,698 |
| Change in fair value of listed shares | (14,960) | 106,082 |
| Devaluation of ownership in equity-accounted investment | 224,622 | - |
| Write-off of exploration and evaluation assets | 335,628 | - |
| Deferred Taxes | (68,909) | - |
| Amortization of property and equipment | 557 | 603 |
| Share of loss from equity-accounted investment | 72,045 | - |
| Change in working capital items | 79,879 | (669,897) |
| Cash flows from operating activities | (217,323) | (957,890) |
| **INVESTING ACTIVITIES** | | |
| Credit on duties received | 7,894 | |
| Purchase of shares of an associate | - | (250,000) |
| Disposal of guaranteed investment certificates | 300,610 | - |
| Additions to exploration and evaluation assets | (414,444) | (480,204) |
| Cash flows from investing activities | (105,940) | (730,204) |
| **FINANCING ACTIVITIES** | | |
| Issuance of units by flow-through private placements and by private placements | 243,000 | 1,547,502 |
| Issuance cost of units | (24,361) | (381,967) |
| Cash flows from financing activities | 218,639 | 1,165,535 |
| **NET CHANGE IN CASH** | (104,624) | (522,559) |
| **CASH, BEGINNING OF THE PERIOD** | 156,892 | 2,088,509 |
| **CASH, END OF THE PERIOD** | 52,268 | 1,565,950 |
| **Cash operations** | | |
| Received interest (through investing activities) | 943 | 5,869 |
| Interest paid (through financing activities) | 1,123 | 10,974 |

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

## 1. NATURE OF OPERATIONS

Sirios Resources Inc. ("Sirios" or the "Company") is an exploration company and its activities are located in Canada. Until January 16, 2012, Sirios held more than 50% of Khalkos Exploration Inc.'s ("Khalkos") shares. Following a distribution of Khalkos' shares, the Company now owns around 30%.

On October 12, 2012, the Company completed the consolidation of its common shares consisting of one new share for each tranche of seven common shares already issued and outstanding. The number of common shares, options and warrants were adjusted to reflect the consolidation.

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registred 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.

## 2. GOING CONCERN ASSUMPTION

These financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") including 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 December 31, 2012, the Company has a cumulated retained deficit of $14,748,952 ($13,863,924 on June 30, 2012). 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 amount 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. BASIS OF PRESENTATION

These consolidated interim financial statements, on December 31, 2012, of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standards (IAS) 34 - Interim Financial Reporting. These consolidated interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SUMMARY OF ACCOUNTING POLICIES as described in our annual financial statements on June 30, 2012. These consolidated interim financial statements do not include all of the notes required in annual financial statements.

## 4. 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.

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

**Impairment of property and equipment and exploration and evaluation assets**

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating units must be estimated. In testing an individual asset or cash-generating units 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.

For the six-month period ended December 31, 2012, there was a write-off of exploration and evaluation assets recognized in profit or loss, for an amount of $335,628, for the Upinor properties ($0 for the period ended December 31, 2011). No reversal of impairment losses has been recognized for the reporting periods. No impairment losses of the property and equipment has been recognized for the periods ended December 31, 2012 and 2011.

For the other properties, no testing for impairment was conducted despite the fact that the carrying value of the company's net asset is superior to its market capitalization and despite the fact that no significant fieldwork was undertaken on certain properties during the year. Management judged that there was no testing for impairment required this year on those properties because despite an unfavourable change of the overall climate of the sector as well as the general situation of the economy that have had an impact on the company's capacity to raise additional capital in order to pursue its exploration activities, coupled with a decrease in the share price, the company has sufficient funds to respect its short term obligations and has both the intention and capacity to keep these properties until the economic context improves and the company can this pursue exploration activities on thus properties after raising additional capital.

**Share-based payments**

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

**Recognition of deferred income tax assets and measurment of income tax expense**

Management continually evaluates the likehood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

## 5. JOINTLY CONTROLLED EXPLORATION AND EVALUATION ACTIVITIES

The Company jointly controls two of its exploration and evaluation assets with other mining exploration companies. The amounts recorded in exploration and evaluation assets, for those properties, are equal to its share in those assets.

- Aquilon: The Company controls 40% and Golden Tag Resources Ltd 60%.
- Cheechoo & Sharks: The Company controls 40% and Golden Valley Mines Ltd. 60%.

Informations related to the share of the Company in those jointly controlled exploration and evaluation activities, are provided in Note 9.

(in Canadian dollars)

## 6. OTHER RECEIVABLES

| | December 31, 2012 | June 30, 2012 |
|---|---|---|
| | $ | $ |
| Advances to directors, without interest | 212 | 2,000 |
| Advances to a listed company, 1% monthly interest | 4,421 | 9,020 |
| Advances to an associate, without interest or payment plan | 67,083 | 56,090 |
| | 71,716 | 67,110 |

## 7. INVESTMENTS

| | December 31, 2012 | June 30, 2012 |
|---|---|---|
| | $ | $ |
| Guaranteed investment certificate from a Canadian financial institution bearing interest varying between 1.30% and 1.45%, redeemable at any time with no penalty, maturing on May 8, 2013 | - | 300,610 |
| Listed shares | 104,725 | 89,765 |
| | 104,725 | 390,375 |

## 8. PROPERTY AND EQUIPMENT

| | Office furniture | Computer equipment | Leasehold improvements | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Gross carrying amount** | | | | |
| Balance at June 30, 2012 | 36,683 | 19,959 | 5,133 | 61,775 |
| Additions | - | - | - | - |
| Balance at December 31, 2012 | 36,683 | 19,959 | 5,133 | 61,775 |
| **Accumulated depreciation and impairment** | | | | |
| Balance at June 30, 2012 | 32,358 | 19,254 | 5,133 | 56,745 |
| Amortization | 451 | 105 | - | 556 |
| Balance at December 31, 2012 | 32,809 | 19,359 | 5,133 | 57,301 |
| **Carrying amount at December 31, 2012** | 3,874 | 600 | - | 4,474 |

All amortization expenses are presented in *Property and equipment amortization* of the statement of comprehensive loss.

(in Canadian dollars)

## 9. EXPLORATION AND EVALUATION ASSETS

Mining rights

| | At at June 30, 2012 | Additions | Write-off | As at December 31, 2012 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| (a) Aquilon | 30,346 | - | - | 30,346 |
| (b) Pontax | 245,153 | 1,166 | - | 246,319 |
| (c) Cheechoo & Sharks | 37,183 | - | - | 37,183 |
| (d) Kukames | 156,061 | - | - | 156,061 |
| (e) Upinor | 69,496 | - | (69,496) | - |
| (f) Hipo | - | 5,535 | - | 5,535 |
| | 538,239 | 6,701 | (69,496) | 475,444 |

*Exploration and evaluation expenses*

| | At June 30, 2012 | Additions | Write-off | Tax credit and credit on duties | As at December 31, 2012 |
|---|---|---|---|---|---|
| | $ | $ | $ | | $ |
| (a) Aquilon | 1,210,593 | 5,857 | - | (41,527) | 1,174,923 |
| (b) Pontax | 2,794,577 | 5,521 | - | (312,781) | 2,487,317 |
| (c) Cheechoo & Sharks | 185,109 | 1,008,116 | - | (411,269) | 781,956 |
| (d) Kukames | 478,985 | - | - | (24,914) | 454,071 |
| (e) Upinor | 266,132 | - | (266,132) | - | - |
| (f) Hipo | - | 2,385 | - | (1,012) | 1,373 |
| (g) Nasa | 86,939 | 11,445 | - | (4,972) | 93,412 |
| (h) AAA | 20,362 | 5,608 | - | (2,276) | 23,694 |
| Others | - | 51,873 | - | - | 51,873 |
| | 5,042,697 | 1,090,805 | (266,132) | (798,751) | 5,068,619 |
| **TOTAL** | 5,580,936 | 1,097,506 | (335,628) | (798,751) | 5,544,063 |

All write-off expenses are presented in *Write-off of exploration and evaluation assets* in the consolidated interim statement of comprehensive income.

During the period, the Company produced revised tax declarations following modifications in the laws regarding the declaration of tax credit relating to resources, thus increasing the income taxes receivable and decreasing Exploration and evaluation expenses.

### (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").

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

On October 22, 2010 (amended in 2012), the Company and Golden Tag signed an agreement in which Sirios is to pay $15,000 to Golden Tag (completed) at the signing of the agreement as well as to incur over $600,000 in expenditures on the property before June 15, 2013, 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) Pontax**

In 2005, the Company acquired, in a partnership with Dios Exploration Inc. ("Dios"), the Pontax property. This property is located in the James Bay area and totaled 144 claims.

In August 2012, Sirios and Dios cancelled their initial agreement in order to create two distinct properties with each company wholly-owning one property. The Pontax property, wholly-owned by Sirios, now consists of 128 claims including two main non-contiguous blocks of 74 and 15 claims. Morever, Sirios will keep exclusive rights on all substances other than diamonds on one claim held by Dios, and Dios will keep exclusive rights on diamonds on six claims held by Sirios.

**(c) Cheechoo & Sharks**

The Cheechoo project is composed 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 distincts blocks with two of them adjoining the Eleonore gold deposit owned by Goldcorp. It is located at 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).

On June 15, 2012, the Company signed an agreement with Golden Valley Mines Ltd. The agreement allows Sirios to increase its interest to 45% by undertaking fieldwork for a minimum of $800,000 by the end of 2012. Moreover, the completion of this program gives Sirios until June 15, 2013 the possibility to inform Golden Valley of its intent to acquire the total remaining 55% interest from Golden Valley. In that case, Sirios would have to pay or issue to Golden Valley the lesser of 9.9% of its share capital or $1M in cash or shares by December 31, 2013, and NSR relevant to gold mineral products varying between 2.5% and 4% depending on the price of gold as well as a 4% NSR from all mineral products mined. Sirios would also have to undertake $4.2M in exploration work and pay $500,000 in cash or in shares to Golden Valley over a period of three years.

**(d) Kukames**

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

**(e) Upinor**

The Upinor uranium property consists of 315 claims covering around 160 square km and is equally owned (50%) by the Company and Dios Exploration Inc. It is located at less than 30 km north of the Opinaca North project and at about 50 km south of the all-weather Trans-Taiga road, James Bay, Quebec. During the period, management wrote-off the mining rights and exploration and evaluation expenses for the Upinor property for the following reasons: Insignificant results following exploration fieldwork.

**(f) Hipo**

The Hipo property consists of 63 claims separated in three non-adjacent blocks located at around 50 km south of the LG-4 hydroelectric complex in James Bay, Quebec. The property is centered on a volcano-sedimentary belt that has undergone little or no exploration until now. It is held at 100% by the Company.

(in Canadian dollars)

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

### (g) et (h) 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 bv Sirios.

## 10. LEASES

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

| | Minimum lease payments due | | |
|---|---|---|---|
| | Within 1 year | 1 to 5 years | Total |
| December 31, 2012 | 15,760 | 6,567 | 22,327 |
| June 30, 2012 | 17,571 | 16,107 | 33,678 |

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

Lease payments recognized as an expense during the period amount to $7,200 ($10,989 on December 31, 2011). This amount consists of minimum lease payments. 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.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

On December 31, 2012, the Company holds a 29.88% voting and equity interest in Khalkos. The investment is accounted for using the equity method since January 2012. Khalkos has a reporting date of February 28. This date was chosen to allow the personnel to adequately meet filing deadlines, in order not to conflict with other administrative tasks at the same time of year. Shares of Khalkos are listed on the TSX Venture Exchange. On December 31, 2012, the fair value of the participation is amount to $171,967.

The aggregate amount of the associate can be summarized as follows:

| | December 31, 2012 |
|---|---|
| | $ |
| Assets | 2,999,796 |
| Liabilities | 279,304 |
| Profit/Loss | (81,751) |
| Profit/Loss attribuable to the Company | (24,427) |

The Company has not incurred any contingent liabilities or other commitments relating to its investments in this associate.

## 12. TRADE AND OTHER LIABILITIES

| | December 31, 2012 | June 30, 2012 |
|---|---|---|
| | $ | $ |
| Trade accounts | 968,399 | 178,863 |
| Other liabilities | 48,563 | 68,524 |
| | 1,016,962 | 247,387 |

(in Canadian dollars)

## 13. EQUITY

### 13.1 Share capital

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

**Authorized**

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

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

| | Number of shares Six-month period ended December 31 | |
|---|---|---|
| | 2012 | 2011 |
| Common shares issued and fully paid at beginning of the period | 121,726,758 | 118,726,758 |
| Consolidation of shares (a) | (104,337,246) | - |
| Private placements (b) | 458,174 | - |
| Flow-through private placements (b) | 1,253,255 | - |
| Reimbursement of the convertible debenture (c) | - | 3,000,000 |
| Common shares issued and fully paid at the end of the period | 19,100,941 | 121,726,758 |
| Preferred shares, Serie A | 100,000 | 100,000 |

(a) During a Special Meeting of shareholders held on October 12, 2012, shareholders of the Company approved the resolution allowing the consolidation of the common shares of the Company. The consolidation was made on the basis of one (1) new share of Sirios for each tranche of seven (7) common shares of Sirios previously held. The consolidation reduced the number of Sirios' common shares issued and outstanding.

(b) On November 23, 2012 and December 18, 2012, the Company completed a first and second closing of a private placement for a total of $243,000. It was composed of 235 Flow-Through Units and 8 Hard Cash Units. Each Flow-Through Unit, offered at $1,000, is composed of 5,333 flow-through common shares at $0.15 each, 1,666 common shares at $0.12 each and 1,666 warrants. Each Hard Cash Unit, offered at $1,000, is composed of 8,333 common shares at $0.12 each and 8,333 warrants. In total, 1,711,429 shares were issued (458,174 Common Shares and 1,253,255 Flow-Through Shares) as well as 458,174 warrants. Each warrant entitles its holder to subscribe for one common share at $0.18 per share for a period of 24 months after the closing date. There is a hold period of 4 months on all securities issued under this financing.

(c) On November 14, 2011, the Company reimbursed the convertible debenture by issuing $150,000 worth of shares. As specified in the original terms of the debenture, a total of 3,000,000 shares were issued at a price of $0.05 each, in addition to a cash payment of $9,074 for accrued interest.

(in Canadian dollars)

### 13.2 Warrants

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

| | December 31, 2012 | |
|---|---|---|
| | Number of warrants | Weighted average exercise price |
| | | $ |
| Balance, at beginning | 12,477,210 | 1,26 * |
| Consolidation of shares * | (10,694,752) | - |
| Issued | 458,174 | 0.18 |
| Balance, at the end | 1,782,458 | 1.04 |

During the period, the Company issued 458,174 warrants through a private placement. An amount of $22,909 was recorded in the contributed surplus. The fair value of the warrants of $0.05 was estimated using the Black-Scholes model and based on the following assumptions:

* Following the share capital consolidation, the number of warrants outstanding were reduced by a factor of seven, similarly to the common shares. The exercise price of pre-consolidation warrants, $0,18, was multiplied by seven to reflect the consolidation.

| | 2012 |
|---|---|
| Average share price at date of issuing | 0.10 $ |
| Risk-free interest average rate | 1.23% |
| Expected average life | 2 ans |
| Expected wheighted volatility | 131% |
| Expected dividend yield | 0 $ |
| Average exercise price at date of issuing | 0.18 $ |

The underlying expected volatility was determined by reference to historical data of the Company's shares over two years.

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

| | December 31, 2012 | |
|---|---|---|
| Expiration date | Number of warrants | Exercise price |
| | | $ |
| March 2013 | 604,623 | 1.26 |
| May 2013 | 127,359 | 1.26 |
| June 2013 | 1,050,476 | 1.26 |
| November 2014 | 279,897 | 0.18 |
| December 2014 | 178,277 | 0.18 |
| | 2,240,632 | 1.04 |

(in Canadian dollars)

## 14. EMPLOYEE REMUNERATION

### 14.1 Employee benefits expense

Employee benefits expense recognized for employee benefits are analysed below:

| | Three-month period ended December 31, | | Six-month period ended December 31, | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | $ | $ | $ | $ |
| Salaries and benefits | 38,193 | 81,213 | 64,927 | 187,763 |
| Share-based payments | 5,151 | 27,552 | 16,152 | 50,387 |
| | 43,344 | 108,765 | 81,079 | 238,150 |
| Less: salaries and share-based payments capitalized in Exploration and evaluation assets | (16,616) | (29,533) | (27,349) | (89,304) |
| Employee benefits expense | 26,728 | 79,232 | 53,730 | 148,846 |

### 14.2 Share-based payments

The Company has a share-based payments plan for eligible directors, employees and consultants. The maximum number of shares that can be issued pursuant to this plan is limited to 857,143 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, 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 the grant.

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

(in Canadian dollars)

**14.2 Share-based payments (cont'd)**

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

| | December 31, 2012 | |
|---|---|---|
| | Number of options | Weighted average exercise price |
| | | $ |
| Outstanding at beginning of the period | 4,999,000 | 0,78 * |
| Consolidation of shares * | (4,284,857) | |
| Outstanding at the end of the period | 714,143 | 0.78 |
| Exercisable, at the end of the period | 594,143 | 0.80 |

* Following the consolidation of the share capital, the number of options were reduced by a factor of seven. The exercise price of options granted before the consolidation, varying between $ 0,10 and $ 0,18, were multiplied by seven to reflect the consolidation.

The table below summarizes the information related to share options as at December 31, 2012:

| | Outstanding options | |
|---|---|---|
| Range of exercise price | Number of options | Remaining life (years) |
| From $0.70 to $1.26 | 714,143 | 2.59 |

No options were granted during the period ended December 31, 2012 (no options were granted during the period ended December 31, 2011).

In total, $16,152 of share-based payments were included, in employee benefits expense, in profit or loss for the period ended December 31, 2012 ($14,482 was recorded in profit or loss and $1,670 capitalized in exploration and evaluation assets) and credited to contributed surplus ($50,387 for the period ended December 31, 2011).

(in Canadian dollars)

## 15. FINANCIAL ASSETS AND LIABILITIES

### Categories of financial assets and liabilities

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

| | December 31, 2012 | | June 30, 2012 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| *Loans and receivables* | | | | |
| Cash | 52,268 | 52,268 | 156,892 | 156,892 |
| Guaranteed investment certificates | - | - | 300,610 | 300,610 |
| Other receivables | 71,716 | 71,716 | 67,110 | 67,110 |
| *Financial assets at fair value through profit or loss* | | | | |
| Listed shares | 104,725 | 104,725 | 89,765 | 89,765 |
| **Financial liabilities** | | | | |
| *Financial liabilities measured at amortized cost* | | | | |
| Trade accounts | 968,399 | 968,399 | 178,863 | 178,863 |

The carrying value of cash, guaranteed investment certificates, other receivables and trade accounts are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 4.7, of our annual financial statements for the period ended June 30, 2012, 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 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 date.

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.

Listed shares, in the consolidated statement of financial position on December 31, 2012 and June 30, 2012, are classified in Level 1. Their fair value was based on the market value at the date of the end of the reporting date.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. There have been no significant transfers between the levels in the period.

(in Canadian dollars)

## 16. FINANCE COST AND INCOME

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

| | Six-month period ended December 31, | |
|---|---|---|
| | 2012 | 2011 |
| | $ | $ |
| Loss (gain) from disposal of listed shares | 14,960 | 106,082 |
| | 14,960 | 106,082 |

Finance income can be analysed as follows for the periods presented:

| | Six-month period ended December 31, | |
|---|---|---|
| | 2012 | 2011 |
| | $ | $ |
| Interest income from cash | 145 | 5,006 |
| Interest income from guaranteed investment certificates | 798 | 863 |
| | 943 | 5,869 |

## 17. 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 outstanding during the period. In calculating the diluted loss per share, potential common shares such as share options, warrants and brokers' warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 14.2 and 13.2.

| | Three-month period ended December 31 | | Six-month period ended December 31 | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Loss for the period | (265,465) $ | (282,332) $ | (860,667) $ | (451,763) $ |
| Weighted average number of outstanding shares | 17,947,731 | 17,191,735 | 17,668,622 | 13,153,989 |
| Basic and diluted loss per share | (0.015) $ | (0.016) $ | (0.049) $ | (0.034) $ |

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.

## 18. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

| | Six-month period ended December 31, | |
|---|---|---|
| | 2012 | 2011 |
| | $ | $ |
| Other receivables | (4,606) | 11,475 |
| Good and services tax receivable | (81,151) | 24,889 |
| Prepaid expenses | 53,972 | (87,878) |
| Trade accounts | 111,664 | (618,383) |
| | 79,879 | (669,897) |

(in Canadian dollars)

## 19. RELATED PARTY TRANSACTIONS

The Company's related parties includes an associated company and its 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. During the period, there was no transaction with the associated company, other than advances described in Note 6. Transactions with key management personnel are described below.

### 19.1 Transactions with key management personnel

The Company's key management personnel are the President, the Chief Financial Officer and members of the Board of Directors. Key management personnel remuneration includes the following expenses:

| | Three-month period ended December 31, | | Six-month period ended December 31, | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | $ | $ | $ | $ |
| Salaries and benefits | 17,399 | 40,667 | 28,849 | 91,398 |
| Share-based payments | 4,219 | 4,666 | 13,223 | 12,856 |
| Total remuneration | 21,618 | 45,333 | 42,072 | 104,254 |

## 20. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

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

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

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is summarized in Note 13 and in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow through shares, the proceeds of which must be used for exploration activities. See all details in Notes 13.1 and 21.

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

No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

## 21. CONTINGENCIES AND COMMITMENTS

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

Moreover, tax rules regarding flow-through placements set deadlines for carrying out the exploration work which must be performed no later than the first of the following dates:

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

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors. Commitments to carry out exploration work that are not respected are subject to a combined tax rate of 30% (Canada and Quebec).

During the period ended December 31, 2012, the Company received $188,000 from flow-through placements ($0 on December 31, 2011) for which the Company renounced tax deductions on December 31, 2012. Management is required to fulfill its commitments within the stipulated deadline of one year from the renonciation date.

The product of unspent funding related to flow-through financings totals $186,521 ($1,087,658 on June 30, 2012). According to the fiscal legislations imposed restrictions, the Company has to dedicate these funds to the exploration of Canadian mining properties.

## 22. SUBSEQUENT EVENT

(a) On January 18, 2013, the Company has received the conditional approval of the Tsx Venture Exchange with respect to the amendment of its stock option plan. The principal amendments to the Plan are the following:

1. Increase of the number of shares reserved for issuance from 857,143 to 1,910,000;

2. Extension of the maximum period to exercise options from 5 to 10 years;

3. Elimination of the vesting provisions with respect to the exercise of options, except for persons performing investor relations activities; and

4. Extension of the period to exercise options following a retirement, a resignation or a termination of employment, such period being 12 months instead of 60 days.

(b) The Board of Directors has granted, on January 18, 2013, 1,175,000 stock options under its Stock Option Incentive Plan to directors, officers and employees at an exercise price of $0.24 per share. The options expire five years from the date of grant.