Management Interim Report for the six-month period ended December 31, 2012

Sirios Resources Inc.

TSX V: SOI

www.sirios.com

SIRIOS

SIRIOS RESOURCES INC.
MANAGEMENT INTERIM REPORT
FOR THE SIX-MONTH PERIOD
ENDED DECEMBER 31, 2012

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SIRIOS RESOURCES INC.
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This Management Discussion and Analysis is dated February 27, 2013 and provides an analysis of our financial results for the quarter ended December 31, 2012. 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 six-month period ended December 31, 2012 and the audited financial statements for the eight-month period ended February 29, 2012 and the twelve-month period ended June 30, 2011 and 2010. The interim financial statements for the period ended August 31, 2012 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.

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 Prospector's Award by the Quebec Prospectors Association.

On December 31, 2012, Sirios holds 5,393,931 shares of Khalkos, consisting of 29.88% of its share capital.

Common Shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange under symbol SOI. As of December 31, 2012, there are 19,100,941 ordinary shares issued and outstanding.

Sirios owns numerous high potential properties such as:

- CHEECHOO: (40%, increasing ownership to 45% and after, possible option to acquire 100%), gold project located in the vicinity of the Opinaca Mines (Goldcorp) Eleonore gold deposit;

- AQUILON: (40%, increasing ownership to 50%), hosting a high-grade gold vein system;

- AAA, generating exploration project over a 10,000 km^2 area;

- PONTAX: polymetallic project with high grade silver and gold;

- KUKAMES: gold project located in the vicinity of the Opinaca Mines (Goldcorp) Eleonore gold deposit.

SUMMARY OF THE ACTIVITIES FOR THE PERIOD

- Consolidation of the common shares of the Company, on the basis of one new share of the Company for each tranche of seven common shares previously issued and outstanding.

- Closing of a private placement for $243,000. A total of 1,711,429 common shares were issued as well as 458,174 warrants.

- Exploration and evaluation expenses of $648,784 were incurred mostly on a drilling program on the Cheechoo project ($144,548 in 2011-2012-Q2).

- Significant gold discovery on the Cheechoo project.

RESULTS OF OPERATION

Summary of exploration activities

The following table consists of the main exploration and evaluation expenses incurred by the Company on its properties during the period:

Property	Geology-prospecting $	Geo-chemistry, analysis $	Geophysics, line-cutting $	Transport, helicopter, lodging $	Drilling $	General expenses, drafting $	Total $
Aquilon	3,286	-	-	-	-	-	**3,286**
Cheechoo & Sharks	-	20,680	-	331,945	248,337	289	**601,250**
Pontax	3,522	2,001	-	-	-	-	**5,522**
AAA	-	-	5,608	-	-	-	**5,608**
33H05	2,385	-	-	-	-	-	**2,385**
Others	-	30,733	-	-	-	-	**30,733**
TOTAL	**9,192**	**53,414**	**5,608**	**331,944**	**248,337**	**289**	**648,784**

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.

PROJECTS

CHEECHOO project

The property consists of 242 claims of four distinct blocks, covering 126 km^2 in the 33B12 NTS sheet (218 claims in three blocks) and 33C09 NTS sheet (24 claims) and is located 320 km north of Matagami, in James Bay (Qc).

During the period, the Company received core assays results from its two first drill holes out of eight from its drilling campaign that was completed in November 2012. Other results were received and announced by press releases (ref: press releases from December 11 and 20, 2012, January 30, 2013 and February 12, 2013) announcing the results of the first four drill holes. As of the date of this report, results from seven of the eight holes were received.

For the drill hole #1, the results show, from the beginning of the hold, a continuous section of 45.8 metres yielding 0.50 g/t in gold including a section of 24 metres at 0.70 g/t. The drill hole yielded an average gold grade of 0.214 g/t over its entire length of 191.4 metres. Individual core sample grades reach up to 2.22 g/t Au, with samples lengths varying between 0.45 and 1.6 metres. Of all the core samples, five graded more than 1 g/t; 1.03 g/t Au over 1.1 m; 1.73 g/t Au over 1 m; 1.80 g/t Au over 1.2 m; 1.53 g/t Au over 1 m and 2.22 g/t Au over 1 m. The gold zone has a minimal width of 45.8 metres as the drilling started directly in the mineralized zone.

For the drill hole #2, in the second half of the hole, a 56.5 metres continuous section grading 0.59 g/t of gold including a 39.5 metres section grading 0.72 g/t. Individual grades vary from 0.05 g/t Au up to 5.2 g/t Au for samples whose length is between 0.9 and 1.5 metres. Of all these results, three values yielded greater than 1 g/t: 1.85 g/t Au over 1.5 m: 2.52 g/t Au over 1.5 m and 5.16 g/t Au over 1.5 m. The drill hole ends in the mineralized zone which is open at depth. Drill holes #1 and #2 are 266 metres apart.

For the drill hole #3, over the entire length of the hole, assays yielded a continuous section of 0.65 g/t in gold over 128.6 metres (weighted average) including a section of 1.09 g/t over 56 metres. For the 129 core samples, which all vary between 0.6 and 1.2 metres, three yielded high gold grade: 10.7 g/t over 0.6 m; 10.8 g/t over 1 m and 25.9 g/t over 1 m. There are another eight samples that yielded between 1.10 g/t and 3.92 g/t Au over 1 m each. Drill hole #3 starts and ends in the gold zone. Drill holes #1 and #2 are located at more than 285 metres and 377 metres respectively from hole #3.

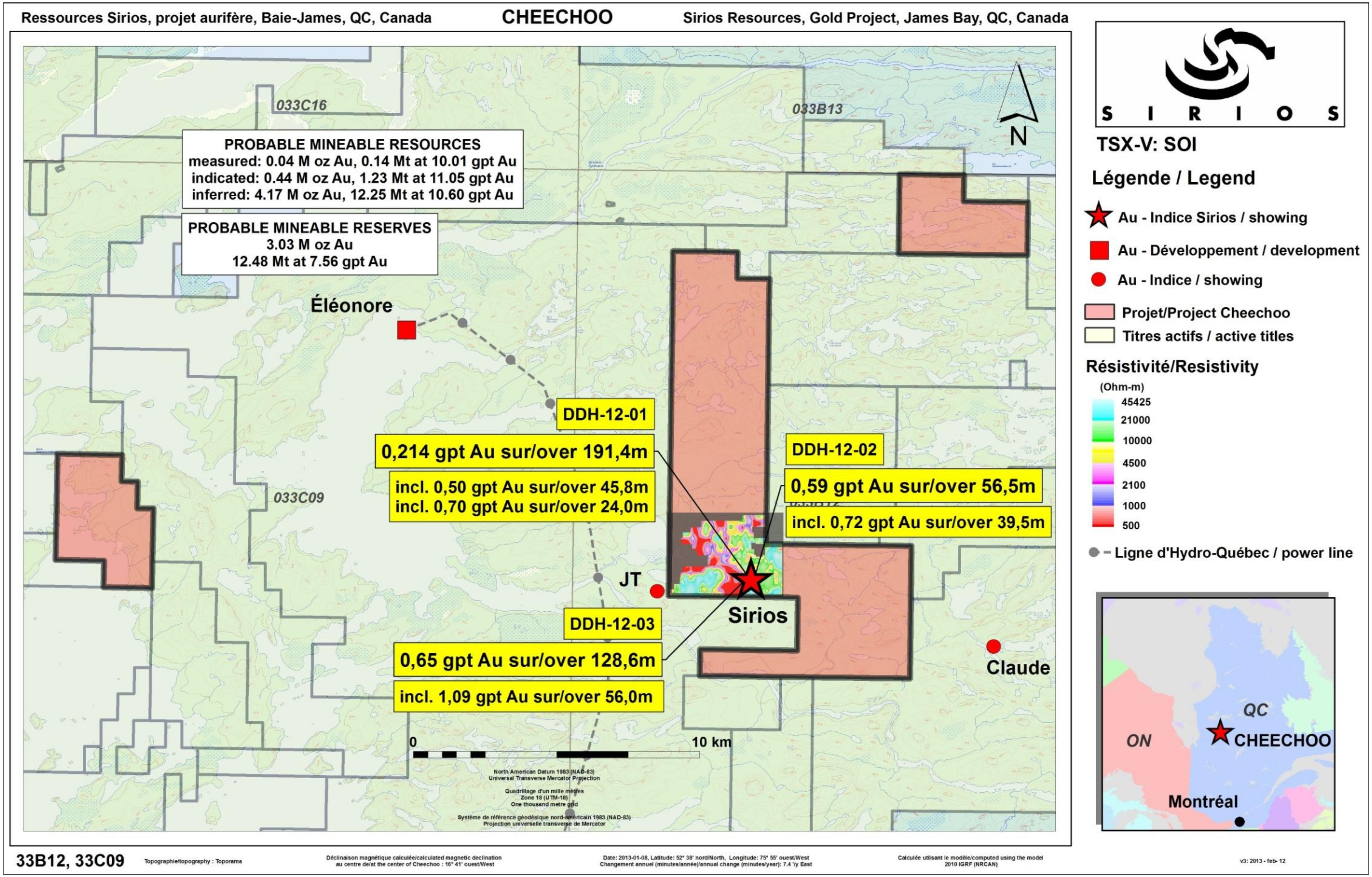
This table shows the assay results for the seven drill holes:

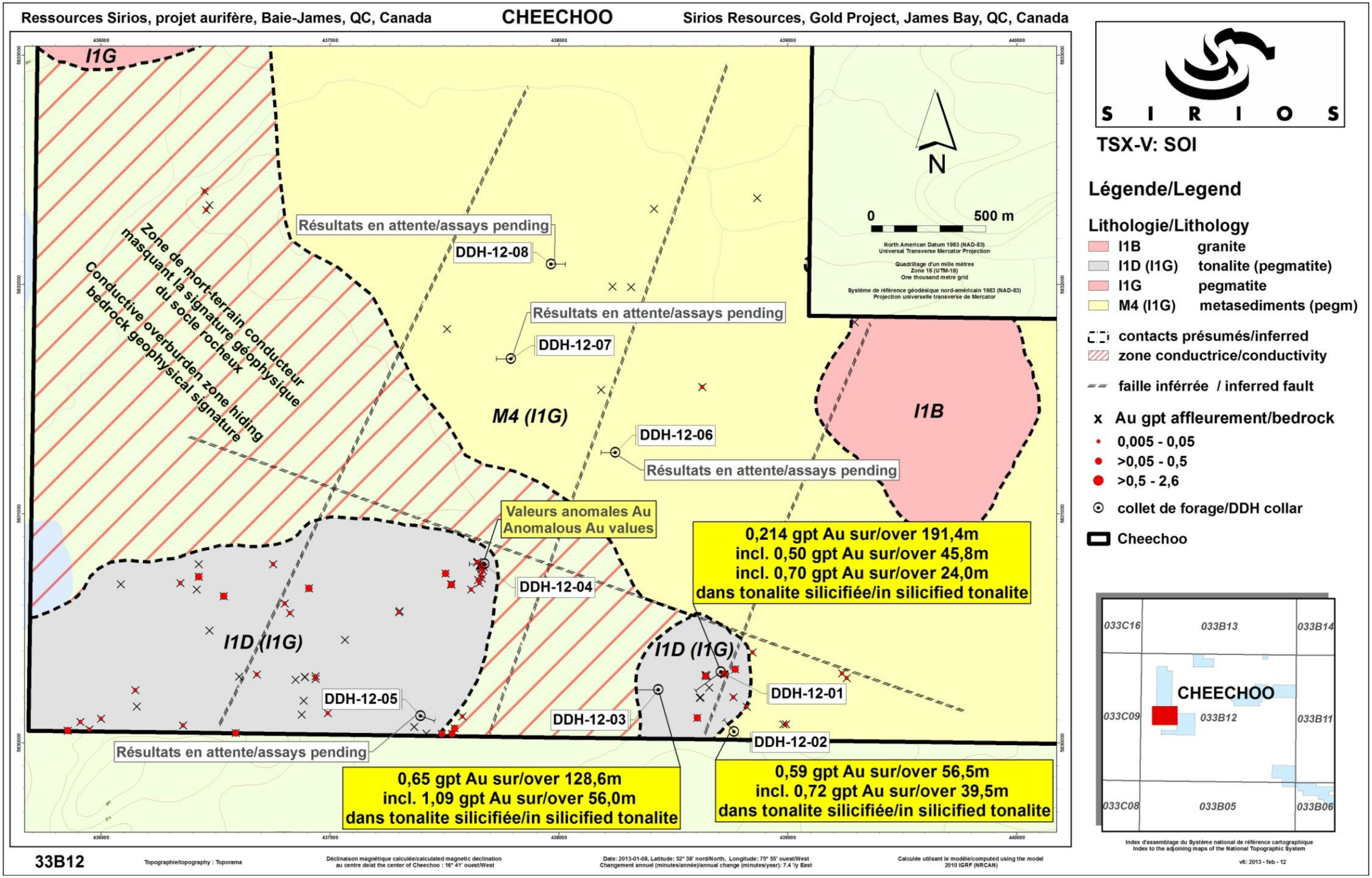
Drill hole # CH-919-12-	Collar position UTM Nad 83	Azimut (Degrees)	Plunge (Degrees)	From (m)	To (m)	Interval (m)	Au (g/t)
***03**	**438434E 5830232N**	**270°**	**45°**	**3.4**	**132.0 (EOH)**	**128.6**	**0.65**
			Incl.	**3.4**	**4.0**	**0.6**	**10.70**
			Incl.	**76.0**	**132.0**	**56.0**	**1.09**
			Incl.	**89.0**	**90.0**	**1.0**	**10.85**
			Incl.	**119.0**	**120.0**	**1.0**	**25.90**
***01**	**438708E 5830309N**	**234°**	**45°**	**3.6**	**195.0 (EOH)**	**191.4**	**0.21**
			Incl.	**3.6**	**49.4**	**45.8**	**0.50**
			Incl.	**18.0**	**42.0**	**24.0**	**0.70**
***02**	**438764E 5830049N**	**320°**	**45°**	**43.5**	**100.0 (EOH)**	**56.5**	**0.59**
			Incl.	**43.5**	**56.0**	**12.5**	**0.39**
			Incl.	**60.5**	**100.0**	**39.5**	**0.72**
***04**	**437675E 5830780N**	**270°**	**45°**	**2.8**	**102.0 (EOH)**	**-**	**An.**
				58.0	**64.0**	**6.0**	**0.17**
05	**437396E 5830117N**	**110°**	**50°**	**5.1**	**102.0 (EOH)**	**-**	**An.**
06	**438246E 5831267N**	**270°**	**50°**	**5.4**	**102.0 (EOH)**	**-**	**N.S**
07	**437790E 5831675N**	**270°**	**50°**	**4.0**	**102.0 (EOH)**	**-**	**N.S**

*results already published; **(EOH)**: End Of Hole; **An**: Numerous anomalous values; **N.S**: Not significant

Drill holes #1, #2 and #3 show a fine and weak dissemination of arsenopyrite and pyrrhotite over large widths in a silicified tonalite (granitic intrusive rock). Numerous small quartz veinlets occur in the tonalite. Drill holes #1 and #2 contain gold-bearing pegmatites, which are less common in hole #3. Hole #4 is located at more than 1 km from the delineated gold zone of the first three holes. Several anomalous gold grades varying between 0.02 g/t and 0.42 g/t occur in the hole, whereas fewer gold grades, varying between 0.01 g/t and 0.37 g/t occur randomly in hole #5. Drill holes #6 and #7, which yielded no significant results, are located in paragneiss at more than 1 km north of the gold-bearing tonalite area of holes #1, #2, and #3.

Sirios' directors believe that these drill results are extremely encouraging and additional exploration work with drilling is fully warranted on this new significant gold discovery.


Ressources Sirios, projet aurifère, Baie-James, QC, Canada
CHEECHOO
Sirios Resources, Gold Project, James Bay, QC, Canada
S I R I O S
TSX-V: SOI
Légende / Legend
Au - Indice Sirios / showing
Au - Développement / development
Au - Indice / showing
Projet/Project Cheechoo
Titres actifs / active titles
Résistivité/Resistivity
(Ohm-m)
45425
21000
10000
4500
2100
1000
500
Ligne d'Hydro-Québec / power line
QC
ON
CHEECHOO
Montréal
N
033C16
033B13
033C09
PROBABLE MINEABLE RESOURCES
measured: 0.04 M oz Au, 0.14 Mt at 10.01 gpt Au
indicated: 0.44 M oz Au, 1.23 Mt at 11.05 gpt Au
inferred: 4.17 M oz Au, 12.25 Mt at 10.60 gpt Au
PROBABLE MINEABLE RESERVES
3.03 M oz Au
12.48 Mt at 7.56 gpt Au
Éléonore
DDH-12-01
0,214 gpt Au sur/over 191,4m
incl. 0,50 gpt Au sur/over 45,8m
incl. 0,70 gpt Au sur/over 24,0m
DDH-12-02
0,59 gpt Au sur/over 56,5m
incl. 0,72 gpt Au sur/over 39,5m
JT
Sirios
DDH-12-03
0,65 gpt Au sur/over 128,6m
incl. 1,09 gpt Au sur/over 56,0m
Claude
0
10 km
North American Datum 1983 (NAD-83)
Universal Transverse Mercator Projection
Quadrillage d'un mille mètres
Zone 18 (UTM-18)
One thousand metre grid
Système de référence géodésique nord-américain 1983 (NAD-83)
Projection universelle transverse de Mercator
33B12, 33C09
Topographie/topography : Toporama
Déclinaison magnétique calculée/calculated magnetic declination
au centre de/at the center of Cheechoo : 16° 41' ouest/West
Date: 2013-01-08, Latitude: 52° 38' nord/North, Longitude: 75° 55' ouest/West
Changement annuel (minutes/année)/annual change (minutes/year): 7.4 '/y East
Calculée utilisant le modèle/computed using the model
2010 IGRF (NRCAN)
v3: 2013 - feb- 12


Ressources Sirios, projet aurifère, Baie-James, QC, Canada
CHEECHOO
Sirios Resources, Gold Project, James Bay, QC, Canada
SIRIOS
TSX-V: SOI
Légende/Legend
Lithologie/Lithology
I1B granite
I1D (I1G) tonalite (pegmatite)
I1G pegmatite
M4 (I1G) metasediments (pegm)
contacts présumés/inferred
zone conductrice/conductivity
faille inférrée / inferred fault
x Au gpt affleurement/bedrock
0,005 - 0,05
>0,05 - 0,5
>0,5 - 2,6
collet de forage/DDH collar
Cheechoo
N
0
500 m
North American Datum 1983 (NAD-83)
Universal Transverse Mercator Projection
Quadrillage d'un mille mètres
Zone 18 (UTM-18)
One thousand metre grid
Système de référence géodésique nord-américain 1983 (NAD-83)
Projection universelle transverse de Mercator
I1G
I1B
M4 (I1G)
I1D (I1G)
I1D (I1G)
Zone de mort-terrain conducteur masquant la signature géophysique du socle rocheux
Conductive overburden zone hiding bedrock geophysical signature
Résultats en attente/assays pending
DDH-12-08
Résultats en attente/assays pending
DDH-12-07
DDH-12-06
Résultats en attente/assays pending
Valeurs anomales Au
Anomalous Au values
DDH-12-04
0,214 gpt Au sur/over 191,4m
incl. 0,50 gpt Au sur/over 45,8m
incl. 0,70 gpt Au sur/over 24,0m
dans tonalite silicifiée/in silicified tonalite
DDH-12-01
DDH-12-05
DDH-12-03
DDH-12-02
Résultats en attente/assays pending
0,65 gpt Au sur/over 128,6m
incl. 1,09 gpt Au sur/over 56,0m
dans tonalite silicifiée/in silicified tonalite
0,59 gpt Au sur/over 56,5m
incl. 0,72 gpt Au sur/over 39,5m
dans tonalite silicifiée/in silicified tonalite
033C16
033B13
033B14
CHEECHOO
033C09
033B12
033B11
033C08
033B05
033B06
Index d'assemblage du Système national de référence cartographique
Index to the adjoining maps of the National Topographic System
v6: 2013 - feb - 12
33B12
Topographie/topography : Toporama
Déclinaison magnétique calculée/calculated magnetic declination au centre de/at the center of Cheechoo : 16° 41' ouest/West
Date: 2013-01-08, Latitude: 52° 38' nord/North, Longitude: 75° 55' ouest/West
Changement annuel (minutes/année)/annual change (minutes/year): 7.4 '/y East
Calculée utilisant le modèle/computed using the model 2010 IGRF (NRCAN)

PLANIFICATION – SUMMARY OF EXPLORATION PROGRAMS

PROPERTY	PLANNED WORK 2012-2013	BUDGET	NEXT STEP
CHEECHOO & SHARKS	Camp, line cutting, geophysics (I.P., Mag), diamond drilling	$800,000 to $1,000,000	Additional drilling
AQUILON	Permit requests, bulk sampling, drilling	To be determined with partner	To be determined depending on results
AAA	Remote-sensing surveying, translation, claim acquisition	$125,000	Partnership, regional geophysical, geochemical, geological surveys
TOTAL 2012-2013		$925,000 to $1,125,000	

SUMMARY OF FINANCIAL ACTIVITIES

The net loss of the Company is $265,465 for the 2012-2013-Q2 in comparison with a net loss of $282,332 for the 2011-2012-Q2. Even though the net loss decreased compared to the same quarter of last year, it is still considerably increased due to income taxes of section XII.6, which total $88,177.

General and Administrative expenses Analysis

General and Administrative expenses went from $351,550 for the 2011-2012-Q2 to $648,812 for the 2012-2013-Q2.

	2012-2013	2011-2012
General and Administrative expenses	**Six-month period ended December 31, 2012 $**	**Six-month period ended December 31, 2011 $**
Professional fees	**100,805**	71,753
Salaries and employee benefits expenses	**53,730**	148,846
Trustees, registration fees and shareholders relations	**37,888**	31,689
Insurance	**11,961**	3,956
Publicity, travel and promotion	**9,152**	51,729
Rent expenses	**7,200**	12,065
Office expenses	**2,146**	4,286
Interest and bank charges	**1,568**	26,623
Amortization of property and equipment	**557**	603
Income taxes of section XII.6	**88,177**	-
Write-off of exploration and evaluation assets	**335,628**	-
Total	**648,812**	**351,550**

Comparing the general and administrative expenses for the six-month periods ended December 31, 2012 and 2011, we see a decrease in *Salaries and employee benefits expense* because since January 2012, the Company shares its employees and offices with Khalkos, thereby reducing the expense for the Company's salaries and rent expenses.

We can also see a decrease in *Interest and bank charges*. It can be explained by the reimbursement of the convertible debenture in November 2011. The Company was only paying interest up until the period ended December 31, 2011.For the period ended December 31, 2011, the Company was still paying interests on it. For *Publicity, travel and promotion*, the decrease can be explained by the decision of the Company to reduce its participation in Gold shows, thereby reducing its administrative expenses.

The *Income Taxes of section XII.6* represent an income tax payable which is calculated on a monthly basis, on the amount of unspent exploration expenses which were renounced for tax deductions to investors the previous year. During the period, the Company revised its tax credits relating to resources of its tax declarations, thus increasing the income taxes receivable as well as *Income Taxes of section XII.6*.

SUMMARY OF QUARTERLY RESULTS

	2013		2012				2011	
	T2 $	**T1 $**	**T4 $**	**T3 $**	**T2 $**	**T1 $**	**T4 $**	**T3 $**
Other revenues and expenses	(61,390)	(219,373)	(143,517)	(283,057)	(87,908)	(12,305)	(39,741)	(21,807)
Net loss (Net gain)	265,465	595,202	295,189	515,897	282,332	170,051	422,461	136,531
Net loss (Net gain) per share	0.015	0.005	0.003	0.004	0.002	0.001	0.005	0.001

Other revenues and expenses consist mainly of changes in value of listed shares as well as interest income on cash of the Company. For 2012 and 2013, it also includes the devaluation of Khalkos' shares, as well as the Company's share of Khalkos' loss, which is recorded using the equity method.

In the last eight quarters, the quarterly net loss varies from $136,531 to $595,202.

During Q3-2011, Q2-2012, Q3-2012, Q4-2012 and Q1-2013, there is a variation in the value of the listed shares for an amount of $46,363, $92,822, $563,265, $729,706 and $217,550 respectively, which significantly reduce the revenue to a negative amount of $21,807, $87,908, $283,057, $526,787 and $219,373 respectively.

The net loss of $422,261 in the Q4-2011 can be explained by the write-off of the Cognac property, for an amount of $97,401 and an increase in the three following elements: *Salaries and employee benefits expense*, *Professional 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 the Company in Toronto, Calgary and Vancouver, which assisted in completing private placements during the same quarter.

The net loss during Q4-2012 can be explained by the write-off of the Baleine, Koala, Hipo properties and embryonic projects for a total amount of $402,637.

The net loss during Q1-2013 can be explained by the write-off of the Upinor property for an amount of $335,628.

WORKING CAPITAL AND CASH FLOW

The working capital, including cash held for exploration expenses, varies from an amount of $885,437 on June 30, 2012 to an amount of $544,710 on December 31, 2012. During the period, cash was used for exploration and administrative activities.

Management of Sirios evaluates that the amount of liquidity is low and continually 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.**

During the quarter, the Company consolidated its share capital on the basis of one new share of the Company for each tranche of seven common shares previously issued and outstanding.

As at December 31, 2012:

- 19,100,941 common shares were issued.
- 714,143 options were granted and 594,143 of which can be exercised, at prices between $0.70 and $1.26 between 2013 and 2017. Each option can be exchanged by its holder thereof for one common share of the Company.
- 2,240,632 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company.

<u>Variation in share capital as at February 27, 2013:</u>

Description	Number of shares	Amount $
As at June 30, 2012	121,726,758	18,972,281
Share consolidation	(104,337,246)	-
Private placement	458,174	45,817
Flow-Through private placement	1,253,255	125,325
As at December 31, 2012 and February 27, 2013	**19 100 941**	**19 143 423**

Options

Variation in outstanding options as at February 27, 2013:

Date	Number of options	Average exercise price ($)
As at June 30, 2012	4,999,000	0.78
Consolidation	(4,284,857)	-
As at December 31, 2012	714,143	0.78
Granted	1,175,000	0.24
Expired	(193,429)	1.26
As at February 27, 2013	**1,695,714**	**0.38**

The Board of Directors of Sirios 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 (5) years from the date of grant.

Options granted to employees, directors and officers and exercisable as at February 27, 2013:

Expiry date	Options granted	Options exercisable	Exercise price ($)
February 3, 2014	102,857	102,857	0.70
April 22, 2015	117,857	117,857	0.70
May 11, 2016	128,571	128,571	0.70
June 17, 2017	171,429	68,572	0.70
January 18, 2018	1,175,000	1,175,000	0.24
	1,695,714	**1,592,587**	**0.38**

Warrants

Date	Number of warrants	Average exercise price ($)
As at June 30, 2012	12,477,210	1.26
Consolidation	(10,694,751)	-
Private placement	458,174	0.18
As at December 31, 2012 and February 27, 2013	**2,240,633**	1.04

SUBSEQUENT EVENT

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

- increase of the number of shares reserved for issuance from 857,143 to 1,910,000;
- extension of the maximum period to exercise options from 5 to 10 years;
- elimination of the vesting provisions with respect to the exercise of options, except for persons performing investor relations activities; and
- 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.

On February 6, 2013, the Company announced its intention to undertake a non-brokered private placement with accredited investors. Directors, officers and employees may participate in this placement which consists of 2,727,273 units of the Company for gross proceeds totaling $600,000. The Unit price is $0.22 and each unit consists of one Common Share and one warrant. Each warrant will entitle its holder thereof to subscribe for one Common Share at $0.28 per share for a period of 12 months after the closing date of the private placement.

RELATED PARTY TRANSACTIONS

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

	Six-month period ended	
	December 31, 2012	**December 31, 2011**
Salaries and employee benefits expense	28,849	91,398
Share-based payments	13,223	12,856
	42,072	**104,254**

SUSTAINABLE DEVELOPMENT PRINCIPALES

The Prospectors and Developers Association of Canada (PDAC) 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 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.

- 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 principals of sustainable development.

Moreover, on February 7, 2012, the Company's Board of Directors signed a resolution with the following commitments about sustainable development governance:

- Concerning governance and responsible management, the Company must ensure:
  - That employees, of all levels, understand their social and environmental responsibilities, and that they work towards improving their workplace environment.
  - To plan, evaluate, and manage all its projects with rigor in order to minimize the negative effects on the environment and local communities.

- Maintaining an open dialogue is key to responsible management of projects on lands used by others. The Company must ensure:
  - To develop a proactive, open and transparent communication with local authorities (including Native communities), municipal authorities, as well as governmental organizations.
  - To develop a proactive communication with other parties involved from the region.

- Concerning health and safety, the Company must ensure:
  - To diligently apply the regulations, in terms of health and safety in all of its exploration activities.

- Concerning the environment, the Company must ensure:
  - To apply with diligence the environmental regulations in all of its exploration activities.

- Concerning socio-economic implications, the Company must ensure:
  - Whenever possible, to generate benefits on a local level and to contribute to the local development by constructively partnering with native and non-native communities in order to respectively consider the interests of all parties involved.

ACCOUNTING POLICIES

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.

Accounting Estimates

The preparation of consolidated 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 exploration and evaluation assets, future income taxes and stock-based compensation. Actual results may differ from those estimates.

Impairment of exploration and evaluation assets and property and equipment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses are 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-yielding 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.

No reversal of impairment losses has been recognized for the reporting periods. No impairment losses of the property and equipment have been recognized for the six-month period 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 thus pursue exploration activities on these 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 measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exit 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.

Off-balance sheet arrangements

The Company did not set up any off-balance sheet arrangements, as at December 31, 2012.

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.

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.

MANAGEMENT'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 International Financial Reporting Standards (IFRS). 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. February 27, 2013.

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