



## **SIRIOS RESOURCES INC.**

(an exploration company)

### **Consolidated Interim Financial Statement (unaudited)**

**MARCH 31, 2013**

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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 Statement of Comprehensive Income (unaudited)**

(in Canadian dollars)

	Notes	<b>March 31, 2013</b>	June 30, 2012
		\$	\$
<b>ASSETS</b>			
Current			
Cash		89,675	156,892
Other receivables	6	94,037	67,110
Investments	7	82,285	390,375
Good and services tax receivable		25,087	22,405
Tax credit and credit on duties receivable		1,166,850	437,774
Prepaid expenses		3,500	58,268
		<u>1,461,434</u>	<u>1,132,824</u>
Non-current			
Property and equipment	8	4,195	5,031
Exploration and evaluation assets	9	5,648,832	5,580,936
Investments accounted for using the equity method	11	225,907	468,634
<b>Total assets</b>		<u>7,340,368</u>	<u>7,187,425</u>
<b>LIABILITIES</b>			
Current			
Trade and other liabilities	12	913,095	247,387
<b>Total liabilities</b>		<u>913,095</u>	<u>247,387</u>
<b>EQUITY</b>			
Share capital	13.1	19,296,351	19,022,281
Contributed surplus		2,128,431	1,781,681
Deficit		(14,997,509)	(13,863,924)
<b>Total equity</b>		<u>6,427,273</u>	<u>6,940,038</u>
<b>Total liabilities and equity</b>		<u>7,340,368</u>	<u>7,187,425</u>

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 May 28, 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)

	Notes	Three-month period ended		Nine-month period ended	
		March 31,		March 31,	
		2013	2012	2013	2012
		\$	\$	\$	\$
<b>EXPENSES</b>					
Salaries and employee benefits expenses	14.1	241,742	38,904	295,472	133,802
Professional fees		24,738	11,285	125,543	83,039
Trustees, registration and shareholder relations		10,309	11,000	49,181	32,108
Publicity, travel and promotion		7,889	2,952	17,041	16,417
Rent expenses		3,260	3,325	10,460	14,314
Office expenses		2,380	1,472	4,604	5,628
Interest and bank charges		1,388	150	2,956	26,770
Property and equipment amortization		279	301	836	904
Income taxes of section XII.6		144	-	88,320	-
Insurance		(5,804)	2,397	6,157	6,353
Write-off of exploration and evaluation assets		-	-	335,628	-
<b>OPERATIONAL LOSS</b>		<b>286,325</b>	<b>71,786</b>	<b>936,198</b>	<b>319,335</b>
<b>OTHER REVENUES AND EXPENSES</b>					
Finance costs	16	(22,440)	(574,680)	(7,480)	(680,762)
Finance income	16	13	356	956	6,225
Gain sur distribution d'actions d'une filiale		-	316,078	-	316,078
Devaluation of ownership in equity-accounted investment		60,874	-	(163,748)	-
Share of loss from equity-accounted investment		(6,935)	(24,811)	(78,979)	(24,811)
		31,512	(283,057)	(249,251)	(383,270)
<b>LOSS BEFORE INCOME TAXES</b>		<b>(254,813)</b>	<b>(354,843)</b>	<b>(1,185,449)</b>	<b>(702,605)</b>
Deferred income taxes		16,213	(161,054)	85,137	(161,054)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>(238,600)</b>	<b>(515,897)</b>	<b>(1,100,312)</b>	<b>(863,659)</b>
<b>NET LOSS PER SHARE - basic and diluted</b>	17	<b>(0.01)</b>	<b>(0.004)</b>	<b>(0.06)</b>	<b>(0.007)</b>

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	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		-	-	-	(863,658)	(863,658)
Share-based payments		-	-	43,266	-	43,266
Non-controlling interest		-	-	-	201,658	201,658
Issuance cost of units		-	-	-	(1,503)	(1,503)
Reimbursement of the convertible debenture		150,000	(43,200)	43,200	-	150,000
Distribution of non-cash dividend in shares of the subsidiary		(1,338,994)	-	-	-	(1,338,994)
As at March 31, 2012		19,051,030	-	1,726,833	(13,513,828)	7,264,035
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		-	-	-	(1,100,312)	(1,100,312)
Share-based payments	14.2	-	-	253,168	-	253,168
Issuance cost of units		-	-	-	(33,273)	(33,273)
Units issued by private placements		148,746	-	74,007	-	222,753
Units issued by flow-through private placements		125,324	-	19,575	-	144,899
As at March 31, 2013		19,296,351	-	2,128,431	(14,997,509)	6,427,273

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

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

(in Canadian dollars)

	Notes	Nine-month period ended March 31,	
		2013	2012
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss		(1,100,312)	(863,658)
Adjustments			
Share-based payments		221,283	43,266
Interest on convertible debenture		-	6,698
Change in fair value of listed shares		7,480	669,347
Gain on the distribution of subsidiary's shares		-	(316,078)
Loss from disposal of listed shares		-	11,415
Devaluation of ownership in equity-accounted investment		163,748	-
Write-off of exploration and evaluation assets		335,628	-
Deferred income taxes		(85,137)	161,054
Amortization of property and equipment		836	904
Share of loss from equity-accounted investment		78,979	24,811
Changes in working capital items	18	130,395	(631,504)
Cash flows from operating activities		(247,100)	(893,745)
<b>INVESTING ACTIVITIES</b>			
Tax credits received		63,468	-
Purchase of shares of an associate		-	(250,000)
Disposal of placement		-	(25,142)
Disposal of listed shares		-	133,459
Disposal of guaranteed investment certificates		300,610	-
Additions to exploration and evaluation assets		(569,520)	(485,987)
Cash flows from investing activities		(205,442)	(627,670)
<b>FINANCING ACTIVITIES</b>			
Issuance of units by flow-through private placements and by private placements		418,600	-
Issuance cost of units		(33,275)	(1,503)
Cash flow from financing activities		385,325	(1,503)
<b>NET CHANGE IN CASH</b>		(67,217)	(1,522,918)
<b>CASH, BEGINNING OF THE PERIOD</b>		156,892	2,088,509
<b>CASH, END OF THE PERIOD</b>		89,675	565,591
<b>Cash operations</b>			
Received interest (through investing activities)		956	6,225
Interest paid (through financing activities)		2,393	10,985

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

**SIRIOS RESOURCES INC.** (an exploration company)  
**Notes to Consolidated Interim Financial Statement**  
**For the nine-month period ended March 31, 2013 (unaudited)**

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(in Canadian dollars)

**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% of Khalkos' common shares.

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 registered office and its principal place of business is 1000, St-Antoine Street West, Suite 711, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange.

**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 a cumulated retained deficit of \$14,997,509 (\$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 March 31, 2013, 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.

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

## **Notes to Consolidated Interim Financial Statement**

### **For the nine-month period ended March 31, 2013 (unaudited)**

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(in Canadian dollars)

#### **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 nine-month period ended March 31, 2013, there was a write-off of exploration and evaluation assets recognized in profit or loss, for an amount of \$335,628 for the Upinor property (\$0 for the period ended March 31, 2012). No impairment losses of the property and equipment has been recognized for the periods ended March 31, 2013 and 2012.

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 measurement of income tax expense**

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

#### **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%.

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

**SIRIOS RESOURCES INC.** (an exploration company)  
**Notes to Consolidated Interim Financial Statement**  
**For the nine-month period ended March 31, 2013 (unaudited)**

(in Canadian dollars)

**6. OTHER RECEIVABLES**

	March 31, 2013	June 30, 2012
	\$	\$
Advances to directors, without interest	-	2 000
Advances to a listed company, 1% monthly interest	4 373	9 020
Advances to an associate, without interest or payment plan	89 664	56 090
	<u>94 037</u>	<u>67 110</u>

**7. INVESTMENTS**

	March 31, 2013	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	82 285	89 765
	<u>82 285</u>	<u>390 375</u>

**8. PROPERTY AND EQUIPMENT**

	Office furniture	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$
<b>Gross carrying amount</b>				
Balance at June 30, 2012	36 683	19 959	5 133	61 775
Additions	-	-	-	-
Balance at March 31, 2013	<u>36 683</u>	<u>19 959</u>	<u>5 133</u>	<u>61 775</u>
<b>Accumulated depreciation and impairment</b>				
Balance at June 30, 2012	32 358	19 254	5 133	56 745
Amortization	677	158	-	835
Balance at March 31, 2013	<u>33 035</u>	<u>19 412</u>	<u>5 133</u>	<u>57 580</u>
<b>Carrying amount at March 31, 2013</b>	<u>3 648</u>	<u>547</u>	<u>-</u>	<u>4 195</u>

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



**SIRIOS RESOURCES INC.** (an exploration company)  
**Notes to Consolidated Interim Financial Statement**  
**For the nine-month period ended March 31, 2013 (unaudited)**

(in Canadian dollars)

**9. EXPLORATION AND EVALUATION ASSETS**

*Mining rights*

	At June 30, 2012	Additions	Write-off	As at March 31, 2013
	\$	\$	\$	\$
(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
	<u>538 239</u>	<u>6 701</u>	<u>(69 496)</u>	<u>475 444</u>

*Exploration and evaluation expenses*

	At June 30, 2012	Additions	Write-off	Tax credit and credit on duties	At March 31, 2013
	\$	\$	\$	\$	\$
(a) Aquilon	1 210 593	7 887	-	(41 415)	1 177 065
(b) Pontax	2 794 577	5 556	-	(311 226)	2 488 907
(c) Cheechoo & Sharks	185 109	1 076 920	-	(411 242)	850 787
(d) Kukames	478 985	2 523	-	(23 922)	457 586
(e) Upinor	266 132	-	(266 132)	-	-
(f) Hipo	-	2 400	-	(1 011)	1 389
(g) Nasa	86 939	14 809	-	(4 972)	96 776
(h) AAA	20 362	9 331	-	(2 276)	27 417
Others	-	73 461	-	-	73 461
	<u>5 042 697</u>	<u>1 192 887</u>	<u>(266 132)</u>	<u>(796 064)</u>	<u>5 173 388</u>
<b>TOTAL</b>	<u>5 580 936</u>	<u>1 199 588</u>	<u>(335 628)</u>	<u>(796 064)</u>	<u>5 648 832</u>

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 modified its estimates relative to the tax credits relating to resources and filed amended income tax declarations. This resulted in an increase in tax credits receivable and a decrease in 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").

**SIRIOS RESOURCES INC.** (an exploration company)  
**Notes to Consolidated Interim Financial Statement**  
**For the nine-month period ended March 31, 2013 (unaudited)**

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(in Canadian dollars)

**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 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. Moreover, 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 distinct 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. allowing Sirios to increase its interest to 45% by undertaking fieldwork for a minimum of \$800,000 by the end of 2012. 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 around \$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 following insignificant results after exploration fieldwork.

**SIRIOS RESOURCES INC.** (an exploration company)  
**Notes to Consolidated Interim Financial Statement**  
**For the nine-month period ended March 31, 2013 (unaudited)**

(in Canadian dollars)

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

**(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.

**(g) and (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 claims acquisition by 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
March 31, 2013	13 040	2 174	15 214
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 \$10,460 (\$14,314 on March 31, 2012). 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 March 31, 2013, the Company holds a 29.88% voting and equity interest in Khalkos. The investment is reported 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, under the symbol KAS. On March 31, 2013, the fair value of the participation is amount to \$225,907.

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

	March 31, 2013
	\$
Assets	3 060 285
Liabilities	340 861
Profit/Loss	(23 208)
Profit/Loss attributable to the Company	(6 935)

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

**SIRIOS RESOURCES INC.** (an exploration company)**Notes to Consolidated Interim Financial Statement****For the nine-month period ended March 31, 2013 (unaudited)**

(in Canadian dollars)

**12. TRADE AND OTHER LIABILITIES**

	March 31, 2013	June 30, 2012
	\$	\$
Trade accounts	878 760	178 863
Other liabilities	34 335	68 524
	<u>913 095</u>	<u>247 387</u>

**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 share without par value, voting, participating, dividend as declared by the Board of Directors.

Unlimited number of preferred shares, issuable in one or several series, composed of the number of shares, rights, liens, conditions and restrictions as determined before issuance by resolutions of directors of the Company, without par value. 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 Nine-month period ended March 31	
	2013	2012
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) (c)	1 256 355	-
Flow-through private placements (b)	1 253 255	-
Reimbursement of the convertible debenture (d)	-	3 000 000
Common shares issued and fully paid at the end of the period	<u>19 899 122</u>	<u>121 726 758</u>
Preferred shares, Serie A	<u>100 000</u>	<u>100 000</u>

(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 new share of Sirios for each tranche of seven 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.

# SIRIOS RESOURCES INC. (an exploration company)

## Notes to Consolidated Interim Financial Statement

### For the nine-month period ended March 31, 2013 (unaudited)

(in Canadian dollars)

#### 13.1 Share capital (cont'd)

- (c) On March 1st, 2013, the Company completed a closing of a non-brokered private placement with accredited investors, for a total of \$175,600. The Unit, offered at \$0.22, is composed of one Common share and one warrant. In total, 798,181 common shares were issued as well as the same amount of warrants. Each warrant entitles its holder 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.
- (d) 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.

#### 13.2 Warrants

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

	March 31, 2013	
	Number of warrants	Weighted average exercise price
		\$
Balance, at beginning	12 477 210	1.26 *
Consolidation of shares	(10 694 752)	-
Issued	1 256 355	0,24
Expired	(604 623)	-
Balance, at the end	<u>2 434 190</u>	<u>0,74</u>

\* 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.

During the period, the Company issued 1,256,355 warrants through two private placements (458,174 for the first and 798,181 for the second). An amount of \$94,248 was recorded in the contributed surplus. The fair value of the warrants of \$0.05 and \$0.13 was estimated using the Black-Scholes model and based on the following assumptions:

	2013	2012
Average share price at date of issuing	\$0.19	\$0.10
Risk-free interest average rate	1.23%	1.23%
Expected average life	1 an	2 ans
Expected weighted volatility	221%	131%
Expected dividend yield	\$0	\$0
Average exercise price at date of issuing	\$0.28	\$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:

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**13.2 Warrants (cont'd)**

	March 31, 2013	
	Number of warrants	Exercise price
		\$
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
March 2014	798 181	0,18
	<u>2 434 190</u>	<u>0,74</u>

**14. EMPLOYEE REMUNERATION**

**14.1 Employee benefits expense**

Employee benefits expense recognized for employee benefits are analysed below:

	Three-month period ended March 31,		Nine-month period ended March 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries and benefits	51 551	36 179	116 478	173 469
Share-based payments	237 016	7 640	253 168	43 267
	<u>288 567</u>	<u>43 819</u>	<u>369 646</u>	<u>216 736</u>
Less: salaries and share-based payments capitalized in Exploration and evaluation assets	(46 825)	(4 915)	(74 174)	(82 934)
Employee benefits expense	<u>241 742</u>	<u>38 904</u>	<u>295 472</u>	<u>133 802</u>

**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 1,910,000 common shares. The most important terms of the plan are as follows:

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

The options' term cannot exceed ten years. The option exercise price is established by the Board of directors and may not be lower than the market price of the common shares at the time of the grant.

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.

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

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

	March 31, 2013	
	Number of options	Weighted average exercise price \$
Outstanding at beginning of the period	4 999 000	0,78 *
Consolidation of shares *	(4 284 857)	-
Granted	1 175 000	0,24
Expired	(107 714)	(1,26)
Cancelled	(85 715)	0,70
Outstanding, at the end of the period	<u>1 695 714</u>	<u>0,38</u>
Exercisable, at the end of the period	<u>1 618 571</u>	<u>0,37</u>

\* 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 March 31, 2013:

Range of exercise price	Outstanding options	
	Number of options	Remaining life (years)
From \$0.05 to \$0.50	1 175 000	4,80
From \$0.51 to \$1.00	520 714	2,80
	<u>1 695 714</u>	

On January 18, 2013, the Company granted 1,175,000 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.

In total, \$253,168 of share-based payments were included in employee benefits expense, in profit or loss for the nine-month period ended March 31, 2013 (\$221,238 in profit or loss and \$31,885 capitalized in exploration and evaluation assets) and credited to contributed surplus (\$43,266 for the nine-month period ended March 31, 2012).

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**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:

	March 31, 2013		June 30, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
<i>Loans and receivables</i>				
Cash	89 675	89 675	156 892	156 892
Guaranteed investment certificates	-	-	300 610	300 610
Other receivables	94 037	94 037	67 110	67 110
<i>Financial assets at fair value through profit or loss</i>				
Listed shares	82 285	82 285	89 765	89 765
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortized cost</i>				
Trade accounts	878 760	878 760	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 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 reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

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

Listed shares, in the consolidated statement of financial position on March 31, 2013 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.



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**16. FINANCE COST AND INCOME**

Finance costs can be analysed as follows for the period presented:

	Nine-month period ended March 31,	
	2013	2012
	\$	\$
Change in fair value of listed shares	7 480	669 347
Loss (gain) from disposal of listed shares	-	11 415
	<u>7 480</u>	<u>680 762</u>

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

	Nine-month period ended March 31,	
	2013	2012
	\$	\$
Interest income from cash	158	1 220
Interest income from guaranteed investment certificates	798	5 006
	<u>956</u>	<u>6 226</u>

**17. LOSS PER SHARE**

The calculation of basis 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 Note 14.2 and 13.2.

	Three-month period ended March 31		Nine-month period ended March 31,	
	2013	2012	2013	2012
Loss for the period	(238 600) \$	(515 897) \$	(1 100 312) \$	(427 030) \$
Weighted average number of outstanding shares	19 946 494	121 726 758	18 229 397	92 254 179
Basic and diluted loss per share	(0,01) \$	(0,004) \$	(0,06) \$	(0,005) \$

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

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**18. ADDITIONAL INFORMATION - CASH FLOWS**

The changes in working capital items are detailed as follows:

	Nine-month period ended March 31,	
	2013	2012
	\$	\$
Other receivables	(26 927)	(36 225)
Good and services tax receivable	(2 682)	89 584
Prepaid expenses	54 768	(64 674)
Trade accounts	105 236	(620 190)
	<u>130 395</u>	<u>(631 505)</u>

**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 March 31,		Nine-month period ended March 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries and benefits	31 311	25 582	60 160	86 177
Share-based payments	186 656	2 778	199 879	15 575
Total remuneration	<u>217 967</u>	<u>28 360</u>	<u>260 039</u>	<u>101 752</u>

**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 the production or sale and cash flows, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under reviews 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.

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**20. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (cont'd)**

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).

The product of unspent funding related to flow-through financings totals \$126,696 (\$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 April 11, 2013, the Company incurred a series of four secured loans, with R&D Capital, totalling \$803,500. The loans are divided in two gross tranches, \$487,400 and \$316,100, bearing an annual interest rate of 20.4%, and are secured against assets, including Company's tax credits receivable. The first tranche was disbursed at signing whereas the second tranche will be disbursed once a portion of the first tranche is reimbursed. Interest is payable monthly in cash.
- (b) On May 14, 2013, the Company completed a first closing of a non brokered private placement announced on May 6, 2013. A total of 2,480,000 units were subscribed, at a price of \$0.10, each composed of one common share and one warrant, in addition to the 147,538 flow-through shares, at a price of \$0.13, for a total amount of \$267,180. Each warrant entitled its holder thereof to subscribe for one common share at \$0.18 per share for a period of 12 months after the closing date of the private placement.