



SIRIOS RESOURCES INC.

Consolidated Annual Financial Statements As at June 30, 2013 and 2012

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Independent Auditor's Report

To the Shareholders of
Sirios Resources Inc.

We have audited the accompanying consolidated financial statements of Sirios Resources Inc., which comprise the consolidated statements of financial position as at June 30, 2013 and 2012 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years ended June 30, 2013 and 2012 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sirius Resources Inc. as at June 30, 2013 and 2012 and its financial performance and its cash flows for the years ended June 30, 2013 and 2012 in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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Raymond Chabot Grant Thornton LLP

Val-d'Or
October 25 , 2013

SIRIOS RESOURCES INC.
Consolidated Statement of Financial Position

(in Canadian dollars)

	Notes	June 30, 2013 \$	June 30, 2012 \$
ASSETS			
Current			
Cash		207 974	156 892
Other receivables	6	140 306	67 110
Investments	7	71 065	390 375
Good and services tax receivable		14 477	22 405
Tax credits receivable		1 080 146	437 774
Prepaid expenses		72 160	58 268
		1 586 128	1 132 824
Non-current			
Property and equipment	8	3 917	5 031
Exploration and evaluation assets	9	4 943 982	5 580 936
Investments accounted for using the equity method	11	-	468 634
Total assets		6 534 027	7 187 425
LIABILITIES			
Current			
Trade and other payables		461 194	178 863
Provision	12	315 919	-
Other liabilities		55 605	68 524
Loans	13	437 003	-
Total liabilities		1 269 721	247 387
EQUITY			
Share capital	14	19 716 439	19 022 281
Contributed surplus		2 111 360	1 781 681
Deficit		(16 563 493)	(13 863 924)
Total equity		5 264 306	6 940 038
Total liabilities and equity		6 534 027	7 187 425

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

The consolidated financial statements were approved and authorized for issue by the Board of Directors on October 25, 2013

(signed) Dominique Doucet
 Dominique Doucet, President

(signed) Frederic Sahyouni
 Frederic Sahyouni, CFO

SIRIOS RESOURCES INC.
Consolidated Statement of Comprehensive Income

(in Canadian dollars)

	Notes	Years ended June 30,	
		2013	2012
		\$	\$
EXPENSES			
Salaries and employee benefits expenses	15.1	337 234	165 514
Publicity, travel and promotion		34 012	17 896
Trustees, registration and shareholder relations		54 224	33 663
Professional fees		107 445	92 916
Income taxes of section XII.6		107 883	2 064
Provision for compensation	12	315 919	-
Rent expenses		13 720	17 571
Insurance		8 083	9 944
Office expenses		7 133	6 489
Bank charges		10 230	13 516
Amortization of property and equipment		1 114	1 206
Write-off of exploration and evaluation assets		1 067 538	402 637
Exploration expenses		94 572	-
OPERATIONAL LOSS		2 159 107	763 416
OTHER REVENUES AND EXPENSES			
Finance costs	17	(80 928)	(161 471)
Finance income	17	4 184	7 232
Gain on distribution of subsidiary's shares		-	316 078
Devaluation of ownership in equity-accounted investment		(202 208)	(593 055)
Share of loss from equity-accounted investment		(275 527)	(95 571)
Adjustment of ownership in equity-accounted investment		9 101	-
		(545 378)	(526 787)
LOSS BEFORE INCOME TAXES		(2 704 485)	(1 290 203)
Deferred income taxes	19	90 333	26 734
NET LOSS AND COMPREHENSIVE LOSS		(2 614 152)	(1 263 469)
NET LOSS PER SHARE - basic and diluted	18	(0,14)	(0,01)

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

SIRIOS RESOURCES INC.
Consolidated Statement of Changes in Equity

(in Canadian dollars)

	Notes	Share capital	Shareholders' equity component of convertible debenture	Contributed surplus	Deficit	Total Equity
		\$	\$	\$	\$	\$
Balance at July 1st, 2011		20 179 695	31 580	1 729 596	(12 766 706)	9 174 165
Net loss and comprehensive loss		-	-	-	(1 263 469)	(1 263 469)
Share-based payments	15.2	-	-	52 085	-	52 085
Issuance cost of units		-	-	-	(6 003)	(6 003)
Reimbursement of convertible debenture	14	181 580	(31 580)	-	-	150 000
Distribution of non-cash dividend in shares of the subsidiary	11	(1 338 994)	-	-	-	(1 338 994)
Adjustment on shares issued of subsidiary	11	-	-	-	172 254	172 254
Balance at June 30, 2012		19 022 281	-	1 781 681	(13 863 924)	6 940 038
Balance at July 1st, 2012		19 022 281	-	1 781 681	(13 863 924)	6 940 038
Net loss and comprehensive loss		-	-	-	(2 614 152)	(2 614 152)
Share-based payments	15.2	-	-	254 470	-	254 470
Issuance cost of units		-	-	-	(81 196)	(81 196)
Brokers' warrants issued by flow-through private placements		-	-	4 221	(4 221)	-
Units issued by private placements	14	451 188	-	51 412	-	502 600
Units issued by flow-through private placements	14	242 970	-	19 576	-	262 546
Balance at June 30, 2013		19 716 439	-	2 111 360	(16 563 493)	5 264 306

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

SIRIOS RESOURCES INC.
Consolidated Statement of Cash Flows

(in Canadian dollars)

	Years ended June 30,	
	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Net loss	(2 614 152)	(1 263 469)
Adjustments		
Share-based payments	222 445	52 085
Share-based payments included in Exploration expenses	3 688	-
Provision for compensation	315 919	-
Amortization on fees related to term loans	34 306	-
Interest on convertible debenture	-	6 698
Change in fair value of listed shares	18 700	136 651
Gain on the distribution of subsidiary's shares	-	(316 078)
Loss from disposal of listed shares	-	11 415
Devaluation of ownership of equity-accounted investment	202 208	593 055
Write-off of exploration and evaluation assets	1 067 538	402 637
Deferred income taxes	(90 333)	(26 734)
Amortization of property and equipment	1 114	1 206
Share of loss from equity-accounted investment	275 527	95 571
Adjustment of ownership in equity-accounted investment	(9 101)	-
Changes in working capital items	55 889	(147 766)
Cash flows from operating activities	(516 252)	(454 729)
INVESTING ACTIVITIES		
Tax credits and credit on duties received	54 976	28 636
Purchase of shares of an associate	-	(250 000)
Purchase of listed shares	-	(7 431)
Disposal of listed shares	-	140 889
Purchase of guaranteed investment certificates	-	(1 660 610)
Disposal of guaranteed investment certificates	300 610	1 360 000
Additions to exploration and evaluation assets	(952 313)	(1 082 369)
Cash flows from investing activities	(596 727)	(1 470 885)
FINANCING ACTIVITIES		
Issuance of units by private placements and flow-through private placements	842 560	-
Loans	402 697	-
Issuance cost of units	(81 196)	(6 003)
Cash flows from financing activities	1 164 061	(6 003)
Net change in cash	51 082	(1 931 617)
Cash, beginning of year	156 892	2 088 509
Cash, end of year	207 974	156 892

For additional information on cash flows, see Note 20

Additional information

Interests paid from operating activities	27 922	-
Interests received from operating activities	4 184	7 232

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

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

1. NATURE OF OPERATIONS

Sirios Resources Inc. (the "Company" or "Sirios") is an exploration company and its activities are located in Canada. Until January 16, 2012, Sirios owned more than 50% of shares of Khalkos Exploration Inc. ("Khalkos") and after a share distribution, on January 27, 2012, the Company owned a little less than 30% of Khalkos' shares. On June 30, 2013, the Company owns a little more than 27%.

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.

2. GOING CONCERN ASSUMPTION

The consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at June 30, 2013, the Company has a deficit of \$16,563,493 (\$13,863,142 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 financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office is 1000, St-Antoine Street West, Suite 711, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange, under the symbol "SOI".

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Overall considerations

The significant accounting policies and measurement bases that have been applied in the preparation of these consolidated financial statements are summarized below.

4.2 Currency for operation and presentation

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

4.3 Investments in associates

The associate is an entity over which the Company is able to exert significant influence but which is not a subsidiary. The investments in an associate is accounted for using the equity method and is initially recognized at cost plus transaction costs.

The carrying amount of the investment in an associate is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

If the Company's share of losses of associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value adjusted for transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

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

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

4.3 Investments in associates (cont'd)

Financial assets and financial liabilities are measured subsequently as described below:

Classification and subsequent measurement of financial assets

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

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

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance cost or Finance income, except for impairment of other receivables which is presented in doubtful accounts, if applicable.

Loans and receivables

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

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets at fair value through profit or loss

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

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables (excluding salaries payable) and loans .

Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest-related charges are reported in profit or loss within Finance costs.

4.4 Basic and diluted loss per share

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

4.5 Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4.6 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

4.6 Exploration and evaluation expenditures and exploration and evaluation assets (cont'd)

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits and credits on duties related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-to-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.9); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4.9) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

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

4.7 Property and equipment

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost included all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Upon the transfer of exploration and evaluation assets to property and equipment under Mining assets under construction, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mining assets under construction. When development stage is completed, all assets included in the mining assets under construction category are then transferred to Mining assets.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The periods generally applicable are as follows:

	<u>Useful life</u>
Office furniture	10 years
Computer equipment	3 years
Leasehold improvements	3 years

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

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

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

4.8 Impairment of exploration and evaluation assets and property and equipment

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

4.8 Impairment of exploration and evaluation assets and property and equipment (cont'd)

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.9 Operating lease agreements

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

4.10 Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

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

4.11 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period or realization, provided they are enacted or substantively enacted by the end of the reporting period.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

4.11 Income taxes (cont'd)

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.12 Equity

Share capital

Share capital represents the amount received on the issue of shares. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Flow-through placements

Issuance of flow-through shares represents in substance an issue of ordinary shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between shares, warrants and other liabilities using the residual method. The proceeds are first allocated to shares according to the quoted price of shares at the time of issuance and to warrants measured at fair value, using the Black-Scholes model, at the time of issuance and the residual proceeds, if any, are allocated to other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Other elements of equity

Contributed surplus includes charges related to share options and warrants not exercised. When share options and warrants are exercised, the related compensation cost is transferred to share capital.

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

4.13 Equity-settled share-based payments

The Company operates equity-settle share-based payment plans for its eligible directors, employees and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

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(in Canadian dollars)

4.13 Equity-settled share-based payments (cont'd)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

4.14 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

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

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

IFRS 9, *Financial instruments*

The International Accounting Standards Board ("IASB") aims to replace IAS 39, *Financial Instruments: Recognition and Measurements* in its entirety. The replacement standards (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

Management has not yet assessed the impact of that this amendment is likely to have on the consolidated financial statements of the Company. However, management does not expect to implement IFRS 9 until all of its chapters have been published and it can comprehensively assess the impact to all changes.

IFRS 11, *Joint Arrangements*

IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* (IAS 31) and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 11 revises the categories of joint arrangement, and the criteria for classification into the categories (joint ventures or joint operations), with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement.

In addition, IAS 31's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that standard has been eliminated. IFRS 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

Management has concluded that this amendment has non impact on the consolidated financial statement of the Company.

IFRS 12, *Disclosure of Interests in Other Entities*

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

IFRS 13, *Evaluation of fair value*

IFRS 13 clarifies the definition of fair value and provides related guidance and enhances disclosure about fair value measurements. It does not affect the items that are required to be fair-valued.

The scope of IFRS 13 is broad and applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after January 1, 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

Management reviewed its valuation methodologies and the application of the new standard did not have any effect on the fair value measurement.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgment

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

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 (see Note 4.12).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of 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 assumptions in many cases (see Note 4.9).

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

In assessing impairment, the Group must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

See Note 9 for the exploration and evaluation assets impairment analysis.

The total impairment loss of the exploration and evaluation assets recognized in profit or loss amounts to \$1,067,538 for the year ended June 30, 2013 (\$402,637 for the year ended June 30, 2012). No reversal of impairment losses has been recognized for the reporting periods.

No testing for impairment was conducted on the Pontax property 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 this property during the year. Management judged that there was no testing for impairment required this year on this property, because despite 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 this property until the economic context improves and the Company can then pursue exploration activities on this property after raising additional capital.

Impairment of property and equipment

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 assumptions in many cases.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2013 and 2012, the Company did not recognize any impairment of property and equipment.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

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(in Canadian dollars)

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

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 (see Notes 14.2 and 15.2).

Provisions

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability and provisions involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty (see Note 12).

Tax credits receivable

The calculation of the Group's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods. See Note 4.6 for more information.

6. OTHER RECEIVABLES

	As at June 30, 2013	As at June 30, 2012
	\$	\$
Advances to directors, without interest	-	2 000
Advances to a listed company, 1% monthly interest	8 305	9 020
Advances to an associate, 1,5% monthly interest	132 001	56 090
	<u>140 306</u>	<u>67 110</u>

7. INVESTMENTS

	As at June 30, 2013	As at June 30, 2012
	\$	\$
Guaranteed investment certificate from a Canadian financial institution bearing interest varying between 1.30% and 1.45%	-	300 610
Listed shares	71 065	89 765
	<u>71 065</u>	<u>390 375</u>

8. PROPERTY AND EQUIPMENT

	Office furniture	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at June 30, 2013 and 2012	36 683	19 960	5 133	61 776
Accumulated depreciation				
Balance at June 30, 2012	32 358	19 254	5 133	56 745
Amortization	903	211	-	1 114
Balance at June 30, 2013	<u>33 261</u>	<u>19 465</u>	<u>5 133</u>	<u>57 859</u>
Carrying amount at June 30, 2013	<u>3 422</u>	<u>495</u>	<u>-</u>	<u>3 917</u>

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

8. PROPERTY AND EQUIPMENT (cont'd)

Gross carrying amount

Balance at June 30, 2012 and 2011	36 683	19 960	5 133	61 776
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Accumulated depreciation

Balance at June 30, 2011	31 455	18 951	5 133	55 539
Amortization	903	303	-	1 206
Balance at June 30, 2012	32 358	19 254	5 133	56 745

Carrying amount at June 30, 2012

4 325	706	-	5 031
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All amortization expenses are presented in Amortization of property and equipment of the statement of comprehensive loss.

9. EXPLORATION AND EVALUATION ASSETS

Mining rights

	As at June 30, 2012	Additions	Write-off	As at June 30, 2013
	\$	\$	\$	\$
(a) Aquilon	30 346	13 104	-	43 450
(c) Pontax	245 153	1 166	-	246 319
(e) Cheechoo & Sharks	37 183	1 251	-	38 434
(f) Kukames (1)	156 061	1 260	(157 321)	-
(h) Upinor (1)	69 496	-	(69 496)	-
(m) Hipo	-	5 535	-	5 535
	538 239	22 316	(226 817)	333 738

Exploration and evaluation expenses

	As at June 30, 2012	Additions	Write-off	Tax credits and credit on duties	As at June 30, 2013
	\$	\$	\$	\$	\$
(a) Aquilon	1 210 593	11 629	-	(32 830)	1 189 392
(c) Pontax	2 794 577	2 035	-	(223 443)	2 573 169
(e) Cheechoo & Sharks	185 109	1 087 015	-	(426 005)	846 119
(f) Kukames (1)	478 985	2 327	(467 288)	(14 024)	-
(h) Upinor (1)	266 132	-	(266 132)	-	-
(k) Nasa (1)	86 939	-	(86 939)	-	-
(l) AAA (1)	20 362	-	(20 362)	-	-
(m) Hipo	-	2 610	-	(1 046)	1 564
	5 042 697	1 105 616	(840 721)	(697 348)	4 610 244
TOTAL	5 580 936	1 127 932	(1 067 538)	(697 348)	4 943 982

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

Mining rights

	As at June 30, 2011	Additions	Disposal	Write-off	As at June 30, 2012
	\$	\$	\$	\$	\$
(a) Aquilon	30 346	-	-	-	30 346
(b) Tilly	91 998	-	(91 998)	-	-
(c) Pontax	238 683	6 470	-	-	245 153
(d) Murdoch	120 144	-	(120 144)	-	-
(e) Cheechoo & Sharks	37 146	37	-	-	37 183
(f) Kukames	155 077	984	-	-	156 061
(g) Pontax-Lithium	2 802	-	(2 802)	-	-
(h) Upinor	62 731	6 765	-	-	69 496
(i) Baleine (1)	16 290	-	-	(16 290)	-
(j) Koala (1)	11 640	-	-	(11 640)	-
(m) Hipo (1)	-	7 749	-	(7 749)	-
	<u>766 857</u>	<u>22 005</u>	<u>(214 944)</u>	<u>(35 679)</u>	<u>538 239</u>

Exploration and evaluation expenses

	As at June 30, 2011	Additions	Disposal	Write-off	Tax credits and credit on duties	As at June 30, 2012
	\$	\$	\$	\$	\$	\$
(a) Aquilon	1 184 581	40 749	-	-	(14 737)	1 210 593
(b) Tilly	1 150 074	-	(1 150 074)	-	-	-
(c) Pontax	2 753 621	64 753	-	-	(23 797)	2 794 577
(d) Murdoch	249 680	-	(249 680)	-	-	-
(e) Cheechoo & Sharks	132 811	82 672	-	-	(30 374)	185 109
(f) Kukames	478 985	-	-	-	-	478 985
(g) Pontax-Lithium	118 083	-	(118 083)	-	-	-
(h) Upinor	266 132	-	-	-	-	266 132
(i) Baleine (1)	74 879	180 898	-	(185 679)	(70 098)	-
(j) Koala (1)	5 054	41 611	-	(30 540)	(16 125)	-
(k) Nasa (1)	57 635	47 844	-	-	(18 540)	86 939
(l) AAA	10 054	16 831	-	-	(6 523)	20 362
(m) Hipo (1)	-	153 653	-	(94 112)	(59 541)	-
Others (1)	-	85 353	-	(56 627)	(28 726)	-
	<u>6 481 589</u>	<u>714 364</u>	<u>(1 517 837)</u>	<u>(366 958)</u>	<u>(268 461)</u>	<u>5 042 697</u>
	<u>7 248 446</u>	<u>736 369</u>	<u>(1 732 781)</u>	<u>(402 637)</u>	<u>(268 461)</u>	<u>5 580 936</u>

(1) During the period, management wrote-off the mining rights and exploration and evaluation expenses for the Kukames, Upinor, Nasa and AAA properties (Baleine, Koala, Hipo and Others as 2012) for the following reasons: Abandonment of mining rights and/or insignificant results following exploration fieldwork.

All write-off expenses are presented in Write-off of exploration and evaluation assets in the consolidated 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 for an amount of \$255,105.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

As at June 30, 2013 and 2012

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Aquilon

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

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

On October 22, 2010 (amended in 2012 and 2013), 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, 2014, in order to increase the ownership of the Company in the property from 40% to 50%. Golden Tag will remain operator of the future 50/50 joint venture and retain a casting vote in all management decisions.

(b) Tilly

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

The property is host to a major polymetallic hydrothermal system Mo-Cu (Ag-Au-Bi) into an Archean tonalitic complex.

On October 7, 2011, the Company signed an agreement with an associate company, to transfer this property in exchange of 6,210,360 shares, for a value of \$1,242,072.

(c) 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 in Quebec.

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 89 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.

(d) Murdoch

The Murdoch copper-nickel property is located 150 km south of Kuujjuaq and 230 km north of Schefferville (Qc). The property consist of 169 claims covering 80 square km and is held at 50% by the Company and 50% by Freewest Resources Canada Inc.

On October 7, 2011, the Company signed an agreement with an associate company, to transfer this property in exchange of 1,849,120 shares, for a value of \$369,824.

(e) Cheechoo & Sharks

The Cheechoo project is comprised of the Cheechoo and Sharks gold properties and is own by the Company (45%) and Golden Valley Mines Ltd. (55%). 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 (achieved). The completion of this program gived Sirios until June 15, 2013 the possibility to inform Golden Valley of its intent to acquire the total remaining 55% interest from Golden Valley (informed). 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.

(f) Kukames

This gold property, owned at 100 % by the Company, consists of 14 claims covering approximately 30 square km. It is located approximately 25 km southeast of the Eleonore gold deposit owned by Goldcorp Inc.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

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9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(g) Pontax-Lithium

In 2005, the Company acquired, in a partnership with Dios, the Pontax property. Following a lithium discovery, in 2009, the company formed a new property by subdivided around 89 claims specific to lithium, equally held with Dios, with Sirios as the operator.

On October 7, 2011, the Company signed an agreement with an associate company, to transfer this property in exchange of 604,425 shares, for a value of \$120,885.

(h) 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.

(i) Baleine

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

(j) Koala

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

(k) et (l) Nasa et AAA

The Nasa and AAA projects are conceptual projects in areas that have barely been explored, if not explored at all, in James Bay, Quebec. They are incubators for new future projects and will eventually be subject to claim acquisition by Sirios.

(m) Hipo

The Hipo property consists of 108 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.

10. LEASES

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

	Minimum lease payments due		
	Whithin 1 year	1 to 5 years	Total
	\$	\$	\$
June 30, 2013	11 946	-	11 946
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 \$13,720 (\$17,571 on June 30, 2012). This amount consists of minimum lease payments.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

On June 30, 2013, the Company holds a 27.03% (29.88% on June 30, 2012) voting and equity interest in Khalkos, a mining exploration and evaluation company located in Quebec. 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 June 30, 2013, the fair value of the participation is amount to \$242,727 (\$512,423 on June 30, 2012).

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

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

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(in Canadian dollars)

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (cont'd)

	As at June 30, 2013	As at June 30, 2012
	\$	\$
Current assets	40 551	608 989
Non-current assets	1 802 385	2 378 068
Current liabilities	392 534	202 539
Net profit/loss and other comprehensive income	(1 520 806)	(663 314)

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

The loss attributable to the Company, that was not recorded, for the year is amount to \$135,547.

Ownership dilution

During the period ended on June 30, 2013, Khalkos issued shares to acquire properties. This issuance decreased the Company's ownership from 29.88% to 27.03%.

During the period ending June 30, 2012, Khalkos issued shares as part of its Initial Public Offering as well as for acquisition of mining properties. These issuances resulted in the decrease of the Company's ownership of Khalkos from 100% to 63.59%. On January 16, 2012, the Company announced the distribution of 6,086,338 common shares of its subsidiary, Khalkos, to its shareholders registered as at January 25, 2012. Each shareholder of Sirios received one share of its subsidiary for each 20 common shares held of the Company. A total amount of \$1,338,994 representing the fair value of the shares was deducted from the Company's share capital as reduction of the stated capital. The carrying value of the distributed shares was \$1,022,916 and an amount of \$316,078 was recorded in the consolidated statement of comprehensive income as gain on the distribution of subsidiary's shares. The distribution resulted in the decrease of Sirios' ownership of Khalkos down to 29.88%.

12. PROVISIONS

The full amount of the provision is current. The carrying amount may be analyzed as follows:

	Provision for compensation
	\$
Carrying amount as at June 30, 2012	-
Additional provision	315 919
Carrying amount at June 30, 2013	315 919

Following flow-through financing agreements entered into with subscribers in 2009, the Company committed to incur \$1,000,000 in Canadian Exploration Expenses ("CEE") before December 31, 2009. At the date, the Company incurred an amount of \$536,403. Consequently, an approximately balance of \$463,597 in exploration expenses renounced to investors has not been incurred in CEE as of December 31, 2009. Amended renunciation forms was filed with tax authorities and will consequently mean that new notice of assessment will be sent to subscribers for taxation year 2009. In this respect, the Company recorded on June 30, 2013, a \$164,901 provision for compensation and an expense for the same amount was recorded in earnings. As at June 30, 2013, the Company also provided a \$18,778 for interest payable which was recorded in earnings as provision for compensation. Finally, the Company recorded, at the same date, a \$46,746 provision in the statement of comprehensive loss as Parts XII.6 income taxes payable relating to the exploration expenses renounced and not incurred as at June 30, 2013.

Following flow-through financing agreements entered into with subscribers in 2011, the Company committed to incur \$1,512,000 in Canadian Exploration Expenses ("CEE") before December 31, 2012. At the date, the Company incurred an amount of \$1,143,357. Consequently, an approximately balance of \$368,643 in exploration expenses renounced to investors has not been incurred in CEE as of December 31, 2012. Amended renunciation forms was filed with tax authorities and will consequently mean that new notice of assessment will be sent to subscribers for taxation year 2012. In this respect, the Company recorded on June 30, 2013, a \$131,096 provision for compensation and an expense for the same amount was recorded in earnings. As at June 30, 2013, the Company also provided a \$1,144 for interest payable which was recorded in earnings as provision for compensation. Finally, the Company recorded, at the same date, a \$37,172 provision in the statement of comprehensive loss as Parts XII.6 income taxes payable relating to the exploration expenses renounced and not incurred as at June 30, 2013.

SIRIOS RESOURCES INC.

Notes to Consolidated Financial Statements

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(in Canadian dollars)

13. LOANS

On April 11, 2013, the Company closed a total of \$487,400 in secured loans with R&D Capital (the "Lenders"). The loans bear an interest rate of 20.4% per annum (effective rate of 61.67% per annum). The loans will mature on October 11, 2013 (the "Maturity Date"), unless repaid or redeemed earlier in accordance with the terms and conditions of the loans.

The loans were guaranteed by movable hypothecs on the universality of assets including specific claims relating to the tax credits receivable.

The Company agreed to pay the Lenders structuring fees and fees at an intermediate equal to 5% and 10% of the loans for \$24,370 and \$48,848 respectively. The Company also incurred \$6,586 legal fees relating to the loans and \$4,900 of opening fees relating to those loans. Total expenses for \$84,704 were recorded against the loans and will be amortized over a period up to the Maturity Date. If the loans are repaid earlier, the unamortized portion of expenses will be amortized in full at that time.

14. EQUITY

14.1 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

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.

Prior to the consolidation, the Company had 121,726,758 common shares, 12,477,210 warrants and 4,999,000 options outstanding. The exercise price and the number of common shares issuable under any of the Company's outstanding warrants and the stock options were proportionately adjusted upon the consolidation. After the consolidation, the Company had 17,389,512 common shares, 1,782,458 warrants and 714,143 options outstanding. The Company's common shares began trading on a consolidated basis on October 18, 2012. Thus, during the year and the comparative year, all information on common shares, earnings per share, warrants and stock purchase options have been adjusted to reflect this change.

	Number of shares	
	June 30	
	2013	2012
Common shares issued and fully paid at beginning of the period	17 389 536	16 960 965
Rounding due to the consolidation of shares	(24)	-
Private placements (a) (b) (c)	4 054 845	-
Flow-through private placements (a) (c)	2 452 148	-
Reimbursement of the convertible debenture (d)	-	428 571
Common shares issued and fully paid at the end of the period	<u>23 896 505</u>	<u>17 389 536</u>
Preferred shares, Serie A	<u>100 000</u>	<u>100 000</u>

All the informations presented in the above table, including the comparative balances and excluding preferred shares, were adjusted to reflect the impact of the consolidation.

(a) 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 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.

An amount of \$22,242, related to warrants, was recorded as an increase in contributed surplus. An amount of \$50,948, related to the liability component, was recorded in other liabilities, in the consolidated statement of financial position.

Also, the Company issued 84,413 brokers' warrants, at a price of \$0.18. 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.

SIRIOS RESOURCES INC.

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14.1 Share capital (cont'd)

(b) 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. There is a hold period of 4 months on all securities issued under this financing.

An amount of \$23,946, related to warrants, was recorded as an increase in contributed surplus.

(c) On May 14, May 29 and June 19, 2013, the Company completed three closings of a private placement for a total of \$423,960. The Hard Cash Unit, offered at \$0.10, is composed of one common share and one warrant. The Flow-Through Unit, offered at \$0.13, is composed of one flow-through common share. In total, 3,997,383 shares were issued (3,190,000 common shares and 807,383 flow-through shares) as well as 3,190,000 warrants. Each warrant entitles its holder to subscribe for one common share at \$0.18 per share for a period of 12 months after the closing date.

An amount of \$24,800, related to warrants, was recorded as an increase in contributed surplus. An amount of \$26,466, related to the liability component, was recorded in other liabilities, in the consolidated statement of financial position.

(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.

(e) An amount of \$50,000 was subscribed at issuance, for 100,000 preferred shares, at a price of \$0.50 each share.

14.2 Warrants

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

	June 30, 2013		June 30, 2012	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance, beginning of period	1 782 458	1,26	2 269 430	0,98
Granted	4 530 768	0,19	-	-
Expired	(1 782 458)	(1,26)	(486 972)	(1,05)
Balance, end of period	<u>4 530 768</u>	<u>0,19</u>	<u>1 782 458</u>	<u>1,26</u>

All the informations presented in the above above, including the comparative balances, were adjusted to reflect the impact of the consolidation.

The weighted average exercise price at beginning was \$1.26 after the consolidation (\$0.18 before the consolidation).

During the period, the Company granted 4,446,355 warrants through three private placements (458,174 for the first, 798,181 for the second and 3,190,000 for the third one). An amount of \$70,988 was recorded in the contributed surplus. Also, during the period, the Company granted 84,413 brokers' warrants and an amount of \$4,421 was recorded in issuance cost of units. When granted, the fair value of the brokers' warrants, based on the fair value measured indirectly, by reference to the fair value of the equity instruments granted, the fair value of services received cannot be estimated reliably. The fair value was recorded as an increase of the contributed surplus and the deficit.

The weighted average fair value of the warrants and brokers' warrants granted with the flow-through financings of \$0.08 was estimated, on the date of grant, using the Black-Scholes model and based on the following weighted average assumptions:

	2013
Average share price at the date of issuing	\$0.11
Risk-free interest average rate	1.07%
Expected average life	1.12 year
Expected weighted volatility	219%
Expected dividend yield	0%
Average exercise price at the date of issuing	\$0.19

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the warrants.

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14.2 Warrants (cont'd)

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

Expiration date	June 30, 2013		June 30, 2012	
	Number of warrants	Exercise price \$	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	323 730	0,18	-	-
December 2014	218 857	0,18	-	-
March 2014	798 181	0,28	-	-
May 2014	3 190 000	0,18	-	-
	<u>4 530 768</u>		<u>1 782 458</u>	

All the informations presented in the above table, including the comparative balances, were adjusted to reflect the impact of the consolidation.

15. EMPLOYEE REMUNERATION

15.1 Salaries and employee benefits expenses

Salaries and employee benefits expenses recognized are analyzed below:

	June 30, 2013 \$	June 30, 2012 \$
Salaries and benefits	162 847	203 965
Share-based payments	254 470	52 085
	<u>417 317</u>	<u>256 050</u>
Less: salaries and share-based payments capitalized in Exploration and evaluation assets or presented in Exploration expenses	<u>(80 083)</u>	<u>(90 536)</u>
Salaries and employee benefits expense	<u>337 234</u>	<u>165 514</u>

15.2 Share-based payments

The Company has a share-based payments plan for eligible directors, officers, employees and consultants. The maximum number of shares that can be issued pursuant to this plan is limited to 1,910,000 common shares (6,000,000 common shares before the consolidation or 857,143 common shares after the consolidation in 2012). The most important terms of the plan are as follows:

- i) the maximum number of shares that can be reserved for a beneficiary is limited to 5% of issued and outstanding shares;
- ii) the maximum number of shares that can be reserved for a consultant during any 12 months period is limited to 2% of issued and outstanding shares;
- iii) the maximum number of shares that can be reserved for a supplier of investor's relation services during any 12 months period is limited to 2% of issued and outstanding shares; moreover, the options granted may be exercised by steps over a period of 12 months after the grant, at the rate of 25% per quarter;
- iv) the options granted to directors, officers, employees and consultant may be exercised entirely at the date of the grant (options could have been exercised by steps over a period of 18 months at the rate of 15% per quarter and 10% at the date of the grant in 2012).

The options' term cannot exceed ten years (fives years in 2012) after the grant. The option exercise price is established by the Board of directors and may no 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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15.2 Share-based payments (cont'd)

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

	June 30, 2013		June 30, 2012	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, at the beginning of the period	714 143	0,78	638 714	1,15
Granted	1 175 000	0,24	200 000	0,70
Expired	(107 714)	(1,26)	(124 571)	2,52
Cancelled	(85 715)	(0,70)	-	-
Outstanding, at the end of the period	<u>1 695 714</u>	<u>0,38</u>	<u>714 143</u>	<u>0,78</u>
Exercisable, at the end of the period	<u>1 644 285</u>	<u>0,37</u>	<u>489 143</u>	<u>0,84</u>

All the informations presented in the above table, including the comparative balances, were adjusted to reflect the impact of the consolidation.

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 and can be exercise immediately.

On June 18, 2012, the Company granted 200,000 options (1,400,000 options before the consolidation) to officers and employees, at an exercise price of \$0.70 (\$0.10 before the consolidation) per share. The options expire five years from the date of grant, are vested quarterly over a 18-month period and are subject to the required four months hold period following the grant.

The table below summarizes the information related to outstanding share options as at June 30, 2013 and 2012:

Range of exercise price \$	June 30, 2013		June 30, 2012	
	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
From \$0.05 to \$0.50	1 175 000	4,55	-	-
From \$0.51 to \$1.00	<u>520 714</u>	<u>2,54</u>	<u>714 143</u>	<u>3,09</u>
	<u>1 695 714</u>		<u>714 143</u>	

The weighted average fair value of stock options granted is \$0.20 each (\$0.07 (\$0.01 before consolidation) for the period ended June 30, 2012) and was estimated using the Black-Scholes model and based on the following weighted average assumptions

	2013	2012
Average share price at the date of issuing	\$0.24	\$0.21
Risk-free interest average rate	0%	0%
Expected average life	5 years	5 years
Expected weighted volatility	119%	98%
Expected dividend yield	1.18%	1.02%
Average exercise price at the date of issuing	\$0.24	\$0.70

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, \$254,470 of share-based payments (all of which related to equity-settled share-based payments transactions) were recorded (\$226,133 in profit or loss, \$222,445 which were include in salaries and employee benefits expenses and \$3,688 in exploration expenses, and \$28,337 capitalized in exploration and evaluation assets) for the period ended June 30, 2013 (\$52,085 in profit or loss for the period ended June 30, 2012) and credited to contributed surplus.

SIRIOS RESOURCES INC.

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16. FAIR VALUE MEASUREMENT

16.1 Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the assets or liabilities.

The fair value of the listed shares have been estimated by reference of their quoted prices at the reporting date.

Shares in listed shares measured at fair value in the consolidated statement of financial situation on June 30, 2013 and 2012, are classified in Level 1.

16.2 Financial instruments measured at amortized cost for which the fair value is disclosed

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

17. FINANCE COSTS AND INCOME

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

	June 30, 2013	June 30, 2012
	\$	\$
Interests on loans	27 922	-
Amortization of fees related to loans	34 306	-
Interests on convertible debenture	-	13 405
Change in fair value of listed shares	18 700	136 651
Loss from disposal of listed shares	-	11 415
	<u>80 928</u>	<u>161 471</u>

Finance income can be analyzed as follows for the reporting periods presented:

	June 30, 2013	June 30, 2012
	\$	\$
Interests income from cash	213	1 617
Interests income from guaranteed investment certificates	798	5 615
Interests income from other receivables	3 173	-
	<u>4 184</u>	<u>7 232</u>

18. LOSS PER SHARE

In calculating the diluted loss per share, dilutive potential ordinary shares such as share options and 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 15.2.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2013 and 2012.

	June 30, 2013	June 30, 2012
Net loss	(2 614 152) \$	(1 263 469) \$
Weighted average number of shares ⁽¹⁾	19 112 860	17 231 457
Basic and diluted loss per share	(0,14) \$	(0,07) \$

(1) All the informations presented in the aboce table, including the comparative balances, were adjusted to reflect the impact of the consolidation.

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19. INCOME TAXES

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive income can be reconciled as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.90% in 2013 and 27.65% in 2012	(727 506)	(364 872)
Adjustements for the following items:		
Income tax rate variation	-	7 389
Tax effect of issuance of flow-through shares	118 213	63 651
Reversal of the other liabilities attributable to issuance of flow-through shares	(90 333)	(26 734)
Temporary difference unrecognized	456 895	190 882
Share-based payments	60 830	14 402
Variation of non-deductible fair value (non-taxable)	2 515	20 470
Fiscal effect from deconsolidation of the subsidiary	-	62 783
Other non-deductible expenses	89 053	5 294
	<u>(90 333)</u>	<u>(26 735)</u>

The effective tax rate in 2013 was lower than the effective tax rate in 2012 because of a change in the federal tax rate that came into effect on January 1, 2013.

Major components of tax expense

	<u>2013</u>	<u>2012</u>
	\$	\$
Inception and reversal of temporary differences	(513 734)	(263 212)
Changes in tax rates	-	7 389
Tax effect of issuance of flow-through shares	118 213	63 651
Reversal of the other liabilities attributable to issuance of flow-through shares	(90 333)	(26 734)
Prior period adjustments	(61 374)	1 289
Temporary difference unrecognized	456 895	190 882
	<u>(90 333)</u>	<u>(26 735)</u>

Deferred tax assets and liabilities and variation of recognized amounts during the period

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	<u>Balance at July</u>	<u>Recognized in</u>	<u>Balance at June</u>
	1st, 2012	profit or loss	30, 2013
	\$	\$	\$
Amounts recognized			
Exploration and evaluation assets	(226 628)	121 901	(104 727)
Unused tax credits receivable	(31 947)	(50 174)	(82 121)
Unused non-capital losses	258 575	(71 727)	186 848
Recognized deferred income tax assets and liabilities	-	-	-
Reversal of the other liabilities attributable to issuance of flow-through shares		90 333	
Variation of deferred income tax in profit or loss		<u>90 333</u>	

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19. INCOME TAXES (cont'd)

	Balance at July 1st, 2012	Recognized in profit or loss	Balance at June 30, 2013
	\$	\$	\$
Amounts recognized			
Exploration and evaluation assets	(309 909)	83 281	(226 628)
Debenture	(1 802)	1 802	-
Unused tax credits receivable	(11 857)	(20 090)	(31 947)
Issuance costs of units	(5 351)	5 351	-
Unused non-capital losses	328 919	(70 344)	258 575
Recognized deferred income tax assets and liabilities	-	-	-
Reversal of the other liabilities attributable to issuance of flow-through shares		26 734	
Variation of deferred income tax in profit or loss		26 734	
	June 30, 2013	June 30, 2012	
	Federal	Provincial	Federal
	\$	\$	\$
Deductible temporary differences unrecognized			
Exploration and evaluation assets	-	2 315 412	-
Property and equipment	62 849	62 849	61 105
Listed shares	57 872	57 872	97 043
Issuance costs of units	193 888	193 888	196 155
Investments accounted for using the equity method	519 079	519 079	284 762
Non-capital losses	2 561 782	2 530 245	2 342 327
	<u>3 395 470</u>	<u>5 679 345</u>	<u>1 777 447</u>
			<u>3 805 591</u>

The Company has non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax assets has been recorded in the consolidated statement of financial position, that can be carried over the following years:

	Federal	Provincial
	\$	\$
2028	374 172	350 614
2029	481 934	477 700
2030	479 082	478 222
2031	615 861	614 166
2033	610 733	609 543
	<u>2 561 782</u>	<u>2 530 245</u>

The Company has investment tax credit to receive for an amount of \$295,397 that are not recognized. Those credits can be applied to reduce federal income tax and expired between 2023 and 2033.

The Company has resource tax credit to receive for an amount of \$258,948 that are not recognized. Those credits can be applied to reduce provincial income tax and expired between 2014 and 2018.

20. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	Reporting period ended June 30,	
	2013	2012
	\$	\$
Other receivables	(73 196)	(48 670)
Good and services tax receivable	7 928	67 179
Prepaid expenses	(13 892)	(34 831)
Trade and other payables	135 049	(131 444)
	<u>55 889</u>	<u>(147 766)</u>

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20. ADDITIONAL INFORMATION - CASH FLOWS (cont'd)

Non-monetary operation in the consolidated statement of financial position are as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Listed shares received in payment for the disposal of exploration and evaluation assets	-	1 732 781
Tax credits and credit on duties receivable credited to exploration and evaluation assets	697 348	265 119
Trade credited to exploration and evaluation assets	302 718	155 436
Brokers' warrants	4 221	-
Share-based payments included in exploration and evaluation assets	28 337	-
Distribution of subsidiary's shares to the Company's shareholders	-	1 022 916

21. RELATED PARTY TRANSACTIONS

The Company's related parties includes an associated company and its key management personnel. 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 describe at Note 6. Transactions with key management personnel are described below.

21.1 Transactions with key management personnel

The Company's key management are the president, the chief financial officer and members of the Board of directors. Key management remuneration includes the following expenses:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
	\$	\$
Salaries and benefits	92 098	97 990
Share-based payments	200 948	41 566
Total remuneration	<u>293 046</u>	<u>139 556</u>

22. 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 flows, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of 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 14.1 and 24.

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.

23. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 16. The main types of risks the Company is exposed to are market risk, credit risk and liquidity risk.

The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets.

The most significant financial risks to which the Company is exposed are described below.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following two types of market risk: interest rate risk and other price risk.

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23.1 Market risk (cont'd)

Interest rate risk sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

As at June 30, 2013, advances to a listed company and loans were at fixed interest rates.

Interest rate movements may affect the fair value of the fixed interest financial assets. Because these financial assets are recognized at amortized cost the fair value variation has no impact on profit or loss.

Other price risk sensitivity

The Company is exposed to fluctuations in the market prices of its listed shares. The fair value of the listed shares represents the maximum exposure to price risk.

If the quoted stock price for these listed shares had changed by $\pm 20\%$ as at June 30, 2013 and 2012, other comprehensive income and equity would have changed by \$14,213 (\$17,953 in 2012).

23.2 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	June 30, 2013	June 30, 2012
	\$	\$
Cash	207 974	156 892
Guaranteed investment certificates	-	300 610
Other receivables	140 306	67 110
Carrying amounts	<u>348 280</u>	<u>524 612</u>

Other accounts receivables are mainly advances to an associate company and to a listed company, therefore, the exposure to credit risk for the Company's receivables is considered immaterial. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

No allowance for credit losses was recognized at June 30, 2013 and 2012.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

23.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

During the period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private, flow-through financings and loans.

Trade and other payables for an amount of \$777,113, have contractual maturities of less than 3 months on June 30, 2013 (\$178,863 on June 30, 2012). Loans for an amount of \$437,003, have a contractual maturities of less than 6 months on June 30, 2013 (nil on June 30, 2012).

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash and tax credits receivable. Cash and tax credits receivable exceed the current cash outflow requirements.

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24. 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 engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier 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 could have a negative tax impact for investors.

During the period ended June 30, 2013, the Company received amounts of \$188,000 and \$104,960 from flow-through placement (nil on June 30, 2012) for which the Company renounced tax deductions on December 31, 2012 and December 31, 2013 respectively. Management is required to fulfill its commitments within the stipulated deadline of one year from the renunciation date.

The product of unspent funding related to flow-through financings totals \$221,521 (\$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.

25. SUBSEQUENT EVENTS

On July 4, 2013, the Company completed the closing of a private placement. A total amount of \$88,000 was subscribed and is composed of 880,000 units at \$0.10 each including one common share and one warrant. Each warrant entitles its holder to subscribe to one common share at \$0.18 per share for a period of 12 months after the closing date. An amount of \$17,600 related to warrants was recorded as an increase in contributed surplus.

On October 16, 2013, the Company completed a first closing of a private placement. A total amount of \$192,000 was subscribed and was composed of 1,712,500 units at \$0.08 each including one common share and one warrant, for an amount of \$137,000, as well as 550,000 flow-through share at \$0.10 totalising \$55,000. In total of 2,262,500 shares were issued as well as 1,712,500 warrants. Each warrant entitles its holder to subscribe for one common share at \$0.12 per share for a period of 12 months after the closing date. An amount of \$11,000 related to the liability component, was recorded in trade and other liabilities, in the consolidated statement of financial position. No amount was recorded related to warrants. A director of the Company participated in the placement for an amount of \$32,400.