Annual Management Discussion and Analysis for 2012-2013

Sirios Resources Inc.

TSX V: SOI
www.sirios.com

SIRIOS RESOURCES INC.
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

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This Management Discussion and Analysis date October 25, 2013 and provides an analysis of our financial results for the year ended June 30, 2013. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited financial statements for the year ended June 30, 2013 and the audited financial statements for the year ended June 30, 2012.

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

Moreover, these annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and in accordance with accounting policies that the Company proposes to adopt for the financial statements of the year ending June 30, 2013. These accounting policies are based on International Financing Reporting Standards which, according to the Company, will thus be in force.

CORPORATE PROFILE AND MISSION

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

On June 30, 2013, Sirios holds 5,393,931 shares of Khalkos Exploration Inc. ("Khalkos") consisting of 27.03% of its share capital.

Common Shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange under symbol SOI. On June 30, 2013, there are 23,896,505 ordinary shares issued and outstanding.

Sirios owns numerous high potential properties such as:

- CHEECHOO (45%, increasing ownership to 100%), new significant gold discovery in the vicinity of the Opinaca Mines (Goldcorp) Eleonore gold deposit;
- AQUILON (40%, increasing ownership to 50%), hosting a high grade gold vein system;
- AAA, generating exploration project over a 10,000 km^2 area ;
- PONTAX, polymetallic project with high grade silver and gold;

SUMMARY OF THE ACTIVITIES FOR THE YEAR

- Significant gold discovery on the Cheechoo project, following the first drilling campaign, by Sirios.
- Closing of three private placements for a total of $842,560. A total of 6,506,993 shares and flow-through shares were issued.
- Consolidation of the common shares of the Company, on the basis of one new share of the Company for each tranche of seven common shares previously issued and outstanding.
- Using and clearing four secured term loans for a maximum total of $803,500.
- Exploration and evaluation expenses of $1,105,616 were incurred, mostly on the Cheechoo property.

RESULTS OF OPERATION

Summary of exploration activities

The following table depicts the main exploration and evaluation expenses incurred by the Company on its properties during the year:

Properties	Geology-prospecting $	Geochemistry, analysis $	Geophysics, line-cutting $	Transport, helicopter, lodging $	Drilling $	General expenses, drafting $	Total $
Aquilon	9,080	-	-	-	-	2,549	11,629
Pontax	2,001	-	-	-	-	34	2,035
Cheechoo & Sharks	38,951	35,509	185,003	564,691	250,885	11,976	1,087,015
Kukames	2,219	-	-	-	-	108	2,327
Hipo	2,595	-	-	-	-	15	2,610
Total	**54,846**	**35,509**	**185,003**	**564,691**	**250,885**	**14,682**	**1,105,616**

The technical data included in the following text have been revised by Dominique Doucet, Engineer and President of Sirios. He is a qualified person, as defined by National Instrument 43-101.

PROJECTS

CHEECHOO PROJECT

The Cheechoo project is comprised of the Cheechoo and Sharks gold properties held by the Company (45%) and Golden Valley Mines Ltd. ("Golden Valley") (55%). The claims are located adjacently to the east of the Eleonore gold property of Opinaca Mines Ltd. (a subsidiary of Goldcorp Inc.), approximately 13 km east of the discovery area, and 320 km north of Matagami, in James Bay, Quebec. The future Eleonore gold mine, currently under construction, should be starting production around the end of 2014. This mine is considered one of the most important underground gold mines in North America. The Cheechoo and Sharks properties consist of 242 claims covering 126 km^2 in the 33B12 NTS sheet (218 claims) and 33C09 NTS sheet (24 claims).

In June 2012, the Company signed an agreement with Golden Valley that triggered an exploration program of a minimum of $800,000. The agreement allowed Sirios to increase its interest from 40% to 45% by undertaking fieldwork for a minimum of $800,000 by the end of 2012. The completion of this program gave Sirios, in June 2013, the option to inform Golden Valley of its intent to acquire the total remaining 55% interest from Golden Valley. In that case, Sirios would have to pay or issue to Golden Valley the lesser between 9.9% of its share capital or $1M in cash or shares, before December 31, 2013. Sirios would also have to undertake

$3,888,440 in exploration work (after amounts already incurred by Sirios as at June 13, 2013) and pay $500,000 in cash or in shares to Golden Valley on or before June 13, 2016.

Should Sirios acquire full ownership of the project, Golden Valley would keep a net return royalty relevant to gold mineral products varying between 2.5% and 4% depending on the price of gold as well as a 4% of the net returns from all mineral products mined or removed from the Cheechoo project. The net return royalty for the gold mineral would be 3% if the price of gold happens to be between $1,200 and $2,400 for an ounce.

Between June and October 2012, line cutting and geophysical survey, induced polarization and surface magnetometric were performed on a region of around 12 km^2 which is now being drilled. The region is located around 10 km south-east of the future Eleonore gold mine.

Drilling program of 2012

A total of eight diamond drill holes of NQ caliber were completed for a total of 938 metres during the first diamond drilling campaign on November 2012. The final results were obtained on early 2013. The results from the first three drill holes confirm a significant gold discovery. A NI 43-101 technical report was filed on June 14, 2013. In the report, Mr. Rejean Girard, an independent consulting geologist of the firm IOS Services Géophysiques Inc., from Saguenay, mentions, among other things: «The autumn 2012 drill discovery made By Sirios Resources in Cheechoo-B-West might be the most significant gold occurrence in James Bay after Eleonore mine".

In the drill hole #1, the results show, from the beginning of the hole, a continuous section of 45.8 metres yielding 0.50 g/t in gold including a section of 24 metres at 0.70 g/t. The drill hole yielded an average gold grade of 0.214 g/t over its entire length of 191.4 metres. Individual core sample gold grade reached up to 2.22 g/t Au, with samples' lengths varying between 0.45 and 1.6 metres. Of all the core samples, five have a higher gold grade than 1 g/t; 1.03 g/t Au over 1.1 m; 1.73 g/t Au over 1 m; 1.80 g/t Au over 1.2 m; 1.53 g/t Au over 1 m and 2.22 g/t Au over 1 m. The gold zone has a minimal width of 45.8 metres since the drilling started directly in the mineralized zone.

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

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

Assay results for gold on the 2012 drilling campaign

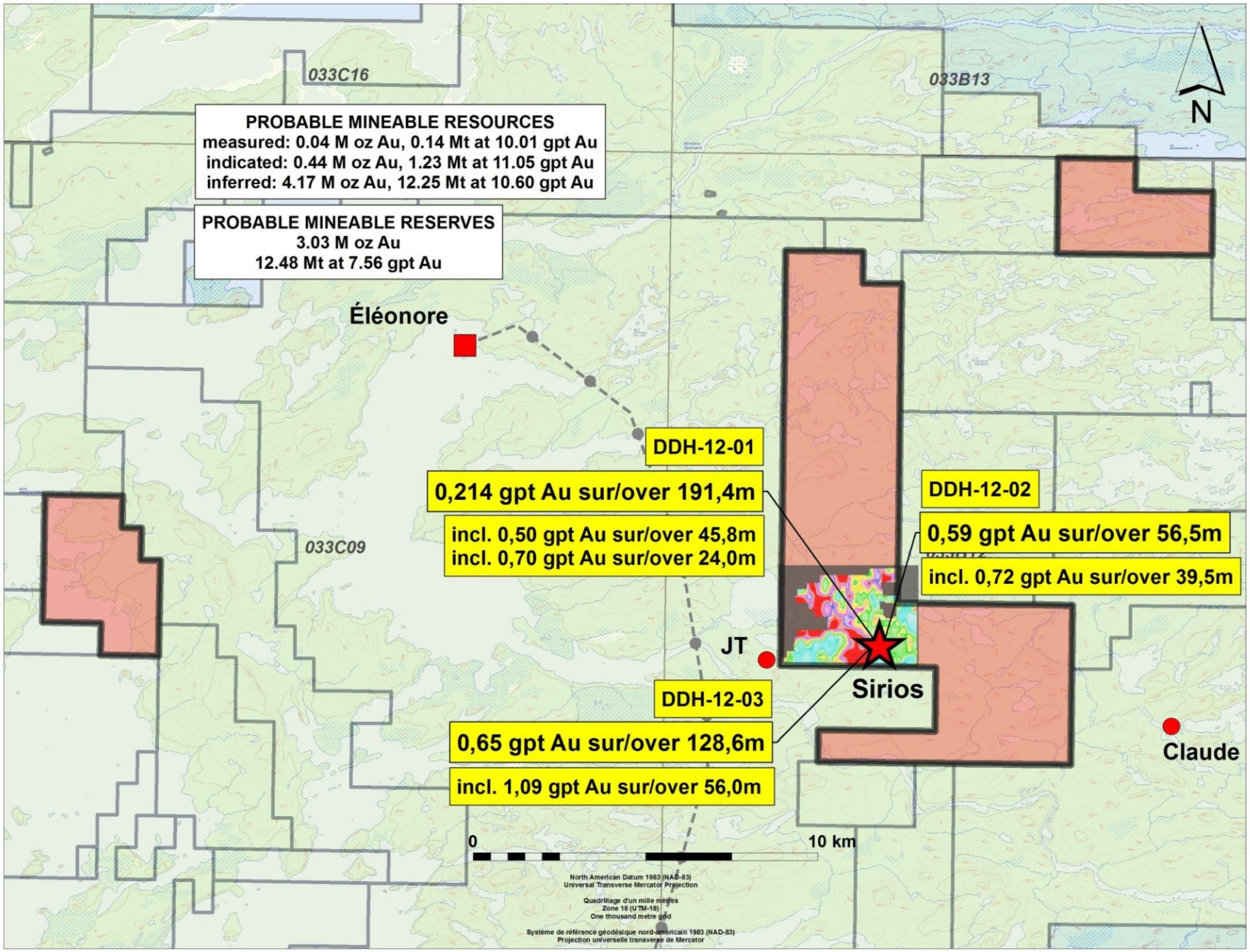
Drill hole # CH-919-12-	Collar position UTM Nad 83	Azimut	Plunge	From (m)	To (m)	Interval (m)	Au (g/t)
03	**438434E 5830232N**	**270°**	**45°**	**3.4**	**132.0(EOH)**	**128.6**	**0.65**
			Incl.	**3.4**	**4.0**	**0.6**	**10.70**
			Incl.	**76.0**	**132.0**	**56.0**	**1.09**
			Incl.	**89.0**	**90.0**	**1.0**	**10.85**
			Incl.	**119.0**	**120.0**	**1.0**	**25.90**
01	**438708E 5830309N**	**234°**	**45°**	**3.6**	**195.0(EOH)**	**191.4**	**0.21**
			Incl.	**3.6**	**49.4**	**45.8**	**0.50**
			Incl.	**18.0**	**42.0**	**24.0**	**0.70**
02	**438764E 5830049N**	**320°**	**45°**	**43.5**	**100.0(EOH)**	**56.5**	**0.59**
			Incl.	**43.5**	**56.0**	**12.5**	**0.39**
			Incl.	**60.5**	**100.0**	**39.5**	**0.72**
04	**437675E 5830780N**	**270°**	**45°**	**2.8**	**102.0(EOH)**	**-**	**An.**
				58.0	**64.0**	**6.0**	**0.17**
05	**437396E 5830117N**	**110°**	**50°**	**5.1**	**102.0(EOH)**	**-**	**An.**
06	**438246E 5831267N**	**270°**	**50°**	**5.4**	**102.0(EOH)**	**-**	**N.S.**
07	**437790E 5831675N**	**270°**	**50°**	**4.0**	**102.0(EOH)**	**-**	**N.S.**
08	**437966E 5832088N**	**90°**	**50°**	**4.8**	**102.0(EOH)**	**-**	**N.S.**

(EOH): End Of the Hole **An.**: numerous anomalous values **N.S.**: Not significant

Ressources Sirios, projet aurifère, Baie-James, QC, Canada

CHEECHOO

Sirios Resources, Gold Project, James Bay, QC, Canada



S I R I O S

TSX-V: SOI

Légende / Legend

- Au - Indice Sirios / showing
- Au - Développement / development
- Au - Indice / showing
- Projet/Project Cheechoo
- Titres actifs / active titles

Résistivité/Resistivity

(Ohm-m)

45425
21000
10000
4500
2100
1000
500

- Ligne d'Hydro-Québec / power line

33B12, 33C09

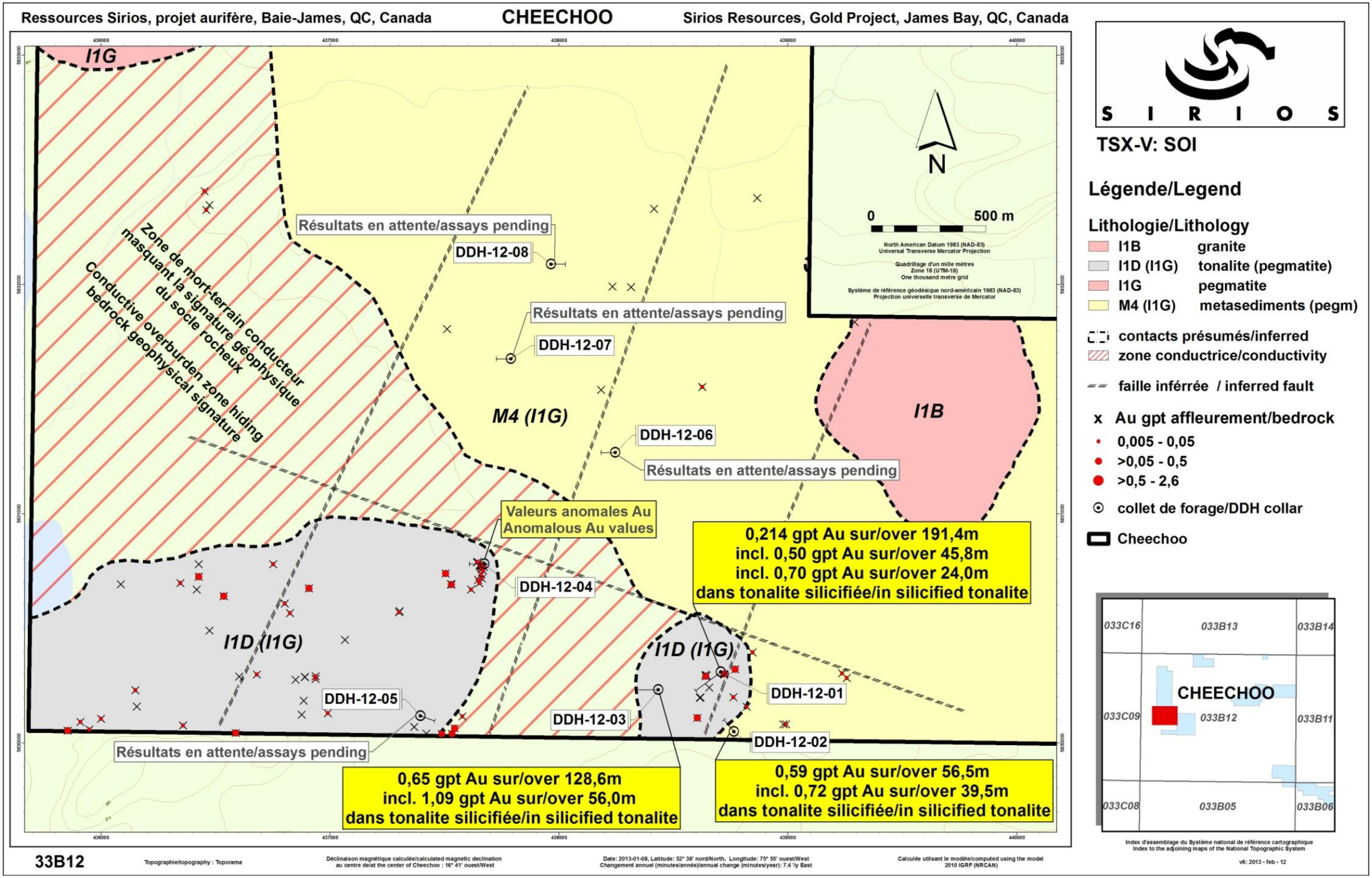
Topographie/topography : Toporama

Déclinaison magnétique calculée/calculated magnetic declination au centre de/at the center of Cheechoo : 16° 41' ouest/West

Date: 2013-01-08, Latitude: 52° 38' nord/North, Longitude: 75° 55' ouest/West
Changement annuel (minutes/année)/annual change (minutes/year): 7.4 '/y East

Calculée utilisant le modèle/computed using the model 2010 IGRF (NRCAN)

v3: 2013 - feb- 12



Ressources Sirios, projet aurifère, Baie-James, QC, Canada
CHEECHOO
Sirios Resources, Gold Project, James Bay, QC, Canada
SIRIOS
TSX-V: SOI
Légende/Legend
Lithologie/Lithology
I1B granite
I1D (I1G) tonalite (pegmatite)
I1G pegmatite
M4 (I1G) metasediments (pegm)
contacts présumés/inferred
zone conductrice/conductivity
faille inférrée / inferred fault
x Au gpt affleurement/bedrock
0,005 - 0,05
>0,05 - 0,5
>0,5 - 2,6
collet de forage/DDH collar
Cheechoo
N
0
500 m
I1G
I1B
M4 (I1G)
I1D (I1G)
I1D (I1G)
Zone de mort-terrain conducteur masquant la signature géophysique du socle rocheux
Conductive overburden zone hiding bedrock geophysical signature
DDH-12-08
Résultats en attente/assays pending
DDH-12-07
Résultats en attente/assays pending
DDH-12-06
Résultats en attente/assays pending
Valeurs anomales Au
Anomalous Au values
DDH-12-04
DDH-12-05
Résultats en attente/assays pending
DDH-12-03
DDH-12-01
DDH-12-02
0,214 gpt Au sur/over 191,4m
incl. 0,50 gpt Au sur/over 45,8m
incl. 0,70 gpt Au sur/over 24,0m
dans tonalite silicifiée/in silicified tonalite
0,65 gpt Au sur/over 128,6m
incl. 1,09 gpt Au sur/over 56,0m
dans tonalite silicifiée/in silicified tonalite
0,59 gpt Au sur/over 56,5m
incl. 0,72 gpt Au sur/over 39,5m
dans tonalite silicifiée/in silicified tonalite
033C16
033B13
033B14
033C09
CHEECHOO
033B12
033B11
033C08
033B05
033B06
33B12

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

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

A total sum of $1,087,015 of exploration expenses were incurred on the property during the year.

SUBSEQUENT EVENTS FOR THE CHEECHOO PROJECT

Visible gold detected in drill core witness samples

In September 2013, following a new visual exam of some drilling samples from the 2012-2013 campaign of the Cheechoo project, the presence of visible gold has been detected in three witness half drill core samples. The most remarkable observation came from a sample that yielded 2.52 g/t in gold at depth from 86.00 m to 87.50 m in hole #02*. The sample displays a several millimetre cluster composed of multiple points of free gold of which the individual size reached up to half of a millimetre. Visible gold was also detected in two separate sections in hole #03. It was observed in the sample yielding 25.90 g/t in gold at depth from 119.00 m to 120.00 m and again, in a sample yielding 10.70 g/t in gold at depth from 3.40 m to 4.00 m.

The new examination of the core was done by geologists that were selecting sample types for detailed petrographic observation under a microscope. The presence of relatively abundant coarse gold in a rather low grade sample (2.52 g/t) confirms the need to consider a potential heterogeneous gold distribution, commonly known as the "nugget effect". Thus, techniques of assays on the Cheechoo core samples need to be re-evaluated. Consequently, all the samples from the drilling #03 are re-analyzed, at the date of the report, but now using the gold fire-assay with Metallic Seives process. The results are planned in November 2013.

* The prefixes CH-919-12 were removed from the # of the drills to lighten the text.

2013 drilling campaign

A camp has been established on the Cheechoo property as well as, for the first time, a trail that allows land access for the machinery onto the drilling sites. The second drilling campaign started mid-October and the first results are estimated to be available at the end of November 2013. At the date of the report, visible gold has been observed, at different length, in the two first drill holes (#2013-09 and #2013-10) which is exceptional for a grass root project, and very encouraging.

Ten gold specks have been located, in the #2013-09 hole, between depths of 63.4 m and 65.4 m. This hole is located in the west extent of the gold zone intersected in hole #3 drilled in 2012. With a length of 150 metres, this hole is made up entirely of silicified tonalite (intrusive rock) mineralized with very low amount of sulfides (arsenopyrite, pyrrhotite and pyrite). Consequently, it increases the known size of the silicified and mineralized tonalitic body westward.

Photo of a visible gold speck located at 64.5m in hole 2013-09 is available on the following link: http://sirios.com/images/cheechoo/resized/Visible%20Gold%202013-09.jpg

Hole 2013-09 is being drilled westward (azimuth 270°) with a dip of 45 °. It is located at Nad 83 UTM coordinates 18U 438352E 5830229N.

Visible gold has also been observed at four different depths in the second hole (#2013-10) : 1 speck at 32 m; 9 specks at 141m; 6 specks at 142.5m and around 5 specks at 216m. The 2013-10 drill hole is located in the south-west extent of the gold zone intersected in hole #01 drilled in 2012. It has reached its final length of 300 meters and is made up entirely of silicified tonalite (granitic rock) mineralized with very low amount of sulfides (arsenopyrite and pyrrhotite).

Photo of one of the visible gold specks at 142.5m in hole 2013-10 is available on the following link: http://sirios.com/images/cheechoo/resized/Visible%20Gold%202013-10.JPG

Hole 2013-10 was drilled south-westward (235°) with a dip of 45 °. It is located at Nad 83 UTM 18 U 438626E 5830252N. The drilling of the third hole (#2013-11) has started. It has reached a depth of 57 meters and its total expected depth is 150 meters. It is located at Nad 83 UTM 18 U 438790E 5830366N and is being drilled south-westward (235°) with a dip of 45 °. A fourth hole, of 150 metres, is also planned.

For the present drilling campaign, the logistic and geologic works are performed by the firm IOS Services Géophysicques Inc., from Saguenay, with the help of a geologist from Sirios on site. The drilling work is done by the firm Forage Rouillier, from Amos.

PLANIFICATION – SUMMARY OF EXPLORATION PROGRAMS FOR 2013-2014

PROPERTY	PLANNED WORK 2013-2014	BUDGET	NEXT STEP
CHEECHOO	Diamond drilling, helicopter-borne detailed magnetic survey	$500,000 to $1,500,000	Continuing drilling
AQUILON	Permit requests, bulk sampling	To be determined with partner	To be determined depending on results
AAA	Remote-sensing surveying, translation, claim acquisition	$125,000	Regional geophysical, geochemical and geological surveys
TOTAL 2013-2014		$625,000 to $2,125,000	

COMPARISON BETWEEN PLANNED BUDGET AND ACTUAL EXPENSES INCURRED IN 2012-2013

PROPERTY	PLANNED WORK 2012-2013	BUDGET	INCURRED EXPENSES
CHEECHOO	Camp, line cutting, geophysics (I.P., Mag), diamond drilling	$800,000 to $1,000,000	$1,087,015
AQUILON	Permit requests, bulk sampling	To be determined with partner	$11,629
AAA	Remote-sensing surveying, translation, claim acquisition	$125,000	$9,331
TOTAL 2012-2013		$925,000 to $1,125,000	$1,107,975

The projected total budget for 2012-2013 was generally well-respected. The only notable difference is the withdrawal of the amount of $115,000 planned for AAA project to support instead the Cheechoo project. The works on AAA are postponed to year 2013-2014 as long as the capacity of the Company to raise funds permits. Without a doubt, the main efforts of exploration will be oriented toward the Cheechoo project in the foreseeable future.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

The net loss of the Company was $2,614,152 ($0.14 per share) for the year ended June 30, 2013, in comparison to a net loss of $1,263,469 ($0.07 per share) for the year ended June 30, 2012.

The net loss of previous year can be explained by the write-offs of the Baleine, Koala and Hipo properties for a total amount of $402,637. For the current year, the net loss can be explained by the write-offs of the Kukames, Upinor and AAA properties for a total amount of $1,067,538. Also, since 2013, expenses incurred on developing projects preceding claim acquisition are recorded in the consolidated statement of comprehensive income. Those expenses total $94,572 for the year (after tax credits of $8,492).

Furthermore, since the Company owns 27.03% (29.88% on June 30, 2012) of Khalkos' shares, it absorbs a part of Khalkos' net loss for the year, in addition to the devaluation of its shares. The elements increased the net loss of the Company by an amount of $477,735 ($688,626 on June 30, 2012). Conversely, since both companies have employees and management personnel in common, this helps reduce certain administrative expenses for each company.

Annual Results Summary	**June 30, 2013 $**	**June 30, 2012 $**
Finance income	4,184	7,232
Write-off of exploration and evaluation assets	1,067,538	402,637
Share-based payments	254,470	52,085
Net loss	2,614,152	1,263,469
Net loss per share	0.14	0.07
Total assets	6,534,027	7,187,425

Finance income

Finance incomes are comprised of interest on cash of the Company.

Net loss

Net loss changes from year to year are mainly due to administrative expenses, write-off of exploration and evaluation assets, future income tax variations and share-based payments.

<u>General and Administrative expenses analysis</u>

General and administrative expenses, for the period ended in 2013, totalled $681,078 in comparison with $360,779 in 2012.

General and administrative expenses	**2013 $**	**2012 $**
Salaries and employee benefits expenses	337,234	165,514
Professional fees	107,445	92,916
Trustees, registration fees and shareholders relations	54,224	33,663
Publicity, travel and promotion	34,012	17,896
Rent expenses	13,720	17,571
Bank charges	10,230	13,516
Insurances	8,083	9,944
Office expenses	7,133	6,489
Income taxes of section XII.6	107,883	2,064
Amortization of property and equipment	1,114	1,206
Total	**681,078**	360,779

Comparing the general and administrative expenses for 2013 and 2012, we see a significant difference in *Salaries and employee benefits expenses*. Even though the Company shares its employees with Khalkos since January 2012, which reduce the expense for the Company's salaries, this item increased greatly since last year because of a change in the Stock Option Incentive Plan by the Board of Directors. Before, options were vested over a period of 18 months, but since January 18, 2013 they are fully exercisable at the date of grant. Therefore, a share-based payment is higher in the quarter of the options' grant (please note that it is <u>not</u> considered as an output of money for the Company).

We can also see a variation in *Rent expenses* because the Company now shares its offices with Khalkos.

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

For the *Professional fees,* the variation is due to the transition of the Company to IFRS for the financial year ended June 30, 2012. External auditors required additional auditing in order to finalize the transition.

During the year, the Company held a Special Shareholders' Meeting to approve the consolidation of the share capital of the Company. This meeting exceptionally increased *Trustees, registration fees and shareholders relations* and *Professional fees* in comparison with the same period last year.

For the year, the increasing in *Bank charges* in comparison with last year can be explained by the payment of interest on term loans.

<u>Total assets</u>
Total assets of the Company fluctuated from $7,187,425 in 2012 to $6,534,027 in 2013.

Cash, including cash held for exploration charges, totalled $156,892 in 2012 and $207,974 in 2013; the cash variations are directly linked to exploration fieldwork.

Other receivables varied from $67,110 in 2012 to $140,306 in 2013 and are mainly comprise of advances to an associate, Khalkos.

Investments totalled $390,375 in 2012 and $71,065 in 2013, following the disposal of guaranteed investment certificates.

Cash held for exploration expenses totalled $1,087,658 in 2012 and $221,521 in 2013.

Exploration and evaluation assets decreased from $5,580,936 in 2012 to $4,943,982 in 2013. This decrease can be explained mainly by the write-offs of Kukames and Upinor properties.

Summary of quarterly results

	2013				2012			
	Q4 $	**Q3 $**	**Q2 $**	**Q1 $**	**Q4 $**	**Q3 $**	**Q2 $**	**Q1 $**
Other revenues and expenses	(296,127)	31,512	(61,390)	(219,373)	(143,517)	(283,057)	(87,908)	(12,305)
Net loss	1,514,885	238,600	265,465	595,202	295,189	515,897	282,332	170,051
Net loss per share	0.11	0.01	0.015	0.005	0.003	0.004	0.002	0.001

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

In the last eight quarters, the quarterly net loss varies from $170,051 to $1,514,885.
During Q2-2012, Q3-2012 and Q4-2012, there is a variation in the value of the listed shares for an amount of $92,822, $563,265 and $729,706 respectively, which significantly reduce the revenue to a negative amount of $87,908, $283,057 and $143,517 respectively.

For the Q1-2013 and Q4-2013, the devaluation of Khalkos' shares as well as the Company's share of Khalkos' loss, which is recorded using the equity method, of $195,109 and $47,618 for the Q1-2013 and $38,460 and $196,548 for the Q4-2013, decrease the revenues for those quarters.

For the Q3-2013, the increase in the value of the listed shares of $60,874 increased the revenue to an amount of $31,512.

For the Q4-2012 and Q4-2013, net losses can be explained by the write-offs of Baleine, Koala and Hipo properties, in 2012, for an amount of $402,637 and Kukames, Upinor, Nasa and AAA, in 2013, for an amount of $1,067,538.

WORKING CAPITAL AND CASH FLOW

The working capital, including cash held for exploration expenses, varies from an amount of $885,437 on June 30, 2012 to an amount of $316,407 on June 30, 2013. During the period, cash was used for exploration and administrative activities.

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

INFORMATION ON ISSUED AND OUTSTANDING SHARES

As at June 30, 2013:

- 23,896,505 common shares were issued.
- 1,695,714 options were granted and 1,644,285 of which can be exercised, at prices of $0.24 and $0.70 between 2014 and 2018. Each option can be exchanged by its holder thereof for one common share of the Company.
- 4,446,355 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company.
- 84,413 brokers' warrants were issued. Each brokers' warrant can be exchanged by its holder thereof for one common share of the Company.

* All the information presented in the table above, including the comparable balances, were adjusted to reflect the impact of the consolidation.

Table of variation in issued and outstanding shares

	2013		2012	
	Quantity	Amount $	Quantity	Amount $
Common Shares				
Issued				
Balance, beginning	17,389,536	18,972,280	16,960,965	20,129,695
Paid in cash	4,054,845	151,655	-	-
Flow-through shares	2,452,148	542,504	-	-
Adjustment from the consolidation of shares	(24)	-	-	-
Reimbursement of convertible debenture	-	-	428,571	181,580
Distribution of an associate company's shares	-	-	-	(1,338,994)
Preferred shares, Serie A				
Issued and fully paid	100,000	50,000	100,000	50,000
Total	**23,996,505**	**19,716,439**	**17,489,536**	**19,022,281**

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. In total, 1,711,429 shares were issued (458,174 common shares and 1,253,255 flow-through shares).

On March 1st, 2013, the Company completed a closing of a non-brokered private placement with accredited investors, for a total of $175,600. In total, 798,181 common shares were issued.

On May 14, May 29 and June 19, 2013, the Company completed three closings of a private placement for a total of $423,960. In total, 3,997,383 shares were issued (3,190,000 common shares and 807,383 flow-through shares).

Description	Number of shares	Amount $
As at June 30, 2013	23,896,505	19,666,435
Private placements	880,000	70,400
Flow-through private placements	2,262,500	181,000
As at October 25, 2013	**24,776 ,505**	**19,917,839**

On July 4, 2013, the Company completed a closing of a private placement for a total of $88,000. In total, 880,000 shares were issued.

On October 16, 2013, the Company completed a first closing of a private placement for a total of $192,000. In total, 2,262,500 shares were issued (1,712,500 common shares and 550,000 flow-through shares).

INFORMATION ON OUTSTANDING OPTIONS

Variation of options in circulation

	2013		2012	
	Number of options	Average exercise price $	Number of options	Average exercise price $
Balance, beginning	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)	-	-
Balance, end	**1,695,714**	**0.38**	**714,143**	**0.78**

The Board of Directors of Sirios has granted, on January 18, 2013, 1,175,000 stock options under its Stock Option Incentive Plan to directors, officers and employees at an exercise price of $0.24 per share. The options expire five (5) years from the date of grant.

Options granted to employees, directors and officers and exercisable as at October 25, 2013:

Expiry date	Options granted	Options exercisable	Exercise price ($)
February 3rd, 2014	102,857	102,857	0.70
April 22, 2015	117,857	117,857	0.70
May 11, 2016	128,571	128,571	0.70
June 17, 2017	171,429	120,000	0.70
January 18, 2018	1,175,000	1,175,000	0.24
	1,695,714	**1,644,285**	**0.37**

INFORMATION ON OUTSTANDING WARRANTS

Table of variation of outstanding warrants

Date	Number of warrants	Average exercise price ($)
As of June 30, 2012	1,782,458	1.26
Issued	4,530,768	0.19
Expired	(1,782,458)	(1.26)
As at June 30, 2013	**4,530,768**	**0.19**
Issued	2,592,500	0.14
As at October 25, 2013	**7,123,268**	**0.18**

For the private placements on November and December 2012, the Company issued 458,174 warrants and 84,413 brokers' warrants. Each warrant entitles its holder to subscribe to one common share at $0.18 per share for a period of 24 months after the closing date.

For the private placement on March 2013, the Company issued 798,181 warrants. Each warrant entitles its holder to subscribe to one common share at $0.28 per share for a period of 12 months after the closing date.

For the private placement on May and June 2013, the Company issued 3,190,000 warrants. 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.

After the closing date, in July 2013, for a private placement, the Company issued 880,000 warrants. 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.

After the closing date, in October 2013, for a flow-through private placement, the Company issued 1,712,500 warrants. Each warrant entitles its holder to subscribe to one common share at $0.12 per share for a period of 12 months after the closing date.

During this period, no warrants were exercised.

RELATED PARTY TRANSACTIONS

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

	June 30, 2013 $	June 30, 2012 $
Salaries and employee benefit expenses	92,098	97,990
Share-based payments	200,948	41,566
	293,046	**139,556**

FOURTH QUARTER

Not a lot of fieldwork was done during the quarter. Exploration expenses totalled $14,000 and are mostly planning preparation made for the upcoming drilling campaign on the Cheechoo project. Fieldwork started during the first quarter of the 2013-2014 year.

SUBSEQUENT EVENTS

On July 4, 2013, the Company completed the closing of a private placement. A total amount of $88,000 was subscribed for 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.

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.

SUSTAINABLE DEVELOPMENT PRINCIPALES

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

- Apply ethical business practices: Sirios continues to abide by management procedures that promote honesty, integrity, transparency and accountability.
- Engage host communities and other affected and interested parties: During exploration activities, Sirios makes sure to interact with local and native communities, notably trappers, organizations, groups and individuals on the basis of respect, inclusion and meaningful participation.
- Protect the environment: Sirios conducts its exploration activities in ways that create minimal disturbance to the environment and applies, in all of its operations, the principals of sustainable development.

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

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

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

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

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

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

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

<u>Significant management judgment</u>

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.

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, meets 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.

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 are a subjective process involving judgment and a number of estimates and assumptions in many cases.

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

In assessing impairment, the Group must make some estimations and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover 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.

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 this 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 are 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 use an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2012 and 2013, the Company did not recognize any impairment of property and equipment.

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 duration 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.

Provision

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.

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.

Off-balance sheet arrangements

The Company did not set up any off-balance sheet arrangements, as at June 30, 2013.

RISK AND UNCERTAINTIES

Risk inherent to the industry

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

Financial risk

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

Mining claims and title risks

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

Tax

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

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

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

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

MANAGEMENT'S RESPONSABILITY FOR FINANCIAL INFORMATION

The Company's consolidated financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with International Financial Reporting Standards (IFRS). The financial statements include certain amounts based on the use of estimated and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Montreal. October 25, 2013.

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