# Management Interim Report for the nine-month period ended March 31, 2014


# Sirios Resources Inc.

TSX V: SOI
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# SIRIOS RESOURCES INC.
# MANAGEMENT INTERIM REPORT
# FOR THE NINE-MONTH PERIOD
# ENDED MARCH 31, 2014

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# SIRIOS RESOURCES INC.
# MANAGEMENT INTERIM REPORT
# FOR THE NINE-MONTH PERIOD
# ENDED MARCH 31, 2014

*This Management Discussion and Analysis is dated May 6, 2014 and provides an analysis of our financial results for the quarter ended March 31, 2014. This discussion and analysis of the financial position and results of operation should be read in conjunction with the unaudited consolidated interim financial statements for the nine-month period ended March 31, 2014 and the audited consolidated financial statements for the years ended June 30, 2013 and 2012. The unaudited consolidated interim financial statements for the period ended March 31, 2014 were not reviewed by the external auditors.*

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

## CORPORATE PROFILE AND MISSION

Sirios Resources Inc.’s ("Sirios" or "the Company") mission is to discover world-class gold deposits in the James Bay region of Eastern Canada.

Common shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange under symbol SOI. On March 31, 2014, there are 33,174,879 ordinary shares issued and outstanding.

On March 31, 2014, Sirios holds 5,393,931 shares of Khalkos Exploration Inc. ("Khalkos") consisting of 20.23% of its share capital. The fair value of the placement is $377,575.

Sirios owns numerous high potential properties such as:

- CHEECHOO (45%, increasing ownership to 100%), new significant 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 PERIOD

- Detailed helicopter-borne magnetometric survey on the Cheechoo property;
- The Cheechoo project was presented at the convention of Prospectors and Developers Association of Canada (PDAC) in Toronto;
- Exploration and evaluation expenses of $76,409 were incurred, mostly on the Cheechoo property.

## RESULTS OF OPERATIONS

### Summary of exploration activities

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

| Property | Geology-prospecting<br>$ | Geochemistry, analysis<br>$ | Geophysics, line-cutting<br>$ | Transport, helicopter, lodging<br>$ | Drilling<br>$ | General expenses, drafting<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|
| **Cheechoo** | 13,734 | - | 60,428 | - | - | 2,247 | 76,409 |
| **Total** | **13,734** | **-** | **60,428** | **-** | **-** | **2,247** | **76,409** |

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

## PROJECTS

The Cheechoo project is 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 mine itself, and 320 km north of Matagami, in James Bay, Quebec. The Eleonore mine, currently under construction, should be starting production around the end of 2014. This mine will become one of the most important underground gold mines in North America. The Cheechoo property, following the option agreement with Golden Valley, consists of 145 claims divided in two non-continuous blocks, in the 33C09 and 33B12 NTS sheet.

Work performed during the period

A detailed helicopter-borne magnetometric survey has been completed during the period by Geo Data Solutions GDS Inc., of Laval. An interpretive report as also completed by independent consulting geophysicist Camille St-Hilaire of Rouyn-Noranda. The detailed survey, with spacing of 50 metres between flight-lines, allowed to detect structural geological features related to the tonalite that forms a large, low-grade gold envelop. The survey allowed the localization of four distinct sectors having similar geophysical characteristics to the gold zone already discovered by drilling. These sectors must, however, go through detailed prospecting and systematic rock sampling before outlining new drilling targets.
Data compilation was also completed during the period in order to prepare for the next diamond drilling phase on the property. Please refer to the December 31st, 2013 management report for the 2013 drilling results.

## 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 |
| **Other projects** | Remote-sensing surveying, translation, claim acquisition | $125,000 | Regional geophysical, geochemical and geological surveys |
| **TOTAL 2013-2014** | | $625,000 to $1,625,000 | |

As mentioned in the annual management discussion and analysis report, the main efforts of exploration will be oriented towards the Cheechoo project in the foreseeable future.

## SUMMARY OF FINANCIAL ACTIVITIES

The net loss of the Company is $91,480 for the three-month period ended March 31, 2014 in comparison with a net loss of $238,600 for the three-month period ended March 31, 2013. While, the net loss of the Company is $471,534 for the nine-month period ended March 31, 2014 in comparison with a net loss of $1,100,312 for the nine-month period ended March 31, 2013.

The decrease of the net loss can be mostly explained by the absence of devaluation and share of loss for the equity-accounted method investment during the quarter. Given that the investment has a carrying value of zero (but a fair value of $377,575), the Company can’t record any of those items.

Also, the variation of the net loss can be explained by the difference between the two years of the expense of the income taxes of section XII.6. Last year, an expense of $88,320 was recorded in comparison with $280 this year, for the nine-month period.

**General and Administrative expenses Analysis**

General and Administrative expenses went from $600,570 for the nine-month period ended March 31, 2013 to $485,918 for the nine-month period ended March 31, 2014.

| | 2013-2014 | 2012-2013 |
|---|---|---|
| **General and Administrative expenses** | **Nine-month period ended March 31, 2014 $** | **Nine-month period ended March 31, 2013 $** |
| Salaries and employee benefits expenses | 262,635 | 295,472 |
| Publicity, travel and promotion | 62,487 | 17,041 |
| Trustees, registration fees and shareholder relation | 54,823 | 49,181 |
| Professional fees | 54,790 | 125,543 |
| Interest and bank charges | 18,043 | 2,956 |
| Rent expenses | 10,287 | 10,460 |
| Office expenses | 7,763 | 4,604 |
| Insurance | 4,495 | 6,157 |
| Property and equipment amortization | 788 | 836 |
| Income taxes if section XII.6 | 280 | 88,320 |
| **Total** | **485,918** | **600,570** |

Comparing the general and administrative expenses for the nine-month period ended March 31, 2014 and 2013, we observe a difference in *Salaries and employee benefits expenses*. Even though the Company shares its employee with an associated company since January 2012, which reduces the Company's expenses, this item is high because employees worked almost exclusively on the Company's project and the Company completed many private placements this year. Also, the Company's Board of Directors changed the Stock Option Incentive Plan since January 18, 2013. Previously, options were vested over a period of 18 months, but they are now fully exercisable at the date of the grant. Therefore, the share-based payment expense is higher during the quarters that options are granted (please note that this does <u>not</u> consist of an output of money for the Company). For the nine-month period ended March 31, 2014, share-based payments totaled $121,755 in comparison with an amount of $221,283 for the nine-month period ended March 31, 2013.

The decrease in *Professional fees* can be explained by the fact that the Company held a Special Shareholders' Meeting and its Annual Meeting of Shareholders during the period of nine-month ended March 31, 2013, to approve the consolidation of the share capital.

We can see a difference in the expense for *Publicity, travel and promotion* since the Company signed a contract with an investor's relation firm, thus increasing costs during the quarter. Moreover, in order to increase visibility on the recent developments on the Cheechoo project, all of the Company's employees attended two trade shows during the period, thus increasing these expenses.

Due to different loans still outstanding during the period, the *Interest and bank charges* item is higher than last year because the Company had no loans at that time.

**SUMMARY OF QUARTERLY RESULTS**

| | 2014 | | | 2013 | | | | 2012 |
|---|---|---|---|---|---|---|---|---|
| | **Q3 $** | **Q2 $** | **Q1 $** | **Q4 $** | **Q3 $** | **Q2 $** | **Q1 $** | **Q4 $** |
| **Other revenues and expenses** | (16,581) | 6,876 | (61,453) | (296,127) | 31,512 | (61,390) | (219,373) | (143,517) |
| **Net loss** | 91,480 | 217,228 | 162,825 | 1,514,885 | 238,600 | 265,465 | 595,202 | 295,189 |
| **Net loss per share** | 0.003 | 0.008 | 0.007 | 0.11 | 0.01 | 0.015 | 0.005 | 0.003 |

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

In the last eight quarters, the quarterly net loss varies from $91,480 to $1,514,885.

During the Q2-2014, there is a variation in the value of the listed shares for an amount of $729,706, which significantly reduces the revenue to a negative amount of $143,517.

For the Q1-2013 and Q3-2013, the devaluation of the associated company's shares as well as the Company's share of the associated company's loss, which is recorded using the equity method, for amounts 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 listed shares of $60,874 increased the revenue to an amount of $31,512.

For the Q1-2014, Q2-2014 and Q3-2014, the amortization of fees related to loans of $50,397, $329 and $1,173 respectively, decreased the revenues. However, interests on other receivables of $6,288, $6,876 and $6,906 respectively, increased those revenues. Revenues are also lower than usual since the investment accounted for using the equity method doesn't generate devaluation of shares of the loss since the investment has a book value of zero.

For the Q4-2012 and Q4-2013, net losses can be explained by the write-offs of the 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, varied from an amount of $316,407 on June 30, 2013 to an amount of $(153,812) on March 31, 2014. 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**.

As at March 31, 2014:

- 33,174,879 common shares were issued.
- 2,792,857 options were granted and exercisable, at prices between $0.12 and $0.70 between 2014 and 2018. Each option can be exchanged by its holder thereof for one common share of the Company.
- 7,028,174 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company.
- 274,413 brokers' warrants were issued. Each brokers' warrant can be exchanged by its holder thereof for one common share of the Company.

### Share capital

Variation in share capital as at May 6, 2014:

| Description | Number of shares | Amount $ |
|---|---|---|
| As at June 30, 2013 | 23,896,505 | 19,666,439 |
| Private placement | 3,380,000 | 280,607 |
| Flow-through private placement | 3,000,000 | 178,793 |
| Issuance of shares to acquire interest in a property | 2,898,374 | 100,000 |
| **As at March 31, 2014** | **33,174,879** | **20,225,839** |
| Private placement | 2,775,000 | 333,000 |
| Flow-through private placement | 7,142,859 | 926,789 |
| **As at May 6, 2014** | **43,092,738** | **21,931,400** |

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

On October 16, 2013 and November 5, 2013, the Company completed a first and second closing of a private placement for a total of $400,000. In total, 4,500,000 shares were issued (2,500,000 common shares and 2,000,000 flow-through common shares) as well as 2,500,000 warrants. Sirios also issued 100,000 brokers' warrants at a price of $0.10 per share for a period of 12 months.

On December 9, 2013, the Company issued 2,898,374 common shares to Golden Valley Ltd in accordance with the option agreement between the two parties that allows Sirios to acquire the gold property Cheechoo.

On December 20, 2013, the Company completed the closing of a flow-through private placement for a total of $200,000. For this placement, 1,000,000 flow-through shares were issued. Sirios also issued 90,000 brokers' warrants at a price of $0.20 per share for a period of 12 months.

On April 3, 2014 and April 10, 2014, the Company completed a first and second closing of a private placement for a total of $1,333,000. In total, 9,917,858 shares were issued (2,775,000 common shares and 7,142,858 flow-through common shares) as well as 1,387,500 warrants. Sirios also issued 404,485 brokers' warrants at a price of $0.14 per share and 39,000 brokers' warrants at a price of $0.15, both for a period of 12 months.

**Options**

Variation in outstanding options as at May 6, 2014:

| Description | Number of options | Average exercise price $ |
|---|---|---|
| As at June 30, 2013 | 1,695,714 | 0.38 |
| Granted | 1,200,000 | 0.16 |
| Expired | (102,857) | 0.70 |
| **As at March 31, 2014 and May 6, 2014** | **2,792,857** | **0.27** |

The Board of Directors of Sirios has granted, on October 25, 2013, 25,000 stock options under its Stock Option Incentive Plan to an employee at an exercise price of $0.12 per share. The options expire five (5) years from the date of grant.

The Board of Directors has granted, on December 10, 2013, 1,175,000 stock options under its Stock Option Incentive Plan to employees, directors and officers at an exercise price of $0.16 per share. The options expire five (5) years from the date of grant.

Options granted to employees, directors, and officers and exercisable options as at May 6, 2014:

| Expiry date | Options granted | Options exercisable | Exercise price ($) |
|---|---|---|---|
| April 22, 2015 | 117,857 | 117,857 | 0.70 |
| May 11, 2016 | 128,571 | 128,571 | 0.70 |
| June 17, 2017 | 171,429 | 171,429 | 0.70 |
| January 18, 2018 | 1,175,000 | 1,175,000 | 0.24 |
| October 24, 2018 | 25,000 | 25,000 | 0.12 |
| December 10, 2018 | 1,175,000 | 1,175,000 | 0.16 |
| | **2,792,857** | **2,792,857** | **0.27** |

**Warrants**

Variation of warrants as at May 6, 2014:

| Description | Number of warrants | Average exercise price ($) |
|---|---|---|
| As at June 30, 2013 | 4,530,768 | 0.19 |
| Issued | 3,570,000 | 0.14 |
| Expired | (798,181) | (0.28) |
| **As at March 31, 2014** | **7,302,587** | **0.16** |
| Issued | 1,830,985 | 0.15 |
| **As at May 6, 2014** | **8,690,087** | **0.16** |

For the placement of July 4, 2013, 880,000 warrants were issued.

In total, 2,500,000 warrants and 100,000 brokers' warrants were issued for placement of October 16, 2013 and November 5, 2013.

For the placement of December 20, 2013, the Company issued 90,000 brokers' warrants.¸

In total, 1,387,500 warrants and 443,485 brokers' warrants were issued for placement of April 3, 2014 and April 10, 2014.

Warrants issued as at May 6, 2014:

| Expiry date | Number of warrants | Exercise price ($) |
|---|---|---|
| May 14, 2014 | 2,480,000 | 0.18 |
| May 29, 2014 | 710,000 | 0.18 |
| July 4, 2014 | 880,000 | 0.18 |
| October 16, 2014 | 1,712,500 | 0.12 |
| November 5, 2014 | 787,500 | 0.12 |
| November 5, 2014 | 100,000 | 0.10 |
| November 23, 2014 | 323,730 | 0.18 |
| December 18, 2014 | 218,857 | 0.18 |
| December 20, 2014 | 90,000 | 0.20 |
| | 7,302,587 | 0.16 |

## RELATED PARTY TRANSACTIONS

### Key management personnel

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

| | Nine-month period ended | |
|---|---|---|
| | March 31, 2014 | March 31, 2013 |
| Salaries and employee benefits expenses | 93,679 | 60,160 |
| Share-based payments | 112,459 | 199,879 |
| | **206,138** | **260,039** |

### Associated company

During the period, Sirios provided administrative services to an associate company, Khalkos Exploration Inc., totaling $65,530. These services are charged at cost.

## 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 principales 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 principales 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 of its exploration activities.

- Concerning socio-economic implication, 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.

## CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

### Significant management judgment

**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

**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 of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company 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 Company'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 expenditures is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

For the nine-month period ended March 31, 2014, the total impairment loss of the exploration and evaluation assets recognized in profit or loss amounts $4,919 ($335,628 for the nine-month period ended March 31, 2013). No reversal of impairment losses has been recognized for the reporting periods.

**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 operating results and the determination of a suitable discount rate. As at March 31, 2014 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 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.

**Provisions**

Judgments are made as to whether a past event as 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 judgment 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 in 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 Company’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, exploration and evaluation assets and income tax expense in future periods.

**<u>Off-balance sheet arrangements</u>**
The Company did not set up any off-balance sheet arrangements, as at March 31, 2014.

## 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, labor 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 those 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 be subject to unregistered prior agreements and non-compliance with regulatory requirements.

### Tax
No assurance can be made that Canada Revenue Agency or Quebec Minister or 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.

## OTHER INFORMATION

This discussion and analysis of financial position and operating results as at March 31, 2014, should be read in conjunction with the unaudited consolidated interim financial statements for the nine-month period ended March 31, 2014 and 2013 and the audited consolidated financial statements for the years ended June 30, 2013 and 2012 of Sirios, where necessary. The unaudited quarterly statements have not been reviewed by external auditors. More information can be found on the website www.sedar.com under Sirios' section in "Sedar filing" or on the Sirios website www.sirios.com under section "Financial Reports" and section "Interim Reports".

## MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

Montreal. May 6, 2014.

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