



**SIRIOS RESOURCES INC.**  
**TSX-V: SOI**

**Interim Financial Statements (unaudited)**

**MARCH 31, 2016**

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The attached interim financial statements have been prepared by Sirios Resources Inc. and its external auditors have not reviewed these financial statements.

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**SIRIOS RESOURCES INC.**  
**Interim Statement of Financial Position (unaudited)**

(in Canadian dollars)

		<b>March 31, 2016</b>	June 30, 2015
		<u>\$</u>	<u>\$</u>
<b>ASSETS</b>			
Current			
Cash		485,072	771,227
Other receivables	5	66,918	13,926
Listed shares		89,764	44,882
Good and services tax receivable		174,868	15,838
Tax credit and credit on duties receivable		-	25,941
Prepaid expenses		17,350	16,631
		<u>833,972</u>	<u>888,445</u>
Non current			
Investment accounted for using the equity method	9	385,551	398,546
Property and equipment	6	8,351	6,647
Exploration and evaluation assets	7	9,154,604	7,211,388
<b>Total assets</b>		<u>10,382,478</u>	<u>8,505,026</u>
<b>LIABILITIES</b>			
Current			
Trade and other payables		428,866	131,761
Loans	11	-	46,970
Provision	10	315,919	315,919
Other liabilities	12.1 (b)	-	235,300
<b>Total liabilities</b>		<u>744,785</u>	<u>729,950</u>
<b>EQUITY</b>			
Share capital	12.1	25,268,420	23,184,622
Contributed surplus		2,645,668	2,495,900
Deficit		(18,276,395)	(17,905,446)
<b>Total equity</b>		<u>9,637,693</u>	<u>7,775,076</u>
<b>Total liabilities and equity</b>		<u>10,382,478</u>	<u>8,505,026</u>

Going concern assumption (see Note 2).

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

These interim financial statements were approved and authorized by the Board of Directors on May 24, 2016.

*(signed) Dominique Doucet*  
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 Dominique Doucet, President

*(signed) Luc Cloutier*  
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 Luc Cloutier, Director

# SIRIOS RESOURCES INC.

## Interim Statement of Comprehensive Loss (unaudited)

(in Canadian dollars)

		Three-month period ended		Nine-month period ended	
		March 31,		March 31,	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>EXPENSES</b>					
Salaries and employee benefit expenses	13.1	65,119	54,523	248,532	189,551
Investors and shareholders' relations		37,629	46,086	96,284	129,504
Professional fees		17,789	311	201,673	34,818
Trustees and registration fees		7,368	7,963	30,941	24,408
Rent expenses		2,818	2,818	9,128	9,610
Office expenses		2,372	3,314	10,836	7,740
Insurance		1,575	1,548	4,599	4,926
Amortization of property and equipment		914	731	2,457	1,234
Bank charges		363	268	874	650
Income taxes of section XII.6		-	305	115	305
Project generation expenses		2,930	3,335	15,322	11,492
Write-off of exploration and evaluation assets		-	-	-	139
<b>OPERATIONAL LOSS</b>		<b>138,877</b>	<b>121,202</b>	<b>620,761</b>	<b>414,377</b>
<b>OTHER REVENUES AND EXPENSES</b>					
Finance costs	15	52,347	(8,845)	41,659	(6,673)
Finance income	15	2,604	292	4,527	39,807
Share of loss from equity-accounted investment		(9,148)	(31,302)	(36,557)	(57,397)
Adjustment of ownership in equity-accounted investment		-	-	23,563	9,199
		45,803	(39,855)	33,192	(15,064)
<b>LOSS BEFORE INCOME TAX</b>		<b>(93,074)</b>	<b>(161,057)</b>	<b>(587,569)</b>	<b>(429,441)</b>
Deferred income taxes		102,085	25,281	300,300	60,768
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>9,011</b>	<b>(135,776)</b>	<b>(287,269)</b>	<b>(368,673)</b>
<b>NET LOSS PER SHARE - basic and diluted</b>	16	-	(0.003)	(0.004)	(0.008)

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

# SIRIOS RESOURCES INC.

## Interim Statement of Changes in Equity (unaudited)

(in Canadian dollars)

	Notes	Share capital	Contributed surplus	Deficit	Total Equity
		\$	\$	\$	\$
<b>As of July 1st, 2014</b>		21,946,577	2,361,216	(16,944,962)	7,362,831
Net loss and comprehensive loss		-	-	(368,673)	(368,673)
Share-based payments		-	48,000	-	48,000
Issuance cost of shares		-	-	(40,327)	(40,327)
Issuance of units and shares		637,610	-	-	637,610
Issuance of brokers' warrants		-	684	(684)	-
<b>As of March 31, 2015</b>		22,584,187	2,409,900	(17,354,646)	7,639,441
<b>As of July 1st, 2015</b>		23,184,622	2,495,900	(17,905,446)	7,775,076
Net loss and comprehensive loss		-	-	(287,269)	(287,269)
Share-based payments		-	88,800	-	88,800
Issuance cost of shares		-	-	(83,679)	(83,679)
Issuance of units and shares		1,870,934	60,968	-	1,931,902
Exercise of warrants		212,864	-	-	212,864
<b>As of March 31, 2016</b>		25,268,420	2,645,668	(18,276,394)	9,637,694

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

# SIRIOS RESOURCES INC.

## Interim Statement of Cash Flows (unaudited)

(in Canadian dollars)

	Nine-month period ended	
	March 31,	
	2016	2015
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(287,269)	(368,673)
Adjustments		
Share-based payments	69,903	42,000
Share-based payments included in project generation expenses	3,118	1,408
Amortization of property and equipment	2,457	1,234
Amortization of the fees related to the loans	3,030	4,015
Change in fair value of listed shares	(44,882)	(7,480)
Gain on settlement of an another receivable	-	(39,445)
Write-off of exploration and evaluation assets	-	139
Deferred income taxes	(300,300)	(60,768)
Share of loss from equity-accounted investment	36,557	57,397
Adjustment of ownershi in equity-accounted investment	(23,563)	(9,199)
Changes in working capital items	17	(170,880)
Cash flows from operating activities	(785,500)	(550,252)
<b>INVESTING ACTIVITIES</b>		
Tax credits received	25,941	460,889
Additions to property and equipment	(4,161)	(5,750)
Additions to exploration and evaluation assets	(1,598,522)	(439,634)
Cash flows from investing activities	(1,576,742)	15,505
<b>FINANCING ACTIVITIES</b>		
Issuance of units and shares	2,209,766	677,610
Reimbursement of a loan	(50,000)	(100,000)
Issuance cost of shares	(83,679)	(40,326)
Cash flows from financing activities	2,076,087	537,284
<b>NET CHANGE IN CASH</b>	(286,155)	2,537
<b>CASH, BEGINNING OF THE PERIOD</b>	771,227	206,711
<b>CASH, END OF THE PERIOD</b>	485,072	209,248
<b>Cash operations</b>		
Interests paid	193	10,138
Interests received	4,527	362

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

# **SIRIOS RESOURCES INC.**

## **Notes to Interim Financial Statements**

### **For the nine-month period ended March 31, 2016 (unaudited)**

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(in Canadian dollars)

#### **1. NATURE OF OPERATIONS**

Since its creation in 1994, Sirios Resources Inc.'s ("Sirios" or "the Company") goal is to discover world-class gold deposits in the James Bay region in Quebec. Over the years, Sirios has developed extensive expertise in the exploration of this region.

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office and its principal place of business is 1000 St-Antoine West, Suite 415, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange, under the symbol "SOI".

#### **2. GOING CONCERN ASSUMPTIONS**

The 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 generated income nor cash flows from operations. As of March 31, 2016, the Company has a deficit of \$18,276,395 (\$17,905,446 on June 30, 2015). These 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 and continued support of suppliers and creditors. 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 financial statements and the classification used in the interim statement of financial position have not been adjusted as would be required of the going concern assumption was not appropriate. These adjustments could be significant. Management does not consider these adjustments because it believes in the assumption of the going concern.

#### **3. BASIS OF PRESENTATION**

These interim financial statements, on March 31, 2016, of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standards (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SUMMARY OF ACCOUNTING POLICIES, as described in our annual financial statements on June 30, 2015, as well as the IFRS in effect on May 24, 2016, the date the Board of Directors approved these interim financial statements. These interim financial statements do not include all of the notes required in annual financial statements.

#### **4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Informations about significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

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(in Canadian dollars)

#### 4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

##### Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the interim 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.

##### **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.

##### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are 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.

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. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

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 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 are 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.

For the nine-month period ended March 31, 2016, no impairment loss of exploration and evaluation assets was recognized in profit or loss (\$139 on March 31, 2015). No reversal impairment losses has been recognized for the reporting periods.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 4. 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 the share options and warrants. The model used by the Company is the Black-Scholes valuation model.

##### Tax credits

The calculation of the Company's refundable tax credit on qualified exploration expenditures 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. Differences 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.

#### 5. OTHER RECEIVABLES

	March 31, 2016	June 30, 2015
	\$	\$
Advances to an associated company, 1.5%	57,779	13,926
Advances to a listed company, 1%	2,852	-
Advances to officers	6,287	-
	<u>66,918</u>	<u>13,926</u>

#### 6. PROPERTY AND EQUIPMENT

	Office furniture	Computer equipment	Total
	\$	\$	\$
<b>Gross carrying amount</b>			
Balance on July 1st, 2015	36,683	25,710	62,393
Additions	-	4,161	4,161
Balance on March 31, 2016	<u>36,683</u>	<u>29,871</u>	<u>66,554</u>
<b>Accumulated amortization</b>			
Balance on July 1st, 2015	35,068	20,678	55,746
Amortization	678	1,779	2,457
Balance on March 31, 2016	<u>35,746</u>	<u>22,457</u>	<u>58,203</u>
<b>Carrying amount on March 31, 2016</b>	<u>937</u>	<u>7,414</u>	<u>8,351</u>

All amortization expenses are presented in Property and equipment amortization.



# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS

##### *Mining rights*

	June 30, 2015	Additions	Agreement	March 31, 2016
	\$	\$	\$	\$
(a) Aquilon	71,382	-	(20,000)	51,382
(b) Cheechoo	463,872	-	-	463,872
(c) Cheechoo-extension	1,408	-	-	1,408
(d) Kukames	512	-	-	512
(e) Pontax	252,206	4,891	-	257,097
(f) Taïgor	6,400	-	-	6,400
	<u>795,780</u>	<u>4,891</u>	<u>(20,000)</u>	<u>780,671</u>

##### *Exploration and evaluation expenses*

	June 30, 2015	Additions	Agreement	Tax credit and credit on duties	March 31, 2016
	\$	\$	\$	\$	\$
(a) Aquilon	1,287,103	-	-	-	1,287,103
(b) Cheechoo	2,526,407	1,902,943	-	9,094	4,438,444
(e) Pontax	2,597,029	25,742	-	-	2,622,771
(f) Taïgor	5,069	20,546	-	-	25,615
	<u>6,415,608</u>	<u>1,949,231</u>	<u>-</u>	<u>9,094</u>	<u>8,373,933</u>
<b>TOTAL</b>	<u>7,211,388</u>	<u>1,954,122</u>	<u>(20,000)</u>	<u>9,094</u>	<u>9,154,604</u>

##### **(a) Aquilon**

This 104 claims gold property is located near LA-1 hydro-electric complex in the James Bay area (Qc) and is owned at 50% by the Company.

The Company signed, in June 2015, and amended on October 27, 2015, an option to sell its 50% interest in the property to a private company. A consideration of one million dollars has to be paid to Sirios no later than June 1st, 2016 in the following manner: \$20,000 in cash payment (received on October 1st, 2015); cash payment of \$480,000 and payment of \$500,000 in capital stock of the buyer, 70% of the amount evaluated at the share price of the buyer at its first round of financing and 30% assessed of the price at the second round of financing.

##### **(b) Cheechoo**

The Cheechoo gold project consists of 145 claims owned by the Company (45%) and Golden Valley Mined Ltd. ("Golden Valley") (55%). The property covers 7,400 acres in two distinct blocks adjoining the Eleonore gold deposit owned by Goldcorp Inc. It is located at approximately 13 km east of the discovery area of the Eleonore mine which is itself located 320 km north of Matagami (Qc).

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS (cont'd)

Following an agreement with the Company in 2005 (completed in 2009), Golden Valley has acquired a 60% interest in the property. On June 15, 2012, the Company signed an agreement with Golden Valley allowing Sirios to increase its interest by 5% (45%) by undertaking fieldwork for a minimum of \$800,000 by the end of 2012 (fulfilled). Following the completion of this work, and in accordance with the provisions of the agreement, the Company has until June 15, 2013 to inform its intention to acquire the remaining 55% from Golden Valley (informed). To acquire this additional interest, the Company would have to pay or issue to Golden Valley the lesser of 9.9% of its share capital of \$1M in cash or shares by December 31, 2013 (fulfilled), achieved within 3 years from the date of service of its intention to acquire the remaining interest, exploration work totaling \$5M to be spent under the agreement and make a payment of \$500,000. On January 31, 2016, an amount of \$1,027,787 of exploration work remained to be spent under the agreement. Golden Valley will keep a NSR from all mineral products varying between 2.5% and 4% depending on the price of gold as well as 4% NSR from all mineral products mined. Since January 31, 2016, the Company has incurred all of the remaining amount to be spent under the agreement, subject to Golden Valley's approval. The Company continues to incur exploration expenses on the property.

##### (c) Cheechoo-extension

The project, owned at 100%, consists of 11 claims in the James Bay area (Qc). It is located about 15 km south-west of the Eleonore gold deposit owned by Goldcorp and is adjacent to the west block of the Cheechoo property.

##### (d) Kukames

This gold property, owned at 100% by the Company, consists of 2 claims. It is located approximately 25 km southeast of the Eleonore gold deposit owned by Goldcorp Inc.

##### (e) Pontax

The property, owned at 100% by the Company, consist of 78 claims and divided in two non-continuous blocks of 70 and 8 claims. It is located in James Bay (Qc), approximately 350 km north of Matagami (Qc).

The regional prospection fieldwork and the drill holes undertaken by Sirios between 2006 and 2012, allowed by drilling, to delimit a mineralized zone of silver-zinc as well as gold potential zone located about 10 km east of this zone. The silver-zinc zone shows in some places very high grades of silver in the order of several kg of silver per ton meanwhile a gold-bearing vein graded up to a bit more than 11 g/t Au in the eastern part of the property.

##### (f) Taïgor

The Taïgor property consists of 50 claims in James Bay (Qc).

#### 8. LEASES

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

	Minimum lease payments due		
	Within 1 year	1 to 5 years	Total
	\$	\$	\$
March 31, 2016	12,960	2,160	15,120
June 30, 2015	12,960	11,880	24,840

The Company leases its office under a lease expiring May 31, 2017.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 8. LEASES (cont'd)

Lease payments recognized as an expense during the nine-month period amounts to \$9,128 (\$9,610 on March 31, 2015). This amount consists of minimum lease payments.

#### 9. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

On March 31, 2016, the Company holds 20.16% (22.18% on March 31, 2015) voting and equity interest in Khalkos Exploration Inc. ("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. Shares of Khalkos are listed on the TSX Venture Exchange, under the symbol "KAS". On March 31, 2016, the fair value of the participation is \$801,937 (\$561,356 on March 31, 2015).

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

	On March 31,	
	2016	2015
	\$	\$
Current assets	157,241	342,125
Non current assets	1,388,542	1,772,000
Current liabilities	337,930	171,193
Net loss and other comprehensive income	98,062	141,127

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

	On March 31,	
	2016	2015
	\$	\$
Total net assets	1,207,853	1,512,101
Contributed surplus not attached to common shareholders	(343,787)	(322,656)
	864,066	1,189,445
Proportion of ownership interests held	20.16%	22.18%
	174,196	263,819
Permanent effect of the change in the Company's interest from the settlement of another receivable by issuance of shares by Khalkos	(43,052)	(43,052)
	131,144	220,767
Capital gains balance	254,407	286,210
	385,551	506,977

#### Variation of the ownership

During the nine-month period ended March 31, 2016, Khalkos issued shares to acquire mining rights, for the exercise of warrants and for the closing of private placements. Those issuances decreased the Company's ownership from 22.18% to 20.16%.

During the nine-month period ended March 31, 2015, Khalkos issued shares to the Company to reimburse a debt, to acquire mining rights and for the closing of private placements. Those issuances increased, at the end, the Company's ownership from 18.22% to 22.18%.

# **SIRIOS RESOURCES INC.**

## **Notes to Interim Financial Statements**

### **For the nine-month period ended March 31, 2016 (unaudited)**

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(in Canadian dollars)

#### **10. PROVISIONS**

Provisions relate to various taxation claims. The Company is not eligible for any reimbursement by third parties in this regard. Usually, these claims are settled between three and eighteen months from initiation, depending on the procedures used for negotiating the claims. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiations with various counterparties and governmental authorities, the Company cannot reliably estimate the amounts that will eventually be paid in settlement after more than twelve months from the reporting date. Therefore, the amount was classified as current.

#### **11. LOANS**

On December 20, 2013, the Company closed a total of \$150,000 in a loan with Société de développement de la Baie James (the "Lenders"). The loan bears an interest rate of 13% per annum (effective rate of 26.84%, 17.39% in 2014). The loan matures on December 20, 2015 (the "Maturity date"), unless repaid or redeemed earlier in accordance with the terms and conditions of the loan.

The Company agreed to pay the Lenders structuring fees equal to 2% of the loan for \$3,000. The Company also incurred \$8,067 legal fees relating to the loan. Total expenses of \$11,067 were recorded against the loan and will be amortized over a period up to the Maturity date. If the loan is repaid earlier, the unamortized portion of expenses will be amortized in full at the time.

On December 20, 2014, the Company reimbursed \$100,000.

On July 20, 2015, the Company reimbursed the remaining \$50,000 to the Lenders. The remaining \$3,030 of transaction costs was amortized in full at that time.

#### **12. EQUITY**

##### **12.1 Share capital**

The share capital of the Company consists of fully paid common and preferred shares.

##### **Authorized**

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

Unlimited 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.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

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

	Number of shares	
	Nine-month period ended March 31,	
	2016	2015
Common shares issued and fully paid at beginning of the period	57,374,238	43,092,738
Private placement (a) (c) (e) (g)	13,954,765	6,823,001
Flow-through private placement (b) (d) (f)	1,624,997	2,000,000
Exercise of warrants (h) (i)	2,128,643	-
Common shares issued and fully paid at the end of the period	<u>75,082,643</u>	<u>51,915,739</u>
Preferred shares, Serie A	<u>100,000</u>	<u>100,000</u>

- (a) On December 19, 2014, the Company completed the closing of a private placement for a total of \$477,610. It was composed of 6,823,001 units. The unit, offered at \$0.07, was composed of one common share and half a warrant. In total, 6,823,001 common shares, as well as 3,411,501 warrants were issued. Each warrant entitles its holder to subscribe for one common share at \$0.10 per share for a period of twelve months. No amount, related to warrant, was recorded.
- (b) On December 19, 2014, the Company completed the closing of a flow-through private placement for a total of \$200,000. It was composed of 2,000,000 flow-through shares at a price of \$0.10 each. An amount of \$160,000 was recorded in share capital and an amount of \$40,000 was recorded as other liabilities in the statement of financial position.

The Company paid a finder's fee in cash of \$13,480 and issued 68,400 finder's warrants entitling the holder to purchase one common share at a price of \$0.10 per share for a period of 12 months following the issuance of the warrant.

Other liabilities represent the difference between the share price at the time of issuance and the share price in the subscription agreement. When eligible expenditures have been incurred and the Company has transferred its right to deductions to investors, the amount recognized in other liabilities will be reversed and recognized in profit or loss as a reduction of deferred income tax.

- (c) On August 6, 2015, the Company completed the closing of a private placement for a total of \$176,132. It was composed of 1,467,765 units. The unit, offered at \$0.12, was composed of one common share and half a warrant. In total, 1,467,765 common shares, as well as 733,883 warrants were issued. Each warrant entitles its holder to subscribe for one common share at \$0.18 per share for a period of eighteen months. An amount of \$14,678, related to warrants, was recorded as an increase in contributed surplus.
- (d) In August 6, 2015, the Company completed the closing of a flow-through private placement for a total of \$80,000. It was composed of 533,333 flow-through shares at a price of \$0.15 each. An amount of \$58,667 was recorded in share capital and an amount of \$21,333 was recorded as other liabilities in the statement of financial position.

The Company paid a finders' fee in cash of \$6,000.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

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

- (e) On September 17, 2015, the Company completed the closing of a private placement for a total of \$555,480. It was composed of 4,629,000 units. The unit, offered at \$0.12, was composed of one common share and half a warrant. In total, 4,629,000 common shares as well as 2,314,500 warrants were issued. Each warrant entitles its holder to subscribe for one common share at \$0.18 per share for a period of eighteen months. An amount of \$46,290, related to warrant, was recorded as an increase in contributed surplus.
- (f) On September 17, 2015, the Company completed the closing of a flow-through private placement for a total of \$163,750. It was composed of 1,091,664 flow-through shares at a price of \$0.15 each. An amount of \$120,083 was recorded in share capital and an amount of \$43,667 was recorded as other liabilities in the statement of financial position.
- (g) On March 2, 2016, the Company completed the closing of a private placement for a total of \$1,021,540. It was composed of 7,858,000 units. The unit, offered at \$0.13, was composed of one common share and half a warrant. In total, 7,858,000 common shares as well as 3,929,000 warrants were issued. Each warrant entitles its holder to subscribe for one common share at \$0.20 per share for a period of eighteen months. No amount, related to warrant, was recorded.
- (h) On July 20, 2015, 1,771,500 warrants were exercised at a price of \$0.10 per share. An amount of \$177,500, equal to the exercise price, was recorded as an increase in the share capital.
- (i) On July 30, 2015, 357,143 warrants were exercised at a price of \$0.10 per share. An amount of \$35,714, equal to the exercise price, was recorded as an increase in the share capital.

#### 12.2 Warrants

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

	March 31, 2016	
	Number of warrants	Weighted average exercise price
		\$
Balance, at beginning of the period	3,479,900	0.10
Issued	6,977,383	0.19
Exercised	(2,128,643)	(0.10)
Expired	(1,351,257)	(0.10)
Balance, at the end of the period	<u>6,977,383</u>	<u>0.19</u>

During the period, the Company issued 6,977,383 warrants through three closings of private placement. An amount of \$60,968 was recorded in contributed surplus.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 12.2 Warrants (cont'd)

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

Expiration date	March 31, 2016	
	Number of warrants	Exercise price
		\$
February 6, 2017	733,883	0.18
March 17, 2017	2,314,500	0.18
September 2, 2017	3,929,000	0.20
	<u>6,977,383</u>	<u>0.19</u>

#### 13. EMPLOYEE REMUNERATION

##### 13.1 Salaries and employee benefit expenses

Salaries and employee benefit expenses recognized are analyzed below:

	Three-month period ended March 31,		Nine-month period ended March 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and benefits	125,719	75,840	332,184	207,673
Share-based payments	-	-	88,800	42,000
	<u>125,719</u>	<u>75,840</u>	<u>420,984</u>	<u>249,673</u>
Less: salaries and share-based payments capitalized in Exploration and evaluation assets or presented in Project generation expenses	<u>(60,600)</u>	<u>(21,317)</u>	<u>(172,452)</u>	<u>(60,122)</u>
Salaries and employee benefit expenses	<u>65,119</u>	<u>54,523</u>	<u>248,532</u>	<u>189,551</u>

##### 13.2 Share-based payments

The Company has a share-based payments plan for eligible directors, officers, employees, consultants and service suppliers of investors' relations. The most important terms of the plan are as follows:

- the maximum number of shares that may be issued under the plan is limited to 10% of the issued shares at the time of the grant of the option, with a maximum of 7,508,264 on March 31, 2016 (5,191,574 on March 31, 2014);
- the maximum number of shares that can be reserved for a beneficiary is limited to 5% of issued and outstanding shares
- the maximum number of shares that can be reserved for a consultant during a 12 months period is limited to 2% of issued and outstanding shares;
- the maximum number of shares that can be reserved for a supplier of investors' 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;
- the options granted to directors, officers, employees and consultants may be exercised entirely at the date of the grant.

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 13.2 Share-based payments (cont'd)

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

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

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

	March 31, 2016	
	Number of options	Weighted average exercise price
		\$
Outstanding at the beginning of the period	5,075,000	0.19
Granted	1,480,000	0.10
Outstanding at the end of the period	6,555,000	0.17

On December 8, 2015, the Board of Directors of the Company has granted 1,480,000 options under its stock option incentive plan to employees, directors, officers and consultants at an exercise price of \$0.10 per share. The options expire five (5) years from the date of grant.

The weighted average fair value of stock options granted is \$0.06 each (\$0.06 for the period ended December 31, 2014) and was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2016	2015
Average share price at the date of issuing	\$0.09	\$0.08
Expected interest average rate	0.56%	1.02%
Expected average life	5 years	5 years
Expected weighted volatility	93%	102%
Expected dividend yield	0%	0%
Average exercise price at the date of grant	\$0.10	\$0.10

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

The table below summarizes the information related to share options as March 31, 2016:

	March 31, 2016	
Range of exercise price	Number of options	Remaining life (years)
From \$0 to \$0.50	6,255,000	3.62
From \$0.51 to \$1.00	300,000	0.99
	6,555,000	



# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 13.2 Share-based payments (cont'd)

In total, \$88,800 of share-based payments (all of which related to equity-settled share-based payment transactions) were recorded (\$75,853 in profit or loss, \$73,500 as salaries and employee benefit expenses and \$2,353 as project generation expenses, and \$12,947 capitalized in exploration and evaluation assets) for the nine-month period ended March 31, 2016 (\$43,408 in profit or loss, \$42,000 as salaries and employee benefit expenses and \$1,408 as project generation expenses, and \$4,592 capitalized in exploration and evaluation assets for the nine-month period ended March 31, 2015) and credited to contributed surplus.

#### 14. FAIR VALUE MEASUREMENT

##### 14.1 Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the 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 asset or liability.

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

Shares in listed companies measured at fair value in the statement of financial position on March 31, 2016 and June 30, 2015, are classified in Level 1.

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

The carrying value of cash, other receivables, other payables and short-term loan is considered to be reasonable approximation of fair value because of the short-term maturity of these instruments. The loan, on June 30, 2015, is classified in Level 2 of the fair value hierarchy.

#### 15. FINANCE COSTS AND INCOME

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

	Nine-month period ended March 31,	
	2016	2015
	\$	\$
Interests on trade accounts	(193)	(388)
Interests on reimbursement of loans	-	(9,750)
Amortization of fees related to loans	(3,030)	(4,015)
Change in fair value of listed shares	44,882	7,480
	<u>41,659</u>	<u>(6,673)</u>

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 15. FINANCE COSTS AND INCOME (cont'd)

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

	Nine-month period ended March 31,	
	2016	2015
	\$	\$
Interests income from cash	1,996	535
Interests income from tax credits received	-	2,583
Interests income from other receivables	2,531	(2,756)
Gain on reimbursement of a receivable account	-	39,445
	<u>4,527</u>	<u>39,807</u>

#### 16. LOSS PER SHARE

In calculating the diluted loss per share, dilutive potential common 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 anti-dilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 12.2 and 13.2.

	Three-month period ended March 31,		Nine-month period ended March 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Net loss	9,011	\$ (135,776)	\$ (287,269)	\$ (368,673)
Weighted average number of shares	69,815,192	51,915,739	66,037,272	46,409,414
Basic and diluted loss per share	-	\$ (0.003)	\$ (0.004)	\$ (0.008)

#### 17. ADDITIONAL INFORMATION-CASH FLOWS

The changes in working capital items are detailed as follow:

	Nine-month period ended March 31,	
	2016	2015
	\$	\$
Other receivables	(52,992)	(2,994)
Good and services tax receivable	(159,030)	90,378
Prepaid expenses	(719)	27,824
Trade and other payables	(31,810)	(286,088)
	<u>(244,551)</u>	<u>(170,880)</u>

# SIRIOS RESOURCES INC.

## Notes to Interim Financial Statements

### For the nine-month period ended March 31, 2016 (unaudited)

(in Canadian dollars)

#### 18. RELATED PARTY TRANSACTIONS

The Company's related parties includes associated companies 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 nine-month period ended March 31, 2016, Sirios provided administrative services to an associated company, Khalkos, totaling \$57,944 (\$54,766 for the nine-month period ended March 31, 2015). These transactions occurred in the normal course of business and were measured at the exchange amount, which is the consideration established and agreed upon by the parties.

##### 18.1 Transactions with key management personnel

The remuneration of the Company's key management personnel and the president includes the following expenses:

	Three-month period ended		Nine-month period	
	March 31,		March 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and benefits	57,492	37,868	159,934	102,709
Professional fees	23,500	-	78,500	-
Share-based payments	-	-	64,504	28,500
Total remuneration	80,992	37,868	302,938	131,209

For the nine-month period ended March 31, 2016, an amount of \$35,178 of salaries and benefits and \$3,600 of share-based payments were recorded as *Exploration and evaluation assets*.

#### 19. 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 for which an amount should be used for exploration work. See all details in Note 12.1 and 20.

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.

#### 20. 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.

# **SIRIOS RESOURCES INC.**

## **Notes to Interim Financial Statements**

### **For the nine-month period ended March 31, 2016 (unaudited)**

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(in Canadian dollars)

#### **20. CONTINGENCIES AND COMMITMENTS (cont'd)**

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 placement;
- 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 nine-month period ended March 31, 2016, the Company received an amount of \$243,750 (\$200,000 for the nine-month period ended March 31, 2015) from flow-through placements, for which the Company renounced to tax deductions on December 31, 2015. Management is required to fulfill commitments within the stipulated deadline of one year from the renunciation date.

The product of unspent funding related to flow-through financings total \$0 (\$158,188 before December 31, 2015 on March 31, 2015). According to the fiscal legislations imposed restrictions, the Company has to dedicate these funds to the exploration of Canadian mining properties.

#### **21. SUBSEQUENT EVENTS**

On April 11, 2016, 300,000 options, at a price of \$0.15, were exercised.

On April 18, 2016, 200,000 options, at a price of \$0.16, were exercised.

On April 22, 2015, the Company completed the closing of a private placement for a total of \$3,500,000. It was composed of 17,500,000 units. The unit, offered at \$0.20, was composed of one common share and half a warrant. In total, 17,500,000 common shares as well as 8,750,000 warrants were issued. Each warrant entitles its holder to subscribe for one common share at \$0.28 per share for a period of eighteen months. No amount, related to warrant, was recorded.

On April 22, 2016, the Company completed the closing of a flow-through private placement for a total of \$2,000,000. It was composed of 6,666,667 flow-through shares at a price of \$0.30 each. The total amount was recorded in share capital.

On April 25, 2016, 125,000 options, at \$0.10, and 40,000, at \$0.12, were exercised.

On April 28, 2016, 85,000 warrants were exercised at a price of \$0.18.

On April 29, 2016, 37,500 warrants were exercised at a price of \$0.28.

On April 29, 2016, 25,000 options, at a price of \$0.10, were exercised.

On May 3, 2016, Khalkos issued 445,052 common shares to Sirios to settle a debt of \$48,956. Following this issue, Sirios now holds 8,464,421 shares, representing 20.20% of the share capital of Khalkos.

On May 20, 2016, Sirios issued 1,250,000 common shares to Golden Valley to acquire the remaining 55% of the Cheechoo property. Sirios now owns 100% of the property.