

Management Interim Report for the nine-month period ended March 31, 2016



Discovering James Bay



Sirios Resources Inc.

TSX V: SOI
www.sirios.com

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S I R I O S

TSX-V : SOI

**SIRIOS RESOURCES INC.
MANAGEMENT INTERIM REPORT
FOR THE NINE-MONTH PERIOD
ENDED MARCH 31, 2016**

This Management Discussion and Analysis is dated May 24, 2016 and provides an analysis of the financial results for the quarter ended March 31, 2016. This discussion and analysis of the financial position and results of operation should be read in conjunction with the unaudited interim financial statements for the nine-month period ended March 31, 2016 and the audited financial statements for the years ended June 30, 2015 and 2014. The unaudited interim financial statements for the period ended March 31, 2016 were not reviewed by the external auditors.

This report contains "forward-looking statements" not based on historical facts. Forward-looking statements express as of the date of this report, 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 could differ materially from current expectations expressed or implied by the forward-looking statements include 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.

On March 31, 2016, Sirios held 8,019,369 shares of Khalkos Exploration Inc. ("Khalkos") consisting of 20.16% of its share capital. On May 3, 2016, Khalkos issued 445,052 shares to Sirios to reimburse a debt. Following this issuance, Sirios now owns 8,464,421 shares of Khalkos, representing 20.20% of its share capital.

Common shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange, under the symbol "SOI". On March 31, 2016, there are 75,082,643 common shares issued and outstanding.

Sirios owns numerous high potential properties such as:

- CHEECHOO (45%, increasing ownership to 100%), gold discovery in the vicinity of Goldcorp's Eleonore gold mine;
- AQUILON (50%), host of high grade gold veins system;
- PONTAX (100%), polymetallic project with high grade silver and gold.

SUMMARY OF THE ACTIVITIES OF THE PERIOD

- Closing of a private placement for a total amount of \$1,021,540, including an investment of \$962,000 by Goldcorp;
- Cheechoo :
 - Twenty-six drill holes completed for a total of 4,179 metres;
 - Drill hole #52 shows a section grading 12.08 g/t Au over 20.3 metres;
 - Discovery of a new gold lithology.
- Resignation of a director;
- Exploration and evaluation expenses of \$1,146,423, for the quarter, 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 properties during the three-month period:

| Properties | Geology-prospecting \$ | Geochemistry-analysis \$ | Geophysics, line-cutting \$ | Transport, helicopter, lodging \$ | Drilling \$ | General expenses, drafting \$ | Total \$ |
|-----------------|---------------------------|-----------------------------|--------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| Cheechoo | 16,483 | 45,468 | 13,062 | 12,286 | 1,054,067 | 1,061 | 1,142,427 |
| Pontax | 532 | 3,449 | - | - | - | 15 | 3,996 |
| Total | 17,015 | 48,917 | 13,062 | 12,286 | 1,054,067 | 1,076 | 1,146,423 |

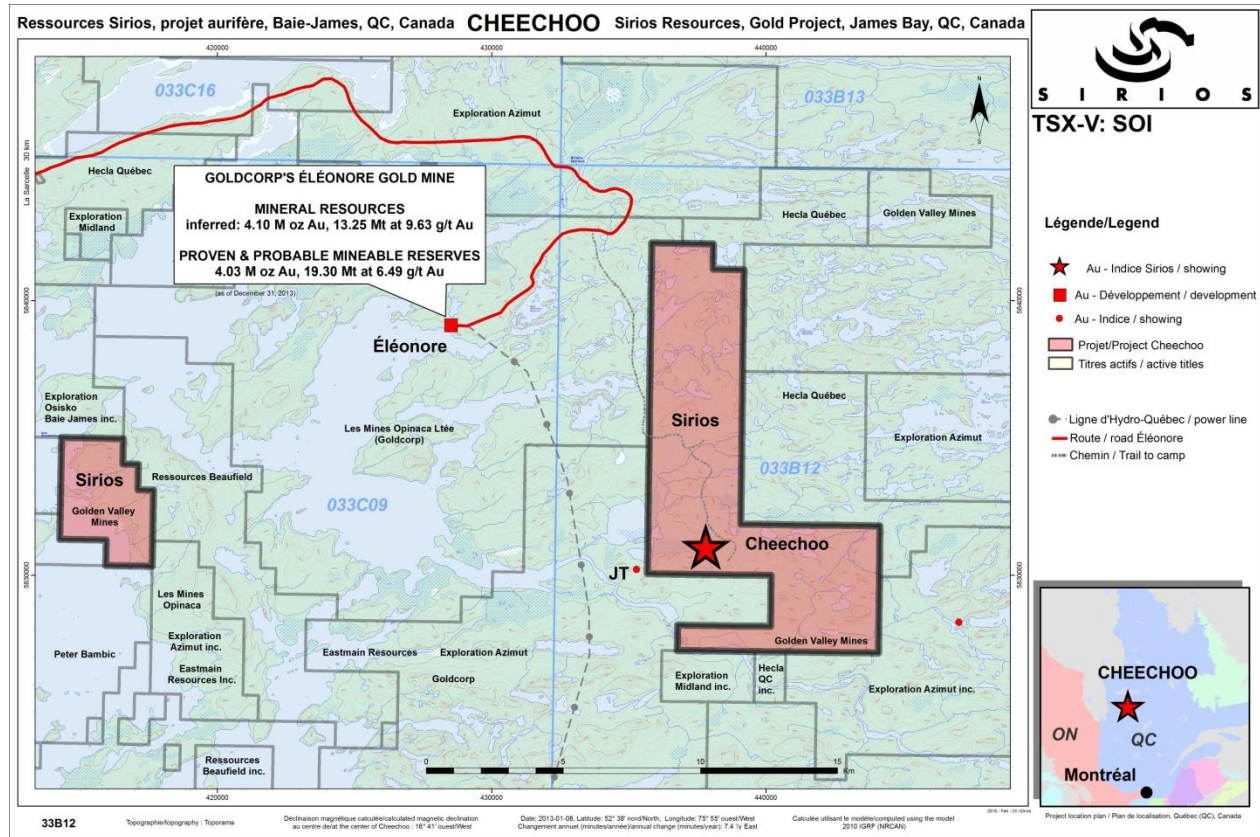
Other properties have not been subject to exploration work during the period.

EXPLORATION PROJECT

CHEECHOO property

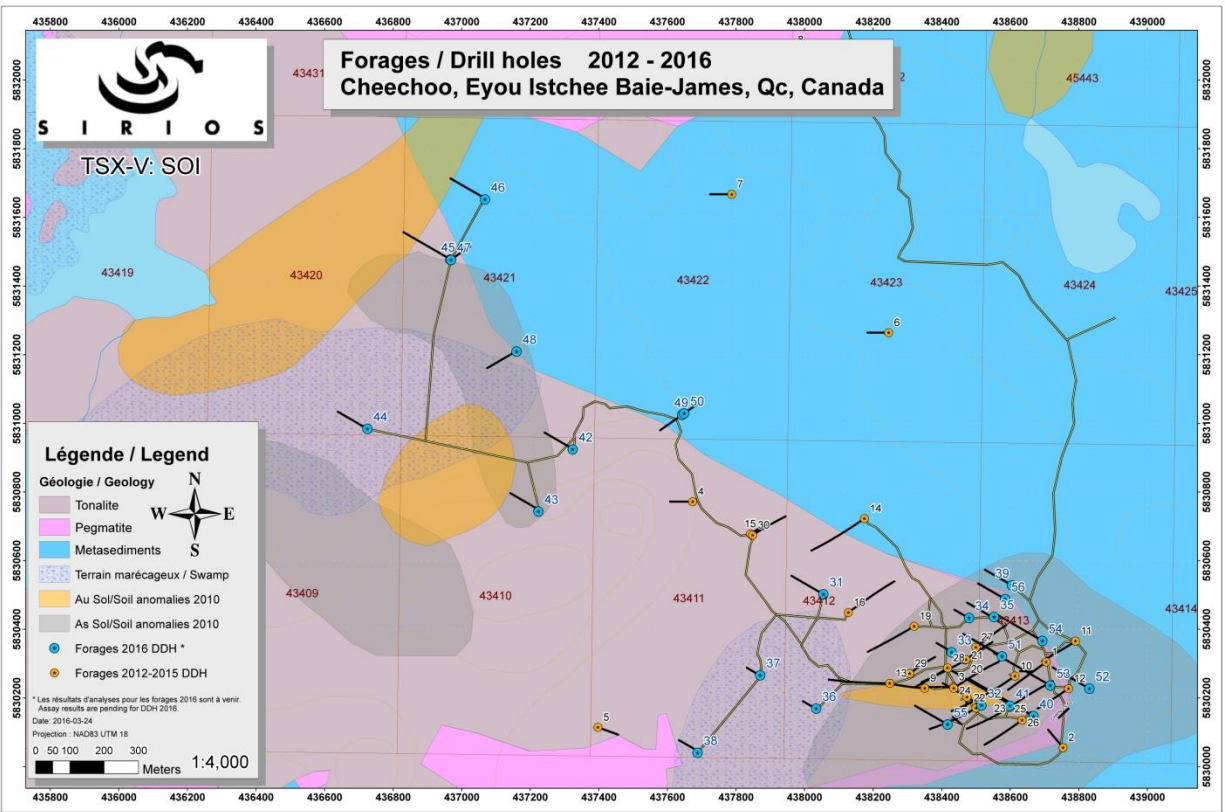
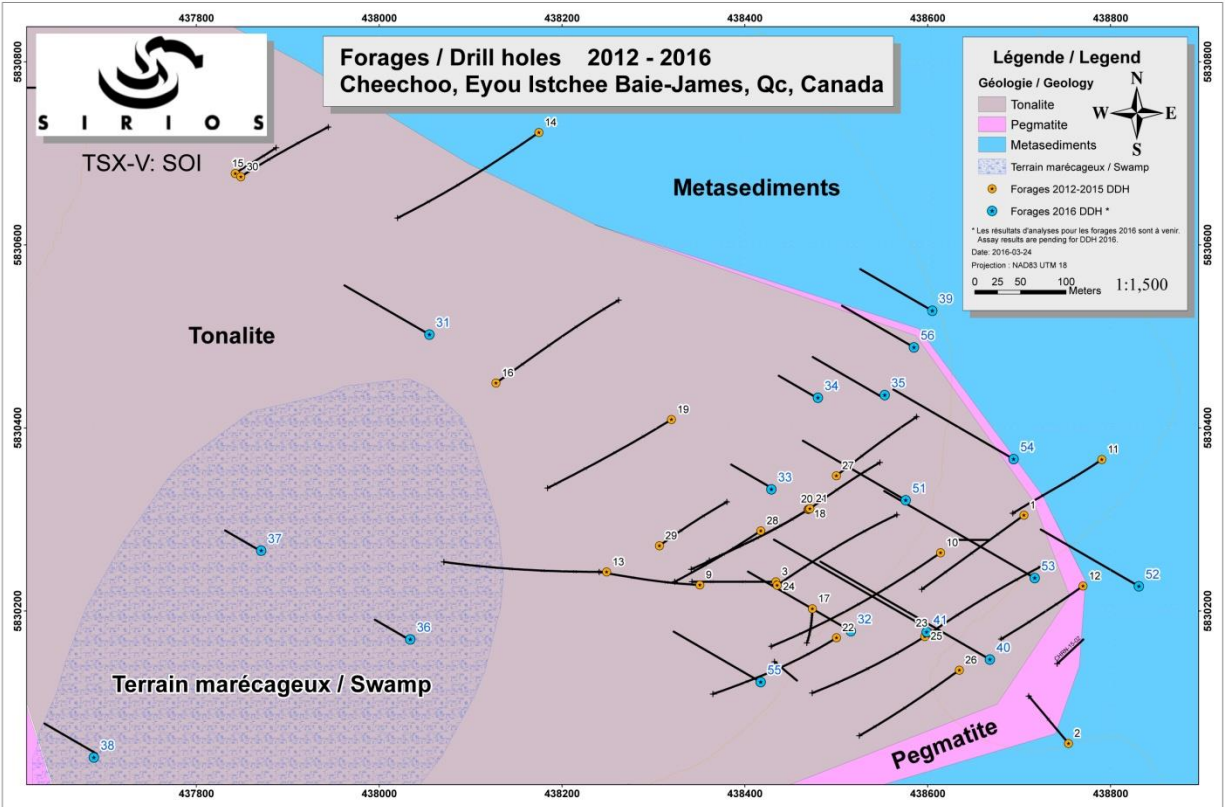
The Cheechoo project is the flagship project of the Company due to its increasingly encouraging results since the discovery of the first surface gold showings. For this project, Sirios' goal is to delineate a world-class multi million-ounce gold deposit.

The property consists of 145 claims, covering 75 km² and divided in two non-continuous blocks. It is located 320 km north of Matagami, in Quebec, and 9 km east of the the Eleonore gold mine of Goldcorp Inc. The main block of 124 claims, located in the 33B12 NTS sheet and is adjacent to the east of the Eleonore mine. The second block, of 21 claims, is located in the 33C09 NTS sheet at around 20 km west of the main block, on which drilling programs are held.



Fieldwork undertaken during the period

Twenty-six drill holes of NQ diamond totaling 4,338 metres were drilled during the period increasing the total to 9,639 metres and fifty-six holes drilled on the property. This total included the deepening of the #22 hole, drilled in fall 2015.



As of this report, only part of the overall results of drill core assays were received as described below. Following observations of core samples by Sirios' geologists, the most significant results are from holes #52 and #40, which were subject to rushed assaying.

For hole #52, assays show a section grading 12.08 g/t Au over 20.3 metres including 48.38 g/t over 4.4 metres (uncut grades, true width unknown) between 120 metres and 140.3 metres. The gold mineralization is distributed in both meta-sedimentary rocks and the tonalite, thus overlapping the contact of these two lithologies. Gold is associated with the presence of numerous folded millimetric veinlets of quartz-feldspar. Only the section between 113.5 metres and 147 metres was assayed to date in this drill hole, results are detailed in the table below.

PARTIAL ASSAYS RESULTS OF DRILL HOLE CH-16-52

NAD 83 UTM Coordinates: 438831E 5830227N; Azimuth: 300° Dip: -50°

| | From (m) | To (m) | Interval (m)* | Au (g/t) ms | Au (g/t) Cut *** |
|--------------|---------------------|-------------------|--------------------------|----------------------------|-------------------------------------|
| | 120.0 | 140.3 | 20.3 | **12.08 | 8.22 |
| incl. | 122.7 | 123.7 | 1.0 | **14.35 | |
| and | 133.2 | 137.6 | 4.4 | **48.38 | 30.53 |
| incl. | 133.2 | 135.5 | 2.3 | **83.35 | 50.00 |
| and | 136.5 | 137.6 | 1.1 | **14.95 | |

* Interval along the hole, true width not known

** Visible gold

*** Maximum gold grade cut at 50 g/t

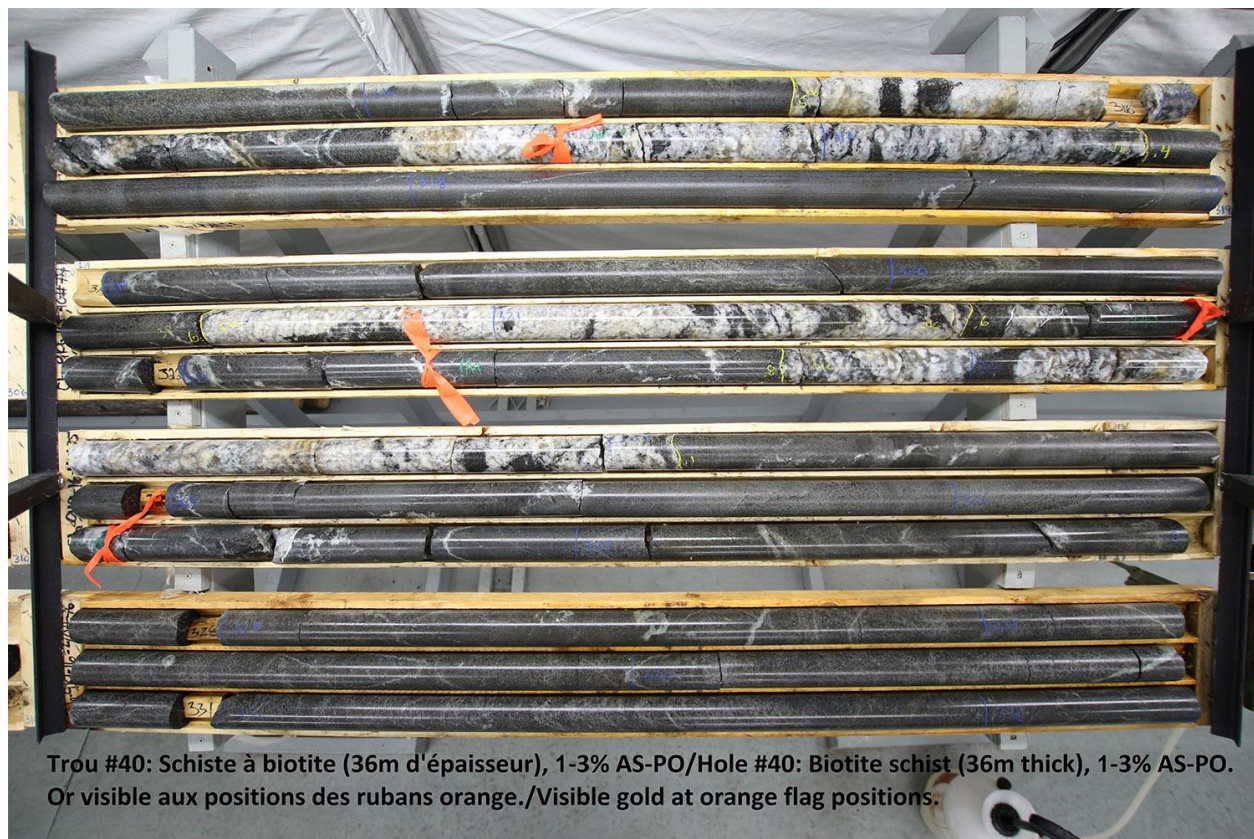
ms : Gold grade obtained by fire assay with metallic sieve of a 1 kg sample



I1D = Tonalite I1G = Pegmatite S3 = Metasediments VG = Visible Gold (orange flag)

Hole #52, from 120 to 141 m. Visible gold at orange flag positions.

Drill hole #40 intersected a biotite schist over 36 m (true width unknown). The section with visible gold yielded 2.12 g/t Au over 11.5 metres, between 315.5 m and 327 m, including 3.05 g/t Au over 6.4 m with a highest grade of 6.13 g/t Au over 1.2 m. A section containing all the biotite schist yielded 1.27 g/t Au over 39 metres between 295 m and 334 m. In addition, a yield of 2.88 g/t Au over 3.2 m was obtained between 346.9 m and 350.1 m. For the moment, assays results are only available for the last section of drill hole #40 between 287 m and 355.4 m; this section yielded in total 1.0 g/t Au over 68.4 m. The shape, size and direction, which is interpreted as a biotite schist enclave in tonalite, will be determined with additional drilling.



Hole #40 : Biotite schist. Visible gold at orange flag positions.

Nine of the twenty-six holes (#42 to #50) were completed in an area between 0.5 to 1.5 km north-west of the known gold halo of 1.1 km delineated in its north-west region by drill holes #15 to #30. Visible gold was observed in three drill holes (#42, 47 and 48) at the proximity of or at the geological contact between tonalite and meta-sedimentary rocks. Presence of gold is now, thus, confirmed at more than 1 km north-west to the known gold halo. In drill holes #47 and 48, new mineralogical assemblages were observed in meta-sedimentary rocks and in tonalite, which are marked by geological alteration with diopside, garnet, brown tourmaline, chlorite and black quartz-tourmaline veinlets.

As of publication of this report, the assays are completed for holes #22Ext, #32 to #40 and #44 to #46 while re-assaying for quality control purposes are ongoing for holes #31, 41, 42 and 43. The short holes #34, 36, 37, of less than 80 metres, yielded only anomalous gold. Samples from holes #47 to 56 are being assayed. Only partial results are known and/or are released for holes #40 and #52. Sirios plans to release the next results when assays will be completed for holes #31 to #50.

MAIN ASSAYS RESULTS OF DRILL HOLES #22Ext., 32 AND 33

| Drill hole CH-16- | Azimuth ° | Dip ° | NAD83 UTM Coordinates | From (m) | To (m) | Interval (m)* | Au (g/t) |
|------------------------------|----------------------|------------------|----------------------------------|---------------------|-------------------|--------------------------|---------------------|
| 22Ext | 254 | -41 | 438500E / 5830171N | 209.0 | 210.0 | 1.0 | 16.32 |
| | | | | 224.4 | 245.4 | **21.0 | 0.88 |
| | | | | incl. 240.5 | 245.4 | **4.9 | 1.75 |
| | | | | | | | |
| 32 | 300 | -50 | 438516E / 5830178N | 15.5 | 17.0 | 1.5 | 4.42 |
| | | | | 52.6 | 53.9 | 1.3 | 2.06 |
| | | | | 86.7 | 87.7 | 1.0 | 2.26 |
| | | | | 122.8 | 123.8 | ms**1.0 | 9.11 |
| | | | | 150.0 | 152.1 | 2.1 | 1.24 |
| | | | | | | | |
| 33 | 300 | -50 | 438429E / 5830333N | 9.3 | 16.8 | 7.5 | 0.68 |
| | | | | 41.9 | 42.9 | 1.0 | 2.66 |

* Interval along the hole, true width not known

** Visible gold

ms : Gold grade obtained by fire assay with metallic sieve of a 1 kg sample

Assay methods and quality control

NQ-caliber drill cores of current campaign were sawed in half, with one half sent to a commercial laboratory for analysis and other half retained for future reference. A strict QA/QC program was followed by integrating blanks and certified reference materials to the drill core samples, all of which were prepared by IOS Services Géoscientifiques inc. of Chicoutimi, and assayed for gold by fire assay and atomic absorption finish (AA24) by the ALS Minerals laboratories in Val d'Or, Quebec. Samples grading more than 3 g/t were re-assayed by fire assay with gravimetric finish. (GRA22). Samples with visible gold were assayed by pyro-analysis with metallic sieve (SCR24) from a sample of about 1 kg.

For the section from 113.5 m to 147.0 m of drill hole #52, twenty-seven samples, of approximately 1 kg each, representing 33.5 m of drill core, were assayed via rush priority for gold by fire assay with metallic sieve (SCR24) by ALS Minerals in Val-d'Or, Quebec.

SUMMARY OF FINANCIAL ACTIVITIES

During the nine-month period, the Company completed the closing of private placements. The first two closings, totalled \$731,612. They were comprised of 6,096,765 units at \$0.12 per unit and were composed of one common share and half a warrant. The last closing totaled \$1,021,540. It was comprised of 7,858,000 units at \$0.13 and was composed of one common share and half a warrant. In total, 13,954,765 common shares were issued as well as 6,977,382 warrants.

Also, during the six-month period, the Company completed the closing of flow-through private placements for a total amount of \$243,750. They were comprised of 1,624,997 flow-through shares at \$0.15 per share.

The net loss of the Company is \$287,269 for the nine-month period ended March 31, 2016 (a net result of \$9,011 for the three-month period) in comparison with a net loss of \$368,673 for the nine-month period ended March 31, 2015 (\$ for the three-month period).

General and administrative expenses analysis

General and administrative expenses, for the nine-month period, increased from \$369,650 in 2015 to \$530,154 in 2016.

| | 2015-2016 | 2014-2015 |
|--|---|---|
| General and administrative expenses | Nine-month period ended March 31, 2016 \$ | Nine-month period ended March 31, 2015 \$ |
| Professional fees | 201,673 | 34,818 |
| Salaries and employee benefit expenses | 175,511 | 147,551 |
| Investors and shareholders' relations | 96,284 | 129,504 |
| Trustees and registration fees | 30,941 | 24,408 |
| Office expenses | 10,836 | 7,740 |
| Rent expenses | 9,128 | 9,610 |
| Insurance | 4,599 | 4,926 |
| Bank charges | 874 | 650 |
| Interests charges | 193 | 10,138 |
| Income taxes of section XII.6 | 115 | 305 |
| Total | <u>530,154</u> | <u>369,650</u> |

Comparing the general and administrative expenses for the nine-month period ended March 31, 2016 and 2015, we note an increase in *Professional fees* and *Salaries and employee benefit expenses*. This increase can be explained by the efforts undertaken by management and staff to promote the Company and the closing of private placements.

The decrease in *Interests charges* can be explained by the loan that was still outstanding in 2015, which is not the case in 2016 as it was repaid in early July 2015.

SUMMARY OF QUARTERLY RESULTS

| | 2015-2016 | | | 2014-2015 | | | | 2013-2014 |
|-----------------------------|-----------|----------|----------|-----------|----------|----------|----------|-----------|
| | Q3 \$ | Q2 \$ | Q1 \$ | Q4 \$ | Q3 \$ | Q2 \$ | Q1 \$ | Q4 \$ |
| Other revenues and expenses | 45,803 | (1,754) | (10,857) | (205,054) | (39,855) | (52,875) | 77,665 | 419,041 |
| Net loss | (9,011) | 239,846 | 56,435 | 471,561 | 135,776 | 222,055 | 11,549 | (343,359) |
| Net loss per share | - | 0.003 | 0.001 | 0.01 | 0.003 | 0.005 | 0.0003 | (0.002) |

Other revenues and expenses consist mainly of changes in value of listed shares, interest income on cash, interests and amortization on loans, interests on unpaid invoices, adjustment and share of loss of the associated company's shares which is recorded using the equity method.

In the last eight quarters, there is a variation from a net gain of \$343,359 to a net loss of \$471,561.

For the Q4-2014, the net result of \$343,359 can be explained by the recovery in value of the investment accounted for using the equity-method for an amount of \$643,374, thus increasing the result of the quarter. This recovery in value can be explained by the positive variation of the market value of Khalkos' shares.

For the Q3-2016, the net result of \$9,011 can be explained by recognized deferred taxes in the period, relating to the amount of flow-through expenditures incurred during the period.

For the Q1-2015, Sirios received shares of Khalkos in settlement of another receivable creating a settlement gain for an amount of \$39,445, increasing income.

For the Q2-2015, Q3-2015 and Q2-2016, the negative variation in the value of the listed shares for amounts of \$29,921, \$7,480 and \$14,961 respectively, decreased revenues.

For the Q1-2015, Q4-2015, Q1-2016 and Q3-2016, the positive variation in the value of the listed shares for amounts of \$44,882, \$7,480, \$7,480 and \$52,362 respectively, increased revenues.

For the Q1-2015, Q2-2015, Q3-2015, Q4-2015, Q1-2016, Q2-2016 and Q3-2016, the Company's share of the associated company's loss, recorded using the equity method for amounts of \$8,092, \$18,003, \$31,302, \$207,882, \$19,105, \$8,304 and \$9,148 respectively, decreased revenues.

For the Q1-2015, Q2-2015, Q1-2016 and Q2-2016, following issuances by Khalkos of shares, the Company went through dilutions of its percentage in Khalkos. Following those dilutions, amounts of \$(388), \$9,587, \$3,341 and \$43,562 respectively, decreased (increased) revenues.

For the Q4-2014, Q1-2015, Q2-2015, Q3-2015, Q4-2015 and Q1-2016, the amortization of fees related to loans of \$1,239, \$1,308, \$1,358, \$1,350, \$1,456 and \$3,029 respectively, decreased revenues.

WORKING CAPITAL AND CASH FLOW

The working capital, including cash held for exploration expenses, varied from an amount of \$158,495 on June 30, 2015 to an amount of \$89,869 on March 31, 2016. During the period, cash was used for exploration and administrative expenses.

Management of Sirius 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 of March 31, 2016:

- 75,082,643 common shares were issued as well as 100,000 preferred shares;
- 6,555,000 options were granted and exercisable, at prices between \$0.10 and \$0.70, between 2016 and 2020. Each option can be exchanged by its holder thereof for one common share of the Company.
- 6,977,383 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company.

Share capital

Variation of share capital as of May 24, 2016:

| Description | Number of shares | Amount (\$) |
|---|--------------------|-------------------|
| As of June 30, 2015 | 57,374,238 | 23,134,622 |
| Exercise of warrants | 2,128,643 | 212,864 |
| Private placement | 13,954,765 | 1,692,184 |
| Flow-through private placement | 1,624,997 | 178,750 |
| As of March 31, 2016 | 75,082,643 | 25,218,420 |
| Exercise of options | 690,000 | 164,400 |
| Private placement | 17,500,000 | 3,500,000 |
| Flow-through private placement | 6,666,667 | 2,000,000 |
| Exercise of warrants | 122,500 | 25,800 |
| Acquisition of a percentage in a property | 1,250,000 | 500,000 |
| As of May 24, 2016 | 101,311,810 | 31,408,620 |

On July 20, 2015, 1,771,500 warrants were exercised at a price of \$0.10 per share.

On July 30, 2015, 357,143 warrants were exercised at a price \$0.10 per share.

On August 6, 2015, the Company completed the closing of a private placement for a total of \$176,132. In total, 1,467,765 shares were issued as well as 733,883 warrants.

On August 6, 2015, the Company completed the closing of a flow-through private placement for a total of \$80,000. In total, 533,333 flow-through shares were issued.

On September 17, 2015, the Company completed the closing of a private placement for a total of \$555,480. In total, 4,629,000 shares were issued as well as 2,314,500 warrants.

On September 17, 2015, the Company completed the closing of a flow-through private placement for a total of \$163,750. In total, 1,091,664 flow-through shares were issued.

On March 2, 2016, the Company completed the closing of a private placement for a total of \$1,021,540. In total, 7,858,000 shares were issued as well as 3,929,000 warrants.

On April 7, 2016, 300,000 options were exercised at a price of \$0.15.

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

On April 22, 2016, the Company completed the closing of a private placement for a total of \$3,500,000. In total 17,500,000 shares were issued as well as 8,750,000 warrants.

On April 22, 2016, the Company completed the closing of a flow-through private placement for a total of \$2,000,000. In total, 6,666,667 flow-through shares were issued.

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

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

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

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

May 20, 2016, the Company issued 1,250,000 shares at \$ 0.40 per share, to increase its stake in the Cheechoo project from 45% to 100%.

Options

Variation in outstanding options as of May 24, 2016:

| Description | Number of options | Average exercise price (\$) |
|-----------------------------|-------------------|-----------------------------|
| As of June 30, 2015 | 5,075,000 | 0.19 |
| Granted | 1,480,000 | 0.10 |
| As of March 31, 2016 | 6,555,000 | 0.17 |
| Exercised | (690,000) | (0.14) |
| Expired | (128,571) | (0.70) |
| As of March 24, 2016 | 5,736,429 | 0.16 |

The Board of Directors granted, on December 8, 2015, 1,480,000 stock 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.

On April 7, 2016, 300,000 options were exercised at a price of \$0.15.

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

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

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

Options granted to employees, directors, officers and consultants and exercisable as of May 24, 2016:

| Expiry date | Options granted and exercisable | Exercise price (\$) |
|-------------------|---------------------------------|---------------------|
| June 17, 2017 | 171,429 | 0.70 |
| January 17, 2018 | 1,175,000 | 0.24 |
| October 24, 2018 | 25,000 | 0.12 |
| December 11, 2018 | 975,000 | 0.16 |
| May 6, 2019 | 300,000 | 0.15 |
| November 25, 2019 | 675,000 | 0.10 |
| April 13, 2020 | 560,000 | 0.12 |
| April 27, 2020 | 400,000 | 0.12 |
| December 8, 2020 | 1,455,000 | 0.10 |
| | 5,736,429 | 0.16 |

Warrants

Variation of warrants as of May 24, 2016:

| Description | Number of warrants | Average exercise price (\$) |
|-----------------------------|--------------------|-----------------------------|
| As of June 30, 2015 | 3,479,000 | 0.10 |
| Issued | 6,977,383 | 0.19 |
| Exercised | (2,128,643) | (0.10) |
| Expired | (1,351,257) | (0.10) |
| As of March 31, 2016 | 6,977,383 | 0.19 |
| Issued | 8,750,000 | 0.28 |
| Exercised | (122,500) | (0.21) |
| As of May 24, 2016 | 15,604,883 | 0.24 |

On July 20, 2015, 1,771,500 warrants were exercised at a price of \$0.10.

On July 30, 2015, 357,143 warrants were exercised at a price of \$0.10.

For the private placement of August 6, 2015, 733,882 warrants were issued at a price \$0.18.

For the private placement of September 17, 2015, 2,314,500 warrants were issued at a price of \$0.18.

For the private placement of March 2, 2016, 3,929,000 warrants were issued at a price of \$0.20.

For the private placement of April 22, 2016, 8,750,000 warrants were issued at a price of \$0.28.

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.

Warrants issued as of May 24, 2016:

| Expiry date | Number of warrant | Exercise price (\$) |
|-------------------|-------------------|---------------------|
| February 6, 2017 | 733,883 | 0.18 |
| March 17, 2017 | 2,229,500 | 0.18 |
| September 2, 2017 | 3,929,000 | 0.20 |
| April 22, 2017 | 8,712,500 | 0.28 |
| | 15,604,883 | 0.24 |

RELATED PARTY TRANSACTIONS

Key management personnel

The remuneration of the Company's key management personnel and the president is as follows:

| | Nine-month period ended | |
|--|-------------------------|----------------------|
| | March 31, 2016 \$ | March 31, 2015 \$ |
| Salaries and employee benefit expenses | 159,934 | 102,709 |
| Professional fees | 78,500 | - |
| Share-based payments | 64,504 | 28,500 |
| | 302,938 | 131,209 |

Associated company

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).

An officer of the Company is on the Board of Directors of the two companies.

SUBSEQUENT EVENTS

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

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

On April 22, 2016, the Company completed the closing of two private placements for a total of \$5.5M. For the first placement, an amount of \$3.5M was raised and was comprise of 17,500,000 units, offered at \$0.20, and composed of one common share and half a warrant. In total, 17,500,000 common shares were issued as well as 8,750,000 warrants. Each warrant gives the holder the right to purchase one common share at \$0.28 during the twelve months following the closing date. For the second placement, an amount of \$2M was raised by flow-through private placement. It was composed of 6,666,667 flow-through shares at a price of \$0.30.

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

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 as well as 25,000 options at a price of \$0.10.

On May 3, 2016, Khalkos issued 445,052 shares to Sirios to settle a debt of an amount of \$48,956. Following this issuance, Sirios now owns 8,464,421 shares of Khalkos representing 20.20% of its share capital.

On May 24, 2016, Sirios issued 1,250,000 shares to acquire the remaining 55% of the Cheechoo property. The property is now owned at 100% by Sirios.

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 performances as well as integrating these three aspects in all their exploration work. Sirios adopted the eight principals of E3 Plus and ask its consultants and suppliers to also respect them. Here are the main principals 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 individual 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, in 2012, the Company's Board of Directors signed a resolution with the following commitments about sustainable 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 environmental and local communities.
- Maintaining an open dialogue is key 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 regulation 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 interest of all parties involved.

JUDGMENTS, ESTIMATES 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 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 recover 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 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, 2016, no impairment loss of exploration and evaluation assets was recognized in profit or loss (\$139 on March 31, 2015). No reversal impairment losses have been recognized for the reporting periods.

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.

Off-balance sheet arrangements

The Company did not set up any off-balance sheet arrangement, as of March 31, 2016.

RISKS 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 impoundments 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 need.

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 of Revenue will agree with the 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 employees.

Conflict 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 of March 31, 2016 should be read in conjunction with the unaudited interim financial statement for the nine-month period ended March 31, 2016 and 2015 and the audited financial statements for the years ended June 30, 2015 and 2014 of Sirius where necessary. The unaudited quarterly statements have not been reviewed by external auditors. More information can be found at the website www.sedar.com under Sirius' section in "Sedar filing" or on the Sirius website www.sirios.com under section "Financial 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 24, 2016.

(signed) Dominique Doucet, President

(signed) Frederic Sahyouni, Chief Financial Officer