



SIRIOS RESOURCES INC.
TSX-V: SOI

Interim Financial Statements (unaudited)

DECEMBER 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.

1000, St-Antoine West, Suite 410, Montreal QC H3C 3R7
Phone: 514-510-7961 Fax: 514-510-7964 www.sirios.com

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

(in Canadian dollars)

	Notes	December 31, 2016	June 30, 2016
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	5	3,705,933	4,835,803
Term deposits	5	300,000	300,000
Other receivables	6	63,996	21,639
Listed shares		1,538,967	89,764
Good and services tax receivable		393,824	102,375
Tax credits receivable		518,328	518,328
Prepaid expenses		8,739	20,545
		6,529,787	5,888,454
Non current			
Property and equipment	7	244,651	243,524
Exploration and evaluation assets	8	13,379,984	9,511,698
Investment accounted for using the equity method	10	-	510,545
Total assets		20,154,422	16,154,221
LIABILITIES			
Current			
Trade and other payables		177,432	419,804
Provision	11	183,679	315,919
Other liabilities	12.1	268,491	-
Total liabilities		629,602	735,723
EQUITY			
Share capital	12.1	34,832,426	31,458,620
Contributed surplus		3,534,434	2,578,068
Deficit		(18,842,040)	(18,618,190)
Total equity		19,524,820	15,418,498
Total liabilities and equity		20,154,422	16,154,221

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 February 20, 2017.

(signed) Dominique Doucet

 Dominique Doucet, President

(signed) Luc Cloutier

 Luc Cloutier, Director

SIRIOS RESOURCES INC.

Interim Statement of Comprehensive Loss (unaudited)

(in Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		December 31,		December 31,	
		2016	2015	2016	2015
		\$	\$	\$	\$
EXPENSES					
Salaries and employee benefits expense	13.1	784,743	143,054	861,325	183,413
Investors and shareholders' relations		72,972	34,797	117,321	58,655
Trustees and registration fees		21,872	19,223	26,945	23,572
Professional fees		19,031	32,823	82,815	43,984
Consulting fees		10,000	84,900	58,000	139,900
Rent expenses		4,690	2,818	8,360	6,310
Office expenses		3,140	5,284	5,313	8,463
Amortization of property and equipment		2,905	817	5,504	1,544
Insurances		1,680	1,512	3,360	3,025
Bank charges		369	232	882	511
Income taxes of section XII.6		-	-	-	115
Write-off of provision for compensation		-	-	(132,240)	-
Project generation expenses		1,255	16,642	4,399	12,392
Write-off of exploration and evaluation assets		-	-	57,806	-
OPERATIONAL LOSS		922,657	342,102	1,099,790	481,884
OTHER REVENUES AND EXPENSES					
Finance costs	15	-	(14,961)	-	(10,703)
Finance income	15	72,190	1,288	77,040	1,923
Share of loss from equity-accounted investment		(21,547)	(8,305)	(42,337)	(28,234)
Adjustment of ownership in equity-accounted investment		917,237	22,258	916,868	24,397
		967,880	280	951,571	(12,617)
LOSS BEFORE INCOME TAX		45,223	(341,822)	(148,219)	(494,501)
Deferred income taxes		33,459	104,010	33,459	198,215
NET LOSS AND COMPREHENSIVE LOSS		78,682	(237,812)	(114,760)	(296,286)
NET LOSS PER SHARE - basic and diluted		-	(0.004)	(0.014)	(0.005)

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
		\$	\$	\$	\$
As of July 1st, 2015		23,184,622	2,495,900	(17,905,446)	7,775,076
Net loss and comprehensive loss		-	-	(296,286)	(296,286)
Share-based payments		-	88,800	-	88,800
Issuance costs of shares		-	-	(57,576)	(57,576)
Issuance of units and shares	12.1	849,394	60,968	-	910,362
Exercise of warrants	12.1	212,864	-	-	212,864
As of December 31, 2015		24,246,880	2,645,668	(18,259,308)	8,633,240
As of July 1st, 2016		31,458,620	2,578,068	(18,618,190)	15,418,498
Net loss and comprehensive loss		-	-	(114,760)	(114,760)
Share-based payments		-	1,011,000	-	1,011,000
Issuance costs of shares		-	-	(108,824)	(108,824)
Exercise of warrants	12.1	731,946	(17,188)	-	714,758
Exercise of options	12.1	245,600	(89,600)	-	156,000
Shares issued for the acquisition of mining rights	12.1	570,000	-	-	570,000
Issuance of units and shares	12.1	1,826,260	52,154	-	1,878,414
As of December 31, 2016		34,832,426	3,534,434	(18,841,774)	19,525,086

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

SIRIOS RESOURCES INC.

Interim Statement of Cash Flows (unaudited)

(in Canadian dollars)

	Six-month period ended	
	December 31,	
	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Net loss	(114,760)	(296,286)
Adjustments		
Share-based payments	708,727	69,903
Share-based payments included in Project generation expenses	-	3,118
Write-off of provision for compensation	(132,240)	-
Amortization of property and equipment	5,503	1,544
Amortization of the fees related to the loan	-	3,030
Change in fair value of listed shares	(64,126)	7,480
Write-off of exploration and evaluation assets	57,806	-
Deferred income taxes	(33,459)	(199,950)
Share of loss from equity-accounted investment	42,337	27,409
Adjustment of ownership in equity-accounted investment	(916,868)	(46,903)
Changes in working capital items	(697,707)	(110,958)
Cash flows from operating activities	(1,144,787)	(541,613)
INVESTING ACTIVITIES		
Tax credits received	-	20,459
Additions to property and equipment	(49,666)	(1,411)
Additions to exploration and evaluation assets	(2,877,715)	(669,923)
Cash flows from investing activities	(2,927,381)	(650,875)
FINANCING ACTIVITIES		
Issuance of units and shares	3,051,122	1,188,226
Reimbursement of a loan	-	(50,000)
Issuance cost of shares	(108,824)	(57,576)
Cash flows from financing activities	2,942,298	1,080,650
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,129,870)	(111,838)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	4,835,803	771,227
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	3,705,933	659,389
Cash operations		
Interests paid from operating activities	-	178
Interests received from operating activities	12,915	1,923

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

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(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 410, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange, under the symbol "SOI".

2. COMPLIANCE WITH IFRS

The financial statement of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and 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.

3. BASIS OF PRESENTATION

These interim financial statements, on December 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, 2016, as well as the IFRS in effect on February 20, 2017, 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. Information 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.

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.

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.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

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

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 expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

For the six-month period ended December 31, 2016, the Company wrote-off the Taigor property. The total impairment recognized in profit or loss amounts \$57,806 (\$0 on December 31, 2015). No reversal impairment losses has been recognized for the reporting periods.

No impairment was conducted on other properties. The Company has sufficient funds to respect its short-term obligation. Additionally, claims will not expire in the near future or are expected to be renewed, work was performed during the last three years and/or promising results were obtained on these properties.

Impairment of property and equipment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. No impairment loss was recognized on December 31, 2016 and June 30, 2016.

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 shares, 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.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

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

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. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	December 31, 2016	June 30, 2016
	\$	\$
Cash	2,205,933	1,035,803
Term deposits, redeemable on a monthly basis and on demand	1,500,000	3,800,000
	<u>3,705,933</u>	<u>4,835,803</u>

Cash and cash equivalents include term deposits bears interest between 0.75% and 0.85%, maturing on September 16, 2019.

Term deposits presented in the statements of financial position are redeemable annually, bearing interest between 1.65% and 1.69%, maturing on June 19, 2017.

6. OTHER RECEIVABLES

	December 31, 2016	June 30, 2016
	\$	\$
Receivables	48,522	-
Advances to an associated company, 1.5%	11,720	15,360
Advances to officers, no interest	3,754	6,279
	<u>63,996</u>	<u>21,639</u>

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

7. PROPERTY AND EQUIPMENT

	Exploration equipment	Exploration camp	Office furniture	Computer equipment	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance on July 1st, 2016	-	224,750	36,683	41,962	303,395
Additions	36,750	6,997	-	5,919	49,666
Balance on December 31, 2016	36,750	231,747	36,683	47,881	353,061
Accumulated amortization					
Balance on July 1st, 2016	-	-	35,971	23,900	59,871
Amortization	4,094	38,942	455	5,048	48,539
Balance on December 31, 2016	4,094	38,942	36,426	28,948	108,410
Carrying amount on December 31, 2016	32,656	192,805	257	18,933	244,651

All amortization expenses are presented in *Property and equipment* except for *Exploration equipment* and *Exploration camp*, where the expense is presented in *Exploration and evaluation assets*.

8. EXPLORATION AND EVALUATION ASSETS

Mining rights

	June 30, 2016	Additions	Write-off	December 31, 2016
	\$	\$	\$	\$
(a) Aquilon	51,382	821,378	-	872,760
(b) Cheechoo	985,482	-	-	985,482
(c) Cheechoo-extension	1,408	-	-	1,408
(d) Kukames	512	-	-	512
(e) Pontax	257,098	-	-	257,098
(f) Taïgor ⁽¹⁾	6,400	-	(6,400)	-
(g) 33F06	6,917	-	-	6,917
(h) Cheechoo-Eleonore Trend	-	37,602	-	37,602
	1,309,199	858,980	(6,400)	2,161,779

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Exploration and evaluation expenses

	June 30, 2016	Additions	Write-off	December 31, 2016
	\$	\$	\$	\$
(a) Aquilon	1,287,103	-	-	1,287,103
(b) Cheechoo	4,212,568	3,021,866	-	7,234,434
(e) Pontax	2,622,821	-	-	2,622,821
(f) Taïgor ⁽¹⁾	50,318	1,088	(51,406)	-
(g) 33F06	29,689	3,965	-	33,654
(h) Cheechoo-Eleonore Trend	-	40,193	-	40,193
	<u>8,202,499</u>	<u>3,067,112</u>	<u>(51,406)</u>	<u>11,218,205</u>
TOTAL	<u>9,511,698</u>	<u>3,926,092</u>	<u>(57,806)</u>	<u>13,379,984</u>

All write-off expenses are presented in *Write-off of exploration and evaluation assets* in profit or loss.

(1) During the six-month period, management wrote-off the mining rights and exploration and evaluation expenses for the Taïgor property for the following reasons: Non significant results following exploration fieldwork.

(a) Aquilon

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

Soquem Inc. retains a 1% NSR royalty, half of which is redeemable for \$500,000.

(b) Cheechoo

The Cheechoo gold project consists of 145 claims owned at 100% by the Company. 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).

On July 27, 2016, the Company officially acquired the residual 55% of the property, formerly owned by Golden Valley Mines Ltd ("Golden Valley"). Following the acquisition, Golden Valley keeps a NSR from gold mineral products varying between 2.5% and 4% depending on the price of gold as well as a 4% NSR from all other mineral products mined.

(c) Cheechoo-extension

The project, owned at 100%, consists of 11 claims in the James Bay area (Qc). It is located about 15 km southwest 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.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

(e) **Pontax**

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

(f) **Taïgor**

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

(g) **33F06**

The property consists of 39 claims and covers 20 km² in the James Bay area (Qc). It is located about 50 km southwest of Radisson (Qc) and about 20 km south of the LG-2 hydro-electric complex.

(h) **Cheechoo-Eleonore Trend**

The property is owned by a 50-50% joint venture with Sphinx Resources Ltd. ("Sphinx") and consists of 551 claims in the James Bay area (Qc). Sirios and Sphinx agreed to undertake at least \$500,000 each in exploration expenditures over the next five years and to form a management committee with Sirios as the operator of the project.

A net smelter return royalty (NSR) of 2% is automatically provided in case of dilution of a party to a level of 10%, half of this royalty can be repurchased by the other party for \$1M.

9. LEASES

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

	Minimum lease payment due		
	Within 1 year	1 to 5 years	Total
	\$	\$	\$
December 31, 2016	46,401	213,066	259,467
June 30, 2016	11,880	-	11,880

The Company leases its offices under a lease expiring June 30, 2020.

Lease payments recognized as an expense during the six-month period amounts to \$8,360 (\$6,310 on December 31, 2015). This amount consists of minimum lease payment.

10. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Since January 2012, the interest held in Exploration Khalkos Inc. ("Khalkos"), a mining exploration and evaluation company, located in Quebec, was recorded as an investment accounted for using the equity method. On November 30, 2016, the Company lost its significant influence following the decline in the percentage of ownership and voting rights, from 20.16% to 16.14%. Shares of Khalkos held by the Company are now recorded as a financial asset measured at fair value. On December 31, 2016, the fair value of the participation is \$1,471,644 (\$641,550 on December 31, 2015).

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

10. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (cont'd)

The aggregate amount of the associate company, for the same period, can be summarized as follows:

	November 30, 2016	December 31, 2015
	\$	\$
Current assets	1,185,851	250,466
Non current assets	1,638,651	1,375,398
Current liabilities	166,784	374,060
Net loss and other comprehensive income	(229,976)	(53,198)

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

A reconciliation of the above summarized financial information to the carrying amount of the interest set out below:

	November 30, 2016	December 31, 2015
	\$	\$
Total net assets	2,658,884	1,251,805
Contributed surplus not attached to common shareholders	(422,478)	(341,460)
	2,236,406	910,345
Proportion of ownership interests held	16.14%	20.16%
	360,956	183,526
Permanent effects of the change in the Company's interest from the settlement of an another receivable by issuance of shares of Khalkos	(57,371)	(43,052)
	303,585	140,474
Capital gains balance	263,175	277,565
	566,760	418,039

Variation of the ownership

During the six-month period ended November 30, 2016, Khalkos issued shares for the exercise of warrants, at the closing of private placements and to acquire mining rights. Those issuances decreased the Company's ownership from 18.71% to 16.14%.

During the six-month period ended December 31, 2015, Khalkos issued shares to acquire mining rights, for the exercise of warrants and at the closing of private placement. Those issuances decreased the Company's ownership from 22.18% to 20.16%.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

11. PROVISIONS

Provisions relate to various tax 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.

During the six-month period ended December 31, 2016, the Company reversed an amount of \$132,240 following the expiry of the limitation period for one of the financings for which a provision for compensation had been recorded.

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, series A, are redeemable at the Company's option at their issuance price, non-voting and not entitled to dividends.

	Number of shares Six-month period ended December 31,	
	2016	2015
Common shares issued and fully paid at beginning of the period	101,311,810	57,374,238
Acquisition of mining rights (a)	1,000,000	-
Exercise of options (b) (c) (d) (e) (f) (g)	882,143	-
Exercise of warrants (h) (i) (j) (k) (l) (m) (n) (o) (p) (q) (r) (s) (t) (u) (v) (w) (x)	2,921,773	2,128,643
Private placement (y) (1) (3) (5)	2,825,958	6,096,765
Flow-through private placement (z) (2) (4) (6)	2,213,000	1,624,997
Common shares issued and fully paid at the end of the period	<u>111,154,684</u>	<u>67,224,643</u>
Preferred shares, Serie A	<u>100,000</u>	<u>100,000</u>

(a) On August 4, 2016, the Company issued 1,000,000 common shares, with a market value of \$570,000 to acquire the remaining 50% of the Aquilon property.

(b) On August 8, 2016, 150,000 options were exercised at a price of \$0.10. An amount of \$15,000 was received and an amount of \$9,000, representing the fair value of options at issuance was recorded as an increase in share capital.

(c) On August 10, 2016, 75,000 options were exercised at a price of \$0.10. An amount of \$7,500 was received and an amount of \$4,500, representing the fair value of options at issuance, was recorded as an increase in share capital.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2016 (unaudited)

(in Canadian dollars)

12.1 Share capital (cont'd)

- (d) On August 12, 2016, 100,000 options were exercised at a price of \$0.12. An amount of \$12,000 was received and an amount of \$9,000, representing the fair value of options at issuance, was recorded as an increase in share capital.
- (e) On August 19, 2016, 75,000 options were exercised at a price of \$0.10 and 21,429 options at a price of \$0.70. A total amount of \$22,500 was received and a total amount of \$6,600, representing the fair value of options at issuance, was recorded as an increase in share capital.
- (f) On September 2, 2016, 225,000 options were exercised at a price of \$0.24 and 35,714 options at a price of \$0.70. A total amount of \$79,000 was received and a total amount of \$48,500, representing the fair value of options at issuance, was recorded as an increase in share capital.
- (g) On October 12, 2016, 200,000 options were exercised at a price of \$0.10. A total amount of \$20,000 was received and a total amount of \$32,000, representing the fair value of options at issuance, was recorded as an increase in share capital.
- (h) On July 20, 2015, 1,771,500 warrants were exercised at a price of \$0.10 per share. An amount of \$177,500 was received at the exercise of those warrants.
- (i) On July 30, 2015, 357,143 warrants were exercised at a price of \$0.10 per share. An amount of \$35,714 was received at the exercise of those warrants.
- (j) On August 9, 2016, 234,383 warrants were exercised at a price of \$0.18 per share and 25,000 warrants at a price of \$0.20 per share. An total amount of \$47,189 was received at the exercise of those warrants. An amount of \$4,688, representing the fair value of those warrants, was recorded as an increase in share capital.
- (k) On August 12, 2016, 45,000 warrants were exercised at a price of \$0.28 per share. An amount of \$12,600 was received at the exercise of those warrants.
- (l) On August 18, 2016, 32,625 warrants were exercised at a price of \$0.28. An amount of \$9,135 was received at the exercise of those warrants.
- (m) On August 26, 2016, 75,000 warrants were exercised at a price of \$0.28. An amount of \$21,000 was received at the exercise of those warrants.
- (n) On September 2, 2016, 50,000 warrants were exercised at a price of \$0.28. An amount of \$14,000 was received at the exercise of those warrants.
- (o) On September 7, 2016, 87,500 warrants were exercised at a price of \$0.28. An amount of \$24,500 was received at the exercise of those warrants.
- (p) On September 12, 2016, 12,500 warrants were exercised at a price of \$0.28. An amount of \$3,500 was received at the exercise of those warrants.
- (q) On September 20, 2016, 16,250 warrants were exercised at a price of \$0.28. An amount of \$4,550 was received at the exercise of those warrants.
- (r) On September 23, 2016, 12,500 warrants were exercised at a price of \$0.28. An amount of \$3,500 was received at the exercise of those warrants.

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12.1 Share capital (cont'd)

- (s) On September 29, 2016, 70,000 warrants were exercised at a price of \$0.28. An amount of \$19,600 was received at the exercise of those warrants.
- (t) On October 11, 2016, 12,500 warrants were exercised at a price of \$0.28. An amount of \$3,500 was received at the exercise of those warrants.
- (u) On November 30, 2016, 37,500 warrants were exercised at a price of \$0.28. An amount of \$10,500 was received at the exercise of those warrants.
- (v) On December 15, 2016, 625,000 warrants were exercised at a price of \$0.18, 768,515 warrants at a price of \$0.28 and 192,500 warrants at a price of \$0.20. A total amount of \$366,184 was received at the exercise of those warrants. An amount of \$12,500, representing the fair value of those warrants, was recorded as an increase in share capital.
- (w) On December 20, 2016, 500,000 warrants were exercised at a price of \$0.28. An amount of \$140,000 was received at the exercise of those warrants.
- (x) On December 22, 2016, 125,000 warrants were exercised at a price of \$0.28. An amount of \$35,000 was received at the exercise of those warrants.
- (y) 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 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.
- (z) On 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.

Finder's fees of \$6,000 were settled in cash.

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.

- (1) 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 shares, as well as 2,314,500 warrants were issued. Each warrant entitled 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 warrants, was recorded as an increase in contributed surplus.
- (2) 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.

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12.1 Share capital (cont'd)

- (3) On December 21, 2016, the Company completed the closing of a private placement for a total of \$454,000. It was composed of 1,194,736 units. The unit, offered at \$0.38, was composed of one common share and half a warrant. In total, 1,194,736 shares, as well as 597,368 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.50 per share for a period of twelve months. An amount of \$35,842, related to warrants, was recorded as an increase in contributed surplus.
- (4) On December 21, 2016, the Company completed the closing of a flow-through private placement for a total of \$356,000. It was composed of 713,000 flow-through shares at a price of \$0.50 each. An amount of \$249,550 was recorded in share capital and an amount of \$106,950 was recorded as other liabilities in the statement of financial position.
- (5) On December 22, 2016, the Company completed the closing of a private placement for a total of \$619,864. It was composed of 1,631,222 units. The unit, offered at \$0.38, was composed of one common share and half a warrant. In total, 1,631,222 shares, as well as 815,611 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.50 per share for a period of twelve months. An amount of \$16,312, related to warrants, was recorded as an increase in contributed surplus.
- (6) On December 22, 2016, the Company completed the closing of a flow-through private placement for a total of \$750,000. It was composed of 1,500,000 flow-through shares at a price of \$0.50 each. An amount of \$555,000 was recorded in share capital and an amount of \$195,000 was recorded as other liabilities in the statement of financial position.

12.2 Warrants

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

	December 31, 2016	
	Number of warrants	Weighted average exercise price
		\$
Balance, at beginning of the period	15,604,883	0.24
Issued	1,412,979	0.50
Exercised	(2,921,773)	(0.24)
Balance, at the end of the period	<u>14,096,089</u>	<u>0.27</u>

During the six-month period, 2,921,773 warrants were exercised. A total amount of \$731,946 was recorded in share capital and an amount of \$17,188 as a decrease in contributed surplus.

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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	December 31, 2016	
	Number of warrants	Exercise price
		\$
February 6, 2017	499,500	0.18
March 17, 2017	1,604,500	0.18
April 22, 2017	3,711,500	0.20
September 2, 2017	6,867,610	0.28
December 21, 2017	597,368	0.50
December 22, 2017	815,611	0.50
	<u>14,096,089</u>	<u>0.27</u>

13. EMPLOYEE REMUNERATION

13.1 Salaries and employee benefits expenses

Salaries and employee benefits expenses recognized are analyzed below:

	Three-month period ended December 31,		Six-month period ended December 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and benefits	260,275	130,741	501,418	206,464
Share-based payments	1,011,000	88,800	1,011,000	88,800
	<u>1,271,275</u>	<u>219,541</u>	<u>1,512,418</u>	<u>295,264</u>
Less: salaries and share-based payments capitalized in Exploration and evaluation assets or presented in Project generation expenses	<u>(486,532)</u>	<u>(76,488)</u>	<u>(651,093)</u>	<u>(111,851)</u>
Salaries and employee benefits expenses	<u>784,743</u>	<u>143,053</u>	<u>861,325</u>	<u>183,413</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:

- i) 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 11,115,468 on December 31, 2016 (6,722,464 on December 31, 2015);
- ii) the maximum number of shares that can be reserved for a beneficiary is limited to 5% of issued and outstanding shares;

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Notes to Interim Financial Statements

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13.2 Share-based payments (cont'd)

- iii) the maximum number of shares that can be reserved for a consultant during a 12-month period is limited to 2% of issued and outstanding shares;
- iv) the maximum number of shares that can be reserved for a supplier of investors' relation services during any 12-month 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;
- v) the options granted to directors, officers, employees and consultants may be exercised entirely at the date of the grant.

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:

	December 31, 2016	
	Number of options	Weighted average exercise price
		\$
Outstanding, at the beginning of the period	5,736,429	0.16
Granted	2,500,000	0.51
Exercised	(882,143)	(0.29)
Outstanding, at the end of the period	<u>7,354,286</u>	<u>0.28</u>

On October 20, 2016, the Board of Directors of the Company has granted 300,000 options under its stock option incentive plan to a director at an exercise price of \$0.59. The options expire five (5) years from the date of grant.

On November 29, 2016, the Board of Directors of the Company has granted 2,200,000 options under its stock option incentive plan to employees, directors, officers and consultants at an exercise price of \$0.50. The options expire five (5) years from the date of grant.

The weighted average fair value of stock options granted is \$0.40 each (\$0.06 for the period ended December 31, 2015) 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	\$0.51	\$0.09
Expected interest average rate	0.66%	0.56%
Expected average life	5 years	5 years
Expected weighted volatility	112%	93%
Expected dividend yield	0%	0%
Average exercise price at the date of grant	\$0.51	\$0.10

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13.2 Share-based payments (cont'd)

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:

Range of exercise price	December 31, 2016	
	Number of options	Remaining life (years)
From \$0 to \$0.50	6,940,000	3.32
From \$0.51 to \$1.00	414,286	3.60
	<u>7,354,286</u>	

In total, \$1,011,000 of share-based payments (all of which related to equity-settled share-based payment transactions) were recorded (\$708,727 in profit or loss as salaries and employee benefit expenses and \$302,273 capitalized in exploration and evaluation assets) for the six-month period ended December 31, 2016 (\$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 six-month period ended December 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 assets or liabilities.

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

Listed shares, measured at fair value, in the statement of financial position on December 31, 2016 and June 30, 2016, are classified in Level 1.

SIRIOS RESOURCES INC.

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15. FINANCE COSTS AND INCOME

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

	Six-month period ended December 31,	
	2016	2015
	\$	\$
Change in fair value of listed shares	-	(7,480)
Interests on trade accounts	-	(193)
Amortization of fees related to loan	-	(3,030)
	-	(10,703)

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

	Six-month period ended December 31,	
	2016	2015
	\$	\$
Interests income from cash and cash equivalents	11,024	848
Interests income from other receivables	1,890	1,075
Change in fair value of listed shares	64,126	-
	77,040	1,923

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 antidilutive. 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.

Both the basic and diluted loss per share have been calculated using the net loss as a numerator, i.e. no adjustment to the net loss was necessary in 2016 and 2015.

	Three-month period ended December 31,		Six-month period ended December 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Net loss	(78,682) \$	237,812 \$	114,760 \$	296,286 \$
Weighted average number of shares	104,795,304	67,224,643	103,657,069	61,168,844
Basic and diluted loss per share	- \$	0.004 \$	0.001 \$	0.005 \$

For transactions on common shares between the reporting date and the date of publication of the financial statements, see Note 21-Subsequent events.

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17. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	Six-month period ended December 31,	
	2016	2015
	\$	\$
Other receivables	(42,357)	(26,592)
Good and services tax receivable	(291,449)	(59,913)
Prepaid expenses	11,806	236
Trade and other payables	(375,440)	(49,769)
	<u>(697,440)</u>	<u>(136,038)</u>

18. RELATED PARTY TRANSACTIONS

The Company's related parties includes an associated company and its key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash. During the six-month period ended December 31, 2016, Sirios provided administrative services to an associated company, Khalkos, totaling \$56,825 (\$36,994 for the six-month period ended December 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 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 December 31,		Six-month period ended December 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and benefits	72,177	72,598	122,208	107,404
Consulting fees	-	23,500	-	78,500
Share-based payments	621,000	64,504	621,000	64,504
Total remuneration	<u>693,177</u>	<u>160,602</u>	<u>743,208</u>	<u>250,408</u>

For the six-month period ended December 31, 2016, an amount of \$28,051 of salaries and benefits was 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.

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19. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (cont'd)

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 flowthrough shares for which an amount should be used for exploration work. See all details in Notes 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.

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.

The product of unspent funding related to flow-through financings totals \$994,971 to spend before December 31, 2017 (\$382,817 to spend before December 31, 2016 on December 31, 2015). According to the fiscal legislation imposed restrictions, the Company has to dedicate these funds to the exploration of Canadian mining properties.

21. SUBSEQUENT EVENTS

- (a) On January 9, 2017, 62,500 warrants were exercised at a price of \$0.28 per share. An amount of \$17,500 was received at the exercise of those warrants.
- (b) On January 13, 2017, 8,333 warrants were exercised at a price of \$0.18 per share. A total amount of \$1,500 was received at the exercise of those warrants. An amount of \$167, representing the fair value of those warrants, was recorded as an increase in share capital.
- (c) On January 20, 2017, 63,750 warrants were exercised at a price of \$0.28 and 1,145,833 warrants at a price of \$0.18. A total amount of \$224,100 was received at the exercise of those warrants. An amount of \$22,917, representing the fair value of those warrants, was recorded as an increase in share capital.
- (d) On January 20, 2017, 80,000 options were exercised at a price of \$0.10. An amount of \$8,000 was received at the exercise and an amount of \$12,800, representing the fair value of options at issuance, was recorded as an increase in share capital.

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21. SUBSEQUENT EVENTS (cont'd)

- (e) On January 24, 2017, 41,666 warrants were exercised at a price of \$0.18 per share. An amount of \$7,500 was received at the exercise of those warrants. An amount of \$833, representing the fair value of those warrants, was recorded as an increase in share capital.
- (f) On February 6, 2017, 275,000 warrants were exercised at a price of \$0.18 per share. An amount of \$49,500 was received at the exercise of those warrants. An amount of \$5,500, representing the fair value of those warrants, was recorded as an increase in share capital.
- (g) On February 13, 2017, 8,500 warrants were exercised at a price of \$0.18 per share. An amount of \$1,530 was received at the exercise of those warrants. An amount of \$170, representing the fair value of those warrants, was recorded as an increase in share capital.
- (h) On February 16, 2017, 125,000 warrants were exercised at a price of \$0.28 per share. An amount of \$35,000 was received at the exercise of those warrants.