

Annual Management Discussion and
Analysis for 2015-2016



Discovering James Bay



Sirios Resources Inc.

TSX V: SOI
www.sirios.com

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TSX-V : SOI

**SIRIOS RESOURCES INC.
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED JUNE 30, 2016**

This Management Discussion and Analysis is dated September 28, 2016 and provides an analysis of the financial results for the year ended June 30, 2016 of Sirios Resources Inc. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited financial statements for the years ended June 30, 2016 and 2015.

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.

These annual financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS") and in accordance with accounting policies that the Company proposes to adopt for the financial statements of the year ending June 30, 2016. These accounting policies are based on IFRS, which, according to the Company, will thus be in force.

CORPORATE PROFILE AND MISSION

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

On June 30, 2016, Sirios holds 8,656,729 shares of Khalkos Exploration Inc. ("Khalkos") consisting of 18.71% of its share capital.

Common shares of Sirios, a Tier 1 company, trade on the TSX Venture Exchange, under the symbol "SOI". On June 30, 2016, there are 101,311,810 common shares issued and outstanding.

Sirios owns, on June 30, 2016, numerous high potential properties such as:

- CHEECHOO (100%): gold discovery in the vicinity of Goldcorp's Eleonore gold mine;
- AQUILON (50%): host of high grade gold vein system;
- PONTAX (100%): polymetallic project with high grade silver and gold.

SUMMARY OF THE ACTIVITIES OF THE EXERCISE

- Closing of private placements for a total amount of \$7,496,902, including just over \$2.3M invested by Goldcorp Inc., thus becoming the largest shareholder of Sirios with a position of about 19% of the share capital;
- Exercise of warrants for a total amount of \$238,664;
- Exercise of options for a total amount \$96,800;
- Holding of the annual meeting of shareholders on December 8, 2015;
- Nomination of Mr. Gilles Dupuis and Mr. Michel Bouchard as directors of the Company, following the departure of two directors;
- Cheechoo gold discovery:
 - Thirty-seven drill holes completed for a total of 6,300 metres;
 - Drill hole #52 yield 12.08 g/t Au over 20.3 metres;
 - Discovery of a new gold lithology (drill hole #40).
- Exploration and evaluation expenses of \$2,296,125 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 year:

Properties	Geology-prospecting \$	Geochemistry, analysis \$	Geophysics, line-cutting \$	Transport, helicopter, lodging \$	Drilling \$	General expenses, drafting \$	Total \$
Cheechoo	397,558	220,620	13,062	138,114	1,401,108	24,933	2,195,395
Pontax	15,387	3,449	-	6,891	-	65	25,792
Taigor	19,157	-	-	24,638	-	1,454	45,249
33F06	10,104	-	-	19,135	-	450	29,689
Total	442,206	224,069	13,062	188,778	1,401,108	26,902	2,296,125

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

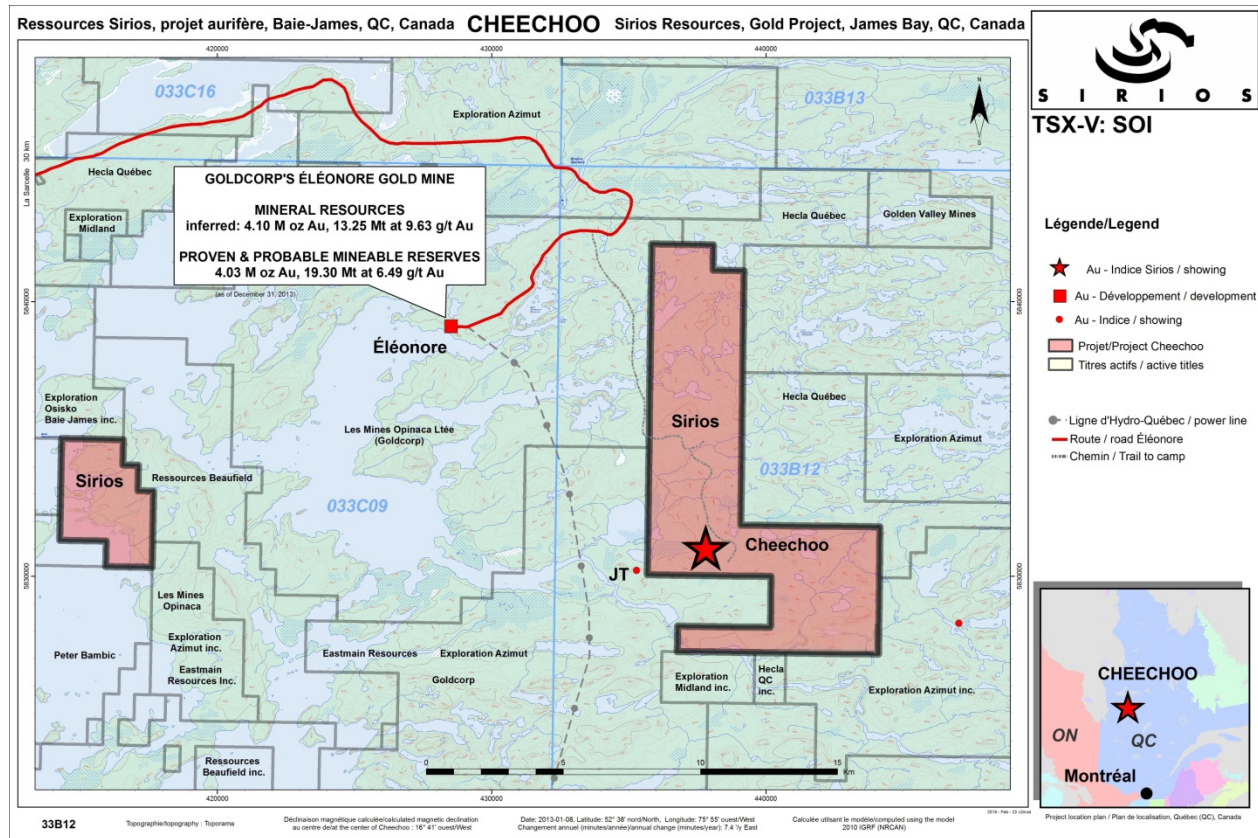
EXPLORATION PROJECTS

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

CHEECHOO Property

The Cheechoo project is the flagship project of the Company due to its continuously encouraging results since the discovery of the first gold surface indications. For this project, Sirios aims to delineate a world-class gold deposit, meaning multiple millions ounces of gold.

The Company owns 100% of the property which consists of 145 claims, covering 75 km² divided in two non-continuous blocks. It is located 320 km north of Matagami, in Quebec, and 9 km east of the Eleonore gold mine of Goldcorp Inc. The main block of 124 claims, located in the 33B12 NTS sheet, is adjacent to the east of the Eleonore mine. The second block of 21 claims is located in the 33C09 NTS sheet and at around 20 km west of the main block, on which drilling programs are held.



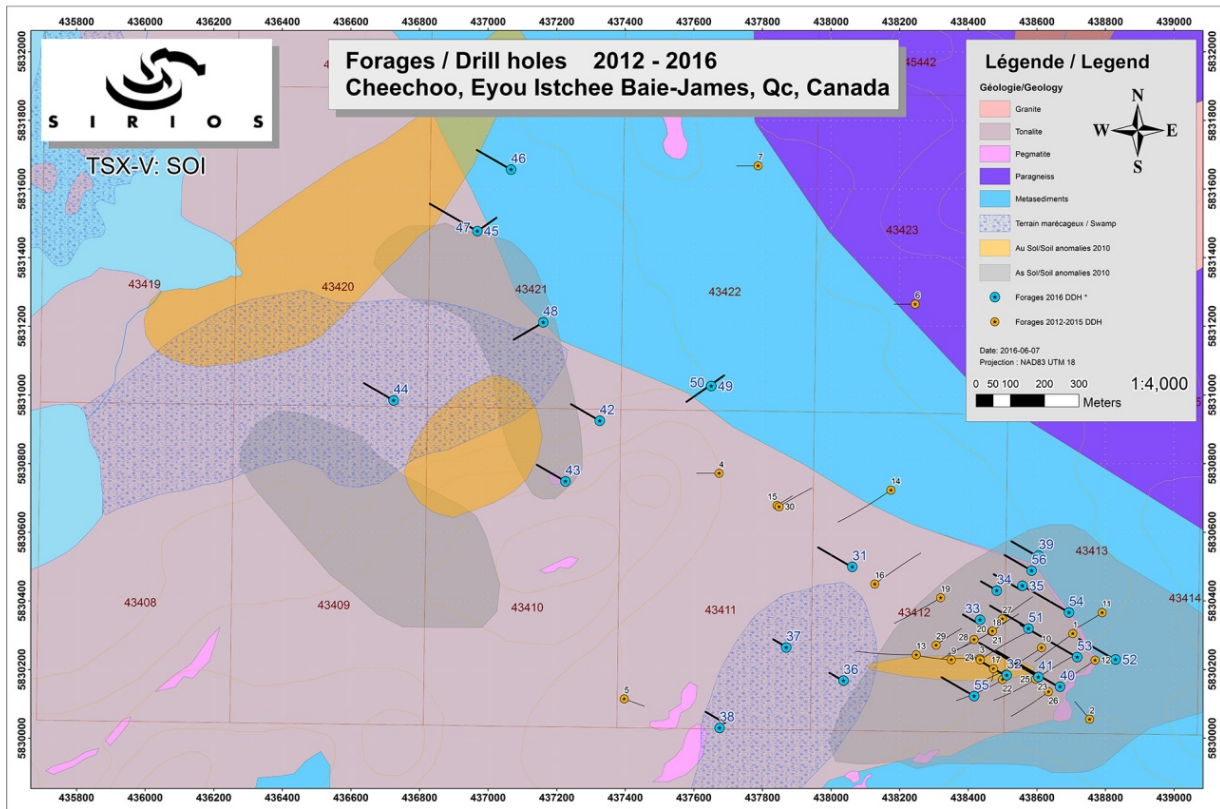
Fieldwork undertaken during the year

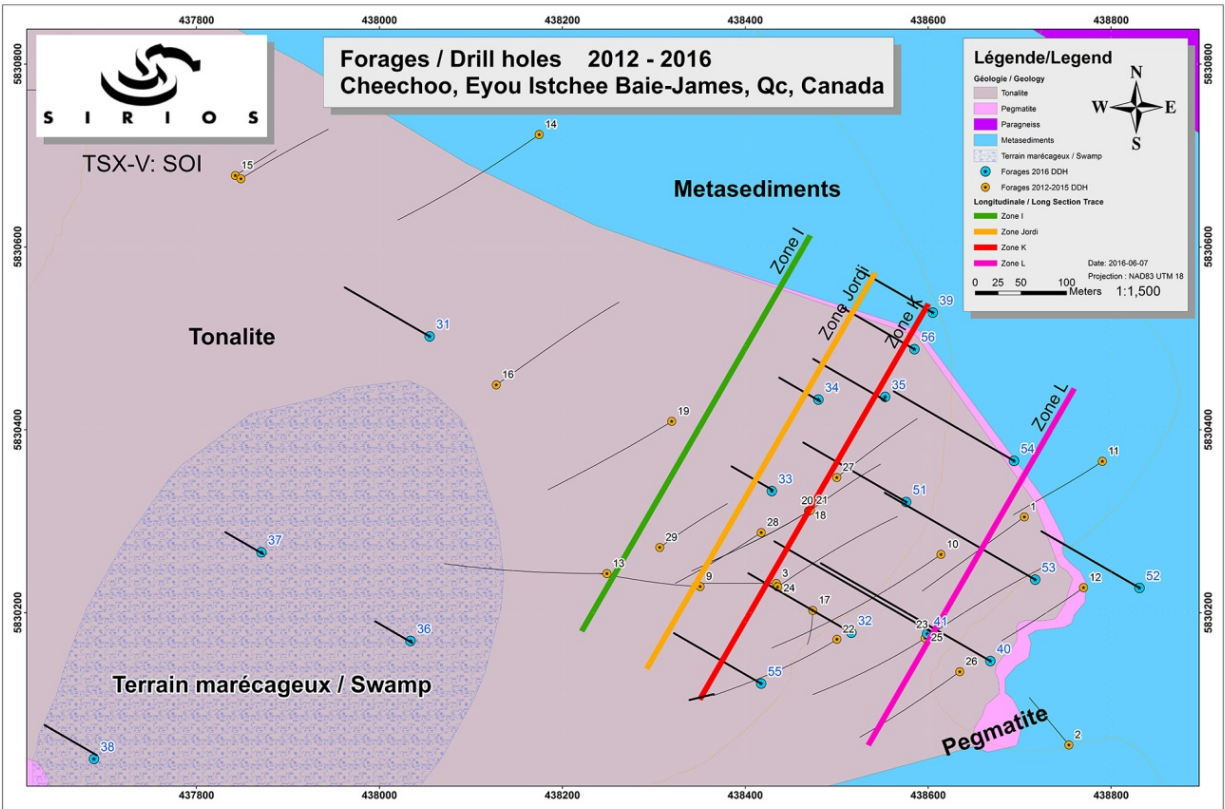
The fieldwork carried out during the year was part of the three-year plan announced by Sirios in June 2015, which predicted for the calendar year 2015-2016 (and not the 2015-2016 Sirios' fiscal year) a major diamond drilling program of approximately 15,000 metres.

Diamond drilling

Thirty-seven NQ diamond drill holes (#20 to #56) were completed during the year for a total of 6,300 metres. Drill holes #20 to 30, totaling 1,962 metres, were completed in fall 2015, while twenty-six holes (#31 to 56), totaling 4,338 metres, were completed between January and March 2016. A grand total of 9,639 metres and fifty-six holes were drilled to date on the property. This total includes the 53-metre extension of hole #22 (CH-16-22Ext). Visible gold was observed on sixteen of those thirty-seven holes.

The first thirty surveys carried out on the property between 2012 and the end of 2015 have almost all been drilled perpendicular to the general orientation of the contact between the tonalite and adjacent metasediment rocks. After the fall 2015 campaign, Sirius' geologists realized that high-grade gold zones contrasted with the background of anomalous low grade tonalite (between 0.1 g/t Au and 0.5 g/t Au) and were of northeast southwest direction with a dip to the southeast. Consequently, drill holes which later tested these structures, were oriented northwest. So far the drilling has demonstrated the continuity of at least four gold zones named I, Jordi, K and L, along northeast southwest trending structures in the tonalite, in addition to confirming the significant presence of gold in metasediments near the contact with the latter, especially in hole #52.





Hole #52

In this hole, the section with visible gold between 120 metres and 140.3 metres gave 12.08 g/t Au over 20.3 metres, including 48.88 g/t Au over 4.4 metres (uncut grades, true width not determined, see table for details). Gold mineralization is distributed in meta-sedimentary rocks and tonalite and straddling the contact between these two lithologies. Gold is associated with the presence of numerous millimetric quartz-feldspar-pleated veinlets. Moreover, in the same survey, two sections in meta-sedimentary rocks respectively assayed 16.1 g/t Au over 1 metre and 1.3 g/t Au over 22.6 metres including 2.0 g/t Au over 10.8 metres between 88.8 metres and 99.6 metres.

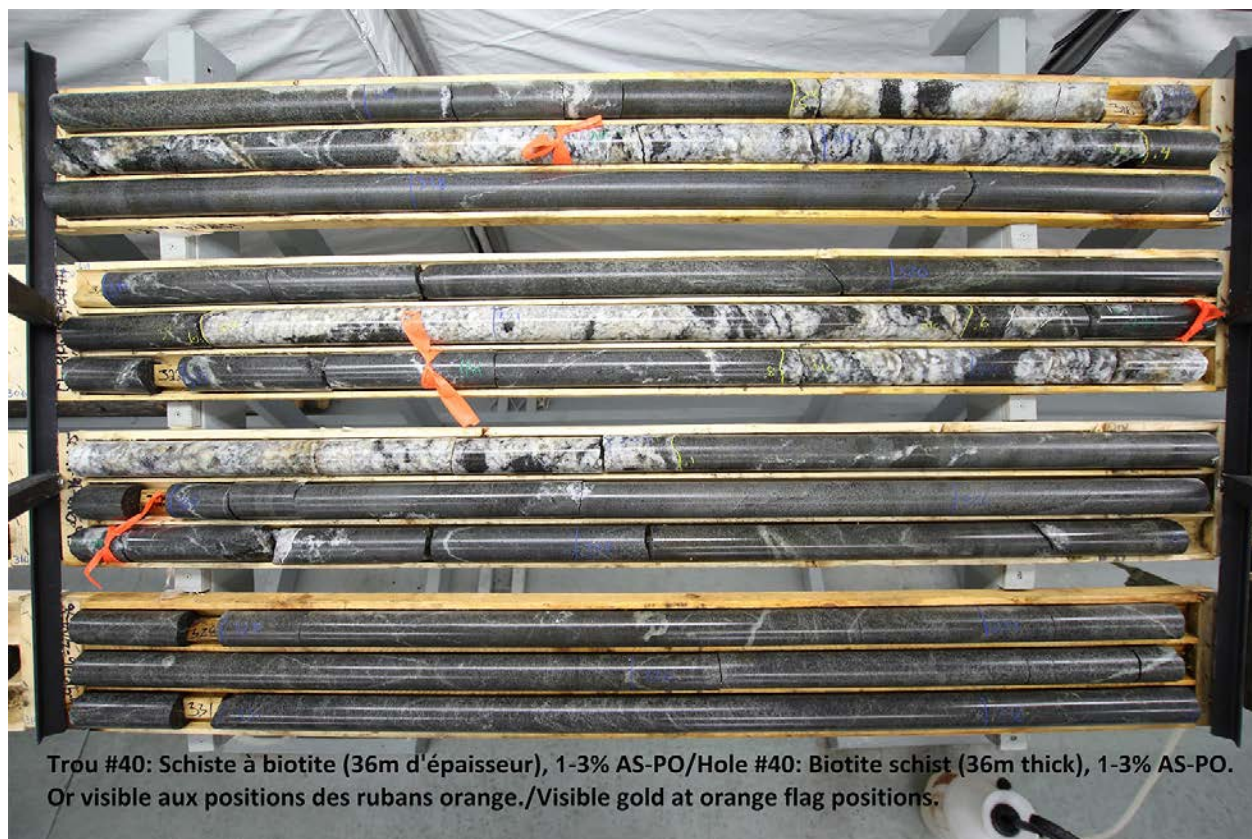


I1D = Tonalite I1G = Pegmatite S3 = Metasediments VG = Visible Gold (orange flag)

Hole #52: Contact between meta-sediments rocks with tonalite, with visible gold at orange flags.

Hole #40

Drill hole #40 intersected a biotite schist over 36 metres (true width unknown). The section with visible gold yielded 2.12 g/t Au over 11.5 metres, between 315.5 metres and 327 metres, including 3.05 g/t Au over 6.4 metres with a highest grade of 6.13 g/t Au over 1.2 metres. A section containing all the biotite schist yielded 1.27 g/t Au over 39 metres between 295 metres and 334 metres. In addition, a yield of 2.88 g/t Au over 3.2 metres was obtained between 346.9 metres and 350.1 metres. The last section of drill hole #40 between 287 and 355.4 metres yielded in total 1.0 g/t Au over 68.4 metres. The shape, size and direction, which is interpreted as a biotite schist enclave in tonalite, will be determined with additional drilling. The L zone also assayed 10.5 g/t Au over 1.5 metres at a depth of 64 metres in the same survey.



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

Several other assays of the tonalite yielded very good results, for example, zones Jordi and K yielded very high grade, with 37.2 g/t over 4.1 metres including 102 g/t Au over 1.4 metres in hole #35 and 31.8 g/t Au over 6 metres, including 124 g/t over 1.5 metres (uncut grades, true width not yet determined). Moreover, hole #54 yielded 4.1 g/t Au over 11.3 metres including 13.4 g/t Au over 3.1 metres, as well as hole #53 which yielded 13.0 g/t Au over 2.7 metres and 29.3 g/t Au over 1 metres. The tables in the pages below show the main results.

Nine of the twenty-six holes (#42 to #50) were completed in the winter of 2016, 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. They yielded up to 5.5 g/t Au over 1 metre and 5.3 g/t Au over 1.1 metres in the #47 hole and up to 10.7 g/t Au over 1 metre in the #48 hole. The presence of gold is now confirmed over 1 km northwest of 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.

MAIN ESSAY RESULTS – FALL 2015 CAMPAIGN

Hole # 15-		From (m)	To (m)	Interval (m)*	Au (g/t)	Au (g/t) cut***
20		9.0	31.2	22.2	0.5	
		54.4	64.1	9.7	15.6	5.1
		incl. 59.5	63.3	3.8	39.2	12.3
		incl. 62.5	63.3	0.8	177.5	**50.0
		83.15	97.5	14.35	2.0	
		incl. 95.7	97.5	1.8	**10.1	
		107.5	119.85	12.35	15.0	5.7
		incl. 118.35	119.85	1.5	118.4	41.7
		incl. 118.35	119.35	1.0	ms 165.0	**50.0
		et 119.35	119.85	0.5	**25.1	
21		66.0	76.0	10.0	1.6	
		incl. 71.7	76.0	4.3	3.2	
		incl. 71.7	72.0	0.3	**26.6	
28		27.0	58.5	31.5	3.0	2.2
	Zone Jordi	incl. 27.0	47.5	20.5	4.4	3.1
		incl. 41.3	42.3	1.0	**75.7	50.0
		72.2	76.0	3.8	7.3	
		incl. 73.2	73.8	0.8	23.5	
	Zone I	92.0	103.0	11.0	1.0	
24						
	Zone K	27.0	43.1	16.1	1.6	
		incl. 35.6	42.5	6.9	2.9	
		104.5	125.0	20.5	2.6	
		104.5	112.0	7.5	5.0	
		incl. 111.0	112.0	1.0	ms **33.3	
	Zone Jordi	173.0	193.0	20.0	4.2	2.7
		incl. 190.3	193.0	2.7	25.8	15.1
		incl. 190.3	191.1	0.8	ms **86.0	50.0

Hole # 15-		From (m)	To (m)	Interval (m)*	Au (g/t)	Au (g/t) cut***
29						
	Zone I	33.8	53.0	19.2	1.0	
		incl. 44.5	53.0	8.5	1.6	
22						
		27.0	31.6	4.6	1.1	
		incl. 27.0	27.5	0.5	**2.9	
		and 30.4	31.6	1.2	2.8	
	Zone K	78.0	81.0	3.0	1.1	
	Zone Jordi	and 134.0	138.75	4.75	1.8	
22 Extension		209.0	210.0	1.0	16.3	
		240.5	245.4	**4.9	1.7	
27						
	Zone K	11.3	17.5	6.2	0.5	
	Zone Jordi	70.0	79.0	9.0	1.1	
		incl. 75.0	77.0	2.0	3.7	
23		52.0	59.0	7.0	2.1	
		incl. 55.0	58.0	3.0	4.7	
		incl. 57.0	58.0	1.0	11.7	
		170.0	171.0	1.0	5.0	
25						
		incl. 16.4	18.8	2.4	2.8	
		incl. 16.4	17.4	1.0	**5.8	
		154.0	155.0	1.0	19.0	
26		46.0	79.0	33.0	1.0	
		incl. 46.0	71.5	25.5	1.1	
		incl. 55.0	62.0	7.0	2.1	
		incl. 57.5	58.9	1.4	**6.6	
30		89.3	113.2	23.9	0.8	
		incl. 104.1	104.5	0.4	L.C.	
		and 104.5	113.2	8.7	1.1	
		incl. 104.5	108.0	3.5	1.8	

* Interval along the hole ** Visible gold *** Maximum gold grade cut at 50 g/t
tm Gold grade obtained by fire assay with metallic sieve of a 1 kg sample L.C Lost core

MAIN ASSEAY – WINTER 2016 CAMPAIGN

Hole CH-16-	Note	From (m)	To (m)	Interval (m)*	Au (g/t)	Au (g/t) cut***
35						
	Zone K	52.5	55.5	3.0	1.2	
	Zone Jordi	75.4	79.5	**4.1	37.2	19.4
		incl. 77.0	78.4	**1.4	ms 102.0	50.0
	Zone I2	88.5	91.5	**3.0	2.0	
	Zone I	110.8	113.5	2.7	4.6	
		incl. 112.5	113.5	1.0	12.3	
		122.0	125.0	3.0	1.7	
41						
	Zone L	16.4	19.2	2.8	1.4	
	Zone K	137.0	143.0	**6.0	31.8	13.3
		incl. 141.5	143.0	**1.5	ms 124.0	50.0
	Zone Jordi	206.0	209.0	3.0	1.4	
	Zone I	227.5	230.5	3.0	1.0	
		267.5	270.0	2.5	3.0	
		325.0	328.0	3.0	1.4	
		358.5	363.0	4.5	2.9	
54	meta-sediments	40.9	57.2	16.3	1.2	
	sedimentary- tonalite contact	82.7	94.0	11.3	4.1	
		incl. 83.8	86.9	3.1	13.4	
	Zone K	121.5	126.0	4.5	1.0	
53		27.5	30.2	2.7	13.0	
		incl. 29.0	30.2	1.2	29.1	
	Zone L	79.5	80.6	**1.1	ms 2.2	
		154.6	155.6	**1.0	ms 29.3	
	Zone I	285.4	288.0	**2.6	7.8	
		incl. 287.0	288.0	**1.0	ms 20.0	
52	meta-sediments	38.0	39.0	1.0	16.1	
	meta-sediments	77.0	99.6	22.6	1.3	
	meta-sediments	incl. 88.8	99.6	10.8	2.0	
	Zone L sedimentary- tonalite contact	120.0	140.3	**20.3	ms 12.1	8.2
		incl. 122.7	123.7	1.0	**14.4	
		and 133.2	137.6	4.4	**48.4	30.5
		incl. 133.2	135.5	2.3	**83.4	50.0

		and 136.5	137.6	1.1	**15.0	
Hole CH-16-	Note	From (m)	To (m)	Interval (m)*	Au (g/t)	Au (g/t) cut***
51		10.9	16	**5.1	10.4	
		incl. 10.9	12.2	**1.3	ms 39.6	
		30.0	31.7	1.7	8.8	
	Zone Jordi	104.0	105.0	**1.0	ms 1.1	
	Zone I	173.6	176.2	2.6	10.3	
		incl. 173.6	174.8	1.2	18.6	
40						
	Zone L	64.0	65.5	1.5	10.5	
		91.0	100.0	9.0	0.9	
	Zone K	187.5	193.5	6.0	0.9	
	Zone Jordi	252.5	258.5	6.0	1.1	
	Zone I2	272.0	275.0	**3.0	3.1	
		272.0	273.5	**1.5	ms 5.8	
	biotite schist	295.0	334.0	**39.0	1.3	
		incl. 320.6	327.0	**6.4	3.1	
		and 346.9	350.1	3.2	2.9	
55						
	Zone K	25.9	28.6	2.7	1.3	
	Zone Jordi	58.5	64.0	5.5	1.1	
	Zone I2	112.5	117.2	4.7	2.3	
		136.5	144.0	7.5	1.1	
	Zone I	150.5	153.5	3.0	3.1	
31		6.6	12.1	5.5	0.9	
		58.5	70.5	12.0	1.6	
		79.9	98.0	18.1	1.1	
		incl. 96.0	98.0	2.0	3.4	
32		15.5	17.0	1.5	4.4	
		122.8	123.8	**1.0	ms 9.1	
33		9.3	16.8	7.5	0.7	
		41.9	42.9	1.0	2.7	

* Interval along the hole ** Visible gold *** Maximum gold grade cut at 50 g/t
tm Gold grade obtained by fire assay with metallic sieve of a 1 kg sample

**MAIN ESSAY RESULTS – 2016 WINTER CAMPAIGN
NORTH-WEST SECTOR**

Hole CH-16-	Note	From (m)	To (m)	Interval (m)*	Au (g/t)	Au (g/t) cut***
47	tonalite	36.5	37.5	**1.0	ms 1.2	
	Contact-tonalite- meta-sediments	57.9	58.9	**1.0	ms 5.5	
	meta-sediments	88.1	89.2	1.1	5.3	
48		27.0	33.5	6.5	0.9	
		71.0	79.3	**8.3	1.6	
		incl. 73.8	74.8	**1.0	ms 10.7	

* Interval along the hole ** Visible gold *** Maximum gold grade cut at 50 g/t
tm 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.

Surface fieldwork

Parallel to the drilling in September 2015, three hundred and twelve soil samples, thirty-six tills and eighty-three channels were collected. These samples were used to validate and clarify some drill targets established from different techniques as well as to generate others in new areas of the property. The till sampling has identified two target areas, the first is located approximately 2.5 km northwest of the main area where Jordi, K and L zones are, while the second sector is about 2 km west of these areas.

A short field mapping and prospecting that focuses on structural geology was completed at the beginning of June 2016, to increase our understanding of the geology of the property and plan better the 2016 summer-fall drilling campaign. A team of experts was formed to observe and interpret the structural geology at regional and local scales. The geological team of Sirios was led by Dr. Michel Gauthier and Dr. Normand Goulet, the former a metallogenist and the latter a specialist in structural geology. A detailed geological map has been made for areas of the channel #1 and the trench #2 that had been conducted in the fall 2015. Channel sampling was also carried out in these areas. Following this program, a permit for additional stripping of these areas was filed.

Exploration camp, logistical support, expertise and geological analysis

The exploration camp installed on the property was previously owned by a provider and leased to Sirios. For purposes of efficiency and cost control, Sirios acquired the camp in June 2016. Logistical support to the camp was awarded to a new supplier, Services Technominex Inc. ("Technominex"), from Rouyn-Noranda. Moreover, Technominex deals, among other things, with the transport and sawing of the drill core in Rouyn-Noranda. All geological work, with few exceptions, are made by the Sirios staff. Rock sample from channels and drill cores are sent for analysis to the Actlabs facility in Ste-Germaine-Boulé near Rouyn-Noranda.

Fieldworks started in July 2016, after the end of the exercise

A major exploration program started in July 2016 consisting of stripping, detailed geological mapping, channel sampling, a soil sampling survey (humus) and a diamond drilling program of 10,000 metres.

As of the publication of this report, the exploration program was ongoing with:

- More than 860 metres of channel sampling following stripping;
- Detailed mapping completed for the same area;
- Twenty-six NQ drill holes completed as well as the extensions of holes #25 and 52, for a total of 6,300 metres.
- More than 2,000 soil samples.

PONTAX Property

The Pontax property, fully owned by Sirios, comprises of two blocks, distant by 5 km, totaling 78 claims and covering approximately 41 km². The main block, which include the silver-zinc-copper-gold Chambois index, consists of 70 contiguous claims, divided in NTS sheet 32N15 and 33C02, Eeyou Istchee Baie James, in Quebec. The second block ("Eastern block"), located further east, consists of 8 claims.

A short helicopter till sampling program was conducted in the fall of 2015 on the Eastern block. Bad weather prevented the full implementation of the program, only five samples have been taken from the eighteen originally-planned sampling targets. However, the samples contained gold grains, with one of the samples in particular having a count of 33 grains, including 4 grains larger than 50 microns. The continuation of this program is justified by the results.

TAÏGOR Property

This property, fully owned by Sirios, is adjacent to the Aquilon property in the NTS sheet 33I01, near the hydroelectric plan LA-1, Eeyou Istchee James Bay in Quebec. It consists of 50 claims covering approximately 26 km².

A program of prospecting and systematic geological reconnaissance was undertaken in June 2016. No mineralization of economic interest was observed by Sirios' geologists.

33F06 Property

The property is located in James Bay, Quebec, approximately 50 km southeast of Radisson and about 20 km south of the hydroelectric dam LG-2. It is fully owned by Sirios and consists of 39 map-designated cells by Sirios in 2015 and covering about 20 km² in the NTS sheet 33F06.

The property is host to the gold Yasinki-NE index discovered in the 80s by Noranda with a rock sample grading 6.67 g/t Au. Other companies have worked and drilled this sector over the years with the best result yielding 2.86 g/t Au over 7.2 metres, including a section of 2.1 metres to 7.67 g/t Au in the hole 2050N-2 (GM 50437).

A program of prospecting and systematic geological reconnaissance was undertaken in June 2016. No mineralization of economic interest was observed by Sirios' geologists.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

The net loss of the Company was \$502,621 (\$0.007 per share) for the year ended June 30, 2016 in comparison to a net loss of \$840,941 (\$0.018 per share) for the year ended June 30, 2015.

The decrease of the net loss can be explained by the share of loss for the investment accounted for using the equity-method lower in 2016, \$75,361 in comparison with \$265,279 in 2015. The recovery in the value of the investment can also explain the decrease since it was higher in 2016, \$95,834, than in 2015, \$9,199.

Also, the decrease of the net loss can be explained by the payment, in 2015, of the interest on the loan for an amount of \$13,000, which has been reimbursed during the year ended in 2016.

Annual results summary	June 30, 2016 \$	June 30, 2015 \$
Finance income	68,197	57,588
Write-off of exploration and evaluation assets	-	7,258
Share-based payments	88,800	134,000
Net loss	502,621	840,941
Net loss per share	0.007	0.018
Total assets	16,154,221	8,505,026

Finance income is comprised of the gain on reimbursement of a receivable account, interests on cash, and interests on unpaid invoices of the Company.

General and administrative expenses analysis

General and administrative expenses, for the exercise ended in 2016 totaled \$793,929, in comparison with \$534,131 in 2015.

General and administrative expenses	2015-2016 \$	2014-2015 \$
Salaries and employee benefit expenses	259,927	205,361
Consulting fees	229,500	27,000
Investors and shareholders' relations	165,834	197,545
Professional fees	66,318	40,881
Trustees and registration fees	37,791	30,746
Office expenses	14,539	9,437
Rent expenses	11,946	12,428
Insurance	6,257	6,422
Bank charges	1,327	849
Income taxes of section XII.6	267	(12,693)
Interests charges	223	16,155
Total	793,929	534,131

Comparing the general and administrative expenses for the exercises ended June 30, 2016 and 2015, we note an increase in *Salaries and employee benefit expenses*. This increase can be explained by the hiring of new employees for exploration work.

The increase for *Professional fees* and *Consulting fees* can be explained by the efforts undertaken by management and staff to promote the Company and the closing of private placement during the period ended in 2016.

General Analysis

Total assets of the Company fluctuated from \$8,505,026 in 2015 to \$16,154,221 in 2016.

Cash and cash equivalents, including cash held for exploration charges, totaled \$4,835,803 in 2016 in comparison with \$771,227 in 2015; term deposits totaled \$300,000 in 2016 and there were none in 2015. The cash and cash equivalents as well as term deposits is directly linked to exploration fieldwork and the closing of private placements.

Other receivables varied from \$13,926 in 2015 to \$21,639 in 2016 and are mainly comprised of advances to the associated company, Khalkos. During the exercise, the Company received 445,052 shares of Khalkos in settlement of a debt for an amount of \$48,956 and 192,308 shares when the Company has participated in the closing of a private placement of Khalkos, for an amount of \$25,000.

Listed shares totaled \$44,882 in 2015 and \$89,764 in 2016. The increase is due to the variation of fair value on the market of those shares.

Cash held for exploration expenses totaled \$84,798 to be spent before December 31, 2015 and \$818,775 to be spent before December 31, 2016 for the year ended in 2015 and totaled \$1,664,246 to be spent before December 31, 2017 for the year ended in 2016.

Exploration and evaluation assets varied from \$7,211,388 in 2015 to \$9,511,698 in 2016.

Summary of quarterly results

	2015-2016				2014-2015			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Other revenues and expenses	52,225	45,803	(1,754)	(10,857)	(205,054)	(39,855)	(52,875)	77,665
Net loss	215,351	(9,011)	239,846	56,435	471,561	135,776	222,055	11,549
Net loss per share	0.003	-	0.003	0.001	0.01	0.003	0.005	0.0003

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 \$9,011 to a net loss of \$471,561.

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 revenues.

For the Q4-2016, Sirios received shares of Khalkos in settlement of another receivable, creating a settlement gain for an amount of \$17,570, increasing revenues.

For Q2-2015, Q3-2015, Q2-2016 and Q4-2016, the negative variation in the value of the listed shares for amounts of \$29,921, \$7,480, \$14,961 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 amount of \$44,882, \$7,480, \$7,480 and \$52,363 respectively, increased revenues.

For the Q1-2015, Q2-2015, Q3-2015, Q4-2015, Q1-2016, Q2-2016, Q3-2016 and Q4-2016, 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, \$8,305, \$9,148 and \$38,803 respectively, decreased revenues.

For the Q1-2015, Q2-2015, Q1-2016, Q2-2016 and Q4-2016, 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, \$43,562 and \$48,931 respectively, increased (decreased) revenues.

For the Q1-2015, Q2-2015, Q3-2015, Q4-2015 and Q1-2016, the amortization of fees related to loans of \$1,308, \$1,358, \$1,350, \$1,456 and \$3,030 respectively, decreased revenues.

WORKING CAPITAL AND CASH FLOWS

The working capital, including cash held for exploration expenses, varied from an amount of \$158,495 on June 30, 2015 to an amount of \$5,152,731 on June 30, 2016. During the exercise, cash was used for exploration and administrative activities.

Management of Sirios evaluates that the amount of liquidity is acceptable 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 June 30, 2016:

- 101,311,810 common shares were issued as well as 100,000 preferred shares.
- 5,736,429 options were granted and exercisable, at prices between \$0.10 and \$0.70, between 2017 and 2020. Each option can be exchanged by its holder thereof for one common share of the Company.
- 15,604,883 warrants were issued. Each warrant can be exchanged by its holder thereof for one common share of the Company.

INFORMATION ON ISSUED AND OUTSTANDING SHARES

Table of variation in issued and outstanding shares

	2015-2016		2014-2015	
	Quantity	Amount \$	Quantity	Amount \$
Common shares				
<i>Issued</i>				
Balance, beginning	57,374,238	23,134,622	43,092,738	21,896,577
Common shares	31,454,765	5,192,184	6,823,001	477,610
Flow-through common shares	8,291,664	2,178,750	7,458,499	760,435
Exercises of warrants	2,251,143	238,664	-	-
Exercises of options	690,000	164,400	-	-
Acquisition of mining rights	1,250,000	500,000	-	-
Preferred shares, Serie A				
<i>Issued and fully paid</i>	100,000	50,000	100,000	50,000
Total	101,411,810	31,458,620	57,474,238	23,184,622

On December 19, 2014, the Company completed the closing of a private placement for a total of \$477,610. In total, 6,823,001 shares were issued as well as 3,411,500 warrants.

On December 19, 2014, the Company completed the closing of flow-through private placement for a total of \$200,000. In total, 2,000,000 flow-through shares were issued as well as 68,400 brokers' warrants.

On June 30, 2015, the Company completed the closing of a flow-through private placement for a total of \$818,775. In total, 5,458,499 flow-through shares were issued.

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 of \$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, 1,476,765 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 11, 2016, 300,000 options were exercised at a price of \$0.15 each.

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

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 each and 40,000 options at a price of \$0.12 each.

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 each.

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

Description	Number of shares	Amount \$
As of June 30, 2016	101,311,810	31,408,620
Acquisition of mining rights	1,000,000	570,000
Exercises of warrants	590,758	144,662
Exercises of options	682,143	213,600
As of September 28, 2016	103,584,711	32,336,882

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.

On August 8, 2016, 150,000 options were exercised at a price of \$0.10 each.

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.

On August 10, 2016, 75,000 options were exercised at a price of \$0.10 each.

On August 12, 2016, 45,000 warrants were exercised at a price of \$0.28 per share.

On August 12, 2016, 100,000 options were exercised at a price of \$0.12 each.

On August 18, 2016, 32,625 warrants were exercised at a price of \$0.28 per share.

On August 19, 2016, 75,000 options were exercised at a price of \$0.10 each and 21,429 options at a price of \$0.70 each.

On August 26, 2016, 75,000 warrants were exercised at a price of \$0.28 per share.

On September 2, 2016, 50,000 warrants were exercised at a price of \$0.28 per share.

On September 2, 2016, 225,000 options were exercised at a price of \$0.24 each and 35,714 options at a price of \$0.70 each.

On September 7, 2016, 87,500 warrants were exercised at a price of \$0.28 per share.

On September 12, 2016, 12,500 warrants were exercised at a price of \$0.28 per share.

On September 20, 2016, 16,250 warrants were exercised at a price of \$0.28 per share.

On September 23, 2016, 12,500 warrants were exercised at a price of \$0.28 per share.

INFORMATIONS ON OUTSTANDING OPTIONS

Table of variation of options in circulation

	2015-2016		2014-2015	
	Number of options	Average exercise price \$	Number of options	Average exercise price \$
Balance, beginning	5,075,000	0.19	3,392,857	0.25
Granted	1,480,000	0.10	1,800,000	0.11
Exercised	(690,000)	(0.14)	-	-
Expired	(128,571)	(0.70)	(117,857)	(0.70)
Balance, end	5,736,429	0.16	5,075,000	0.19
Exercised	(682,143)	(0.20)		
As of September 28, 2016	<u>5,054,286</u>	0.16		

The Board of Directors of Sirios has granted, on November 25, 2014, 800,000 stock options under its Stock Option Incentive Plan to employees, directors, officers and a consultant at an exercise price of \$0.10 per share. The options expire five (5) years from the date of grant.

The Board of Directors of Sirios has granted, on April 13, 2015, 600,000 stock options under its Stock Option Incentive Plan to directors and officers at an exercise price of \$0.12 per share. The options expire five (5) years from the date of grant.

The Board of Directors has granted, on April 27, 2015, 400,000 stock options under its Stock Option Incentive Plan to a director and an officer at an exercise price of \$0.12 per share. The options expire five (5) years from the date of grant.

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

On April 11, 2016, 300,000 options were exercised at a price of \$.15 each.

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

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

On August 8, 2016, 150,000 options were exercised at a price of \$0.10 each.

On August 10, 2016, 75,000 options were exercised at a price of \$0.10 each.

On August 12, 2016, 100,000 options were exercised at a price of \$0.12 each.

On August 19, 2016, 75,000 options were exercised at a price of \$0.10 each and 21,429 options at a price of \$0.70 each.

On September 2, 2016, 225,000 options were exercised at a price of \$0.24 each and 35,714 options at a price of \$0.70 each.

Options granted to employees, directors, officers and consultants and exercisable as of September 28, 2016:

Expiry date	Options granted and exercisable	Exercise price \$
June 17, 2017	114,286	0.70
January 17, 2018	950,000	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	600,000	0.10
April 13, 2020	460,000	0.12
April 27, 2020	400,000	0.12
December 8, 2020	1,230,000	0.10
	5,054,286	0.16

INFORMATIONS ON OUTSTANDING WARRANTS

Table of variation of outstanding warrants

	2015-2016		2014-2015	
	Number of warrants	Average exercise price \$	Number of warrants	Average exercise price \$
Balance, beginning	3,479,900	0.10	5,943,572	0.14
Issued	15,727,383	0.24	3,479,900	0.10
Exercised	(2,251,143)	(0.11)	-	-
Expired	(1,351,257)	(0.10)	(5,943,572)	(0.14)
Balance, end	15,604,883	0.24	3,479,900	0.10
Exercised	(590,758)	(0.24)		
As of September 28, 2016	15,014,125	0.24		

For the private placement of December 19, 2014, 3,411,500 warrants were issued at a price \$0.10.

For the flow-through private placement of December 19, 2014, 68,400 brokers' warrant were issued at a price of \$0.10.

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, 733,883 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.

On August 9, 2016, 25,000 warrants were exercised at a price of \$0.20 and 234,383 warrants at a price of \$0.18.

On August 12, 2016, 45,000 warrants were exercised at a price of \$0.28.

On August 18, 2016, 32,625 warrants were exercised at a price of \$0.28.

On August 26, 2016, 75,000 warrants were exercised at a price of \$0.28.

On September 2, 2016, 50,000 warrants were exercised at a price of \$0.28.

On September 7, 2016, 87,500 warrants were exercised at a price of \$0.28.

On September 12, 2016, 12,500 warrants were exercised at a price of \$.28.

On September 20, 2016, 16,250 warrants were exercised at a price of \$0.28.

On September 23, 2016, 12,500 warrants were exercised at a price of \$0.28.

Warrants issued as of September 28, 2016:

February 6, 2017	499,500	0.18
March 17, 2017	2,229,500	0.18
April 22, 2017	8,381,125	0.28
September 2, 2017	3,904,000	0.20
	15,014,125	0.24

RELATED PARTY TRANSACTIONS

Key management personnel

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

	June 30, 2016 \$	June 30, 2015 \$
Salaries and employee benefit expenses	237,301	143,105
Consultation fees	78,500	27,000
Share-based payments	64,504	114,500
	380,305	284,605

Associated company

During the exercise, Sirios provided administrative services to an associate company, Khalkos, totaling \$99,105. These services are charged at cost.

SUSTAINABLE DEVELOPMENT PRINCIPALES

The Prospectors and Developers Association of Canada (PDAC) established a framework for responsible exploration called E3 Plus. The E3 Plus serves as a framework for exploration companies to continue their activities while improving their environmental, social and health and safety 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 supplies 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.

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 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 exercise ended June 30, 2016, no impairment loss of exploration and evaluation assets was recognized in profit or loss (\$7,258 for the Hipo, Nasa and AAA properties on June 30, 2015). No reversal impairment losses had been recognized for the reporting periods.

Impairment of property and equipment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses 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 June 30, 2016 and 2015.

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 arrangements, as of June 30, 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 or 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.

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 estimates 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, September 28, 2016.

(signed) Dominique Doucet, President

(signed) Frederic Sahyouni, Chief Financial Officer