



SIRIOS RESOURCES INC.
TSX-V: SOI

Interim Financial Statements (unaudited)

DECEMBER 31, 2020

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

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SIRIOS RESOURCES INC.

Interim Statement of Financial Position (unaudited)

(in Canadian dollars)

	Notes	December 31, 2020 \$	June 30, 2020 \$
ASSETS			
Current			
Cash		3,967,619	1,585,502
Term deposit	4	52,045	52,045
Subscriptions receivable		15,000	15,000
Amounts receivable from listed companies		4,481	4,481
Listed shares		516,630	826,695
Goods and services tax receivable		24,398	68,697
Tax credits receivable		322,354	322,354
Prepaid expenses		35,366	78,420
		4,937,893	2,953,194
Non current			
Property and equipment	5	450,521	679,220
Exploration and evaluation assets	6	26,862,916	25,639,373
Total assets		32,251,330	29,271,787
LIABILITIES			
Current			
Trade and other payables		76,054	218,414
Other liabilities		722,849	553
		798,903	218,967
Non current			
Future tax liabilities		802,337	472,272
Total liabilities		1,601,240	691,239
EQUITY			
Share capital	7.1	52,968,542	49,856,412
Contributed surplus		4,998,971	4,608,111
Deficit		(27,317,423)	(25,883,975)
Total equity		30,650,090	28,580,548
Total liabilities and equity		32,251,330	29,271,787

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 17, 2021.

(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,	
		2020	2019	2020	2019
		\$	\$	\$	\$
EXPENSES					
Salaries and employee benefits expenses	8.1	232,074	429,437	298,223	516,163
Investors and shareholders' relations		81,629	93,092	125,636	190,059
Professional fees		50,115	55,783	57,433	94,220
Publicity and sponsorship		15,474	30,033	18,365	32,932
Office expenses		13,173	5,443	17,532	10,626
Training		7,497	3,058	12,495	3,058
Insurances, taxes and permits		3,693	1,649	6,177	3,327
Rent expenses		3,000	18,036	10,059	38,586
Bank charges		552	366	1,166	792
Trustees and registration fees		270	22,862	505	28,276
Amortization of property and equipment		211	5,649	1,171	11,335
Project generation expenses		20,283	-	58,042	-
OPERATIONAL LOSS		427,971	665,408	606,804	929,374
OTHER REVENUES AND EXPENSES					
Finance costs	9	(135,075)	-	(310,774)	(29,506)
Finance income	9	686	54,408	1,565	13,254
		(134,389)	54,408	(309,209)	(16,252)
LOSS BEFORE INCOME TAX		(562,360)	(611,000)	(916,013)	(945,626)
Deferred income taxes		(353,384)	(166,469)	(279,520)	(51,726)
NET LOSS AND COMPREHENSIVE LOSS		(915,744)	(777,469)	(1,195,533)	(997,352)
NET LOSS PER SHARE - basic and diluted					
	10	(0.005)	(0.005)	(0.007)	(0.006)

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, 2019		46,313,259	4,032,711	(22,804,339)	27,541,631
Net loss and comprehensive loss		-	-	(997,352)	(997,352)
Share-based payments	8.2	-	418,000	-	418,000
Issuance cost of shares (a)		-	-	(100,177)	(100,177)
Issuance of units and shares	7.1	2,510,753	185,000	-	2,695,753
Exercise of options	7.1	72,400	(27,600)	-	44,800
As of December 31, 2019		48,896,412	4,608,111	(23,901,868)	29,602,655
As of July 1st, 2020		49,856,412	4,608,111	(25,883,975)	28,580,548
Net loss and comprehensive loss		-	-	(1,195,533)	(1,195,533)
Share-based payments	8.2	-	204,750	-	204,750
Issuance cost of shares (b)		-	-	(237,915)	(237,915)
Issuance of units and shares	7.1	3,000,130	228,110	-	3,228,240
Exercise of options	7.1	112,000	(42,000)	-	70,000
As of December 31, 2020		52,968,542	4,998,971	(27,317,423)	30,650,090

(a) Net of a deferred tax asset of an amount of \$37,129.

(b) Net of a deferred tax asset of an amount of \$49,992.

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

SIRIOS RESOURCES INC.
Interim Statement of Cash Flows (unaudited)

(in Canadian dollars)

	Notes	Six-month period ended	
		December 31,	
		2020	2019
		\$	\$
OPERATING ACTIVITIES			
Net loss		(1,195,533)	(997,352)
Adjustments			
Share-based payments		149,468	305,140
Amortization of property and equipment		1,171	11,335
Change in fair value of listed shares		310,066	29,506
Deferred income taxes		279,520	51,726
Changes in working capital items	11	(79,295)	132,438
Cash flows from operating activities		(534,603)	(467,207)
INVESTING ACTIVITIES			
Tax credits received		-	883,860
Additions to listed shares		-	(50,000)
Disposal of listed shares		-	35,480
Additions to property and equipment		-	(117,445)
Additions to exploration and evaluation assets		(916,446)	(1,036,515)
Cash flows from investing activities		(916,446)	(284,620)
FINANCING ACTIVITIES			
Issuance of units and shares		4,021,087	3,370,905
Issuance cost of shares		(187,921)	(137,306)
Cash flows from financing activities		3,833,166	3,233,599
NET CHANGE ON CASH		2,382,117	2,481,772
CASH, BEGINNING OF THE PERIOD		1,585,502	301,569
CASH, END OF THE PERIOD		3,967,619	2,783,341
Supplementary informations			
Interest paid related to operating activities		708	4,856
Interest received related to operating activities		1,565	18,151

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, 2020 (unaudited)

(in Canadian dollars)

1. NATURE OF OPERATIONS AND COVID-19

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".

In March 2020, the decree of a COVID-19 pandemic state and the many measures put in place by the federal, provincial and municipal governments to protect the population had an impact on the activities of the Company. These measures, which include travel bans, voluntary or involuntary isolation or quarantine, and social distancing, have caused significant disruption among businesses globally and in Canada as a result of the downturn economic. Governments and central banks have responded by putting in place monetary and fiscal measures to stabilize the global economy, however, the current difficult economic climate may lead to adverse changes in cash flows, the level of working capital and/or the search for future financing, which could have a direct impact on the future financial situation of the Company. The financial repercussions on the Company are not known at this stage. The Company has put in place measures to mitigate the impact of the pandemic on its current and future operations, for example by reducing administrative expenses, establishing teleworking and participating in the federal work-sharing program for its employees.

2. SUMMARY OF ACCOUNTING POLICIES

Basis presentation

These interim financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (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 financial statements for the year ended June 30, 2020. The interim financial statements do not include all of the notes required in annual financial statements.

Standards, amendments and interpretations of adopted standards and published standards which are not yet in force and which have not been early adopted by the Company

Standards adopted

IFRS 16, Operating lease agreement

The Company adopted IFRS 16, Leases on July 1st, 2019. In accordance with the transitional provisions of IFRS 16, the new requirements have been applied retroactively with the cumulative effect of the initial application recognized on July 1st, 2019. The financial statements for the 2019 financial year have not been restated.

Previously, the Company classified all of its leases as operating leases and did not recognized any assets or liabilities in the statement of financial position since all substantially risks and rewards inherent to the property of the leased asset were not transferred. IFRS 16 requires lessees to recognize assets and liabilities for all leases in the statement of financial position, unless the term of the contract is 12 months or less or the underlying asset is low value.

Upon adoption of IFRS 16, the Company has identified no impact.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2020 (unaudited)

(in Canadian dollars)

2. SUMMARY OF ACCOUNTING POLICIES (cont'd)

For the initial application of IFRS 16, the Company used the following simplification measures permitted by the standard:

- The recognition of an operating lease with a remaining lease term of less than 12 months as of July 1st, 2019 as short-term leases;
- The exclusion of the initial direct costs for the valuation of the assets under rights of use;
- Using the knowledge acquired afterwards to determine the duration of a rental agreement that contains renewal options.

Published standards that are not yet in effect and have not been early adopted

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted on the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimations and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimations and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimations 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 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.

Impairment of property and equipment

Evaluation facts and circumstances that demonstrate the existence of any indication that an asset may have depreciated or recover in value is a subjective process that involves judgment and often a number of estimates and assumptions.

As at December 31, 2020 and 2019, no impairment was recorded on property and equipment.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2020 (unaudited)

(in Canadian dollars)

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

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

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

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular whether an economically viable extraction operation can be established, the probability that the expenses will be 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, 2020 and 2019, there were no impairment. No reversal impairment losses has been recognized for the reporting periods.

There was no testing impairment required this year on its properties, the Company has the capacity to keep these properties because it 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.

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, 2020 (unaudited)

(in Canadian dollars)

3. 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.

4. TERM DEPOSIT

The term deposit presented in the interim statement of financial position is redeemable annually, bearing interest at 2.40% (2.15% in 2019), maturing in June 2023.

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Vehicles	Exploration camp and equip.	Office furniture	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Gross carrying amount						
Balance on July 1st, 2020	3,388	31,846	1,632,835	36,683	121,064	1,825,816
Additions	-	-	-	-	-	-
Balance on December 31, 2020	3,388	31,846	1,632,835	36,683	121,064	1,825,816
Accumulated amortization						
Balance on July 1st, 2020	1,762	17,972	970,187	36,683	119,992	1,146,596
Amortization	342	3,211	224,316	-	830	228,699
Balance on December 31, 2020	2,104	21,183	1,194,503	36,683	120,822	1,375,295
Carrying amount on December 31, 2020	1,284	10,663	438,332	-	242	450,521

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

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2020 (unaudited)

(in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

<i>Mining rights</i>	June 30,	Additions		December 31,
	2020			2020
	\$	\$		\$
(a) Aquilon	908,598	-		908,598
(b) Cheechoo	1,007,012	-		1,007,012
(c) Cheechoo-extension	4,674	-		4,674
(d) Pontax	1	-		1
(e) Goldorak	1	-		1
(f) Amikap	1	-		1
(g) Niska	38,285	(3,080)		35,205
(h) Tilly 2	7,949	-		7,949
(i) Keoz	1	-		1
(j) Solo	26,540	-		26,540
(k) Maskwa	-	57,288		57,288
	1,993,062	54,208		2,047,270
<i>Exploration and evaluation expenses</i>	June 30,	Additions	Tax credits	December 31,
	2020			2020
	\$	\$	\$	\$
(a) Aquilon	1,818,503	250,454	-	2,068,957
(b) Cheechoo	21,715,731	696,392	11,773	22,423,896
(d) Pontax	-	17,761	-	17,761
(g) Niska	91,752	64,399	-	156,151
(h) Tilly 2	11,088	-	-	11,088
(j) Solo	9,237	3,028	-	12,265
(k) Maskwa	-	125,528	-	125,528
	23,646,311	1,157,562	11,773	24,815,646
TOTAL	25,639,373	1,211,770	11,773	26,862,916

(a) Aquilon

This 140-claim gold property, owned at 100%, is located near LA-1 hydro-electric complex in the James Bay area (Qc) and is fully owned by the Company since August 2016.

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 Newmont Corp. 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).

Golden Valley Mines Ltd. will retain a net return royalty on gold mineral products ranging from 2.5% to 4%, depending on the gold price and 4% of the net returns on the production of any other minerals.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2020 (unaudited)

(in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(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 Newmont Corp. and is adjacent to the west block of the Cheechoo property.

(d) Pontax

The property, owned at 100% by the Company, consists of 70 claims, divided in two-continuous blocks of 64 and 6 claims. It is located in James Bay (Qc), approximately 350 km north of Matagami.

(e) Goldorak

The property, owned at 100% by the Company, consists of 6 claims in the James Bay area (Qc).

(f) Amikap

The property, owned at 100% by the Company, consists of 169 claims in the James Bay area (Qc). It is located about 70 km north of the Cheechoo property.

(g) Niska

The Niska property, previously the 39 property, consist of 229 claims held at 100% by Sirios and covers almost 100 km² in James Bay, Quebec.

(h) Tilly 2

The property, owned at 100% by the Company, consists of 58 claims in the James Bay area (Qc).

(i) Keoz

The property, owned at 100% by the Company, consists of 66 claims in the James Bay area (Qc).

(j) Solo

In February 2020, the Company signed an agreement with Dios Exploration Inc. ("Dios"), allowing it to obtain 90% interest of Dios' Solo gold property. The property is located approximately 50 km west of the 381 km relay station on the James Bay Highway and less than 20 km southwest of the Sirios' Niska property. It consists of 10 claims covering 5 km².

The agreement allows Sirios to obtain a 51% interest in the property over a three-year period, with payments totalling \$125,000 and exploration work totalling \$600,000. Once the 51% interest is obtained, Sirios will have the option to continue the exploration in a joint venture with Dios on a 51/49 basis or to increase its interest in the property to 90%. To increase its interest, Sirios will have to make payments totalling \$150,000 over an additional three-year period, and complete a total of 20,000 metres of drilling on the property. Sirios will have to complete a minimum of 3,000 metres of drilling in each of these three additional years. Dios could choose to convert its 10% interest into a 2% Net Smelter Return ("NSR") royalty, half of which may be purchased by Sirios for 1M\$, with a first right of refusal for the remaining NSR.

(k) Maskwa

The property, owned at 100% by the Company, consists of 372 claims. It is located approximately 100 km southwest of Radisson and approximately 120 km east of Wemindji in the James Bay area (Qc).

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2020 (unaudited)

(in Canadian dollars)

7. EQUITY

7.1 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,	
	2020	2019
Common shares issued and fully paid at beginning of the period	178,558,525	156,213,503
Private placements (a) (b)	3,469,996	7,400,000
Flow-through private placements (c) (d) (e) (f)	19,341,006	8,105,022
Exercise of options (g) (h)	700,000	440,000
Common shares issued and fully paid at the end of the period	<u>202,069,527</u>	<u>172,158,525</u>
Preferred shares, Serie A	<u>100,000</u>	<u>100,000</u>

- (a) On October 18, 2019, the Company completed the closing of a private placement for a total of \$1,480,000. It was composed of 7,400,000 units. The unit, offered at \$0.20, was composed of one common share and half a warrant. In total, 7,400,000 shares, as well as 3,700,000 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.30 per share for a period of eighteen months. An amount of \$185,000, related to warrants, was recorded as an increase in contributed surplus.
- (b) On December 17, 2020, the Company completed the closing of a private placement for a total of \$520,500. It was composed of 3,469,996 units. The unit, offered at \$0.15, was composed of one common share and half a warrant. In total, 3,469,996 shares, as well as 1,734,998 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.23 per share for a period of eighteen months. An amount of \$34,700, related to warrants, was recorded as an increase in contributed surplus.
- (c) On December 20, 2019, the Company completed the closing of a flow-through private placement for a total of \$1,781,125. It was composed of 7,744,022 flow-through shares at a price of \$0.23 each. An amount of \$1,161,603 was recorded in share capital and an amount of \$619,522 was recorded as other liabilities in the statement of financial position.
- (d) On December 20, 2019, the Company completed the closing of a flow-through private placement for a total of \$64,980. It was composed of 361,000 flow-through shares at a price of \$0.18 each. An amount of \$54,150 was recorded in share capital and an amount of \$10,830 was recorded as other liabilities in the statement of financial position.

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2020 (unaudited)

(in Canadian dollars)

7.1 Share capital (cont'd)

- (e) On December 11, 2020 and December 16, 2020, the Company completed the closing of a flow-through private placement for a total of \$2,567,140. It was composed of 14,261,889 units. The unit, offered at \$0.18, was composed of one flow-through share and half a warrant. In total, 14,261,889 flow-through shares, as well as 7,130,944 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.23 per share for a period of eighteen months. An amount of \$1,854,046 was recorded in share capital, an amount of \$142,619, related to warrants, was recorded as an increase in contributed surplus and an amount of \$570,475 was recorded as other liabilities in the statement of financial position.
- (f) On December 11, 2020 and December 16, 2020, the Company completed the closing of a flow-through private placement for a total of \$863,450. It was composed of 5,079,117 units. The unit, offered at \$0.17 was composed of one flow-through share and half a warrant. In total, 5,079,117 flow-through shares, as well as 2,539,559 warrants were issued. Each warrant entitled its holder to subscribe for one common share at \$0.23 per share for a period of eighteen months. An amount of \$660,285 was recorded in share capital, an amount of \$50,791, related to warrants, was recorded as an increase in contributed surplus and an amount of \$152,374 was recorded as other liabilities in the statement of financial position.
- (g) During the six-month period ended December 31, 2019, 440,000 options were exercised. An amount of \$44,800 was received and an amount of \$1,500, representing the fair value of the options at the time of the issue, were recorded as an increase in share capital.
- (h) During the six-month period ended December 31, 2020, 700,000 options were exercised. An amount of \$70,000 was received and an amount of \$42,000, representing the fair value of the options at the time of the issue, were recorded as an increase in share capital.

7.2 Warrants

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

	Six-month period ended		Year ended June 30, 2020	
	December 31, 2020			
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, at beginning	5,925,000	0.30	2,225,000	0.29
Issued	11,405,501	0.23	3,700,000	0.30
Expired	(2,225,000)	(0.29)	-	-
Balance, at the end	<u>15,105,501</u>	0.25	<u>5,925,000</u>	0.30

SIRIOS RESOURCES INC.

Notes to Interim Financial Statements

For the six-month period ended December 31, 2020 (unaudited)

(in Canadian dollars)

7.2 Warrants (cont'd)

The weighted average fair value of \$0.02 for warrants issued was determined using the Black-Scholes model and based on the following weighted average assumptions:

Share price at the date of issuing	0.13 \$
Expected dividend yield	0%
Expected weighted volatility	61%
Expected interest average rate	0.34%
Expected average life	1.5 year
Average exercise price at the date of grant	0.23 \$

The underlying expected volatility was determined by reference to historical date of the Company's share over the expected average life of the warrants.

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

Expiration date	December 31, 2020	
	Number of warrants	Exercise price
		\$
April 18, 2021	3,700,000	0.30
June 11, 2022	3,872,725	0.23
June 16, 2022	5,797,778	0.23
June 17, 2022	1,734,998	0.23
	<u>15,105,501</u>	<u>0.25</u>

8. EMPLOYEE REMUNERATION

8.1 Salaries and employee benefit expenses

Salaries and employee benefit expenses recognized are analyzed below:

	Three-month period ended		Six-month period ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries and benefits	195,746	276,528	392,484	524,158
Share-based payments	204,750	418,000	204,750	418,000
	<u>400,496</u>	<u>694,528</u>	<u>597,234</u>	<u>942,158</u>
Less: salaries and share-based payments capitalized in Exploration and evaluation assets or presented in Project generation expenses	<u>(168,422)</u>	<u>(265,091)</u>	<u>(299,011)</u>	<u>(425,995)</u>
Salaries and employee benefit expenses	<u>232,074</u>	<u>429,437</u>	<u>298,223</u>	<u>516,163</u>

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8.2 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, maximum of 20,206,953 on December 31, 2020 (maximum of 17,855,852 on June 30, 2020);
- ii) the maximum number of shares that can be reserved for a beneficiary is limited to 5% of issued and outstanding shares;
- 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 maybe 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:

	Six-month period ended		Year ended June 30, 2020	
	December 31, 2020		Year ended June 30, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, at the beginning	11,680,000	0.28	8,590,000	0.31
Granted	2,925,000	0.15	3,800,000	0.19
Exercised	(700,000)	(0.10)	(440,000)	(0.10)
Expired	(130,000)	(0.10)	(270,000)	(0.18)
Outstanding, at the end	<u>13,775,000</u>	0.26	<u>11,680,000</u>	0.28

The weighted average share price at the date of exercise was \$0.13.

On December 9, 2020, the Board of Directors of the Company has granted 2,925,000 options under its stock option incentive plan to employees, directors, officers and consultants, at an exercise price of \$0.15. The options expire five (5) years from the date of grant.

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8.2 Share-based payments (cont'd)

The weighted average fair value of stock options granted is \$0.07 (\$0.11 for the period ended December 31, 2019) and was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2020	2019
Share price at the date of issuing	0.13 \$	0.185 \$
Expected dividend yield	0%	0%
Expected weighted volatility	71%	72%
Expected interest average rate	0.27%	1.53%
Expected average life	5 years	5 years
Average exercise price at the date of grant	0.15 \$	0.185 \$

The underlying expected volatility was determined by reference to historical date 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 outstanding share options:

Range of exercise price	December 31, 2020	
	Number of options	Remaining life (years)
From \$0 to \$0.35	11,350,000	3.53
From \$0.36 to \$0.70	2,425,000	0.90
	<u>13,775,000</u>	

In total, \$204,750 of share-based payments (all of which related to equity-settled share-based payment transactions) was recorded (\$149,468 in profit or loss as salaries and employee benefit expenses and \$55,282 capitalized in exploration and evaluation assets) for the six-month period ended December 31, 2020 (\$305,140 in profit or loss as salaries and employee benefit expenses and \$112,860 capitalized in exploration and evaluation assets for the six-month period ended December 31, 2019) and credited to contributed surplus.

9. FINANCE COSTS AND INCOME

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

	Three-month period ended		Six-month period ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Change in fair value of listed shares	(134,397)	-	(310,066)	(29,506)
Interests on trade accounts	(678)	-	(708)	-
	<u>(135,075)</u>	<u>-</u>	<u>(310,774)</u>	<u>(29,506)</u>

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9. FINANCE COSTS AND INCOME (cont'd)

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

	Three-month period ended December 31,		Six-month period ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Change in fair value of listed shares	-	50,102	-	-
Interests income from cash	686	4,306	1,565	13,254
	686	54,408	1,565	13,254

10. 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 7.2 and 8.2.

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 2020 and 2019.

	Three-month period ended December 31,		Six-month period ended December 31,	
	2020	2019	2020	2019
Net loss	(915,744) \$	(777,469) \$	(1,195,533) \$	(997,352) \$
Weighted average number of shares	183,480,952	163,541,278	181,026,260	159,877,390
Basic and diluted loss per share	(0.005) \$	(0.005) \$	(0.007) \$	(0.006) \$

11. ADDITIONAL INFORMATION - CASH FLOWS

The change in working capital items are detailed as follows:

	Six-month period ended December 31,	
	2020	2019
	\$	\$
Amounts receivable from listed companies	-	59,987
Good and services tax receivable	44,299	60,121
Prepaid expenses	43,054	176,882
Trade and other payables	(166,648)	(164,552)
	(79,295)	132,438

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11. ADDITIONAL INFORMATION - CASH FLOWS (cont'd)

Non-monetary operations in the statement of financial position are as follows:

	Six-month period ended December 31,	
	2020	2019
	\$	\$
Tax credits receivable credited to exploration and evaluation assets	(11,773)	9,610
Trades related to exploration and evaluation assets	24,288	7,119
Share-based payments included in exploration and evaluation assets	55,283	112,860
Amortization of property and equipment included in exploration and evaluation assets	227,527	227,060
Subscriptions receivable included in share capital	15,000	-

12. RELATED PARTY TRANSACTIONS

The Company's related parties includes 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.

12.1 Transactions with key management personnel

The remuneration of the Company's key management personnel and members of the Board of Directors includes the following expenses:

	Three-month period ended December 31,		Six-month period ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries and benefits	85,499	107,407	153,232	172,075
Share-based payments	122,500	242,000	122,500	242,000
Total remuneration	207,999	349,407	275,732	414,075

For the six-month period ended December 31, 2020, an amount of \$28,332 of salaries and benefits expenses was recorded in Exploration and evaluation assets (\$35,839 for the six-month period ended December 31, 2019).

13. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- To increase the value of the assets of the business; and
- To provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flows, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

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

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 7.1 and 14.

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.

14. 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:

- Three years following the flow-through placement;
- Two years 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 the regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

As at December 31, 2020, the product of unspent funding related to flow-through financings totals \$4,076,080 (\$1,815,891 on December 31, 2019).