



S I R I O S

SIRIOS RESOURCES INC.

TSX-V: SOI

**Management's Discussion and Analysis**  
**Quarterly highlights**  
**For the three-month period ended September 30, 2022**

This quarterly Management Discussion and Analysis dated November 21, 2022, highlights Sirios Resources Inc.'s ("the Company" or "Sirios") operations and constitutes management's review of the factors that affected the Company's financial operating performance for the three-month period ended September 30, 2022.

This discussion and analysis should be read in conjunction with:

- The September 30, 2022, unaudited interim financial statements.
- The 2022 Annual Management report.
- The Company's audited financial statements for the years ended June 30, 2022, and 2021.

These documents and additional information are available through [www.sedar.com](http://www.sedar.com) website, under the Company's section "Sedar filing" or at [www.sirios.com](http://www.sirios.com).

## **1. Nature of activities**

Since its creation in 1994 under the Canada Business Corporations Act, Sirios' 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 address of the Company's registered office 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". As of September 30, 2022, there are 254,045,509 common shares of Sirios issued and outstanding.

## **2. Financing activities and other developments**

### **2.1. Financing activities**

On July 28, 2022, the Company completed a private placement for a total of \$1,175,325. The unit, offered at \$0.06, consisted of one common share and one warrant. In total, 19,588,749 shares were issued as well as 19,588,749 warrants.

### **2.2. Other developments**

On July 28, 2022, the Company bought back three-quarters of the 1% Net Smelter Return ("NSR") royalty retained by a private investor for an amount of \$200,000 on its Aquilon property. Therefore, the royalty has been reduced to 0.25%. The Company had previously obtained a deadline extension for exercising the buy back before July 31, 2022, instead of June 30, in return for an amount of \$25,000.

### 3. Investing activities

During the three-month period ended September 30, 2022, the Company incurred \$664,314 in exploration expenses compared to \$2,820,038 for the same period in 2021.

	<b>Aquilon</b>	<b>Cheechoo</b>	<b>TOTAL</b>
<b>Geology</b>	-	-	-
<b>Geochemistry</b>	-	-	-
<b>Geophysics</b>	-	-	-
<b>Drilling</b>	5,892	41,366	47,258
<b>Property evaluation</b>	-	-	-
<b>Stripping/excavation</b>	-	-	-
<b>Bulk sampling</b>	15,106	299,436	314,542
<b>Technical evaluation</b>	-	-	-
<b>Others*</b>	7,308	295,206	302,514
<b>TOTAL</b>	<b>28,306</b>	<b>636,008</b>	<b>664,314</b>

\* An amount of \$138,503, included in the "Others" category, does not constitute an outflow of money. It is mainly composed of the amortization charge.

### 4. Exploration projects

The technical data on the Cheechoo property contained in this report has been approved by Dominique Doucet, P.Eng., President of Sirios, Jordi Turcotte, Senior geologist, Guillaume Doucet, geologist and Alexandra Blanchette, geologist, qualified persons, as defined by National Instrument 43-101. The technical data on the Aquilon property contained in this report has been approved by Dominique Doucet and Roger Moar, Senior geologist, also a qualified person. Projects are located in Figure 1. Readers are asked to refer to the Company's website ([www.sirios.com](http://www.sirios.com)) for more information about its exploration activities.

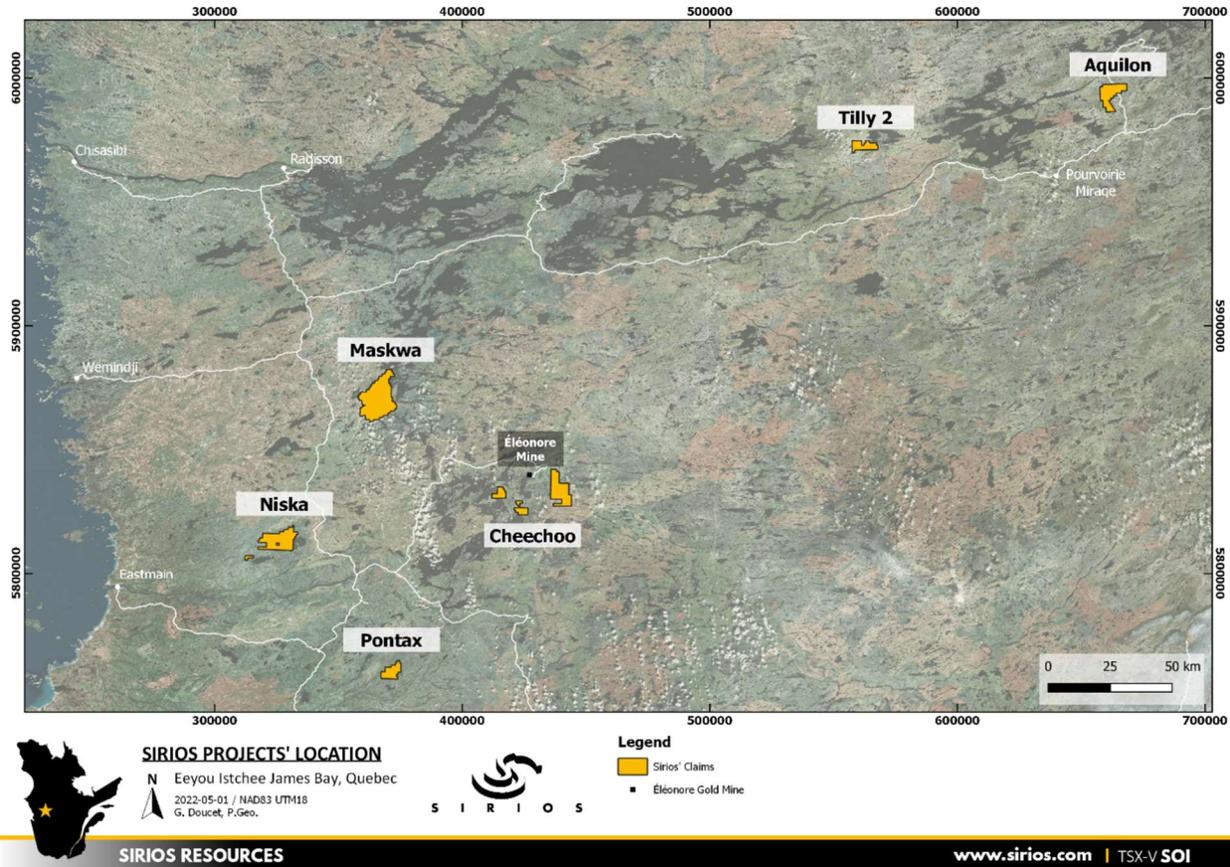


Figure 1: Location of Sirios projects

#### 4.1. Cheechoo property

##### The original claim blocks

The property located 320 km north of Matagami, Eeyou Istchee James Bay in Quebec, was originally composed of two blocks of non-contiguous claims that cover an area of 81 km<sup>2</sup>. Its 121-claims main block is adjacent to the east of Newmont Corp.'s Eléonore gold mine in the 33B12 NTS sheet (Figure 2). The second block consists of 35 claims and is located about 20 km west of the main block. The 156 claims are 100% held by Sirios with a net return royalty for gold on 145 claims to Gold Royalty Corp. which varies between 2.5% and 4% of the net return depending on the price of gold and 4% net return for all other minerals extracted from the project. Notably, the gold royalty would be 3% for a price of gold between CAD\$1,200 and \$2,400 per ounce.

##### Recent expansion of the property

During the months of March and April 2022, Sirios added by map designation, 69 new claims to the property. A first block of 35 new claims is adjacent to the central-eastern part of the main block in SNRC sheet 33B12, and another block of 34 claims forms a third block not contiguous to the original blocks of the property, in sheet SNRC 33C09 as shown in Figure 2. These 69 new claims are 100% owned by Sirios and are not subject to any royalties. **The Cheechoo property is therefore now composed of three blocks of non-contiguous claims comprising 225 claims for a total area of 118 km<sup>2</sup>** (ref. [press release of April 20, 2022](#)). The new claims were acquired by Sirios both for their exploration potential for gold as well as to facilitate possible development of mining infrastructure.

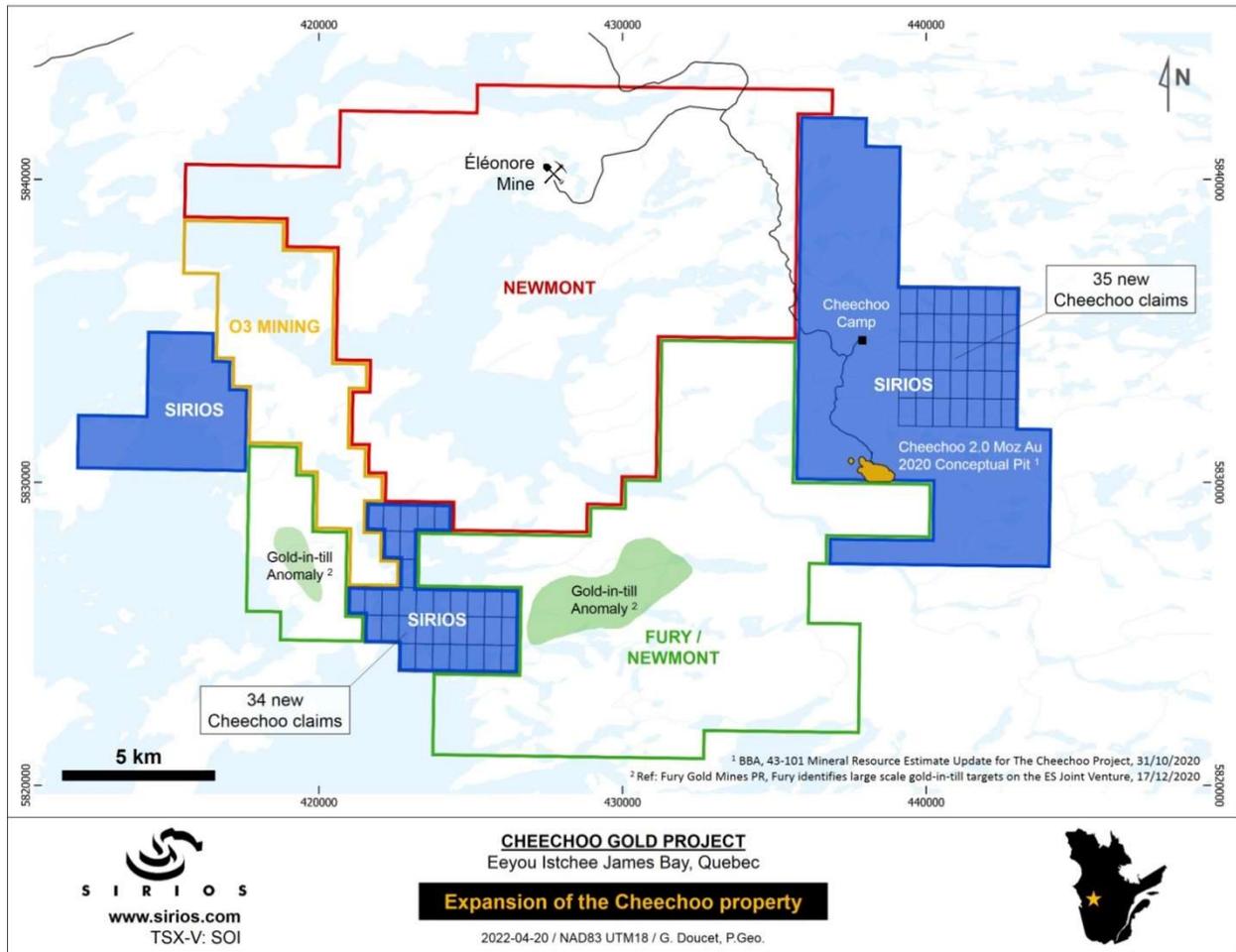


Figure 2: Location of the Cheechoo Project claims

#### 4.1.1. Executed work during the period

##### Prospecting, stripping and channel sampling

Following an initial phase of prospecting, three strippings (Figure 3) were carried out in August-September 2022 then sampled by channeling in the sector of meta-sedimentary rocks to the east of the conceptual pit of the Cheechoo deposit. A total of 218 samples from 216 metres of channels were sent to the ALS laboratory in Val-d'Or for analysis.

Assay results from channel samples returned up to **2.65 g/t Au over 11.0 m** (Figure 4), confirming **the extension of gold mineralization beyond the tonalite in the meta-greywackes ("metasediments") outside of the conceptual pit** of the 2020 Mineral Resource Estimate (MRE) of the Cheechoo project. These results highlight a **new type of gold mineralization**, hosted in metasediments, typical of the Eleonore mine.

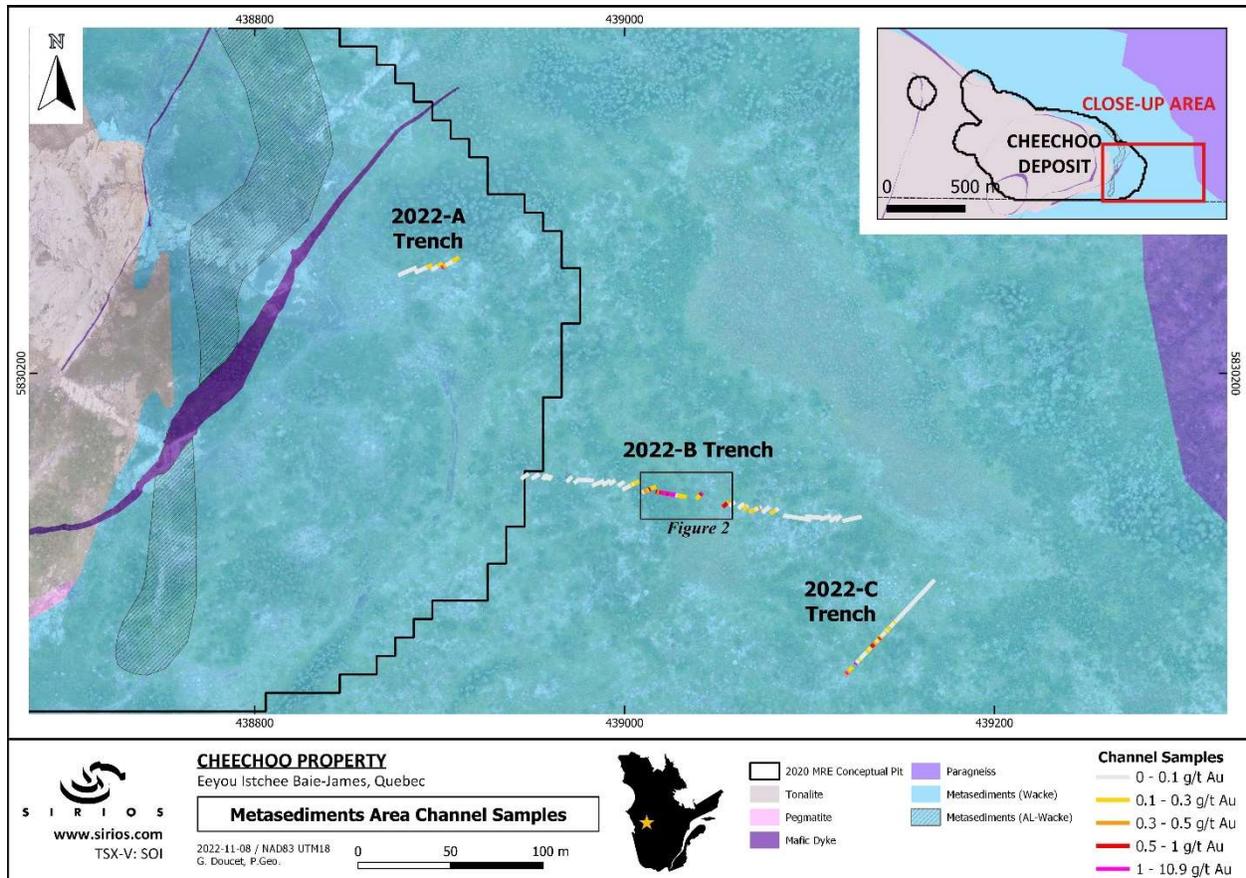


Figure 3: Location of the three strippings in the summer 2022 in the meta-sedimentary rock sector

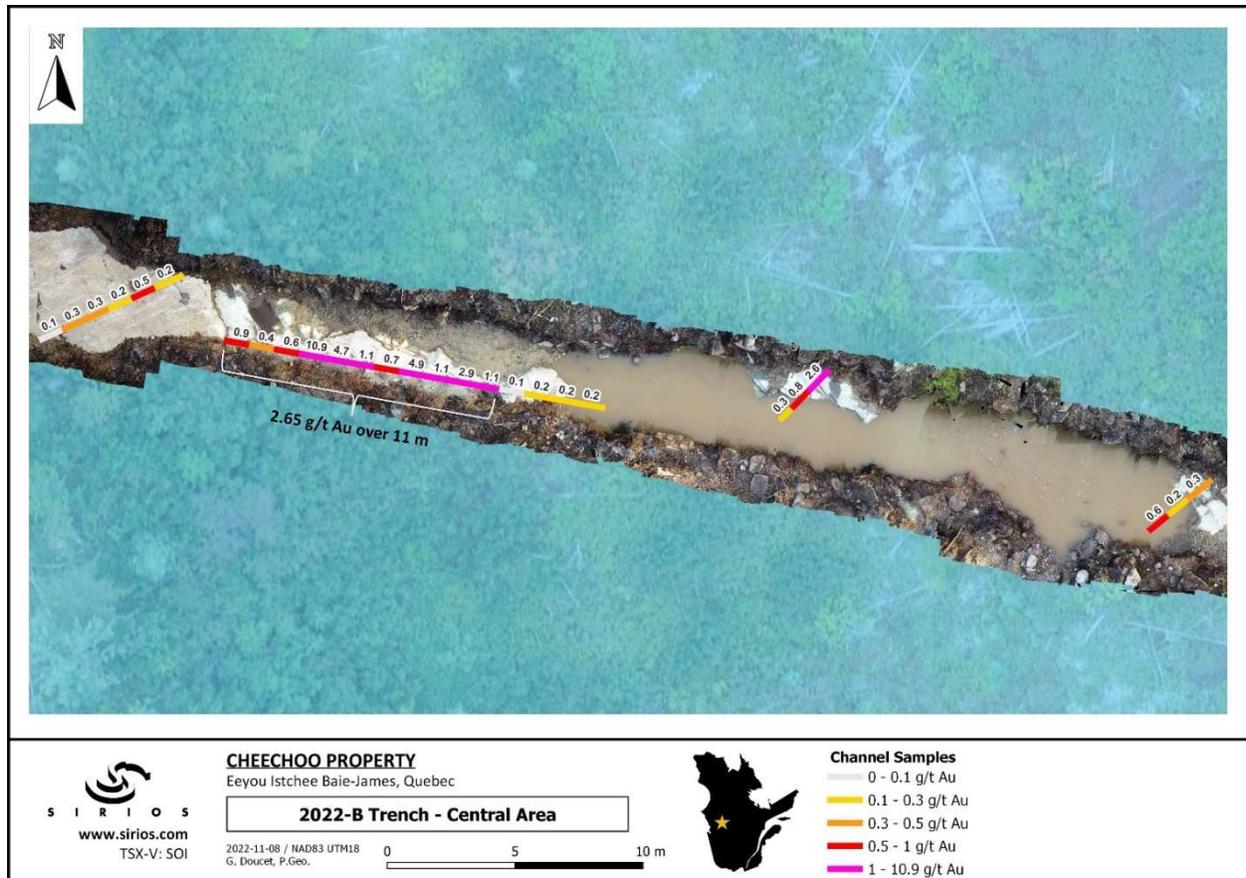


Figure 4: Central part of Trench 2022-B

Significant results from these three trenches (2022-A, B and C) are presented below:

Trench	Channel	Sample	Length (m)	Grade (Au g/t)	Significant intervals
2022-A	CHRN22-401	Y092346	1	2.86	<b>1.61 g/t Au / 2 m</b>
		Y092347	1	0.36	
		Y092441	1	0.26	
2022-B	CHRN22-416	Y092075	1	0.33	<b>0.33 g/t Au / 4 m</b>
		Y092076	1	0.33	
		Y092077	1	0.16	
		Y092079	1	0.51	
		Y092080	1	0.18	
		Y092081	1	0.85	
2022-B	CHRN22-417	Y092082	1	0.44	<b>2.65 g/t Au / 11 m</b>
		Y092083	1	0.57	
		Y092084	1	10.9	
		Y092085	1	4.68	
		Y092086	1	1.06	
		Y092087	1	0.72	
		Y092089	1	4.93	
		Y092090	1	1.11	
		Y092091	1	2.85	
		Y092092	1	1.05	

		Y092094	1	0.17	
		Y092095	1	0.23	
		Y092496	1	0.15	
2022-B	CHRN22-418	Y092097	1	2.59	<b>1.33 g/t Au / 2,7 m</b>
		Y092099	1	0.81	
		Y092100	0.7	0.27	
2022-B	CHRN22-419	E0000001	1	0.31	<b>0.39 g/t Au / 3 m</b>
		E0000002	1	0.22	
		E0000003	1	0.64	
2022-B	CHRN22-422	E0000010	0.7	0.27	
2022-B	CHRN22-423	E0000012	1	0.44	
2022-C	CHRN22-402	Y092443	1	0.39	<b>0.63 g/t Au / 3m</b>
		Y092444	1	1.13	
		Y092445	1	0.37	
		Y092447	1	1.28	
		Y092368	1	0.22	
		Y092375	1	0.27	
		Y092377	1	0.24	<b>0.37 g/t Au / 8 m</b>
		Y092379	1	0.55	
		Y092380	1	0.72	
		Y092381	1	0.40	
		Y092382	1	0.21	
		Y092383	1	0.05	
		Y092384	1	0.15	
		Y092385	1	0.61	
		Y092391	1	0.22	<b>0.19 g/t Au / 4 m</b>
		Y092392	1	0.04	
		Y092393	1	0.29	
Y092394	1	0.19			
Y092399	1	0.21			

The high-grade gold results obtained during this program are hosted in metasediments with 2-3% pyrrhotite and arsenopyrite, as well as millimetric quartz-feldspar veinlets (Figure 5), which represents a **new geological context for gold mineralization** for the Cheechoo deposit.



Figure 5 : Channel sample Y092084 (**10.9 g/t Au over 1,0 m**). Metasediments (meta-greywacke) with 3% pyrrhotite, 3% arsenopyrite and 5% millimetric quartz-feldspar veinlets

Intrusive rocks (tonalite and pegmatite) were previously thought to be the only host rocks for gold mineralization at Cheechoo. The discovery of these new high-grade gold zones in the metasediments now confirms the presence of gold mineralization **more than 400 metres outside of the tonalite**.

#### *Assay Quality control*

The channel sampling was carried out, described and sampled by Sirios personnel. Following a strict assay quality assurance and control program, blanks and certified reference materials were incorporated into the sampling sequence. Samples were assayed for gold by fire assay with an atomic absorption finish by ALS laboratories.

#### Resource estimate

The update of the mineral resource estimate of the Cheechoo gold deposit is currently underway by the consulting firms BBA inc. and PLR Resources Inc. One of the main objectives of this estimate is to define, for the first time, an indicated resource. This update will take into account the 3D geological model created by the Sirios team in 2022.

The project's most recent resource estimate (October 2020) delineated inferred resources of 2.0 million ounces of gold contained in 93.0 million tonnes at 0.65 g/t Au, with a significant upside potential increase in these resources ([BBA, Mineral Resource Estimate Update for The Cheechoo Project, 31/10/2020](#)).

Work performed on the Cheechoo property totaled \$340,802 during the period, excluding amortization expense.

### **4.2. Aquilon project**

The Aquilon property is 100% owned by Sirios. It consists of 140 claims and covers approximately 70 km<sup>2</sup>, 10 kilometres south of the LA-1 hydroelectric complex in the region of Eeyou Istchee James Bay, Quebec. It is located approximately 490 km east of Radisson and is easily accessible year-round by road via the Trans-Taiga highway crossing the Eeyou Istchee James Bay region. An airstrip outfitter is located at less than a 40-minute drive from the property. Drilling on the property is optimal in winter given the presence of swampy areas.

Soquem Inc. holds a 1% NSR ("Net Smelter Return") royalty on the Aquilon property, half of which is redeemable for \$500,000. In addition, a private investor holds a 0.25% NSR on the property.

#### **4.2.1. Executed work during the period**

The work performed on the Aquilon property totaled \$20,998, excluding the amortization expense. This work constitutes in fact the very end of the first phase of the program of description ("relogging") of the historical drill cores of the project.

### **4.3. Tilly 2 property**

The Tilly 2 property is 100% owned by Sirios. Following the recent acquisition, in November 2022, by map designation, of 20 additional claims, it now consisting of 86 claims covering approximately 44 km<sup>2</sup> in sheet NTS 33G16 in the Eeyou Istchee James Bay region in Quebec. A private investor holds a 0.5% NSR royalty on 76 claims, half of which is redeemable for \$200,000.

## 5. Overall performance

The net loss of the quarter is \$410,243 (net income of \$264,356 for the same period in 2021) whereas expenses for the quarter totalled \$159,797 (\$199,032 for the same period in 2021).

### General analysis

- The decrease in *Salaries and employee benefit expenses* can be explained by the temporary suspension of compensation for members of the Board of Directors to reduce general administrative expenses as well as the departure of an administrative employee during the 2021 period.
- The increase in *Professional fees* can be explained by the greater amount of work, compared to the 2021 period, of the Company's consultants for various activities incurred during the 2022 period.
- The decrease in *Insurance, taxes and permits* can be explained by the payment, during the 2021 period, of amounts relating to non-compliance observed on the Cheechoo property, as well as the work done to obtain the UL ECOLOGO® certification.

### Analysis of the non-monetary operations that does not require an outflow or an inflow of cash

	Three-month period ended September 30, 2022 \$	Three-month period ended September 30, 2021 \$
Deferred income taxes	(244,473)	518,693
Change in fair value of listed shares	(7,591)	(56,285)
Amortization of property and equipment	(1,197)	(360)

## 6. Financial position

- Working capital increased by \$319,440, going from \$878,815 on June 30, 2022, to \$1,198,255 on September 30, 2022. The increase can be explained by the closing of a private placement during the period.
- Cash and term deposit totalled \$378,462 on September 30, 2022, in comparison with \$430,253 on June 30, 2022.
- The product of unspent funding related to flow-through financings is \$35,564 on September 30, 2022, and is to be spent by December 31, 2022. The Company is in the exploration stage; thus, it is dependent on obtaining regular financing to continue exploration. Despite previous success in acquiring sufficient financing, there is no guarantee of obtaining any future financing.
- On September 30, 2022, Sirios has accrued \$639,402 in refundable tax credits related to exploration expenditures.

## 7. Related party transactions

Key management personnel of the Company are members of the Board of Directors, as well as the President and the Chief Financial Officer. For the three-month period ended September 30, 2022, the compensation in salaries was \$61,540 (\$66,808 for the same period last year) of which an amount of \$15,873 (\$15,170 for the same period last year) was capitalized in *Exploration and evaluation assets*.

**Montreal, Quebec.**  
**November 21, 2022.**