



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Three months ended May 31, 2016

SPHINX RESOURCES LTD.

Management’s Discussion and Analysis – Quarterly Highlights

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Table of content

Nature of activities	3
Overall performance.....	3
Exploration projects.....	4
Results of operations.....	7

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Three months ended May 31, 2016

This Management's Discussion and Analysis – Quarterly Highlights ("MD&A Highlights") of the financial position and results of operations reviews the activities, results of operations and financial position of Sphinx Resources Ltd. ("Sphinx" or the "Corporation") for the three months ended May 31, 2016 ("Q1-17"), together with certain trends and factors that are expected to have an impact in the future. This MD&A Highlights should be read in conjunction with the Corporation's condensed interim financial statements as at May 31, 2016 prepared in accordance with the International Financial Reporting Standards ("IFRS"), as well as with the management discussion and analysis for the year ended February 29, 2016. All dollar amounts are expressed in Canadian dollars, the functional currency of the Corporation, unless otherwise stated.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be found on www.sedar.com.

The following abbreviations are used to describe the periods under review throughout this MD&A Highlights:

Abbreviation	Period
Q1-16	March 1, 2015 – May 31, 2015
Q2-16	June 1, 2015 to August 31, 2015
Q3-16	September 1, 2015 – November 30, 2015
Q4-16	December 1, 2015 – February 29, 2016
Fiscal 16	March 1, 2015 – February 29, 2016
Q1-17	March 1, 2016 – May 31, 2016
Fiscal 17	March 1, 2016 – February 28, 2017

The technical information contained in this MD&A Highlights has been reviewed and verified by Sphinx's President and Chief Executive Officer, Normand Champigny (ing., B.A.Sc., M.A.Sc.), who is a qualified person for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

1. NATURE OF ACTIVITIES

Sphinx was incorporated on June 28, 2005 and is governed by the *Canada Business Corporations Act*. The Corporation is a reporting issuer in Alberta, British Columbia, Ontario and Québec and its shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol SFX. The Corporation is engaged in the acquisition, exploration and development of mineral projects in Québec, Canada.

2. OVERALL PERFORMANCE

Although the commodity price environment remains challenging and financing for exploration and evaluation activities continues to be difficult, the Corporation's management team believes there are quality acquisition opportunities of mining projects that are worth pursuing. Sphinx is focusing on the development of mineral exploration projects in Québec, primarily through acquisitions.

In Q1-17, the Corporation was informed by Revenu Quebec of the favorable resolution of the objection process related to the refundable tax credit for resources for fiscal years 2009, 2010 and 2011 and received a reimbursement of \$247,665. In addition, the Corporation received the fiscal 2014 Quebec refundable credits on mining duties for losses for \$739,272. And finally, the Corporation received \$184,998 relating to the fiscal 2015 refundable tax credit for resources (of which \$161,636 was received in late February 2016).

These reimbursements totalling \$1,171,935 dramatically improved the financial position of the Corporation and facilitated the payment all its outstanding trade payables. The Corporation is thankful for the support of its suppliers and partners. In March 2016, the Corporation reimbursed the residual balance of the loan payable for \$160,000 and was released from the Forbearance Agreement.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Three months ended May 31, 2016

2. OVERALL PERFORMANCE (CONT'D)

In June 2016, the Corporation reached an agreement to postpone to December 2016 the issuance of common shares to pay the interest due as of June 19, 2016 on the convertible debentures.

As of May 31, 2016, the Corporation has a working capital of \$96,610 (\$232,482 as at February 29, 2016). Included in the working capital calculation, there is the \$356,062 convertible debenture due on December 2016. The Corporation will be able to plan for a minimal exploration program for the coming year.

3. EXPLORATION PROJECTS

For mineral properties that have not reached technical feasibility, exploration and evaluation expenditures are charged to operations as they are incurred. The Corporation's exploration and evaluation expenditures incurred are as follows:

	Q1-17	Q1-16
	\$	\$
Green Palladium		
Project acquisition and maintenance	5,198	160,185
Drilling	-	42,525
Geology	5,737	31,523
Geophysics	-	-
Tax credits	(1,936)	-
	8,999	234,233
Calumet Sud		
Project acquisition and maintenance	31	-
Option payment received	(7,000)	-
Geology	1,141	-
Geophysics	1,141	-
Tax credits	(385)	-
	(6,213)	-
Somanike Marbridge		
Geology	17,550	-
Tax credits	(5,926)	-
	11,624	-
Somanike Sphinx		
Project acquisition and maintenance	5,352	190
Drilling	-	150,494
Geology	2,343	19,050
Geophysics	-	71,165
Geochemistry	-	3,676
Tax credits	(791)	-
	6,904	244,575
Somanike Globex		
Geology	2,150	-
Tax credits	(726)	-
	1,424	-

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Three months ended May 31, 2016

Chemin Troilus		
Project acquisition and maintenance	2,327	-
	<u>2,327</u>	<u>-</u>
Samson		
Drilling	-	132,546
Geology	-	15,849
Geophysics	-	35,299
Geochemistry	-	18,652
Project acquisition and maintenance	-	2,431
	<u>-</u>	<u>204,777</u>
Adam		
Geology	-	6,425
Geophysics	-	10,154
	<u>-</u>	<u>16,579</u>
Total exploration and evaluation expenditures	25,065	700,164

3.1 Green Palladium project

a) Project description

The Corporation must satisfy the following exploration commitments as per the March 12, 2015 definitive agreement, failing which the project will be returned to Gardin Inc. ("Gardin"):

	Work	
	Commitment	Completed
	\$	\$
On or before January 20, 2016	50,000	50,000
On or before January 20, 2017	100,000	100,000
On or before January 20, 2018	600,000	221,497
Total	750,000	371,497

b) Exploration work on the project

To share costs the helicopter-borne survey operated by SOQUEM for the Calumet-Sud project also covered the Green Palladium project and the Calumet-Nord project (274 line-km estimated). Results are pending. Calumet-Nord is 100% owned by Ressources Tranchemontage (a wholly owned subsidiary of Gardin) and was recently optioned to SOQUEM.

3.2 Calumet-Sud project

a) Project description

The Calumet-Sud project was acquired in 2015 from Gardin. The Corporation must issue a further 4,769,308 common shares to Gardin and comply with certain conditions.

On March 25, 2016, the Corporation signed an option and joint venture agreement with SOQUEM to grant SOQUEM the option to acquire an undivided 50% interest in the Calumet-Sud project. SOQUEM will be the operator during the option period. Upon the exercise of the option, a joint venture would be created between the Corporation and SOQUEM.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Three months ended May 31, 2016

3. EXPLORATION PROJECTS (CONT'D)

Before March 31, 2016, SOQUEM paid \$93,000 to Gardin and \$7,000 to the Corporation. Also, SOQUEM must fund \$450,000 in exploration expenditures as follows:

	Work	
	Commitment	Completed
	\$	\$
On or before February 27, 2017	100,000	2,246
On or before August 31, 2018	150,000	-
On or before February 28, 2020	200,000	-
Total	450,000	2,246

b) Exploration work on the project

An exploration program operated by SOQUEM, in collaboration with Sphinx, commenced in June 2016. The program consists of a helicopter-borne magnetic, spectrometer and electromagnetic surveys (134 line-km estimated), followed by a ground gravimetric survey (16 line-km estimated) and prospecting. The helicopter-borne survey was completed. Results are pending.

3.3 Somanike "Ni-Cu-PGE"

a) Project description

The Somanike project comprises 86 claims and 2 mining concessions (known as the Marbridge mine concessions). The Corporation must complete the following exploration work on 7 of the 86 claims according to the June 15, 2015 (amended on June 7, 2016) definitive agreement, failing which the project will be returned to Globex Mining Enterprises Inc. ("Globex"):

	Work	
	Commitment	Completed
	\$	\$
On or before June 15, 2018	300,000	2,150
On or before June 15, 2019	100,000	-
On or before June 15, 2020	100,000	-
Total	500,000	2,150

b) Exploration work on the project

On the basis of the results obtained to date, Sphinx is designing a follow-up exploration program which includes drilling of high priority targets.

3.4 Chemin Troilus

a) Project description

On June 4, 2016, the Corporation signed a project acquisition agreement with Les Ressources Tectonic Inc. whereby a 100% undivided interest in 24 claims was purchased for the following considerations: issuance of 1,000,000 common shares of the Corporation valued at \$30,000, \$35,000 cash payment and 2% NSR royalty of which 1.5% can be bought back by the Corporation for \$2,000,000. In addition, Sphinx has acquired 35 contiguous claims through map staking. The 59 claims (32.1 km²) are known as the Chemin Troilus project located in the James Bay region, Québec. The Project is located 110 km north-northeast of the town of Chibougamau with good road access.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Three months ended May 31, 2016

3. EXPLORATION PROJECTS (CONT'D)

b) Exploration work on the project

The Project is situated at the southwest extremity of a northeast trending gold-copper bearing corridor at the northern limit of the Frotet-Troilus greenstone belt. This corridor contains the Troilus Mine (25 km northeast of the Project) which was operated by Inmet Mining Corporation ("Inmet") from 1997 to 2010 and produced in excess of 2 million ounces of gold and 70,000 tonnes of copper. In addition estimated indicated mineral resources of 44 million tonnes containing 1.8 million ounces of gold grading 1.27 g/t and 53,000 tonnes of copper grading 0.12%, have been reported by Sulliden Mining Capital Inc. (see Sulliden's press release of May 25, 2016). Between the Troilus mine and the Project area, Muscocho Explorations Ltd. ("Muscocho") reported in 1987 mineralization in trenches and drillholes. Highlights include one drillhole that returned 2.26 g/t Au over 5.40 metres

A helicopter-borne magnetic and radiometric survey performed by Soquem Inc. and Inmet in 2000 (Sigeom GM 59797) aimed to discover deposits similar to the Troilus Mine. A first mineralized boulder was discovered along the southwest extension of gold-bearing corridor between the Troilus Mine and the Muscocho showing. Prospecting work by Tectonic identified 13 additional mineralized boulders within an area 220 m by 45 m trending to the northeast within the corridor. The analysis of the boulders, anomalous in gold, revealed values up to 1.57 g/t Au. The boulders are angular, mineralized uniformly and majority of the boulders are greater than one metre in diameter. They contain 1 to 5% disseminated pyrite, 2 to 5% séricite and traces of magnetite. There is also 1 to 2% garnet indicating the high grade metamorphic nature of the rock.

Sphinx and Tectonic have designed and approved an exploration program totalling \$136,640 that is scheduled to be executed during the summer field season. The program will consist of till sampling followed by ground magnetic and induced polarization geophysical surveys that will aim to identify the bedrock source of the mineralized boulders and define targets within this high grade metamorphic environment.

4. RESULTS OF OPERATIONS

General and administration expenses details are as follows:

	Q1-17	Q1-16
	\$	\$
Directors fees	12,000	9,000
Filing and transfer agent fees	1,931	8,299
Management fees	15,334	25,810
Office and miscellaneous	8,599	10,870
Professional fees	10,258	20,122
Promotion	2,120	31,979
Salaries and benefit	30,084	68,916
Share-based payments	-	1,146
Travel	1,130	2,252
General and administration	81,456	178,394

Finance costs details are as follows:

	Q1-17	Q1-16
	\$	\$
Accretion sublease reserve	254	408
Accretion of convertible debentures	26,398	22,340
Issuance costs on convertible debentures	1,287	1,287
Interest paid and accrued on loan payable	-	5,607
Finance costs	27,939	29,642

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Three months ended May 31, 2016

4. RESULTS OF OPERATIONS (CONT'D)

In Q1-17, the Corporation reported a loss of \$134,460 (\$741,806 in Q1-16) and still maintains a tight control on general and administrative expenses.

July 7, 2016

(s) Normand Champigny

Normand Champigny
Chief Executive Officer

(s) Ingrid Martin

Ingrid Martin
Chief Financial Officer