



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Six months ended August 31, 2016

SPHINX RESOURCES LTD.

Management’s Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

Table of content

Nature of activities	3
Overall performance.....	3
Exploration projects.....	5
Results of operations	10

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 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 and six month periods ended August 31, 2016 ("Q2-17" and "YTD Q2-17", respectively), 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 August 31, 2016 prepared in accordance with the International Financial Reporting Standards ("IFRS"), as well as with the management discussion and analysis for the fiscal year ended February 29, 2016 ("Fiscal 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
YTD Q2-16	March 1, 2015 – 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
Q2-17	June 1, 2016 to August 31, 2016
YTD Q2-17	March 1, 2016 – August 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

Sphinx's strategy is to generate or acquire quality projects with good social acceptability, low cost exploration by ensuring year-round ground access, and a focus on precious metals. Sphinx will maintain a diverse portfolio of projects with various levels of advancement in different high grade metamorphic terranes, which have been often overlooked for their precious metals potential. To execute on this strategy, the Corporation relies on a team of recognized mine finders with significant experience in exploration project generation. Sphinx will concentrate first on Quebec with potential expansion into other Canadian provinces.

Since the first quarter of this year, junior resource sector appears to be moving in a positive direction after a very significant downturn. With the announcement in August 2016 of the partnership with Sirios Resources Inc. ("Sirios") on the Chechoo-Eleonore Trend Project in the Eeyou Istchee James Bay region, Sphinx's share price reach a two-year high, a significant achievement in the current market environment.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

2. OVERALL PERFORMANCE (CONT'D)

SOQUEM, a subsidiary of Investissement Québec, is a leading player in mineral exploration in Québec. Following the completion in the summer 2016 of a heliborne geophysical survey, Sphinx and SOQUEM have identified priority target areas for zinc and palladium on the Calumet-Sud project and palladium on both the Calumet-Sud and Green Palladium projects. The survey identified several new electromagnetic anomalies not previously detected at a distance of 2 to 3 km south-southeast of the former-producing New Calumet mine. The area of these new electromagnetic anomalies includes a strong lead-zinc anomaly in soils and the area where high levels of zinc were measured in samples from trenches dug in 2014. The follow-up field exploration program is underway on the priority target areas for both zinc and palladium to identify the best targets for a drill program.

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 of 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.

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.

On July 17, 2016, the Corporation signed a promissory note with Eco-Niobium Resources Inc. ("Eco-Niobium") whereby the Corporation lent \$85,000 to Eco-Niobium. The Exchange approved this transaction. The loan bears interest at the rate of 3% per annum and matures in 36 months. The bridge loan is not convertible into Eco-Niobium Shares and is secured by a movable hypothec on all present and future movable assets of Eco-Niobium. The net proceeds of the loan will be used for general corporate purposes and to advance mining projects of Eco-Niobium including the social acceptability aspects of a niobium project of the Oka area. Sphinx had entered into an agreement with Eco-Niobium providing for a strategic investment in Eco-Niobium of up to \$250,000 by way of a non-brokered private placement of unsecured convertible debentures of Eco-Niobium. The TSX-V had conditionally approved the investment. One of the conditions that had to be satisfied was the approval by the shareholders of Corporation, excluding the votes of non-arms' length parties. The investment is a non-arms' length transaction under the policies of the Exchange as a result of three directors being also directors of Eco-Niobium, namely Normand Champigny, Kerry E. Sparkes and John W. W. Hick. . The Corporation decided not to seek the disinterested shareholder approval at its October 6, 2016 shareholder meeting to complete the strategic investment in Eco-Niobium by way of a non-brokered private placement of unsecured convertible debentures of Eco-Niobium. Considering the current status of this project and the various approvals that Eco-Niobium has to achieve to successfully move this project forward, including obtaining the legal mineral rights, management has provided for 100% of the promissory note.

As of August 31, 2016, the Corporation had a negative working capital of \$299,346 (positive \$232,482 as at February 29, 2016). Included in the working capital calculation, there is the \$384,674 (\$328,377 as at February 29, 2016) convertible debenture due on December 19, 2016.

On September 22, 2016, the Corporation closed the first tranche of a non-brokered private placement for aggregate gross proceeds of \$276,500, comprised of 5,530,000 units of the Corporation at a price of \$0.05 per unit. Each unit consists of one common share in the capital of the Corporation and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.08 per common share until September 22, 2019. Management and one director of the Corporation subscribed for an

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

amount of \$15,000 of the Private Placement. The Corporation paid certain finder's fee of up to 7% in cash, representing an

2. OVERALL PERFORMANCE (CONT'D)

aggregate amount of up to \$13,755, and issued 173,600 non-transferable finders warrants, each such entitling the finder to acquire one common share at a price of \$0.08 per common share until September 22, 2019.

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:

	Q2-17	Q2-16	YTD Q2-17	YTD Q2-16
	\$	\$	\$	\$
Cheechoo Éléonore Trend				
Project acquisition and maintenance	38,569	-	38,569	-
Geology	4,943	-	4,943	-
Tax credits	(1,669)	-	(1,669)	-
	41,843	-	41,843	-
Calumet-Sud				
Project acquisition and maintenance	76,986	41,538	77,017	41,538
Option payment received	-	-	(7,000)	-
Geology	62	-	1,203	-
Tax credits	(21)	-	(406)	-
	77,027	41,538	70,814	41,538
Green Palladium				
Project acquisition and maintenance	(1,718)	-	3,480	160,185
Drilling	-	113,382	-	155,907
Geology	26,261	59,647	31,998	91,170
Geophysics	36,655	58,485	36,655	58,485
Tax credits	(21,239)	(32,528)	(23,175)	(32,528)
	39,959	198,986	48,958	433,219
Chemin Troilus				
Project acquisition and maintenance	65,407	-	67,734	-
Geology	17,383	-	17,383	-
Tax credits	(5,868)	-	(5,868)	-
	76,922	-	79,249	-
Somanike				
Project acquisition and maintenance	(2,350)	111,000	3,002	111,190
Drilling	-	8,561	-	159,055
Geology	19,072	8,150	41,115	27,200
Geophysics	-	(23,665)	-	47,500
Geochemistry	-	-	-	3,676
Tax credits	(6,440)	(3,994)	(13,883)	(3,994)
	10,282	100,052	30,234	344,627
Samson				
Project acquisition and maintenance	-	535	-	2,966
Drilling	-	58	-	132,604
Geology	-	250	-	16,099
Geophysics	-	-	-	35,299

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

Geochemistry	-	-	-	18,652
	-	843	-	205,620

3. EXPLORATION PROJECTS (CONT'D)

	Q2-17	Q2-16	YTD Q2-17	YTD Q2-16
	\$	\$	\$	\$
Adam				
Geology	-	1,163	-	7,588
Geophysics	-	-	-	10,154
	-	1,163	-	17,742
Project generation				
Geology	2,500	-	2,500	3,921
Tax credits	(844)	-	(844)	
	1,656	-	1,656	3,921
Total exploration and evaluation expenditures	247,689	342,582	272,754	1,042,746

3.1 Cheechoo-Éléonore trend project

a) Project description

On August 23, 2016, the Corporation signed a letter of agreement to form a 50-50% joint venture with Sirios to explore 551 claims that are presently under request (the "Project") along the northwest extension of the Cheechoo-Éléonore trend, located in the Eeyou Istchee James Bay region, Québec. Under the terms of this joint venture agreement, the partners have agreed to spend a minimum of \$ 500,000 by each party over the next five years. Sirios is the operator of the Project. If one of the party's interest dilutes to 10% or less, its interest shall be converted to a 2% net smelter return royalty. At any time, the non-diluted party may purchase half of the Royalty-holder's rights to all future royalty payments for an immediate payment of \$1,000,000.

b) Exploration work on the project

Sphinx and Sirios join their robust and complimentary technical expertise to carry out an exploration program which aims to identify gold deposits along this promising and underexplored corridor. This trend comprises Sirios' Cheechoo gold discovery and the Éléonore mine, a gold operation owned by Goldcorp Inc. The Project's southeastern extremity is situated about 24 km northwest of the Éléonore mine and road access is available within 14 km of this location. On the basis of the same high degree of metamorphism and similar gold-arsenical paragenesis, Sphinx considers that the geological setting of the Project is of a similar character to the Cheechoo discovery and the Éléonore mine.

In September 2016, Sphinx announce the beginning of exploration work on the project. The objective of this first phase of exploration is to provide a preliminary evaluation of the gold potential of this promising and unexplored 50 km trend that comprises the interpreted northwest extension of the Cheechoo-Éléonore corridor. This trend hosts Sirios' Cheechoo gold discovery and the Éléonore mine, a gold operation owned by Goldcorp Inc. The Project's southeastern extremity is situated about 24 km northwest of the Éléonore mine and road access is available within 14 km of this location.

The management committee of the joint venture has approved a till sampling program that will be conducted and completed during the month of October by Consultants INLANDSIS with the collaboration with TJCM (Table jamésienne de concertation minière). The sampling will use a spacing of 200 m and the program is designed along a line perpendicular to the ice flow direction as well as down-ice from the interpreted

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

Chechoo-Éléonore corridor. This survey is oriented in a NW-SE direction within the Project's claims and will include a quality control program.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

3. EXPLORATION PROJECTS (CONT'D)

3.2 Calumet-Sud project

a) Project description

The Calumet-Sud project was acquired in 2015 from Gardin Inc. ("Gardin"). In August 2016, the Corporation issued 1,923,077 shares valued at \$76,923 based on the Exchange share price of \$0.04 on the date of the share issuance. The Corporation must issue a further 2,842,231 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.

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	27,260
On or before August 31, 2018	150,000	-
On or before February 28, 2020	200,000	-
Total	450,000	27,260

b) Exploration work on the project

In June 2016, a first detailed helicopter-borne geophysical survey was flown on the Calumet-Sud and Green Palladium projects. The survey was conducted jointly by SOQUEM and Sphinx. On the Calumet-Sud project, the survey identified several new electromagnetic anomalies not previously detected at a distance of 2 to 3 km south-southeast of the former-producing New Calumet mine (production of 3.8 million tonnes 5.8% Zn, 1.6% Pb, 65 g/t Ag and 0.4 g/t Au from 1943 to 1968). The area of these new electromagnetic anomalies includes a strong lead-zinc anomaly in soils 300 m in length and the area where high levels of zinc were measured in samples from trenches dug in 2014.

In addition, the interpretation of the magnetic survey data suggests the following in relation to platinum group elements ("PGE") potential on the two projects:

- the extension to the southwest onto the Calumet-Sud project of the platinum group elements-bearing 'reef' discovered by the Corporation on its Green Palladium project and hosted in the Obwondiag layered igneous complex (see press release dated June 18, 2015); and
- the presence of four kilometric scale target zones within the complex, appear to define two or possibly three potential horizons of interest for PGE which are open in all directions. The complex is covered by both the Green Palladium and Calumet-Sud projects.

The survey data was collected on the two projects in late June by the firm CGG Canada Services Ltd. from Toronto using an electromagnetic system with HELITEM30C MULTIPULSE™, a high sensitivity cesium magnetometer and a Radiation Solutions RS-500 spectrometer. The survey covers 636 line-km with flight lines spaced at 100 m and includes the Calumet Nord project (adjacent, 100% owned by Ressources Tranchemontagne and optioned to SOQUEM). The geophysical consulting firm MB Geosolutions of Fossambault-sur-le-Lac, Quebec, in collaboration with the technical staff of Sphinx and SOQUEM, defined the priority targets following an analysis of the data.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

3. EXPLORATION PROJECTS (CONT'D)

A follow-up field exploration program is underway on the priority target areas for both zinc and palladium. It will be accompanied by a ground gravity survey (estimated 16 line-km) on the Calumet-Sud zinc targets and a soil sampling survey on the two projects focussed on the palladium targets. This work aims to identify the best targets for a drill program.

3.3 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:

	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	278,676
Total	750,000	428,676

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 (636 line-km). Results are pending. Calumet-Nord is 100% owned by Ressources Tranchemontagne (a wholly owned subsidiary of Gardin) and was recently optioned to SOQUEM.

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.

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.

SPHINX RESOURCES LTD.

Management’s Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

3. EXPLORATION PROJECTS (CONT'D)

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 has been executed during the end of the summer field season. The program consisted of till sampling followed by ground magnetic and induced polarization geophysical surveys that aimed at identifying the bedrock source of the mineralized boulders and define targets within this high grade metamorphic environment. Results are pending.

3.5 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	4,600
On or before June 15, 2019	100,000	-
On or before June 15, 2020	100,000	-
Total	500,000	4,600

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.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2016

4. RESULTS OF OPERATIONS

General and administration expenses details are as follows:

	Three months ended August 31,		Six months ended August 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Directors fees	12,000	9,000	24,000	18,000
Filing and transfer agent fees	14,469	12,386	16,400	20,685
Management fees	20,082	24,324	35,416	50,134
Office and miscellaneous	7,206	6,175	15,805	17,045
Professional fees	29,073	50,033	39,331	70,155
Promotion	15,965	19,504	18,085	51,483
Salaries and benefit	32,677	67,040	62,761	135,956
Share-based payments	-	573	-	1,719
Travel	4,088	6,949	5,218	9,201
General and administration	135,560	195,984	217,016	374,378

Finance costs details are as follows:

	Three months ended August 31,		Six months ended August 31	
	2016	2015	2016	2015
	\$	\$	\$	\$
Provision on promissory note receivable	85,000	-	85,000	-
Accretion sublease reserve	254	408	408	816
Accretion of convertible debentures	4,285	205	30,683	22,545
Issuance costs on convertible debentures	1,287	1,287	2,574	2,574
Common shares issued in lieu of interest payment on convertible debentures	-	22,438	-	22,438
Accrued interest on convertible debentures	23,040	-	23,040	-
Interest paid and accrued on loan payable	-	5,646	-	11,253
Interest accrued on tax credits payable	-	33,154	-	33,154
Finance costs	113,866	63,138	141,805	92,780

In YTD Q2-17, the Corporation reported a loss of \$631,437 (\$1,333,814 in YTD Q2-16) and still maintains a tight control on general and administrative expenses.

October 6, 2016

(s) Normand Champigny

Normand Champigny
Chief Executive Officer

(s) Ingrid Martin

Ingrid Martin
Chief Financial Officer