



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Three and Nine Months Ended November 30, 2016

The attached unaudited condensed interim financial statements have been prepared by Management of Sphinx Resources Ltd. and have not been reviewed by the auditors

SPHINX RESOURCES LTD.
Statements of Financial Position

As at November 30, 2016
(Unaudited, in Canadian Dollars)

	Notes	November 30, 2016	February 29, 2016
		\$	\$
ASSETS			
Current assets			
Cash		210,724	199,890
Sales tax and other receivables		51,917	19,340
Tax credits receivable	2	36,014	1,010,906
Prepaid expenses		23,125	23,678
Total current assets		321,780	1,253,814
Non-current assets			
Non-current portion of tax credits receivable	2	25,676	11,996
Total non-current assets		25,676	11,996
TOTAL ASSETS		347,456	1,265,810
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		163,978	445,401
Loan payable	4	-	168,664
Current portion of sublease loss reserve	5	51,450	78,890
Current portion of convertible debentures	6	411,680	328,377
Total current liabilities		627,108	1,021,332
Non-current liabilities			
Sublease loss reserve	5	25,392	24,630
Total non-current liabilities		25,392	24,630
Total liabilities		652,500	1,045,962
Equity			
Capital stock	7	58,547,655	58,261,425
Equity component of convertible debentures		62,949	62,949
Warrants		1,575,583	1,232,937
Contributed surplus		10,029,586	9,904,454
Deficit		(70,520,817)	(69,241,917)
Total equity		(305,044)	219,848
TOTAL LIABILITIES AND EQUITY		347,456	1,265,810
Going concern	1		
Subsequent events	12		

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

SPHINX RESOURCES LTD.**Statements of Loss and Comprehensive Loss**

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

		Three months ended November 30,		Nine months ended November 30,	
	Notes	2016	2015	2016	2015
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenditures	3	73,430	7,670	346,184	1,050,416
General and administrative	9	227,101	(41,736)	444,117	332,642
Operating loss		(300,531)	34,066	(790,301)	(1,383,058)
Other expenses (income)					
Interest income		(81)	-	(219)	(777)
Finance costs	10	27,260	36,717	169,065	129,497
Loss before income taxes		(327,710)	(2,651)	(959,147)	(1,511,778)
Flow-through share premium		-	-	-	(175,313)
Loss and comprehensive loss for the period		(327,710)	(2,651)	(959,147)	(1,336,465)
Weighted average number of common shares outstanding					
- basic and diluted		53,753,632	45,428,241	49,453,257	42,154,939
Basic and diluted loss per common share		(0.01)	-	(0.02)	(0.03)

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

SPHINX RESOURCES LTD.**Statements of Changes in Equity**

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

	Common Shares Number	Capital Stock \$	Equity component of convertible debenture 62,949	Warrant \$ 1,582,370	Contributed Surplus \$ 9,553,131	Deficit \$ (68,558,525)	Total Equity \$ 522,066
Balance at February 28, 2015	36,294,859	57,882,141	62,949	1,582,370	9,553,131	(68,558,525)	522,066
Shares issued for:							
Project acquisition	8,584,615	307,538	-	-	-	-	307,538
Share for debt	100,000	5,000	-	-	-	-	5,000
Interest on convertible debentures	448,767	22,438	-	-	-	-	22,438
Share-based payment	-	-	-	-	1,890	-	1,890
Loss and comprehensive loss	-	-	-	-	-	(1,336,465)	(1,336,465)
Balance at November 30, 2015	45,428,241	58,217,117	62,949	1,582,370	9,555,021	(69,894,990)	(477,533)
Balance at February 29, 2016	46,637,478	58,261,425	62,949	1,232,937	9,904,454	(69,241,917)	219,848
Shares issued for:							
Private placement	5,530,000	210,140	-	66,360	-	-	276,500
Project acquisition	2,923,077	106,923	-	-	-	-	106,923
Issuance costs	-	(30,833)	-	(9,736)	2,951	-	(37,618)
Warrants expired	-	-	-	(33,731)	33,731	-	-
Warrants extended	-	-	-	319,753	-	(319,753)	-
Share-based payment	-	-	-	-	88,450	-	88,450
Loss and comprehensive loss	-	-	-	-	-	(959,147)	(959,147)
Balance at November 30, 2016	55,090,555	58,547,655	62,949	1,575,583	10,029,586	(70,520,817)	(305,044)

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

SPHINX RESOURCES LTD.**Statements of Cash Flows**

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

		Nine months ended November 30,	
	Notes	2016	2015
		\$	\$
Operating activities			
Loss for the period		(959,147)	(1,336,465)
Adjustments for:			
Share-based payments		88,450	1,890
Shares issued for project acquisition	3	106,923	307,538
Shares for debt		-	5,000
Share issued for interest on convertible debentures		-	22,438
Finance income		(219)	(777)
Finance costs		169,065	57,016
Flow-through share premium		-	(175,313)
Changes in non-cash working capital items	11	620,325	237,823
Cash flow from operating activities		25,397	(880,850)
Financing activities			
Finance costs paid		(8,664)	(4,495)
Loan payable repayments		(160,000)	-
Common shares issued	7	276,500	-
Issue costs		(37,618)	-
Cash flow from financing activities		70,218	(4,495)
Investing activities			
Finance income received		219	777
Disbursement - promissory note	10	(85,000)	-
Cash flow from investing activities		(84,781)	777
Change in cash during the period		10,834	(884,568)
Cash, beginning of period		199,890	897,148
Cash, end of period		210,724	12,580

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

Sphinx Resources Ltd. (the "Corporation") was incorporated on June 28, 2005 and is governed by the *Canada Business Corporations Act*. The Corporation's shares are listed on the TSX Venture Exchange ("Exchange") under the trading symbol "SFX". The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. The Corporation's head office is situated at 1000, De La Gauchetière West, Suite 2100, Montreal, Quebec, H3B 4W5.

The measurement of certain assets and liabilities is dependent on future events, therefore the preparation of these unaudited condensed interim financial statements ("Financial Statements") requires the use of estimates, which may vary from actual results. The success of the Corporation's exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Corporation to discover economically recoverable reserves.

1.1 Basis of presentation

These Financial Statements have been prepared in accordance International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended February 29, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year.

The Financial Statements of the Corporation for the nine months ended November 30, 2016 were reviewed, approved and authorized for issue by the Board of Directors on January 16, 2017.

1.2 Going concern

The Financial Statements have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These Financial Statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

The Corporation recorded a loss of \$959,147 for the nine months ended November 30, 2016, and has an accumulated deficit of \$70,520,817 as at November 30, 2016. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at November 30, 2016, the Corporation had a negative working capital of \$305,328 (positive of \$232,482 as at February 29, 2016), which includes a \$411,680 (\$328,377 as at February 29, 2016) convertible debenture maturing on December 19, 2016. These conditions indicate the existence of material uncertainty that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. While Management has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements and this could have a significant impact on the financial position of the Corporation, its financial performance and its cash flows.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

2. TAX CREDITS RECEIVABLE AND PAYABLE

	November 30, 2016	February 29, 2016
	\$	\$
Refundable tax credit for resources	80,273	315,893
Refundable tax credit for resources – provision	(46,700)	(46,700)
Quebec refundable credits on mining duties for losses	39,528	765,120
Quebec refundable credits on mining duties for losses – provision	(11,411)	(11,411)
Total tax credits receivable	61,690	1,022,902
Less: non-current portion of tax credits receivable	(25,676)	(11,996)
Tax credits receivable - current	36,014	1,010,906

3. MINERAL PROPERTIES

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:

	Three months ended November 30, 2016				Three months ended November 30, 2015			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cheechoo-Éléonore Trend	-	46,745	(20,893)	25,852	-	-	-	-
Calumet-Sud	-	(1,000)	337	(663)	173	2,000	-	2,173
Green Palladium	4,760	34,221	(11,554)	27,427	-	4,177	-	4,177
Chemin Troïlus	636	23,185	(11,840)	11,981	-	-	-	-
Somanike	668	9,886	(3,336)	7,218	774	546	-	1,320
Generation	-	2,437	(822)	1,615	-	-	-	-
Total	6,064	115,474	(48,108)	73,430	947	6,723	-	7,670

	Nine months ended November 30, 2016				Nine months ended November 30, 2015			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cheechoo-Éléonore Trend	38,569	51,688	(22,562)	67,695	-	-	-	-
Calumet Sud	70,017	203	(69)	70,151	41,711	2,000	-	43,711
Green Palladium	8,240	102,874	(34,729)	76,385	160,185	309,739	(32,528)	437,396
Chemin Troïlus	68,370	40,568	(17,708)	91,230	-	-	-	-
Somanike	3,670	51,001	(17,219)	37,452	111,964	237,977	(3,994)	345,947
Samson	-	-	-	-	2,966	202,654	-	205,620
Adam	-	-	-	-	-	17,742	-	17,742
Generation	-	4,937	(1,666)	3,271	-	-	-	-
Total	188,866	251,271	(93,953)	346,184	316,826	770,112	(36,522)	1,050,416

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

3. MINERAL PROPERTIES (CONT'D)

3.1 Cheechoo-Éléonore Trend project

On August 23, 2016, the Corporation signed a letter of agreement to form a 50-50% joint venture with Sirios Resources Inc. ("Sirios") to explore the claims that are presently under request along the northwest extension of the Cheechoo-Éléonore trend, located in the Eeyou Istchee James Bay territory, 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.

3.2 Calumet-Sud project

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	69,098
On or before August 31, 2018	150,000	-
On or before February 28, 2020	200,000	-
Total	450,000	69,098

3.3 Green Palladium project

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	318,634
Total	750,000	468,634

3.4 Chemin Troilus project

On June 4, 2016, the Corporation signed a project acquisition agreement with Les Ressources Tectonic Inc. whereby the Chemin Troilus project was purchased under the following considerations: issuance of 1,000,000 common shares of the Corporation (completed and valued at \$30,000), \$35,000 cash payment (completed) and 2% net smelter return royalty of which 1.5% can be bought back by the Corporation for \$2,000,000. In addition, the Corporation acquired contiguous claims through map staking.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

3. MINERAL PROPERTIES (CONT'D)

3.5 Somanike project

The Somanike project comprises of claims and 2 mining concessions (known as the Marbridge mine concessions). The Corporation must complete the following exploration work on 7 of the 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

4. LOAN PAYABLE

In March 2016, the Corporation reimbursed the residual balance of the loan payable for \$160,000 and was released from the Forbearance Agreement. The loan is summarized as follows:

	November 30, 2016	February 29, 2016
	\$	\$
Principal	-	160,000
Accrued interest	-	8,664
Loan payable	-	168,664

5. SUBLEASE LOSS RESERVE

The changes in the sublease loss reserve are as follows:

	Nine months ended November 30,	
	2016	2015
	\$	\$
Balance, beginning of period	103,520	108,748
Payments	(27,440)	-
Accretion expense	762	1,224
Balance, end of period	76,842	109,972
Less current portion of sublease loss reserve	(51,450)	(41,160)
Non-current portion of sublease loss reserve	25,392	68,812

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

6. CONVERTIBLE DEBENTURES

	Nine months ended November 30,	
	2016	2015
	\$	\$
Balance, beginning of period	328,377	275,299
Accretion expense	36,723	46,385
Issuance cost amortization	3,861	3,861
Accrued interest	42,719	-
Convertible debentures	411,680	325,545

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. Also see note 12.

7. COMMON SHARES AND WARRANTS

7.1 Private placement

On September 22, 2016, the Corporation closed a private placement for aggregate gross proceeds of \$276,500, comprised of 5,530,000 units at a price of \$0.05 per unit. Each unit consists of one common share 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 amount of \$15,000 of the private placement. In connection with the private placement, the Corporation has agreed to pay to certain finders a finder's fee of up to 7% in cash, representing an 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 for a period of three years from the date of grant.

The value allocated to the warrants of \$66,360 (\$0.012 per warrant) was determined using the Black-Scholes option pricing model to estimate the fair value of the warrants issued assuming no expected dividends, a risk-free interest rate of 0.52%, an expected stock price volatility of 80% and an expected life of three years.

The Corporation incurred total issuance costs of \$40,569 of which \$37,618 was incurred in cash and \$2,951 was incurred through the issuance of the 173,600 non-transferable finders warrants. The fair value of the finders warrants of \$0.017 per finder warrant was determined using the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 0.52%, an expected stock price volatility of 80%, and an expected life of three years.

7.2 Warrants

The changes in warrants issued are as follows:

	Nine months ended November 30, 2016		Nine months ended November 30, 2015	
	Number of warrants	Weighted average exercise prices	Number of warrants	Weighted average exercise prices
		\$		\$
Balance, beginning of period	14,937,223	0.57	23,566,189	0.42
Issued	5,530,000	0.08		
Expired	(1,540,000)	0.175	-	-
Balance, end of period	18,927,223	0.46	23,566,189	0.42

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

7. COMMON SHARES AND WARRANTS (CONT'D)

Outstanding warrants entitle their holder to subscribe to an equivalent number of common shares as follow:

Expiry date	November 30, 2016	
	Number of warrants	Exercise price
		\$
September 5, 2018 ¹⁾	8,389,615	0.175
September 12, 2018 ¹⁾	1,925,000	0.175
December 19, 2016	625,000	0.11
December 19, 2016	1,442,308	0.17
July 17, 2018	941,900	6.00
August 7, 2018	73,400	6.00
September 22, 2019	5,530,000	0.08
	18,927,223	

1) The 8,389,615 warrants due to expire on September 5, 2016 and the 1,925,000 warrants due to expire September 12, 2016 were extended for two years such that the new expiry dates are September 5, 2018 and September 12, 2018, respectively. Total costs of the warrant extension amounts to \$319,753 for an estimated fair value of \$0.031 per warrant, recorded under warrants and the offsetting entry was recorded in the deficit. The fair value of the warrants extension was estimated using the Black-Scholes model calculated for the deference between the extended period and the remaining period when the decision was taken to extend the warrants. The assumptions used were as follow for the two periods respectively: no expected dividend yield, 80% and 10% expected volatility, 0.61% and 0.54% risk-free interest rate and 2.06 and 0.06 years warrant expected life.

7.3 Agent's compensation options and underlying warrants

The changes in agent's compensation options and underlying warrants issued are as follows:

	Nine months ended			
	November 30, 2016		November 30, 2015	
	Number	Weighted average exercise prices	Number	Weighted average exercise prices
		\$		\$
Balance, beginning of period	491,978	0.61	1,007,978	0.38
Issued	173,600	0.08	-	-
Expired	(85,056)	3.00	(516,000)	0.15
Balance, end of period	580,522	0.10	491,978	0.61

Outstanding agent's compensation options and underlying warrants entitle their holder to subscribe to an equivalent number of common shares as follow:

Expiry Date	November 30, 2016	
	Number	Exercise price
		\$
December 19, 2016	406,922	0.11
September 22, 2019	173,600	0.08
	580,522	0.11

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

8. SHARE-BASED PAYMENTS

The changes in stock options issued are as follows:

	Nine months ended			
	November 30, 2016		November 30, 2015	
	Number of options	Weighted average exercise prices	Number of options	Weighted average exercise prices
Balance, beginning of period	1,400,000	\$ 0.125	1,525,000	\$ 0.125
Granted	1,450,000	0.10		
Forfeited	-	-	(125,000)	0.125
Balance, end of period	2,850,000	0.11	1,400,000	0.125

Outstanding stock options entitling their holder to subscribe to an equivalent number of common shares as follow:

Expiry Date	November 30, 2016	
	Number of options	Exercise price
October 10, 2024	1,400,000	\$ 0.125
October 13, 2026	1,450,000	0.10
	2,850,000	

On July 28, 2016, the Corporation amended its stock option plan (the "Stock Option Plan") to increase the maximum number of shares issuable upon exercise of the options from 1,543,000 to 4,700,000. Such number represents less than 10% of the total number of shares issued and outstanding. The amendment was approved by the Exchange.

On October 13, 2016, the Corporation granted 1,450,000 stock options to directors, officers, advisors and consultants at an exercise price of \$0.10 with an expiry date of October 13, 2026, vesting immediately. At the time of the grant, the exercise price was above the market price on the Exchange. Total stock-based compensation costs amounts to \$88,450 for an estimated fair value of \$0.061 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.08% risk-free interest rate and 6 years options expected life. These expected life and volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

9. GENERAL AND ADMINISTRATION

	Three months ended November 30,		Nine months ended November 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Directors fees	12,000	12,000	36,000	30,000
Filing and transfer agent fees	13,999	20,894	30,399	41,579
Management fees	14,899	(13,325)	50,315	36,809
Office and miscellaneous	9,499	5,012	25,304	22,057
Professional fees	10,904	(3,703)	50,235	66,452
Promotion	31,808	814	49,893	52,297
Salaries and benefit	36,182	(64,518)	98,943	71,438
Share-based payments	88,450	171	88,450	1,890
Travel	9,360	919	14,578	10,120
General and administration	227,101	(41,736)	444,117	332,642

10. FINANCE COSTS

	Three months ended November 30,		Nine months ended November 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Provision on promissory note receivable	-	-	85,000	-
Accretion sublease reserve	254	408	762	1,224
Accretion of convertible debentures	6,040	23,840	36,723	46,385
Issuance costs on convertible debentures	1,287	1,287	3,861	3,861
Common shares issued in lieu of interest payment on convertible debentures	-	-	-	22,438
Accrued interest on convertible debentures	19,679	-	42,719	-
Interest paid and accrued on loan payable	-	5,624	-	16,877
Interest accrued on tax credits payable	-	5,558	-	38,712
Finance costs	27,260	36,717	169,065	129,497

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.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three and Nine Months Ended November 30, 2016 and 2015

(Unaudited, in Canadian Dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended November 30,	
	2016	2015
	\$	\$
Change in non-cash working capital items:		
Trade and other receivables	(32,577)	44,932
Tax credits receivable	979,632	(36,522)
Advances for exploration, development and operations costs	-	145,327
Prepaid expenses	553	2,202
Trade and other payables	(323,623)	43,172
Tax credit payable	-	38,712
Sublease reserve	(27,440)	-
	596,545	237,823

12. SUBSEQUENT EVENTS

On January 9, 2017, the Corporation issued 5,000,000 common shares as repayment of \$225,000 convertible debentures. The conversion price was based on the VWAP, subject to a \$0.05 per common share minimum. Also on January 9, 2017, the Corporation issued 900,081 common shares in lieu of a cash payment for the interest from December 19, 2015 to December 19, 2016 for \$45,004, in accordance with the terms of the convertible debentures issued by the Corporation on December 19, 2014.

The \$150,000 convertible debenture issued to Société d'investissement dans la diversification de l'exploration s.e.c. ("SIDEX") was extended for 2 years, subject to the Exchange approval.