



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended May 31, 2017

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 May 31, 2017 and February 28, 2017

(Unaudited, in Canadian Dollars)

	Notes	May 31, 2017	February 28, 2017
		\$	\$
ASSETS			
Current assets			
Cash		1,099,234	1,754,951
Sales tax and other receivables		119,433	41,188
Tax credits receivable		161,798	40,111
Prepaid expenses		26,587	22,514
Total current assets		1,407,052	1,858,764
Non-current assets			
Non-current portion of tax credits receivable		34,878	28,675
Total non-current assets		34,878	28,675
TOTAL ASSETS		1,441,930	1,887,439
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		160,986	147,099
Current portion of sublease loss reserve		-	66,520
Total current liabilities		160,986	213,619
Non-current liabilities			
Convertible debenture		122,840	113,897
Total non-current liabilities		122,840	113,897
Total liabilities		283,826	327,516
Equity			
Capital stock		59,784,982	59,784,982
Equity component of convertible debentures		38,542	38,542
Warrants		1,871,943	1,871,943
Contributed surplus		10,115,840	10,115,840
Deficit		(70,653,203)	(70,251,384)
Total equity		1,158,104	1,559,923
TOTAL LIABILITIES AND EQUITY		1,441,930	1,887,439

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 months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

		Three months ended May 31,	
	Notes	2017	2016
		\$	\$
Expenses			
Exploration and evaluation expenditures		212,182	25,065
General and administrative		181,849	81,456
Operating loss		(394,031)	(106,521)
Other expenses (income)			
Interest income		(1,520)	-
Finance costs		9,308	27,939
Loss and comprehensive loss for the period		(401,819)	(134,460)
Weighted average number of common shares outstanding - basic and diluted		83,870,801	46,637,478
Basic and diluted loss per common share		(0.005)	(0.003)

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

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

Three months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

	Common Shares Number	Capital Stock \$	Equity component of convertible debenture	Warrant \$	Contributed Surplus \$	Deficit \$	Total Equity \$
Balance at February 29, 2016	46,637,478	58,261,425	62,949	1,232,937	9,904,454	(69,241,917)	219,848
Warrants expired	-	-	-	(33,731)	33,731	-	-
Loss and comprehensive loss	-	-	-	-	-	(134,460)	(134,460)
Balance at May 31, 2016	46,637,478	58,261,425	62,949	1,199,206	9,938,185	(69,376,377)	85,388
Balance at February 28, 2017	83,870,801	59,784,982	38,542	1,871,943	10,115,840	(70,251,384)	1,559,923
Loss and comprehensive loss	-	-	-	-	-	(401,819)	(401,819)
Balance at May 31, 2017	83,870,801	59,784,982	38,542	1,871,943	10,115,840	(70,653,203)	1,158,104

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

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

Three months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

		Three months ended May 31,	
	Notes	2017	2016
		\$	\$
Operating activities			
Loss for the period		(401,819)	(134,460)
Adjustments for:			
Finance income		(1,520)	-
Finance costs		9,308	27,939
Changes in non-cash working capital items		(263,206)	581,754
Cash flow from operating activities		(657,237)	475,233
Financing activities			
Finance costs paid		-	(8,664)
Loan payable repayments		-	(160,000)
Cash flow from financing activities		-	(168,664)
Investing activities			
Finance income received		1,520	-
Cash flow from investing activities		1,520	-
Change in cash during the period		(655,717)	306,569
Cash, beginning of period		1,754,951	199,890
Cash, end of period		1,099,234	506,459

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

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2017 and 2016

(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 Gauchetiere 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 28, 2017, 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 three months ended May 31, 2017 were reviewed, approved and authorized for issue by the Board of Directors on July 10, 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 \$401,819 for the three months ended May 31, 2017 (\$134,460 for the three months ended May 31, 2016), and has an accumulated deficit of \$70,653,203 as at May 31, 2017 (\$70,251,384 as at February 28, 2017). 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 May 31, 2017, the Corporation had a working capital of \$1,246,066 (\$1,645,145 as at February 28, 2017). 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 months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

2. TAX CREDITS RECEIVABLE AND PAYABLE

	May 31, 2017	February 29, 2016
	\$	\$
Refundable tax credit for resources	161,213	51,522
Quebec refundable credits on mining duties for losses	35,463	17,264
Total tax credits receivable	196,676	68,786
Less: non-current portion of tax credits receivable	(34,878)	(28,675)
Tax credits receivable - current	161,798	40,111

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 May 31, 2017				Three months ended May 31, 2016			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cheechoo-Éléonore								
Trend	-	35,766	(15,611)	20,155	-	-	-	-
Calumet Sud	-	1,675	(565)	1,110	(6,969)	1,141	(385)	(6,213)
Green Palladium	234	189,493	(63,974)	125,753	5,198	5,737	(1,936)	8,999
Chemin Troilus	1,632	106,398	(46,443)	61,587	2,327	-	-	2,327
Somanike	1,030	3,644	(1,229)	3,445	5,352	22,043	(7,443)	19,952
Generation	-	200	(68)	132	-	-	-	-
Total	2,896	337,176	(127,890)	212,182	5,908	28,921	(9,764)	25,065

3.1 Calumet Sud project

SOQUEM must fund \$450,000 in exploration expenditures as follows:

	Work	
	Commitment	Completed
	\$	\$
On or before February 27, 2017	100,000	100,000
On or before August 31, 2018	150,000	150,000
On or before February 28, 2020	200,000	166,107
Total	450,000	416,107

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

3. MINERAL PROPERTIES (CONT'D)

3.2 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 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	527,365
Total	750,000	677,365

3.3 Somanike project

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	11,100
On or before June 15, 2019	100,000	-
On or before June 15, 2020	100,000	-
Total	500,000	11,100

4. SUBLEASE LOSS RESERVE

The changes in the sublease loss reserve are as follows:

	Three months ended May 31, 2017	Year ended February 28, 2017
	\$	\$
Balance, beginning of year	66,520	103,520
Payment	(66,885)	(38,016)
Accretion expense	365	1,016
Sublease loss reserve	-	66,520

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

5. CONVERTIBLE DEBENTURES

	Three months ended May 31, 2017	Year ended February 28, 2017
	\$	\$
Balance, beginning of year	113,897	328,377
Convertible debentures reaching maturity	-	(150,000)
Convertible debenture extended	-	150,000
Conversion into shares	-	(225,000)
Discounting	-	(38,542)
Accretion expense	8,943	44,970
Issuance cost amortization	-	4,092
Convertible debenture	122,840	113,897

In June 2017, the Corporation exercised its option to postpone to December 2017 the issuance of common shares to pay the interest due as of June 19, 2017 on the convertible debenture.

6. COMMON SHARES AND WARRANTS

6.1 Warrants

The changes in warrants issued are as follows:

	Three months ended May 31, 2017		Year ended February 28, 2017	
	Number of warrants	Weighted average exercise prices	Number of warrants	Weighted average exercise prices
		\$		\$
Balance, beginning of period	40,817,003	0.26	14,937,223	0.57
Issued	-	-	28,910,165	0.09
Expired	-	-	(3,030,385)	0.16
Balance, end of period	40,817,003	0.26	40,817,003	0.26

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

	May 31, 2017	
Expiry date	Number of warrants	Exercise price
		\$
September 5, 2018	8,389,615	0.175
September 12, 2018	1,925,000	0.175
December 19, 2018	576,923	0.17
July 17, 2018	941,900	6.00
August 7, 2018	73,400	6.00
September 22, 2019	5,530,000	0.08
February 28, 2020	23,380,165	0.09
	40,817,003	

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

6. COMMON SHARES AND WARRANTS (CONT'D)

6.2 Agent's compensation warrants

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

	Three months ended May 31, 2017		Year ended February 28, 2017	
	Number of agent's compensation warrants	Weighted average exercise prices	Number of agent's compensation warrants	Weighted average exercise prices
Balance, beginning of period	1,185,228	\$ 0.09	491,978	\$ 0.61
Issued	-	-	1,185,228	0.09
Expired	-	-	(491,978)	0.61
Balance, end of period	1,185,228	0.09	1,185,228	0.09

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

Expiry Date	May 31, 2017	
	Number	Exercise price
September 22, 2019	173,600	\$ 0.08
February 28, 2020	1,011,628	0.09
	1,185,228	

7. SHARE-BASED PAYMENTS

The changes in stock options issued are as follows:

	Three months ended May 31, 2017		Year ended February 28, 2017	
	Number of options	Weighted average exercise prices	Number of options	Weighted average exercise prices
Balance, beginning of year	2,850,000	\$ 0.11	1,400,000	\$ 0.125
Granted	-	-	1,450,000	0.10
Forfeited	-	-	-	-
Balance, end of year	2,850,000	0.11	2,850,000	0.11

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

7. SHARE-BASED PAYMENTS (CONT'D)

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

Expiry Date	May 31, 2017	
	Number of options	Exercise price
October 10, 2024	1,400,000	\$ 0.125
October 13, 2026	1,450,000	0.10
	2,850,000	

8. GENERAL AND ADMINISTRATION

	Three months ended May 31,	
	2017	2016
	\$	\$
Directors fees	12,000	12,000
Filing and transfer agent fees	3,700	1,931
Management fees	10,984	15,334
Office and miscellaneous	7,196	8,599
Professional fees	10,233	10,258
Promotion	87,479	2,120
Salaries and benefit	34,813	30,084
Travel	15,444	1,130
General and administration	181,849	81,456

9. FINANCE COSTS

	Three months ended May 31,	
	2017	2016
	\$	\$
Accretion sublease reserve	365	254
Accretion of convertible debentures	8,943	26,398
Issuance costs on convertible debentures	-	1,287
Finance costs	9,308	27,939

10. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

	Three months ended May 31,	
	2017	2016
	\$	\$
Sales tax and other receivables	(78,245)	(10,430)
Tax credits receivable	(127,890)	987,087
Prepaid expenses	(4,073)	6,442
Trade and other payables	13,887	(394,485)
Sublease reserve	(66,885)	(6,860)
	(263,206)	581,754