



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Six months ended August 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 August 31, 2017 and February 28, 2017

(Unaudited, in Canadian Dollars)

	Notes	August 31, 2017	February 28, 2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		420,150	1,754,951
Sales tax and other receivables		216,898	41,188
Tax credits receivable	3	286,955	40,111
Prepaid expenses		39,525	22,514
<b>Total current assets</b>		<b>963,528</b>	<b>1,858,764</b>
<b>Non-current assets</b>			
Non-current portion of tax credits receivable	3	53,766	28,675
<b>Total non-current assets</b>		<b>53,766</b>	<b>28,675</b>
<b>TOTAL ASSETS</b>		<b>1,017,294</b>	<b>1,887,439</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		153,564	147,099
Current portion of sublease loss reserve		-	66,520
<b>Total current liabilities</b>		<b>153,564</b>	<b>213,619</b>
<b>Non-current liabilities</b>			
Convertible debenture	6	132,128	113,897
<b>Total non-current liabilities</b>		<b>132,128</b>	<b>113,897</b>
<b>Total liabilities</b>		<b>285,692</b>	<b>327,516</b>
<b>Equity</b>			
Capital stock		59,913,059	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		(71,207,782)	(70,251,384)
<b>Total equity</b>		<b>731,602</b>	<b>1,559,923</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,017,294</b>	<b>1,887,439</b>
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**

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

		Three months ended August 31,		Six months ended August 31,	
	Notes	2017	2016	2017	2016
		\$	\$	\$	\$
<b>Revenues</b>					
Project management fees		1,042	-	1,042	-
<b>Expenses</b>					
Exploration and evaluation expenditures	4	371,106	247,689	583,288	272,754
General and administrative	9	175,795	135,560	357,644	217,016
Operating loss		(545,859)	(383,249)	(939,890)	(489,770)
<b>Other expenses (income)</b>					
Interest income		(568)	(138)	(2,088)	(138)
Finance costs	10	9,288	113,866	18,596	141,805
<b>Loss and comprehensive loss for the period</b>		<b>(554,579)</b>	<b>(496,977)</b>	<b>(956,398)</b>	<b>(631,437)</b>
Weighted average number of common shares outstanding					
- basic and diluted		84,984,513	48,047,177	84,427,657	47,342,327
Basic and diluted loss per common share		(0.006)	(0.010)	(0.011)	(0.013)

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

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

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

	Notes	Common Shares Number	Capital Stock	Equity component of convertible debenture	Warrant	Contributed Surplus	Deficit	Total Equity
			\$		\$	\$	\$	\$
<b>Balance at February 28, 2017</b>		<b>83,870,801</b>	<b>59,784,982</b>	<b>38,542</b>	<b>1,871,943</b>	<b>10,115,840</b>	<b>(70,251,384)</b>	<b>1,559,923</b>
Shares issued for:								
Project acquisition	4.1	2,846,154	128,077	-	-	-	-	128,077
Loss and comprehensive loss		-	-	-	-	-	(956,398)	(956,398)
<b>Balance at August 31, 2017</b>		<b>86,716,955</b>	<b>59,913,059</b>	<b>38,542</b>	<b>1,871,943</b>	<b>10,115,840</b>	<b>(71,207,782)</b>	<b>731,602</b>
<b>Balance at February 29, 2016</b>		<b>46,637,478</b>	<b>58,261,425</b>	<b>62,949</b>	<b>1,232,937</b>	<b>9,904,454</b>	<b>(69,241,917)</b>	<b>219,848</b>
Shares issued for:								
Project acquisition		2,923,077	106,923	-	-	-	-	106,923
Warrants expired		-	-	-	(33,731)	33,731	-	-
Warrants extended		-	-	-	154,719	-	(154,719)	-
Loss and comprehensive loss		-	-	-	-	-	(631,437)	(631,437)
<b>Balance at August 31, 2016</b>		<b>49,560,555</b>	<b>58,368,348</b>	<b>62,949</b>	<b>1,353,925</b>	<b>9,938,185</b>	<b>(70,028,073)</b>	<b>(304,666)</b>

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

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

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

		Six months ended August 31,	
	Notes	2017	2016
		\$	\$
<b>Operating activities</b>			
Loss for the period		(956,398)	(631,437)
Adjustments for:			
Shares issued for project acquisition	4	128,077	106,923
Finance income		(2,088)	(138)
Finance costs		9,396	141,805
Changes in non-cash working capital items	11	(515,876)	599,917
<b>Cash flow from operating activities</b>		<b>(1,336,889)</b>	<b>217,070</b>
<b>Financing activities</b>			
Finance costs paid		-	(8,664)
Loan payable repayments		-	(160,000)
<b>Cash flow from financing activities</b>		<b>-</b>	<b>(168,664)</b>
<b>Investing activities</b>			
Finance income received		2,088	138
Disbursement - promissory note		-	(85,000)
<b>Cash flow from investing activities</b>		<b>2,088</b>	<b>(84,862)</b>
Change in cash during the period		(1,334,801)	(36,456)
Cash, beginning of period		1,754,951	199,890
<b>Cash, end of period</b>		<b>420,150</b>	<b>163,434</b>

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

# SPHINX RESOURCES LTD.

## Notes to the Financial Statements

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

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### 1. NATURE OF OPERATIONS 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.

The Financial Statements of the Corporation for the six months ended August 31, 2017 were reviewed, approved and authorized for issue by the Board of Directors on October 23, 2017.

#### 1.1 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 \$956,398 for the six months ended August 31, 2017 (\$631,437 for the six months ended August 31, 2016), and has an accumulated deficit of \$71,207,782 as at August 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 August 31, 2017, the Corporation had a working capital of \$809,964 (\$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.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

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. Accordingly, the Financial Statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.2 Basis of presentation

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, except for the policies described below.

#### Revenue recognition

The project management fees received when the Corporation is the operator are recorded in the statement of loss and comprehensive loss when the exploration work recharged to the partners are incurred.

## 3. TAX CREDITS RECEIVABLE AND PAYABLE

	August 31, 2017	February 29, 2016
	\$	\$
Refundable tax credit for resources	298,366	51,522
Quebec refundable credits on mining duties for losses	42,355	17,264
Total tax credits receivable	340,721	68,786
Less: non-current portion of tax credits receivable	(53,766)	(28,675)
<b>Tax credits receivable - current</b>	<b>286,955</b>	<b>40,111</b>

## 4. 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 August 31, 2017				Three months ended August 31, 2016			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Sud	128,077	20,842	(7,037)	141,882	76,986	62	(21)	77,027
Tessouat	-	10,521	(3,552)	6,969	-	-	-	-
Tessouat-Sud	19,346	-	-	19,346	-	-	-	-
Obwondiag	6,418	219	-	6,637	-	-	-	-
GPd	47	35,549	(12,074)	23,522	(1,718)	62,916	(21,239)	39,959
Cheechoo-Éléonore Trend	-	124,894	(54,517)	70,377	38,569	4,943	(1,669)	41,843
Chemin Troïlus	-	178,737	(78,018)	100,719	65,407	17,383	(5,868)	76,922
Somanike	-	697	(236)	-	(2,350)	19,072	(6,440)	10,282
Generation	-	1,800	(607)	1,193	-	2,500	(844)	1,656
<b>Total</b>	<b>153,888</b>	<b>373,259</b>	<b>(156,041)</b>	<b>371,106</b>	<b>176,894</b>	<b>106,876</b>	<b>(36,081)</b>	<b>247,689</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

#### 4. MINERAL PROPERTIES (CONT'D)

	Six months ended August 31, 2017				Six months ended August 31, 2016			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Sud	128,077	22,517	(7,602)	<b>142,992</b>	70,017	1,203	(406)	<b>70,814</b>
Tessouat	-	10,521	(3,552)	<b>6,969</b>	-	-	-	-
Tessouat-Sud	19,346	-	-	<b>19,346</b>	-	-	-	-
Obwondiag	6,418	219	-	<b>6,637</b>	-	-	-	-
GPd	281	225,042	(76,048)	<b>149,275</b>	3,480	68,653	(23,175)	<b>48,958</b>
Cheechoo-Éléonore Trend	-	160,660	(70,128)	<b>90,532</b>	38,569	4,943	(1,669)	<b>41,843</b>
Chemin Troïlus	1,632	285,135	(124,461)	<b>162,306</b>	67,734	17,383	(5,868)	<b>79,249</b>
Somanike	1,030	4,341	(1,465)	<b>3,906</b>	3,002	41,115	(13,883)	<b>30,234</b>
Generation	-	2,000	(675)	<b>1,325</b>	-	2,500	(844)	<b>1,656</b>
<b>Total</b>	<b>156,784</b>	<b>710,435</b>	<b>(283,931)</b>	<b>583,288</b>	<b>182,802</b>	<b>135,797</b>	<b>(45,845)</b>	<b>272,754</b>

#### 4.1 Calumet-Sud project

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

	Work	
	Commitment	Completed as of September 22, 2017
	\$	\$
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	200,000
<b>Total</b>	<b>450,000</b>	<b>450,000</b>

The Calumet-Sud project was acquired in 2015 from Gardin Inc. ("Gardin") (a company controlled by Michel Gauthier, a director of the Corporation). In July 2017, the Corporation issued 2,842,231 common shares to Gardin (valued at \$128,077) as per the agreement with Gardin. As of September 22, 2017, SOQUEM has completed its \$450,000 exploration expenditure commitment and exercised its option to acquire a 50% interest in the Calumet-Sud project.

#### 4.2 Tessouat project

On August 1, 2017, the Corporation signed an agreement with Ressources Tranchemontagne Inc. (controlled by Michel Gauthier, a director of the Corporation) and Gardin to acquire 100% of the Tessouat project, located in the Pontiac MRC in southwestern Quebec, for a consideration that consists of: payment of \$26,000 (completed in September 2017), issuance of 100,000 common shares (valued at \$5,500, completed in September 2017), completion of \$70,000 of exploration work prior to August 1, 2019 and a 2% net smelter return.

#### 4.3 Tessouat-Sud project

In the summer 2017, the Corporation staked the Tessouat-Sud project, located in the Pontiac MRC in southwestern Quebec.



## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

#### 4. MINERAL PROPERTIES (CONT'D)

##### 4.4 Obwondiag project

In the summer 2017, the Corporation staked the Obwondiag project, located in the Pontiac MRC in southwestern Quebec.

##### 4.5 GPd 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	562,914
<b>Total</b>	<b>750,000</b>	<b>712,914</b>

##### 4.6 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	-
<b>Total</b>	<b>500,000</b>	<b>11,100</b>

#### 5. SUBLEASE LOSS RESERVE

The changes in the sublease loss reserve are as follows:

	Six months ended August 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
<b>Sublease loss reserve</b>	<b>-</b>	<b>66,520</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

#### 6. CONVERTIBLE DEBENTURES

	Six months ended August 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	9,031	44,970
Accrued interest	9,200	-
Issuance cost amortization	-	4,092
<b>Convertible debenture</b>	<b>132,128</b>	<b>113,897</b>

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.

#### 7. COMMON SHARES AND WARRANTS

##### 7.1 Warrants

The changes in warrants issued are as follows:

	Six months ended August 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
<b>Balance, end of period</b>	<b>40,817,003</b>	<b>0.26</b>	<b>40,817,003</b>	<b>0.26</b>

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

	August 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
	<b>40,817,003</b>	

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

#### 7. COMMON SHARES AND WARRANTS (CONT'D)

##### 7.2 Agent's compensation warrants

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

	Six months ended August 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
<b>Balance, end of period</b>	<b>1,185,228</b>	<b>0.09</b>	<b>1,185,228</b>	<b>0.09</b>

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

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

#### 8. SHARE-BASED PAYMENTS

The changes in stock options issued are as follows:

	Six months ended August 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	-	-	-	-
<b>Balance, end of year</b>	<b>2,850,000</b>	<b>0.11</b>	<b>2,850,000</b>	<b>0.11</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

#### 8. SHARE-BASED PAYMENTS (CONT'D)

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

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

#### 9. GENERAL AND ADMINISTRATION

	Three months ended August 31,		Six months ended August 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Directors fees	12,000	12,000	24,000	24,000
Filing and transfer agent fees	6,971	14,469	10,671	16,400
Management fees	22,288	20,082	33,272	35,416
Office and miscellaneous	6,986	7,206	14,182	15,805
Professional fees	7,382	29,073	17,615	39,331
Promotion	59,600	15,965	147,079	18,085
Salaries and benefit	38,744	32,677	73,557	62,761
Travel	21,824	4,088	37,268	5,218
<b>General and administration</b>	<b>175,795</b>	<b>135,560</b>	<b>357,644</b>	<b>217,016</b>

#### 10. FINANCE COSTS

	Three months ended August 31,		Six months ended August 31	
	2017	2016	2017	2016
	\$	\$	\$	\$
Provision on promissory note receivable	-	85,000	-	85,000
Accretion sublease reserve	-	254	365	508
Accretion of convertible debentures	88	4,285	9,031	30,683
Issuance costs on convertible debentures	-	1,287	-	2,574
Accrued interest on convertible debentures	9,200	23,040	9,200	23,040
<b>Finance costs</b>	<b>9,288</b>	<b>113,866</b>	<b>18,596</b>	<b>141,805</b>

**SPHINX RESOURCES LTD.****Notes to the Financial Statements**

Six months ended August 31, 2017 and 2016

(Unaudited, in Canadian Dollars)

**11. SUPPLEMENTAL CASH FLOW INFORMATION**

Change in non-cash working capital items:

	<b>Six months ended August 31,</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Sales tax and other receivables	(175,710)	(6,904)
Tax credits receivable	(271,935)	951,006
Prepaid expenses	(17,011)	(4,603)
Trade and other payables	15,665	(322,432)
Sublease reserve	(66,885)	(17,150)
	<b>(515,876)</b>	<b>599,917</b>