



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Six months ended August 31, 2017

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2017

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, 2017 ("Q2-18"), 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, 2017 prepared in accordance with the International Financial Reporting Standards ("IFRS"), as well as with the management discussion and analysis for the year ended February 28, 2017. 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 |
|--------------|---------------------------------------|
| Fiscal 2016 | March 1, 2015 – February 29, 2016 |
| Q1-17 | March 1, 2016 – May 31, 2016 |
| Q2-17 | June 1, 2016– August 31, 2016 |
| YTD Q2-17 | March 1, 2016– August 31, 2016 |
| Q3-17 | September 1, 2016 – November 30, 2016 |
| Q4-17 | December 1, 2016 - February 28, 2017 |
| Fiscal 2017 | March 1, 2016 – February 28, 2017 |
| Q1-18 | March 1, 2017 – May 31, 2017 |
| Q2-18 | June 1, 2017– August 31, 2017 |
| YTD Q2-18 | March 1, 2017– August 31, 2017 |
| Q3-18 | September 1, 2017 – November 30, 2017 |
| Q4-18 | December 1, 2017 - February 28, 2018 |
| Fiscal 2018 | March 1, 2017 – February 28, 2018 |

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. OVERVIEW OF THE CORPORATION

2.1 Strategy

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 and high-grade zinc. 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 and zinc 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.

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2. OVERALL PERFORMANCE (CONT'D)

To support this strategy Sphinx has formed two partnerships:

- with Sirius Resources Inc. ("Sirios") on the Cheechoo-Eleonore Trend project in the Eeyou Istchee James Bay territory; and
- with SOQUEM, a subsidiary of Investissement Québec and a leading player in mineral exploration in Québec, on the Calumet-Sud project.

2.2 Working capital

As of August 31, 2017, the Corporation has a working capital of \$809,964 (\$1,645,145 as at February 28, 2017). The Corporation has sufficient funds to complete the announced and planned exploration programs on its projects.

3. EXPLORATION PROJECTS

For mineral exploration projects 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:

| | Q2-18 | Q2-17 | YTD Q2-18 | YTD Q2-17 |
|-------------------------------------|----------|----------|-----------|-----------|
| | \$ | \$ | \$ | \$ |
| Calumet-Sud | | | | |
| Project acquisition and maintenance | - | 63 | - | 94 |
| Share issuance | 128,077 | 76,923 | 128,077 | 76,923 |
| Option payment received | - | - | - | (7,000) |
| Drilling | - | - | 3,350 | - |
| Geology | 10,656 | 62 | 11,701 | 1,203 |
| Geophysics | - | - | - | - |
| Geochemistry | 33,497 | - | 33,497 | - |
| Recharge to partner | (23,311) | - | (26,031) | - |
| Tax credits | (7,037) | (21) | (7,602) | (406) |
| | 141,882 | 77,027 | 142,992 | 70,814 |
| Tessouat | | | | |
| Project acquisition and maintenance | - | - | - | - |
| Geology | 672 | - | 672 | - |
| Geochemistry | 9,849 | - | 9,849 | - |
| Tax credits | (3,552) | - | (3,552) | - |
| | 6,969 | - | 6,969 | - |
| Tessouat-Sud | | | | |
| Project acquisition and maintenance | 19,346 | - | 19,346 | - |
| | 19,346 | - | 19,346 | - |
| Obwondiag | | | | |
| Project acquisition and maintenance | 6,418 | - | 6,418 | - |
| Geology | 219 | - | 219 | - |
| | 6,637 | - | 6,637 | - |
| Green Palladium | | | | |
| Project acquisition and maintenance | 47 | (1,718) | 281 | 3,480 |
| Drilling | 400 | - | 139,711 | - |
| Geology | 10,869 | 26,261 | 51,529 | 31,998 |
| Geophysics | 15,430 | 36,655 | 24,952 | 36,655 |
| Geochemistry | 8,850 | - | 8,850 | - |
| Tax credits | (12,074) | (21,239) | (76,048) | (23,175) |
| | 23,522 | 39,959 | 149,275 | 48,958 |

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3. EXPLORATION PROJECTS (CONT'D)

| | Q1-18 | Q1-17 | YTD Q2-18 | YTD Q2-17 |
|--|----------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ |
| Cheechoo-Éléonore Trend | | | | |
| Project acquisition and maintenance | - | 38,569 | - | 38,569 |
| Geology | 129,147 | 4,943 | 171,778 | 4,943 |
| Geochemistry | 38,847 | - | 38,847 | - |
| Recharge to partner | (43,100) | - | (49,965) | - |
| Tax credits | (54,517) | (1,669) | (70,128) | (1,669) |
| | 70,377 | 41,843 | 90,532 | 41,843 |
| Chemin Troilus | | | | |
| Project acquisition and maintenance | - | 65,407 | 1,632 | 67,734 |
| Drilling | 108,665 | | 108,775 | |
| Geology | 32,721 | 17,383 | 85,134 | 17,383 |
| Geophysics | - | | 28,700 | |
| Line cutting | 19 | | 12,259 | |
| Geochemistry | 37,332 | | 50,267 | |
| Tax credits | (78,018) | (5,868) | (124,461) | (5,868) |
| | 100,719 | 76,922 | 162,306 | 79,249 |
| Somanike | | | | |
| Project acquisition and maintenance | - | (2,350) | 1,030 | 3,002 |
| Geology | 697 | 19,072 | 4,341 | 41,115 |
| Tax credits | (236) | (6,440) | (1,465) | (13,883) |
| | 461 | 10,282 | 3,906 | 30,234 |
| Generation | | | | |
| Geology | 1,800 | 2,500 | 2,000 | 2,500 |
| Tax credits | (607) | (844) | (675) | (844) |
| | 1,193 | 1,656 | 1,325 | 1,656 |
| Total exploration and evaluation expenditures | | | | |
| | 371,106 | 247,689 | 583,288 | 272,754 |

Ziac District

The "Ziac" (abbreviation for "zinc-Pontiac") zinc district is an emerging zinc play, 40-km long northwest trending corridor defined by zinc and lead-bearing dolomitic marbles typical of the Balmat-Edwards-Pierrepoint zinc district, located in the state of New York, United States. The Ziac also covers meta-volcanic rocks that host the historic the mine of New Calumet Mines Limited (the "New Calumet mine") zinc-lead-silver-gold mine, which produced 3.8 million tonnes of ore at a grade of 5.8% Zn, 1.6% Pb, 65 g/t Ag et 0.4 g/t Au from 1944 to 1968. The Ziac district includes:

- the Calumet-Sud project currently being explored by Sphinx and its partner SOQUEM (21 claims, 12 km²);
- the Tessouat project (22 claims, 13 km²), 100% owned by Sphinx;
- the Tessouat-Sud project (296 claims, 177 km²); and
- the Obwondiag project (96 claims, 53 km²); and
- the GPd project (74 claims, 41 km²), 100% owned by Sphinx and on which newly identified zinc potential has been confirmed.

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3. EXPLORATION PROJECTS (CONT'D)

3.1 Calumet-Sud zinc-lead-silver-gold project

a) Project description

The project consists of 21 claims (12 km²) located in the Pontiac regional county municipality in southwestern Québec. SOQUEM, a subsidiary of Investissement Québec and a leading player in mineral exploration in Québec has acquired an undivided 50% interest in the project on September 22, 2017 and a joint venture has been created between Sphinx and SOQUEM. Sphinx is the manager of the Joint Venture. The project is immediately adjacent to Sphinx's owned 100% GPd project and adjacent and south of the former New Calumet mine that produced from 1944 to 1968, 3.8 million tonnes at 5.8% Zn, 1.6% Pb, 65 g/t Ag and 0.4 g/t Au. In the 1980s, Lacana Mining Ltd. discovered significant gold mineralization immediately below the underground workings of the former mine. 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.

b) Exploration work on the project

An exploration program now operated by Sphinx, commenced in June 2017. The program consisted of:

- helicopter-borne magnetic, spectrometer and electromagnetic surveys;
- ground induced polarization and gravimetric surveys;
- prospecting;
- soil geochemical sampling (1,924 soil samples, B horizon);
- diamond drilling (13 holes, 1,098 m) over a surface area of 1.5 km²; and
- stripping (underway).

High grade zinc intervals were returned from dolomitic marble rocks within four (4) newly interpreted horizons. These horizons are defined by strongly anomalous zinc values and the presence of massive sphalerite bands ranging from one centimeter to several centimeters in thickness, as well as both stringer and disseminated sphalerite. The best interval intersected was from drillhole 1400-17-03 that returned 4.11% zinc over 3.0 m drilled width (2.93 m true width) from 12.0 to 15.0 m in the Sonny horizon. Work currently underway includes stripping, geological mapping and channel sampling. The objective of the work is to perform a rigorous targeting followed by a new drilling campaign.

3.2 Tessouat project

a) Project description

The project is located 5 km northeast of the municipality of Waltham in the Pontiac regional county municipality in southwestern Québec, at the northern end the Ziac district. On August 1, 2017, the Corporation entered into an agreement with Resources Tranchemontagne Inc. ("Tranchemontagne", a company controlled by Michel Gauthier, a director of the Corporation) and Gardin to acquire a 100% undivided interest in 22 claims (13 km²), held by Tranchemontagne. The Claims are known as the Tessouat Project (the "Project"), located in the Pontiac MRC in southwestern Quebec. Under the terms of this agreement, Sphinx acquires the Claims for a consideration that consists of: a payment of \$ 26,000 (completed in September 2017); the issuance of 100,000 common shares of Sphinx (valued at \$5,500, completed in September 2017); carrying out exploration work totaling \$ 70,000 over a period of two years with work completed prior to August 1st, 2019; and the grant of a net smelter return ("NSR) of 2%.

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3. EXPLORATION PROJECTS (CONT'D)

b) Exploration work on the project

Sphinx designed a \$ 20,000 exploration program that was completed in early fall. The program consisted of soil sampling aimed to identify the most prospective areas and define drill targets in this high grade metamorphic environment.

3.3 GPd project

a) Project description

The project consists of 74 claims (41 km²) located in the Pontiac regional county municipality in southwestern Quebec. 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 | 562,914 |
| Total | 750,000 | 712,914 |

b) Exploration work on the project

In 2015, Sphinx carried out IP, electromagnetic and magnetic ground surveys on the project that significantly improved the understanding of the geology and related mineralization. The surveys were followed by diamond drilling on priority geophysical targets outlined in the vicinity of the Pd-Cu-rich 1958 blasted test pit. Drill hole assay results from the 2015 and 2017 drilling campaigns (19 holes totaling 1,931 m) support the extension of the stratabound PGE reef over a distance of 800 m. The reef remains open in all directions. Regional compilation suggests an interpreted surface expression of the target horizon over an estimated 11 kilometres. The mineralized reef, returned 3.44 g/t Pd+Pt+Au over 40 cm at the main showing area and was intersected in 12 of the 19 drill holes completed to date.

This discovery occurs in a previously unrecognized layered igneous complex now named the "Obwondiag layered igneous complex". Mineralization is hosted in an interpreted "reef" horizon of metamorphosed and sulphide – mineralized pyroxenite and melanogabbro. This horizon exhibits disseminated sulphides with local sulphide percentages high enough to produce net-textured sulphides. The sulphides are comprised primarily of pyrrhotite (iron sulphide) and chalcopyrite (copper sulphide). Mineralized breccias exhibiting magmatic textures with centimeter-scale rounded pyroxenite xenoliths contained in a massive sulphide constitute the stratigraphic top of the reef. There appears to be a strong correlation between the presence of chalcopyrite and high palladium values. The highest palladium, platinum and gold values are in the sulphide-poor basal section of the intersected reef.

Exploration results obtained to date are encouraging and must be put into the perspective that at producing PGE mines only two out of 3 drill holes show economic grades along the same reef.

Sphinx is currently seeking of a partner to continue to advance the project.

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3. EXPLORATION PROJECTS (CONT'D)

3.4 Cheechoo-Éléonore Trend project

a) Project description

The project consists of 551 claims (286 km²) along the northwest extension of the Cheechoo-Éléonore trend, located in the Eeyou Istchee James Bay territory, Québec. 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 located on this promising trend.

b) Exploration work on the project

Till sampling programs completed in 2016 and 2017 on the project suggest a local source for gold detected in tills from the two priority targets. A follow-up program on these two targets was recently completed. The objective of the program is to attempt to establish the primary source of the gold. The targets and showings that will present the best gold potential will be eventually tested them by drilling.

3.5 Chemin Troïlus project

a) Project description

The Chemin Troïlus project comprises 59 claims with a surface area of 32.1 km² and is located in the Eeyou Istchee James Bay territory, Québec. The project is subject to a 2% NSR and Sphinx has the right to purchase 1.5% of the NSR for \$2,000,000.

b) Exploration work on the project

The project is located 110 km north-northeast of the town of Chibougamau with good road access (see figure below). The project is situated at the southwest extremity of a northeast trending gold-copper bearing corridor at the northern limit of the Frotet-Troïlus greenstone belt. This corridor contains the Troïlus 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. Between the Troïlus 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 Troïlus Mine. A first mineralized boulder was discovered along the southwest extension of gold-bearing corridor between the Troïlus 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% sericite and traces of magnetite. There is also 1 to 2% garnet indicating the high grade metamorphic nature of the rock.

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3. EXPLORATION PROJECTS (CONT'D)

The work carried out in 2016 revealed the presence of an abnormal number of gold particles, morphologically intact, in till samples taken at the head of a gold-bearing boulders dispersal train. The results obtained suggest a proximal common source in an area of 1.2 by 1.0 km up-ice of the head of the boulders dispersal train. In 2017, a drilling program was designed to attempt to discover a bedrock source of a mineralized boulders dispersal train in an area of the project characterized by weak to moderate induced polarization responses and coincident and strong magnetic anomalies. Highlight from the drill results is 2.5 g/t Au over 0.9 m in drill hole CT-17-06.

The project area where the boulder dispersal train is located, has no outcrop and is covered with a uniform till blanket ranging from 6 to 10 m in thickness. No previous work had been performed in this specific area. The rocks intersected were Archean metasedimentary rocks, metavolcanic rocks, granitoid rocks and breccias. The gold value returned from drill hole CT-17-06 was in a breccia. The mineralized boulders, however, were not explained by this initial drill program and their bedrock source remains an exploration priority. In combination with the drilling, the till results described below further support the prospectivity of the area. Additional work will be required to identify the source of the boulders.

Till survey

The two main objectives of the till sampling program were to identify other proximal source areas of the gold anomalies detected in the cover in 2016 and to discover other gold-bearing zones on the project. A total of 53 till samples were taken to provide coverage of the entire project area. Till samples weighing about 20 kg were collected at an average depth of about 1.2 meters. A total of 33 till samples contain one or more gold particles with sample 79012 containing more than 1,000 particles. The latter sample is part of a 3-km long southwest-northeast trend, parallel to the glacial flow direction defined by till samples with more than 40 gold particles. Within this trend, a grab sample returned a grade of 5.6 g/t Au. Three adjacent till samples along the same sampling line perpendicular to the glacial flow direction and containing between 40 and 100 gold particles, constitute a new exploration target on the project.

Sphinx is currently seeking of a partner to continue to advance the project.

3.5 Somanike project

a) Project description

The Somanike project comprises 95 claims over a 45 km² surface area and is located about 25 km north-west of the town of Malartic, in the Abitibi region of Québec. The Somanike project was named as part of the signing of a cooperation agreement between Sphinx and the Abitibiwinni first nation, based at Pikogan, Québec.

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

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3. EXPLORATION PROJECTS (CONT'D)

b) Exploration work on the project

Compilation of all historical drill data in conjunction with the helicopter-borne survey performed by Sphinx in 2014 identified previously unrecognized sulphide iron formations occurring across the project. These formations may be prospective for gold mineralization. Numerous drill targets have been generated. The Corporation has designed a follow-up exploration program which includes drilling of high priority targets and is actively seeking a partner to fund this program.

4. RESULTS OF OPERATIONS

In YTD Q2-18, the Corporation reported a loss of \$956,398 (\$631,437 in YTD Q2-17). In Q2-18, the Corporation reported a loss of \$554,579 (\$496,977 in Q2-17). The main variances are outlined and explained in the tables below.

General and administration expenses details are as follows:

| | 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 |
| General and administration | 175,795 | 135,560 | 357,644 | 217,016 |

With respect to promotion, the CEO has launched several initiatives to raise awareness of the Corporation including meetings with potential investors in the USA, design and adoption on improved media and investor relations materials, a corporate communications plan and enhancements to the web site.

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4. RESULTS OF OPERATIONS

Finance costs details are as follows:

| | 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 |
| Finance costs | 9,288 | 113,866 | 18,596 | 141,805 |

The discussion on the Eco-Niobium promissory note receivable can be found in the Corporation's MDA for the fiscal year ended February 28, 2017 and filed on SEDAR.

October 23, 2017

(s) Normand Champigny

Normand Champigny
Chief Executive Officer

(s) Ingrid Martin

Ingrid Martin
Chief Financial Officer