



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended May 31, 2018

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, 2018 and February 28, 2018

(Unaudited, in Canadian Dollars)

	Notes	May 31, 2018	February 28, 2018
		\$	\$
ASSETS			
Current assets			
Cash	2	38,195	72,271
Accounts receivable		11,362	68,665
Sales tax receivables		39,772	16,546
Tax credits receivable	3	269,116	384,017
Prepaid expenses		23,460	33,994
Total current assets		381,905	575,493
Non-current assets			
Non-current portion of tax credits receivable		43,570	43,570
Total non-current assets		43,570	43,570
TOTAL ASSETS		425,475	619,063
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		277,817	162,800
Flow-through share premium		5,238	6,438
Convertible debenture	4	143,547	133,097
Total current liabilities		426,602	302,335
Total liabilities		426,602	302,335
Equity			
Capital stock		60,095,152	60,095,152
Equity component of convertible debenture		38,542	38,542
Warrants		1,900,048	1,900,048
Contributed surplus		10,115,840	10,115,840
Deficit		(72,150,709)	(71,832,854)
Total equity		(1,127)	316,728
TOTAL LIABILITIES AND EQUITY		425,475	619,063
Going concern	1		
Subsequent events	11		

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, 2018 and 2017

(Unaudited, in Canadian Dollars)

		Three months ended May 31,	
	Notes	2018	2017
		\$	\$
Revenues			
Project management fees		254	-
Expenses			
Exploration and evaluation expenditures	7	20,566	212,182
General and administrative	8	288,827	181,849
Operating loss		(309,139)	(394,031)
Other expenses (income)			
Interest income		(534)	(1,520)
Finance costs	9	10,450	9,308
Loss before income taxes		(319,055)	(401,819)
Flow-through share premium		1,200	-
Loss and comprehensive loss for the period		(317,855)	(401,819)
Weighted average number of common shares outstanding - basic and diluted		91,236,036	83,870,801
Basic and diluted loss per common share		(0.004)	(0.005)

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, 2018 and 2017

(Unaudited, in Canadian Dollars)

	Common Shares Number	Capital Stock \$	Equity component of convertible debenture	Warrant \$	Contributed Surplus \$	Deficit \$	Total Equity \$
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
Balance at February 28, 2018	91,236,036	60,095,152	38,542	1,900,048	10,115,840	(71,832,854)	316,728
Loss and comprehensive loss	-	-	-	-	-	(317,855)	(317,855)
Balance at May 31, 2018	91,236,036	60,095,152	38,542	1,900,048	10,115,840	(72,150,709)	(1,127)

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, 2018 and 2017

(Unaudited, in Canadian Dollars)

		Three months ended May 31,	
	Notes	2018	2017
		\$	\$
Operating activities			
Loss for the period		(317,855)	(401,819)
Adjustments for:			
Finance income		(534)	(1,520)
Finance costs		10,450	9,308
Changes in non-cash working capital items	10	274,529	(263,206)
Cash flow from operating activities		(34,610)	(657,237)
Investing activities			
Finance income received		534	1,520
Cash flow from investing activities		534	1,520
Change in cash during the period		(34,076)	(655,717)
Cash, beginning of period		72,271	1,754,951
Cash, end of period		38,195	1,099,234

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, 2018 and 2017

(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, Québec, 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, 2018, 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, 2018 were reviewed, approved and authorized for issue by the Board of Directors on July 23, 2018.

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 \$317,855 for the three months ended May 31, 2018 (\$401,819 for the three months ended May 31, 2017), and has an accumulated deficit of \$72,150,709 as at May 31, 2018 (\$71,832,854 as at February 28, 2018). 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, 2018, the Corporation had a working capital deficiency of \$44,697 (working capital of \$273,158 as at February 28, 2018). 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. In June and July 2018, the corporation closed private placements for total gross proceeds of \$480,850 (note 11).

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, 2018 and 2017

(Unaudited, in Canadian Dollars)

2. CASH

As of May 31, 2018, the balance on flow-through financing not spent according to the restrictions imposed by the November 1, 2017 financing represented \$27,720 (\$45,460 as at February 28, 2018) and was included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration activities and that work has to be completed by December 31, 2018.

3. TAX CREDITS RECEIVABLE

	May 31, 2018	February 28, 2018
Refundable tax credit for resources	\$ 284,364	\$ 382,586
Québec refundable credits on mining duties for losses	28,322	45,001
Total tax credits receivable	312,686	427,587
Less: non-current portion of tax credits receivable	(43,570)	(43,570)
Tax credits receivable - current	269,116	384,017

4. CONVERTIBLE DEBENTURE

	Three months ended May 31, 2018	Year ended February 28, 2018
Balance, beginning of period	\$ 133,097	\$ 113,897
Accretion expense	10,450	19,200
Convertible debenture	143,547	133,097

The Corporation exercised its option to postpone to December 2018 the issuance of common shares to pay the interest due as of June 19, 2018 on the convertible debenture.

5. COMMON SHARES AND WARRANTS

5.1 Warrants

The changes in warrants issued are as follows:

	Three months ended May 31, 2018		Year ended February 28, 2018	
	Number of warrants	Weighted average exercise prices	Number of warrants	Weighted average exercise prices
Balance, beginning of period	43,489,311	\$ 0.25	40,817,003	\$ 0.26
Issued	-	-	2,672,308	0.09
Balance, end of period	43,489,311	0.25	43,489,311	0.25

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

5. COMMON SHARES AND WARRANTS (CONT'D)

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

Expiry date	May 31, 2018	
	Number of warrants	Exercise price
		\$
July 17, 2018 ¹⁾	941,900	6.00
August 7, 2018	73,400	6.00
September 5, 2018	8,389,615	0.175
September 12, 2018	1,925,000	0.175
December 19, 2018	576,923	0.17
September 22, 2019	5,530,000	0.08
November 1, 2019	1,428,308	0.10
February 28, 2020	23,380,165	0.09
November 1, 2020	1,244,000	0.08
	43,489,311	

1) Not exercised on expiry date

5.2 Agent's compensation warrants

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

	Three months ended May 31, 2018		Year ended February 28, 2018	
	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	1,185,228	0.09
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, 2018	
	Number	Exercise price
		\$
September 22, 2019	173,600	0.08
February 28, 2020	1,011,628	0.09
	1,185,228	

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

6. SHARE-BASED PAYMENTS

The changes in stock options issued are as follows:

	Three months ended May 31, 2018		Year ended February 28, 2018	
	Number of agent's compensation warrants	Weighted average exercise prices	Number of agent's compensation warrants	Weighted average exercise prices
Balance, beginning of period	2,850,000	\$ 0.11	2,850,000	\$ 0.11
Balance, end of period	2,850,000	0.11	2,850,000	0.11

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

Expiry Date	May 31, 2018	
	Number of options	Exercise price
October 10, 2024	1,400,000	\$ 0.125
October 13, 2026	1,450,000	0.10
	2,850,000	

7. EXPLORATION AND EVALUATION EXPENDITURES

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, 2018				Three months ended May 31, 2017			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
Calumet Sud	\$ -	\$ 2,784	\$ -	\$ 2,784	\$ -	\$ 1,675	\$ (565)	\$ 1,110
Grenville Zinc	166	975	-	1,141	-	-	-	-
GPd	-	2,524	-	2,524	234	189,493	(63,974)	125,753
Cheechoo-Éléonore Trend ¹⁾	-	5,844	-	5,844	-	35,766	(15,611)	20,155
Chemin Troilus ¹⁾	2,487	4,386	-	6,873	1,632	106,398	(46,443)	61,587
Somanike ¹⁾	172	870	-	1,042	1,030	3,644	(1,229)	3,445
Generation	-	538	-	538	-	200	(68)	132
Total	2,825	17,741	-	20,566	2,896	337,176	(127,890)	212,182

1) See note 11.1

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

7. MINERAL PROPERTIES (CONT'D)

7.1 Grenville Zinc Project

On May 2, 2018, the Corporation signed a letter of agreement to form a 50-50% joint venture with Osisko Metals Inc. ("Osisko") with the objective to explore for zinc in the Grenville geological province in southern Québec (the "Grenville Zinc Project").

Under the terms of this joint venture agreement, the Corporation and Osisko agreed to:

- each spend a minimum of \$1,100,000 over the next five years including \$100,000 during the first year;
- create a joint management committee to design and oversee the exploration program;
- have the Corporation act as operator of the Grenville Zinc Project;
- a provision whereby if a party's interest dilutes to 10% or less, its interest shall be converted to a 2% Net smelter return ("NSR") royalty. If at any time, the NSR royalty holder receives a bona fide offer to purchase all or a portion of the NSR royalty and the NSR royalty holder is prepared to accept such offer, the non-diluted party shall have the right of first refusal to purchase the NSR royalty (or, if the offer is for less than all of the NSR royalty, the portion of the NSR royalty to which the offer relates), at the same price and on the same terms and conditions; and
- All mining claims currently held by Osisko and the Corporation in the province of Québec are excluded from this agreement.

7.2 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	599,096
Total	750,000	749,096

8. GENERAL AND ADMINISTRATION

	Three months ended May 31,	
	2018	2017
	\$	\$
Directors fees	12,000	12,000
Filing and transfer agent fees	2,497	3,700
Management fees	11,325	10,984
Office and miscellaneous	9,067	7,196
Professional fees	27,402	10,233
Promotion	172,591	87,479
Salaries and benefit	36,880	34,813
Travel	17,065	15,444
General and administration	288,827	181,849

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

9. FINANCE COSTS

	Three months ended May 31,	
	2018	2017
	\$	\$
Accretion sublease reserve	-	365
Accretion of convertible debentures	10,450	8,943
Finance costs	10,450	9,308

10. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

	Three months ended May 31,	
	2018	2017
	\$	\$
Accounts receivable	57,303	-
Sales tax receivables	(23,226)	(78,245)
Tax credits receivable	114,901	(127,890)
Prepaid expenses	10,534	(4,073)
Trade and other payables	115,017	13,887
Sublease reserve	-	(66,885)
	274,529	(263,206)

11. SUBSEQUENT EVENTS

11.1 Sale of three gold projects

To create shareholder value from the Corporation's gold projects, the Corporation sold on June 27, 2018 its gold assets (namely the Chemin Troilus project, Somanike project and its 50% interest in the Cheechoo Éléonore Trend project) to Canada Strategic Metals Inc. ("Canada Strategic"), pursuant to an April 25, 2018 asset purchase agreement. Immediately after, Canada Strategic merged with Matamec Explorations Inc. ("Matamec") by way of a court approved plan of arrangement (the "Arrangement") to form Québec Precious Metals Corporation ("QPM"). The Corporation received 1,200,000 common shares of QPM (on a post-consolidation basis) in exchange of its gold assets. Contemporaneously, Goldcorp Inc. ("Goldcorp") and *Caisse de dépôt et placement du Québec* invested in QPM through a private placements for gross proceeds of \$3,701,960 and \$1,400,000, respectively.

The CEO of the Corporation became the CEO of QPM, and the interim CEO of Matamec who is also a Director of the Corporation became a Director of QPM.

The completion of these transactions was conditional on the approval of the Arrangement by the Québec Superior Court and the shareholders of Matamec, the approval of the Canada Strategic share consolidation by the shareholders of Canada Strategic, the closing of the \$3,701,960 Goldcorp investment in QPM, which in turn was conditional on numerous conditions including the raising of gross proceeds of a minimum of \$5,000,000 by Canada Strategic and Exchange approval. All of the aforementioned conditions were achieved.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

11. SUBSEQUENT EVENTS (CONT'D)

11.2 Private placements

On June 15, 2018, the Corporation closed a private placement totalling \$250,000 by issuing 5,000,000 common shares at a price of \$0.05 per common share. In addition on June 15 and July 13, 2018, the Corporation closed a private placement totalling \$230,850 by issuing 3,551,538 flow-through shares at a price of \$0.065 per flow-through share. On June 15 and July 13, 2018, the Corporation's share closed at \$0.04 and \$0.045 respectively on the Exchange, therefore the residual value attributed to the flow-through share premium are \$0.025 and \$0.02 respectively, for a total value of \$71,781.

11.3 Investor relations agreement

In June 2018, the Corporation engaged FronTier Flex Marketing ("FronTier") to assist in increasing market awareness. Under the terms of the engagement, FronTier has been retained for a 12-month period at \$87,000 (plus applicable sales tax) plus direct expenses. The Corporation will also grant 300,000 stock options to FronTier at an exercise price of \$0.10 expiring 10 years from the date of grant. The agreement with FronTier is subject to the approval of the Exchange.