



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Three months ended May 31, 2018

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Three months ended May 31, 2018

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 months ended May 31, 2018 ("Q1-19"), 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 May 31, 2018 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, 2018. 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 2017	March 1, 2016 – February 29, 2017
Q1-18	March 1, 2017 – May 31, 2017
Q2-18	June 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
Q1-19	March 1, 2018 – May 31, 2018
Q2-19	June 1, 2018– August 31, 2018
Q3-19	September 1, 2018 – November 30, 2018
Q4-19	December 1, 2018 - February 28, 2019
Fiscal 2019	March 1, 2018 – February 28, 2019

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 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 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 concentrates on Québec, with potential expansion into other Canadian provinces.

To support this strategy Sphinx has formed two partnerships:

- with SOQUEM, a subsidiary of Ressources Québec and a leading player in mineral exploration in Québec, on the Calumet-Sud zinc project; and
- with Osisko Metals, Inc. ("Osisko"), with the objective to explore for zinc in highly prospective areas of the Grenville geological province in southern Québec (the "Grenville Zinc Project") (see section 2.3).

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2. OVERALL PERFORMANCE (CONT'D)

2.2 Financing

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.

2.3 Joint venture with Osisko Metals Inc.

On May 2, 2018, the Corporation signed a letter of agreement to form a 50-50% joint venture with 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.

2.4 Sale of three gold assets

To create shareholder value from Sphinx'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.

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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:

	Q1-19	Q1-18
	\$	\$
Calumet-Sud		
Drilling	2,353	3,350
Geology	5,510	1,045
Recharge to partner	(5,079)	(2,720)
Tax credits	-	(565)
	2,784	1,110
Grenville Zinc		
Project acquisition and maintenance	166	-
Geology	975	-
	1,141	-
Green Palladium		
Project acquisition and maintenance	-	234
Drilling	-	139,311
Geology	2,524	40,660
Geophysics	-	9,522
Tax credits	-	(63,974)
	2,524	125,753
Cheechoo-Éléonore Trend		
Geology	5,714	42,631
Geochemistry	130	-
Recharge to partner	-	(6,865)
Tax credits	-	(15,611)
	5,844	20,155
Chemin Troilus		
Project acquisition and maintenance	2,487	1,632
Drilling	-	110
Geology	4,386	52,413
Geophysics	-	28,700
Line cutting	-	12,240
Geochemistry	-	12,935
Tax credits	-	(46,443)
	6,873	61,587

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3. EXPLORATION PROJECTS (CONT'D)

	Q1-19	Q1-18
	\$	\$
Somanike Globex		
Project acquisition and maintenance	172	1,030
Geology	870	3,644
Tax credits	-	(1,229)
	1,042	3,445
Generation		
Geology	358	200
Tax credits	-	(68)
	358	132
Total exploration and evaluation expenditures	20,566	212,182

Ziac District

The "Ziac" (abbreviation for "zinc-Pontiac") zinc district is an emerging zinc play, located in a 40-km long northwest trending corridor located in the Pontiac regional county municipality (the "Pontiac MRC") in southwestern Québec, defined by zinc-bearing dolomitic marbles typical of the Balmat-Edwards-Pierrepoint zinc district, located in the state of New York, United States. The Ziac district also covers meta-volcanic rocks that host the historic 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 50% partner SOQUEM (21 claims, 12 km²);
- the Tessouat project (22 claims, 13 km²);
- the Tessouat-Sud project (296 claims, 177 km²);
- the Obwondiag project (96 claims, 53 km²); and
- the GPd platinum group elements ("PGE") project (74 claims, 41 km²) on which newly identified zinc potential has been confirmed.

3.1 Calumet-Sud zinc project

a) Project description

The project consists of 21 claims (12 km²) located in the Pontiac MRC) in southwestern Quebec. SOQUEM, a subsidiary of Ressources 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. In the 1980s, Lacana Mining Ltd. discovered significant gold mineralization immediately below the underground workings of the former mine. The project is part of the larger Ziac district.

The Calumet-Sud project was acquired in 2015 from Gardin Inc. ("Gardin") (a company controlled by Michel Gauthier, a director of the Corporation), by issuing 1,384,615 common shares, valued at \$41,538. Subsequently, 1,923,077 and 2,846,231 common shares were issued in August 2016 and July 2017, valued at \$76,923 and \$128,077. A 2% NSR royalty was granted to Gardin.

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3. EXPLORATION PROJECTS (CONT'D)

b) Exploration work on the project

On March 20, 2018, the Corporation reported the complete results of an 11-hole diamond drilling program completed earlier this year on the Calumet-Sud project in Québec. The results include 13.1% zinc over 1.0 m in hole CS-18-02 within a stratiform and shallow-dipping mineralized horizon that graded 3.8% zinc over a 5.0 m length beginning at a depth of 15 m. This is in addition to hole CS-18-07 that returned 6.6% zinc over 1.4 m within 3.0% zinc over a 6.8 m length beginning at a depth of 18 m and to hole CS-18-06 that returned 9.0% zinc over 1 m within 3.1% zinc over a 6.4 m length beginning at a depth of 15.6 m.

Table 1 presents the summary results and mineralized intervals. At the Sonny West Zone, hole CS-18-09 intersected the mineralized horizon that graded 1.7 % zinc over 2.7 m length beginning at a depth of 15 metres. The other two (2) holes intersected a karstic barren breccia that truncates the mineralized horizon. Based on outcrop measurements taken on the mineralized bands and drill holes orientation, the true thickness is estimated to range from 91% to 100% of the drilled length.

Beyond the area of this drilling, the horizons can be traced over a 1.5 km strike length on the basis of strongly anomalous zinc values in soils and limited drilling conducted by Sphinx and SOQUEM in 2017.

Table 1 - 2018 Drill hole assay results. Length weighted composite intervals.

Hole name	From (m)	To (m)	Drilled width (m)	Estimated true width (m)	Zinc %	Horizon name
CS-18-01	7.70	14.40	6.70	6.70	2.74	Sonny
including	9.00	11.36	2.36	2.36	5.66	
CS-18-02	14.00	19.00	5.00	5.00	3.81	Sonny
including	16.00	17.00	1.00	1.00	13.05	
CS-18-03	14.00	19.20	5.20	5.20	0.75	Sonny
CS-18-04	20.00	25.00	5.00	5.00	0.51	Sonny
CS-18-05	25.50	32.00	6.50	6.50	1.11	Sonny
CS-18-06	15.60	22.00	6.40	6.40	3.13	Sonny
including	17.00	18.00	1.00	1.00	9.02	
CS-18-07	18.00	24.80	6.80	6.60	2.99	Sonny
including	22.75	24.10	1.35	1.31	6.63	
CS-18-08	28.00	38.23	10.23	9.97	1.17	Sonny
CS-18-09	10.00	18.00	7.70	7.00	0.94	Sonny West
including	15.00	17.70	2.70	2.46	1.72	
CS-18-10	No significant mineralization, barren karstic breccia					Sonny West
CS-18-11	No significant mineralization, barren karstic breccia					Sonny West

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3. EXPLORATION PROJECTS (CONT'D)

The zinc-bearing horizon is defined by the presence of massive sphalerite bands ranging from one centimetre to several centimetres in thickness, as well as disseminated sphalerite, pyrite and pyrrhotite, all hosted in dolomitic marble. The drill hole results suggest that the shallow dipping mineralized horizon trends northwest-southeast and remains open in both directions of the drilled area. Sphinx and SOQUEM are planning a follow-up exploration program that will focus on drilling the mineralized horizon to further establish its continuity and mineral resource potential. The program is likely to begin in the summer.

3.2 Tessouat project

a) Project description

The project is located 5 km northeast of the municipality of Waltham in the Pontiac MRC in southwestern Québec, at the northern end the Ziac district. Excellent road access throughout the year is available. 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. Under the terms of this agreement, Sphinx acquired the project 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 (\$14,830 completed as at May 31, 2018); and the grant of a 2% NSR to Gardin.

3.3 GPd project

a) Project description

The project consists of 74 claims (41 km²) located in the Pontiac MRC in southwestern Québec. The Corporation must satisfy the following exploration commitments as per the March 12, 2015 definitive agreement, as amended on January 19, 2018, 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, 2019	600,000	599,096
Total	750,000	749,096

Gardin was granted with a 2% NSR royalty.

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4. RESULTS OF OPERATIONS

General and administration expenses details are as follows:

	Q1-19	Q1-18
	\$	\$
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

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 an improved communication plan and the enhancements to the web site.

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.

Finance costs details are as follows:

	Q1-19	Q1-18
	\$	\$
Accretion sublease reserve	-	365
Accretion of convertible debentures	10,450	8,943
Finance costs	10,450	27,939

In Q1-19, the Corporation reported a loss of \$317,855 (\$401,819 in Q1-18).

July 23, 2018

(s) Normand Champigny

Normand Champigny
Chief Executive Officer

(s) Ingrid Martin

Ingrid Martin
Chief Financial Officer