



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Six months ended August 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 August 31, 2018 and February 28, 2018

(Unaudited, in Canadian Dollars)

	Notes	August 31, 2018	February 28, 2018
		\$	\$
ASSETS			
Current assets			
Cash	3	88,347	72,271
Accounts receivable		34,607	68,665
Sales tax receivables		23,805	16,546
Tax credits receivable	4	269,116	384,017
Listed shares		330,000	-
Prepaid expenses		35,171	33,994
Total current assets		781,046	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		824,616	619,063
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		178,033	162,800
Flow-through share premium		60,000	6,438
Convertible debenture	5	154,236	133,097
Total current liabilities		392,269	302,335
Total liabilities		392,269	302,335
Equity			
Capital stock		60,475,966	60,095,152
Equity component of convertible debenture		38,542	38,542
Warrants		1,052,252	1,900,048
Contributed surplus		11,013,686	10,115,840
Deficit		(72,148,099)	(71,832,854)
Total equity		432,347	316,728
TOTAL LIABILITIES AND EQUITY		824,616	619,063
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, 2018 and 2017

(Unaudited, in Canadian Dollars)

	Notes	Three months ended August 31,		Six months ended August 31,	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenues					
Project management fees		1,501	1,042	1,755	1,042
Expenses					
Exploration and evaluation expenditures	8	84,553	371,106	105,119	583,288
General and administrative	9	39,062	175,795	327,889	357,644
Net gain on disposal of mineral properties	8	(350,277)	-	(350,277)	-
Operating income (loss)		228,163	(545,859)	(80,976)	(939,890)
Other expenses (income)					
Interest income		(22)	(568)	(556)	(2,088)
Finance costs	10	10,689	9,288	21,139	18,596
Change in fair value – listed shares		194,160	-	194,160	-
Income (loss) before income taxes		23,336	(554,579)	(259,719)	(956,398)
Flow-through share premium		9,657	-	10,857	-
Income (loss) and comprehensive income (loss) for the period		32,993	(554,579)	(284,862)	(956,398)
Weighted average number of common shares outstanding					
- basic and diluted		97,358,051	84,984,513	94,297,043	84,427,657
Basic and diluted loss per common share		-	(0.006)	(0.003)	(0.011)

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, 2018 and 2017

(Unaudited, in Canadian Dollars)

	Notes	Common Shares Number	Capital Stock	Equity component of convertible debenture	Warrant	Contributed Surplus	Deficit	Total Equity
			\$		\$	\$	\$	\$
Balance at February 28, 2018		91,236,036	60,095,152	38,542	1,900,048	10,115,840	(71,832,854)	316,728
Shares issued for:								
Private placements	6.1	5,000,000	250,000	-	-	-	-	250,000
Private placements – flow through	6.1	3,551,538	230,850	-	-	-	-	230,850
Flow-through premium		-	(71,781)	-	-	-	-	(71,781)
Issuance costs		-	(28,255)	-	-	-	-	(28,255)
Warrants expired		-	-	-	(878,179)	878,179	-	-
Impact of warrant extension	6.2	-	-	-	30,383	-	(30,383)	-
Share-based payment		-	-	-	-	19,667	-	19,667
Loss and comprehensive loss		-	-	-	-	-	(284,862)	(284,862)
Balance at August 31, 2018		99,787,574	60,475,966	38,542	1,052,252	11,013,686	(72,148,099)	432,347
	Notes	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
Shares issued for:								
Project acquisition		2,846,154	128,077	-	-	-	-	128,077
Loss and comprehensive loss		-	-	-	-	-	(956,398)	(956,398)
Balance at August 31, 2017		86,716,955	59,913,059	38,542	1,871,943	10,115,840	(71,207,782)	731,602

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, 2018 and 2017

(Unaudited, in Canadian Dollars)

		Six months ended August 31,	
	Notes	2018	2017
		\$	\$
Operating activities			
Loss for the period		(284,862)	(956,398)
Adjustments for:			
Share-based payments		19,667	-
Shares issued for project acquisition		-	128,077
Finance income		(556)	(2,088)
Finance costs		21,139	9,396
Listed shares received on disposal of mineral properties		(524,160)	-
Change in fair value – listed shares		194,160	-
Flow-through share premium		(10,857)	-
Changes in non-cash working capital items	11	155,756	(515,876)
Cash flow used in operating activities		(429,713)	(1,336,889)
Financing activities			
Common share issued		250,000	-
Common share issued – flow-through		230,850	-
Finance costs paid		(35,617)	-
Cash flow from financing activities		445,233	-
Investing activities			
Finance income received		556	2,088
Cash flow from investing activities		556	2,088
Change in cash during the period		16,076	(1,334,801)
Cash, beginning of period		72,271	1,754,951
Cash, end of period		88,347	420,150

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, 2018 and 2017

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION, 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 six months ended August 31, 2018 were reviewed, approved and authorized for issue by the Board of Directors on October 26, 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 \$284,862 for the six months ended August 31, 2018 (\$956,398 for the six months ended August 31, 2017), and has an accumulated deficit of \$72,148,099 as at August 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 August 31, 2018, the Corporation had a working capital of \$388,777 (\$273,158 as at February 28, 2018), of which \$219,501 must be dedicated to exploration work according to the restriction imposed by the June and July 2018 financings. 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

Six months ended August 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

2. CHANGE IN ACCOUNTING POLICIES

In June 2018, the Corporation received listed shares as part of the sale of three mineral properties (see note 8) and is adding the following category to its financial assets, in the financial instruments accounting policy:

Fair value through profit and loss listed shares:

Listed shares at fair value through profit and loss are equity investments recognized initially at fair value and subsequently measured at fair value. Gains or losses arising from changes in fair value are recorded in the statement of loss and comprehensive loss. Dividend income on those investments are recognized in the statement of loss and comprehensive loss.

3. CASH

As of August 31, 2018, the balance on flow-through financings not spent according to the restrictions imposed by these financings represented \$219,501 (\$45,460 as at February 28, 2018). The Corporation has to dedicate these funds to Canadian mining properties exploration activities and that work has to be completed by December 31, 2019.

4. TAX CREDITS RECEIVABLE

	August 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

5. CONVERTIBLE DEBENTURE

	Six months ended August 31, 2018	Year ended February 28, 2018
	\$	\$
Balance, beginning of period	133,097	113,897
Accretion expense	12,164	19,200
Accrued interest	8,975	-
Convertible debenture	154,236	133,097

6. COMMON SHARES AND WARRANTS

6.1 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 private placements 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. The Corporation incurred cash issuance costs of \$35,617, of which \$28,255 was allocated to capital stock and \$7,362 to the flow-through premium.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

6. COMMON SHARES AND WARRANTS (CONT'D)

6.2 Warrants

The changes in warrants issued are as follows:

	Six months ended August 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
Expired	(1,015,300)	6.00	-	-
Balance, end of period	42,474,011	0.11	43,489,311	0.25

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

Expiry date	August 31, 2018	
	Number of warrants	Exercise price
		\$
September 5, 2019 ¹⁾	8,389,615	0.175
September 12, 2019 ¹⁾	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
	42,474,011	

1) The 8,389,615 warrants due to expire on September 5, 2018 and the 1,925,000 warrants due to expire September 12, 2018 were extended for one year such that the new expiry dates are September 5, 2019 and September 12, 2019, respectively. Total costs of the warrant extension amounts to \$30,383 for an estimated fair value of \$0.003 per warrant, recorded under warrants and the offsetting entry was recorded in the deficit. The fair value of the warrants extension was estimated using the Black-Scholes model calculated for the deference between the extended period and the remaining period when the decision was taken to extend the warrants. The assumptions used were as follow for the two periods respectively: no expected dividend yield, 82% and 10% expected volatility, 2.00% and 1.53% risk-free interest rate and 1.02 and 0.02 years warrant expected life.

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

6. COMMON SHARES AND WARRANTS (CONT'D)

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

Expiry Date	August 31, 2018	
	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

On August 30, 2018, the Corporation granted 1,775,000 stock options to directors, officers, advisors and consultants at an exercise price of \$0.10 with an expiry date of August 30, 2028, vesting in three equal tranches over 2 years, except for the 300,000 stock options granted to an investor relation firm that will vest 25% every quarter. At the time of the grant, the exercise price was above the market price on the Exchange. Total share-based compensation costs amounts to \$71,000 for an estimated fair value of \$0.040 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 2.28% risk-free interest rate and 6 years options expected life. These expected life and volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

On August 31, 2018, the maximum number of common shares that can be issued upon exercise of stock options granted under the stock option plan was increased from 4,700,000 to 9,900,000 common shares, subject to the Exchange approval.

The changes in stock options issued are as follows:

	Six months ended August 31, 2018		Year ended February 28, 2018	
	Number of options	Weighted average exercise prices	Number of options	Weighted average exercise prices
Balance, beginning of period	2,850,000	\$ 0.11	2,850,000	\$ 0.11
Granted	1,775,000	0.10	-	-
Balance, end of period	4,625,000	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	August 31, 2018	
	Number of options	Exercise price
October 10, 2024	1,400,000	\$ 0.125
October 13, 2026	1,450,000	0.10
August 30, 2028	1,775,000	0.10
	4,625,000	

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

8. 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 August 31, 2018				Three months ended August 31, 2017			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Sud	88	30,408	-	30,496	128,077	20,842	(7,037)	141,882
Grenville Zinc	(83)	6,975	-	6,892	-	-	-	-
Tessouat	-	-	-	-	-	10,521	(3,552)	6,969
Tessouat-Sud	-	-	-	-	19,346	-	-	19,346
Obwondiag	-	-	-	-	6,418	219	-	6,637
GPd	1,670	427	-	2,097	47	35,549	(12,074)	23,522
Cheechoo-Éléonore Trend	41,524	682	-	42,206	-	124,894	(54,517)	70,377
Chemin Troïlus	1,901	476	-	2,377	-	178,737	(78,018)	100,719
Somanike	385	100	-	485	-	697	(236)	461
Generation	-	-	-	-	-	1,800	(607)	1,193
Total	45,485	39,068	-	84,553	153,888	373,259	(156,041)	371,106

	Six months ended August 31, 2018				Six months ended August 31, 2017			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet Sud	88	33,192	-	33,280	128,077	22,517	(7,602)	142,992
Grenville Zinc	83	7,950	-	8,033	-	-	-	-
Tessouat	-	-	-	-	-	10,521	(3,552)	6,969
Tessouat-Sud	-	-	-	-	19,346	-	-	19,346
Obwondiag	-	-	-	-	6,418	219	-	6,637
GPd	1,670	2,951	-	4,621	281	225,042	(76,048)	149,275
Cheechoo-Éléonore Trend ¹⁾	41,524	6,526	-	48,050	-	160,660	(70,128)	90,532
Chemin Troïlus ¹⁾	4,388	4,862	-	9,250	1,632	285,135	(124,461)	162,306
Somanike ¹⁾	557	970	-	1,527	1,030	4,341	(1,465)	3,906
Generation	-	358	-	358	-	2,000	(675)	1,325
Total	48,310	56,809	-	105,119	156,784	710,435	(283,931)	583,288

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

8 MINERAL PROPERTIES (CONT'D)

8.1 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 held on May 2, 2018 by Osisko and the Corporation in the province of Québec are excluded from this agreement.

The definitive joint venture agreement was signed on October 15, 2018

8.2 Green Palladium project

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 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, 2019	600,000	599,523
Total	750,000	749,523

8.3 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) (valued at \$524,160) 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 Corporation incurred \$173,883 transaction costs.

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**

Six months ended August 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

9. GENERAL AND ADMINISTRATION

	Three months ended August 31,		Six months ended August 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Directors fees	12,000	12,000	24,000	24,000
Filing and transfer agent fees	9,725	6,971	12,222	10,671
Management fees	14,138	22,288	25,463	33,272
Office and miscellaneous	6,663	6,986	15,730	14,182
Professional fees	(14,026)	7,382	13,376	17,615
Promotion	(52,828)	59,600	119,763	147,079
Salaries and benefit	33,884	38,744	70,764	73,557
Share-based payment	19,667	-	19,667	-
Travel	9,839	21,824	26,904	37,268
General and administration	39,062	175,795	327,889	357,644

10. FINANCE COSTS

	Three months ended August 31,		Six months ended August 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Accretion sublease reserve	-	-	-	365
Accretion of convertible debentures	1,714	88	12,164	9,031
Issuance costs on convertible debentures	-	-	-	-
Accrued interest on convertible debentures	8,975	9,200	8,975	9,200
Finance costs	10,689	9,288	21,139	18,596

11. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

	Six months ended August 31,	
	2018	2017
	\$	\$
Accounts receivable	34,058	-
Sales tax receivables	(7,259)	(175,710)
Tax credits receivable	114,901	(271,935)
Prepaid expenses	(1,177)	(17,011)
Trade and other payables	15,233	15,665
Sublease reserve	-	(66,885)
	155,756	(515,876)

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2018 and 2017

(Unaudited, in Canadian Dollars)

12. SUBSEQUENT EVENTS

12.1 Convertible debenture settlement

The Corporation reached an agreement with Société d'investissement dans la diversification de l'exploration ("SIDEX") and issued on October 18, 2018 an aggregate of 3,293,918 common shares at a price per common share of \$0.05 in settlement of an aggregate of \$164,696 of outstanding debt (principal and all accrued interest) as of the date hereof pursuant to an unsecured convertible debenture granted to SIDEX on December 19, 2014. The debenture has been terminated.