



## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Three and nine months ended November 30, 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 November 30, 2018 and February 28, 2018

(Unaudited, in Canadian Dollars)

	Notes	November 30, 2018	February 28, 2018
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	3	76,737	72,271
Accounts receivable		92,559	68,665
Sales tax receivables		41,755	16,546
Tax credits receivable	4	312,686	384,017
Listed shares		330,000	-
Prepaid expenses		14,446	33,994
<b>Total current assets</b>		<b>868,183</b>	<b>575,493</b>
<b>Non-current assets</b>			
Non-current portion of tax credits receivable		-	43,570
<b>Total non-current assets</b>		<b>-</b>	<b>43,570</b>
<b>TOTAL ASSETS</b>		<b>868,183</b>	<b>619,063</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		446,458	162,800
Flow-through share premium		28,600	6,438
Convertible debenture	5	-	133,097
<b>Total liabilities</b>		<b>475,058</b>	<b>302,335</b>
<b>Equity</b>			
Capital stock	6	60,675,673	60,095,152
Equity component of convertible debenture		-	38,542
Warrants		1,052,252	1,900,048
Contributed surplus		11,027,313	10,115,840
Deficit		(72,362,113)	(71,832,854)
<b>Total equity</b>		<b>393,125</b>	<b>316,728</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>868,183</b>	<b>619,063</b>

Going concern  
Subsequent events

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

**SPHINX RESOURCES LTD.****Statements of Loss and Comprehensive Loss**

Three and nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

	Notes	Three months ended November 30,		Nine months ended November 30,	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Revenues</b>					
Project management fees		5,738	3,940	7,493	4,982
<b>Expenses</b>					
Exploration and evaluation expenditures	8	116,148	145,999	221,267	729,287
General and administrative	9	128,131	205,569	456,020	563,213
Net gain on disposal of mineral projects	8.3	-	-	(350,277)	-
Operating income (loss)		(238,541)	(347,628)	(319,517)	(1,287,518)
<b>Other expenses (income)</b>					
Interest income		(56)	(337)	(612)	(2,425)
Finance costs	10	6,929	9,543	28,068	28,139
Change in fair value – listed shares		-	-	194,160	-
Income (loss) before income taxes		(245,414)	(356,834)	(541,133)	(1,313,232)
Flow-through share premium		31,400	4,310	42,257	4,310
<b>Income (loss) and comprehensive income (loss) for the period</b>		<b>(214,014)</b>	<b>(352,524)</b>	<b>(498,876)</b>	<b>(1,308,922)</b>
Weighted average number of common shares outstanding					
- basic and diluted		101,344,040	84,984,513	96,628,958	84,427,657
Basic and diluted loss per common share		(0.002)	(0.004)	(0.005)	(0.016)

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

## SPHINX RESOURCES LTD.

### Statements of Changes in Equity

Nine months ended November 30, 2018 and 2017

(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, 2018</b>		<b>91,236,036</b>	<b>60,095,152</b>	<b>38,542</b>	<b>1,900,048</b>	<b>10,115,840</b>	<b>(71,832,854)</b>	<b>316,728</b>
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)
Convertible debenture settlement	5	3,000,000	185,011	(38,542)	-	-	-	146,469
Interest on convertible debenture	5	293,918	14,696	-	-	-	-	14,696
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		-	-	-	-	33,294	-	33,294
Loss and comprehensive loss		-	-	-	-	-	(498,876)	(498,876)
<b>Balance at November 30, 2018</b>		<b>103,081,492</b>	<b>60,675,673</b>	<b>-</b>	<b>1,052,252</b>	<b>11,027,313</b>	<b>(72,362,113)</b>	<b>393,125</b>

		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:								
Private placements		1,244,000	46,650	-	15,550	-	-	62,200
Flow-through private placements		2,856,616	168,555	-	17,125	-	-	185,680
Reduction for flow-through share premium		-	(28,566)	-	-	-	-	(28,566)
Project acquisition		2,946,154	133,577	-	-	-	-	133,577
Issuance costs		-	(28,039)	-	(4,570)	-	-	(32,609)
Loss and comprehensive loss		-	-	-	-	-	(1,308,922)	(1,308,922)
<b>Balance at November 30, 2017</b>		<b>90,917,571</b>	<b>60,077,159</b>	<b>38,542</b>	<b>1,900,048</b>	<b>10,115,840</b>	<b>(71,560,306)</b>	<b>571,283</b>

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

## SPHINX RESOURCES LTD.

### Statements of Cash Flows

Nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

		Nine months ended November 30,	
	Notes	2018	2017
		\$	\$
<b>Operating activities</b>			
Loss for the period		(498,876)	(1,308,922)
Adjustments for:			
Share-based payments		33,294	-
Shares issued for project acquisition		-	133,577
Finance income		(612)	(4,982)
Finance costs		28,068	28,139
Listed shares received on disposal of mineral projects	8.3	(524,160)	-
Change in fair value – listed shares		194,160	-
Flow-through share premium		(42,257)	(4,310)
Changes in non-cash working capital items		369,004	(505,407)
<b>Cash flow used in operating activities</b>		<b>(441,379)</b>	<b>(1,661,905)</b>
<b>Financing activities</b>			
Common share issued		250,000	62,200
Common share issued – flow-through		230,850	185,680
Finance costs paid		(35,617)	(37,227)
<b>Cash flow from financing activities</b>		<b>445,233</b>	<b>210,653</b>
<b>Investing activities</b>			
Finance income received		612	4,982
<b>Cash flow from investing activities</b>		<b>612</b>	<b>4,982</b>
Change in cash during the period		4,466	(1,446,270)
Cash, beginning of period		72,271	1,754,951
<b>Cash, end of period</b>		<b>76,737</b>	<b>308,681</b>

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

# SPHINX RESOURCES LTD.

## Notes to the Financial Statements

Three and nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

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### 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 projects. 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 nine months ended November 30, 2018 were reviewed, approved and authorized for issue by the Board of Directors on January 28, 2019.

#### 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 \$498,876 for the nine months ended November 30, 2018 (\$1,308,922 for the nine months ended November 30, 2017), and has an accumulated deficit of \$72,362,113 as at November 30, 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 November 30, 2018, the Corporation had a working capital of \$393,125 (\$273,158 as at February 28, 2018), of which \$106,533 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 projects. 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 and nine months ended November 30, 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 projects (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 November 30, 2018, the balance on flow-through financings not spent according to the restrictions imposed by these financings represented \$106,533 (\$45,460 as at February 28, 2018). The Corporation has to dedicate these funds to Canadian mining project exploration activities and that work has to be completed by December 31, 2019.

#### 4. TAX CREDITS RECEIVABLE

	November 30, 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)
<b>Tax credits receivable - current</b>	<b>312,686</b>	<b>384,017</b>

#### 5. CONVERTIBLE DEBENTURE

	Nine months ended November 30, 2018	Year ended February 28, 2018
	\$	\$
Balance, beginning of period	133,097	113,897
Accretion expense	13,372	19,200
Accrued interest	14,696	-
Converted into shares	(161,165)	-
<b>Convertible debenture</b>	<b>-</b>	<b>133,097</b>

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 deemed price per common share of \$0.05 in settlement of the principal in the amount of \$150,000 and all accrued interest pursuant to an unsecured convertible debenture issued to SIDEX on December 19, 2014. The debenture has been terminated.

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Three and nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

#### 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.

##### 6.2 Warrants

The changes in warrants issued are as follows:

	Nine months ended November 30, 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	-	-
<b>Balance, end of period</b>	<b>42,474,011</b>	<b>0.11</b>	<b>43,489,311</b>	<b>0.25</b>

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

	November 30, 2018	
Expiry date	Number of warrants	Exercise price
		\$
September 5, 2019 <sup>1)</sup>	8,389,615	0.175
September 12, 2019 <sup>1)</sup>	1,925,000	0.175
December 19, 2018 (not exercised at the expiry date)	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
	<b>42,474,011</b>	

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

Three and nine months ended November 30, 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	November 30, 2018	
	Number	Exercise price
September 22, 2019	173,600	\$ 0.08
February 28, 2020	1,011,628	0.09
	<b>1,185,228</b>	

#### 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 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary, 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 November 30, 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. This increase was approved by the Exchange.

The changes in stock options issued are as follows:

	Nine months ended November 30, 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	-	-
<b>Balance, end of period</b>	<b>4,625,000</b>	<b>0.11</b>	<b>2,850,000</b>	<b>0.11</b>
Balance, end of period exercisable	3,416,666	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	November 30, 2018		
	Number of options outstanding	Number of options exercisable	Exercise price
October 10, 2024	1,400,000	1,400,000	\$ 0.125
October 13, 2026	1,450,000	1,450,000	0.10
August 30, 2028	1,775,000	566,666	0.10
	<b>4,625,000</b>	<b>3,416,666</b>	

# SPHINX RESOURCES LTD.

## Notes to the Financial Statements

Three and nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

### 8. EXPLORATION AND EVALUATION EXPENDITURES

Mineral project 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 November 30, 2018				Three months ended November 30, 2017			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Sud	178	111,575	-	111,753	525	78,754	(23,653)	55,626
Grenville Zinc	-	582	-	582	-	-	-	-
Tessouat	433	-	-	433	31,500	4,309	(1,330)	34,479
Tessouat-Sud	-	-	-	-	-	3,693	(834)	2,859
Obwondiag	-	-	-	-	-	-	(68)	(68)
GPd	2,569	811	-	3,380	641	23,208	(574)	23,275
Cheechoo-Éléonore Trend	-	-	-	-	-	29,981	(12,754)	17,227
Chemin Troïlus	-	-	-	-	-	12,183	(4,799)	7,384
Somanike	-	-	-	-	4,086	62	106	4,254
Generation	-	-	-	-	560	500	(97)	963
<b>Total</b>	<b>3,180</b>	<b>112,968</b>	<b>-</b>	<b>116,148</b>	<b>37,312</b>	<b>152,690</b>	<b>(44,003)</b>	<b>145,999</b>

	Nine months ended November 30, 2018				Nine months ended November 30, 2017			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet Sud	266	144,767	-	145,033	128,602	101,271	(31,255)	198,618
Grenville Zinc	83	8,532	-	8,615	-	-	-	-
Tessouat	433	-	-	433	31,500	14,830	(4,882)	41,448
Tessouat-Sud	-	-	-	-	19,346	3,693	(834)	22,205
Obwondiag	-	-	-	-	6,418	219	(68)	6,569
GPd	4,239	3,762	-	8,001	922	248,250	(76,622)	172,550
Cheechoo-Éléonore Trend <sup>1)</sup>	41,524	6,526	-	48,050	-	190,641	(82,882)	107,759
Chemin Troïlus <sup>1)</sup>	4,388	4,862	-	9,250	1,632	297,318	(129,260)	169,690
Somanike <sup>1)</sup>	557	970	-	1,527	5,116	4,403	(1,359)	8,160
Generation	-	358	-	358	560	2,500	(772)	2,288
<b>Total</b>	<b>51,490</b>	<b>169,777</b>	<b>-</b>	<b>221,267</b>	<b>194,096</b>	<b>863,125</b>	<b>(327,934)</b>	<b>729,287</b>

# SPHINX RESOURCES LTD.

## Notes to the Financial Statements

Three and nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

### 8 MINERAL PROJECT (CONT'D)

#### 8.1 Grenville Zinc Project

On October 15, 2018, the Corporation signed a definitive 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 \$1,250,000 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.

#### 8.2 GPd project

The Corporation has satisfied the following exploration commitments as per the March 12, 2015 definitive agreement, as amended on January 19, 2018 and owns 100% of the GPd project.

	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	600,000
<b>Total</b>	<b>750,000</b>	<b>750,000</b>

#### 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 at the time of the transaction became the CEO and a director 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 and nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

**9. GENERAL AND ADMINISTRATION**

	Three months ended November 30,		Nine months ended November 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Directors fees	12,000	12,000	36,000	36,000
Filing and transfer agent fees	19,766	17,264	31,988	27,935
Management fees	10,237	18,268	35,700	51,540
Office and miscellaneous	8,015	14,463	23,745	28,645
Professional fees	10,606	32,249	23,982	49,864
Promotion	10,711	66,124	130,474	213,203
Salaries and benefit	34,952	34,174	105,716	107,731
Share-based payment	13,627	-	33,294	-
Travel	8,217	11,027	35,121	48,295
<b>General and administration</b>	<b>128,131</b>	<b>205,569</b>	<b>456,020</b>	<b>563,213</b>

**10. FINANCE COSTS**

	Three months ended November 30,		Nine months ended November 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Accretion sublease reserve	-	-	-	365
Accretion of convertible debentures	1,208	9,543	13,372	18,574
Issuance costs on convertible debentures	-	-	-	-
Accrued interest on convertible debentures	(8,975)	-	-	9,200
Common shares issued in lieu of interest payment on convertible debenture	14,696	-	14,696	-
<b>Finance costs</b>	<b>6,929</b>	<b>9,543</b>	<b>28,068</b>	<b>28,139</b>

**11. SUPPLEMENTAL CASH FLOW INFORMATION**

Change in non-cash working capital items:

	Nine months ended November 30,	
	2018	2017
	\$	\$
<b>Change in non-cash working capital items:</b>		
Accounts receivable	(23,894)	(73,961)
Sales tax receivables	(25,209)	(29,588)
Tax credits receivable	114,901	(358,801)
Prepaid expenses	19,548	(15,335)
Trade and other payables	283,658	39,163
Sublease reserve	-	(66,885)
	<b>369,004</b>	<b>(505,407)</b>

## **SPHINX RESOURCES LTD.**

### **Notes to the Financial Statements**

Three and nine months ended November 30, 2018 and 2017

(Unaudited, in Canadian Dollars)

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#### **12. SUBSEQUENT EVENTS**

##### **12.1 Private placements**

On December 11, 2018, the Corporation closed a private placement totalling \$405,000 by issuing 8,100,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.07 until December 11, 2021.

On December 11 and 27, 2018, the Corporation closed a private placement totalling \$761,980 by issuing 11,722,769 flow-through shares at a price of \$0.065 per flow-through.

Management and directors of the Corporation subscribed for an amount of \$45,000 of the private placement in units. In connection with the financing, the Corporation has agreed to pay finder's fees in the aggregate amount of \$53,339.

##### **12.2 Grant of stock options**

On January 16, 2019, the Corporation granted 750,000 stock options to a director who is also the CEO and president appointed on December 19, 2018. The stock options have an exercise price of \$0.10 with an expiry date of January 16, 2029, vesting 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary.