



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Three and nine months ended November 30, 2018

SPHINX RESOURCES LTD.

Management’s Discussion and Analysis – Quarterly Highlights

Three and nine months ended November 30, 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 and nine months ended November 30, 2018 (“Q3-19” and “YTD Q3-19”, respectively), 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 November 30, 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
YTD Q3-18	March 1, 2016 – 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
YTD Q3-19	March 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 Normand Champigny, M.A.Sc., Eng., and director of the Corporation, 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.

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2. OVERVIEW OF THE CORPORATION (CONT'D)

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).

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.

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.

2.3 Joint venture with Osisko Metals Inc.

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
- Pursuant to the joint venture agreement, all other mining claims already held by Osisko Metals and Sphinx in the province of Quebec are excluded from this agreement. The excluded claims comprise the claims held by Sphinx in the large “Ziac” (abbreviation for “zinc-Pontiac”) zinc district and those of the joint venture between Sphinx and SOQUEM on the Calumet-Sud project.

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) (valued at

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2. OVERVIEW OF THE CORPORATION (CONT'D)

\$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.

Normand Champigny, 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 Corporation's financial advisor for the transaction was Paradigm Capital Inc.

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.

2.5 Jeremie Ryan appointed as CEO, president and director

On December 19, 2018, Jeremie Ryan was appointed as CEO, President and a Director of Sphinx. Mr. Normand Champigny has resigned as CEO and President, but remains a Director.

Mr. Ryan is a resident of Mansfield-Pontefract, in the Pontiac and is a shareholder of Sphinx. In November 2018, he had been appointed VP Corporate Development of Sphinx. Throughout his career, he has worked in a variety of business roles. He will maintain a constructive relationship with the community of the Pontiac area, where the Corporation's current key assets are located.

On January 16, 2019, the Corporation granted 750,000 stock options to Mr. Ryan. 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.

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:

	Q3-19	Q3-18	YTD Q3-19	YTD Q3-18
	\$	\$	\$	\$
Calumet-Sud				
Project acquisition and maintenance	178	525	266	525
Share issuance	-	-	-	128,077
Drilling	10,570	3,104	18,786	6,454
Trenching	108,678	30,852	135,380	30,852
Geology	67,093	96,879	100,370	108,580
Geophysics	6,380	-	6,380	-
Geochemistry	30,429	23,441	30,429	56,938
Recharge to partner	(111,575)	(75,522)	(146,578)	(101,553)
Tax credits	-	(23,653)	-	(31,255)
	111,753	55,626	145,033	198,618

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3. EXPLORATION PROJECTS (CONT'D)

	Q3-19	Q3-18	YTD Q3-19	YTD Q3-18
	\$	\$	\$	\$
Tessouat				
Project acquisition and maintenance	433	26,000	433	26,000
Shares issued	-	5,500	-	5,500
Geology	-	4,309	-	4,981
Geochemistry	-	-	-	9,849
Tax credits	-	(1,330)	-	(4,882)
	433	34,479	433	41,448
Tessouat-Sud				
Project acquisition and maintenance	-	-	-	19,346
Geology	-	3,693	-	3,693
Tax credits	-	(834)	-	(834)
	-	2,859	-	22,205
Obwondiag				
Project acquisition and maintenance	-	-	-	6,418
Geology	-	-	-	219
Tax credits	-	(68)	-	(68)
	-	(68)	-	6,569
Grenville Zinc				
Project acquisition and maintenance	-	-	83	-
Geology	750	-	16,650	-
Geochemistry	415	-	415	-
Recharge to partner	(583)	-	(8,533)	-
	582	-	8,615	-
GPd				
Project acquisition and maintenance	2,569	641	4,239	922
Drilling	-	16,783	-	156,494
Geology	811	4,241	3,762	55,770
Geophysics	-	-	-	24,952
Geochemistry	-	2,184	-	11,034
Tax credits	-	(574)	-	(76,622)
	3,380	23,275	8,001	172,550
Cheechoo-Éléonore Trend				
Project acquisition and maintenance	-	-	41,524	-
Geology	-	30,319	6,396	202,097
Geochemistry	-	-	130	38,847
Recharge to partner	-	(338)	-	(50,303)
Tax credits	-	(12,754)	-	(82,882)
	-	17,227	48,050	107,759
Chemin Troilus				
Project acquisition and maintenance	-	-	4,388	1,632
Shares issued	-	-	-	-
Drilling	-	-	-	108,775
Geology	-	6,700	4,862	91,834
Geophysics	-	1,700	-	30,400
Line cutting	-	-	-	12,259
Geochemistry	-	3,783	-	54,050
Tax credits	-	(4,799)	-	(129,260)
	-	7,384	9,250	169,690

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3. EXPLORATION PROJECTS (CONT'D)

	Q3-19	Q3-18	YTD Q3-19	YTD Q3-18
	\$	\$	\$	\$
Somanike				
Project acquisition and maintenance	-	4,086	557	5,116
Drilling	-	-	-	-
Geology	-	62	970	4,403
Geophysics	-	-	-	-
Geochemistry	-	-	-	-
Tax credits	-	106	-	(1,359)
	-	4,254	1,527	8,160
Generation				
Project acquisition	-	560	-	560
Geology	-	500	358	2,500
Tax credits	-	(97)	-	(772)
	-	963	358	2,288
Total exploration and evaluation expenditures	116,148	145,999	221,267	729,287

Ziac District

The Ziac 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 100% owned 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.

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3. EXPLORATION PROJECTS (CONT'D)

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 respectively. A 2% NSR royalty was granted to Gardin.

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.

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)

Since the discovery of zinc mineralization at surface in 2014, the exploration work, including diamond drilling (24 holes totalling 1,525 m), revealed the presence of at least two zinc-bearing horizons (sphalerite). This mineralization is of the SEDEX-type (SEDimentary EXhalative, more than half of the world's zinc and lead production is from this type of deposit). The zinc mineralization 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 results of channel sampling from 13 new trenches completed last fall extend up to 1,500 m north of the Sonny zone. Grades greater than one percent, up to 21.2% Zn, were obtained. Beyond the drilled and channel sampled zones, the zinc mineralization can be traced on the basis of strongly anomalous zinc values in soils and limited drilling conducted by Sphinx and SOQUEM.

In January 2019, a new diamond drilling campaign started on the project. The campaign consists of 24 holes totaling approximately 2,400 metres. The objective of the drilling campaign is to test the depth extension of the best channel samples and to increase the understanding of the structural setting of zinc-rich zones from the Sonny deposit in the south towards the north along the identified axis. Drilling will be done by Forage RJLL Drilling Inc. of Rouyn-Noranda.

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 1, 2019 (\$14,830 completed as at August 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 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
Total	750,000	750,000

Gardin was granted a 2% NSR royalty.

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4. RESULTS OF OPERATIONS

In Q3-19, the Corporation reported income of \$214,014 (loss of \$352,524 in Q3-18). In Q3-19 YTD, the Corporation reported a loss of \$498,876 (\$1,308,922 in Q3-18 YTD). The main components and variations are detailed and explained below.

General and administration expenses details are as follows:

	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
General and administration	128,131	205,569	456,020	563,213

With respect to the promotion of the Corporation as a potentially good investment, the Corporation launched several initiatives to raise awareness of the Corporation including meetings with potential investors in North America.

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.

On August 30, 2018, a total of 1,775,000 stock options have been granted by the Corporation to its directors, officers, advisory committee member, one consultant and contractors. Of this number, 980,000 have been granted to its directors and officers, 300,000 to FronTier and 25,000 to its advisory committee member. These stock options have an exercise price of \$0.10 per share and are exercisable during a 10-year period. All stock options will vest 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary except for the stock options granted to FronTier, which vest 25% every quarter.

A \$350,227 net gain was recorded on the disposal of 3 gold projects to QPM (section note 2.4). A \$194,160 unfavorable change in fair value on the 1,200,000 listed shares received from QPM was recorded as of November 30, 2018.

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4. RESULTS OF OPERATIONS (CONT'D)

Finance costs details are as follows:

	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	-
Finance costs	6,929	9,543	28,068	28,139

The Corporation reached an agreement with the 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.

January 28, 2019

(s) Jeremie Ryan

Jeremie Ryan
Chief Executive Officer

(s) Ingrid Martin

Ingrid Martin
Chief Financial Officer