



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended May 31, 2019

The attached unaudited condensed interim financial statements have been prepared by Management of Sphinx Resources Ltd. and have not been reviewed by the auditors

SPHINX RESOURCES LTD.**Statements of Financial Position**

As at May 31, 2019 and February 28, 2019

(Unaudited, in Canadian Dollars)

	Notes	May 31, 2019	February 28, 2019
		\$	\$
ASSETS			
Current assets			
Cash	2	952,727	750,121
Accounts receivable		83,589	35,697
Sales tax receivables		139,084	90,372
Tax credits receivable	3	-	327,934
Listed shares		185,535	260,100
Advances for exploration		20,000	-
Prepaid expenses		9,662	20,568
TOTAL ASSETS		1,390,597	1,484,792
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		348,192	312,436
Flow-through share premium		223,504	219,147
Total liabilities		571,696	531,583
Equity			
Capital stock		61,507,812	61,398,730
Warrants		1,127,989	1,115,081
Contributed surplus		11,076,360	11,059,535
Deficit		(72,893,260)	(72,620,137)
Total equity		818,901	953,209
TOTAL LIABILITIES AND EQUITY		1,390,597	1,484,792
Going concern	1		
Subsequent events	10		

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

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

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

		Three months ended May 31,	
	Notes	2019	2018
		\$	\$
Revenues			
Project management fees		5,673	254
Expenses			
Exploration and evaluation expenditures	6	(160,934)	(20,566)
General and administrative	7	(122,557)	(288,827)
Operating loss		(277,818)	(309,139)
Other income (expenses)			
Interest income		4,045	534
Finance costs	8	-	(10,450)
Change in fair value – listed shares		(56,350)	-
Loss before income taxes		(330,123)	(319,055)
Flow-through share premium		57,000	1,200
Loss and comprehensive loss for the period		(273,123)	(317,855)
Weighted average number of common shares outstanding - basic and diluted		123,510,348	91,236,036
Basic and diluted loss per common share		(0.002)	(0.004)

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

SPHINX RESOURCES LTD.**Statements of Changes in Equity**

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

	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
Loss and comprehensive loss	-	-	-	-	-	(317,855)	(317,855)
Balance at May 31, 2018	91,236,036	60,095,152	38,542	1,900,048	10,115,840	(72,150,709)	(1,127)
Balance at February 28, 2019	122,904,261	61,398,730	-	1,115,081	11,059,535	(72,620,137)	953,209
Shares issued for:							
Private placements	1,430,000	58,201	-	13,299	-	-	71,500
Private placements – flow-through	1,850,000	120,250	-	-	-	-	120,250
Flow-through premium	-	(64,750)	-	-	-	-	(64,750)
Issuance costs	-	(4,619)	-	(391)	-	-	(5,010)
Share-based payment	-	-	-	-	16,825	-	16,825
Loss and comprehensive loss	-	-	-	-	-	(273,123)	(273,123)
Balance at May 31, 2019	126,184,261	61,507,812	-	1,127,989	11,076,360	(72,893,260)	818,901

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

SPHINX RESOURCES LTD.**Statements of Cash Flows**

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

		Three months ended May 31,	
	Notes	2019	2018
		\$	\$
Operating activities			
Loss for the period		(273,123)	(317,855)
Adjustments for:			
Share-based payments		16,825	-
Finance income		(5,673)	(534)
Finance costs		-	10,450
Change in fair value – listed shares		56,350	-
Flow-through shares premium		(57,000)	(1,200)
Changes in non-cash working capital items	9	257,992	274,529
Cash flow used in operating activities		(4,629)	(34,610)
Financing activities			
Common shares issued		71,500	-
Common shares issued – flow-through		120,250	-
Issue costs		(8,403)	-
Cash flow from financing activities		183,347	-
Investing activities			
Finance income received		5,673	534
Proceeds from disposal of listed shares		18,215	-
Cash flow from investing activities		23,888	534
Change in cash during the period		202,606	(34,076)
Cash, beginning of period		750,121	72,271
Cash, end of period		952,727	38,195

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

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

Sphinx Resources Ltd. (the "Corporation") was incorporated on June 28, 2005 and is governed by the *Canada Business Corporations Act*. The Corporation's shares are listed on the TSX Venture Exchange ("Exchange") under the trading symbol "SFX". The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. The Corporation's head office is situated at 1000, De La Gauchetiere West, Suite 2100, Montreal, Québec, H3B 4W5.

The measurement of certain assets and liabilities is dependent on future events, therefore the preparation of these unaudited condensed interim financial statements ("Financial Statements") requires the use of estimates, which may vary from actual results. The success of the Corporation's exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Corporation to discover economically recoverable reserves.

1.1 Basis of presentation

These Financial Statements have been prepared in accordance International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended February 28, 2019, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year.

The Financial Statements of the Corporation for the three months ended May 31, 2019 were reviewed, approved and authorized for issue by the Board of Directors on July 22, 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 \$273,123 for the three months ended May 31, 2019 (\$317,855 for the three months ended May 31, 2018), and has an accumulated deficit of \$72,893,260 as at May 31, 2019 (\$72,620,137 as at February 28, 2019). In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at May 31, 2019, the Corporation had a working capital of \$818,901 (working capital of \$953,209 as at February 28, 2019). 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

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

2. CASH

As of May 31, 2019, the balance on flow-through financing not spent according to the restrictions imposed by the December 2018 and May 2019 financings represented \$566,873 (\$603,709 as at February 28, 2019) and was included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration activities and that work has to be completed by December 31, 2019 and December 2020 respectively.

3. TAX CREDITS RECEIVABLE

	May 31, 2019	February 28, 2019
Refundable tax credit for resources	\$ -	\$ 284,364
Québec refundable credits on mining duties for losses	-	43,570
Tax credits receivable	-	327,934

4. COMMON SHARES AND WARRANTS

4.1 Private placements

On May 14, 2019, the Corporation closed a private placement totalling \$71,500 by issuing 1,430,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share and one half common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.07 until May 14, 2022. The value allocated to the warrants of \$13,299 (\$0.0186 per warrant) was determined using the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 1.55%, an expected stock price volatility of 90.7% and an expected life of three years.

Also on May 14, 2019, the Corporation closed a private placement totalling \$120,250 by issuing 1,850,000 flow-through shares at a price of \$0.065 per share. On May 14, 2019, the Corporation's share closed at \$0.03 on the Exchange, therefore the residual value attributed to the flow-through share premium is \$0.035, for a total value of \$64,750.

The Corporation incurred cash issuance costs of \$8,403 of which \$4,619 was allocated to capital stock, \$391 to warrants and \$3,393 to the flow-through premium. Total issuance costs include finder's fees of \$53,339.

4.2 Warrants

The changes in warrants issued are as follows:

	Three months ended May 31, 2019		Year ended February 28, 2019	
	Number of warrants	Weighted average exercise prices	Number of warrants	Weighted average exercise prices
Balance, beginning of period	45,947,088	\$ 0.106	43,489,311	\$ 0.25
Issued	715,000	0.070	4,050,000	0.07
Expired	-	-	(1,592,223)	3.89
Balance, end of period	46,662,088	0.106	45,947,088	0.106

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

4. COMMON SHARES AND WARRANTS (CONT'D)

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

Expiry date	May 31, 2019	
	Number of warrants	Exercise price
		\$
September 5, 2019	8,389,615	0.175
September 12, 2019	1,925,000	0.175
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
December 11, 2021	4,050,000	0.07
May 14, 2022	715,000	0.07
	46,662,088	

4.3 Agent's compensation warrants

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

	Three months ended May 31, 2019		Year ended February 28, 2019	
	Number of agent's compensation warrants	Weighted average exercise prices	Number of agent's compensation warrants	Weighted average exercise prices
		\$		\$
Balance, beginning and end of period	1,185,228	0.09	1,185,228	0.09

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

Expiry Date	May 31, 2019	
	Number	Exercise price
		\$
September 22, 2019	173,600	0.08
February 28, 2020	1,011,628	0.09
	1,185,228	

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

5. SHARE-BASED PAYMENTS

On May 17, 2019, the Corporation granted 175,000 stock options a director at an exercise price of \$0.10 with an expiry date of October 13, 2026, vesting 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary. At the time of the grant, the exercise price was above the market price on the Exchange. Total stock-based compensation costs amounts to \$4,725 for an estimated fair value of \$0.027 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.60% risk-free interest rate and 6 years options expected life.

The changes in stock options issued are as follows:

	Three months ended May 31, 2018		Year ended February 28, 2019	
	Number of agent's compensation warrants	Weighted average exercise prices	Number of agent's compensation warrants	Weighted average exercise prices
		\$		\$
Balance, beginning of period	5,375,000	0.107	2,850,000	0.11
Granted	175,000	0.10	2,525,000	0.10
Cancelled	(300,000)	0.10	-	-
Balance, end of period	5,250,000	0.107	5,375,000	0.107
Balance, end of year exercisable	3,650,000	0.11	3,741,666	0.109

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

	May 31, 2019		
Expiry Date	Number outstanding	Number 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	1,475,000	491,667	0.10
January 16, 2029	750,000	250,000	0.10
May 17, 2029	175,000	58,333	0.10
	5,250,000	3,650,000	

SPHINX RESOURCES LTD.

Notes to the Financial Statements

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(Unaudited, in Canadian Dollars)

6. EXPLORATION AND EVALUATION EXPENDITURES

Mineral properties that have not reached technical feasibility, exploration and evaluation expenditures are charged to operations as they are incurred. The Corporation's exploration and evaluation expenditures incurred are as follows:

	Three months ended May 31, 2019				Three months ended May 31, 2018			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Sud	-	104,624	585	105,209	-	2,784	-	2,784
Calumet-Nord	-	805	-	805	-	-	-	-
Tessouat	-	2,863	-	2,863	-	-	-	-
Tessouat-Sud	-	36,470	-	36,470	-	-	-	-
Obwondiag	-	6,436	-	6,436	-	-	-	-
GPd	309	5,257	-	5,566	-	2,524	-	2,524
Grenville Zinc	-	431	-	431	166	975	-	1,141
Soufflot	928	-	-	928	-	-	-	-
Patrie	2,026	-	-	2,026	-	-	-	-
Cheechoo-Éléonore								
Trend	-	-	-	-	-	5,844	-	5,844
Chemin Troilus	-	-	-	-	2,487	4,386	-	6,873
Somanike	-	-	-	-	172	870	-	1,042
Generation	-	200	-	200	-	358	-	358
Total	3,263	157,086	585	160,934	2,825	17,741	-	20,566

7. GENERAL AND ADMINISTRATION

	Three months ended May 31,	
	2019	2018
	\$	\$
Directors fees	14,500	12,000
Filing and transfer agent fees	3,191	2,497
Management fees	19,163	11,325
Office and miscellaneous	10,681	9,067
Professional fees	16,539	27,402
Promotion	10,395	172,591
Salaries and benefit	27,714	36,880
Share-based payments	16,825	-
Travel	3,549	17,065
General and administration	122,557	288,827

8. FINANCE COSTS

	Three months ended May 31,	
	2019	2018
	\$	\$
Accretion of convertible debentures	-	10,450
Finance costs	-	10,450

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Three months ended May 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

9. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

	Three months ended May 31,	
	2019	2018
	\$	\$
Accounts receivable	(47,892)	57,303
Sales tax receivables	(48,712)	(23,226)
Tax credits receivable	327,934	114,901
Advances for exploration	(20,000)	-
Prepaid expenses	10,906	10,534
Trade and other payables	35,756	115,017
	257,992	274,529

10. SUBSEQUENT EVENTS

10.1 Share for debt

On May 15, 2019, the Corporation reached an agreement with a service provider to issue, subject to prior approval of the Exchange, an aggregate of 1,149,740 common shares at a price per common share of \$0.05 in settlement of an aggregate of \$57,487 of outstanding payable. The shares will be issued once the shares of the Corporation trade at a price of at least \$0.05 on the Exchange for 5 days.

10.2 Calumet-Nord

On June 14, 2019, the Corporation signed an option agreement for the Calumet-Nord Project with Ressources Tranchemontagne ltée ("Tranchemontagne"), and provides that the option may be exercised by the Corporation in exchange for the payment of an aggregate amount of \$200,000 payable in two installments, \$100,000 upon signing of the option agreement (completed in June 2019) and \$100,000 as of June 20, 2020, and the granting of a 1% net smelter return royalty interest, which can be bought back by the Corporation at any time in exchange of a payment of \$1,000,000 in cash. Tranchemontagne is a wholly-owned subsidiary of Gardin Inc., a corporation controlled by Michel Gauthier, a director of the Corporation.

10.3 Soufflot

On June 14, 2019, the Corporation entered into an agreement with Tranchemontagne to acquire a 100% undivided interest in the Soufflot and Patrie projects held by Tranchemontagne. Under the terms of this agreement, the Corporation acquired the projects for a consideration that consists of a cash payment of \$1. The Soufflot project is located 5 km northwest of the municipality of Belleterre.

10.4 Patrie

The Patrie project is located 6 km southeast of the municipality of Saint-Édouard-de-Fabre (also see note 10.3).