



## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Six months ended August 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 August 31, 2019 and February 28, 2019

(Unaudited, in Canadian Dollars)

	Notes	August 31, 2019	February 28, 2019
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		641,757	750,121
Accounts receivable		6,024	35,697
Sales tax receivables		35,245	90,372
Tax credits receivable	3	-	327,934
Listed shares		133,485	260,100
Advances for exploration		20,000	-
Prepaid expenses		23,152	20,568
<b>TOTAL ASSETS</b>		<b>859,663</b>	<b>1,484,792</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		150,570	312,436
Flow-through share premium		172,804	219,147
<b>Total liabilities</b>		<b>323,374</b>	<b>531,583</b>
<b>Equity</b>			
Capital stock	4	61,507,812	61,398,730
Warrants		1,127,989	1,115,081
Contributed surplus		11,089,882	11,059,535
Deficit		(73,189,394)	(72,620,137)
<b>Total equity</b>		<b>536,289</b>	<b>953,209</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>859,663</b>	<b>1,484,792</b>
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 and six months ended August 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

	Notes	Three months ended August 31,		Six months ended August 31,	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Revenues</b>					
Project management fees		981	1,501	6,654	1,755
<b>Expenses</b>					
Exploration and evaluation expenditures	6	(245,710)	(84,553)	(406,644)	(105,119)
General and administrative	7	(131,990)	(39,062)	(254,547)	(327,889)
Net gain on disposal of mineral properties		-	350,277	-	350,277
Operating income (loss)		(376,719)	228,163	(654,537)	(80,976)
<b>Other income (expenses)</b>					
Interest income		2,450	22	6,495	556
Finance costs	8	-	(10,689)	-	(21,139)
Change in fair value – listed shares		27,435	(194,160)	(28,915)	(194,160)
Income (loss) before income taxes		(346,834)	23,336	(676,957)	(259,719)
Flow-through share premium		50,700	9,657	107,700	10,857
<b>Income (loss) and comprehensive income (loss) for the period</b>		(296,134)	32,993	(569,257)	(284,862)
Weighted average number of common shares outstanding - basic and diluted		126,184,261	97,358,051	124,847,305	94,297,043
Basic and diluted loss per common share		(0.002)	-	(0.005)	(0.003)

*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, 2019 and 2018

(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		5,000,000	250,000	-	-	-	-	250,000
Private placements – flow through		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		-	-	-	30,383	-	(30,383)	-
Share-based payment		-	-	-	-	19,667	-	19,667
Loss and comprehensive loss		-	-	-	-	-	(284,862)	(284,862)
<b>Balance at August 31, 2018</b>		<b>99,787,574</b>	<b>60,475,966</b>	<b>38,542</b>	<b>1,052,252</b>	<b>11,013,686</b>	<b>(72,148,099)</b>	<b>432,347</b>
<b>Balance at February 28, 2019</b>		<b>122,904,261</b>	<b>61,398,730</b>	<b>-</b>	<b>1,115,081</b>	<b>11,059,535</b>	<b>(72,620,137)</b>	<b>953,209</b>
Shares issued for:								
Private placements	4	1,430,000	58,201	-	13,299	-	-	71,500
Private placements – flow-through	4	1,850,000	120,250	-	-	-	-	120,250
Flow-through premium	4	-	(64,750)	-	-	-	-	(64,750)
Issuance costs		-	(4,619)	-	(391)	-	-	(5,010)
Share-based payment		-	-	-	-	30,347	-	30,347
Loss and comprehensive loss		-	-	-	-	-	(569,257)	(569,257)
<b>Balance at August 31, 2019</b>		<b>126,184,261</b>	<b>61,507,812</b>	<b>-</b>	<b>1,127,989</b>	<b>11,089,882</b>	<b>(73,189,394)</b>	<b>536,289</b>

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, 2019 and 2018

(Unaudited, in Canadian Dollars)

	Notes	Six months ended August 31,	
		2019	2018
		\$	\$
<b>Operating activities</b>			
Loss for the period		(569,257)	(284,862)
Adjustments for:			
Share-based payments		30,347	19,667
Finance income		(6,654)	(556)
Finance costs		-	21,139
Listed shares received on disposal of mineral properties		-	(524,160)
Change in fair value – listed shares		28,915	194,160
Flow-through shares premium		(107,700)	(10,857)
Changes in non-cash working capital items	9	228,284	155,756
<b>Cash flow used in operating activities</b>		<b>(396,065)</b>	<b>(429,713)</b>
<b>Financing activities</b>			
Common shares issued		71,500	250,000
Common shares issued – flow-through		120,250	230,850
Finance costs paid			(35,617)
Issue costs		(8,403)	
<b>Cash flow from financing activities</b>		<b>183,347</b>	<b>445,233</b>
<b>Investing activities</b>			
Finance income received		6,654	556
Proceeds from disposal of listed shares		97,700	
<b>Cash flow from investing activities</b>		<b>104,354</b>	<b>556</b>
Change in cash during the period		(108,364)	16,076
Cash, beginning of period		750,121	72,271
<b>Cash, end of period</b>		<b>641,757</b>	<b>88,347</b>

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, 2019 and 2018

(Unaudited, in Canadian Dollars)

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### 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 six months ended August 31, 2019 were reviewed, approved and authorized for issue by the Board of Directors on October 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 \$569,257 for the six months ended August 31, 2019 (\$284,862 for the six months ended August 31, 2018), and has an accumulated deficit of \$73,189,394 as at August 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 August 31, 2019, the Corporation had a working capital of \$536,289 (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

Six months ended August 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

### 2. CASH

As of August 31, 2019, the balance on flow-through financing not spent according to the restrictions imposed by the December 2018 and May 2019 financings represented \$427,249 (\$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

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

### 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:

	Six months ended August 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
<b>Balance, end of period</b>	<b>46,662,088</b>	<b>0.106</b>	<b>45,947,088</b>	<b>0.106</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 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	August 31, 2019	
	Number of warrants	Exercise price
		\$
September 5, 2019 (not exercised before the expiry date)	8,389,615	0.175
September 12, 2019 (not exercised before the expiry date)	1,925,000	0.175
September 22, 2019 (not exercised before the expiry date)	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
	<b>46,662,088</b>	

#### 4.3 Agent's compensation warrants

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

	Six months ended		Year ended	
	August 31, 2019		February 28, 2019	
	Number of agent's compensation warrants	Weighted average exercise prices	Number of agent's compensation warrants	Weighted average exercise prices
		\$		\$
<b>Balance, beginning and end of period</b>	<b>1,185,228</b>	<b>0.09</b>	<b>1,185,228</b>	<b>0.09</b>

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

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



## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 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 May 17, 2029, 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.

On August 29, 2019, the Corporation granted 350,000 stock options directors at an exercise price of \$0.10 with an expiry date of August 29, 2029, 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 \$8,050 for an estimated fair value of \$0.023 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.16% risk-free interest rate and 6 years options expected life.

The changes in stock options issued are as follows:

	Six months ended August 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 of period	5,375,000	0.107	2,850,000	0.11
Granted	525,000	0.10	2,525,000	0.10
Cancelled	(650,000)	0.106	-	-
<b>Balance, end of period</b>	<b>5,250,000</b>	<b>0.107</b>	<b>5,375,000</b>	<b>0.107</b>
Balance, end of year exercisable	3,941,666	0.105	3,741,666	0.109

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

Expiry Date	August 31, 2019		
	Number outstanding	Number exercisable	Exercise price \$
October 10, 2024	1,250,000	1,250,000	0.125
October 13, 2026	1,350,000	1,350,000	0.10
August 30, 2028	1,375,000	916,667	0.10
January 16, 2029	750,000	250,000	0.10
May 17, 2029	175,000	58,333	0.10
August 29, 2029	350,000	116,666	0.10
	<b>5,250,000</b>	<b>3,941,666</b>	

# SPHINX RESOURCES LTD.

## Notes to the Financial Statements

Six months ended August 31, 2019 and 2018

(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 August 31, 2019				Three months ended August 31, 2018			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Nord	100,000	61,144	-	161,144	-	-	-	-
Calumet-Sud	-	19,551	-	19,551	88	30,408	-	30,496
Grenville Zinc	-	3,499	-	3,499	(83)	6,975	-	6,892
Tessouat	-	60	-	60	-	-	-	-
Tessouat-Sud	2,973	13,858	-	16,831	-	-	-	-
Obwondiag	1,647	24,406	-	26,053	-	-	-	-
GPd	-	9,039	-	9,039	1,670	427	-	2,097
Soufflot	1,049	7,305	-	8,354	-	-	-	-
Patrie	554	625	-	1,179	-	-	-	-
Cheechoo-Éléonore Trend	-	-	-	-	41,524	682	-	42,206
Chemin Troïlus	-	-	-	-	1,901	476	-	2,377
Somanike	-	-	-	-	385	100	-	485
Generation	-	-	-	-	-	-	-	-
<b>Total</b>	<b>106,223</b>	<b>139,487</b>	<b>-</b>	<b>245,710</b>	<b>45,485</b>	<b>39,068</b>	<b>-</b>	<b>84,553</b>

	Six months ended August 31, 2019				Six months ended August 31, 2018			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Nord	100,000	61,949	-	161,949	-	-	-	-
Calumet-Sud	-	124,175	585	124,760	88	33,192	-	33,280
Grenville Zinc	-	3,930	-	3,930	83	7,950	-	8,033
Tessouat	-	2,923	-	2,923	-	-	-	-
Tessouat-Sud	2,973	50,328	-	53,301	-	-	-	-
Obwondiag	1,647	30,842	-	32,489	-	-	-	-
GPd	309	14,296	-	14,605	1,670	2,951	-	4,621
Soufflot	1,977	7,305	-	9,282	-	-	-	-
Patrie	2,580	625	-	3,205	-	-	-	-
Cheechoo-Éléonore Trend	-	-	-	-	41,524	6,526	-	48,050
Chemin Troïlus	-	-	-	-	4,388	4,862	-	9,250
Somanike	-	-	-	-	557	970	-	1,527
Generation	-	200	-	200	-	358	-	358
<b>Total</b>	<b>109,486</b>	<b>296,573</b>	<b>585</b>	<b>406,644</b>	<b>48,310</b>	<b>56,809</b>	<b>-</b>	<b>105,119</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

#### 6. EXPLORATION AND EVALUATION EXPENDITURES (CONT'D)

##### 6.1 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.

##### 6.2 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.

##### 6.3 Patrie

The Patrie project is located 6 km southeast of the municipality of Saint-Édouard-de-Fabre (also see note 6.2).

#### 7. GENERAL AND ADMINISTRATION

	Three months ended August 31,		Six months ended August 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Directors fees	15,000	12,000	29,500	24,000
Filing and transfer agent fees	8,137	9,725	11,328	12,222
Management fees	26,250	14,138	45,413	25,463
Office and miscellaneous	10,411	6,663	21,092	15,730
Professional fees	23,493	(14,026)	40,032	13,376
Promotion	4,528	(52,828)	14,923	119,763
Salaries and benefit	28,935	33,884	56,649	70,764
Share-based payments	13,522	19,667	30,347	19,667
Travel	1,714	9,839	5,263	26,904
<b>General and administration</b>	<b>131,990</b>	<b>39,062</b>	<b>254,547</b>	<b>327,889</b>

#### 8. FINANCE COSTS

	Three months ended August 31,		Six months ended August 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Accretion of convertible debentures	-	1,714	-	12,164
Accrued interest on convertible debentures	-	8,975	-	8,975
<b>Finance costs</b>	<b>-</b>	<b>10,689</b>	<b>-</b>	<b>21,139</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Six months ended August 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

#### 9. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

	Six months ended August 31,	
	2019	2018
	\$	\$
Accounts receivable	29,673	34,058
Sales tax receivables	55,127	(7,259)
Tax credits receivable	327,934	114,901
Advances for exploration	(20,000)	-
Prepaid expenses	(2,584)	(1,177)
Trade and other payables	(161,866)	15,233
	<b>228,284</b>	<b>155,756</b>

#### 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 Grenville Zinc

On September 5, 2019, the Corporation sent a notice to Osisko Metals Inc. to terminate the October 15, 2018 exploration and development joint venture agreement.