



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Six months ended August 31, 2019

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2019

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 six months ended August 31, 2019 ("Q2-20"), 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 August 31, 2019 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, 2019. 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 2018	March 1, 2017 – February 29, 2018
Q1-19	March 1, 2018 – May 31, 2018
Q2-19	June 1, 2018– August 31, 2018
YTD Q2-19	March 1, 2017 - August 31, 2018
Q3-19	September 1, 2018 – November 30, 2018
Q4-19	December 1, 2018 - February 28, 2019
Fiscal 2019	March 1, 2018 – February 28, 2019
Q1-20	March 1, 2019 – May 31, 2019
Q2-20	June 1, 2019 – August 31, 2019
YTD Q2-20	March 1, 2018 – August 31, 2019
Q3-20	September 1, 2019 – November 30, 2019
Q4-20	December 1, 2019 – February 29, 2020
Fiscal 2020	March 1, 2019 – February 29, 2020

The technical information contained in this MD&A Highlights has been reviewed and verified by Sphinx's Director, Michel Gauthier, Ph.D., FSEG, P.Geo. 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's 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 AND HIGHLIGHTS

2.1 Strategy

Sphinx is a mineral exploration company that focuses its activities in southwestern Quebec in search of deposits of base metals (zinc, copper, lead) and precious metals (palladium, platinum, gold and silver). Sphinx is particularly active in the MRC Pontiac where its President and Chief Executive Officer resides. It has a strong local shareholding that contributes towards social acceptability.

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2. OVERVIEW AND HIGHLIGHTS (CONT'D)

2.2 Financing

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. Also, 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.

2.2 Board of directors update

At its Annual General Meeting held on August 29, 2019 on Grand Calumet Island, in the Pontiac MRC the following directors were elected: François Biron, Lawrence Cannon, Michel Gauthier, Jean Laforest, Michel Lemieux and Jeremie Ryan.

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:

	Q2-20	Q2-19	YTD Q2-20	YTD Q2-19
	\$	\$	\$	\$
Calumet-Nord				
Project acquisition and maintenance	100,000	-	100,000	-
Geology	55,731	-	55,731	-
Geophysics	3,150	-	3,150	-
Geochemistry	2,263	-	3,068	-
	161,144	-	161,949	-
Calumet-Sud				
Project acquisition and maintenance	-	88	-	88
Drilling	7,448	5,863	65,069	8,216
Trenching	-	26,702	64,874	26,702
Geology	31,014	27,767	59,476	33,277
Geochemistry	641	-	58,932	-
Recharge to partner	(19,552)	(29,924)	(124,176)	(35,003)
Tax credits	-	-	585	-
	19,551	30,496	124,760	33,280
Tessouat				
Geology	60	-	2,923	-
Tessouat-Sud				
Project acquisition and maintenance	2,973	-	2,973	-
Geology	13,699	-	50,031	-
Geochemistry	159	-	297	-
	16,831	-	53,301	-

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3. EXPLORATION PROJECTS (CONT'D)

	Q2-20	Q2-19	YTD Q2-20	YTD Q2-19
	\$	\$	\$	\$
Obwondiag				
Project acquisition and maintenance	1,647	-	1,647	-
Geology	24,406	-	30,842	-
	26,053	-	32,489	-
Green Palladium				
Project acquisition and maintenance	-	1,670	309	1,670
Geology	2,162	427	7,419	2,951
Geochemistry	6,877	-	6,877	-
	9,039	2,097	14,605	4,621
Grenville Zinc				
Project acquisition and maintenance	-	(83)	-	83
Geology	-	14,925	862	15,900
Geochemistry	3,499	-	3,499	-
Recharge to partner	-	(7,950)	(431)	(7,950)
	3,499	6,892	3,930	8,033
Soufflot				
Project acquisition and maintenance	1,049	-	1,977	-
Geology	7,305	-	7,305	-
	8,354	-	9,282	-
Patrie				
Project acquisition and maintenance	554	-	2,580	-
Geology	625	-	625	-
	1,179	-	3,205	-
Cheechoo-Éléonore Trend				
Project acquisition and maintenance	-	41,524	-	41,524
Geology	-	682	-	6,396
Geochemistry	-	-	-	130
	-	42,206	-	48,050
Chemin Troilus				
Project acquisition and maintenance	-	1,901	-	4,388
Geology	-	476	-	4,862
	-	2,377	-	9,250
Somanike Globex				
Project acquisition and maintenance	-	385	-	557
Geology	-	100	-	970
	-	485	-	1,527
Generation				
Geology	-	-	200	358
Total				
Project acquisition and maintenance	106,223	45,485	109,486	48,310
Drilling	7,448	5,863	65,069	8,216
Trenching	-	26,702	64,874	26,702
Geology	135,002	44,377	215,414	64,714
Geophysics	3,150	-	3,150	-
Geochemistry	13,439	-	72,673	130
Recharge to partner	(19,552)	(37,874)	(124,607)	(42,953)
Tax credits	-	-	585	-
Total exploration and evaluation expenditures	245,710	84,553	406,644	105,119

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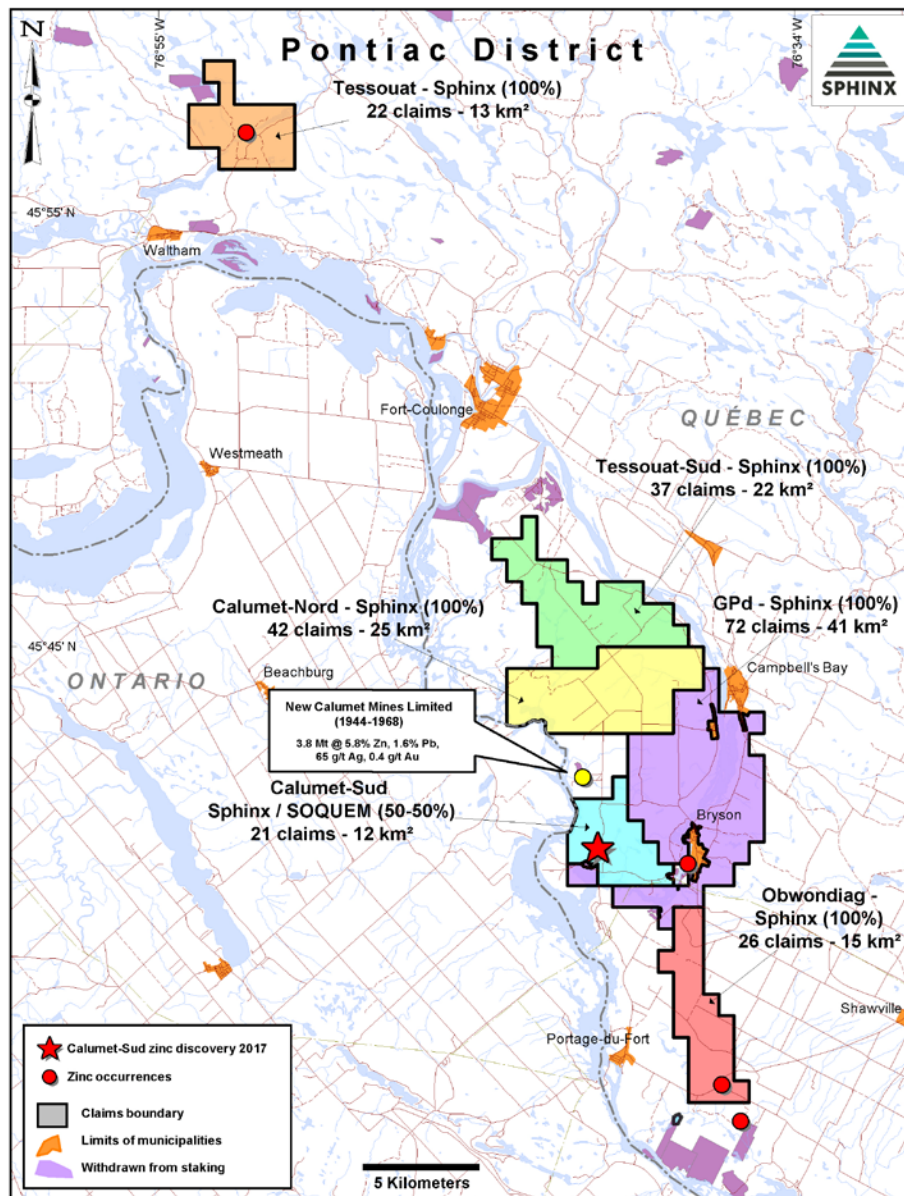
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3. EXPLORATION PROJECTS (CONT’D)

Pontiac District

The Pontiac district is an emerging play, located in a 40-km long northwest trending corridor located in the Pontiac regional county municipality (the “Pontiac MRC”) in southwestern Québec. The Pontiac district 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 Pontiac district is also defined by zinc-bearing dolomitic marbles typical of the Balmat-Edwards-Pierrepont zinc district, located in the state of New York, United States. The Pontiac district includes the following projects: Calumet-Nord, Calumet-Sud, Tessouat, Tessouat-Sud, Obwondiag and GPd as disclosed in the following map.



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3. EXPLORATION PROJECTS (CONT'D)

3.1 Calumet-Nord

a) Project description

On June 14, 2019, the Corporation signed an option agreement for the Calumet-Nord project with a strong potential for gold, silver and copper in the Proterozoic volcanic belt of l'Île-du-Grand-Calumet (MRC Pontiac, Quebec). The project is part of the larger Ziac district.

The Calumet-Nord project consists of 42 claims (24.5 km²) and is immediately adjacent to the north and east of the former New Calumet mine which produced from 1944 to 1968, 3.8 million tonnes of ore at a grade of 5.8% Zn, 1.6% Pb, 65 g/t Ag and 0.4 g/t Au. Following the end in the United States in 1971 of the redemption of gold at a rate of US\$35 per ounce, the gold intersections of this former mine generated a great deal of interest. It is in this stride that Lacana Mining Corp. intersected 17 m grading 5.4 g/t Au in the underlying Migmatite zone of 15 m at the mined orebody.

The option agreement for the project has been signed with its owner, Ressources Tranchemontagne ltée ("Tranchemontagne") (a wholly-owned subsidiary of Gardin), and provides that the option may be exercised by Sphinx 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.

Several gold, silver, copper, lead and zinc showings are already known in the volcanic rocks of the project. They confirm the strong potential. A grab sample of the Cordierite showing, located 4 km northeast of the former New Calumet Mine, yielded 1 g/t Au, 65 g/t Ag, 0.38% Pb, 0.19% Zn and 0.09% Cu. In addition, a grab sample taken from square excavation, 5 m x 5 m in size, at the beginning of the 20th century found under a more than 100-year-old pine yielded 0.75 g/t Au, 54 g/t Ag, 5.22% Zn and 4.5% Pb. The alteration associated with this mineralization is identical to that of the New Calumet mine ore. In 2018, Tranchemontagne discovered this excavation. Analysis of a grab sample from a metric size block extracted revealed grades of 1.27 g/t Au and 3.84% Cu. The grab samples and the referenced photographs are of selected intervals and samples and are not necessarily representative of the mineralization hosted on the Project.

The host rock is a dalmatianite with sillimanite, potassic feldspar and muscovite. This altered volcanogenic rock is in all respects similar to the SHMU ('sillimanite-muscovite schist') proximal to the large Cannington silver orebody operated by South32 Limited in Australia (35 million tonnes of mineral resources grading 498 g/t Ag, 11.1% Pb and 4.1% Zn as reported by BHP Billiton in 2004).

In 2016, SOQUEM carried out an electromagnetic and magnetic airborne survey on the project. This survey, the first to be carried out on the project, revealed numerous anomalies, among others in the vicinity of the Cordierite, Lasalle and Shea deposits. These targets have never been explored. With the exception of the neighbourhoods of an old nickel mine, only six (6) historical holes have been drilled on the project.

b) Exploration work on the project

The Corporation will identify and test drill targets on the project later this years after the completion of surface exploration work including soil samplings and Beet Mat electromagnetic survey instrument surveys. So far, 5,470 soil samplings were done and we expect to reach approximately 6 800 soil samples.

Follow-ups with VLF and Beet Mat were done on the conductors previously identified by an airborne electromagnetic survey.

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3. EXPLORATION PROJECTS (CONT'D)

On October 16, 2019, the Corporation reported the results of 56 grab samples collected in late September on the latest stripped exposure of the Shea zone of the Calumet-Nord project. Sampling conducted on this new stripped outcrop yielded grades reaching 3.8 g/t gold and 11.8% copper respectively. The delineated copper-gold zone is 8 to 10 metres wide by 95 metres long and remains open at both ends of the stripped outcrop. This early epigenetic volcanogenic mineralization is subvertical. It is disseminated in a sillimanite-muscovite-potassic feldspar-garnet-biotite schist, similar to the host rocks proximal to the Cannington deposit, an enormous volcanogenic silver deposit mined by South32 Limited in Australia. The copper-gold zone traced on the Calumet-Nord property is located 2.8 kilometres north of the former New Calumet mine. Significant gold zones were left behind in the mine, as the mine was shut down before the price of gold ceased to be fixed at US\$35/oz starting in 1972.

The gold geochemical analysis were performed by pyroanalysis on 30g weighted sample and an atomic absorption finish. The base metal geochemical analysis were performed by atomic absorption after total dissolution in 3 acids, on 0.5g weighted sample. The samples were analysed by Lab Expert Inc. laboratory from Rouyn-Noranda. Note that grab samples are selective by nature and reported values are not representative of all the mineralized zones.

Geological mapping was completed on the Shea zone with the appreciable contribution of two geology teacher and a group of 20 students.

3.2 Calumet-Sud zinc project

a) Project description

The project consists of 21 claims (12.14 km²) located in the Pontiac MRC in southwestern Quebec. SOQUEM, has acquired an undivided 50% interest in the project on September 22, 2017 and a joint venture has been created between Sphinx and SOQUEM. On September 25, 2019, Sphinx transferred the management of the project to SOQUEM. 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.

The 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

In January 2019, a new diamond drilling campaign was completed on the project. The campaign consisted of 29 holes totaling 3,483 metres. The objective of the drilling campaign was 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. The results of the campaign were presented in the Fiscal 2019 year-end MDA.

The management committee, composed of members from SOQUEM and from the Corporation, held a meeting in June 2019 to review the 2019 results and conducted a field visit to plan and approve the next exploration program.

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3. EXPLORATION PROJECTS (CONT'D)

Further prospecting, litho geochemistry sampling, geological mapping and interpretation of the drill core information is planned to enhance the geological understanding of the project which will allow to identify new drill targets.

The Corporation awaits for approval from the CPTAQ to continue with the next phase of drilling the project.

3.3 Tessouat-Sud and Obwondiaq

a) Project description

In the summer 2017, the Corporation staked the Tessouat-Sud and Obwondiaq projects, located in the Pontiac MRC in southwestern Quebec. After the biannual renewal process, as of the date of this report, 34 claims for Tessouat-Sud (21 km²) and 24 claims (14.4 km²) for Obwondiaq were renewed.

b) Exploration work on the project

In May 2019, the Corporation started a 2-month geochemical survey. The exploration program consisted on collecting B horizon soil samples along a 200 m spacing. The area of interest covers a 15.4 km² on the Tessouat-Sud project and 12.9 km² on the Obwondiaq project representing a total of 780 planned samples. The soil samples were collected, dried for three (3) days in a ventilated space to be subsequently sifted and prepared for analysis performed with a portable device with X-ray fluorescence (Niton XL3t GOLDD+). The program was completed and the results are pending.

3.4 GPd project

a) Project description

The Corporation owns 100% of the GPd project, subject to a 2% NSR in favour of Gardin.

b) Exploration work on the project

An orientation biogeochemical survey was performed in June 2019 on the GPd project. Results were received and need to be further reviewed.

Follow ups-with VLF and Beet Mat were done on the conductors previously identified by an airborne electromagnetic survey on the northern portion of the GPd project in conjunction with work performed on Calumet-Nord.

Sphinx is currently seeking for a partner to continue to advance the project.

3.5 Soufflot

a) Project description

On June 14, 2019, the Corporation entered into an agreement with Tranchemontagne to acquire a 100% undivided interest in Soufflot and Patrie projects held by Tranchemontagne. Under the terms of this agreement, Sphinx 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 and consists of 26 mining claims with a further 7 claims staked by Sphinx (18.8 km²).

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3. EXPLORATION PROJECTS (CONT'D)

This project is located in the southern Abitibi Temiscaming region, at the contact between two Archean subprovince, the Pontiac metasedimentary subprovince and the Belleterre greenstone belt. Excellent road access throughout the year is available.

3.6 Patrie

a) Project description

The Patrie project is located 6 km southeast of the municipality of Saint-Édouard-de-Fabre. See details on the June 14, 2019 agreement with Tranchemontagne in section 3.5 above.

The Patrie project consists of 2 mining claims with 26 additional claims staked by Sphinx. This project is located in the Southern Abitibi Temiscamingue regions, at the contact between two Archean subprovince, the Pontiac metasedimentary subprovince and the Belleterre greenstone belt. Excellent road access throughout the year is available.

3.7 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.

4. RESULTS OF OPERATIONS

General and administration expenses details are as follows:

	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
General and administration	131,990	39,062	254,547	327,889

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4. RESULTS OF OPERATIONS

4.1 Discussion on Q2-20 results

In Q2-20, the Corporation reported a loss of \$296,134 (income of \$32,993 in Q2-19) and the main variances can be explained as follow:

- Exploration and evaluation expenditures of \$245,710 (\$84,553 in Q2-19). See detailed table and description of the expenses per projects in section 3.
- General and administrative of \$131,990 (\$39,062 in Q2-19).
 - Promotion \$4,528 (credit of \$52,828 in Q2-19). The \$150,000 Paradigm fee was reclassified against the net gain on disposal of mineral properties.
- Net gain on disposal of mineral properties of 350,277 in Q2-19 following the sale of 3 gold projects to Quebec Precious Metals Corporation ("QPM") in June 2019, in exchange of 1,200,000 QPM shares.
- Change in fair value – listed shares - gain of \$27,435 (loss of \$194,160 in Q2-19). QPM emerged in June 2018 from the merger of 2 companies and the price of the new entity stabilized at a lower value than initially recorded when the shares were received.
- In Q2-20, a \$50,700 (\$9,657 in Q2-19) recovery of deferred income taxes was recognized in relation to the amortization, in proportion of the work completed, of the premium related to flow-through shares on the December 2018 private placements (in Q2-19, for the November 2017, June 2018 and July 2018 private placements).

4.2 Discussion on Q2-20 YTD results

In Q2-20 YTD, the Corporation reported a loss of \$569,257 (\$284,862 in Q2-19 YTD) and the main variances can be explained as follow:

- Exploration and evaluation expenditures of \$406,644 (\$105,119 in Q2-19 YTD). See detailed table and description of the expenses per projects in section 3.
- General and administrative of \$254,547 (\$327,889 in Q2-19 YTD).
 - Promotion \$14,923 (\$119,763 in Q2-19 YTD). In June 2018, the Corporation had engaged FrontTier Flex Marketing to assist in increasing market awareness and \$2,000 was incurred in Q2-20 YTD (\$75,000 in Q2-19 YTD).
- Net gain on disposal of mineral properties of 350,277 in Q2-19 following the sale of 3 gold projects to Quebec Precious Metals Corporation ("QPM") in June 2019, in exchange of 1,200,000 QPM shares.
- Change in fair value – listed shares - loss of \$28,915 (loss of \$194,160 in Q2-19). QPM emerged in June 2018 from the merger of 2 companies and the price of the new entity stabilized at a lower value than initially recorded when the shares were received.
- In Q2-20 YTD, a \$107,700 (\$10,857 in Q2-19 YTD) recovery of deferred income taxes was recognized in relation to the amortization, in proportion of the work completed, of the premium related to flow-through shares on the December 2018 private placements (in Q2-19 YTD, for the November 2017, June 2018 and July 2018 private placements).

October 22, 2019

(s) Jeremie Ryan

Jeremie Ryan
Chief Executive Officer

(s) Ingrid Martin

Ingrid Martin
Chief Financial Officer