



## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Three months ended May 31, 2020

*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, 2020 and February 28, 2020

(Unaudited, in Canadian Dollars)

	Notes	May 31, 2020	February 29, 2020
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent	2	65,032	44,682
Accounts receivable		796	2,849
Sales tax receivables		8,775	30,424
Tax credits receivable		51,026	48,974
Listed shares		67,485	77,648
Prepaid expenses		4,887	9,515
<b>TOTAL ASSETS</b>		<b>198,001</b>	<b>214,092</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		287,040	282,007
Deferred governmental grant		15,674	-
<b>Total current liabilities</b>		<b>302,714</b>	<b>282,007</b>
<b>Non-current liabilities</b>			
Loan	3	20,412	-
<b>Total liabilities</b>		<b>323,126</b>	<b>282,007</b>
<b>Equity</b>			
Capital stock		61,507,812	61,507,812
Warrants		104,894	104,894
Contributed surplus		12,123,153	12,118,599
Deficit		(73,860,984)	(73,799,220)
<b>Total equity</b>		<b>(125,125)</b>	<b>(67,915)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>198,001</b>	<b>214,092</b>
Going concern	1		
Subsequent events	9		

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, 2020 and 2019

(Unaudited, in Canadian Dollars)

		Three months ended May 31,	
	Notes	2020	2019
		\$	\$
<b>Revenues</b>			
Project management fees		87	5,673
<b>Expenses</b>			
Exploration and evaluation expenditures	6	(4,912)	(160,934)
General and administrative	7	(78,374)	(122,557)
Operating loss		(83,199)	(277,818)
<b>Other income (expenses)</b>			
Interest income		-	4,045
Loan accretion	3	(252)	-
Change in fair value – listed shares		21,337	(56,350)
Loss before income taxes		(62,114)	(330,123)
Current tax recovery		350	-
Flow-through share premium		-	57,000
<b>Loss and comprehensive loss for the period</b>		<b>(61,764)</b>	<b>(273,123)</b>
Weighted average number of common shares outstanding - basic and diluted		126,184,261	123,510,348
Basic and diluted loss per common share		-	(0.002)

*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 \$	Warrant \$	Contributed Surplus \$	Deficit \$	Total Equity \$
<b>Balance at February 28, 2019</b>	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)
<b>Balance at May 31, 2019</b>	<b>126,184,261</b>	<b>61,507,812</b>	<b>1,127,989</b>	<b>11,076,360</b>	<b>(72,893,260)</b>	<b>818,901</b>
<b>Balance at February 29, 2020</b>	<b>126,184,261</b>	<b>61,507,812</b>	<b>104,894</b>	<b>12,118,599</b>	<b>(73,799,220)</b>	<b>(67,915)</b>
Share-based payment	-	-	-	4,554	-	4,554
Loss and comprehensive loss	-	-	-	-	(61,764)	(61,764)
<b>Balance at May 31, 2020</b>	<b>126,184,261</b>	<b>61,507,812</b>	<b>104,894</b>	<b>12,123,153</b>	<b>(73,860,984)</b>	<b>(125,125)</b>

*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, 2020 and 2019

(Unaudited, in Canadian Dollars)

	Notes	Three months ended May 31,	
		2020	2019
		\$	\$
<b>Operating activities</b>			
Loss for the period		(61,764)	(273,123)
Adjustments for:			
Share-based payments		4,554	16,825
Governmental grants	3	(4,166)	-
Finance income		-	(5,673)
Loan accretion	3	252	-
Change in fair value – listed shares		(21,337)	56,350
Flow-through shares premium		-	(57,000)
Changes in non-cash working capital items	8	31,311	257,992
<b>Cash flow used in operating activities</b>		<b>(51,150)</b>	<b>(4,629)</b>
<b>Financing activities</b>			
Common shares issued		-	71,500
Common shares issued – flow-through		-	120,250
Issue costs		-	(8,403)
Loan received		40,000	-
<b>Cash flow from financing activities</b>		<b>40,000</b>	<b>183,347</b>
<b>Investing activities</b>			
Finance income received		-	5,673
Proceeds from disposal of listed shares		31,500	18,215
<b>Cash flow from investing activities</b>		<b>31,500</b>	<b>23,888</b>
Change in cash during the period		20,350	202,606
Cash and cash equivalents, beginning of period		44,682	750,121
<b>Cash and cash equivalents, end of period</b>		<b>65,032</b>	<b>952,727</b>

*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, 2020 and 2019

(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 29, 2020, 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, 2020 were reviewed, approved and authorized for issue by the Board of Directors on July 27, 2020.

#### 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 \$61,764 for the three months ended May 31, 2020 (\$273,123 for the three months ended May 31, 2019), and has an accumulated deficit of \$73,860,984 as at May 31, 2020 (\$73,799,220 as at February 29, 2020). 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, 2020, the Corporation had a working capital deficit of \$104,713 (working capital deficit of \$67,915 as at February 29, 2020). 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, 2020 and 2019

(Unaudited, in Canadian Dollars)

### 1.3 New accounting policies

#### Governmental grants

The Corporation receives periodically grants from different governmental incentive programs. These grants are recognized initially when there is a reasonable assurance that they will be received and when the Corporation has intentions to comply with the conditions associated with the grants. The financial aid received for expenditures incurred is recognized against these expenditures on a systematic basis and in the same accounting period in which the expenditures are incurred.

### 2. CASH AND CASH EQUIVALENTS

As of May 31, 2020, the cash and cash equivalents includes an amount of \$15,000 which is restricted as part of a corporate credit card agreement.

### 3. LOAN

The Corporation received on April 30, 2020 a \$40,000 Canada Emergency Business Account ("CEBA") which is an interest-free loan to cover operating costs which was offered by the Canadian Government through the Corporation's bank in the context of the Covid-19 pandemic outbreak. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of \$10,000. On December 31, 2022, the Corporation has the option to extend for 3 years the loan and it will bear a 5% interest rate. To estimate the fair value, the debt component was estimated first at \$20,160, considering the forgiveness and interest free aspects. A 15% effective rate was used which corresponds to a rate that the Corporation would have obtained for a similar investment. The \$19,840 residual value was attributed to a governmental grant that was recorded as a deferred governmental grant in the statement of financial position and as of May 31, 2020, an amortization of \$4,166 was recognized in the statement of loss in general and administrative.

	May 31, 2020	February 29, 2020
Opening	\$ -	\$ -
Loan received	40,000	-
Value attributed to the governmental subsidy	(19 840)	-
Loan accretion	252	-
<b>Loan</b>	<b>20,412</b>	<b>-</b>

### 4. COMMON SHARES AND WARRANTS

#### 4.1 Warrants

The changes in warrants issued are as follows:

	Three months ended May 31, 2020		Year ended February 29, 2020	
	Number of warrants	Weighted average exercise prices	Number of warrants	Weighted average exercise prices
Balance, beginning of period	6,009,000	\$ 0.060	45,947,088	\$ 0.106
Issued	-	-	715,000	0.070
Expired	-	-	(40,653,088)	0.112
<b>Balance, end of period</b>	<b>6,009,000</b>	<b>0.060</b>	<b>6,009,000</b>	<b>0.060</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Three months ended May 31, 2020 and 2019

(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, 2020	
	Number of warrants	Exercise price
		\$
November 1, 2020	1,244,000	0.08
December 11, 2021	4,050,000	0.07
May 14, 2022	715,000	0.07
	<b>6,009,000</b>	

#### 5. SHARE-BASED PAYMENTS

The changes in stock options issued are as follows:

	Three months ended May 31, 2020		Year ended February 29, 2020	
	Number of agent's compensation warrants	Weighted average exercise prices	Number of agent's compensation warrants	Weighted average exercise prices
		\$		\$
Balance, beginning of period	4,325,000	0.105	5,375,000	0.107
Granted	-	-	525,000	0.100
Cancelled	-	-	(1,266,666)	0.111
Forfeited	-	-	(308,334)	0.100
<b>Balance, end of period</b>	<b>4,325,000</b>	<b>0.105</b>	<b>4,325,000</b>	<b>0.105</b>
Balance, end of year exercisable	3,416,667	0.11	3,358,333	0.106

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

Expiry Date	Number outstanding	Number exercisable	Exercise price
			\$
October 10, 2024	850,000	850,000	0.125
October 13, 2026	1,100,000	1,100,000	0.10
August 30, 2028	1,100,000	733,334	0.10
January 16, 2029	750,000	500,000	0.10
May 17, 2029	175,000	116,667	0.10
August 29, 2029	350,000	116,666	0.10
	<b>4,325,000</b>	<b>3,416,667</b>	



## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Three months ended May 31, 2020 and 2019

(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, 2020				Three months ended May 31, 2019			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Sud	-	5,379	(1,506)	<b>3,873</b>	-	104,624	585	<b>105,209</b>
Calumet-Nord	171	368	(103)	<b>436</b>	-	805	-	<b>805</b>
Tessouat	-	-	-	-	-	2,863	-	<b>2,863</b>
Tessouat-Sud	-	-	-	-	-	36,470	-	<b>36,470</b>
Obwondiag	-	-	-	-	-	6,436	-	<b>6,436</b>
GPd	-	-	-	-	309	5,257	-	<b>5,566</b>
Grenville Zinc	-	-	-	-	-	431	-	<b>431</b>
Soufflot	363	333	(93)	<b>603</b>	928	-	-	<b>928</b>
Patrie	-	-	-	-	2,026	-	-	<b>2,026</b>
Generation	-	-	-	-	-	200	-	<b>200</b>
<b>Total</b>	<b>534</b>	<b>6,080</b>	<b>(1,702)</b>	<b>4,912</b>	<b>3,263</b>	<b>157,086</b>	<b>585</b>	<b>160,934</b>

#### 7. GENERAL AND ADMINISTRATION

	Three months ended May 31,	
	2020	2019
	\$	\$
Directors fees	14,000	14,500
Filing and transfer agent fees	2,155	3,191
Management fees	18,113	19,163
Office and miscellaneous	6,238	10,681
Professional fees	5,480	16,539
Promotion	7,487	10,395
Salaries and benefit	23,769	27,714
Governmental grants	(4,166)	-
Share-based payments	4,554	16,825
Travel	744	3,549
<b>General and administration</b>	<b>78,374</b>	<b>122,557</b>

## SPHINX RESOURCES LTD.

### Notes to the Financial Statements

Three months ended May 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

#### 8. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

	Three months ended May 31,	
	2020	2019
	\$	\$
Accounts receivable	2,053	(47,892)
Sales tax receivables	21,649	(48,712)
Tax credits receivable	(2,052)	327,934
Advances for exploration	-	(20,000)
Prepaid expenses	4,628	10,906
Trade and other payables	5,033	35,756
	<b>31,311</b>	<b>257,992</b>

#### 9. SUBSEQUENT EVENTS

##### 9.1 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 accounts 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.

##### 9.2 Private placements

On June 11, 2020, the Corporation closed a private placement totalling \$65,250 by issuing 2,175,000 units at a price of \$0.03 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.05 until June 11, 2023.

Also on June 11, 2020, the Corporation closed a private placement totalling \$5,000 by issuing 100,000 flow-through units at a price of \$0.05 per flow-through unit. Each flow-through unit is comprised of one flow-through common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of \$0.07 until June 11, 2023.

##### 9.3 Loan

The Corporation received on June 18, 2020 a \$50,000 loan from The Regional Municipality of Pontiac County, financed by the Government of Quebec in the context of the Covid-19 pandemic outbreak. The loan bears interest at an annual rate of 3%. The loan is granted for a period of 36 months with a 3 month moratorium on principal and interest, followed by a 12 month moratorium on principal only. On August 15, 2024, the Corporation shall repay the principal balance and accrued interest in full.

##### 9.4 Calumet-Nord acquisition

By paying \$100,000 cash to Ressources Tranchemontagne Ltée before June 30, 2020, the Corporation completed the acquisition of 100% of the Calumet-Nord property, pursuant to the June 14, 2019 option agreement.