



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Six months ended August 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 August 31, 2020 and February 29, 2020

(Unaudited, in Canadian Dollars)

	Notes	August 31, 2020	February 29, 2020
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalent	2	56,805	44,682
Accounts receivable		961	2,849
Sales tax receivables		7,947	30,424
Tax credits receivable		66,381	48,974
Listed shares		-	77,648
Prepaid expenses		14,747	9,515
TOTAL ASSETS		146,841	214,092
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		368,106	282,007
Deferred governmental grant		2,381	-
Total current liabilities		370,487	282,007
Non-current liabilities			
Loans	3	58,940	-
Total liabilities		429,427	282,007
Equity			
Capital stock		61,558,272	61,507,812
Warrants		125,970	104,894
Contributed surplus		12,128,189	12,118,599
Deficit		(74,095,017)	(73,799,220)
Total equity		(282,586)	(67,915)
TOTAL LIABILITIES AND EQUITY		146,841	214,092
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**

Six months ended August 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

	Notes	Three months ended August 31,		Six months ended August 31,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenues					
Project management fees		8	981	95	6,654
Expenses					
Exploration and evaluation expenditures	6	(156,331)	(245,710)	(161,243)	(406,644)
General and administrative	7	(66,815)	(131,990)	(145,189)	(254,547)
Operating loss		(223,138)	(376,719)	(306,337)	(654,537)
Other income (expenses)					
Interest income		-	2,450	-	6,495
Finance costs	3	(1,930)	-	(2,182)	-
Change in fair value – listed shares		(17,153)	27,435	4,184	(28,915)
Loss before income taxes		(242,221)	(346,834)	(304,335)	(676,957)
Current tax recovery		2,620	-	2,970	-
Flow-through share premium		5,568	50,700	5,568	107,700
Loss and comprehensive loss for the period		(234,033)	(296,134)	(295,797)	(569,257)
Weighted average number of common shares					
outstanding - basic and diluted		128,288,382	126,184,261	127,224,886	124,847,305
Basic and diluted loss per common share		(0.002)	(0.002)	(0.002)	(0.005)

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, 2020 and 2019

(Unaudited, in Canadian Dollars)

	Notes	Common Shares Number	Capital Stock \$	Warrant \$	Contributed Surplus \$	Deficit \$	Total Equity \$
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		-	-	-	30,347	-	30,347
Loss and comprehensive loss		-	-	-	-	(569,257)	(569,257)
Balance at August 31, 2019		126,184,261	61,507,812	1,127,989	11,089,882	(73,189,394)	536,289
Balance at February 29, 2020		126,184,261	61,507,812	104,894	12,118,599	(73,799,220)	(67,915)
Shares issued for:							
Private placements	4	2,275,000	47,297	20,953	-	-	68,250
Private placements – flow-through	4	300,000	13,191	1,809	-	-	15,000
Flow-through premium	4	-	(6,000)	-	-	-	(8,500)
Issuance costs		-	(4,028)	(1,686)	-	-	(5,533)
Share-based payment		-	-	-	9,590	-	9,590
Loss and comprehensive loss		-	-	-	-	(295,797)	(295,797)
Balance at August 31, 2020		128,759,261	61,558,272	125,970	12,128,189	(74,095,017)	(282,586)

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, 2020 and 2019

(Unaudited, in Canadian Dollars)

	Notes	Six months ended August 31,	
		2020	2019
		\$	\$
Operating activities			
Loss for the period		(295,797)	(569,257)
Adjustments for:			
Share-based payments		9,590	30,347
Governmental grants	3	(30,861)	-
Finance income		-	(6,654)
Finance costs	3	2,182	-
Change in fair value – listed shares		(16,857)	28,915
Flow-through shares premium		(5,568)	(107,700)
Changes in non-cash working capital items	8	87,825	228,284
Cash flow used in operating activities		(249,486)	(396,065)
Financing activities			
Common shares issued		68,250	71,500
Common shares issued – flow-through		15,000	120,250
Issue costs		(6,146)	(8,403)
Loans received		90,000	-
Cash flow from financing activities		167,104	183,347
Investing activities			
Finance income received		-	6,654
Proceeds from disposal of listed shares		94,505	97,700
Cash flow from investing activities		94,505	104,354
Change in cash during the period		12,123	(108,364)
Cash and cash equivalents, beginning of period		44,682	750,121
Cash and cash equivalents, end of period		56,805	641,757

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, 2020 and 2019

(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 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 August 31, 2020 were reviewed, approved and authorized for issue by the Board of Directors on October 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 \$295,797 for the six months ended August 31, 2020 (\$569,257 for the six months ended August 31, 2019), and has an accumulated deficit of \$74,095,017 as at August 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 August 31, 2020, the Corporation had a working capital deficit of \$223,646 (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

Six months ended August 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 August 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 LOANS

On April 30, 2020, the Corporation received a \$40,000 loan from Canada Emergency Business Account (“CEBA”). This interest-free loan is used to finance operating costs which was offered by the Canadian Government through the Corporation’s bank in the context of the Covid-19 pandemic outbreak. Repayment of the loan balance on or before December 31, 2022 will result in a loan forgiveness of \$10,000. As at January 1st, 2023, the Corporation will have the option to extend the repayment of the capital for 3 years, and will benefit from an interest rate of 5%. The loan was initially recorded at a fair value of \$20,160, considering the grant, the interest-free loan and the reimbursement on December 22, 2020. An effective rate of 15% was used, taking into account the rate that the Corporation would have obtained for a similar loan. The residual value of \$19,840 was recorded as a deferred government grant in the statement of financial position and will be recognized in the statement of loss at the same time as the underlying expenses in general and administrative. As at August 31, 2020, an amortization of \$17,459 has been recognized in the statement of loss.

In addition, 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. The loan was initially recorded at a fair value of \$36,598, considering the moratorium and the low interest rate. An effective rate of 15% was used, taking into account the rate that the Corporation would have obtained for a similar loan. The residual value of \$13,402 was recognized in the statement of loss in general and administrative.

	August 31, 2020	February 29, 2020
Opening	\$ -	\$ -
Loan received	90,000	-
Value attributed to the governmental subsidy	(33,242)	-
Loan accretion	2,182	-
Loan	58,940	-

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

4. COMMON SHARES AND WARRANTS

4.2 Private placements

On June 11 and August 7, 2020, the Corporation closed a private placement totalling \$68,250 by issuing 2,275,000 units at a price of \$0.03 per unit. Each unit is comprised of one common share and one warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.05 until June 11, 2023 and August 7, 2023 respectively. The value allocated to the warrants of \$20,953 was determined using the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 0.3%, an expected stock price volatility of 100% and an expected life of three years.

On June 11 and August 7, 2020, the Corporation closed a private placement totalling \$15,000 by issuing 300,000 flow-through units at a price of \$0.05 per flow-through units. Each unit is comprised of one common share and one half 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 and August 7, 2023 respectively. On June 11, 2020 and August 7, 2020, the market value of the shares is estimated at \$0.03 (value of the hard cash unit), therefore the residual values attributed to the flow-through share premium are \$0.02, for a total value of \$6,000. The value allocated to the warrants of \$1,809 was determined using the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 0.3%, an expected stock price volatility of 100% and an expected life of three years.

The Corporation incurred cash issuance costs of \$6,146, of which \$4,028 was allocated to capital stock, \$1,686 to warrants and \$432 to the flow-through premium. Total issuance costs include finder's fees of \$1,050. Management and directors of the Corporation subscribed for an amount of \$41,000 of the private placement in units.

4.2 Warrants

The changes in warrants issued are as follows:

	Six months ended August 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	\$ 0.072	45,947,088	\$ 0.106
Issued	2,425,000	0.051	715,000	0.070
Expired	-	-	(40,653,088)	0.112
Balance, end of period	8,434,000	0.066	6,009,000	0.072

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 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	August 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
June 11, 2023	2,175,000	0.05
June 11, 2023	50,000	0.07
August 7, 2023	100,000	0.05
August 7, 2023	100,000	0.07
	8,434,000	

5. SHARE-BASED PAYMENTS

On August 12, 2020, the Corporation granted 175,000 stock options to a director at an exercise price of \$0.10 with an expiry date of August 12, 2030, 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 \$2,625 for an estimated fair value of \$0.015 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 0.42% risk-free interest rate and 6 years options expected life.

The changes in stock options issued are as follows:

	Six months ended August 31, 2020		Year ended February 29, 2020	
	Number of stock options	Weighted average exercise prices	Number of stock options	Weighted average exercise prices
		\$		\$
Balance, beginning of period	4,325,000	0.105	5,375,000	0.107
Granted	175,000	0.100	525,000	0.100
Cancelled	-	-	(1,266,666)	0.111
Forfeited	-	-	(308,334)	0.100
Balance, end of period	4,500,000	0.105	4,325,000	0.105
Balance, end of year exercisable	3,958,334	0.105	3,358,333	0.106

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

5. SHARE-BASED PAYMENTS (CONT'D)

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

Expiry Date	Number outstanding	August 31, 2020	
		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	1,100,000	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	233,334	0.10
August 12, 2030	175,000	58,333	0.10
	4,500,000	3,958,334	

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, 2020				Three months ended August 31, 2019			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Nord	101,070	1,803	(368)	102,505	100,000	61,144	-	161,144
Calumet-Sud	-	63,466	(12,147)	51,319	-	19,551	-	19,551
Tessouat	-	-	-	-	-	60	-	60
Tessouat-Sud	-	-	-	-	2,973	13,858	-	16,831
Obwondiag	-	-	-	-	1,647	24,406	-	26,053
GPd	-	605	(131)	474	-	9,039	-	9,039
Grenville Zinc	-	-	-	-	-	3,499	-	3,499
Soufflot	1,615	507	(89)	2,033	1,049	7,305	-	8,354
Patrie	-	-	-	-	554	625	-	1,179
Total	102,685	66,381	(12,735)	156,331	106,223	139,487	-	245,710

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

6. EXPLORATION AND EVALUATION EXPENDITURES (CONT'D)

	Six months ended August 31, 2020				Six months ended August 31, 2019			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Nord	101,241	2,171	(471)	102,941	100,000	61,949	-	161,949
Calumet-Sud	-	68,845	(13,653)	55,192	-	124,175	585	124,760
Grenville Zinc	-	-	-	-	-	3,930	-	3,930
Tessouat	-	-	-	-	-	2,923	-	2,923
Tessouat-Sud	-	-	-	-	2,973	50,328	-	53,301
Obwondiag	-	-	-	-	1,647	30,842	-	32,489
GPd	-	605	(131)	474	309	14,296	-	14,605
Soufflot	1,978	840	(182)	2,636	1,977	7,305	-	9,282
Patrie	-	-	-	-	2,580	625	-	3,205
Generation	-	-	-	-	-	200	-	200
Total	103,219	72,461	(14,437)	161,243	109,486	296,573	585	406,644

6.1 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.

7. GENERAL AND ADMINISTRATION

	Three months ended August 31,		Three months ended August 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Directors fees	13,000	15,000	27,000	29,500
Filing and transfer agent fees	11,718	8,137	13,873	11,328
Management fees	19,050	26,250	37,163	45,413
Office and miscellaneous	4,662	10,411	10,900	21,092
Professional fees	4,718	23,493	10,198	40,032
Promotion	1,335	4,528	8,822	14,923
Salaries and benefit	32,950	28,935	56,719	56,649
Governmental grants	(26,695)	-	(30,861)	-
Share-based payments	5,036	13,522	9,590	30,347
Travel	1,041	1,714	1,785	5,263
General and administration	66,815	131,990	145,189	254,547

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

8. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

	Six months ended August 31,	
	2020	2019
	\$	\$
Accounts receivable	1,888	29,673
Sales tax receivables	22,477	55,127
Tax credits receivable	(17,407)	327,934
Advances for exploration	-	(20,000)
Prepaid expenses	(5,232)	(2,584)
Trade and other payables	86,099	(161,866)
	87,825	228,284

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 Soufflot project

On September 2, 2020, the Corporation signed an option agreement with James Drolet Jolette on 35 claims of the Soufflot project, located in the Belleterre mining camp in the Temiscamingue, Québec. Mr. Drolet can earn 100% of the Soufflot project in consideration of the following:

- Cash payments totalling \$150,000, \$75,000 on closing (completed) and \$75,000 on or before March 1, 2021;
- 1% NSR royalty that can be bought back by the prospector for \$3,000,000.

9.3 Private placements

On September 14, 2020, the Corporation closed a private placement totalling \$604,000 by issuing 30,200,000 units at a price of \$0.02 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 September 14, 2025. An officer and a director of the Corporation subscribed for an amount of \$25,000 of the private placement in units.