



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Six months ended August 31, 2020

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2020

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, 2020 ("Q2-21 YTD"), 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, 2020 prepared in accordance with the International Financial Reporting Standards ("IFRS"), as well as with the management discussion and analysis for the year ended February 29, 2020. 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 2020	March 1, 2019 – February 28, 2020
Q1-20	March 1, 2019 – May 31, 2019
Q2-20	June 1, 2019– August 31, 2019
Q2-19 YTD	March 1, 2019 – August 31, 2019
Q3-20	September 1, 2019 – November 30, 2019
Q4-20	December 1, 2019 - February 29, 2020
Fiscal 2021	March 1, 2020 – February 28, 2021
Q1-21	March 1, 2020 – May 31, 2020
Q2-21	June 1, 2020– August 31, 2020
Q2-20 YTD	March 1, 2020 – August 31, 2020
Q3-21	September 1, 2020 – November 30, 2020
Q4-21	December 1, 2020 - February 29, 2021
Fiscal 2022	March 1, 2021 – February 29, 2022

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 is a reporting issuer in Alberta, British Columbia, Ontario and Québec and its 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 precious metals (palladium, platinum, gold and silver) and base metals (zinc, copper, lead). 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.

2.2 Financing

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.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2020

2. OVERVIEW AND HIGHLIGHTS (CONT'D)

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.

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.

2.3 Outstanding share data

The Corporation had the following securities issued and outstanding:

	October 27, 2020	August 31, 2020
Shares	158,959,261	128,759,261
Stock options	4,500,000	4,500,000
Warrants	38,634,000	8,434,000
	202,093,261	141,693,261

In addition, 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 debt. The shares will be issued once a 5-day VWAP of \$0.05 is reached on the Exchange.

2.4 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, the moratoriums 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.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2020

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:

	Q2-21	Q2-20	YTD Q2-21	YTD Q2-20
	\$	\$	\$	\$
Calumet-Nord				
Project acquisition and maintenance	101,070	100,000	101,241	100,000
Drilling	550	-	550	-
Geology	1,253	55,731	1,621	55,731
Geochemistry	-	3,150	-	3,150
Tax credits	(368)	2,263	(471)	3,068
	102,505	161,144	102,941	161,949
Calumet-Sud				
Drilling	-	7,448	-	65,069
Trenching	-	-	-	64,874
Geology	63,623	31,014	70,756	59,476
Geochemistry	-	641	-	58,932
Recharge to partner	(157)	(19,552)	(1,911)	(124,176)
Tax credits	(12,147)	-	(13,653)	585
	51,319	19,551	55,192	124,760
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
Obwondiag				
Project acquisition and maintenance	-	1,647	-	1,647
Geology	-	24,406	-	30,842
	-	26,053	-	32,489
Green Palladium				
Project acquisition and maintenance	-	-	-	309
Geology	605	2,162	605	7,419
Geochemistry	-	6,877	-	6,877
Tax credits	(131)	-	(131)	-
	474	9,039	474	14,605
Grenville Zinc				
Project acquisition and maintenance	-	-	-	-
Geology	-	-	-	862
Geochemistry	-	3,499	-	3,499
Recharge to partner	-	-	-	(431)
	-	3,499	-	3,930
Soufflot				
Project acquisition and maintenance	1,615	1,049	1,978	1,977
Geology	507	7,305	840	7,305
Tax credits	(89)	-	(182)	-
	2,033	8,354	2,636	9,282

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2020

3. EXPLORATION PROJECTS (CONT'D)

	Q2-21	Q2-20	YTD Q2-21	YTD Q2-20
	\$	\$	\$	\$
Patrie				
Project acquisition and maintenance	-	554	-	2,580
Geology	-	625	-	625
	-	1,179	-	3,205
Generation				
Geology	-	-	-	200
Total				
Project acquisition and maintenance	102,685	106,223	103,219	109,486
Drilling	550	7,448	550	65,069
Trenching	-	-	-	64,874
Geology	65,988	135,002	73,822	215,414
Geophysics	-	3,150	-	3,150
Geochemistry	-	13,439	-	72,673
Recharge to partner	(157)	(19,552)	(1,911)	(124,607)
Tax credits	(12,735)	-	(14,437)	585
Total exploration and evaluation expenditures	156,331	245,710	161,243	406,644

3.1 Calumet-Nord

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.

3.2 Calumet-Sud

A review of the database was done to do a preliminary assessment of the drilling results. A core revision program was strongly suggested and was done in early summer 2020. A preliminary 3D model was started which will help interpret the potential of mineralized zones and future drill planning for the project. A master studies also started at the beginning of summer 2020 in collaboration with UQAM. The student spent the summer mapping the geological units and most importantly the geological structures and deformation on the project. The objective of this study is to help understanding the control on mineralisation and potentially find new mineralized zones on the Calumet-Sud project. In time, the geological model will be bonified with the summer surficial mapping campaign once the data synthesis is complete and available from UQAM. On a short term scale, the 2019 drilling report will be written in the coming months as well as the continuation of the master study.

3.3 Soufflot

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 and \$75,000 on or before March 1, 2021;
- 1% NSR royalty that can be bought back by the prospector for \$3,000,000.

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2020

4. RESULTS OF OPERATIONS

General and administration expenses details are as follows:

	Three months ended August 31,		Six 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

The Q2-21 YTD general and administrative expenses decreased and highlights are as follows:

- Professional fees. In Q1-20, the Corporation incurred legal fees relating to the CPTAQ permits submission that did not repeat in Q1-21.
- The Corporation recorded government grants as detailed in section 2.4.
- Share-based payment. Stock options were granted as follows: 1,775,000 in August 2018, 750,000 in January 2019, 175,000 in May 2019, 350,000 in August 2019 and 175,000 in August 2020. The share-based payment is recorded according to the vesting period which is 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary.

Variations in the exploration and evaluation expenses are detailed in section 3.

Project management fees \$95 (\$6,654 in Q2-20 YTD). SOQUEM is the operator of the Calumet-Sud project since September 2019.

The Corporation received proceeds of \$94,500 (97,700 in Q2-20 YTD) from the sale of the Québec Precious Metals Corp. ("QPM") shares received as part of the sale of three gold assets in June 2018. All the QPM shares are sold as of August 31, 2020 and the total proceeds received since June 2018 amounts to \$372,810 on the 1,200,000 shares received as part of the transaction.

In Q2-21 YTD, a \$5,568 (\$107,700 in Q2-20 YTD) recovery of deferred income taxes was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the June 2020 and August 2020 private placements (in Fiscal 20 December 2018 and May 2019 private placements).

In Q2-21 YTD, the Corporation reported a loss of \$295,797 (\$569,257 in Q2-20 YTD). In Q2-21, the Corporation reported a loss of \$234,033 (\$296,134 in Q2-20) and the variation explanations are similar to the year to date explanations.

October 27, 2020

(s) Jeremie Ryan

Jeremie Ryan
Chief Executive Officer

(s) Pierre-André Viens

Pierre-André Viens
Chief Financial Officer