



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Nine months ended November 30, 2020

SPHINX RESOURCES LTD.

Management's Discussion and Analysis – Quarterly Highlights

Nine months ended November 30, 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 nine months ended November 30, 2020 ("Q3-21 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 November 30, 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 29, 2020
Q1-20	March 1, 2019 – May 31, 2019
Q2-20	June 1, 2019– August 31, 2019
Q3-20	September 1, 2019 – November 30, 2019
Q3-20 YTD	March 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
Q3-21	September 1, 2020 – November 30, 2020
Q3-21 YTD	March 1, 2020 – November 30, 2020
Q4-21	December 1, 2020 - February 28, 2021
Fiscal 2022	March 1, 2021 – February 28, 2022

The technical information contained in this MD&A Highlights has been reviewed and verified by Sphinx's Director and interim CFO, Pierre-André Viens, P.Eng., CFA, MBA, M.Sc. 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.

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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. The Corporation incurred cash issuance costs of \$6,146, which includes 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.

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. The Corporation incurred cash issuance costs of \$46,840, including finder's fees of \$26,250. A Director and an Officer of the Corporation subscribed for an amount of \$25,000 of the private placement.

2.3 Outstanding share data

The Corporation had the following securities issued and outstanding:

	January 26, 2021	November 30, 2020
Shares	158,959,261	158,959,261
Stock options	4,500,000	4,500,000
Warrants	37,390,000	37,390,000
	200,849,261	200,849,261

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 31, 2022. 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 November 30, 2020, an amortization of \$19,840 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.

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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:

	Q3-21	Q3-20	YTD Q3-21	YTD Q3-20
	\$	\$	\$	\$
Calumet-Nord				
Project acquisition and maintenance	-	-	101,241	100,000
Drilling	190,051	-	190,601	-
Trenching	-	72,927	-	72,927
Geology	13,813	9,238	15,434	14,523
Soil survey	-	182,948	-	233,394
Geophysics	-	78,440	-	81,590
Geochemistry	7,703	4,373	7,703	7,441
Tax credits	(55,616)	-	(56,087)	-
	155,951	347,926	258,892	509,875
Calumet-Sud				
Project acquisition and maintenance	-	661	-	661
Share issuance	-	-	-	-
Drilling	-	160	-	65,229
Trenching	-	11,020	-	75,894
Geology	17,501	2,482	88,257	61,958
Geophysics	-	-	-	-
Geochemistry	-	(165)	-	58,767
Recharge to partner	(149)	(4,103)	(2,060)	(128,279)
Tax credits	(7,275)	-	(20,928)	585
	10,077	10,055	65,269	134,815
Tessouat				
Project acquisition and maintenance	-	-	-	2,923
Tessouat-Sud				
Project acquisition and maintenance	385	-	385	2,973
Geology	-	-	-	50,031
Geochemistry	-	(205)	-	92
	385	(205)	385	53,096
Obwondiag				
Project acquisition and maintenance	385	-	385	1,647
Geology	-	-	-	30,842
	385	-	385	32,489
Green Palladium				
Project acquisition and maintenance	-	783	-	1,092
Geology	520	5,800	1,125	13,219
Geochemistry	-	131	-	7,008
Tax credits	(168)	-	(299)	-
	352	6,714	826	21,319

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3. EXPLORATION PROJECTS (CONT'D)

	Q3-21	Q3-20	YTD Q3-21	YTD Q3-20
	\$	\$	\$	\$
Grenville Zinc				
Geology	-	-	-	862
Geochemistry	-	2,225	-	5,724
Recharge to partner	-	-	-	(431)
	-	2,225	-	6,155
Soufflot				
Project acquisition and maintenance	1,881	391	3,859	2,368
Geology	472	-	1,312	6,055
Soil survey	-	25,848	-	27,098
Tax credits	(167)	-	(349)	-
Disposal	(75,000)	-	(75,000)	-
	(72,814)	26,239	(70,178)	35,521
Patrie				
Project acquisition and maintenance	-	-	-	2,580
Geology	-	-	-	625
	-	-	-	3,205
Generation				
Geology	-	-	-	200
Total				
Project acquisition and maintenance	2,651	1,835	105,870	111,321
Drilling	190,051	160	190,601	65,229
Trenching	-	83,947	-	148,821
Geology	32,306	17,520	106,128	180,613
Soil survey	-	208,796	-	261,117
Geophysics	-	78,440	-	81,590
Geochemistry	7,703	6,359	7,703	79,032
	230,060	395,222	304,432	816,402
Recharge to partner	(149)	(4,103)	(2,060)	(128,710)
Tax credits	(63,226)	-	(77,663)	585
Disposal	(75,000)	-	(75,000)	-
Total exploration and evaluation expenditures	94,336	392,954	255,579	799,598

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.

Following the results of the stripping of the Shea showing, which uncovered an 8- to 10-meter-wide copper zone, and the geophysical survey which revealed numerous anomalies, the Corporation completed a 1218 meter drilling campaign of 9 holes during the month of October 2020 on its Calumet-Nord property, located on Grand-Calumet Island, in the Pontiac MRC in southwestern Quebec. The core description, sampling supervision and sample preparation for the lab were under the responsibility of Guy Gbaguidi (P.Geo.).

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3. EXPLORATION PROJECTS (CONT'D)

A total of 1042 samples, including 56 blanks and 53 standards were sent for gold, copper, zinc, and lead analysis. The results are currently under review.

3.2 Calumet-Sud

A total of 18 rock samples were sent to the lab for assay and 42 thin sections were made for the ongoing master study in collaboration with UQAM.

The master student spent the summer of 2020 mapping the geological units and most importantly the geological structures and deformation on the project. The objective of this study is to help understand the control on mineralisation and potentially find new mineralized zones on the Calumet-Sud project.

Following the core revision program and the database assessment, the preliminary 3D model will be bonified which will help maximise the future drill program on the project.

On a short-term scale, the 2019 drilling report will be written in the coming weeks. In time, a drill program will be planned in parallel with 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.

4. RESULTS OF OPERATIONS

General and administration expenses details are as follows:

	Three months ended November 30,		Nine months ended November 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Directors fees	11,000	15,000	38,000	44,500
Filing and transfer agent fees	17,542	12,852	31,415	24,180
Management fees	7,050	13,388	44,213	58,801
Office and miscellaneous	6,445	7,908	17,345	29,000
Professional fees	12,362	5,557	22,560	45,589
Promotion	1,194	22,162	10,016	37,085
Salaries and benefit	22,353	14,040	79,072	70,689
Governmental grants	(2,381)	-	(33,242)	-
Share-based payments	1,147	6,807	10,737	37,154
Travel	826	8,303	2,611	13,566
General and administration	77,538	106,017	222,727	360,564

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4. RESULTS OF OPERATIONS (CONT'D)

The Q3-21 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.
- Promotion. Due to Covid-19 pandemic outbreak, the Corporation reduced its promotion expenses.
- 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.

The Corporation received proceeds of \$94,505 (\$97,700 in Q3-20 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 November 30, 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 Q3-21 YTD, a \$5,568 (\$262,097 in Q3-20 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 Q3-21 YTD, the Corporation reported a loss of \$456,590 (\$952,657 in Q3-20 YTD). In Q3-21, the Corporation reported a loss of \$160,793 (\$383,400 in Q3-20) and the variation explanations are similar to the year-to-date explanations.

January 26, 2021

(s) Jeremie Ryan

Jeremie Ryan
Chief Executive Officer

(s) Pierre-André Viens

Pierre-André Viens
Chief Financial Officer