



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years ended February 28, 2021 and February 29, 2020

# **SPHINX RESOURCES LTD.**

## **Management's Discussion and Analysis**

Years ended February 28, 2021 and February 29, 2020

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# SPHINX RESOURCES LTD.

## Management's Discussion and Analysis

Years ended February 28, 2021 and February 29, 2020

This Management's Discussion and Analysis ("MD&A") reviews the activities, results of operations and financial position of Sphinx Resources Ltd. ("Sphinx" or the "Corporation") for the fiscal year ended February 28, 2021, together with certain trends and factors that are expected to have an impact in the future. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period
Q1-20	March 1, 2019 – May 31, 2019
Q2-20	June 1, 2019– 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
Q1-21	March 1, 2020 – May 31, 2020
Q2-21	June 1, 2020 – August 31, 2020
Q3-21	September 1, 2020 – November 30, 2020
Q4-21	December 1, 2020 - February 28, 2021
Fiscal 2021	March 1, 2020 – February 28, 2021
Fiscal 2022	March 1, 2021 – February 28, 2022

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 following MD&A should be read in conjunction with the Corporation's audited financial statements for Fiscal 2021, which are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB"). All dollar amounts are expressed in Canadian dollars, the functional currency of the Corporation, unless otherwise stated. The effective date of this MD&A is June 16, 2021.

The Corporation's projects and their history are disclosed in press releases, technical reports and other continuous disclosure filings which may be viewed on the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.sphinxresources.ca](http://www.sphinxresources.ca).

The technical information contained in this MD&A 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. OVERVIEW AND HIGHLIGHTS

### 1.1 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 Pontiac MRC where its President and Chief Executive Officer resides. It has a strong local shareholding that contributes towards social acceptability.

### 1.2 Financing

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 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 and August 7, 2023 respectively.

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Also 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 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 and August 7, 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 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. 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.

#### 1.3 Outstanding share data

The Corporation had the following securities issued and outstanding:

	June 16, 2021	February 28, 2021
Shares	166,459,261	158,959,261
Stock options	4,775,000	4,500,000
Warrants	37,390,000	37,390,000
	<b>208,624,261</b>	<b>200,849,261</b>

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.

#### 1.4 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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Finally, on February 9, 2021, the Corporation received an additional \$20,000 loan from CEBA. 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 \$7,515, 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 \$12,485 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 February 28, 2021, an amortization of \$1,381 has been recognized in the statement of loss.

#### 1.5 Covid update

At the beginning of the Covid-19 pandemic outbreak, the Corporation did not perform exploration programs and stopped corporate travelling. Following the announcement of the resumption of mining exploration works starting May 11, 2020, the Corporation completed successfully a \$604,000 hard cash financing in September 2020 in the context of high gold price and was able to complete a drilling program on the Calumet Nord project in compliance with the guidelines issued by the Institut national de la santé publique du Québec, amongst them: limit the number of people in contact with local populations, limit travel, maximize teleworking for non-essential personnel to the operation of the exploration site; send the management plan to the regional public health department and communicate with regional authorities (MRC or city). The Corporation is monitoring developments, including the progress of the vaccination campaigns, in order to be in a position to take appropriate actions as needed.

#### 2. EXPLORATION PROJECTS

For mineral 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:

	Q4-21	Q4-20	Fiscal 2021	Fiscal 2020
	\$	\$	\$	\$
<b>Calumet-Nord</b>				
Project acquisition and maintenance	180	368	101,421	100,368
Drilling	3,750	-	194,350	-
Trenching	-	10,250	-	83,177
Geology	2,280	4,695	17,714	19,218
Soil survey	-	48,775	-	282,169
Geophysics	-	63,518	-	145,108
Line cutting	-	22,420	-	22,420
Geochemistry	15,471	-	23,174	7,441
Tax credits	(6,053)	(33,550)	(62,140)	(33,550)
	15,628	116,476	274,519	626,351
<b>Calumet-Sud</b>				
Project acquisition and maintenance	-	-	-	661
Drilling	-	-	-	65,229
Trenching	-	3,600	-	79,494
Geology	11,852	8,218	100,109	70,176
Geophysics	-	-	-	-
Geochemistry	-	-	-	58,767
Recharge to partner	1,216	(2,981)	(844)	(131,260)
Tax credits	(3,269)	(1,980)	(24,197)	(1,395)
	9,799	6,857	75,068	141,672

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	Q4-21	Q4-20	Fiscal 2021	Fiscal 2020
	\$	\$	\$	\$
<b>Tessouat</b>				
Geology	-	-	-	2,923
	-	-	-	2,923
<b>Tessouat-Sud</b>				
Project acquisition and maintenance	-	-	385	2,973
Geology	-	540	-	50,571
Geochemistry	-	-	-	92
Tax credits	-	(121)	-	(121)
	-	419	385	53,515
<b>Obwondiag</b>				
Project acquisition and maintenance	389	212	774	1,859
Geology	-	-	-	30,842
	389	212	774	32,701
<b>Green Palladium</b>				
Project acquisition and maintenance	-	65	-	1,157
Geology	-	425	1,125	13,644
Geochemistry	-	-	-	7,008
Tax credits	(2)	(95)	(301)	(95)
	(2)	395	824	21,714
<b>Grenville Zinc</b>				
Geology	-	-	-	862
Geochemistry	-	-	-	5,724
Recharge to partner	-	-	-	(431)
	-	-	-	6,155
<b>Soufflot</b>				
Project acquisition and maintenance	-	791	3,859	3,159
Geology	140	3,261	1,452	9,316
Soil survey	-	-	-	27,098
Geochemistry	-	18,472	-	18,472
Tax credits	(40)	(4,872)	(389)	(4,872)
	100	17,652	4,922	53,173
<b>Patrie</b>				
Project acquisition and maintenance	-	-	-	2,580
Soil survey	-	-	-	625
	-	-	-	3,205
<b>Project Generation</b>				
Geology	-	-	-	200
<b>Total</b>				
Project acquisition and maintenance	569	1,436	106,439	112,757
Drilling	3,750	-	194,350	65,229
Trenching	-	13,850	-	162,671
Geology	14,272	17,139	120,400	197,752
Soil Survey	-	48,775	-	309,892
Geophysics	-	63,518	-	145,108
Line cutting	-	22,420	-	22,420
Geochemistry	15,471	18,472	23,174	97,504
	33,493	184,174	337,924	1,000,576
Recharged to partners	1,216	(2,981)	(844)	(131,691)
Tax credits	(9,364)	(40,618)	(87,027)	(40,033)
<b>Total</b>	<b>25,914</b>	<b>142,011</b>	<b>356,492</b>	<b>941,609</b>

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### **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 former 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 Corporation acquired the claims hosting the New Calumet Mine on March 8, 2021 (section 2.9). The Pontiac district is also defined by zinc-bearing dolomitic marbles typical of the Balmat-Edwards-Pierrepoint 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, GPd and New Calumet Mine project.

### **2.1 Calumet-Nord (gold, silver, copper)**

#### **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 Pontiac district.

The option agreement for the project has been signed with its owner, Ressources Tranchemontagne ltée ("Tranchemontagne") (a wholly-owned subsidiary of Gardin inc. ("Gardin")) controlled by Michel Gauthier, a director of Sphinx up to May 19, 2020, that provides 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 (completed in June 2020), and the granting of a 1% net smelter return ("NSR") royalty, which can be bought back by the Corporation at any time in exchange of a payment of \$1,000,000 in cash. In June 2020, the Corporation completed the acquisition of 100% of the Calumet-Nord property, pursuant to the June 14, 2019 option agreement.

The Calumet-Nord project consists of 43 claims (24.8 km<sup>2</sup>) and is immediately adjacent to the north and east of the former New Calumet mine project. 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, 15 m from the mined orebody.

Several gold, silver, copper, lead and zinc showings are already known in the volcanic rocks of the project. They confirm a 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 a square excavation, 5 m x 5 m in size (the Shea pit), 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. This excavation was discovered by Tranchemontagne in 2018. Analysis of a grab sample from a metric size block from the pit's rubble 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 showings. With the exception of the neighbourhoods of an old nickel mine, only six (6) historical holes have been drilled on the project.

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#### b) Exploration work on the project

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 1,218 meter drilling campaign of 9 holes during the month of October 2020.

A total of 1042 samples, including 56 blanks and 53 standards were sent to the lab for gold, copper, zinc, and lead analysis.

Assay results have been received from nine exploration holes that tested Shea's stripping in depth and some geophysical anomalies. The mineralization is associated with 1-5% chalcopyrite and pyrite as disseminated and veins hosted in a sillimanite-muscovite-potassic feldspar-garnet-biotite schist. The dominant structure is a strong metamorphic fabric which in most places strikes northwest-southeast and dip northeast at moderate angles. Significant results are reported in the table below.

Hole Name	Sample Number	From	To	Length (m)*	Au (g/t)	Cu (%)
CN-20-01	E6355248	83,900	84,500	0,600	0,873	0,06%
CN-20-08	E6355741	23,0	24,0	1,000	0,197	1,36%
CN-20-08	E6355742	24,0	25,0	1,000	0,120	1,17%

\* Length of the drill hole, true width not determined

#### 2.2 Calumet-Sud project (zinc)

##### a) Project description

The project consists of 21 claims (12.1 km<sup>2</sup>) 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.

The project was acquired in 2015 from Gardin by issuing 6,153,923 common shares (valued at \$246,538). A 2% NSR royalty was granted to Gardin.

##### b) Exploration work on the project

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 which will help with future exploration drilling targeting. 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.

Since January 2021, the 2019 drilling report was completed, and a final revision is to be done before submission to the MERN by SOQUEM. The master study is progressing, and the parties involved will be doing complementary field work in July 2021. In time, the geological model will be bonified once the data synthesis is complete and available from UQAM. No further work is anticipated for the rest of the year.



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#### **2.3 Tessouat project**

##### **a) Project description**

The Tessouat project is located 5 km northeast of the municipality of Waltham in the Pontiac regional county municipality in southwestern Québec, at the northern end of the Pontiac district. Excellent road access throughout the year is available. On August 1, 2017 and as amended on May 23, 2019, the Corporation entered into an agreement with Tranchemontagne and Gardin to acquire a 100% undivided interest in the Tessouat project for consideration that consists of: a cash payment of \$26,000 (completed in September 2017); the issuance of 100,000 common shares of Sphinx (valued at \$5,500, completed in September 2017); carrying out exploration work totaling \$70,000 over a period of two years with work completed prior to September 25, 2021 (\$18,186 completed as at February 28, 2021); and the grant of a 2% NSR to Gardin. The project consists of 22 claims (13.16 km<sup>2</sup>).

#### **2.4 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. As of February 28, 2021, the Tessouat-Sud project consists of 37 claims (22.21 km<sup>2</sup>) and the Obwondiaq project consists of 26 claims (15.65 km<sup>2</sup>).

##### **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 657 soil samples collected were dried for three 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 samples revealed anomalous zinc, copper, lead and arsenic from non-anthropogenic origin. Further detailed prospecting is required to find either gold or base metal deposits or zinc SEDEX in dolomitic marbles of the Grenville Mesoproterozoic supergroup.

#### **2.5 Grenville Zinc**

##### **a) Project description**

On October 15, 2018, the Corporation signed a definitive agreement to form a 50-50% joint venture with Osisko with the objective to explore for zinc in the Grenville geological province in southern Québec. 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.

#### **2.6 GPd project (palladium)**

##### **a) Project description**

On March 12, 2015, the Corporation signed a definitive agreement with Amixam Resources Inc. ("Amixam") for the acquisition of 100% of the GPd project, located in the Pontiac MRC. Under the terms of this agreement, the Corporation acquired the GPd project by issuing 4,461,536 common shares (valued at \$166,923). On November 2, 2015, Gardin announced it had acquired from Amixam the interest in the GPd project. The project is subject to a 2% NSR Royalty held by Gardin. As at November 30, 2018, the Corporation has satisfied the \$750,000 exploration commitments as per the March 12, 2015 definitive agreement, as amended on January 19, 2018 and owns 100% of the GPd project.

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#### **b) Exploration work on the project**

An orientation biogeochemical survey was performed in June 2019 on the GPd project. The results indicate a strong preferential absorption by the trees for copper, lithium, gold and nickel. 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. Further surveys are recommended.

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

#### **2.7 Soufflot (gold)**

##### **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 Corporation also acquired claims through map staking. The Soufflot project is located 5 km northwest of the municipality of Belleterre.

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.

On September 2, 2020, the Corporation signed an option agreement with a prospector, James Drolet Jolette, on 35 claims located on the eastern part of the Soufflot project. Mr. Drolet Jolette could have earned 100% of the eastern part of the Soufflot project in consideration of the following:

- Cash payments totaling \$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.

Mr. Drolet Jolette did not complete the \$75,000 payment due on March 1, 2021 and therefore the option agreement was terminated.

On January 13, 2021, the Corporation sold to Vior Inc. ("Vior") a block of 18 claims located on the western part of the Soufflot project, for \$10,000, the issuance of 100,000 shares of Vior (valued at \$21,000) and a 1% NSR that Vior may repurchase for \$1,000,000.

As of February 28, 2021, the Soufflot project consists of 36 mining claims (20.53 km<sup>2</sup>).

#### **2.8 Patrie (gold)**

##### **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 2.7 above. The Patrie project consists of 34 mining claims (19.90km<sup>2</sup>).

##### **b) Exploration work on the project**

Although a soil survey has been planned on this property, severe winter conditions encountered in early November 2019 prevented it. It is contemplated to resume this survey during the next field season, subject to financing.

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#### 2.9 New Calumet Mine (zinc, gold)

##### a) Project description

On March 8, 2021, the Corporation signed an agreement with two prospectors to acquire 100% of 14 claims hosting the former New Calumet Mine in Pontiac District. The former Mine is located at less than 10 km north-west of Bryson, Quebec.

Sphinx purchased from Golden Calumet Exploration Ltd. and Geotest Corporation 100% of the 14 claims hosting the former New Calumet Mine in exchange for consideration consisting of:

- 7,500,000 common shares of Sphinx (valued at \$150,000), and
- 1% NSR subject to a buyback option in favor of Sphinx for \$1,000,000. The buyback option will be indexed for cost of living starting January 1, 2022.

The former New Calumet mine that produced from 1943 to 1968, 3.8 million tonnes at 5.8% Zn, 1.6% Pb, 65 g/t Ag and 0.4 g/t Au (reference: Annual report New Calumet Mine 1968) and numerous VMS style alteration zones along a newly identified marker horizon. In the 1980s, Lacana Mining Ltd. discovered significant gold mineralization immediately below the underground workings of the mine.

In 1996 Ressources Q.E.X. carried out diamond drilling programs to test the gold exploration potential between the surface and the -600 feet level. In a report by P. Girard, Ph.D, Eng., dated August 16, 1996, the author estimated that on the basis of the diamond drill program results that: 'geological reserves above the - 600 feet level of the 'Main Gold Zone' and in the 'Gold Migmatite Zone' to be 67,600 short tons with an average grade of 0.201 oz/short ton Au (6.3 g/t Au) and 6.93 oz/short ton Ag (217 g/t Ag)'. These figures are not in compliance with the requirements under NI 43- 101 on standards of disclosure for mineral projects and should not be relied on until they are independently verified and supported by a NI 43-101 technical report.

##### b) Exploration work on the project

In the next few months Sphinx will consolidate its bank of data and proceed to the analysis of all its Pontiac District projects with an integrated view. The best targets will be identified and tested, conditional to successful financing.

### 3. SELECTED ANNUAL INFORMATION

	Fiscal 2021	Fiscal 2020	Fiscal 2019
	\$	\$	\$
<b>Financial Results</b>			
Interest income and project management fees	210	15,090	22,726
Loss	(551,951)	(1,179,083)	(756,900)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)
<b>Financial Position</b>			
Working capital	81,468	(67,915)	953,209
Total assets	254,491	214,092	1,484,792
Total equity	20,821	(67,915)	953,209

The main variation in loss is explained by the level of exploration and evaluation expenditures (recorded as expenses in the statement of loss): \$356,492 in Fiscal 2021, \$941,609 in Fiscal 2020 and \$495,032 in Fiscal 2019.

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#### 4. RESULTS OF OPERATIONS

General and administrative expenses details are as follows:

	Q4-21	Q4-20	Fiscal 2021	Fiscal 2020
	\$	\$	\$	\$
Salaries and benefits	32,667	41,191	111,739	111,880
Directors' fees	6,000	15,000	44,000	59,500
Filing and transfer agent fees	2,341	5,099	33,756	29,279
Management fees	8,550	15,037	52,763	73,838
Office and miscellaneous	8,459	7,430	25,804	36,430
Professional fees	39,960	43,504	62,520	89,093
Promotion	3,169	2,532	13,185	39,617
Governmental grant	(1,381)	-	(34,623)	-
Share-based payments	1,254	(1,184)	11,991	35,970
Travel	777	1,999	3,388	15,565
<b>General and administration</b>	<b>101,796</b>	<b>130,608</b>	<b>324,523</b>	<b>491,172</b>

#### 4.1 Discussion on Q4-21 financial position and results of operations

For Q4-21, the Corporation reported a loss and comprehensive loss of \$95,361 (Q4-20 – loss of \$226,426). The Corporation's loss per share was \$0.00 (Q4-20 – loss per share of \$0.00).

See Section 2 for details of the exploration work done on the different projects totalling \$25,914 (Q4-20 – \$142,011).

During Q4-21, general and administrative expenses decreased to \$101,796 (Q4-20 - \$130,608) and highlights are as follows:

- Salaries. In Q4-20, Sphinx hired exploration staff and their salaries and benefits are recharged to the projects based on a daily rate which considers their overall compensation; there may be timing with vacations and other considerations.
- Directors' fees. Only 2 directors receiving fees in Q4-21 (5 directors in Q4-20).

Change in fair value – listed shares. In Q4-21, a \$500 unfavorable change in fair value – listed shares was recorded on Vior's share obtained in February 2021 following the sale of 18 claims from the Soufflot project (section 2.7) (\$19,114 in Q4-20 on Québec Precious Metals Corp. ("QPM") shares obtained in June 2018 following the sale of three gold projects). As of February 28, 2021, Sphinx holds 100,000 Vior shares.

Current tax recovery. In Q2-21, \$1,779 credit on duty refundable was accrued on eligible exploration expense not renounced to investors (\$8,356 in Q4-20).

Flow-through share premium of \$18,407 in Q4-20 (nil in Q1-21) was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the December 2018 and May 2019 private placements.

#### 4.2 Discussion on Fiscal 2021 financial position and results of operations

For Fiscal 2021, the Corporation reported a loss and comprehensive loss of \$551,951 (Fiscal 2020 - \$1,179,083). The Corporation's loss per share was \$0.00 (Fiscal 2020 - \$0.01).

See Section 2 for details on the exploration work done on the different projects totalling \$356,492 in Fiscal 2021 (Fiscal 2020 – \$941,609).

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General and administrative expenses decreased to \$324,523 in Fiscal 2021 (Fiscal 2020 - \$491,172) and highlights are as follows:

- Directors' fees. Less directors received directors' fees, from 5 directors in Fiscal 2020 to only 2 directors by the end of Fiscal 2021.
- Management fees. The CFO was less involved due to reduction in the Corporation's activities.
- Professional fees. Initiatives were done to reduce professional fees following the reduction in the Corporation's activities.
- Promotion and travel. In Fiscal 2021, due to the Covid 19 pandemic context, promotion and travel were reduced drastically.
- Governmental grant. Grant recorded in relation to loans received as part of the Covid 19 pandemic context (section 1.4).
- 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, 175,000 in August 2020. The share-based payment is recorded according to the vesting period.

Change in fair value – listed shares. In Fiscal 2021, a \$3,684 favorable change in fair value – listed shares was recorded, \$4,184 favorable on QPM shares and \$500 unfavorable on Vior shares (\$50,252 unfavorable on QPM shares in Fiscal 2020). Vior shares were obtained in February 2021 following the sale of 18 claims from the Soufflot project (note 2.7). QPM's shares were obtained in June 2018 following the sale of three gold projects.

The Corporation received proceeds of \$81,832 (\$132,200 in Fiscal 2020) from the sale of QPM shares. All the QPM shares are sold as of February 28, 2021 and the total proceeds received since June 2018 amounts to \$359,962 on the 1,200,000 shares received as part of the transaction. As of February 28, 2021, Sphinx holds 100,000 Vior shares.

In Fiscal 2021, \$17,903 credit on duty refundable was accrued on eligible exploration expense not renounced to investors (\$8,356 in Fiscal 2020).

In Fiscal 2021, a \$5,568 (\$280,504 in Fiscal 2020) 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 and August 2020 private placements (December 2018 and May 2019 private placements in Fiscal 2020).

#### **5. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The Corporation recorded a loss of \$551,951 in Fiscal 2021 and has an accumulated deficit of \$74,351,171 as at February 28, 2021. 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 administrative costs. As at February 28, 2021, the Corporation had a working capital of \$81,468 versus a working capital deficiency of \$67,915 as at February 29, 2020.

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 new funding is not obtained, 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.

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Major sources of cash during Fiscal 2021 were as follow: \$672,250 for the issuance of units and \$15,000 for the issuance of flow-through shares for \$15,000; \$110,000 proceeds from loans related to the Covid 19 pandemic, \$81,832 generated following the sale of QPM shares, \$85,000 from the sales of mineral properties, \$48,258 of Québec refundable credits on mining duties and of refundable tax credit for resources received. The Corporation used cash flows in operating activities for \$765,628 mainly as follows: \$356,492 for exploration and evaluation expenditures (see section 2) and \$312,532 for general and administration (\$324,523 less \$11,991 share-based payments (see section 4)).

Major sources of cash during Fiscal 2020 were the issuance of units for \$71,500 and flow-through shares for \$120,250. Also the Corporation cashed \$327,263 of Québec refundable credits on mining duties and of refundable tax credit for resources. Finally, \$132,200 was generated through the sale of QPM shares. The Corporation used cash flows in operating activities for \$1,029,065 mainly as follows: \$941,609 for exploration and evaluation expenditures (see section 2) and \$455,202 for general and administration (\$491,172 less \$35,970 share-based payments (see section 4)).

#### 5.1 Cash flow projection

Following is a table showing the cash flow projection up to February 28, 2022. This projection is prospective information.

	<b>Up to February 28, 2022</b>
	<b>\$</b>
February 2021 cash	105 000
Projected financing (including \$500,000 are flow through financing) <sup>1</sup>	1,350,000
Share issue expenses	(95,000)
Tax credits to be received	106,000
Sale of Vior's shares	20,000
Exploration programs	(500,000)
Claim maintenance	(5,000)
General and administrative expenses	(400,000)
Timing GST QST	(54,000)
February 2021 payables paid in cash and timing	(90,000)
Loan repayment	(2,000)
<b>February 2022 projected cash</b>	<b>435,000</b>

1) While the Corporation has secured financing in the past, there can be no assurance it will be able to do so for the projected financings.

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#### 6. SELECTED QUARTERLY INFORMATION

The following table presents selected financial information for each of the most recent eight quarters:

	Q4-21	Q3-21	Q2-21	Q1-21
	\$	\$	\$	\$
Interest income and project management fees	(42)	157	8	87
Loss	(95,361)	(160,793)	(234,033)	(61,764)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Working capital	81,468	175,723	(223,646)	(104,713)
Total assets	254,491	304,584	146,841	198,001

	Q4-20	Q3-20	Q2-20	Q1-20
	\$	\$	\$	\$
Interest income and project management fees	316	1,625	3,431	9,718
Loss	(226,426)	(383,400)	(296,134)	(273,123)
Loss per share	(0.002)	(0.003)	(0.002)	(0.002)
Working capital	(67,915)	159,695	536,289	818,901
Total assets	214,092	367,993	859,663	1,390,597

Highlights for each quarter are as follows.

#### Q4-21

On January 13, 2021, the Corporation sold to Vior a block of 18 claims located on the western part of the Soufflot project, for \$10,000, the issuance of 100,000 shares of Vior (valued at \$21,000) and a 1% NSR that Vior may repurchase for \$1,000,000.

The Corporation received a \$20,000 loan as part of CEBA in the context of the Covid-19 pandemic.

#### Q3-21

During the month of October 2020, the Corporation completed on Calumet-Nord a 1218-meter drilling campaign of 9 holes 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.

In September 2020, the Corporation received \$75,000 as part of the option agreement with James Drolet Jollette on the Soufflot project.

#### Q2-21

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.

The Corporation received a \$50,000 loan from the Pontiac MRC in the Covid-19 pandemic context.

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

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#### **Q1-21**

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.

The Corporation received a \$40,000 loan as part of CEBA in the context of the Covid-19 pandemic.

#### **Q4-20**

To establish the extent of the polymetallic gold-bearing volcanogenic system on the Calumet-Nord property, Sphinx had 75.9 kilometres of induced polarization surveys done from October to December 2019.

#### **Q3-20**

On September 5, 2019, the Corporation sent a notice to Osisko to terminate the October 15, 2018 exploration and development joint venture agreement.

Sphinx collected 6,564 soil samples on the Calumet-Nord property.

#### **Q2-20**

On June 14, 2019, the Corporation signed an option agreement for the Calumet-Nord project with Tranchemontagne.

On June 14, 2019, the Corporation entered into an agreement with Tranchemontagne to acquire a 100% undivided interest in the Soufflot and Patrie projects.

#### **Q1-20**

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.

## **7. SUBSEQUENT EVENTS TO FEBRUARY 28, 2021**

### **7.1 New Calumet Mine project acquisition (section 2.9)**

### **7.2 Grant of stock options**

On March 15, 2021, the Corporation granted 275,000 stock options to a director and a member of the advisory committee at an exercise price of \$0.10 with an expiry date of March 15, 2031, vesting 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary.

## **8. RELATED PARTY AND KEY MANAGEMENT TRANSACTIONS**

In the normal course of operations, in Fiscal 2021:

- Ingrid Martin CPA Inc., ("IMCPA") a company controlled by Ingrid Martin, CFO and corporate secretary up to September 29, 2020, charged \$39,300 (\$73,838 in Fiscal 2020) for management fees and \$7,725 for fees charged to share issue expenses (\$2,437 in Fiscal 2020). Also \$11,365 up to September 29, 2020 (\$23,020 in Fiscal 2020) was charged for professional fees for the IMCPA's staff.
- Gardin charged exploration expenditures of \$33,439 in Fiscal 2020 (nil in Fiscal 2021). Also \$52,380 were paid to Gardin for Michel Gauthier professional fees in Fiscal 2020 (nil in Fiscal 2021).



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- Les Ressources Tectonic inc. ("Tectonic"), a company controlled by Jean Laforest a director up to September 29, 2020, charged exploration expenditures of \$1,700 in the year ended February 29, 2020 (nil in Fiscal 2021). Also \$4,560 for professional fees were paid to Tectonic for Jean Laforest professional fees (\$7,520 in Fiscal 2020).
- As at February 28, 2021, the balance due to the related parties and key management amounted to \$9,721 (\$96,431 as at February 29, 2020). Amounts due to related parties are unsecured, non-interest bearing.

#### **9. STOCK OPTION PLAN**

The purpose of the stock option plan is to serve as an incentive for the directors, officers and service providers who will be motivated by the Corporation's success as well as to promote ownership of common shares of the Corporation by these people. There is no performance indicator relating to profitability or risk attached to the plan. The maximum number of common shares that can be issued upon exercise of stock options granted under the Stock Option Plan is 9,900,000 common shares. Such number represents less than 10% of the total number of shares issued and outstanding.

#### **10. CHANGES IN ACCOUNTING POLICIES**

##### *Amendments to IAS 1 Presentation of Financial Statements*

The IASB has made amendments to IAS 1 Presentation of Financial Statements which use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify that information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. The Corporation adopted IAS 1 on March 1, 2020, which did not have a significant impact on the financial statement's disclosures.

#### **11. FINANCIAL INSTRUMENTS**

Refer to note 12 of the Fiscal 2021 financial statements.

#### **12. OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has not engaged in any off-balance sheet arrangements.

#### **13. RISKS AND UNCERTAINTIES**

The business of exploration and mining involves a high degree of risk and there can be no assurance that the Corporation's exploration programs will result in profitable mining operations. Companies in this industry are subject to a variety of risks, including but not limited to, environmental and social acceptability issues, commodity prices, political and economic instability, with some of the most significant risks being:

- a) Substantial expenditures are required to explore for mineral resources and the chances of identifying economically recoverable reserves are extremely remote.

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- b) Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Corporation's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.
- c) Substantial expenditures are required to develop mineral reserves.
- d) The junior resource market, where the Corporation raises funds, is extremely volatile and there is no guarantee that the Corporation will be able to raise funds as it requires them.
- e) Although the Corporation has taken steps to verify ownership and legal title to the mineral projects in which it has an interest, according to the usual industry standards for the stage of exploration and development of such projects, these procedures do not guarantee the Corporation's title. Such projects may be subject to prior agreements or transfers and title may be affected by undetected defects.
- f) The Corporation is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous materials and other matters. The Corporation conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its projects that may cause material liability to the Corporation.
- g) Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Corporation may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Corporation may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Corporation assets or the insolvency of the Corporation.
- h) The Corporation's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.
- i) No assurance can be made that Canada Revenue Agency and provincial agencies will agree with the Corporation's characterization of expenditures as Canadian exploration expenses or Canadian development expense or the eligibility of such expenses as Canadian exploration expense under the Income Tax Act (Canada) or any provincial equivalent.
- j) Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax and mining duty increase, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Corporation, such as government regulations.
- k) The Corporation undertakes exploration in areas that are or could be the subject of native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.
- l) The mining industry is intensely competitive in all its phases. The Corporation competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.
- m) The Corporation faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt, directly or indirectly, its operations and may materially and adversely affect its business and financial conditions.
- n) Management of the Corporation rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.
- o) Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors or officers of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest, which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the

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Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

#### **14. FORWARD-LOOKING STATEMENTS**

This management's discussion and analysis contains forward looking statements reflecting Sphinx's objectives, estimates and expectations. These statements are identified by the use of verbs such as "believe", "anticipate", "estimate", and "expect". As well as the use of the future or conditional tense. By their very nature, these types of statements involve risk and uncertainty. Consequently, results could differ materially from the Corporation's projections or expectations.

June 16, 2021

(s) Jeremie Ryan

Jeremie Ryan  
Chief Executive Officer

(s) Pierre-André Viens

Pierre-André Viens  
Chief Financial Officer