



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Six months ended August 31, 2021

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, 2021 and February 28, 2021

(Unaudited, in Canadian Dollars)

	Notes	August 31, 2021	February 28, 2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalent	2	67,544	104,568
Accounts receivable		-	10,000
Sales tax receivables		4,958	7,248
Tax credits receivable		23,499	105,793
Listed shares		21,000	20,500
Prepaid expenses		15,622	6,382
TOTAL ASSETS		132,623	254,491
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		198,931	154,742
Deferred governmental grant		-	11,104
Loans – current portion		15,017	7,177
Total current liabilities		213,948	173,023
Non-current liabilities			
Loans	3	57,953	60,647
Total liabilities		271,901	233,670
Equity			
Capital stock		62,071,540	61,921,540
Warrants		306,114	306,114
Contributed surplus		12,161,867	12,144,338
Deficit		(74,678,799)	(74,351,171)
Total equity		(139,278)	20,821
TOTAL LIABILITIES AND EQUITY		132,623	254,491

Going concern

1

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, 2021 and 2020

(Unaudited, in Canadian Dollars)

	Notes	Three months ended August 31,		Six months ended August 31,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Revenues					
Project management fees		-	8	9	95
Expenses					
Exploration and evaluation expenditures	6	(10,352)	(156,331)	(171,300)	(161,243)
General and administrative	7	(83,724)	(66,815)	(152,496)	(145,189)
Operating loss		(94,076)	(223,138)	(323,787)	(306,337)
Other income (expenses)					
Finance costs	3	(2,668)	(1,930)	(5,271)	(2,182)
Change in fair value – listed shares		-	(17,153)	500	4,184
Loss before income taxes		(96,744)	(242,221)	(328,558)	(304,335)
Current tax recovery		216	2,620	930	2,970
Flow-through share premium		-	5,568	-	5,568
Loss and comprehensive loss for the period		(96,528)	(234,033)	(327,628)	(295,797)
Weighted average number of common shares outstanding - basic and diluted		166,459,261	128,288,382	165,154,913	127,224,886
Basic and diluted loss per common share		(0.001)	(0.002)	(0.002)	(0.002)

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, 2021 and 2020

(Unaudited, in Canadian Dollars)

	Notes	Common Shares Number	Capital Stock	Warrant	Contributed Surplus	Deficit	Total Equity
			\$	\$	\$	\$	\$
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)
Balance at February 28, 2021		158,959,261	61,921,540	306,114	12,144,338	(74,351,171)	20,821
Share issued for:							
Project acquisition		7,500,000	150,000	-	-	-	150,000
Share-based payment		-	-	-	17,529	-	17,529
Loss and comprehensive loss		-	-	-	-	(327,628)	(327,628)
Balance at August 31, 2021		166,459,261	62,071,540	306,114	12,161,867	(74,678,799)	(139,278)

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, 2021 and 2020

(Unaudited, in Canadian Dollars)

	Notes	Six months ended August 31,	
		2021	2020
		\$	\$
Operating activities			
Loss for the period		(327,628)	(295,797)
Adjustments for:			
Share-based payments		17,529	9,590
Shares issued for project acquisition		150,000	-
Governmental grants		(11,104)	(30,861)
Finance cost loans	3	5,271	2,182
Change in fair value – listed shares		(500)	(16,857)
Flow-through shares premium		-	(5,568)
		(166,432)	(337,311)
Changes in non-cash working capital items			
Accounts receivable		10,000	1,888
Sales tax receivable		2,290	22,477
Tax credits receivable		82,294	(17,407)
Prepaid expenses		(9,240)	(5,232)
Trade and other payables		44,189	86,099
		129,533	87,825
Cash flow used in operating activities		(36,899)	(249,486)
Financing activities			
Common shares issued		-	68,250
Common shares issued – flow-through		-	15,000
Issue costs		-	(6,146)
Loans received		-	90,000
Finance cost paid on loans		(125)	-
Cash flow from financing activities		(125)	167,104
Investing activities			
Proceeds from disposal of listed shares		-	94,505
Cash flow from investing activities		-	94,505
Change in cash during the period		(37,024)	12,123
Cash and cash equivalents, beginning of period		104,568	44,682
Cash and cash equivalents, end of period		67,544	56,805

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, 2021

(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 28, 2021, 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, 2021 were reviewed, approved and authorized for issue by the Board of Directors on September 22, 2021.

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 \$327,628 for the six months ended August 31, 2021 (\$295,797 for the six months ended August 31, 2020), and has an accumulated deficit of \$74,678,799 as at August 31, 2021 (\$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 administration costs. As at August 31, 2021, the Corporation had a working capital deficit of \$81,325 (working capital of \$81,468 as at February 28, 2021). 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, 2021

(Unaudited, in Canadian Dollars)

2. CASH AND CASH EQUIVALENTS

As of August 31, 2021, the cash and cash equivalents include an amount of \$15,000 which is restricted as part of a corporate credit card agreement.

3. LOANS

	August 31, 2021
	\$
Opening	67,824
Payments	(125)
Accretion expense as finance costs	5,271
Loans	72,970
Less: current portion	(15,017)
Loans – non current portion	57,953

4. WARRANTS

Outstanding warrants entitle their holder to subscribe to an equivalent number of common shares as follow:

Expiry date	Number of warrants	Exercise price
		\$
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
September 14, 2025	30,200,000	0.05
	37,390,000	

5. SHARE-BASED PAYMENTS

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. At the time of the grant, the exercise price was above the market price on the Exchange. Total stock-based compensation costs amounts to \$3,300 for an estimated fair value of \$0.012 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.14% risk-free interest rate and 6 years options expected life.

On August 23, 2021, the Corporation granted 3,000,000 stock options to the president and CEO at an exercise price of \$0.05 with an expiry date of August 23, 2031, 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 \$30,000 for an estimated fair value of \$0.010 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.26% risk-free interest rate and 6 years options expected life.

SPHINX RESOURCES LTD.**Notes to the Financial Statements**

Six months ended August 31, 2021

(Unaudited, in Canadian Dollars)

5. SHARE-BASED PAYMENTS (CONT'D)

The changes in stock options issued are as follows:

	Six months ended August 31, 2021	
	Number of agent's compensation warrants	Weighted average exercise prices
		\$
Balance, beginning of period	4,500,000	0.105
Granted	3,275,000	0.054
Balance, end of period	7,775,000	0.083
Balance, end of year exercisable	5,533,333	0.095

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

Expiry Date	Number outstanding	Number exercisable	Exercise price
			\$
October 10, 2024	850,000	850,000	0.125
October 13, 2026	1,100,000	1,100,000	0.100
August 30, 2028	1,100,000	1,100,000	0.100
January 16, 2029	750,000	750,000	0.100
May 17, 2019	175,000	175,000	0.100
August 29, 2019	350,000	350,000	0.100
August 12, 2030	175,000	116,667	0.100
March 15, 2031	275,000	91,666	0.100
March 15, 2031	3,000,000	1,000,000	0.050
	7,775,000	5,533,333	

SPHINX RESOURCES LTD.

Notes to the Financial Statements

Six months ended August 31, 2021

(Unaudited, in Canadian Dollars)

6. EXPLORATION AND EVALUATION EXPENDITURES

Mineral properties that have not reached technical feasibility, exploration and evaluation expenditures are charged to operations as they are incurred. The Corporation's exploration and evaluation expenditures incurred are as follows:

	Three months ended August 31, 2021				Three months ended August 31, 2020			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Nord	-	600	(168)	432	101,070	1,803	(368)	102,505
Calumet-Sud	-	1,400	(356)	1,044	-	63,466	(12,147)	51,319
Tessouat	2,160	-	-	2,160	-	-	-	-
GPd	1,680	475	(133)	2,022	-	605	(131)	474
Soufflot	217	-	-	217	1 615	507	(89)	2,033
Patrie	209	4,660	(1,305)	3,564	-	-	-	-
New Calumet Mine	-	-	913	913	-	-	-	-
Total	4,266	7,135	(1,049)	10,352	102,685	66,381	(12,735)	156,331

	Six months ended August 31, 2021				Six months ended August 31, 2020			
	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total	Acquisition and maintenance	Exploration and evaluation expenditures	Tax credits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Calumet-Nord	469	731	(205)	995	101,241	2,171	(471)	102,941
Calumet-Sud	-	10,814	(2,757)	8,057	-	68,845	(13,653)	55,192
Tessouat-Sud	2,160	-	-	2,160	-	-	-	-
GPd	1,680	900	(252)	2,328	-	605	(131)	474
Soufflot	217	-	-	217	1,978	840	(182)	2,636
Patrie	209	4,660	(1,305)	3,564	-	-	-	-
New Calumet Mine	150,716	3,263	-	153,979	-	-	-	-
Total	155,451	20,368	(4,519)	171,300	103,219	72,461	(14,437)	161,243

New Calumet Mine project

On March 8, 2021, the Corporation signed an agreement with Golden Calumet Exploration Ltd and Geotest Corporation, to acquire 100% of 14 claims in Pontiac District, for consideration consisting of 7,500,000 common shares (valued at \$150,000) and a 1% NSR royalty, subject to a buyback option for \$1,000,000. The buyback option will be indexed for cost of living starting January 1, 2022.

SPHINX RESOURCES LTD.**Notes to the Financial Statements**

Six months ended August 31, 2021

(Unaudited, in Canadian Dollars)

7. GENERAL AND ADMINISTRATION

	Three months ended		Six months ended	
	August 31,		August 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Directors' fees	9,000	13,000	17,500	27,000
Filing and transfer agent fees	7,261	11,718	12,540	13,873
Management fees	16,162	19,050	34,875	37,163
Office and miscellaneous	4,300	4,662	5,544	10,900
Professional fees	7,754	4,718	24,685	10,198
Promotion	1,117	1,335	2,645	8,822
Salaries and benefit	23,305	32,950	48,282	56,719
Governmental grants	-	(26,695)	(11,104)	(30,861)
Share-based payments	14,825	5,036	17,529	9,590
Travel	-	1,041	-	1,785
General and administration	83,724	66,815	152,496	145,189