



MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights

Six months ended August 31, 2021

SPHINX RESOURCES LTD.

Management’s Discussion and Analysis – Quarterly Highlights

Six months ended August 31, 2021

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, 2021 (“Q2-22 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, 2021 prepared in accordance with the International Financial Reporting Standards (“IFRS”), as well as with the management discussion and analysis for the year ended February 28, 2021. 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 2021	March 1, 2020 – February 28, 2021
Q1-21	March 1, 2020 – May 31, 2020
Q2-21	June 1, 2020– August 31, 2020
Q2-21 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
Q1-22	March 1, 2021 – May 31, 2021
Q2-22	June 1, 2021– August 31, 2021
Q2-22 YTD	March 1, 2021– August 31, 2021
Q3-22	September 1, 2021 – November 30, 2021
Q4-22	December 1, 2021 - February 29, 2022
Fiscal 2023	March 1, 2022 – February 29, 2023

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. 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

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 it has a strong local shareholding that contributes towards social acceptability.

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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:

	Q2-22	Q2-21	Q2-22 YTD	Q2-21 YTD
	\$	\$	\$	\$
Calumet-Nord				
Project acquisition and maintenance	-	101,070	469	101,241
Drilling	-	550	-	550
Geology	600	1,253	731	1,621
Tax credits	(168)	(368)	(205)	(471)
	432	102,505	995	102,941
Calumet-Sud				
Geology	1,400	63,623	11 002	70,756
Recharge to partner	-	(157)	(188)	(1,911)
Tax credits	(356)	(12,147)	(2 757)	(13,653)
	1,044	51,319	8 057	55,192
Tessouat-Sud				
Project acquisition and maintenance	2,160	-	2,160	-
Green Palladium				
Project acquisition and maintenance	1 680	-	1,680	-
Geology	475	605	900	605
Tax credits	(133)	(131)	(252)	(131)
	2 022	474	2,328	474
New Calumet Mine project				
Project acquisition and maintenance	-	-	716	-
Share issuance	-	-	150,000	-
Geology	-	-	3,263	-
Tax credits	913	-	-	-
	913	-	153,979	-
Soufflot				
Project acquisition and maintenance	217	1,615	217	1,978
Geology	-	507	-	840
Tax credits	-	(89)	-	(182)
	217	2,033	217	2,636
Patrie				
Project acquisition and maintenance	209	-	209	-
Geology	4 660	-	4,660	-
Tax credits	(1 305)	-	(1,305)	-
	3 564	-	3,564	-
Total				
Project acquisition and maintenance	4,266	102,685	5,451	103,219
Drilling	-	550	-	550
Share issuance	-	-	150,000	-
Geology	7,135	65,988	20,556	73,822
Recharge to partner	-	(157)	(188)	(1,911)
Tax credits	(1,049)	(12,735)	(4,519)	(14,437)
Total exploration and evaluation expenditures	10,352	156,331	171,300	161,243

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3.1 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.

4. RESULTS OF OPERATIONS

In Q2-22 YTD, the Corporation reported a loss of \$327,628 (\$295,797 in Q2-21 YTD). In Q2-22, the Corporation reported a loss of \$96,528 (\$234,033 in Q2-21). The main variations are relating to exploration and evaluation expenses as detailed in section 3.

General and administration expenses details are as follows:

	Q2-22	Q2-21	Q2-22 YTD	Q2-21 YTD
	\$	\$	\$	\$
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

The Q2-22 YTD general and administrative expenses increased and highlights are as follows:

- Professional fees. In Q1-22 YTD, the Corporation incurred legal fees relating to New Calumet Mine project acquisition.
- Government grants. These government grants relate to the Canada Emergency Business Account (in Q2-22 YTD and Q2-21 YTD) and the Regional Municipality of Pontiac County loan (in Q2-21 YTD).
- 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, 275,000 in March 2021 and 3,000,000 in August 2021. 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.

In Q2-21 YTD, the Corporation received proceeds of \$94,500 (nil in Q2-22 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.

The \$500 change in fair value of listed shares recorded in Q2-22 YTD relates to the Vior inc. shares received from the sale of the western claims of Soufflot in January 2021.

September 22, 2021

(s) Daniel Deschambault

Daniel Deschambault
Chief Executive Officer

(s) Pierre-André Viens

Pierre-André Viens
Chief Financial Officer