

# Sphinx Resources Ltd. Provides Update on Proposed Transaction With Barlow Mine Inc.

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MONTREAL, Feb. 03, 2022 - [Sphinx Resources Ltd.](#) (TSXV: SFX) ("Sphinx") is pleased to provide an update on the proposed business combination (the "Proposed Transaction") with Barlow Mine Inc. ("Barlow") announced in Sphinx's news release issued on October 21, 2021.

## Private Placement

Concurrent to the Proposed Transaction, Barlow shall have completed a brokered private placement for a minimum of \$4,000,000 and a maximum of \$6,000,000 (the "Private Placement"), pursuant to which Barlow will issue subscription receipts (the "Subscription Receipts"). The Resulting Issuer (as defined below) will use the proceeds of the Private Placement to fund its mining activities and its working capital.

On January 27, 2021, Barlow has executed an engagement letter ("Engagement Letter") with Paradigm Capital Inc. (the "Agent"), as lead agent and bookrunner in connection with the Private Placement. Under the terms of the Engagement Letter, the Agent has been appointed to act as agent in connection with the concurrent Private Placement on a "best efforts" basis.

The gross proceeds of the Private Placement, less the Agent's expenses in connection with the Private Placement and the Agent's cash commission, will be deposited into escrow to an escrow agent to be determined (the "Escrow Agent") and will be released to Barlow upon notice of the Escrow Agent that the escrow release conditions have been satisfied, such as, among other things, the completion of all conditions precedent to the completion of the Proposed Transaction to the satisfaction of the Agent acting reasonably and the Resulting Issuer shares (as defined below) and the Resulting Issuer Warrants (as defined below) being conditionally approved for listing on the TSX Venture Exchange (the "Release Conditions").

Upon the satisfaction or waiver of the Release Conditions, each Subscription Receipt will automatically be converted into one unit (a "Unit") consisting of one common share ("Resulting Issuer Share") and one half common share purchase warrant ("Resulting Issuer Warrant") of the resulting issuer (the "Resulting Issuer"). Each Resulting Issuer Warrant will entitle the holder thereof to acquire one additional Resulting Issuer Share for a period of 24 months from the issuance of the Units. The Resulting Issuer Shares and the Resulting Issuer Warrants will not be subject to a hold period under Canadian securities laws.

The Agent will receive a cash commission equal to 7% of the aggregate gross proceeds placed under the concurrent Private Placement. The Agent will also be granted compensation warrants exercisable into such number of common shares of the Resulting Issuer as is equal to 7% of the total number of Subscription Receipts sold under the concurrent Private Placement, on the same terms as the Subscription Receipts, for a period of 24 months from the closing date of such Private Placement.

The Agent will have the option to increase the size of the Private Placement by up to 15% of the base Private Placement, which option shall be exercisable by notice in writing to Barlow, at any time not less than 48 hours prior to the closing date of the Private Placement.

The closing of the brokered Private Placement will be conditional upon, among other things, the Agent's being satisfied that all of the conditions of the TSX Venture Exchange (the "Exchange") as to the completion of the Proposed Transaction have been satisfied or waived by the Exchange (other than the closing of the concurrent Private Placement), the completion of satisfactory due diligence by the Agent, the receipt of all necessary corporate and regulatory approvals, and the execution of a definitive agency agreement among the Agent and Barlow.

## Annual General Meeting Postponed

As result of the delay caused by the discussions pertaining to the Proposed Transaction, Sphinx is postponing its annual and special meeting of the shareholders to Wednesday, March 30, 2022 at 10:00 a.m. Shareholders of Sphinx will be asked to vote on a number of propositions in connection with the Proposed Transaction.

## Trading Halt

Trading will remain halted until the Proposed Transaction is accepted by (or satisfactory documentation has been filed with) the Exchange pursuant to Section 2.5 of Exchange Policy 5.2 *Change of Business and Reverse Takeovers*.

Sphinx advises that it continues to focus on the regulatory and legal processes to complete the Proposed Transaction, which include obtaining the consent of the Exchange as well as approval of Sphinx' shareholders.

## Summary of the Proposed Transaction

The Proposed Transaction is an arm's length reverse takeover of Sphinx within the meaning of Policy 5.2 of the Exchange and is subject to a number of conditions precedent, including a due diligence of Barlow, a private placement described hereinafter and the receipt of all requisite regulatory and corporate and shareholder approvals, including that of the Exchange.

Pursuant to the Proposed Transaction, Sphinx shall proceed to an approximately 27:1 common share consolidation in order to reduce its outstanding common shares to approximately 6,000,000 and shall acquire all of the issued and outstanding common shares in the share capital of Barlow for a total consideration of approximately \$12,000,000 payable through the issuance of approximately 24,000,000 common shares in the share capital of Sphinx (after consolidation).

## About Sphinx

Sphinx is a mineral exploration company that focuses its activities in Québec in search of deposits of precious metals (gold, silver, palladium and platinum) and base metals (copper, zinc and lead).

For further information, please consult Sphinx's website or contact:

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*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement*

*to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Sphinx should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.*

*Neither TSX Venture Exchange nor its regulation services provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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