

APEX RESOURCES INC.
(an exploration stage company)

CONDENSED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2017

The accompanying condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements.

APEX RESOURCES INC.

(an exploration stage company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

	June 30, 2017 (unaudited)	December 31, 2016
Assets		
Current assets		
Cash	\$ 36,223	\$ 19,026
Receivables	12,879	9,350
Prepaid expenses	1,077	4,563
Short-term investments (Note 5)	400,500	276,334
Total current assets	450,679	309,273
Exploration and evaluation assets (Note 4)	3,023,918	3,098,990
Credit card deposit (Note 6)	17,250	17,250
Reclamation deposits	30,120	30,120
Total assets	\$ 3,521,697	\$ 3,455,633
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 52,750	\$ 57,443
Accounts payable to related parties (Note 9)	1,339	1,145
Total liabilities	54,089	58,588
Equity		
Share capital (Note 7)	22,914,034	22,902,034
Warrants reserve (Note 7)	429,049	429,049
Share-based payments reserve (Note 7)	3,653,352	3,505,692
Deficit	(23,528,557)	(23,439,730)
Total equity	3,467,878	3,397,045
Total liabilities and equity	\$ 3,521,967	\$ 3,455,633

Going concern (Note 2)

Approved on Behalf of the Board:

/s/ "Arthur G. Troup"

Arthur G. Troup, Director

/s/ "Robin Merrifield"

Robin Merrifield, Director

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Condensed Interim Statements of Operations and Comprehensive Income (Loss)

(Unaudited) (Expressed in Canadian dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Expenses				
Exploration costs	\$ -	\$ 4,501	\$ -	\$ 4,501
Insurance	750	813	1,500	1,625
Interest and other (recoveries)	116	133	319	269
Legal, accounting and audit	4,291	5,500	14,791	9,000
Meals and entertainment	-	75	1,158	150
Office and administration	2,621	13,288	11,618	21,178
Salaries and benefits	45,144	45,000	91,171	90,498
Shareholder communications	42,179	19,347	75,271	38,744
Share-based payments	-	-	147,660	-
Travel and conferences	50	11	117	184
	95,152	88,668	343,606	166,149
Loss before other items	(95,152)	(88,668)	(343,606)	(166,149)
Interest income	259	269	613	935
Unrealized gain (loss) on investments	254,166	(7,333)	254,166	11,333
Net income (loss) and comprehensive income (loss)	\$ 159,273	\$ (95,732)	\$ (88,827)	\$ (153,881)
Loss per share, basic and diluted	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	13,927,214	13,477,214	13,891,302	13,477,214

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Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited) (Expressed in Canadian dollars)

	Common Shares Without Par Value		Warrants Reserve	Share-based Payments Reserve	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, December 31, 2015	13,477,214	\$ 22,861,534	\$ 429,049	\$ 3,505,692	\$ (23,524,328)	\$ 3,271,947
Net loss for the period	—	—	—	—	(153,881)	(153,881)
Balance, June 30, 2016	13,477,214	\$ 22,861,534	\$ 429,049	\$ 3,505,692	\$ (23,678,209)	\$ 3,118,066
Balance, December 31, 2016	13,827,214	\$ 22,902,034	\$ 429,049	\$ 3,505,692	\$ (23,439,730)	\$ 3,397,045
Share issued for mineral properties (Note 4)	100,000	12,000	—	—	—	12,000
Share-based payments	—	—	—	147,660	—	147,660
Net loss for the period	—	—	—	—	(88,827)	(88,827)
Balance, June 30, 2017	13,927,214	\$ 22,914,034	\$ 429,049	\$ 3,653,352	\$ (23,528,557)	\$ 3,467,878

The accompanying notes form an integral part of these financial statements.

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Condensed Interim Statements of Cash Flows

(Unaudited) (Expressed in Canadian dollars)

	Six months ended June 30,	
	2017	2016
Operating activities		
Net loss	\$ (88,827)	\$ (153,881)
Items not involving cash:		
Share-based payments	147,660	—
Unrealized gain on investments	(254,166)	(11,334)
Changes in non-cash operating working capital		
Receivables	(3,529)	(2,675)
Prepaid expenses	3,486	1,625
Accounts payable and accrued liabilities	(3,354)	(18,088)
Accounts payable to related parties	(1,145)	69,000
Cash used in operating activities	(199,875)	(115,353)
Investing		
Mineral property acquisition, exploration and evaluation costs	(107,928)	—
Mineral property option payments received	195,000	55,000
Short-term investments in GICs redeemed (purchased)	130,000	49,000
Cash provided by investing activities	217,072	104,000
Increase (decrease) in cash during the period	17,197	(11,353)
Cash, beginning of period	19,026	402
Cash, end of period	\$ 36,223	\$ (10,951)
Supplemental information		
Interest paid	\$ —	\$ —
Interest received	105	935
Shares issued for acquisition of mineral property	12,000	—
Income tax paid	—	—

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Notes to financial statements

Three months and six months ended June 30, 2017

(Unaudited) (Expressed in Canadian dollars)

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Apex Resources Inc. (the "Company" or "Apex"), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trading under the symbol APX. The Company changed its name from Sultan Minerals Inc. to Apex Resources Inc. on July 15, 2016. The address of the Company's corporate office and its principal place of business is 1066 West Hastings Street, Suite 2000, Vancouver, British Columbia, Canada.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The amounts shown as mineral properties and related capitalized exploration costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements. Accordingly, these unaudited condensed interim financial statements should be read in conjunction with the Company's December 31, 2016 audited financial statements, which were prepared in accordance with IFRS as issued by IASB.

The financial statements were authorized for issuance by the Board of Directors on August 28, 2017.

b) Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$23,528,557 at June 30, 2017, which has been funded primarily by issuance of shares. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

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(Unaudited) (Expressed in Canadian dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards and Amendments Issued but Not yet Effective

The Company has not early adopted the following standards and amendments and anticipates that the application of these standards and amendments will not have a material impact on the financial position and financial performance of the Company:

- IFRS 15 '*Revenue from Contracts with Customers*': IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information. The standard will be adopted by the Company effective January 1, 2018.
- IFRS 9 '*Financial Instruments*': The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The standard will be adopted by the Company effective January 1, 2018.
- IFRS 7 Financial Instruments – Disclosure IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its financial statements.
- IFRS 16 '*Leases*': IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.
- IFRS 2 Share-Based Payment: In June 2016 the Board issued the final amendments to IFRS 2 *Share-Based Payment* as follows:
 - (a) Effects that vesting conditions have on the measurement of a cash-settled share-based payment;
 - (b) Accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled;
 - (c) Classification of share-based payment transactions with net settlement features.The amendments are effective for annual periods beginning on or after January 1, 2018.

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4. MINERAL PROPERTY EXPLORATION INTERESTS

Expenditures on interests in mineral properties are considered exploration and evaluation assets.

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY AND EMERALD PROPERTIES, BRITISH COLUMBIA	GOLDEN TRIANGLE PROPERTY, BRITISH COLUMBIA	RED RIDGE PROPERTY, YUKON	MOUNT ANDERSON PROPERTY, YUKON	TOTAL 2017
Acquisition costs						
As at December 31, 2016	\$ 8,051	\$ –	\$ 74,500	\$ 16,000	\$ –	\$ 98,551
Acquisition incurred during the period	–	–	4,414	–	33,200	37,614
Option proceeds	–	–	–	–	–	–
As at June 30, 2017	8,051	–	78,914	16,000	33,200	136,165
Exploration and evaluation costs						
Incurred during the period						
Site activities	–	–	–	–	–	–
Geological and geophysical	122	–	74,997	5,490	1,705	82,314
Assays and analysis	–	–	–	–	–	–
Option proceeds	–	(195,000)	–	–	–	(195,000)
	122	(195,000)	74,997	5,490	1,705	(112,686)
As at December 31, 2016	–	2,955,000	41,947	3,492	–	3,000,439
As at June 30, 2017	122	2,760,000	116,944	8,982	1,705	2,887,753
Balance, June 30, 2017	\$ 8,173	\$ 2,760,000	\$ 195,858	\$ 24,982	\$ 34,905	\$ 3,023,918

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION INTERESTS (CONTINUED)

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY AND EMERALD PROPERTIES, BRITISH COLUMBIA	GOLDEN TRIANGLE PROPERTY, BRITISH COLUMBIA	RED RIDGE PROPERTY, YUKON	TOTAL 2016
Acquisition costs					
As at December 31, 2015	\$ 40,258	\$ –	\$ –	\$ –	\$ 40,258
Acquisition incurred during the period	–	–	74,500	16,000	90,500
Option proceeds	(32,207)	–	–	–	(32,207)
As at December 31, 2016	8,051	–	74,500	16,000	98,551
Exploration and evaluation costs					
Incurred during the period					
Site activities	–	–	19,611	–	19,611
Geological and geophysical	–	–	17,622	2,458	20,080
Assays and analysis	–	–	4,714	1,034	5,748
Option proceeds	–	(145,000)	–	–	(145,000)
	–	(145,000)	41,947	3,492	(99,561)
As at December 31, 2015	–	3,100,000	–	–	3,100,000
As at December 31, 2016	–	2,955,000	41,947	3,492	3,000,439
Balance, December 31, 2016	\$ 8,051	\$ 2,955,000	\$ 116,447	\$ 19,492	\$ 3,098,990

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Three months and six months ended June 30, 2017

(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION INTERESTS (CONTINUED)

a) Kena Property, Ymir, British Columbia, Canada

The Kena Property is comprised of the original Kena claims and additional properties under option. The properties are contiguous. Kena property is located near the community of Ymir in southeastern British Columbia.

- i) During September 2016, the Company entered into an agreement with 1994854 Alberta Ltd. to option out 80% interest in Kena Property owned by Apex. The Kena Option Out agreement (the "Option Out") was approved by the TSXV on October 3, 2016 (the "Effective Date"). In April 2017, 1994854 Alberta Ltd. merged with Prize Mining Corporation ("Prize"), a publicly-traded company listed on the TSX-V and all references are now made to Prize as the optionee. A gain was recorded in financial statements for the year ended December 31, 2016 from Option Out proceeds as summarized below.

Kena accumulated acquisition, exploration and evaluation costs as of December 31, 2014	\$	2,789,077
Less: impairment recorded in fiscal 2015 (Note 4 ii)		(2,748,819)
Book value of Kena prior to Option Out		40,258
Less: 80% book value Option Out		(32,207)
Book value of Kena, December 31, 2016	\$	8,051
Cash proceeds received on Option Out	\$	500,000
Value of shares received on Option Out		1
Total proceeds		500,001
Less: 80% book value Option Out		(32,207)
Gain on sale recorded in fiscal 2016 on Kena Option Out	\$	467,794

Under the terms of the Option Out agreement, to exercise the option and earn its 80% interest in the project, Prize will:

- make the following cash payments to the Company:
 - (A) within 5 business days from the Effective Date, \$500,000 (received);
 - (B) within twelve months from the Effective Date, an additional \$250,000;
 - (C) within twenty-four months from the Effective Date, an additional \$250,000; and
 - (D) within thirty-six months from the Effective Date, an additional \$250,000;

for total cash option payments of \$1,250,000; and

- issue common shares of Prize to the Company as follows:
 - (A) within 5 business days from the Effective Date, 375,000 shares (received, Note 5 (b));
 - (B) within twelve months from the Effective Date, an additional 375,000 shares;
 - (C) within twenty-four months from the Effective Date, an additional 375,000 shares; and
 - (D) within thirty-six months from the Effective Date, an additional 375,000 shares;

for a total of 1,500,000 shares;

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION INTERESTS (CONTINUED)

a) Kena Property, Ymir, British Columbia, Canada (continued)

- incur exploration expense as follows:

- (A) within twelve months from the Effective Date, \$100,000;
- (B) within twenty-four months from the Effective Date, an additional \$400,000;
- (C) within thirty-six months from the Effective Date, an additional \$1,000,000; and
- (D) within forty-eight months from the Effective Date, an additional \$1,500,000;

for total exploration expenditures of \$3,000,000.

After Prize has earned its 80% interest in the project, Prize has a second option to earn and acquire up to an additional 20% undivided interest in the project by making a \$2 million cash payment to Apex and granting a 1% net smelter returns royalty to the Company.

- ii) During the year ended December 31, 2015, management determined substantive expenditure on further exploration for and evaluation of minerals resources was not budgeted nor planned due to the difficult funding environment; all exploration and evaluation costs of \$2,748,003 were written off in 2015.

b) Jersey and Emerald Properties, Salmo, British Columbia, Canada

The Company holds a 100% interest in the Jersey Claim Group located near Salmo, British Columbia. The property is comprised of the original 28 crown granted mineral claims, four 2-post claims and 80 mineral units acquired by option in 1993 and several additional properties acquired by staking or by option. Additional claims forming part of the properties include the Tungsten King Prospect consisting of 14 crown-granted mineral claims, the Truman Hill and Leroy North properties consisting of 17 mineral units, the Summit Gold Property consisting of 4 mineral units and 1 reverted crown grant, the Jumbo 2 and Boncher crown grants, the Invincible Tungsten Mine Tenure Number 2345, the Victory Tungsten Property consisting of 6 reverted crown grants, the Aspen Silver Mine comprised of 7 mineral claims, and approximately 10,000 hectares of adjacent staked mineral tenures.

The property is subject to various NSR's associated with the various claims. In particular, the Jersey property is subject to a 3.0% NSR that can be reduced to 1.5% by making payments of \$500,000 and issuing 50,000 common shares. Annual advance royalty payments of \$50,000 were to commence in October 2000. The agreement was amended in October 2000, 2004, 2009, and May 2009 extending the commencement of these royalty payments to October 20, 2013. The first annual royalty payment was paid by the Company. Subsequent royalty payments became the responsibility of Margaux Resources Ltd. ("Margaux") upon Margaux entering the option agreement as described below.

In 2013, the Company entered into an option agreement with Margaux to option its 100% interest in the Jersey and Emerald Properties (excluding the Garnet, HB, and HB2 Lead-Zinc Property) for total proceeds of \$4,010,000. The payment terms under the agreement were later amended on March 9, 2015, June 30, 2015, October 26, 2015, December 31, 2015, February 11, 2016 and March 18, 2016. Under the terms of the amended agreement, to exercise the Option and earn its 100% interest in the project, Margaux will:

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION INTERESTS (CONTINUED)

b) Jersey and Emerald Properties, Salmo, British Columbia, Canada (continued)

- make the following cash payments to the Company:
 - (A) deposit of \$50,000 (received);
 - (B) on or before January 24, 2014, \$150,000 (received);
 - (C) on or before January 24, 2014, \$300,000 (received);
 - (D) on or before November 8, 2014, \$400,000 (received);
 - (E) on or before February 22, 2016, \$10,000 (received);
 - (F) \$15,000 per month commencing April 1, 2016 for a period of 12 months (\$180,000 received);
 - (G) \$50,000 per month commencing April 1, 2017 for a period of 12 months (\$150,000 received); and
 - (H) \$100,000 per month commencing April 1, 2018 until a total of \$4,010,000 has been paid.
- incur aggregate exploration expenditures on or before November 8, 2016 of \$2,000,000.

Apex will retain a 1.5% net smelter returns royalty ("NSR") on the property. For a period of 60 days following the earlier of (a) the commencement of commercial production on the Property or (b) the completion of a feasibility study on the Property, Margaux may purchase 50% of the NSR (being a 0.75% net smelter returns royalty) from Apex for a payment to Apex of \$5.0 million.

Pursuant to the Option Agreement, Margaux will assume all existing royalties on the Property.

c) Golden Triangle Property, British Columbia

On August 23, 2016, the Company entered into an agreement to option a 100% interest in Golden Triangle Property. Under the terms of the agreement, to exercise the Option and earn its 100% interest in the Project, the Company will:

- make the following cash payments:
 - (A) \$5,000 non-refundable deposit on August 23, 2016 (paid);
 - (B) \$35,000 on TSX Venture Exchange approval (paid)
- issue common shares:
 - (A) 300,000 shares of the Company on TSX Venture Exchange approval (issued)
- make the following net smelter return (NSR) royalty payment:
 - (A) during the royalty period, the Company shall pay 2.0% NSR royalty.

Apex may within 240 days of commercial production redeem and purchase the interest and rights to receive the NSR royalty for a one-time payment of \$1 million dollar for 1%, leaving 1% of the NSR royalty.

During the period ended June 30, 2017, the Company acquired additional claims in Golden Triangle Area for a cash payment of \$1,000.

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION INTERESTS (CONTINUED)

d) Red Ridge Property, Whitehorse Mining District, Yukon

On September 9, 2016, the Company entered into an option agreement, which gives Apex the right to earn a 100% undivided interest in the Red Ridge Property, Whitehorse Mining District, Yukon. Under the terms of the agreement, to exercise the option and earn its 100% interest, the Company will make a payment of \$150,000 and issue 500,000 shares over four years as set out below:

- make the following cash payments:
 - (A) \$5,000 on signing (paid)
 - (B) \$5,000 on regulatory approval (paid)
 - (C) \$20,000 before the end of one year
 - (D) \$30,000 before the end of two years
 - (E) \$40,000 before the end of three years
 - (F) \$50,000 before the end of four years
- issue common shares:
 - (A) 50,000 shares upon regulatory approval (issued)
 - (B) 50,000 shares before the end of one year
 - (C) 100,000 shares before the end of two years
 - (D) 100,000 shares before the end of three years
 - (E) 200,000 shares before the end of four years
- complete annual work commitment:
 - (A) \$30,000 within 12 months following regulatory approval
 - (B) additional \$75,000 within 24 months following regulatory approval
 - (C) additional \$125,000 within 36 months following regulatory approval
 - (D) additional \$200,000 within 48 months following regulatory approval
- make the following net smelter return (NSR) royalty payment:
 - (A) the Company shall pay 2.0% NSR royalty from the production of gold, silver and other metals provided that the Company shall have the right to purchase 50% of the net smelter return of \$1,000,000 exercisable within 90 days after commencement of commercial production.

e) Mount Anderson Property, Whitehorse Mining District, Yukon

In February 2017, the Company entered into an Option Agreement to earn 100% undivided interest in the Mount Anderson Property, Whitehorse Mining District, Yukon. Pursuant to the current option agreement, Apex Minerals Ltd. can exercise the option by paying an aggregate of \$300,000 to the Optionors, issuing an aggregate of 1,000,000 common shares in the capital of the Company, and incurring an aggregate of \$385,000 of exploration expenditures as follows:

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION INTERESTS (CONTINUED)

e) Mount Anderson Property, Whitehorse Mining District, Yukon (continued)

	CASH PAYMENTS	SHARES	WORK COMMITMENT
Upon Signing (paid)	\$10,000	-	-
Upon Regulatory Approval (paid and issued)	\$10,000	100,000	-
At end of 12 months	\$20,000	200,000	\$35,000
At end of 18 months	\$20,000	-	-
At end of 24 months	\$40,000	300,000	\$100,000
At end of 30 months	\$40,000	-	-
At end of 36 months	\$80,000	400,000	\$250,000
At end of 42 months	\$80,000	-	-
Total	\$300,000	1,000,000	\$385,000

The Optionors are entitled to receive a 2% NSR, half of which can be purchased within 90 days after Commencement of Commercial Production by the Company for \$1,000,000. The Optionors also retain a 5% gross over-riding royalty on any high-grade bulk samples processed prior to Commercial Production.

5. SHORT-TERM INVESTMENTS

Short-term investments are summarized as follows:

		Number of Shares	Historical Cost	Fair Value June 30, 2017	Fair Value December 31, 2016
Altair Gold Inc.	a)	133,333	\$ 257,500	\$ 40,000	\$ 33,333
GICs		-	\$ 113,000	\$ 113,000	\$ 243,000
Prize Mining Corporation	b)	375,000	\$ 1	\$ 247,500	\$ 1
Total Investments		-	\$ 370,501	\$ 400,500	\$ 276,334

These investments are classified as fair value through profit or loss and measured at fair value with fair value gains and losses recognized in income.

- The Company holds 133,333 common shares of Altair instead of 2,000,000 common shares previously held as a result of a share consolidation in 2015. During the period ended June 30, 2017, the Company recorded a gain of \$6,667 (June 30, 2016 - \$11,333) with respect to these shares.
- During September 2016, the Company entered into an agreement with 1994854 Alberta Ltd. to option out 80% interest in Kena Property owned by the Company (see Note 4a). The agreement was approved by the TSXV on October 3, 2016. Under the terms of the agreement, 1994854 Alberta Ltd. issued 375,000 common shares to the Company on October 2016. In April 2017, 1994854 Alberta Ltd. completed a share-for-share exchange with Prize Mining Corporation ("Prize"), whereby the Company received 375,000 shares of Prize, a publicly-traded company. During the quarter ended June 30, 2017 a fair value gain of \$247,499 was recorded based on the quoted market share price of Prize as at June 30, 2017.

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(Unaudited) (Expressed in Canadian dollars)

6. CREDIT CARD DEPOSIT

The amount of \$17,250 at June 30, 2017 (December 31, 2016 - \$17,250) represents a three-year guaranteed investment certificate with interest at prime minus 2.10%, held by the bank as security for the Company's credit card usage and is classified as restricted cash.

7. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued and outstanding:

See Statements of Changes in Shareholders' Equity.

(c) Stock options

The Company has a stock option plan which allows for the grant of options to purchase up to 2,039,017 common shares. The following table summarizes information about the stock options outstanding at June 30, 2017:

Expiry Date	Exercise Price	Number Outstanding at June 30, 2017	Number Outstanding at December 31, 2016
October 12, 2017	\$ 1.00	642,500	642,500
March 8, 2022	\$ 0.15	1,010,000	-

As at June 30, 2017, the weighted average remaining contractual life of stock options outstanding was 2.98 years (December 31, 2016 – 0.78 years).

A summary of the changes in stock options for the three months ended June 30, 2017 and year ended December 31, 2016 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015 and 2016	642,500	\$ 1.00
Granted	1,010,000	\$ 0.15
Balance, June 30, 2017	1,652,500	\$ 0.48
Balance vested, June 30, 2017	1,652,500	\$ 0.48

The fair value of stock options granted during the period ended June 30, 2017 was calculated using the Black-Scholes model with the following assumptions:

	June 30, 2017
Risk-free rate	1.20%
Expected dividend yield	0%
Expected option life (years)	5.00
Expected stock price volatility	195%
Fair value at grant date	\$ 0.15

(d) Share purchase warrants

There are no share purchase warrants outstanding as at June 30, 2017 and December 31, 2016.

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(Unaudited) (Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

(e) Shareholder rights plan

The Company's board of directors adopted a Shareholder Rights Plan on September 23, 2013.

The Shareholder Rights Plan has been designed to protect shareholders from unfair, abusive or coercive take-over strategies including the acquisition of control of the Company by a bidder in a transaction or series of transactions that may not treat all shareholders fairly nor afford all shareholders an equal opportunity to share in the premium paid upon an acquisition of control. The Shareholder Rights Plan was adopted to provide the Board with sufficient time, in the event of a public take-over bid or tender offer for the common shares, to pursue alternatives which could enhance shareholder value.

This Shareholder Rights Plan has not been adopted in response to any proposal to acquire control of the Company.

The Rights will not, however, be triggered by a "Permitted Bid", which is defined as a bid which is outstanding for a minimum of 60 days made to all of the shareholders of the Company for all of their common shares and, subject to other specified conditions, is accepted by a majority of independent shareholders (as detailed in the Rights Plan).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of:

	June 30, 2017	December 31, 2016
Accounts payable	\$ 9,250	\$ 4,378
Accrued liabilities	43,500	53,065
	\$ 52,750	\$ 57,443

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties as follows:

	Six months ended June 30,	
Key management compensation:	2017	2016
Directors' fees (included in office and administration)	\$ 7,500	\$ 9,000
Short-term employee benefits	—	—
Geological expenses	10,475	—
Shareholder communications	44,000	36,000
Share-based payments	147,660	—
Salaries	90,000	90,000
Total	\$ 299,635	\$ 135,000

APEX RESOURCES INC.

(an exploration stage company)

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Three months and six months ended June 30, 2017

(Unaudited) (Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances payable to related parties are included in accounts payable on the statement of financial position. These amounts are non-interest bearing and are due on demand.

Balances payable for:	June 30, 2017	December 31, 2016
Directors' fees	–	–
Short term employee benefits	–	–
Shareholder communications	–	–
Geological expenses	1,339	–
General office and administration expense	–	1,145
	1,339	1,145

10. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at June 30, 2017, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2016, are shown in the table below:

	June 30, 2017		December 31, 2016	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash	\$ 36,223	\$ 36,223	\$ 19,026	\$ 19,026
Short term investments	400,500	400,500	276,334	276,334
Credit card deposit	17,250	17,250	17,250	17,250
Reclamation deposit	30,120	30,120	30,120	30,120
Financial liabilities				
Accounts payable	9,250	9,250	57,443	57,443
Accounts payable to related parties	1,339	1,339	1,145	1,145

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- i) Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly, such as quoted prices for similar assets or liabilities in active markets, or indirectly, such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 - Applies to assets or liabilities for which there are unobservable market data.

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Notes to financial statements

Three months and six months ended June 30, 2017

(Unaudited) (Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the Company's financial instruments measured at June 30, 2017, constitute Level 1 measurements for its cash, short-term investments, investments, credit card deposit and reclamation deposits within the fair value hierarchy.

The Company recognized interest income during the period ended June 30, 2017, totaling \$613 (June 30, 2016 - \$935). This is primarily interest income from the Company's short-term investments. The balance represents interest income from all sources.

Credit risk

Substantially all of the Company's cash is held with major financial institutions in Canada, and management believe the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company has increased its focus on credit risk given the impact of the current economic climate. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at June 30, 2017, is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 11, in normal circumstances. The Company's financial liabilities are comprised of its accounts payable and accounts payable to related parties, the contractual maturities of which at June 30, 2017 and December 31, 2016, are summarized as follows:

	June 30, 2017	December 31, 2016
Accounts payable with contractual maturities –		
Within 90 days or less	\$ 9,250	\$ 4,378
In later than 90 days, not later than one year	-	-
Accounts payable to related parties with contractual maturities –		
Within 90 days or less	1,339	1,145
In later than 90 days, not later than one year	-	-

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable markets conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in markets prices, such that changes in market prices results in a proportionate change in the carrying value of the Company's investments.

The Company's ability to raise capital to fund exploration or evaluation activities is subject to risk associated with fluctuations in the market prices of gold, copper, zinc, lead, molybdenum and tungsten, and the outlook for these metals. The Company's ability to raise capital is affected by the prices of commodities that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

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Notes to financial statements

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10. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Market prices for these metals have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

Interest rate risk

At June 30, 2017, the Company has no significant exposure to interest rate risk through its financial instruments.

Currency risk

Fluctuations in United States dollars would not significantly impact the operations and the values of its assets and shareholders' equity at this time. If the Company were to go into production, the Company would be subject to more foreign currency risk from fluctuations in the Canadian dollar relative to the United States dollar, due to metals prices and their denomination in United States dollars.

11. MANAGEMENT OF CAPITAL

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests in British Columbia and to maintain a flexible capital structure which will optimize the costs of capital.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. The Company currently has a working capital of \$396,590 (December 31, 2016 - \$250,685) and must rely on equity financings, or forms of joint venture or other types of financing to fund operations and to continue exploration and evaluation work and to meet its administrative overhead costs in future years (see Note 2b).

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.