

**APEX RESOURCES INC.**  
(an exploration stage company)

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**  
**(Expressed in Canadian Dollars)**

## APEX RESOURCES INC.

(an exploration stage company)  
Statements of Financial Position  
(Expressed in Canadian dollars)

	Note	March 31, 2022	December 31, 2021
<b>ASSETS</b>			
Current assets			
Cash		\$ 530,336	\$ 22,372
Receivables		18,440	14,092
Prepaid expenses		1,788	17,871
Short-term investments	5	152,667	190,500
		<b>703,231</b>	<b>244,835</b>
Non-current assets			
Exploration and evaluation assets	4	2,786,396	2,778,125
Credit card deposit	6	17,250	17,250
Advance		2,000	2,000
Reclamation deposits		33,620	33,620
		<b>\$ 3,542,497</b>	<b>\$ 3,075,830</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 102,000	\$ 61,631
Related party payable and accrued liabilities	8	288,500	288,500
		<b>390,500</b>	<b>350,131</b>
<b>EQUITY</b>			
Share capital	7	23,667,626	23,362,487
Warrants reserve	7	989,135	744,149
Share-based payments reserve	7	3,626,030	3,626,030
Deficit		(25,130,794)	(25,006,967)
		<b>3,151,997</b>	<b>2,725,699</b>
		<b>\$ 3,542,497</b>	<b>\$ 3,075,830</b>

Approved and authorized for issue by the Board on May 30, 2022.

*(Signed) "Jay Roberge"*

Director

*(Signed) "Adam Pankratz"*

Director

See the accompanying notes to these financial statements.

## APEX RESOURCES INC.

(an exploration stage company)

Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

		Three months ended March 31,	
	Note	2022	2021
<b>Expenses:</b>			
Directors' fees	8	\$ 4,500	\$ 4,500
Insurance		1,083	1,083
Interest and other		82	51
Legal, accounting and audit		6,783	8,012
Office and administration		5,221	7,809
Salaries and management fees	8	77,700	75,000
Shareholder communications		(9,329)	1,528
Technical reports		-	20,023
<b>Loss before other items</b>		<b>(86,040)</b>	<b>(118,006)</b>
<b>Other items:</b>			
Interest income		46	45
Unrealized (loss) gain on short-term investments	5	(37,833)	3,667
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (123,827)</b>	<b>\$ (114,294)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>			
		<b>27,399,112</b>	<b>24,562,445</b>
<b>Loss per share, basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

See the accompanying notes to the financial statements.

## APEX RESOURCES INC.

(an exploration stage company)

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

Common shares without par value							
	Note	Number of shares	Share capital	Warrants reserve	Share-based payments reserve	Deficit	Total shareholders' equity
Balance, December 31, 2020		24,562,445	\$ 23,362,487	\$ 744,149	\$ 3,626,030	\$ (24,592,130)	\$ 3,140,536
Net loss for the year		-	-	-	-	(414,837)	(414,837)
Balance, December 31, 2021		24,562,445	23,362,487	744,149	3,626,030	(25,006,967)	2,725,699
Shares and warrants issued pursuant to private placements	7(b)	11,100,000	310,349	244,651	-	-	555,000
Share and warrant issue costs		-	(5,210)	(2,148)	-	-	(7,358)
Finders' warrants	7(d)	-	-	2,483	-	-	2,483
Net loss for the year		-				(123,827)	(123,827)
<b>Balance, March 31, 2022</b>		<b>35,662,445</b>	<b>\$ 23,667,626</b>	<b>\$ 989,135</b>	<b>\$ 3,626,030</b>	<b>\$ (25,130,794)</b>	<b>\$ 3,151,997</b>

See the accompanying notes to the financial statements.

# APEX RESOURCES INC.

(an exploration stage company)

Statements of Cash Flows

(Expressed in Canadian dollars)

	Note	Three months ended March 31, 2022	Three months ended March 31, 2021
<b>Operating activities</b>			
Net loss for the year		\$ (123,827)	\$ (114,294)
Items not involving cash:			
Unrealized loss (gain) on short-term investments	5	37,833	(3,667)
Changes in non-cash operating working capital			
Receivables		(4,348)	14,007
Prepaid expenses		16,083	1,708
Accounts payable and accrued liabilities		40,369	20,632
Related party payable and accrued liabilities		-	62,084
		<b>(33,890)</b>	<b>(19,530)</b>
<b>Investing activities:</b>			
Mineral property exploration and evaluation costs	4	(8,271)	(67,502)
		<b>(8,271)</b>	<b>(67,502)</b>
<b>Financing activities:</b>			
Proceeds from private placement	7(b)	555,000	-
Share issue costs	7(b)	(4,875)	-
		<b>550,125</b>	<b>-</b>
Change in cash during the year		507,964	(87,032)
Cash, beginning of year		22,372	149,851
<b>Cash, end of year</b>		<b>\$ 530,336</b>	<b>\$ 62,819</b>

See the accompanying notes to the financial statements.

## Supplemental information

Interest received		\$ 46	\$ 45
Interest Paid		-	8

## Non-cash transactions

Finders' warrants issued pursuant to private placement	7(b)	\$ 2,483	\$ -
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# **APEX RESOURCES INC.**

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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## **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 address of the Company’s registered corporate office and its principal place of business is 666 Burrard Street, Suite 500, 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 exploration and evaluation assets 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 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 unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. These unaudited condensed interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed interim financial statements should be read in conjunction with the Company’s audited December 31, 2021 annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed interim financial statements were authorized for issuance by the Board of Directors on May 30, 2022.

### **b) Going concern**

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the next fiscal year. The Company incurred a net loss of \$414,837 for the year ended December 31, 2021 and had an accumulated deficit of \$25,006,967 as at December 31, 2021. 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.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

# **APEX RESOURCES INC.**

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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## **2. BASIS OF PREPARATION (CONTINUED)**

### c) Measurement basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All amounts are expressed in Canadian dollars unless otherwise stated.

### d) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## **3. RECENT ACCOUNTING PRONOUNCEMENTS**

### a) Application of new and revised accounting standards

None of the new standards, and amendments to standards and interpretations effective as of January 1, 2022 applied in preparing these interim financial statements had a significant effect on these financial statements.

### b) Accounting standards and amendments issued but not yet effective

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There were no standards effective for annual periods beginning on or after January 1, 2022 that would significantly affect the Company.

# APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

## 4. EXPLORATION AND EVALUATION ASSETS

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

	Kena British Columbia	Jersey Emerald British Columbia	Mount Anderson Yukon	Other	TOTAL
Acquisition costs	(Note 4(a))	(Note 4(b))	(Note 4(c))		
As at December 31, 2021	\$ -	\$ 270,000	\$ -	\$ 2	\$ 270,002
Incurring during the period	-	5,000	-	-	5,000
As at March 31, 2022	-	275,000	-	2	275,002
Exploration and evaluation assets					
As at December 31, 2021	-	2,508,123	-	-	2,508,123
Site activities	-	3,091	-	-	3,091
Geological and geophysical	-	180	-	-	180
As at March 31, 2022	-	2,511,394	-	-	2,511,394
<b>Balance, March 31, 2022</b>	<b>\$ -</b>	<b>\$ 2,786,394</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ 2,786,396</b>
Acquisition costs					
As at December 31, 2020	\$ 8,051	\$ 197,000	\$ 220,200	\$ 2	\$ 425,253
Incurring during the period	-	73,000	12,560	-	85,560
Write-downs (Note 4(c))	-	-	(232,760)	-	(232,760)
Disposition of property (Note 4(a))	(8,051)	-	-	-	(8,051)
As at December 31, 2021	-	270,000	-	2	270,002
Exploration and evaluation assets					
As at December 31, 2020	-	2,402,056	195,545	-	2,597,601
Site activities	-	9,337	-	-	9,337
Geological and geophysical	-	96,730	-	-	96,730
Write-downs (Note 4(c))	-	-	(195,545)	-	(195,545)
As at December 31, 2021	-	2,508,123	-	-	2,508,123
Balance, December 31, 2021	\$ -	\$ 2,778,123	\$ -	\$ 2	\$ 2,778,125

### a) Kena and Daylight Gold-Copper Properties, Ymir, British Columbia, Canada

The Kena and Daylight Properties (the "Project") are comprised of the original Kena claims, Daylight claims and additional properties under option located near the community of Ymir in southeastern B.C. In September 2016, the Company entered into an agreement (as amended in June 2019) with Boundary Gold and Copper Mining Ltd. ("BGCM") to option out an 80% interest in the Project owned by Apex. On April 7, 2021, West Mining Corp. ("West") acquired BGCM's option on the Project.

On April 7, 2021, the Company entered into an asset purchase agreement (the "Agreement") with West whereby West acquired the Company's remaining 20% interest in the Project in exchange for aggregate cash payments of \$300,000, an aggregate of 1,500,000 common shares of West and West granting the Company a 1.0% net smelter returns ("NSR") royalty on the Project, with West having the right to purchase the NSR for \$500,000 at any time prior to the commencement of commercial production on the Project. The 1,500,000 shares have been valued at \$472,500 based on the closing price on the TSX Venture Exchange of West on May 4, 2021, the closing date of the transaction.

# APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

## 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Company received cash payments aggregating \$300,000 and West issued shares to Apex on the following basis: (i) 375,000 shares subject to a four-month hold period, (ii) 375,000 shares subject to a four-month hold period and a voluntary six-month escrow period, and (iii) 750,000 shares subject to a four-month hold period and a voluntary 12-month escrow period.

As a result of the transaction, the Company recorded a gain on sale of disposition of the Project of \$761,509, net of legal fees of \$2,940, during the year ended December 31, 2021.

### b) Jersey Emerald and Ore Hill Properties, Salmo, British Columbia, Canada

#### i) *Jersey Emerald Property, Salmo, British Columbia*

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.

The property is subject to various NSR's associated with the various claims. In particular, the Jersey Emerald 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. For the year ended December 31, 2021, annual advance royalty payments of \$53,000 (2020 - \$53,000) have been made.

#### ii) *Ore Hill Property, Salmo, British Columbia*

The Ore Hill Property was acquired by Margaux Resources Ltd. ("Margaux") on February 27, 2017 but reverted to the Company as part of an Area of Interest Inclusion when Margaux terminated the option agreement on the Jersey Emerald Property in October 2018. In order to complete the acquisition of the Ore Hill Property, the Company must complete remaining outstanding option payments to the original property vendors comprised of \$55,000 and 100,000 shares over three years as follows:

	Cash payments	Shares
March 29, 2019 (paid and issued)	\$ 15,000	50,000
March 29, 2020 (paid and issued)	\$ 10,000	50,000
June 30, 2020 (paid)	\$ 10,000	—
March 29, 2021 (paid)	\$ 20,000	—
<b>Total</b>	<b>\$ 55,000</b>	<b>100,000</b>

Ore Hill is subject to a 2% NSR royalty which the Company may purchase for \$250,000 at any time.

### c) Mount Anderson Property, Whitehorse Mining District, Yukon

In February 2017, the Company entered into an Option Agreement to earn a 100% undivided interest in the Mount Anderson Property, Yukon. The Company and the Optionors amended the agreement on August 29, 2019. Pursuant to the amended agreement, the Company 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:

## APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

### 4. EXPLORATION AND EVALUATION ASSETS (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 (paid, issued and met)	\$ 20,000	200,000	\$ 35,000
At end of 18 months (paid)	\$ 20,000	-	-
At end of 24 months (paid, issued and met)	\$ 40,000	300,000	\$ 100,000
At end of 31 months, as amended (issued)	\$ -	400,000	-
At end of 38 months, as amended (paid)	\$ 20,000	-	-
At end of 42 months, (paid)	\$ 20,000	-	-
At end of 48 months, (previously due in March 2021, as amended as below)	\$ 80,000	-	\$ 250,000
At end of 54 months	\$ 80,000	-	-
<b>Total</b>	<b>\$ 300,000</b>	<b>1,000,000</b>	<b>\$ 385,000</b>

On March 1, 2021, the Company renegotiated the terms of the Mount Anderson option agreement for a cash payment of \$12,000. Under the terms of the amending agreement, the remaining \$160,000 cash payment is due by December 15, 2021 and the remaining \$250,000 work commitment is to be incurred by September 25, 2022. On December 15, 2021, the Company elected not to proceed with the \$160,000 payment and as a result, the Company concluded it has no intention to pursue the project, an indicator of impairment leading to a test of recoverable amount, which resulted in an impairment expense of \$428,305 recorded during the year ended December 31, 2021. A value in use calculation is not applicable as the Company does not have expected cash flows from the property in this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than \$nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

### 5. SHORT-TERM INVESTMENTS

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

	Number of Shares	Historical Cost	Fair value March 31, 2022	Fair value December 31, 2021
Term deposits – GICs	-	\$ 6,000	\$ 6,000	\$ 6,000
Marketable securities:				
Altair Resources Inc.	33,333	257,500	2,667	3,000
Boundary Gold and Copper Mining Ltd.	300,000	176,251	9,000	9,000
West Mining Corp. (Note 4(a))	1,500,000	472,500	135,000	172,500
				-
Total short-term investments		\$ 912,251	\$ 152,667	\$ 190,500

### 6. CREDIT CARD DEPOSIT

## **APEX RESOURCES INC.**

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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The amount of \$17,250 as at March 31, 2022 (December 31, 2021 - \$17,250) represents a three-year guaranteed investment certificate with interest at prime minus 2.20% (December 31, 2021 - prime minus 2.20%), held by the bank as security for the Company's credit card usage.

## APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 7. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Issued and outstanding

There were no share issuances during the year ended December 31, 2021.

On March 8, 2022, the Company closed a non-brokered private placement (the "Private Placement") issuing a total of 11,100,000 units (the "Units") at \$0.05 per Unit for total gross proceeds of \$555,000. Each Unit is comprised of one (1) common share (the "Shares") in the capital of the Company and one (1) non-transferable share purchase warrant (the "Warrants")(Note 7(d)).

All securities issued will be subject to a four month hold period pursuant to securities laws in Canada and will be restricted from trading until July 11, 2022.

#### (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.

On March 8, 2022, 1,010,000 options at an exercise price of \$0.15 expired unexercised. On March 31, 2022, the Company had no outstanding options.

On April 19, 2022, the Company granted 2,039,000 options exercisable at \$0.08 per share until April 19, 2027.

There were no changes to the Company's stock option position for the year ended December 31, 2021.

#### (d) Share purchase warrants

On March 8, 2022, the Company closed a non-brokered private placement (the "Private Placement") issuing a total of 11,100,000 units (the "Units") at \$0.05 per Unit for total gross proceeds of \$555,000. Each Unit is comprised of one (1) common share (the "Shares") in the capital of the Company and one (1) non-transferable share purchase warrant (the "Warrants")(Note 7(b)).

The Warrants are exercisable into one Share of the Company for a period of 24 months from the date of issue at an exercise price of \$0.10 per Share. The Warrants are subject to an acceleration clause whereby if the volume weighted average closing price of the Shares on the Exchange is \$0.15 or more for 21 consecutive trading days at any time subsequent to the expiry of six months from the date of issuance of the Warrants, then the Company will earn the right by providing notice (the "Acceleration Notice") to the warrant holders, to accelerate the expiry date of the Warrants to that date which is 30 days from the date of the Acceleration Notice.

The Company paid finders fees of \$2,100 and 42,000 finder's warrants (the "Finder's Warrants") to Leede Jones Gable Inc. and Haywood Securities. The Finder's Warrants are exercisable under the same terms as the Private Placement warrants.

## APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

### 7. SHARE CAPITAL (CONTINUED)

The following share purchase warrants were outstanding as at March 31, 2022:

	Number of warrants	Exercise price	Expiry date
Private placement - July 24, 2020	5,769,231	\$0.14	July 24, 2022
Private placement - September 4, 2020	2,000,000	\$0.15	September 4, 2023
Warrants issued as finders' fee - September 4, 2020	160,000	\$0.15	September 4, 2023
Private placement - March 8, 2022	11,100,000	\$0.10	March 8, 2024
Warrants issued as finders' fee - March 8, 2022	42,000	\$0.10	March 8, 2024
Balance, March 31, 2022	19,071,231	\$0.118	

A summary of the changes in share purchase warrants for the three months ended March 31, 2022 and the year ended December 31, 2021 is presented below:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2020	9,117,831	\$ 0.145
Expired during 2021	(1,188,600)	\$ 0.157
Outstanding, December 31, 2021	7,929,231	\$ 0.143
Issued during 2022	11,142,000	\$ 0.100
<b>Outstanding, March 31, 2022</b>	<b>19,071,231</b>	<b>\$ 0.118</b>

The expiry of the July 24, 2020 warrants may be accelerated at the election of the Company in circumstances where, at any time following 6 months from the issuance of the warrants, the closing price of the Company's shares on the TSX Venture Exchange is equal to or greater than \$0.20 for 21 consecutive trading days.

As at March 31, 2022, the weighted average remaining contractual life of the share purchase warrants was 1.28 years (December 31, 2021 – 0.87 years) and the weighted average exercise price was \$0.118 (December 31, 2021 - \$0.145).

Consideration received for the private placement units has been allocated between common shares and share purchase warrants on the relative fair value method. The fair values of the warrants issued were calculated using the Black-Scholes pricing model with the following assumptions:

Issuance date	March 8, 2022
Exercise price per warrant	\$0.10
Share price at date of issue	\$0.075
Expected life	2 years
Risk-free interest rate	1.41%
Dividend yield	Nil
Expected volatility	187%
Forfeiture rate	0%
Estimated fair value per warrant	\$0.06

## APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

### 8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and its two senior officers as its key management personnel. 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:

Key management compensation	Three months ended March 31,	
	2022	2021
Directors' fees	\$ 4,500	\$ 4,500
Salaries and management fees	77,700	75,000
	<b>\$ 82,200</b>	<b>\$ 79,500</b>

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

Balances payable for:	March 31,	December 31,
	2022	2021
Directors' fees	\$ 13,500	\$ 13,500
Salaries and management fees	275,000	275,000
	<b>\$ 288,500</b>	<b>\$ 288,500</b>

### 9. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. 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 March 31, 2022, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2021, are shown in the table below:

	March 31, 2022		December 31, 2021	
	Fair value	Carrying value	Fair value	Carrying value
<b>Financial assets</b>				
Cash	\$ 530,336	\$ 530,336	\$ 22,372	\$ 22,372
Short-term investments	152,667	152,667	190,500	190,500
Credit card deposit	17,250	17,250	17,250	17,250
Reclamation deposits	33,620	33,620	33,620	33,620
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	102,000	102,000	61,631	61,631
Related party payables	288,500	288,500	288,500	288,500

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.

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Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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## 9. FINANCIAL INSTRUMENTS (continued)

- 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.

The fair values of the Company's financial instruments measured at March 31, 2022, constitute Level 1 measurements for its cash, short-term investments, credit card deposit and reclamation deposits within the fair value hierarchy.

The Company recognized interest income during the three months ended March 31, 2022 totaling \$46 (three months ended March 31, 2021 - \$45). 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 is primarily its investment in marketable securities of publicly traded companies. 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 March 31, 2022, 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. All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2022 and all of the related party payable and accrued liabilities are non-interest bearing and are due on demand.

### 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.

## **APEX RESOURCES INC.**

(an exploration stage company)

Notes to financial statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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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 March 31, 2022 and December 31, 2021, 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.

## **10. MANAGEMENT OF CAPITAL**

The Company considers its capital structure to consist of shareholders' equity. 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.

At March 31, 2022, the Company had working capital of \$312,731 (December 31, 2021 - working capital deficiency of \$105,296) 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 (Note 2(b)). The Company raised gross proceeds of \$555,000 through a non-brokered private placement completed on March 8, 2022 (Note 7(b)) but will require additional funding to significantly advance its projects. 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. There have been no changes in the Company's approach to management of capital during the year.

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.

## **11. SUBSEQUENT EVENT**

On April 19, 2022, the Company granted 2,039,000 options exercisable at \$0.08 per share until April 19, 2027.