

APEX RESOURCES INC.
(an exploration stage company)

FINANCIAL STATEMENTS

MARCH 31, 2023
(Expressed in Canadian Dollars)

APEX RESOURCES INC.

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

	Note	March 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		\$ 65,370	\$ 189,952
Receivables		33,077	28,829
Prepaid expenses		1,371	2,036
Short-term investments	5	78,833	77,167
		178,651	297,984
Non-current assets			
Exploration and evaluation assets	4	2,864,708	2,830,562
Credit card deposit	6	17,250	17,250
Advance		2,000	2,000
Reclamation deposits		33,620	33,620
		\$ 3,096,228	\$ 3,181,416
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 63,723	\$ 82,259
Related party payable and accrued liabilities	8	288,500	288,500
		352,223	370,759
EQUITY			
Share capital	7	23,697,626	23,667,626
Warrants reserve	7	989,135	989,135
Share-based payments reserve	7	3,776,124	3,776,124
Deficit		(25,718,879)	(25,622,228)
		2,744,006	2,810,657
		\$ 3,096,228	\$ 3,181,416

Approved and authorized for issue by the Board on May 30, 2023.

(Signed) "Linda Dandy"

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	2023	2022
Expenses:			
Directors' fees	8	\$ 13,500	\$ 4,500
Insurance		665	1,083
Interest and other		55	82
Legal, accounting and audit		13,165	6,783
Office and administration		9,120	5,221
Salaries and management fees	8	60,000	77,700
Shareholder communications		2,236	(9,329)
Loss before other items		(98,741)	(86,040)
Other items:			
Interest income		423	46
Unrealized (loss) gain on short-term investments	5	1,666	(37,833)
Net loss and comprehensive loss for the period		\$ (96,651)	\$ (123,827)
Weighted average number of common shares outstanding - basic and diluted			
		35,872,445	27,399,112
Loss per share, basic and diluted		\$ (0.00)	\$ (0.00)

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, 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	7(b)	-	(2,727)	(2,148)	-	-	(4,875)
Finders' warrants	7(b)	-	(2,483)	2,483	-	-	-
Options granted in April 2022	7(c)	-	-	-	150,094	-	150,094
Net loss for the year		-	-	-	-	(615,261)	(615,261)
Balance, December 31, 2022		35,662,445	23,667,626	989,135	3,776,124	(25,622,228)	2,810,657
Shares issued for property payments	4(i)	500,000	30,000	-	-	-	30,000
Net loss for the period		-	-	-	-	(96,651)	(96,651)
Balance, March 31, 2023		36,162,445	\$ 23,697,626	\$ 989,135	\$ 3,776,124	\$ (25,718,879)	\$ 2,744,006

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, 2023	Three months ended March 31, 2022
Operating activities			
Net loss for the year		\$ (96,651)	\$ (123,827)
Items not involving cash:			
Unrealized loss (gain) on short-term investments	5	(1,666)	37,833
Changes in non-cash operating working capital			
Receivables		(4,247)	(4,348)
Prepaid expenses		665	16,083
Accounts payable and accrued liabilities		(18,537)	40,369
		(120,436)	(33,890)
Investing activities:			
Mineral property exploration and evaluation costs	4	(4,146)	(8,271)
		(4,146)	(8,271)
Financing activities:			
Proceeds from private placement	7(b)	-	555,000
Share issue costs	7(b)	-	(4,875)
		-	550,125
Change in cash during the period		(124,582)	507,964
Cash, beginning of year		189,952	22,372
Cash, end of period		\$ 65,370	\$ 530,336

See the accompanying notes to the financial statements.

Supplemental information

Interest received		\$ 423	\$ 46
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Non-cash transactions

Finders' warrants issued pursuant to private placement	7(b)	\$ -	\$ 2,483
Shares issued for property payments	4(i)	30,000	-

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Notes to financial statements

For the three months ended March 31, 2023 and 2022

(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 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, 2022 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, 2023.

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 \$96,651 for the three months ended March 31, 2023, a net loss of \$615,261 for the year ended December 31, 2022 and had an accumulated deficit of \$25,718,879 as at March 31, 2023. 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.

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Notes to financial statements

For the three months ended March 31, 2023 and 2022

(Expressed in Canadian dollars)

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 of the Company's audited financial statements for the year ended December 31, 2022. 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, 2023 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, 2023 that would significantly affect the Company.

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4. EXPLORATION AND EVALUATION ASSETS

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

	Jersey Emerald and Ore Hill		
	British Columbia	Other	TOTAL
Acquisition costs			
As at December 31, 2022	\$ 304,000	\$ 2	\$ 304,002
Incurring during the period (Note 4(i))	30,000	-	30,000
As at March 31, 2023	<u>334,000</u>	<u>2</u>	<u>334,002</u>
Exploration and evaluation assets			
As at December 31, 2022	2,526,560	-	2,526,560
Site activities	4,146	-	4,146
As at March 31, 2023	<u>2,530,706</u>	<u>-</u>	<u>2,530,706</u>
Balance, March 31, 2023	\$ 2,864,706	\$ 2	\$ 2,864,708
Acquisition costs			
As at December 31, 2021	\$ 270,000	\$ 2	\$ 270,002
Incurring during the period	34,000	-	34,000
As at December 31, 2022	<u>304,000</u>	<u>2</u>	<u>304,002</u>
Exploration and evaluation assets			
As at December 31, 2021	2,508,123	-	2,508,123
Site activities	16,722	-	16,722
Geological and geophysical	1,715	-	1,715
As at December 31, 2022	<u>2,526,560</u>	<u>-</u>	<u>2,526,560</u>
Balance, December 31, 2022	<u>\$ 2,830,560</u>	<u>\$ 2</u>	<u>\$ 2,830,562</u>

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.

In January 2023, the Company reached an amended agreement with the two optionors in connection to the advance royalty payments on the Jersey Emerald Property in southeastern British Columbia. Under the terms of the amended agreement, the Company issued 500,000 common shares and will make annual advance royalty payments of \$26,000 to the optionors commencing in 2022. The amended agreement has received TSXV approval. During the quarter ended March 31, 2023, 500,000 common shares were issued to the two optionors (at a deemed price of \$0.06 per share) and \$26,000 was paid to the two optionors with respect to the year ended December 31, 2022.

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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, 2022 (paid)	\$ 20,000	–
Total	\$ 55,000	100,000

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

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, 2023	Fair value December 31, 2022
Term deposits – GICs	–	\$ 6,000	\$ 6,000	\$ 6,000
Marketable securities:				
Altair Resources Inc.	33,333	257,500	833	667
Boundary Gold and Copper Mining Ltd.	300,000	176,251	4,500	3,000
West Mining Corp.	1,500,000	472,500	67,500	67,500
Total short-term investments		\$ 912,251	\$ 78,833	\$ 77,167

6. CREDIT CARD DEPOSIT

The amount of \$17,250 as at March 31, 2023 (December 31, 2022 - \$17,250) represents a three-year guaranteed investment certificate with interest at prime minus 2.20% (December 31, 2022 - prime minus 2.20%), held by the bank as security for the Company's credit card usage.

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On January 27, 2023, the Company issued 500,000 common shares to two optionors in connection with the advance royalty payments on the Jersey Emerald Property in southeastern British Columbia (Note 4(i)). The shares had a deemed value of \$0.06 per share for a total of \$30,000.

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7. SHARE CAPITAL (CONTINUED)

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)).

Consideration received for the private placement units has been allocated between common shares (\$310,349) and share purchase warrants (\$244,651) on the relative fair value method. The fair value of the warrants issued was calculated using the Black-Scholes pricing model with the following assumptions:

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

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

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 finder's fees of \$4,875 in cash and issued 42,000 finder's warrants (the "Finder's Warrants"). The Finder's Warrants are exercisable under the same terms as the Private Placement Warrants. The fair value of the Finder's Warrants issued was calculated to be \$2,483 using the Black-Scholes pricing model with the same assumptions as the Private Placement Warrants.

(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.

There were no changes to the Company's stock option position for the three months ended March 31, 2023.

On March 8, 2022, 1,010,000 options at an exercise price of \$0.15 expired unexercised, leaving the Company with no outstanding options on that date.

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

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(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

(d) Share purchase warrants

The following share purchase warrants were outstanding as at March 31, 2023:

	Number of warrants	Exercise price	Expiry date
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, 2023	13,302,000	\$0.108	

A summary of the changes in share purchase warrants for the three months ended March 31, 2023 and the year ended December 31, 2022 is presented below:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2021	7,929,231	\$ 0.143
Issued during 2022	11,142,000	\$ 0.100
Expired during 2022	(5,769,231)	\$ 0.140
Outstanding, December 31, 2022 and March 31, 2023	13,302,000	\$ 0.108

As at March 31, 2023, the weighted average remaining contractual life of the share purchase warrants was 0.85 years (December 31, 2022 – 1.10 years) and the weighted average exercise price was \$0.108 (December 31, 2022 - \$0.108).

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,	
	2023	2022
Directors' fees	\$ 13,500	\$ 4,500
Salaries and management fees	60,000	77,700
	\$ 73,500	\$ 82,200

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, 2023	December 31, 2022
Directors' fees	\$ 13,500	\$ 13,500
Salaries and management fees	275,000	275,000
	\$ 288,500	\$ 288,500

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Notes to financial statements

For the three months ended March 31, 2023 and 2022

(Expressed in Canadian dollars)

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, 2023, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2022, are shown in the table below:

	March 31, 2023		December 31, 2022	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets				
Cash	\$ 65,370	\$ 65,370	\$ 189,952	\$ 189,952
Short-term investments	78,833	78,833	77,167	77,167
Credit card deposit	17,250	17,250	17,250	17,250
Reclamation deposits	33,620	33,620	33,620	33,620
Financial liabilities				
Accounts payable and accrued liabilities	63,723	63,723	82,259	82,259
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.
- 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, 2023, 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, 2023 totaling \$423 (three months ended March 31, 2022 - \$46). 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. 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, 2023, is the carrying value of its financial assets.

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9. FINANCIAL INSTRUMENTS (CONTINUED)

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 10, in normal circumstances. All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2023 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.

Commodity price risk

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.

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, 2023 and December 31, 2022, 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.

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10. MANAGEMENT OF CAPITAL (CONTINUED)

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, 2023, the Company had working capital deficiency of \$173,572 (December 31, 2022 - working capital deficiency of \$72,775) 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, 2023 (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.