

APEX RESOURCES INC.
(FORMERLY SULTAN MINERALS INC.)
(an exploration stage company)
CONDENSED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 (unaudited)	December 31, 2015
Assets		
Current assets		
Cash	\$ –	\$ 402
Receivables	6,518	3,843
Prepaid expenses	2,668	4,293
Short-term investments (Note 5)	129,667	167,333
Total current assets	138,853	175,871
Exploration and evaluation assets (Note 4)	3,085,258	3,140,258
Credit card deposit (Note 6)	17,250	17,250
Reclamation deposits	30,120	30,120
Total assets	\$ 3,271,481	\$ 3,363,499
Liabilities and Equity		
Current liabilities		
Cheques issued in excess of funds on deposit	\$ 10,951	\$ –
Accounts payable and accrued liabilities (Note 8)	37,464	55,552
Accounts payable to related parties (Note 9)	105,000	36,000
Total liabilities	153,415	91,552
Equity		
Share capital (Note 7)	22,861,534	22,861,534
Warrants reserve (Note 7)	429,049	429,049
Share-based payments reserve	3,505,692	3,505,692
Deficit	(23,678,209)	(23,524,328)
Total equity	3,118,066	3,271,947
Total liabilities and equity	\$ 3,271,481	\$ 3,363,499

Going concern (Note 2)

Subsequent event (Note 11)

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 Loss

(Unaudited) (Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Expenses				
Exploration costs	\$ 4,501	\$ 2,143	\$ 4,501	\$ 4,093
Insurance	813	813	1,625	1,626
Interest and other (recoveries)	133	(364)	269	(150)
Legal, accounting and audit	5,500	9,949	9,000	16,449
Meals and entertainment	75	147	150	147
Office and administration	13,288	16,154	21,178	47,600
Salaries and benefits	45,000	41,389	90,498	87,526
Shareholder communications	19,347	23,378	38,744	42,502
Travel and conferences	11	391	184	1,820
	88,668	94,000	166,149	201,613
Loss before other items	(88,668)	(94,000)	(166,149)	(201,613)
Gain on disposal of equipment	-	-	-	3,000
Interest income	269	382	935	1,732
Unrealized gain or (loss) on investments	(7,333)	-	11,333	-
Net loss and comprehensive loss	\$ (95,732)	\$ (93,618)	\$ (153,881)	\$ (196,881)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	13,477,214	13,477,214	13,477,214	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	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
	Shares (After consolidation see Note 10)	Amount					
Balance, December 31, 2014	13,477,214	\$ 22,861,534	\$ 429,049	\$ 3,505,692	\$ —	\$ (20,365,724)	\$ 6,430,551
Net loss for the period	—	—	—	—	—	(196,881)	(196,881)
Balance, June 30, 2015	13,477,214	\$ 22,861,534	\$ 429,049	\$ 3,505,692	\$ —	\$ (20,562,605)	\$ 6,233,670
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

On July 15, 2016, the Company enacted a ten for one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and loss per share have been restated to give effect to the ten for one share consolidation. See Note 11.

APEX RESOURCES INC.

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Condensed Interim Statements of Cash Flows

(Unaudited) (Expressed in Canadian dollars)

	Six months ended June 30,	
	2016	2015
Cash provided by (used in)		
Operating activities		
Net loss for the period	\$ (153,881)	\$ (196,881)
Items not involving cash:		
Gain on sale of equipment	—	(3,000)
Unrealized gain or (loss) on investments	(11,334)	—
Changes in non-cash operating working capital		
Receivables	(2,675)	(8,143)
Accounts payable to related parties	69,000	—
Prepaid expenses	1,625	3,332
Accounts payable and accrued liabilities	(18,088)	(24,252)
Cash used in operating activities	(115,353)	(228,944)
Financing activities	—	—
Investing activities		
Proceeds from sale of equipment	—	3,000
Exploration and evaluation costs	—	(45)
Mineral property option payments received	55,000	—
Short-term investments in GICs redeemed	49,000	225,000
Cash provided by investing activities	104,000	227,955
Decrease in cash	(11,353)	(989)
Cash, beginning of period	402	7,030
Cash (cheques issued in excess of funds on deposit), end of period	\$ (10,951)	\$ 6,041
Supplemental information		
Interest paid	—	—
Interest received	935	1,732
Income tax paid	—	—

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Notes to financial statements

Three months and six months ended June 30, 2016

(Unaudited) (Expressed in Canadian dollars)

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Apex Resources Inc., incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trades 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 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").

The financial statements were authorized for issuance by the Board of Directors on August 25, 2016.

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 \$23,678,209 at June 30, 2016, 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 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.

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(Unaudited) (Expressed in Canadian dollars)

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	TOTAL 2016
Acquisition costs			
As at December 31, 2015	\$ 40,258	\$ —	\$ 40,258
As at June 30, 2016	40,258	—	40,258
Exploration and evaluation costs			
Incurred during the period			
Option proceeds	—	(55,000)	(55,000)
		(55,000)	(55,000)
As at December 31, 2015	—	3,100,000	3,100,000
As at June 30, 2016	—	3,045,000	3,045,000
Balance, June 30, 2016	\$ 40,258	\$ 3,045,000	\$ 3,085,258

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY AND EMERALD PROPERTIES, BRITISH COLUMBIA	TOTAL 2015
Acquisition costs			
As at December 31, 2014	\$ 40,213	\$ —	\$ 40,213
Incurred during the period	45	—	45
As at December 31, 2015	40,258	—	40,258
Exploration and evaluation costs			
Incurred during the period			
Site activities	383	—	383
Geological and geophysical	1,209	—	1,209
Mineral exploration tax credit received	(2,408)	—	(2,408)
Write-down of exploration and evaluation assets	(2,748,003)	—	(2,748,003)
	(2,748,819)	—	(2,748,819)
As at December 31, 2014	2,748,819	3,100,000	5,848,819
As at December 31, 2015	—	3,100,000	3,100,000
Balance, December 31, 2015	\$ 40,258	\$ 3,100,000	\$ 3,140,258

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(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.

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.

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 now:

i) 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 (\$45,000 received);
- (G) \$50,000 per month commencing April 1, 2017 for a period of 12 months; and
- (H) \$100,000 per month commencing April 1, 2018 until a total of \$4,010,000 has been paid.

ii) incur aggregate exploration expenditures on or before November 8, 2016 of \$2,000,000.

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4. MINERAL PROPERTY EXPLORATION INTERESTS (continued)

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.

The property is carried at the estimated recoverable amount of \$4,010,000 less option payment proceeds of \$910,000 received as of June 30, 2016. Any further property costs incurred by the Company are recorded as exploration expenses in the statement of loss and comprehensive loss.

5. SHORT-TERM INVESTMENTS

Short-term investments are summarized as follows:

	Number of Shares	Historical Cost	Fair Value June 30, 2016	Fair Value December 31, 2015
Altair Gold Inc.	133,333	\$ 257,500	\$ 32,667	\$ 23,333
GICs	—	\$ 105,000	\$ 97,000	\$ 146,000
Total Investments		\$ 362,500	\$ 129,667	\$ 169,333

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.

6. CREDIT CARD DEPOSIT

The amount of \$17,250 at June 30, 2016 (December 31, 2015 - \$17,250) represents a three-year guaranteed investment certificate with interest at prime minus 2.05%, 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, 2016:

Weighted Average Exercise Price	Number Outstanding at June 30, 2016	Weighted Average Remaining Contractual Life
\$1.00	642,500	1.3 years

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(Unaudited) (Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

A summary of the changes in stock options for the six months ended June 30, 2016 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015 and June 30, 2016	642,500	\$1.00
Balance vested, June 30, 2016	642,500	\$1.00

(d) Share purchase warrants

There are no share purchase warrants outstanding as at December 31, 2015 and June 30, 2016.

(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, 2016	December 31, 2015
Accounts payable	\$ 344	\$ 1,612
Accrued liabilities	37,120	53,940
	\$ 37,464	\$ 55,552

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(Unaudited) (Expressed in Canadian dollars)

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:

Key management compensation:	Six months ended June 30,	
	2016	2015
Directors' fees (included in office and administration)	\$ 9,000	\$ 9,075
Shareholder communications	36,000	36,000
Salaries	\$ 90,000	\$ 87,526

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,	December 31,
	2016	2015
Directors' fees	13,500	4,500
Short term employee benefits	67,500	22,500
Shareholder communications	24,000	9,000
	\$ 105,000	\$ 36,000

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, 2016, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2015, are shown in the table below:

	June 30, 2016		December 31, 2015	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash	\$ --	\$ --	\$ 402	\$ 402
Short-Term Investments	129,667	129,667	167,333	167,333
Financial liabilities				
Cheques issued in excess of funds on deposit	10,951	10,951	--	--
Accounts payable	344	344	1,612	1,612
Accounts payable to related parties	105,000	105,000	36,000	36,000

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(Unaudited) (Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (continued)

The fair values of the Company's financial instruments measured at June 30, 2016, constitute Level 1 measurements for its cash, cheques written in excess of funds on deposit, and short-term investments within the fair value hierarchy.

The Company recognized interest income during the three months ended June 30, 2016, totalling \$269. This is primarily interest income from the Company's short-term investments. This 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, 2016, 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.

Market risks

The significant market risks to which the Company is exposed include commodity price risk, interest rate risk and foreign exchange risk.

- Commodity price risk

The Company's ability to raise capital to fund exploration or development 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

The Company has no significant exposure at June 30, 2016, 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.

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(Unaudited) (Expressed in Canadian dollars)

11. SUBSEQUENT EVENT

On July 15, 2016, the Company enacted a ten for one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and loss per share have been restated to give effect to the ten for one share consolidation.