Apex Resources Inc.
Management Discussion and Analysis
For the Quarter Ended
September 30, 2016

Apex Resources Inc.
Management Discussion and Analysis
For the Quarter Ended
September 30, 2016

1.1 Date

The effective date of this Management's Discussion and Analysis ("MD&A") is November 28, 2016.

1.2 Overview

The following MD&A is intended to assist the reader to assess material changes in financial condition and results of operations of Apex Resources Inc. ("Apex" or the "Company") as at September 30, 2016 and for the three months then ended in comparison to the same period in 2015. Apex Minerals Inc. completed a name change from Sultan Minerals Inc. effective July 15, 2016 and enacted a 10 for 1 consolidation of its common shares.

This MD&A should be read in conjunction with the unaudited condensed interim financial statements and notes thereto as at and for the three months ended September 30, 2016, and the audited financial statements and notes thereto as at and for the year ended December 31, 2015. Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with IFRS issued by the International Accounting Standards Board ("ISAB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Apex Resources Inc. ("Apex" or the "Company") is a mineral exploration company. The Company has a portfolio of mineral exploration projects including the Eldorado Property, Cloud Property and Wild Property located in the Golden Triangle region north of Stewart, British Columbia, the Red Ridge Property located in the Yukon Territory and the Jersey Emerald Tungsten Lead Zinc Property and the Kena Gold Copper property, both located in southeastern British Columbia.

Eldorado, Cloud and Wild Property

Apex's Golden Triangle properties, located north of Stewart, BC, include the eastern Eldorado Property, the central Cloud Property and the western Wild Property. The Eldorado Property consists of two mineral tenures totaling 1617.5 hectares, the Cloud Property consists of two mineral tenures totaling 1518 hectares and the Wild Property consists of 6 mineral tenures totaling 4726.4 hectares. British Columbia's Golden Triangle is host to several high-grade past-producing mines including the Premier, Eskay Creek and Snip deposits. Several large new deposits are approaching potential development including Seabridge Gold Inc.'s KSM Project and the Valley of the Kings deposit of Pretium Resources Inc.

The Eldorado Property is located 10 kilometres northeast of the historic, 15.5 million tonne, Granduc copper, gold and silver mine. As well, historic work on the nearby Tennyson and Tennyson Porphyry Projects, has returned significant results. On the Tennyson, a 1986 diamond drill hole returned 40.8 g/t gold and 282 g/t silver over 2.14 metres (Logan, J.M., 1986 EMPR Assessment Report #15789). On the Tennyson Porphyry, a 1988 drill hole returned 13.92 g/t gold over 3.1 metres and in 2011 a sixteen hole diamond drill program returned broad zones of copper-gold mineralization in all holes ranging from 0.21 to 0.44% copper and 0.12 to 0.32 g/t gold (EMPR Assessment Report #33028). Geology and mineralization on Apex's Eldorado Property appear similar to that of the Tennyson Project.

The Cloud Property is located 6 kilometres south of the Doc Property which has a historic (1987) resource of 426,337 tonnes grading 44.9 g/t silver and 9.2 g/t gold in quartz veins (Minfile 104B 014 and EMPR Assessment Report 26256). This resource figure is historic in nature and does not comply with current NI43-101 requirements.

The Wild Property is located 12 kilometres south of the Bronson Creek airstrip and the Snip Gold Mine with historic production of 32.093 million grams of gold, 12.183 million grams of silver. The Wild Property is largely underlain by granodioritic intrusive rocks which on adjacent properties host sulphide-bearing quartz veins with grab sample assays up to 73.2 g/t silver, 4.1 g/t gold (Minfile 104B 307 and EMRP Assessment Report #9190). In 1983, a 0.5 metre wide quartz-carbonate vein containing pyrite, galena, chalcopyrite, sphalerite, argentite and tetrahedrite assayed 1.58 grams per tonne gold, 367.54 grams per tonne silver, 0.18 per cent copper, 8.70 per cent lead, 0.04 per cent zinc (Minfile 104B 308 and Assessment Report #11342). The Wild Claims also adjoins both the KSP property of Colorado Resources Ltd. and the optioned Snipgold property where drilling has recently intersected 25.7 m of 9.24 g/t Au (Colorado Resources Ltd. News Release, dated August 08, 2016).

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

i) make the following cash payments:

(A) $5,000 non-refundable deposit on August 23, 2016 ($5,000 paid);
(B) $35,000 on TSX Venture Exchange approval (paid subsequent to September 30, 2016 and included in accounts payable and accrued liabilities at September 30, 2016)

ii) issue common shares:

(A) 300,000 shares of the Company on TSX Venture Exchange approval (300,000 shares issued)

Red Ridge Property

The Red Ridge Property, near Carcross, Yukon, consists of 30 quartz claim units covering 530 hectares. The property contains a prominent gossanous ridge (Western Zone) and an area measuring 2.0 km in length and 500 metres in width where numerous mineralized showings have been discovered. Historic reports (Yukon Assessment Reports 094931 and 092736) state:

1. **The East Zone** consists of three subparallel altered zones. Within one zone a 10 - 40 centimetre wide quartz/barite vein containing massive tetrahedrite, azurite, and malachite assayed up to 25,191 g/t silver. Grab samples containing galena, assayed 5,598 g/t silver, 0.53 g/t gold, and 57.5 % lead.
2. **The Don Zone** consists of a one metre wide zone of sheared and altered granodiorite. Sampling returned 10.8 g/t gold and 1,519 g/t silver across 0.5 metres.
3. **The Saddle Zone** consists of several small outcrops and boulders of silicified granodiorite and quartz-galena found over a 20 x 50 metre area. Two grab samples from this zone assayed 11.35 g/t gold and 300.1 g/t silver, and 34.8 g/t gold and 342.1 g/t silver. Trenching and exploratory drilling show that the Saddle Zone consists of limonite-manganese-clay gouge within a 30 metre wide zone of alteration and shearing. The sulfide bearing quartz veins are surrounded by a quartz stockwork zone up to 1.5 metres in width. The quartz veins returned an average of 6.1 g/t gold and 423 g/t silver over 0.5 metres. Drilling of this zone returned assay values up to 28.9 g/t gold and 31.51 g/t silver over 0.4 meters. Precious metal values are not limited to samples with sulphides indicating the presence of free gold or electrum.

4. **<u>The Miller Zone</u>** consists of a 2 - 3 metre wide zone of shearing and alteration that contains galena/quartz pods throughout. In addition, 10 - 30 centimetre wide quartz veins containing galena and pyrite occur in both the footwall and hanging wall of the zone. Grab samples of quartz-galena assayed up to 883.24 g/t silver with negligible gold. The Miller Zone was intersected by 8 diamond drill holes with the best intersection being 3.11 g/t gold and 309.1 g/t silver over 0.76 metres.

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 payments of $150,000 and issue 500,000 shares over four years as set out below:

i) make the following cash payments:

(A) $5,000 on signing ($5,000 paid)
(B) $5,000 on regulatory approval (paid subsequent to September 30, 2016 and included in accounts payable and accrued liabilities at September 30, 2016)
(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

ii) issue common shares:

(A) 50,000 shares upon regulatory approval (issued during the period ended September 30, 2016)
(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

ii) 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 of regulatory approval

The Company conducted an initial exploration program on its Red Ridge Property at the end of September. A total of 13 rock grab and chip samples were collected from a series of historic trenches in the Miller, East, Don, and Saddle Zones. Where possible, chip samples were collected across structural or mineralized trends. **Highlights of the rock sampling program include 16,271 g/t silver and 5.24% copper from a grab sample in the East Zone and 23.4 g/t gold from a 20 cm chip sample in the Saddle Zone. Please see news release of October 12, 2016 for full results.**

This initial exploration program at Red Ridge achieved its goal of confirming the presence of high grade gold and silver, along with base metal values as reported in historic records from the East, Don, Saddle and Miller showings. An expanded exploration program including soil sampling, geological mapping and an excavator trenching program is planned for early 2017. The company has funds in place to conduct this expanded exploration program.

Jersey Emerald Property

The 14,000 hectare Jersey Emerald Property is the largest mineral property in the famous Kootenay Arc silver-lead-zinc-tungsten belt. Located near the town of Salmo, British Columbia, the property is host to 5 historic mines including BC's second largest lead-zinc mine (the Jersey Mine) and Canada's second largest tungsten mine (the Emerald Tungsten Mine). The property has a current measured and indicated NI43-101 resource of 3.071 million tonnes averaging 0.341% WO_3 and an additional inferred resource of 5.48 million tonnes averaging 0.273% WO_3 using a 0.15% cutoff. The property includes the Victory Tungsten Deposit which has a historical resource of 84,000 tons of 0.54% WO_3.

The historic Jersey Mine shows an indicated resource of 5,320,000 tons averaging 1.04% lead and 2.60% zinc and an inferred resource of 16,930,000 tons averaging 1.00% lead and 2.18% zinc using a cut-off grade of 1.5% combined lead-zinc. Within this large low-grade resource there is higher grade mineralization with an indicated resource of 1,900,000 tons averaging 1.96% lead and 4.10% zinc using a cut-off grade of 3.5% combined lead-zinc. There is an additional inferred resource of 4,980,000 tons averaging 1.95% lead and 3.37% zinc at the same 3.5% combined cut-off grade. The property has excellent infrastructure including $150 million in underground development, road access, power, water and a nearby skilled workforce.

In 2013, the Company entered into an option agreement with Margaux Resources Ltd. ("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 (received to March 31, 2016 $910,000). 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 (payments for April to August , 2016 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.

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.

Kena Gold Copper Property

Apex's 8,173 hectare Kena Gold-Copper Project located near the community of Ymir in southeastern British Columbia encompasses two areas of porphyry-style gold mineralization – the Gold Mountain and Kena Gold Zones situated within an 8.0 kilometre long gold geochemical anomaly. Apex tested the two zones with 12,000 metres of diamond drilling in 80 drill holes and a preliminary NI 43-101 resource estimate was prepared by Giroux Consultants Ltd. in June 2004. The report shows a measured and indicated resource of 11,820,000 tonnes containing 381,000 ounces of gold at an average grade of 1.0 g/t using a 0.5 g/t cut-off grade for gold. There is additional inferred resource of 12,150,000 tonnes containing 389,000 ounces of gold at the same cut-off grade. The report suggests that the resource can be expanded with additional diamond drilling.

In 2013, Altair had an updated NI43-101 resource estimate prepared for the Kena option by Gary Giroux, P.Eng, MASc. and Perry Grunenberg, P.Geo, both of whom are independent of Apex and Altair. The updated resource estimate shows a measured plus indicated resource of 25.28 million tonnes containing 490,000 ounces Gold averaging 0.60 g/t Au and an additional inferred resource of 90.44 million tonnes containing 1,399,000 ounces Gold averaging 0.48 g/t Au, using a 0.30g/t Au cutoff. The mineralization remains open along strike and at depth.

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.

The Daylight Property

Apex holds approximately 550 hectares of claims and crown granted mineral claims adjacent to the northwest corner of the Kena Gold-Copper Project. The Daylight Property includes the Daylight Claims, the Sand property and several adjacent historic gold mines. The property overlies four historic, high-grade gold-silver mines that operated in the early 1900's. The four mines, the Starlight, Victoria-Jessie, Daylight-Berlin and Great Eastern mines operated intermittently until the last operating mine, the Daylight Mine, closed in 1949. Since acquiring the property, Apex has explored the property with a soil geochemical survey, and Induced Polarization geophysical survey, and airborne magnetometer survey, a LiDar survey and preliminary prospecting and sampling programs.

During September 2016, the Company entered into an agreement with 1994854 Alberta Ltd. to option out 80% interest in Kena Property and the Daylight Property owned by Apex. The agreement was approved by the TSXV on October 3, 2016 (the "Effective Date"). Under the terms of the agreement, to exercise the option and earn its 80% interest in the project, 1994854 Alberta Ltd. will:

i) make the following cash payments to the Company:

   (A) within 5 business days from the Effective Date, $500,000 (received in October 2016);
   (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

ii) issue common shares of 1994854 Alberta Ltd. to the Company as follows:

(A) within 5 business days from the Effective Date, 375,000 shares (received in October 2016);
(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;

iii) 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 1994854 Alberta Ltd. has earned its 80% interest in the project, 1994854 Alberta Ltd. 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.

1.2.1 Corporate Results – Three Months Ended September 30, 2016

The following is a summary of Apex's financial results:

- Apex's loss for the three months ended September 30, 2016 ("Q3 2016") was $135,254 or $0.01 per share compared to a loss of $114,387 or $0.01 per share for the three months ended September 30, 2015 ("Q3 2015").
- During Q3 2016, cash used for operations was $17,755 compared to $109,190 in Q3 2015.
- Cash expenditures on mineral property exploration totaled $49,059 in Q3 2016 compared to $966 in Q3 2015. Total expenditures incurred on the Company's mineral properties in Q3 2016, with the Q3 2015 amounts in brackets are: Kena - $3,881 ($1,210), Jersey Emerald properties – $39 (($244)), Golden Triangle Properties - $41,947 ($nil) and the Red Ridge property - $3,192 ($nil). The expenditures for Kena property and Jersey Emerald property were expensed and the Company capitalized costs for exploration of Golden Triangle properties and the Red Ridge property. The Company received a British Columbia Mineral Exploration Tax Credit of $318 in Q3 2016. There were no mineral property write-downs in either fiscal period.
- Acquisition option costs on mineral properties totaled $90,500 in Q3 2016 compared to $nil in Q3 2015. Total acquisition option costs incurred on the Company's mineral properties in Q3 2016, with the Q3 2015 amounts in brackets are: Golden Triangle properties - $74,500 ($nil) and Red Ridge property - $16,000 ($nil).

1.2.2 Mineral Property Option Payments Due In Fiscal 2016

The Company will have to make annual cash payments in the year ending December 31, 2016, of $53,000, with respect to its mineral property interests on the Jersey Emerald. Pursuant to the Option

Agreement with Margaux Resources dated November 8, 2013, Margaux has assumed these cash payment obligations on the Jersey Emerald Property.

1.3 Results of Operations

	Three months ended September 30, 2016	Three months ended September 30, 2015
Expenses		
Exploration Costs	$ 3,603	$ (244)
Insurance	750	813
Legal, accounting and audit	18,167	10,028
Office and administration	18,714	23,698
Salaries and benefits	45,000	45,918
Shareholder communications	35,404	30,523
Travel	1,925	--
Meals and entertainment	355	59
Interest and other (recoveries)	117	127
	124,035	110,922
Loss before income taxes	(124,035)	(110,922)
Unrealized loss on investments	(11,333)	(4,000)
Interest income	114	535
Net loss and comprehensive Loss	**(135,254)**	**(114,387)**
Loss per share, basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	13,557,649	13,477,214

Revenue

Apex has no source of revenue. Interest earned on excess cash is incidental income. Net interest decreased to $114 in Q2 2016 from $535 in Q3 2015.

Expenses

Legal, accounting and audit increased to $18,167 in Q3 2016 compared to $10,028 in Q3 2015. Legal and accounting fees are ongoing and will vary depending on the activity during the period. Q3 2016 saw an increase in legal fees as a result of two property acquisitions, the Kena JV option agreement and company name change and consolidation fees.

Office and administration costs, which included directors' fees in 2016, decreased to $18,714 in Q3 2016 compared to $23,698 in Q3 2015 due to cost savings measures and the termination of the office lease at the end of 2015.

Salaries and benefits remained relatively unchanged at $45,000 in Q3 2016 compared to $45,918 in Q3 2015.

Shareholder communications consist of web site maintenance and development, transfer agent fees, regulatory and filing fees, and fees for the services of the Company's Chief Financial Officer. Shareholder communications increased from $30,523 in Q3 2015 to $35,404 in Q3 2016. The increase was due to the name change and share consolidation that occurred in July, 2016.

There were no property investigation costs in Q3 2016. Apex is presented with property submittals continually, and certain submissions are reviewed for possible acquisition. The costs related to reviewing submittals are capitalized if the property is acquired, or expensed if the property is not acquired.

1.4 Summary of Quarterly Results

The table below provides, for each of the most recent eight quarters, a summary of acquisition and exploration costs on a project-by-project basis and of corporate expenses, net of interest income, mineral property write-downs and property investigations.

	Kena property. British Columbia	**Jersey Emerald and other properties**	**Golden Triangle Property**	**Red Ridge Property Yukon**	**General and adminis-trative expenses** (Note 1)	**Loss per quarter** (Note 2)	**Loss per share**
Stated in Canadian dollars							
2014							
Fourth Quarter	893	1,950	--	--	117,347	174,244	$0.00
2015							
First Quarter	--	1,950	--	--	105,663	103,263	$0.00
Second Quarter	45	2,143	--	--	91,857	93,618	$0.00
Third Quarter	1,210	(244)	--	--	111,166	114,387	$0.00
Fourth Quarter	382	1,951	--	--	102,937	2,847,336	$0.02
2016							
First Quarter	--	--	--	--	77,481	58,148	$0.00
Second Quarter	--	4,501	--	--	88,668	95,372	$0.01
Third Quarter	3,881	39	41,947	3,192	124,035	135,254	$0.01

Note 1: General and administrative expenses include share based payments, where applicable.
Note 2: Losses in Fourth Quarter 2015 include property write-down of $2,748,003.

1.5 Liquidity

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to directors, sophisticated investors and institutions. The Company has issued common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

At September 30, 2016, Apex's working capital, defined as current assets less current liabilities, was ($199,956), which decreased from $84,319 at December 31, 2015, primarily due to funds spent on operating activities. The Company's short-term investments are held in guaranteed investment certificates.

The Company acquired two new properties and conducted a small exploration program on the newly acquired properties during this period. Apex Resources also entered into a new Joint Venture option agreement for the Kena Gold Copper Property. Apex Resources received an option payment of $500,000 in October 2016 from the Kena JV option agreement and plans to conduct further exploration on the new property acquisitions in 2017 subject to additional financing.

At September 30, 2016, Apex had capitalized $3,175,897 representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia.

1.6 Capital Resources

The Company will require external funding to meet future obligations and to finance further exploration and development work on its mineral properties. As the Company does not have any sources of revenue other than interest on cash and short-term investments and must therefore rely on external funding, there is risk as to the Company's ability to continue as a going concern. Although the Company has been successful in raising funds in the past, there can be no assurance that additional funding will be available in the future, or if available, that this funding would be on terms acceptable to the Company. The statements of financial positions of the Company at September 30, 2016 and December 31, 2015 do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing.

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 that 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 global economic uncertainty and market volatility. 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 must rely on equity financings, or forms of joint venture or other types of financing to continue exploration and development work and to meet its administrative overhead costs in future years. The Company's near-term goal is to preserve its cash balances to the greatest extent possible by reducing general and administrative expenses and by curtailing any exploration activities. The Company has made arrangements with certain of its creditors to defer payment.

The Company's investment policy is to invest its cash in highly liquid, fully guaranteed bank-sponsored 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.

1.7 Transactions with Related Parties

	Nine months ended September 30,	
Services rendered and reimbursement of expenses:	**2016**	**2015**
Directors' fees (b)	13,500	13,575
Shareholder communications (a)(b)	54,000	54,000
Salaries (a)(b)	135,000	133,444

(a) These represent key management personnel compensation.
(b) As at September, 2016, directors' fees of $18,000, shareholder communications of $30,000 and salaries of $90,000 were recorded in accounts payable to related parties.

1.8 Proposed Transactions and Off Balance Sheet Arrangements

There is no proposed asset or business acquisition or disposition before the board of directors for consideration, other than those in the ordinary course of business or as described in items 1.6 or 1.7 above. There were no off balance sheet arrangements.

1.9 Critical Accounting Estimates

As at September 30, 2016, the Company was a venture issuer. Therefore, this section is not applicable.

1.10 Critical accounting policies and changes in accounting policies

New accounting standards adopted effective January 1, 2016

On January 1, 2016, the Company adopted the amendments to IFRS 10 *'Consolidated Financial Statements'*. The amendments require a full gain or loss to be recognized when a transaction involves a business (whether it is housed in a subsidiary or not), while a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. The adoption of the amendments to this standard did not have a significant impact on the Company's financial statements.

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 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.

- 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;

~~(d)~~(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.

1.11 Financial instruments and other 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 September 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:

	September 30, 2016		December 31, 2015	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Financial assets				
Cash	$ 155	$ 155	$ 402	$ 402
Short-Term Investments	79,333	79,333	167,333	167,333
Financial liabilities				
Accounts payable	69,352	69,352	1,612	1,612
Accounts payable to related parties	149,500	149,500	36,000	36,000

The fair values of the Company's financial instruments measured at September 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 September 30, 2016, totalling $114. 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 September 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, silver 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 September 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.

1.12.1 Additional Disclosure for Venture Issuers without Significant Revenue

(a) capitalized or expensed exploration and development costs

The required disclosure is presented in the schedule of mineral property interests attached to the unaudited financial statements for the three months ended September 30, 2016 and twelve months ended December 31, 2015.

(b) expensed research and development costs – not applicable.

(c) deferred development costs – not applicable.

(d) general administrative expenses

The required disclosure is presented in the Statements of Operations and Deficit.

(e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d)

None.

1.12.2 Disclosure of Outstanding Share Data

The following details the share capital structure as of November 28, 2016, the date of this MD&A, subject to minor accounting adjustments:

<u>Authorized Capital</u>

Unlimited number of common shares without par value and unlimited number of preference shares without par value.

<u>Issued and Outstanding Capital</u>

13,827,214 common shares are issued and outstanding

<u>Stock Options Outstanding</u>

Number of Options	Exercise Price	Expiry Date
642,500	$1.00	October 12, 2017
642,500	$1.00	1.03 years

<u>Warrants Outstanding</u>

There are currently no warrants outstanding.

<u>Other Information</u>

Controls and Procedures

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval

The Board of Directors of Apex Resources Inc. has approved the disclosure contained in this Interim MD&A. A copy of this Interim MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.

Apex Resources Inc.
Management Discussion and Analysis
For the Quarter Ended
September 30, 2016

Caution on Forward-Looking Information

This Interim MD&A contains "forward-looking statements". These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, requirements for additional capital and sources and uses of funds. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of exploration activities; actual results of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other commodities; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration and development activities.