Apex Resources Inc.
Management Discussion and Analysis
For the Three and Six Months Ended June 30, 2020

1.1 DATE

The effective date of this Management's Discussion and Analysis ("MD&A") is August 31, 2020.

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 June 30, 2020 and for the three and six months then ended in comparison to the same period in 2019.

This MD&A should be read in conjunction with the unaudited condensed interim financial statements and notes thereto as at and for the three and six months ended June 30, 2020, and the audited financial statements and notes thereto as at and for the year ended December 31, 2019. Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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

Kena Gold Copper Property, BC

The Company's 8,173 hectare Kena Gold-Copper Project located near the community of Ymir in southeastern British Columbia encompasses two contiguous areas of porphyry-style gold mineralization, the Gold Mountain and Kena Gold Zones, situated within an eight kilometre long gold geochemical anomaly.

During September 2016, the Company entered into an agreement with Boundary Gold and Copper Mining Ltd. (formerly Prize Mining Corporation) ("BGCM"), a publicly-traded company listed on the TSX-V, to option out 80% interest in Kena Property owned by Apex. The Kena Option Out agreement (the "Option Out") was approved by the TSX-V on October 3, 2016 (the "Effective Date"). The Company and BGCM amended the agreement on June 26, 2019. Under the terms of the Amended Option Out agreement, to exercise the option and earn its 80% interest in the project, BGCM will:

- make the following cash payments to the Company:

  (A) within 5 business days from the Effective Date, $500,000 (received);
  (B) within 12 months from the Effective Date, an additional $250,000 (received);
  (C) within 24 months from the Effective Date, an additional $250,000 (received); and
  (D) within 35 months from the Effective Date, an additional $250,000 (received);
  for total cash option payments of $1,250,000; and

- issue common shares of BGCM to the Company as follows:

  (A) within 5 business days from the Effective Date, 75,000 shares (received)
  (B) within 12 months from the Effective Date, an additional 75,000 shares (received)
  (C) within 24 months from the Effective Date, an additional 75,000 shares (received); and
  (D) within 35 months from the Effective Date, an additional 75,000 shares (received);
  for a total of 300,000 shares;

- incur exploration expense as follows:

  (A) within 12 months from the Effective Date, $100,000 (completed);
  (B) within 24 months from the Effective Date, an additional $400,000 (completed);
  (C) within 60 months from the Effective Date, an additional $1,000,000; and
  (D) within 72 months from the Effective Date, an additional $1,500,000;
  for total exploration expenditures of $3,000,000.

After BGCM has earned its 80% interest in the project, BGCM has a second option to earn and acquire up to an additional 20% undivided interest in the project by making a $2,000,000 cash payment to Apex and granting a 1% net smelter returns royalty to the Company.

In 2017, following a program of compilation and verification of historical data, BGCM focused exploration activities on the Daylight area. A Phase-I field program entailed a 1,592 sample soil and rock geochemical program, high-resolution ground based magnetic & VLF-EM geophysical surveys, detailed prospecting, geological mapping and structural analysis. The Phase 1 program successfully generated 11 highly prospective target areas.

The Phase 1 targets were followed up with a Phase 2 program of target definition that included 1,500 metres of trenching.

In October 2017, BGCM undertook a Phase 3 drilling program that entailed testing 11 targets with 2,695 metres of diamond drilling in 18 holes. The drill program successfully demonstrated the presence of two styles of mineralization: broad zones of low-grade gold mineralization and narrow but high-grade gold veins. Examples of high-grade targets included: 63.7 g/t gold over 0.9 metres in Hole 5, 20.9 g/t gold over 0.5 metres in Hole 5, 11.6 g/t gold over 0.79 metres in Hole 5 and 21.2 g/t gold over 0.48 metre in Hole 7. Low-grade mineralization included: 1.16 g/t gold over 32.6 metres in Hole 5 and 1.09 g/t gold over 71.22 metres in Hole 7.

In October 2017, BGCM contracted Masse Environmental Consultants Ltd. of Nelson, BC to initiate a baseline environmental water quality sampling program in anticipation of bulk sampling activities planned for the Daylight and Kena properties in subsequent years.

To date, BGCM has completed its cash payments of $1,250,000 and issued 300,000 common shares of BGCM in accordance with the Option Agreement.

Jersey Emerald Property, BC

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. Annual advance royalty payments through December 31, 2019 have been made.

During the year ended December 31, 2019, the Company issued 356,000 shares at the fair market value of \$0.07 per share in lieu of approximately half of the annual advance royalty payments for 2019. The remainder was paid in cash.

Ore Hill Property, BC

The Ore Hill Property which covers the historically known Ore Hill, Summit and Bonanza occurrences is located 5 kilometres east of the Jersey Mine, situated at the south end of the 10 kilometre long Sheep Creek Gold District. The Sheep Creek Gold District, with historical gold production of almost 800,000 ounces at an average gold grade of 14.4 g/t, is an orogenic gold district similar to the Barkerville Gold Camp.

The Ore Hill property overlies several polymetallic gold bearing quartz veins that were initially staked in 1901. The veins have been explored with nine adits with over 1,200 metres of underground development in two historic mines. Between 1906 and 1940, intermittent production from the Summit and Ore Hill Mines produced 115,671 grams of gold, 202,307 grams of silver, 93,985 kilograms of lead and 88,639 kilograms of zinc from 1792 tonnes of milled ore (BC Minfile 82FSW054 & 082FSW053).

Veins in the Sheep Creek Gold District are high-grade, steeply dipping, sub-parallel, low-sulfide quartz veins. Individual veins averaged approximately 1 m in width and were mined over strike lengths of up to 550 metres and up to 500 metre depths. Vein widths tended to increase with depth while gold grades decreased with depth.

There are two known styles of mineralization on the Ore Hill property; narrow high-grade gold (plus silver, lead and zinc) bearing veins occur within limestone; and a wider gold-bearing crackle zone, up to 10 metres wide, associated with a north-northeast-trending fault zone. A gold soil anomaly, 1,500 metres long by up to 150 metres wide follows this north-northeast structure.

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 and Emerald Property in October 2018. In order to complete the acquisition of the Ore Hill Property, the Company must complete remaining outstanding option payments to the original property vendors comprised of \$55,000 and 100,000 shares over three years as follows:

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

The property is subject to a 2% NSR royalty. The Company may at any time purchase the NSR for \$250,000
In 2017 and 2018, mapping and sampling programs carried out on the Ore Hill property by Margaux demonstrated potential for widespread mineralization. 88 rock samples were taken for assay and 31 of the samples returned gold values of 1.0 g/t or better. Research shows that the area hosting the two historic

mines was previously explored between 1988 and 1991 by Baloil Lassiter Petroleum and Yellowjack Resources. During this period 20 short holes were drilled in the vicinity of the two historic mines. Significant mineralization was intersected in eight of the holes. The historic drill hole results cannot be verified by the company and will be used only to assist in future exploration targeting.

Highlights of the study include the following historic drill intercepts:

- DDH 90-01 3.05m @ **8.09 g/t gold**
- DDH 90-01 6.10m @ **2.91g/t gold**
- DDH 90-01 0.33m @ **33.31g/t gold**
- DDH 88-01 1.52m @ **4.42 g/t gold**
- DDH 88-02 0.46m @ **11.04 g/t gold**
- DDH 89-04 0.92m @ **5.59 g/t gold**

When gold prices plummeted in 1992 work on the Ore Hill and Summit Properties was suspended. No additional property work was done until the recent mapping and geochemical work was undertaken by Margaux in 2017.

The recent property review of historic exploration results suggests that the Ore Hill property has potential for discovery of an important new style of gold mineralization within a conformable breccia zone as well as new resources in the veins below the historic workings. The historical information also suggests the property may have potential for stratiform lead-zinc mineralization.

In September 2019, Apex obtained a five year exploration permit for the Ore Hill property. A five year Special Use Permit was also obtained in order to access the property over a network of Forest Service roads. Following a field inspection of historic workings and sample locations a four-hole, 600 metre diamond-drill program was undertaken to investigate a portion of the 1,500 metre long gold soil anomaly. Drilling commenced September 30, 2019 but was suspended in mid-October due to unseasonably heavy snow conditions. The program completed 437.35 metres of drilling in two holes. Visible gold was observed in both diamond drill holes.

Apex announced positive drilling results from the two 2019 diamond drill holes in December. Gold mineralization was intersected in both drill holes. **Of the 284 core sections assayed in the two drill holes results ranged from less than detection up to 289.97 g/t gold over 0.30 metres.**

Gold assays and intersection widths for the two NQ size diamond-drill holes are summarized below. There is presently insufficient information to determine how intersection widths relate to true widths.

Gold Assays - Ore Hill Drill Holes OH19-01 & OH19-02

Hole ID	**From (m)**	**To (m)**	**Length (m)**	**Gold (g/t)**
OH19-1	27.6	41.0	13.4	**1.13**
Including	27.6	33.5	5.9	**2.02**
Including	27.6	29.1	1.5	**6.84**
Including	27.6	28.6	1.00	**8.26**
	92.6	92.9	0.30	**7.49**

	178.6	178.9	0.30	**289.97**
OH19-2	7.8	8.8	1.00	**2.35**
	62.0	63.08	1.08	**3.00**
	83.2	83.7	0.5	**5.22**
	190.9	191.2	0.3	**7.87**
	213.4	213.7	0.3	**1.99**
	222.7	223	0.3	**1.01**
	226.3	227.15	0.85	**6.93**
	235.1	237.2	2.1	**1.54**
Including	235.1	235.4	0.3	**8.24**

The two holes were drilled to test a 1,500 metre long gold-in-soil anomaly located along a north-northeast trending structural zone (see News Release of Nov 14, 2018). Hole OH19-1 was collared at UTM coordinates 489407E 5441150N and drilled to a depth of 183 metres at a dip of -60^o and a bearing of 160^o. Hole OH19-2 was collared 41 metres southwest of OH19-1 and drilled to a depth of 245.9 metres at a dip of -45^o and a bearing of 160^o. The two holes intersected multiple zones of gold mineralization associated with a sheeted quartz vein system containing native gold and sporadic silver-lead-zinc values.

For the remainder of 2020, the Company plans for continued exploration at Ore Hill. The scale of the exploration program is dependent upon completion of financing. All permits are in place for an expanded drill program which will commence upon completion of a structural geological mapping program to assist with fine tuning the drill target areas. Drilling will step out from these initial 2 holes to test the strike and down-dip extension of the gold mineralization encountered during the 2019 program.

Golden Triangle Properties (Eldorado, Cloud and Wild Property)

The Company does not currently have plans to continue exploration of the property. Accordingly, the amount of $217,252 was recorded in net loss, and the Golden Triangle Property was written down to $1 during the year ended December 31, 2019.

Red Ridge Property, Whitehorse Mining District, Yukon

At December 31, 2019, the Company decided to abandon the project due to community objections. Accordingly, the amount of $134,234 was recorded in net loss, and the Red Ridge was written down to $1 during the year ended December 31, 2019.

Mount Anderson Property, Whitehorse Mining District, Yukon

The Mount Anderson Property, located 55 kilometres south of Whitehorse, Yukon, is road accessible year-round and consists of 163 quartz claims covering approximately 31 square kilometres. The claims lie along the Wheaton River Valley and are contiguous with New Pacific Metals Corp.'s Mount Skukum Property. In 1981, Agip Canada discovered a gold ore body at Mount Skukum, which subsequently produced 80,000 ounces of gold from 220,000 tons of ore between 1986 and 1988. Currently, New Pacific Metals Corp. has an indicated resource of 1,416,500 tonnes grading 8.59 g/t gold equivalent in the Skukum Creek and Goddell Gully deposits (New Pacific Metals website).

Sporadic exploration has been conducted on the previously fragmented Mount Anderson property dating back as far as 1906. Of significance, in 1947 United Keno Hill shipped a test sample to Trail from the property which returned 34.3 g/t Au, 432 g/t Ag, 11.6% Pb, 5.2% Zn. In 2011, previous property operator Gold World Resources Inc. collected composite samples from a portion of the original bulk sample remaining on site and confirmed the historic values with results of 30.5 g/t Au, 532 g/t Ag, 9.1% Pb, 6.5% Zn and 0.5% Cu. Sampling of the nearby trenches from which the sample was collected returned 29.0 g/t Au, 417.2 g/t Ag, 20% Pb and 6% Zn (Technical Report for Gold World Resources Inc. by H. Lahti, 2012).

In February 2017, the Company entered into an Option Agreement to earn 100% undivided interest in the Mount Anderson Property, Whitehorse Mining District, Yukon. The Company and the Optionors amended the agreement on August 29, 2019. Pursuant to the amended option agreement, the Company can exercise the option by paying an aggregate of $300,000 to the Optionors, issuing an aggregate of 1,000,000 common shares in the capital of the Company, and incurring an aggregate of $385,000 of exploration expenditures as follows:

	CASH PAYMENTS	SHARES	WORK COMMITMENT
Upon signing (paid)	$ 10,000	-	-
Upon regulatory approval (paid and issued)	$ 10,000	100,000	-
At end of 12 months (paid, issued and met)	$ 20,000	200,000	$ 35,000
At end of 18 months (paid)	$ 20,000	-	-
At end of 24 months (paid, issued and met)	$ 40,000	300,000	$ 100,000
At end of 31 months, as amended (issued)	$ -	400,000	-
At end of 38 months, as amended (paid)	$ 20,000	-	-
At end of 42 months	$ 20,000	-	-
At end of 48 months	$ 80,000	-	$ 250,000
At end of 54 months	$ 80,000	-	-
Total	**$ 300,000**	**1,000,000**	**$ 385,000**

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

A two-phase exploration program is recommended for the property. The first phase will comprise detailed geological mapping and rock geochemical sampling of IP targets in the areas of the 47-Adanac Trend, the Breccia Zone area, and the area between the auriferous samples and the historic adits. The second phase will comprise a diamond drilling program of 1,200 metres in 9 holes dependent upon the results from Phase 1. A Class 3 exploration permit is now in place for these activities. Proposed expenditures for Phase 1, including 10% contingency, are estimated at $29,600. Phase 2 proposed expenditures, including 10% contingency, are estimated at $549,600. All exploration work planned will be subject to financing.

Mineral property payments due in 2020

The Company will have to make the following annual payments during the year ending December 31, 2020:

1. $53,000 ($3,000 paid through August 31, 2020) with respect to its mineral property interests on the Jersey Emerald Property;

2. $20,000 ($20,000 paid through August 31, 2020) and an issuance of 50,000 shares (all issued through August 31, 2020) with respect to its mineral property interests on the Ore Hill Property; and
3. $40,000 ($20,000 paid through August 31, 2020) with respect to its mineral property interests on the Mount Anderson Property.

1.3 CORPORATE RESULTS – Three and Six Months Ended June 30, 2020

Summary

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

- The Company recorded a loss for the three months ended June 30, 2020 ("Q2 2020") of $75,699 or $0.00 per share compared to a loss of $121,725 or $0.01 per share for the three months ended June 30, 2019 ("Q2 2019").
- For the six months ended June 30, 2020, the Company recorded a loss of $135,256 or $0.01 per share compared to a loss of $243,518 or $0.02 per share for the same period in 2019.
- Cash used for operations was $43,621 for the six months ended June 30, 2020 compared to $207,903 for the six months ended June 30, 2019.
- Cash expenditures on mineral property exploration and evaluation costs totaled $32,418 in the six months ended June 30, 2020 compared to $70,458 in the same period 2019.
- The Company had cash of $24,192 and guaranteed investment certificates of $36,000 as at June 30, 2020 compared to $100,231 and $36,000 respectively as at December 31, 2019.

Results of operations - detailed

The following table summarizes the results of operations for the three and six months ended June 30, 2020 and for the comparative periods in 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Expenses:				
Directors' fees	**$ 4,500**	$ 4,500	**$ 9,000**	$ 9,000
Insurance	**950**	950	**1,900**	1,900
Interest	**64**	122	**170**	191
Legal, accounting and audit	**4,500**	16,096	**4,695**	21,596
Office and administration	**2,365**	10,545	**11,732**	16,012
Salaries and management fees	**75,000**	75,000	**150,000**	150,000
Shareholder communications	**4,168**	3,782	**6,316**	10,581
Travel and conferences	**-**	-	**-**	7,897
Loss before other items	**(91,547)**	(110,995)	**(183,813)**	(217,177)
Other income (expenses):				
Gain on forgiveness of debt	**9,000**	-	**46,500**	-
Interest income	**15**	353	**224**	951
Unrealized gain (loss) on short-term investments	**6,833**	(11,083)	**1,833**	(27,292)
	15,848	(10,730)	**48,557**	(26,341)
Net loss and comprehensive loss for the period	**$ (75,699)**	$ (121,725)	**$ (135,256)**	(243,518)
Weighted average number of common shares outstanding - basic and diluted	**15,483,214**	14,532,770	**15,466,547**	14,392,960

Analysis of expenses

Legal, accounting and audit decreased from $16,096 in Q2 2019 to $4,500 in Q2 2020 as a result of a reduction of external service providers in 2020. For the six months ended June 30, 2020, legal audit and accounting was $4,695 compared to $21,596 for the same period in 2019 as a result of a reduction of external service providers and as a result of accruals exceeding actual expenses at December 31, 2019.

Office and administration costs include filing and regulatory fees. The amount decreased from $10,545 in Q2 2019 to $2,365 in Q2 2020 (and from $16,012 in the six months ended June 30, 2019 to $11,732 in the same period in 2020) as a result of cost cutting measures and as a result of the 2019 annual filing fees being recorded in Q2 2019 as opposed to Q1 2019.

Shareholder communications consist of web site maintenance and development and transfer agent fees. The amounts incurred in Q2 2020 were consistent with Q2 2019. For the six months ended June 30, 2020, shareholder communications was $6,316 compared to $10,581 in the same period in 2019 as a result of expenditures on promotional material in 2019.

No travel and conference costs were incurred in 2020. In 2019, the Company incurred $7,897 in such costs as it attended a mining conference in March 2019.

In Q2 2020, directors forgave debt of $9,000 representing directors' fees. In Q1 2020, management forgave debt of $37,500 representing salaries and management fees.

1.4 SUMMARY OF QUARTERLY RESULTS

The table below provides, for each of the most recent eight quarters, a summary of exploration and evaluation costs (not including acquisition costs) on a project-by-project basis and of corporate expenses, net of interest income, mineral property write-downs.

	Kena Property BC	**Jersey Emerald, BC**	**Golden Triangle, BC**	**Red Ridge, Yukon**	**Mt. Anderson, Yukon**	**General and administrative expenses** (Note 1)	**Loss (gain) per quarter**	**Loss (gain) per share**
2018								
Q3	--	--	662	5,867	142,843	91,486	(144,769)	($0.01)
Q4	--	50,581	662	600	7,686	116,115	201,117	$0.01
2019								
Q1	--	1,360	--	3,830	660	106,182	121,792	$0.01
Q2	--	8,548	--	--	560	110,995	121,725	$0.01
Q3	--	1,249	--	--	--	99,622	202,252	$0.01
Q4	--	92,323	--	--	--	121,616	23,868	$0.01
2020								
Q1	--	15,552	--	--	--	92,267	59,558	$0.00
Q2	--	3,866	--	--	--	91,547	75,699	$0.00

Note 1: General and administrative expenses do not include the write-down of mineral property interests, gains or losses on investments, exploration costs, interest and other miscellaneous income or income tax recovery, but includes stock-based compensation.

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 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 June 30, 2020, Apex's working capital, defined as current assets less current liabilities, was a deficiency of $152,231 compared to working capital of $46,442 at December 31, 2019. At June 30, 2020, the Company had cash of $24,192 and GICs (guaranteed investment certificates) of $36,000. On July 24, 2020, the Company raised gross proceeds of $375,000 through a non-brokered private placement (see Section 1.14).

At June 30, 2020, Apex's statements of financial position included exploration and evaluation assets of $2,686,777 representing costs, net of recoveries (including option proceeds) and impairment, associated with the acquisition and exploration of its mineral property interests in British Columbia and Yukon.

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. On July 24, 2020, the Company raised gross proceeds of $375,000 through a non-brokered private placement (see Section 1.14). 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. In addition, the current COVID-19 pandemic has had a significant influence on global financial markets, and this may also affect the Company's ability to raise financing.

The statements of financial positions of the Company at June 30, 2020 and December 31, 2019 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 Yukon 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 where possible.

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.

1.7 TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel	Six months ended June 30, 2020	2019
Directors' fees	$ 9,000	$ 9,000
Salaries and management fees	150,000	150,000
Total	$ 159,000	$ 159,000

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

Balances payable for:	June 30, 2020	December 31, 2019
Directors' fees	$ 9,000	$ 9,000
Office and administration expense	--	160
Salaries and management fees	112,500	12,750
	$ 121,500	$ 21,910

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

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets, decommissioning liabilities, deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results could differ from these estimates.

1.10 CRITICAL ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

a) Application of new and revised accounting standards

None of the new standards, and amendments to standards and interpretations effective as of January 1, 2020, 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, 2020 that would significantly affect the Company.

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 June 30, 2020, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2019, are shown in the table below:

	June 30, 2020		December 31, 2019	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Financial assets				
Cash	$24,192	$ 24,192	$100,231	$100,231
Short-term investments	46,000	46,000	44,167	44,167
Credit card deposit	17,250	17,250	17,250	17,250
Reclamation deposit	23,120	23,120	23,120	23,120
Financial liabilities				
Accounts payable	111,152	111,152	90,057	90,057
Accounts payable to related parties	121,500	121,500	21,910	21,190

The fair values of the Company's financial instruments measured at June 30, 2020, constitute Level 1 measurements for its cash, short-term investments and investments within the fair value hierarchy.

The Company recognized interest income during the six months ended June 30, 2020 totalling $224. 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 believes 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, 2020, 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, silver, copper, zinc and lead, 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, 2020, 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 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 exploration and evaluation assets in Note 4 to the financial statements for the three months ended June 30, 2020 and in Note 6 to the financial statements for the year ended December 31, 2019.

(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 loss and comprehensive loss.

(e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d) – none/not applicable.

1.13 DISCLOSURE OF OUTSTANDING SHARE DATA

The following details the share capital structure as of August 28, 2020, the date of this MD&A, subject to minor accounting adjustments:

Authorized Capital

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

Issued and Outstanding Capital

15,483,214 common shares are issued and outstanding at June 30, 2020 and 21,252,445 common shares issued at August 31, 2020 (see Section 1.14).

Stock Options Outstanding

The Company has a stock option plan which allows for the grant of options to purchase up to 2,039,017 common shares. The Company had 1,010,000 stock options outstanding at March 31, 2020 and December 31, 2019. The options have an expiry date of March 8, 2022 and an exercise price of $0.15.

As at June 30, 2020, the weighted average remaining contractual life of stock options outstanding was 1.69 years (December 31, 2019 – 2.19 years).

A summary of the changes in stock options for the three months ended June 30, 2020 and year ended December 31, 2019 is presented below:

	Number of Options	**Weighted Average Exercise Price**
Balance, January 1, 2019	860,000	$0.15
Granted in 2019	150,000	0.15
Balance, December 31, 2019 and June 30, 2020	1,010,000	$ 0.15

Balance vested June 30, 2020	1,010,000	$0.15

Warrants Outstanding

There were no warrants outstanding as at June 30, 2020 and 5,940,931 warrants outstanding at August 31, 2020 as a result of the completion of a non-brokered private placement as described in Section 1.14.

1.14 OTHER INFORMATION

Subsequent Event

On July 24, 2020, the Company closed a non-brokered private placement pursuant to which it issued 5,769,231 units at a price of $0.065 per unit for gross proceeds of $375,000. Each unit consists of one common share and one share purchase warrant. The securities were subject to a hold period expiring November 25, 2020.

On completion of the private placement, the Company had 21,252,445 shares issued and outstanding and 5,940,931 warrants issued and outstanding, including 171,700 warrants issued as finders' fees to third party finder. Each warrant gives the holder the right to acquire a further common share of the Company at a price of $0.14 for a term of one year (until July 24, 2021). The expiry of the Warrants may however be accelerated at the election of the Company in circumstances where, at any time following 6 months from the issuance of the warrants, the closing price of the Company's shares on the TSX Venture Exchange is equal to or greater than $0.20 for 21 consecutive trading days. In such case, the Company may give notice to the holders of the warrants that the warrants will expire 30 days following such notice.

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.

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.