**Apex Resources Inc.**
**Management Discussion and Analysis**
**For the Year Ended December 31, 2022**

## 1.1 Date

The effective date of this Management's Discussion and Analysis ("MD&A") is May 1, 2023.

## 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 December 31, 2022 and for the year ended December 31, 2022. The MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2022 and 2021. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. Unless otherwise indicated, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.*

Apex Resources Inc. is a mineral exploration company which has a 100% interest in the Jersey Emerald Tungsten-Lead-Zinc Property and the Ore Hill Property, both located in south-eastern British Columbia.

The following is a brief summary of its financial results for the year ended December 31, 2022:

- Apex's loss for the year ended December 31, 2022 was $615,261 or $0.02 per share compared to a loss of $414,837 or $0.02 per share for the year ended December 31, 2021.

- In March 2022, the Company completed a non-brokered private placement for 11,100,000 units at $0.05 per unit for total gross proceeds of $555,000. Each unit is comprised of one common share of the Company and one share purchase warrant exercisable into one share of the Company for a period of 24 months from the date of issuance at an exercise price of $0.10 per share.

- Expenditures on mineral property interests totaled $52,437 in 2022 (mostly on advance royalty payments) compared to $191,627 in 2021 (including $104,459 on technical reports on the Jersey Emerald property).

- During the year ended December 31, 2022, the Company spent $332,304 for operating activities, compared to $265,852 in 2021.

### 1.2.1 Jersey-Emerald Property, British Columbia

The Company holds a 100% interest in the Jersey Claim Group located near Salmo, B.C. The property is comprised of the original 28 crown granted mineral claims, four 2-post claims and 80 mineral units acquired by option in 1993 and several additional properties acquired by staking or by option.

The property is host to the former Jersey and Emerald lead-zinc-silver mines and the Emerald, Dodger, and Invincible tungsten mines operated by Canadian Exploration Ltd. a wholly owned subsidiary of Placer Development Ltd. from 1947 to 1973. Over the mine life 7,968,080 tons of lead-zinc ore grading 1.95% Pb and 3.83% Zn, and 1,597,802 tons of tungsten ore grading 0.76% WO3 were mined and milled. The property is subject to various NSRs associated with the 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 but amendments to the agreement extended the commencement of these royalty payments to October 2013.

In September 2021, Apex filed an updated resource estimate for the Jersey-Emerald tungsten deposit. The study was a total deposit resource that included the Emerald, East Emerald, Invincible, Dodger, East Dodger and Dodger 4200 tungsten zones. The results of the study confirm a significant tungsten (WO3) resource on the property with associated gold and molybdenum. The report shows an Indicated Resource of 1,472,803 tonnes at a grade of 0.173% WO3, 0.050g/t Au and 0.021% Mo. There is an additional Inferred Resource of 5,128,045 tonnes at a grade of 0.227% WO3, 0.081g/t Au and 0.026% Mo.

The report concludes that the mineral resource estimate warrants further exploration to upgrade the classification of known zones. A two phase $1.2M work program is recommended to infill the WO3 mineralized zones, potentially add to the associated Mo and Au zones and to better define the remaining Pb-Zn mineralization. The updated Technical Report was prepared by Sue Bird, P.Eng., a geological engineer with Moose Mountain Technical Services. Sue Bird is a Qualified Person as defined in National Instrument 43–101 Standards of Disclosure for Mineral Projects.

Apex is seeking a JV partner to assist with the development of the Jersey-Emerald property.

### 1.2.2 Ore Hill Property, British Columbia

The Ore Hill Property is located in southern BC, 45 km south of Nelson and 10 km southeast of Salmo. The 2,000 hectare property overlies the southern portion of the 10 kilometre long Sheep Creek Gold Camp and covers the historic Ore Hill, Summit and Bonanza mines. The high-grade gold camp was discovered in 1896 and the Ore Hill and Summit deposits were later discovered in 1901. The Sheep Creek Camp belongs to the Low Sulfidation Orogenic Gold Deposit classification similar to the Barkerville Gold Camp. The deposits consist of gold bearing quartz veins containing minor amounts of pyrite, sphalerite and galena.

The Ore Hill Property overlies several polymetallic, gold-bearing quartz veins that have been explored with nine adits and over 1,200 metres of underground development. Between 1906 and 1940, intermittent production from the Summit and Ore Hill Mines produced 115,671g of gold, 202,307g of silver, 93,985 kg of lead and 88,639 kg of zinc from 1,792 tonnes of milled ore (BC Minfiles 82FSW054 & 082FSW053).

Veins in the Sheep Creek Gold District are high-grade, steeply dipping, sub-parallel, low-sulfide quartz veins. Individual veins average about 1 metre in width and were mined over strike lengths of up to 550m and up to 500m depths. Vein widths tend to increase with depth while gold grades decrease 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 is under option from Jack and Robert Denny of Salmo, BC. In 2021, the Company completed the acquisition of 100% interest in the Ore Hill Property, by making option payments to the property vendors comprised of $55,000 and 100,000 shares over three years as follows:

| | Cash payments | Shares |
|---|---|---|
| March 29, 2019 (paid and issued) | $ 15,000 | 50,000 |
| March 29, 2020 (paid and issued) | $ 10,000 | 50,000 |
| June 30, 2020 (paid) | $ 10,000 | — |

| | | | |
|---|---|---|---|
| March 29, 2021 (paid) | $ | 20,000 | — |
| **Total** | **$** | **55,000** | **100,000** |

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

A 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 located along a north-northeast trending structural zone (see news release dated November 14, 2018). Drilling commenced September 30, 2019 but was suspended in mid-October due to unseasonably heavy snow.

In 2020, Apex continued to drill test the 1,500-metre-long gold in soil anomaly. A total of 2,000 metres of NQ diamond drilling was completed in 12 holes from 7 drill stations along a 500-metre section of the gold soil anomaly. Forty-seven significant gold intersections were obtained from 11 of the drill holes. Thirty-five of the intersections assayed greater than 1.0 g/t with thirteen of the intersections exceeding 5.0 g/t gold.

Many of the holes intersected multiple zones of gold mineralization associated with a sheeted quartz vein system. Two styles of mineralization are seen: veins containing only native gold and veins carrying gold values with associated silver lead and zinc values. The highest silver values were obtained from holes at the north end of the test area. Hole OH20-6 assayed 172.20 g/t silver across a core length of 0.43 metres and 198.0 g/t silver across 0.15 metres. Hole OH20-7 assayed 35.90 g/t silver across 1.32 metres, OH20-8 assayed 42.80 g/t silver across 0.43 metres and OH20-9 assayed 39.60g/t silver across 1.59 metres.

In the drilling program, drill stations are situated at 50 to 80 metre intervals along the soil anomaly. Drilling has now successfully tested a 500-metre-long section of the soil anomaly located between the historic Summit Mine to the south and the historic Ore Hill Mine to the north. The favorable drill results have demonstrated that soil geochemistry and surface rock sampling are excellent tools for tracing mineralization on the Ore Hill property.

The historic mine workings of the Sheep Creek Mine located immediately north of the Ore Hill property found that the gold veins increase in width at depth. In the Sheep Creek Mine the most productive sections of the veins occurred between 400 metres and 850 metres below the elevation of Ore Hill (BCGS Bulletin 31). If the situation is similar at Ore Hill, there is a potential vertical extent of roughly 850 metres for the veins. Deep drilling is required to investigate this possibility.

### 1.2.3 Mineral property payments due in 2023

The Company will have to make the following payments during the year ending December 31, 2023:

1. $29,000 ($3,000 due in May 2023, and $26,000 due in November 2023) with respect to its mineral property interests on the Jersey Emerald Property (see Section 1.14.4 Subsequent Event); and

2. $5,000 (due and paid in April 2023) with respect to its mineral property interests on the Ore Hill Property.

## 1.3 Selected Annual Information

The financial statements have been prepared in accordance with IFRS and are expressed in Canadian dollars.

| | As at December 31, | | |
|---|---|---|---|
| | **2022** | 2021 | 2020 |
| Current assets | **$ 297,984** | $ 244,835 | $ 225,842 |
| Mineral property interests | **2,830,562** | 2,778,125 | 3,022,854 |
| Other assets | **52,870** | 52,870 | 52,870 |
| Total assets | **3,181,416** | 3,075,830 | 3,301,566 |
| Current liabilities | **370,759** | 350,131 | 161,030 |
| Shareholders' equity | **2,810,657** | 2,725,699 | 3,140,536 |
| Total liabilities and equity | **3,181,416** | 3,075,830 | 3,301,566 |
| Working capital (deficiency) | **(72,775)** | (105,296) | 64,812 |

| | Year ended December 31, | | |
|---|---|---|---|
| | **2022** | 2021 | 2020 |
| **Expenses:** | | | |
| Directors' fees | **$ 45,000** | $ 18,000 | $ 18,000 |
| Insurance | **3,495** | 4,330 | 4,065 |
| Interest | **274** | 1,230 | 715 |
| Legal, accounting and audit | **29,640** | 42,296 | 22,079 |
| Office and administration | **15,599** | 19,408 | 16,924 |
| Salaries and management fees | **257,700** | 299,806 | 300,830 |
| Share-based compensation | **150,094** | - | - |
| Shareholder communications | **206** | 20,103 | 34,034 |
| Technical reports | **-** | 36,088 | - |
| **Loss before other items** | **(502,008)** | (441,261) | (396,647) |
| **Other income (expenses):** | | | |
| Gain on forgiveness of debt | **-** | - | 159,000 |
| Interest income | **81** | 220 | 546 |
| Gain of disposition of Kena Property | **-** | 761,509 | - |
| Write-down of Mt Anderson Property | **-** | (428,305) | - |
| Unrealized gain (loss) on short-term investments | **(113,333)** | (307,000) | 10,833 |
| | **(113,252)** | 26,424 | 170,379 |
| **Net loss and comprehensive loss for the period** | **$ (615,260)** | $ (414,837) | $ (226,268) |
| **Weighted average number of common shares outstanding - basic and diluted** | **24,562,445** | 24,562,445 | 18,875,827 |
| **Loss per share, basic and diluted** | **$ (0.03)** | $ (0.02) | $ (0.01) |

Apex's loss for 2022 was $615,261 or $0.02 per share compared to a loss of $414,837 or $0.02 per share for 2021.

## Expenses

*Year ended December 31, 2022*

Expenses incurred during 2022 were consistent with the expenses incurred during 2021 with the exception of (1) directors' fees, which increased from $18,000 in 2021 to $45,000 in 2022 as a result of increased fees to new directors of the Company appointed in March 2022 (see "Other Information" under section 1.14.4); (2) shareholder communications, which dropped from $20,103 in 2021 to $206 in 2022 as a result of an overpayment in 2021 to the Company's transfer agent, which overpayment was not reflected in the financial statements until 2022; (3) share-based compensation expense of $150,094 in 2022 compared to $nil in 2021, reflecting the grant of 2,039,000 options in April 2022; and (4) $36,088 incurred in 2021 ($nil in 2022) in costs relating to the technical reports for the Kena Property which the Company was required to submit as one of the conditions to revoke the cease trade order imposed by the British Columbia Securities Commission. The Company also spent $104,459 on technical reports on the Jersey Emerald property, which amount was capitalized. The technical reports were completed and filed in the second half of 2021 and the cease trade order was revoked in November 2021.

In May 2021, the Company recorded a gain of $761,509 on disposition of its Kena Project. In September 2016, the Company entered into an agreement (as amended in June 2019) with Boundary Gold and Copper Mining Ltd. (“BGCM”) to option out an 80% interest in the Kena Project. On April 7, 2021, West Mining Corp. (“West”) acquired BGCM’s option on the Project. Also on April 7, 2021, the Company entered into an asset purchase agreement with West whereby West acquired the Company’s remaining 20% interest in Kena in exchange for aggregate cash payments of $300,000, an aggregate of 1,500,000 common shares of West and West granting the Company a 1.0% net smelter returns royalty on the Project, with West having the right to purchase the NSR for $500,000 at any time prior to the commencement of commercial production on the Project. The 1,500,000 shares were valued at $472,500 based on the closing price (on the TSX Venture Exchange) of West on May 7, 2021, the closing date of the transaction.

### Other

In December 2021, the Company elected not to proceed with its final payment of $160,000 pursuant to the mount Anderson Option Agreement and as a result, the Company concluded it has no intention to pursue the project, an indicator of impairment leading to a test of recoverable amount, which resulted in an impairment expense of $428,305.

## 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 exploration costs.

| | Jersey Emerald, BC | Mount Anderson, Yukon | Expenses (Note 1) | Loss (income) | Loss (income) per share |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | |
| Q1 2021 | 55,502 | 12,000 | 118,006 | (114,294) | $ - |
| Q2 2021 | 45,633 | 560 | 117,072 | 495,611 | $ 0.02 |
| Q3 2021 | 15,130 | - | 178,087 | (275,916) | $ (0.01) |
| Q4 2021 | 62,802 | (428,305) | 28,012 | (520,154) | $ (0.02) |
| Q1 2022 | 8,271 | - | 86,495 | (124,282) | $ - |
| Q2 2002 | 8,855 | - | 241,163 | (287,989) | $ (0.01) |
| Q3 2022 | 1,829 | - | 88,233 | (52,062) | $ (0.00) |
| Q4 2022 | 33482 | - | 86,117 | (150,928) | $ (0.01) |

Note 1: Expenses include directors’ fees, legal, audit and accounting expenses, office and administration costs, and salaries and management fees, but do not include the write-down of mineral property interests, investments, exploration costs, interest and other miscellaneous income or income tax recoveries.

## 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 December 31, 2022, Apex had a working capital deficiency of $72,775 compared to working capital deficiency of $105,296 at December 31, 2021. At December 31, 2022, the Company had cash of $189,952 and GICs (guaranteed investment certificates) of $6,000.

At December 31, 2022, Apex's statements of financial position included exploration and evaluation assets of $2,830,562 ($2,778,125 – December 31, 2021) representing costs, net of recoveries (including option proceeds) and impairment, 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 raised gross proceeds of $555,000 pursuant to a non-brokered private placement completed on March 8, 2022, 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. In addition, the current COVID-19 pandemic has had a significant influence on global financial markets, and this may also affect the Company's future ability to raise financing.

The statements of financial positions of the Company at December 31, 2022 and December 31, 2021 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.

At December 31, 2022, the Company had a working capital deficiency of $72,77\]5 (2021 – working capital deficiency of $105,296) and must rely on equity financings, or forms of joint venture or other types of financing to fund operations and to continue exploration and evaluation work and to meet its administrative overhead costs in future years. The Company raised gross proceeds of $555,000 through a non-brokered private placement completed in March 2022 but will require additional funding to significantly advance its projects. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk.

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. There have been no changes in the Company's approach to management of capital during the year.

The Company's investment policy is to invest its cash in highly liquid, short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.

## 1.7 Off-Balance Sheet Arrangements

None.

## 1.8 Transactions with Related Parties

The Company has identified its directors and senior officers as its key management personnel. Private companies controlled by two of its current senior officers are also considered related parties. Compensation costs for key management personnel and companies related to the related parties were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties as follows:

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

| Balances payable for: | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Directors' fees | **$ 13,500** | $ 13,500 |
| Salaries and management fees | **275,000** | 275,000 |
| | **$ 288,500** | $ 288,500 |

## 1.9 Proposed Transactions

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 item 1.6 above.

## 1.10 Fourth Quarter Results

*Three months ended December 31, 2022 ("Q4 2022") compared to three months ended December 31, 2021 ("Q4 2021"):*

| | Three months ended December 31, 2022 | 2021 |
|---|---|---|
| **Expenses:** | | |
| Directors' fees | **$ 13,500** | $ 4,500 |
| Insurance | **248** | 1,082 |
| Interest | **77** | 198 |
| Legal, accounting and audit | **9,856** | 15,210 |
| Office and administration | **749** | 2,347 |
| Salaries and management fees | **60,000** | 73,811 |
| Shareholder communications | **1,687** | 8,440 |
| Technical reports | **-** | (77,576) |
| **Loss before other items** | **(86,117)** | (28,012) |
| **Other income (expenses):** | | |
| Write-down of Mt. Anderson Property | **-** | (428,305) |
| Interest income | **23** | 163 |
| Unrealized loss on short-term investments | **(64,833)** | (64,000) |
| | **(64,810)** | (492,142) |
| **Net and comprehensive loss for the period** | **$ (150,927)** | $ (520,154) |
| **Weighted average number of common shares outstanding - basic and diluted** | **24,562,445** | 24,125,778 |
| **Income (loss) per share, basic and diluted** | **$ (0.01)** | $ (0.02) |

The Company recorded a net loss of $150,927 in Q4 2022 compared to a net loss of $520,154 in Q4 2021. Expenses incurred during Q4 2022 were generally consistent with the expenses incurred during Q4 2020 with the exception of technical reports. In Q4 2021, the Company recorded a credit of $77,576 to technical reports, as the technical report costs on the Jersey Emerald property were reclassed from expense and capitalized to exploration and evaluation properties. Technical reports are explained in Section 1.3 above.

In December 2021, the Company elected not to proceed with its final payment of $160,000 pursuant to the Mount Anderson Option Agreement and as a result, the Company concluded it has no intention to pursue the project, which resulted in an impairment expense of $428,305.

## 1.11 Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to the recoverable amount of exploration and evaluation assets, deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations.

## 1.12 Critical Accounting Policies and Changes in Accounting Policies

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended December 31, 2022 and have been consistently followed in the preparation of these financial statements.

*Accounting standards and amendments issued but not yet effective*

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

## 1.13 Financial Instruments and Other Instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The notes to the Company's audited financial statements for the year ended December 31, 2022 describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at December 31, 2022, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2021, are shown in the table below:

| | **December 31, 2022** | | December 31, 2021 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying Value** | Fair Value | Carrying Value |
| **Financial assets** | | | | |
| Cash | **$ 189,952** | **$ 189,952** | $ 22,372 | $ 22,372 |
| Short-term investments | **77,167** | **77,167** | 190,500 | 190,500 |
| Credit card deposit | **17,250** | **17,250** | 17,250 | 17,250 |
| Reclamation deposits | **33,620** | **33,620** | 33,620 | 33,620 |
| **Financial liabilities** | | | | |
| Accounts payable and accrued liabilities | **82,259** | **82,259** | 61,631 | 61,631 |
| Related party payable | **288,500** | **288,500** | 288,500 | 288,500 |

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

<u>Credit risk</u>

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 December 31, 2022, is the carrying value of its financial assets.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Item 1.6, in normal circumstances. All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2022 and all of the related party payable and accrued liabilities are non-interest bearing and are due on demand.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable markets conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in markets prices, such that changes in market prices results in a proportionate change in the carrying value of the Company's investments.

(a) Commodity price risk

The Company's ability to raise capital to fund exploration or evaluation activities is subject to risk associated with fluctuations in the market prices of gold, copper, zinc, lead, molybdenum and tungsten, and the outlook for these metals. The Company's ability to raise capital is affected by the prices of commodities that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for these metals have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

(b) Interest rate risk

At December 31, 2022 and 2021, the Company had no significant exposure to interest rate risk through its financial instruments.

(c) 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.

### 1.14.1 Other MD&A Requirements

See the audited annual financial statements for the years ended December 31, 2022 and 2021.

### 1.14.2 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 audited financial statements.

(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 comprehensive loss.

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

None.

### 1.14.3 Disclosure of Outstanding Share Data

The following details the share capital structure as of December 31, 2022 and as of May 1, 2023, the date of this MD&A:

Authorized capital

Unlimited number of common shares without par value.

Issued and outstanding capital

35,662,445 common shares are issued and outstanding as at December 31, 2022 and May 1, 2023.

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

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

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

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.

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

On April 19, 2022, the Company granted 2,039,000 options exercisable at $0.08 per share until April 19, 2027. These options remain outstanding as at December 31, 2022 and as at May 1, 2023.

There were no stock option grants or expiries during the year ended December 31, 2021.

Share purchase warrants outstanding

Pursuant to the non-brokered private placement that closed on March 8, 2022, 11,100,000 warrants ("the "Warrants") were issued. The Warrants are exercisable into one Share of the Company for a period of 24 months from the date of issue at an exercise price of $0.10 per Share. The Warrants are subject to an acceleration clause whereby if the volume weighted average closing price of the Shares on the Exchange is $0.15 or more for 21 consecutive trading days at any time subsequent to the expiry of six months from the date of issuance of the Warrants, then the Company will earn the right by providing notice (the "Acceleration Notice") to the warrant holders, to accelerate the expiry date of the Warrants to that date which is 30 days from the date of the Acceleration Notice.

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

The following share purchase warrants were outstanding as at December 31, 2022 and as at May 1, 2023:

| | Number of warrants | Exercise price | Expiry date |
|---|---|---|---|
| Private placement - September 4, 2020 | 2,000,000 | $0.15 | September 4, 2023 |
| Warrants issued as finders' fee - September 4, 2020 | 160,000 | $0.15 | September 4, 2023 |
| Private placement - March 8, 2022 | 11,100,000 | $0.10 | March 8, 2024 |
| Warrants issued as finders' fee - March 8, 2022 | 42,000 | $0.10 | March 8, 2024 |
| Balance, December 31, 2022 | 13,302,000 | $0.108 | |

### 1.14.4 Subsequent Event

In January 2023, the Company reached an amended agreement with the two optionors in connection to the advance royalty payments on the Jersey Emerald Property in southeastern British Columbia (See 1.2.1 Jersey Emerald Property). Under the terms of the amended agreement, the Company issued 500,000 common shares and will make annual advance royalty payments of $26,000 to the optionors commencing in 2022. The amended agreement has received TSXV approval.

## Other Information

### Management Changes

- Arthur Troup retired as President, Chief Executive Officer and Director of Apex effective March 31, 2022. Mr. Jay Roberge replaces Mr. Troup as a Director and interim President & CEO also effective March 31, 2022.

- On April 14, 2022, Robin Merrifield and Ralph Gonzalez retired as Directors from Apex. Messrs. Troup, Merrifield and Gonzalez will remain on the Company's Advisory Board.

- On April 14, 2022, the Company appointed Adam Pankratz as a Director of the Company and Michael ("Mike") Kordysz as Vice President, Business Development and Strategy of the Company.

## 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 Annual MD&A. A copy of this Annual 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 Annual 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; 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.

The Company does not intend, and does not assume any obligation, to update the forward-looking statements that are contained in this MD&A.