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APAC RESOURCES INC.

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APAC Resources Inc. Announces Execution of Definitive Agreement with XORTX Pharma Corp.

Vancouver, BC – August 8, 2017 - APAC Resources Inc. ("APAC") (CSE:APG:CNX) announced today that it has entered into a binding support agreement dated August 8, 2017 (the "**Support Agreement**") with XORTX Pharma Corp. ("XORTX") in respect of APAC's proposed acquisition of all of the issued and outstanding shares of XORTX ("**XORTX Shares**"), an early development stage life science company (the "**Acquisition**"). Details of the Acquisition are set out in APAC's news release dated June 14, 2017 (the "**June 14 Release**").

Pursuant to the Support Agreement, APAC has agreed to make an offer to all shareholders of XORTX to acquire 100% of the outstanding XORTX Shares in consideration for the issuance of common shares of APAC ("**APAC Shares**") (as constituted following a proposed 4:1 share consolidation, further details of which are set forth in the June 14 Release) on the basis of 2.311 post-consolidation APAC Shares for every one issued XORTX Share (the "**Offer**").

APAC also announces that it intends to raise a minimum of \$2,000,000 by way of a private placement of units of APAC (the "**Units**"), at a price of \$0.50 per Unit, to be completed concurrently with the completion of the Acquisition (the "**Financing**"). Each Unit will consist of one post-consolidation APAC Share and one APAC Share purchase warrant ("**Warrant**"), each Warrant entitling the holder to purchase one additional post-consolidation APAC Share at a price of \$0.80 for a period of two years from the date of issuance of the Units. The terms of the Warrant will provide that in the event that the APAC Shares trade on the Canadian Securities Exchange (the "**CSE**") at a closing price of greater than \$1.20 per share for a period of 10 consecutive trading days at any time after four months and one day after the closing date of the Financing, APAC may accelerate the expiry date of the Warrants by giving notice to the holders thereof by way of a news release and, in such case, the Warrants will expire on the 30th day after the date of dissemination of such news release.

Conditions to the completion of the Acquisition include: (i) approval of the Acquisition by APAC shareholders at a special meeting to be held on or before October 31, 2017 (the "**APAC Meeting**"); (ii) acceptance of the Offer by shareholders of XORTX holding a minimum of 90% of the issued XORTX Shares; (iii) completion of the Financing; and (iv) acceptance of the Acquisition by the CSE. In the event that all conditions are met and the Acquisition is completed but less than 100% of the issued XORTX Shares are tendered under the Offer, APAC intends to acquire the untendered XORTX Shares by way of compulsory acquisition procedures available under the *Canada Business Corporations Act*.

Pursuant to the Support Agreement, APAC and XORTX have committed to obtaining lock-up agreements from each of the directors and officers of each of APAC and XORTX (collectively, the "**Lock-up Agreements**") pursuant to which (i) all of the directors and officers of APAC will agree to vote all of the APAC Shares owned or controlled by them in favour of the Transaction at the APAC Meeting and otherwise support the completion of the Transaction, and (ii) all of the directors and officers of XORTX will agree to tender all of the XORTX Shares owned or controlled by them (including any XORTX

Shares acquired after the date of the Support Agreement pursuant to the exercise of any options to acquire XORTX Shares or the conversion of any convertible loans which are convertible into XORTX Shares) to the Offer and not withdraw such shares and otherwise support the completion of the Transaction.

Further details concerning the Acquisition and XORTX (including financial information) will be set out in APAC's information circular to be prepared in connection with the APAC Meeting (the "APAC Circular").

CONTACT INFORMATION

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Cautionary Statements

Completion of the Transaction is subject to a number of conditions, including, but not limited to, acceptance by the CSE. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the APAC Circular, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of APAC should be considered to be highly speculative.

The CSE has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release. This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

Any securities referred to herein will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), and may not be offered or sold in the United States or to a U.S. Person in the absence of such registration or an exemption from the registration requirements of the 1933 Act.

Forward-looking statements

This news release contains certain "forward looking statements" including, for example, statements relating to the timing and completion of each of the Transaction and the Financing (including the terms and conditions thereof), the execution of the Lock-up Agreements, the terms of the Warrants and the timing of the APAC Meeting. Such forward-looking statements involve risks and uncertainties, both known and unknown. The results or events depicted in these forward-looking statements may differ materially from actual results or events. The forward-looking events and circumstances discussed in this news release may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting XORTX or APAC, including risks regarding the life sciences, biotechnology and pharmaceuticals industries, failure to obtain regulatory or shareholder approvals, failure to satisfy the conditions precedent to the completion of the Transaction, market conditions, economic factors, the state of equity markets generally and risks associated with growth, the protection of intellectual property and competition. Any forward-looking statement speaks only as of the date of this news release and, except as may be required by applicable securities laws, APAC and XORTX disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.