



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

AEX Gold Inc.

Table of content

1. Nature of activities	3
2. Corporate update.....	4
3. Property acquisition	6
4. Exploration and evaluation expenses.....	7
5. Strategy and action plan	12
6. Environmental monitoring expenses	14
7. Selected annual information.....	15
8. Results of operations	15
9. Selected quarterly information.....	16
10. Liquidity and capital resources.....	18
11. Off balance sheet arrangements.....	19
12. Subsequent event.....	19
13. Transactions between related parties	19
14. Critical accounting policies, estimates, judgements and assumptions.....	20
15. Changes in accounting policies.....	20
16. Financial instruments.....	20
17. Contractual commitments and obligations.....	20
18. Outstanding shares data.....	21
19. Stock option plan	21
20. Risk factors.....	21
21. Management's responsibility for financial information	29
22. Forward looking information.....	29

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

The following management discussion and analysis (the “MD&A”) of the financial condition and results of the operations of AEX Gold Inc. (the “Corporation” or “AEX”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for the year ended December 31, 2019. This MD&A should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended December 31, 2019 (the “Financial Statements”), which are prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All figures are in Canadian dollars unless otherwise noted. This MD&A is current as of February 26, 2020.

The MD&A contains forward-looking statements not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no guarantee that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to; economic conjuncture, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to the calculation of mineral reserves and requirements of additional financing and the capacity of the Corporation to obtain financing.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be found on www.sedar.com. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period
2017	January 1, 2017 to December 31, 2017
Q1-18	January 1, 2018 to March 31, 2018
Q2-18	April 1, 2018 to June 30, 2018
Q3-18	July 1, 2018 to September 30, 2018
Q4-18	October 1, 2018 to December 31, 2018
2018	January 1, 2018 to December 31, 2018
Q1-19	January 1, 2019 to March 31, 2019
Q2-19	April 1, 2019 to June 30, 2019
Q3-19	July 1, 2019 to September 30, 2019
Q4-19	October 1, 2019 to December 31, 2019
2019	January 1, 2019 to December 31, 2019
2020	January 1, 2020 to December 31, 2020

1. NATURE OF ACTIVITIES

AEX was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation’s head office is situated at 123 Front Street West, suite 905, Toronto, Ontario, M5J 2M2, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and evaluation of mineral properties. It owns interests in properties located in Greenland. Since July 2017, the Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the AEX ticker.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

2. CORPORATE UPDATE

2.1 Financing

On June 28, 2019, the Corporation completed a non-brokered private placement by issuing 13,157,895 units at a price of \$0.38 per unit, for gross proceeds to the Corporation of \$5,000,000.

Each unit was comprised one common share and one common share purchase warrant, with each warrant being exercisable into one additional common share for 36 months from the closing date of the private placement at an exercise price of \$0.45 per common share. The Corporation can accelerate the expiry of the warrants if the daily volume-weighted average trading price of the common share on the Exchange exceeds \$0.50 for 20 consecutive trading days at any time following 120 days after closing of the private placement. The corporation incurred total issuance costs of \$36,928.

Directors of the Corporation purchased an aggregate of 1,337,173 units for \$508,126.

2.2 Highlights of the 2019 work programme and results

The summer work programme was designed to test the down-dip extensions of the mineralized zone around South Block and across the Kirkespir valley towards Ship Mountain, as well as to rehabilitate part of the access road, in-line with the Corporation's desire to resume operations at Nalunaq in the near-future. The main objectives of the 2019 work programme were achieved, with the following results:

Nalunaq

- Drilling has identified the Main Vein structure 300 meters along strike from the South Block workings, and more than 350 meters down dip, improving confidence in the exploration target towards the northeast and under the valley towards Ship Mountain;
- 1.0 meter @ 46.1 g/t Au from 124 meters in hole AEX1902 (0.87 m estimated true thickness);
- Interpretation of historical surface drilling results versus underground development samples suggests that drilling may underestimate true grade;
- A sampling program of potentially gold-bearing materials that were mined and left behind by past operators was undertaken, and the results will be reported in 2020;
- The 9km access road was partially rehabilitated, as resurfacing and erosion control activities were completed;
- The Kirkespir river crossing bridge was upgraded in a definite step by the company to maintain safe and secure access to the mine for the long-term;
- The on-site mechanical and process audit of the existing underground process plant increased the comprehension of management regarding the root causes of the performance issue of that plant in the past in terms of gold recoveries and overall plant availability, which is cornerstone in the plan to resume operations at Nalunaq in the near future;
- A 3D model using lidar was generated for Target and Mountain Blocks to increase the accuracy of the existing workings, which will support the mine engineering and planning activities in the near future.

Vagar

- Amphibolite Ridge confirmed as a significant exploration project, with 5 targets showing significant outcropping gold grades over a 2 km distance;
- Resampling at Amphibolite Ridge of sheared and altered granodiorites by AEX in 2019 returned 8.04 g/t, 4.61 g/t and 0.28 g/t Au at the Femøren target. A zone of silicified granodiorite 150 metres along strike returned 0.44 g/t Au;
- These results are highly significant and confirm that gold is not only present in quartz veins, but also present in altered and sheared granodiorites (the host-rock);
- Granodiorite-hosted gold mineralisation appears to be structurally controlled.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

2. CORPORATE UPDATE (CONT'D)

2.3 AEX team update

Effective July 9, 2019, the Board of Directors appointed Martin Ménard as AEX Chief Operating Officer. Martin Ménard has diverse and extensive project and engineering management experience in the mining industry. This management addition has occurred to reflect the continued evolution and development of AEX as it works to further advance the high-grade Nalunaq gold project and its exploration projects in Greenland. He replaced Justinas Matusevicius, vice-president operation and logistic, who helped with the transition.

Effective November 13, 2019, the Board of Directors appointed Graham Stewart as the new Chairman of the Corporation. He has been a director of the AEX Board since 2017. Graham Stewart has a highly successful 30-year career in the international oil and gas industry during which he has forged a reputation for generating significant shareholder value. He has engineering and business degrees from Heriot Watt and Edinburgh Universities in the UK. George Fowlie, former Chairman, replaced Graham Stewart as Chair of the Audit Committee.

In October 2019, the Corporation has engaged Edward Wyvill to undertake AEX's Investor Relations activities. Edward Wyvill has a background in corporate strategy and business development. He has a wealth of experience in the natural resources sector and has advised multiple private and public companies on their strategic engagement with international markets.

In November 2019, as part of AEX's communications strategy of building international awareness, the Corporation appointed Capital Market Communications ("Camarco") as its financial public relations advisor. Based in London, Camarco specializes in promoting the reputations of their clients, helping them to achieve their business objectives.

On December 16, 2019, the Corporation appointed George Fowlie as the new CFO of AEX. He replaces Ingrid Martin who, through her professional services company, will continue to provide financial accounting services to the Corporation. From January 20, 2020, Robert Ménard replaced George Fowlie as Chair of the Audit Committee.

2.4 Next 12 months and more outlook

Nalunaq

Based on the results and interpretation of the past drilling seasons, AEX's senior management is of the opinion that underground development is necessary to expand its resource base from the project's technical report entitled "An Independent Technical Report on the Nalunaq Gold Project, South Greenland" dated March 20, 2017 (effective date of December 16, 2016), prepared for Nalunaq A/S by SRK Exploration Services Ltd. (the "Nalunaq Technical Report"). The underground development program would be initiated early in 2021, and would be preceded by the following activities:

- Plan a surface drilling program with the current drill on site to further explore the down-dip extension of South Block through a 3,000m drilling program;
- Finalize the company's assessment of the most promising areas for underground development, with the cooperation of its senior advisors;
- Initiate mine engineering and planning ahead of the underground development;
- Issue a Request for Proposal process with mining contractors based on the mine planning to initiate underground development early in 2021;
- Investment in key surface support infrastructures, such as a camp, water and sewage treatment systems, a fuel storage facility, workshops and warehouses to allow year round operations at Nalunaq;

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

2. CORPORATE UPDATE (CONT'D)

- Metallurgical testwork program the objectives of which are to replicate the historical gravity recovery results from the historical testworks program, and confirm process flowsheet, equipment selection and the process plant's design criteria;
- Test the suitability of ore sorting technologies to be applied in the processing of Nalunaq's mineralized material;
- Detailed engineering for key infrastructures and processes.

The major investment in key infrastructures in 2020, as well as the underground development in 2021, are contingent on the Corporation's financing process, in line with section 2.5.

Vagar

The exploration programme currently being planned for Vagar in 2020 would be to do the following:

- Undertake a 5,000m drilling program at the Amphibolite Ridge to continue defining the extension of the mineralized zones;
- Additional investigation regarding the extent of gold mineralization in the granodiorite host rock;
- Airborne survey to firm up the baseline signature of the property;

Nuna Nutaaq

In 2020, AEX is planning to initiate a full prospecting program over the various sub-licenses in this property, as well as performing an airborne survey to establish the baseline signature of the property.

2.5 Potential AIM listing

The Corporation is in the preliminary stages of considering an additional listing on the AIM market of the London Stock Exchange plc ("AIM"), alongside its current listing on the Exchange. The Corporation believes that an AIM listing may provide an optimal solution to support the growth of the Corporation's business. However, no decision has been made at this time as to whether or not the Corporation will apply for an AIM listing. As of December 31, 2019, the Corporation has incurred in this process, deferred share issuance costs of \$166,348.

3. PROPERTY ACQUISITION

Property acquisitions are capitalized in the consolidated statement of financial position.

Nuna Nutaaq Licence

The Corporation has acquired the right to conduct exploration activities on approximately 266km² of land in an area of Itillersuaq near Narsaq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration License 2019/113 Nuna Nutaaq. The license application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the license became effective on September 26, 2019 when it was signed by the Government of Greenland.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

4. EXPLORATION AND EVALUATION EXPENSES

Exploration and evaluation expenses are included in the operating loss in the consolidated statement of comprehensive loss.

The Corporation incurred the following exploration and evaluation expenses:

	Q4-19	Q4-18	2019	2018
	\$	\$	\$	\$
Nalunaq				
Geology	348,436	93,710	822,113	408,419
Lodging and on-site support	113,860	218	308,754	556,922
Underground works	12,500	-	12,500	-
Drilling	146,451	-	229,473	455,663
Safety and environment	2,114	-	29,900	-
Analysis	26,920	25,951	45,558	55,798
Transport	78,396	(727)	312,513	423,877
Logistic support	46,497	11,409	182,430	144,217
Insurance	20,211	-	38,512	-
Maintenance infrastructure	361,661	-	992,539	-
Government fees	8,349	6,507	17,963	7,699
Depreciation	47,161	41,286	172,186	114,593
	1,212,556	178,354	3,164,441	2,167,188
Vagar				
Geology	6,971	-	118,858	-
Analysis	-	-	-	3,709
Transport	-	5,235	-	5,235
Helicopter Charter	-	-	18,768	-
Logistic support	4,000	-	26,086	-
Government fees	-	1,012	14,651	9,361
	10,971	6,247	178,363	18,305
Tartoq				
Geology	1,211	-	70,763	-
Logistic support	3,000	-	20,487	-
Government fees	980	-	980	-
	5,191	-	92,230	-
Naalagaaffiup Portornga				
Geology	1,210	-	71,382	-
Logistic support	3,000	-	15,801	-
	4,210	-	87,183	-
Nuna Nutaaq				
Geology	2,872	-	9,626	-
Helicopter Charter	-	-	9,130	-
Logistic support	2,000	-	2,000	-
	4,872	-	20,756	-
Genex				
Geology	(313)	-	8,896	-
Government fees	-	-	5,793	-
	(313)	-	14,689	-

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

	Q4-19	Q4-18	2019	2018
	\$	\$	\$	\$
Total				
Geology	360,387	93,710	1,101,638	408,419
Lodging and on-site support	113,860	218	308,754	556,922
Underground works	12,500	-	12,500	-
Drilling	146,451	-	229,473	455,663
Safety and environment	2,114	-	29,900	-
Analysis	26,920	25,951	45,558	59,507
Transport	78,396	4,508	312,513	429,112
Helicopter Charter	-	-	27,898	-
Logistic support	58,497	11,409	246,804	144,217
Insurance	20,211	-	38,512	-
Maintenance infrastructure	361,661	-	992,539	-
Government fees	9,329	7,519	39,387	17,060
Depreciation	47,161	41,286	172,186	114,593
Total exploration and evaluation expenses	1,237,487	184,601	3,557,662	2,185,493

James Gilbertson CGeol, who is a full-time employee and Managing Director of SRK Exploration Services Limited and a Chartered Geologist with the Geological Society of London and as such a qualified person as defined in NI 43-101 supervised the preparation of the technical information in this section.

4.1 Nalunaq

a) Property description

The Nalunaq Property is located in Southern Greenland at 60°21'N latitude and 44°50'W longitude in the Municipality of Kujalleq. Greenland is an autonomous territory within the Danish realm. It is the largest island in the world with an area of 2,166,086 km² although it has a small population of just 56,000 people. Most of the island is covered by the Greenland ice sheet, thus the population lives along the coastal fringe which is heavily incised by fjords. Most of the population is located on the west and south coasts and the largest settlement is the capital, Nuuk. The Nalunaq Property is located on the northern side of the Kirkespirdalen Valley, about 33 km northeast of the town of Nanortalik.

The Nalunaq Exploration Project area lies within exploitation licence #2003/05 issued by the Government of Greenland, Mineral Licence and Safety Authority (the "Nalunaq Licence"), which covers an area of 22 km² and includes the former underground mine which ceased operating in 2013 (the "Nalunaq Gold Mine").

The Nalunaq Licence was granted in April 2003 by the Government of Greenland to Nalunaq Gold Mine A/S, a subsidiary of Crew Gold Corporation ("Crew Gold") and is valid until April 24, 2033.

b) Exploration work

The main exploration activity which took place in 2019 at Nalunaq was a diamond drilling program which resulted in 9 drill holes for a total meterage of 1,615 meters. The drilling program began at the end of September, and ended early in November.

Out of the 9 holes, Main Vein was identified in 6 holes. The results of the 2019 drilling program are summarized in the table below:

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

Table 1 Summary of significant Main Vein intersections from 2019 drill holes. Intervals are also provided as true widths. A lower cut-off of 0.05 g/t Au was used to report Main Vein intersections.

Hole ID	From	To	Down hole Length (m)	True Width (m)	Au (g/t)	Main Vein Description (True Width)
AEX1901	117	117.75	0.75	0.75	0.17	HW calc-silicate alteration
	117.75	118.75	1.00	1.00	0.22	88 cm quartz vein from 117.81 m
AEX1902	124	125	1.00	0.87	46.1	Calc-silicate alteration and quartz veinlets
AEX1903	122.1	122.6	0.50	0.47	3.79	4 cm quartz vein and calc-silicate alteration
AEX1905	233.65	234.2	0.55	0.45	0.06	25 cm quartz vein from 233.83 m
AEX1906	191.5	192	0.50	0.43	0.18	15 cm quartz vein from 191.71 m
	192	192.5	0.50	0.43	0.11	FW calc-silicate alteration
AEX1907	145	146	1.00	0.77	0.33	Quartz veinlets and silicification

Please consult the Press Release issued by AEX on January 21, 2020 for additional details.

AEX also initiated an internal interpretation of the historical drilling results and the historical underground samples taken following underground development in the context of a high-grade and nuggety mineralization. The conclusion of that interpretation is presented in the figure below:

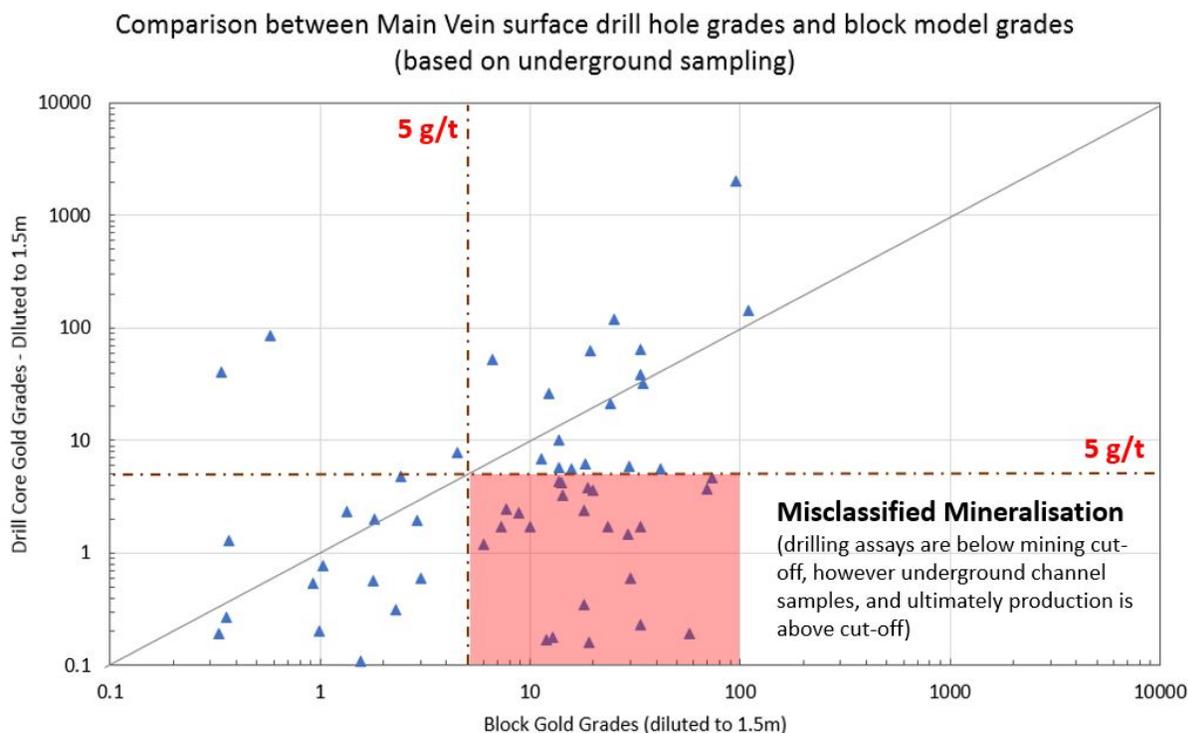


Figure 1 Main vein intercepts in surface drilling were compared to the nearest block identified in the block model described in the Nalunaq Technical Report (both datasets diluted to 1.5 m mining width) in mined areas. Grades are plotted on the above scatter plot. Points below the trend line show that drilling has historically under-called mined grade. Red dashed lines show 5 g/t Au cut-off (the mining lower cut-off). Note log scale.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

The graph presented above illustrates that overall, drilling results underestimates true grade. A historical review of exploration programs shows that the 1998 underground development program was key in upgrading and confirming mineral resources and grades, which is typically the case for mineralized structures characterized by a very high nugget effect. This interpretation further solidifies AEX's opinion that underground development is cornerstone in the next phases of development of the project.

As such, AEX has started determining key locations within the existing underground workings through which underground development in mineralization should be prioritized, and the results of this activity should be concluded by the end of Q2-2020. The 3D lidar survey of 2019 of the existing underground workings will be key in the mine planning and engineering phase prior to underground development.

The other activities which were part of the 2019 program at Nalunaq were all designed with the objectives of facilitating the resumption of operations at Nalunaq in the near future.

First, AEX undertook a sampling program on historically mined materials left behind by past operators because it is management's belief that these materials could potentially be gold-bearing. The results of this sampling program will be issued through a press release in 2020. The significance of these findings is that gold-bearing materials could supplement the pre-production plans of the underground development activities which are currently under investigation as discussed before.

Secondly, the partial rehabilitation of the 9km access road to the mine was identified as critical to ensure safe and secure access year around to the mine site. We expect that going forward, additional minor adjustments in terms of erosion controls will be required along the 9km road, but that the major issues were resolved through the rehabilitation program of 2019.

Thirdly, the mechanical and process audit of the existing underground process plant shed some light regarding the past performance issues of that plant in terms plant availability and total gold recoveries. The results of this internal audit will be issued in a press release in 2020 and will be key in the detailed engineering activities of the future on-site processing facility.

Finally, and in line with section 2.5, AEX has defined its requirements in terms of facilities required to support the resumption of operations at Nalunaq. The requirements are constantly being refined as preliminary engineering increases the level of project definition. AEX expects to start issuing request for proposals at the end of February 2020 for key surface support infrastructures, such as the camp and associated services, fuel storage, power generation, and others. The requests for bids are not binding, and any future commitments are contingent on financing.

4.2 Vagar

a) Property description

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting through its bankruptcy receiver, on February 6, 2017 to acquire the exploration licence #2006/10 issued by the MLSA (the "Vagar Licence"), along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, conditional upon the MLSA's approval on terms acceptable to Nalunaq A/S. The approval has been received and on October 30, 2017, Nalunaq A/S signed the paperwork to complete the licence transfer, became effective upon the Greenland authorities executing the document on January 18, 2018. The licence expires December 31, 2021 with a possible 6-year extension. After a reduction of the size of the area, the Vagar Licence covers an official area of 292 km² and comprises three sub-areas. The acquisition of this licence area is potentially important to the Corporation since it is close to the Nalunaq Property and hosts a number of gold prospects that lie along the prospective Nanortalik Gold Belt, some of which show similarities to Nalunaq.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

b) Exploration work

In September 2019, a small crew of geologists visited Amphibolite Ridge in the Niaqornaarsuk sub area of the Vagar licence. The main purpose of the visit was to verify historic gold grades of mineralised granodiorites at the Femøren target and additional samples were taken to that effect. Assay results were received early in November, and the Corporation issued a press release on the findings on December 2, 2019. In the next few months, the Corporation will elaborate an exploration program which would involve a 5,000m diamond drilling program, which will aim to better define mineralization at the numerous existing gold prospects within the license, and to locate new mineralization.

4.3 Tartog

a) Property description

The exploration project on the Tartog Property as described in the Tartog Report (the "Tartog Exploration Project") is comprised of the area covered by the Mineral Exploration Licence 2015/17 (the "Tartog Licence") in which Nalunaq A/S holds an undivided 100% interest. The Tartog Licence conveys the exclusive right to explore for all mineral resources except hydrocarbons and radioactive elements and is valid until December 31, 2019. The renewal for a period of five years has been confirmed with Addendum No. 3 dated February 2020 which was signed by Nalunaq A/S on February 13, 2020 and shall be effective from the date when it is signed by the Government of Greenland. At the expiration of the second term of the Tartog Licence, Nalunaq A/S may, upon application to the MLSA, be granted up to four consecutive three-year extensions for an aggregate additional 12-year period.

The Tartog Exploration Project covers an "official area" (all parts of the licence excluding those covered by sea) of 78 km² in south-western Greenland, some 330 km from the capital, Nuuk. The approximate centre of the project is 61°30'N latitude and 48°40'W longitude. The Tartog Exploration Project flanks the Sermilgaarsuk Fjord and is split into two licence sub-blocks: Nuuluk on the southern side of the fjord and Ilerlak on the northern side to the east.

There is no infrastructure within the licence area and access is by boat and then on foot to reach the main target areas, or by helicopter. Given the remote location of the project, any development of the site for mineral exploration and mining would require self-sufficiency in terms of utilities and infrastructure. Some staffing may be sourced from Paamiut or Arsuk, but a skilled workforce will likely need to come from Nuuk.

b) Exploration work

No field work has been conducted in 2019 so all work carried out has been in the form of desk top studies. The Corporation will continue to assess the exploration potential of that license until the end of the current year.

4.4 Naalagaaffiup Portornga

a) Property description

The Corporation has acquired the right to conduct exploration activities on approximately 170km² of land in an area adjacent to the Tartog Licence. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2018/17 Naalagaaffiup Portornga and the licence expires December 31, 2022 with a possible 5-year extension. The licence application has been approved and all required documentation was signed by the Corporation on January 16, 2018 and the licence became effective on February 19, 2018 when it was signed by the Government of Greenland.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

b) Exploration work

No field work has been conducted in 2019 so all work carried out has been in the form of desk top studies. The Corporation will continue to assess the exploration potential of exploration on that license until the end of the current year.

4.5 Nuna Nutaaq

a) Property description

AEX has been granted the exclusive exploration rights under a new license in South Greenland: license 2019/113. The license is comprised of five sub-areas and covers a total of 266 km² within the Nanortalik Gold Belt. The license application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the license became effective on September 26, 2019 when it was signed by the Government of Greenland.

b) Exploration work

Historic work by GEUS, NunaMinerals and Goldcorp identified gold mineralisation at several locations within this new license. Remote sensing and machine learning prospectivity analysis conducted by the Corporation has reinforced the potential for additional gold mineralisation in the license, which remains at an early stage of exploration.

In September 2019, AEX undertook reconnaissance prospecting at the Nørrearm sub area under the aforementioned license, and samples from this reconnaissance activity were collected and sent to ALS Loughrea for assaying.

4.6 Genex

Regional assessment is ongoing, with the assistance of data produced from a machine learning study. The Corporation plans to re-visit some of the results and further analyze the potential of gold signatures in areas highlighted by the previous machine learning study. On September 26, 2019, Nalunaq A/S was granted a prospecting licence covering East Greenland, in this context defined as areas south of 75°N and east of 44°W. It is valid for a term of five years until December 31, 2023. Nalunaq A/S is not obligated to spend exploration expenses regarding this licence area during this period.

5. STRATEGY AND ACTION PLAN

Planned work for the 2020 field season and going forward

5.1 Nalunaq

Given the interpretation of section 4.1 related to Nalunaq, AEX will implement a work program in 2020 and 2021 which will set the ground for the resumption of operations at Nalunaq by the end of 2021. AEX cautions that this production decision has been taken before the estimation of Mineral Reserves and is not based on a feasibility study of these Mineral Reserves demonstrating economic and technical viability resulting in significantly higher risk of economic and technical failure.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

5. STRATEGY AND ACTION PLAN (CONT'D)

a) Exploration

The work program of 2020 will be developed in such a way as to guide and prepare the initiation of an underground development program in 2021. As such, AEX intends to set its 3,000m drilling program in motion early in June 2020 with the drill used in the 2019 drilling season, which is still on-site, with the objective to further investigate the down-dipping mineralization from the historically mined areas of Target Block and South Block from the 350 level towards the Kirkespir valley. The objective of this program is to further support the exploration target of Nalunaq Technical Report, by adding in-fill drilling south, east and north of South Block.

Meanwhile, and ahead of the commencement of the drilling season, AEX is undertaking with its technical advisors a complete review of the existing underground mine workings to identify the best locations to initiate underground development. The existing historical database of underground samples, along with the 3D model generated in 2019 of the full underground infrastructures in Target Block and South Block, will be extensively used by the team to start the mine planning and engineering activities, which are currently planned to start in March 2020. Following the preliminary design, a request for proposal process for the underground development will be initiated to mining contractors. The bidding process will be complemented by site visits in the summer of 2020, and the selected party would be awarded the underground development contract by the end of the summer, with a planned site mobilization by the end of November 2020. South Block could also be dewatered in 2020 were the targets in South Block regarding underground development prove to be the most prospective ones.

In addition to the drilling program, AEX will also re-log its drill core from earlier drilling program to re-confirm some of the past intercepts, and refresh its geological model, if required. Also, geological mapping inside the underground workings will continue, as well as general prospecting activities in and around the license.

b) Metallurgy

On the processing side, AEX is currently developing a metallurgical testwork program on samples taken in 2019 from site, as well as on samples taken in 2016 ahead of the Nalunaq Technical Report. The objective of that program will be to replicate the historical gravity recovery testwork and find solutions to increase gold recoveries and the grade of a concentrate from a gravity recovery plant only. AEX is of the opinion that having a new two-stage crushing, grinding and gravity recovery process plant only as a first phase to resume operations on-site is a more responsible approach because it will let AEX further advance the company's assessment of the existing underground leaching circuit. Additionally, by implementing a gravity recovery process plant initially, AEX will be able to finalize its trade-off study on the suitability of ore sorting in the processing of Nalunaq's mineralized materials. A bulk sample program is currently underway in Germany to test ore sorting, and the results should be available in March 2020.

c) Engineering and Procurement

AEX's team will also be busy with the engineering and procurement of key infrastructures, notably for the camp and other associated services, as well as for the new crushing, grinding and gravity recovery process plant. A competitive bidding process will be issued at the end of February 2020 to various established camp providers with the aim of being ready to award the engineering and procurement mandate for the camp once the financing is completed. Regarding the process plant, the design criteria and the process flowsheets are currently being generated and will be finalized once the results of the metallurgical testworks are available. Then, AEX will initiate a competitive bid process for the procurement of the processing equipment, which are currently the items with the longest lead time.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

5. STRATEGY AND ACTION PLAN (CONT'D)

5.2 Vagar

a) Exploration

AEX will set up in 2020 a 5,000m drilling program to further test mineralization at Amphibolite Ridge. The program will be aimed at increasing our understanding of the geological model of the veining system that was historically drilled by past license holders, as well as continuing the investigation of the potential mineralization of the host rock, the granodiorites. The Corporation also plans, in 2021, to set up another 5,000m drilling program which will be developed based on the results of the drilling results of 2020. Prospecting in other parts of the license will also be taking place in order to pursue other potential interesting mineralized zones within the property boundaries.

An airborne survey will also be planned over Vagar to increase the overall magnetic resolution on the property, as well as finalizing the baseline signature of potential mineralized zones.

b) Metallurgy

AEX will also undertake a small-scale metallurgical program on the drill core samples from the exploration season, with the objective to initiate an understanding of metallurgical recoveries from the quartz veins and the host rock.

5.3 Nuna Nutaaq

a) Exploration

The exploration program at Nuna Nutaaq for the next two years will be derived such as to increase our understanding of the gold mineralisation potential on the various sub-licenses. An airborne magnetic survey over the various sub-licenses will allow the company to define a baseline signature to guide additional exploration programs, and a prospecting program will also complement the airborne survey.

6. ENVIRONMENTAL MONITORING EXPENSES

When Nalunaq A/S purchased the Nalunaq Property on October 15, 2015, it came with an escrow account for environmental monitoring and an environmental monitoring provision. This escrow account was set up in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq Gold Mine.

For the year ended December 31, 2019, Nalunaq A/S incurred \$28,846 (\$85,015 in 2018) in environmental monitoring expenses. All incurred amounts are funded from the escrow account.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

7. SELECTED ANNUAL INFORMATION

	2019	2018	2017
	\$	\$	\$
Financial Results			
Exploration and evaluation expenses	3,557,662	2,185,493	2,808,517
General and administrative expenses	950,946	1,085,630	1,212,237
Net loss	5,102,106	4,023,320	4,489,949
Net loss per share, basic and diluted	0.08	0.08	0.10
Financial Position			
Cash on hand	1,515,406	963,788	1,465,277
Total assets	2,720,473	1,962,821	2,373,983
Total current liabilities	645,933	327,847	428,667
Shareholders' equity	2,074,540	1,634,974	1,810,629
Working capital	1,157,012	877,201	1,250,542

8. RESULTS OF OPERATIONS

8.1 Discussion on 2019

The Corporation reported a net loss of \$5,102,106 in 2019 compared to \$4,023,320 for 2018. The main variations are as follow:

- Exploration and evaluation expenses of \$3,557,662 (\$2,185,493 in 2018) (see section exploration and evaluation expenses for details).
- General and administrative of \$950,946 (\$1,085,630 in 2018).
 - Management and consulting fees of \$298,885 (\$370,318 in 2018). In its cost reduction strategy, the Corporation reduced its expenses related to management fees, in particular, no compensation for the vice-president operations and logistic were incurred in 2019.
 - Director's fees of \$56,250 (\$18,750 in 2018). The Corporation has decided to reintroduce director's fees in Q2-19; in 2018, it had paid director's fees only in Q1-18.
 - Professional fees of \$300,017 (\$354,636 in 2018). In its cost reduction strategy, the Corporation reduced its professional fees in general and more importantly, its legal fees related to the preparation of statutory documents.
 - Marketing and industry involvement of \$160,199 (\$153,331 in 2018). The Corporation began rebuilding its website in late Q4-19 and will complete it in early 2020.
 - Travel and other expenses of \$71,674 (\$98,181 in 2018). Lower office expenses and less travel were necessary in 2019 compared to 2018.
- Stock-based compensation of \$578,600 (\$438,170 in 2018) was estimated using the Black-Scholes model. The Corporation granted 2,630,000 (1,660,000 in 2018) options to its directors, officers and consultants for a costs amount of \$578,600 (\$431,600 in 2018) based on an estimated fair value of \$0.22 (\$0.26 in 2018) per option.
- Short form prospectus expenses of nil in 2019 (\$322,701 in 2018). The Corporation filed the preliminary short form prospectus on February 14, 2018 and withdrawn in April 2018.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

8. RESULTS OF OPERATIONS (CONT'D)

8.2 Discussion on Q4-19

The Corporation reported a net loss of \$1,465,347 in Q4-19 compared to \$334,240 for Q4-18. The main variations are as follow:

- Exploration and evaluation expenses of \$1,237,487 (\$184,601 in Q4-18) (see section exploration and evaluation expenses for details).
- General and administrative of \$229,399 (\$199,753 in Q4-18).
 - Management and consulting fees of \$79,861 (\$90,535 in Q4-18). In its cost reduction strategy, the Corporation reduced its expenses related to management fees, in particular, no compensation for the vice-president operations and logistic were incurred in Q4-19.
 - Director's fees of \$18,750 (nil in Q4-18). The Corporation has decided to reintroduce director's fees in Q2-19; in 2018, it had paid director's fees only in Q1-18.
 - Professional fees of \$45,810 (\$52,058 in Q4-18). The audit fees in Q4-19 were lower due to timing differences as to when the work was performed.
 - Marketing and industry involvement of \$63,639 (\$31,133 in Q4-18). The Corporation spent more costs in Q4-19 related to investor relations and began to rebuilt its website which will be completed in early 2020.
 - Travel and other expenses of \$10,294 (\$12,744 in Q4-18). Lower office expenses and less travel were necessary in Q4-19 compared to Q4-18.

9. SELECTED QUARTERLY INFORMATION

The following table presents selected financial information for each of the most recent eight quarters:

	Q4-19	Q3-19	Q2-19	Q1-19
	\$	\$	\$	\$
Exploration and evaluation expenses	1,237,487	1,754,353	397,220	168,602
General and administrative expenses	229,399	227,751	277,335	216,461
Net loss	1,465,347	2,561,629	673,725	401,405
Net loss per share, basic and diluted	0.02	0.04	0.01	0.01
Cash on hand	1,515,406	3,199,174	5,245,467	691,704
Total assets	2,720,473	4,198,971	6,128,410	1,619,427
Total current liabilities	645,933	659,084	605,494	385,858
Shareholders' equity	2,074,540	3,539,887	5,522,916	1,233,569
Working capital	1,157,012	2,802,048	4,859,342	534,492

	Q4-18	Q3-18	Q2-18	Q1-18
	\$	\$	\$	\$
Exploration and evaluation expenses	184,601	1,306,886	591,687	102,319
General and administrative expenses	199,753	177,785	278,245	429,847
Net loss	334,240	1,959,074	898,829	831,177
Net loss per share, basic and diluted	0.01	0.04	0.02	0.02
Cash on hand	963,788	677,232	1,820,915	913,180
Total assets	1,962,821	1,747,259	2,954,232	1,779,142
Total current liabilities	327,847	600,297	309,770	651,759
Shareholders' equity	1,634,974	1,008,164	2,503,836	983,577
Working capital	877,201	222,957	1,665,646	416,247

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

9. SELECTED QUARTERLY INFORMATION (CONT'D)

Highlights for each quarter are as follows.

9.1 Q4-19

- The Corporation is in the preliminary stages of considering an additional listing on the AIM, alongside its current listing on the Exchange. However, no decision has been made at this time as to whether or not the Corporation will apply for an AIM listing. As of December 31, 2019, the Corporation has incurred in this process, deferred share issuance costs of \$166,348.
- The Corporation bought property and equipment for \$57,440 for the Q4-19. The Corporation bought field equipment and infrastructure for the exploration and evaluation purpose work.
- The Corporation completed its work exploration program and sent samples for analysis. The majority of exploration and evaluation work was performed on the Nalunaq Property for \$1,237,487. The largest expenses were maintenance infrastructure, geology and drilling.

9.2 Q3-19

- The Corporation has acquired the right to conduct exploration activities on approximately 266km² of land in an area of Itillersuaq near Narsaq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration License Nuna Nutaaq. The license became effective on September 26, 2019 when it was signed by the Government of Greenland.
- On September 26, 2019, Nalunaq A/S was granted a prospecting licence covering East Greenland, in this context defined as areas south of 75°N and east of 44°W. It is valid for a term of five years until December 31, 2023.
- The Corporation bought property and equipment for \$122,522. The Corporation bought field equipment and infrastructure for the exploration and evaluation purpose work.
- On July 9, 2019, the Corporation granted options to its directors, officers and consultants for a stock-based compensation of \$578,600.
- The majority of exploration and evaluation work was performed on the Nalunaq Property for \$1,754,353. The Corporation executed its field work exploration programme and the largest expenses were maintenance infrastructure, geology, transport and lodging and on-site support.

9.3 Q2-19

- On June 28, 2019, the Corporation completed a non-brokered private placement by issuing 13,157,895 units at a price of \$0.38 per unit, for gross proceeds of \$5,000,000.
- Exploration and evaluation expenses were incurred for a sum of \$397,220 and are composed primarily of geological expenses and logistic support on Nalunaq property.

9.4 Q1-19

- On February 26, 2019, Nalunaq A/S incurred \$28,846 in environmental monitoring expenses. All incurred amounts were funded from the escrow account.
- Exploration and evaluation expenses were incurred for a sum of \$168,602 and are composed primarily of geological expenses on Nalunaq property.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

9. SELECTED QUARTERLY INFORMATION (CONT'D)

9.5 Q4-18

- On October 9, 2018, the Corporation completed a non-brokered private placement by issuing 2,631,577 common shares at a price of \$0.38 per share, for gross proceeds of \$1,000,000.
- The Corporation completed its work exploration program and sent samples for analysis. The majority of exploration and evaluation work was performed on the Nalunaq Property for \$184,601.

9.6 Q3-18

- On August 22, 2018, the Corporation granted options to its directors, officers and consultants for a stock-based compensation of \$431,600.
- The majority of exploration and evaluation work was performed on the Nalunaq Property for \$1,306,886. The Corporation executed its summer work exploration programme and the largest expenses were drilling, geology, lodging and on-site support and transport.

9.7 Q2-18

- On May 14, 2018, the Corporation completed a non-brokered private placement by issuing 5,564,422 common shares at a price of \$0.45 per share, for gross proceeds of \$2,503,990.
- The Corporation bought property and equipment for \$303,298. The Corporation bought field equipment and base camp, vehicles and rolling stock for the exploration and evaluation purpose work.
- Exploration and evaluation expenses were primarily incurred on the Nalunaq property for a sum of \$591,687 and are relative to the transport, lodging and on-site support and preparation of the summer exploration season.

9.8 Q1-18

- On January 16, 2018, Nalunaq A/S acquired for \$6,334, the right to conduct exploration activities on approximately 170km² of land in an area adjacent to the Tartoq Licence. The exploration rights have been granted under a new separate Exploration License Naalagaaffiup Portornga. The licence became effective on February 19, 2018 when it was signed by the Government of Greenland.
- On February 14, 2018, a preliminary short form prospectus was filed pursuant to which the Corporation proposed to complete, on a best effort basis, a public offering of common shares upon terms to be determined in the context of the market. On April 12, 2018, the Corporation announced that it had withdrawn the preliminary prospectus. For Q1-18, the Corporation incurred professional fees and expenses related to this short form prospectus for an amount of \$311,611.
- On March 13, 2018, Nalunaq A/S incurred \$85,015 in environmental monitoring expenses. All incurred amounts were funded from the escrow account.
- Exploration and evaluation expenses were incurred for a sum of \$102,319 and are composed primarily of geological expenses on Nalunaq property.

10. LIQUIDITY AND CAPITAL RESOURCES

The Corporation has a working capital of \$1,157,012 as of December 31, 2019 (\$877,201 as of December 31, 2018). The working capital position was favorably improved on June 28, 2019 when the Corporation completed its non-brokered private placements of 13,157,895 units at a price of \$0.38 per unit, for gross proceeds of \$5,000,000. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs including the unspent amount on the exploration licences and pay general and administration costs.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

10. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

As of December 31, 2019, the Corporation has four exploration licences, Tartoq, Naalagaaffiup Portornga, Vagar and Nuna Nutaaq. The total amount of future exploration obligations as at December 31, 2019 for these four licences is DKK 3,566,492 (\$696,717 using the exchange rate as at December 31, 2019). The details of the exploration commitments are described in note 6 to the 2019 Financial Statements.

As of December 31, 2019, Nalunaq A/S had a payable of nil to FBC Mining BA Ltd. ("FBC BA"), a subsidiary of FBC Mining (Holdings) Ltd. (75%) and Artic Resources Capital S.à r.l. (25%).

While the Corporation has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If new funding is not obtained, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements and this could have a significant impact on the financial position of the Corporation, its financial performance and its cash flows.

11. OFF BALANCE SHEET ARRANGEMENTS

Neither the Corporation nor Nalunaq A/S have any off-balance sheet arrangements.

12. SUBSEQUENT EVENT

Neither the Corporation nor Nalunaq A/S have any subsequent event.

13. TRANSACTIONS BETWEEN RELATED PARTIES

Following are additional information on related party transactions in 2019:

In the normal course of operations:

- A company controlled by George Fowle, (director, chairman of the board from April 28, 2017 to November 13, 2019, chair of the audit committee from November 13, 2019 to January 20, 2020 and chief financial officer since December 16, 2019) invoiced \$39,586 (\$31,251 in 2018) as Corporate Development Director compensation;
- A company controlled by Eldur Olafsson (director and president and CEO) invoiced \$209,200 (\$202,421 in 2018) as president and CEO compensation;
- A company in which Eldur Olafsson (director and president and CEO) holds shares charged exploration work and equipment amounting to \$19,666 (\$99,079 in 2018);
- A firm in which Georgia Quenby (director) is a partner charged legal professional fees for \$15,350 (\$10,121 in 2018);
- A company controlled by Ingrid Martin (chief financial officer from April 28, 2017 to December 16, 2019) charged accounting professional fees of \$196,600 (\$168,193 in 2018) (including \$127,180 (\$113,518 in 2018) for her staff);
- A company controlled by Martin Ménard (Chief Operating Officer, appointed July 9, 2019) charged engineering professional fees of \$76,680 (nil in 2018) as his compensation and \$186,720 (nil in 2018) for his staff. The Chief Operating Officer is the son of a Robert Ménard;
- Nicolas and Philippe Ménard, engineering consultants, (both the sons of Robert Ménard, Director and the brothers of Martin Ménard, Chief Operating Officer) were paid \$76,740 and \$625 respectively (nil in 2018).
- A company controlled by Robert Ménard, Director, invoiced engineering professional fees of \$62,213 (nil in 2018);

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

13. TRANSACTIONS BETWEEN RELATED PARTIES (CONT'D)

- Justinas Matusevicius (vice-president operations and logistic from April 28, 2017 to January 1, 2019) has signed a consulting agreement on January 1, 2019 and no charges were invoiced in 2019 (\$91,293 in 2018);
- FBC BA invoiced \$50,099 (\$45,353 in 2018) for Joan Plant (Corporate Secretary) for her compensation;
- As of December 31, 2019, the balance due to those related parties amounted to \$144,063 (\$40,972 as of December 31, 2018).

Outside of the normal course of operations:

- Directors and officers of the Corporation participated in the June 28, 2019 private placement for \$508,126 (\$182,514 in 2018) while AEX Gold Limited participated for nil (\$550,000 in 2018). The directors and officers as well as AEX Gold Limited subscribed to the private placements in 2019 and 2018 under the same terms and conditions set forth all subscribers.

14. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Financial Statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions. Critical judgments, estimates and assumptions exercised in applying accounting policies with the most significant effect on the amounts recognized in the financial statements are described at note 4 of the 2019 Financial Statements.

15. CHANGES IN ACCOUNTING POLICIES

The most relevant standards, amendments and interpretations issued up to the date of the issuance of the 2019 Financial Statements are listed at note 3 of these.

16. FINANCIAL INSTRUMENTS

Financial instruments are described in notes 2.12 and 23 to the Financial Statements.

17. CONTRACTUAL COMMITMENTS AND OBLIGATIONS

The Corporation has four exploration licences in Greenland, Tartoq, Naalagaaffiup Portornga, Vagar and Nuna Nutaaq and one exploitation licence, Nalunaq. The total amount of future exploration obligations as at December 31, 2019 for the four exploration licences is DKK 3,566,492 (\$696,717 using the exchange rate as at December 31, 2019). For the purpose of crediting expenditures against the amounts set forth in these licences, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S must submit its statements of expenses for these exploration licences for the 2019 year to the MLSA by April 1, 2020.

The details of the exploration commitments are described in note 6 to the 2019 Financial Statements.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

18. OUTSTANDING SHARES DATA

	February 26, 2020	December 31, 2019
	Number	Number
Capital stock	70,946,394	70,946,394
Stocks options	5,650,000	5,650,000
Warrants	14,225,634	14,225,634
Fully diluted	90,822,028	90,822,028

Escrow Shares

As of December 31, 2019, there were 11,100,009 shares held in escrow following the initial public offering ("IPO"). Under the escrow agreement, 10% of the escrow common shares were released from escrow on the completion of the Corporation's listing date (done on July 13, 2017, date of the Exchange Bulletin) and additional 15% will be released every six months thereafter.

19. STOCK OPTION PLAN

The purpose of the Option Plan (the "Plan") is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, senior officers, employees and consultants of the Corporation, to reward such of these participants from time to time for their contributions toward the long-term goals of the Corporation and to enable and encourage such participants to acquire shares as long-term investments. There is no performance indicator relating to profitability or risk attached to the Plan.

The Plan was approved initially in 2017 and renewed by shareholders on June 5, 2019. The Plan is a "rolling" plan whereby a maximum of 10% of the issued shares at the time of the grant are reserved for issue under the Plan to executive officers and directors, employees and consultants. The Board of directors attributes the stock options and the exercise price of the options shall not be less than the closing price on the last trading day preceding the grant date. The options have a maximum term of ten years. Options granted pursuant to the Plan shall vest and become exercisable at such time or times as may be determined by the Board, except options granted to consultants providing investor relations activities shall vest in stages over a 12 month period with a maximum of one-quarter of the options vesting in any three-month period. The Corporation has no legal or constructive obligation to repurchase or settle the options in cash.

20. RISK FACTORS

The following discussions review a number of important risks which management believes could impact the Corporation's business. There are other risks, not identified below, which currently, or may in the future exist in the Corporation's operating environment.

Risks Related to the Corporation and the Mining Industry

20.1 The Corporation is an exploration stage company.

The Corporation currently has no development projects. While the Nalunaq Property has an operating history, the exploration potential that may represent the long-term future of the Nalunaq Property is at an early stage. Future mining and processing methods may differ to those used historically and thus historical operating costs, capital spending, site remediation costs or asset retirement obligations may not be applicable as benchmarks.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

The Tartoq Property, the Vagar Property, Naalagaaffiup Portornga Property and Nuna Nutaaq Property are early stage exploration projects that have no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. The Corporation has no experience in placing mineral interests into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that the Corporation will have available to it the necessary expertise when and if it places any of its mineral interests into production.

If it places any of its mineral interest into production, the Corporation advises that it has not based its production decision on demonstrated economic viability or on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that production will begin as anticipated or at all or that anticipated production costs will be achieved. Failure to commence production would have a material adverse impact on the Corporation's ability to generate revenue and cash flow to fund operations. Failure to achieve the anticipated production costs would have a material adverse impact on the Corporation's cash flow and future profitability.

20.2 The Corporation's liquidity and capital resources are uncertain.

The exploration and evaluation of the Corporation's mineral properties depends upon the Corporation's ability to obtain financing through joint ventures, offerings of equity securities or offerings of debt securities, or by obtaining financing through a bank or other entity. The Corporation has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Corporation needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Corporation, or that any future offering of securities will be successful. Volatile markets for precious metals may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favourable terms or at all. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the Corporation's outstanding Common shares. The Corporation could suffer adverse consequences if it is unable to obtain additional capital, which would cast substantial doubt on its ability to continue its operations and growth.

In addition, the Corporation does not expect to generate material revenue or achieve self-sustaining operations in the near future. To the extent the Corporation has negative cash flows in future periods, the Corporation may use a portion of its general working capital to fund such negative cash flow.

20.3 The Corporation requires substantial funds merely to determine whether commercial mineral deposits exist on its Properties.

Any potential development and production of the Corporation's exploration properties depends upon the results of exploration programs and/or feasibility studies and the recommendations of duly qualified engineers and geologists. Such programs require substantial additional funds. Any decision to further expand the Corporation's operations on these exploration properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration work, preparation of production feasibility studies, and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

- environmental compliance regulations and restraints; and
- apolitical climate and/or governmental regulation and control.

20.4 Gold price volatility may adversely affect the Corporation.

If the Corporation commences production, profitability will be dependent upon the market price of gold. Gold prices historically have fluctuated widely and are affected by numerous external factors beyond the Corporation's control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

20.5 Title to the Corporation's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

The Corporation cannot guarantee that title to its mineral properties will not be challenged. Title insurance is generally not available for mineral properties and the Corporation's ability to ensure that it has obtained a secure claim to individual mineral properties or mining concessions may be severely constrained. The Corporation's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Corporation has not conducted surveys of all of the mineral rights in which it holds direct or indirect interests. A successful challenge to the precise area and location of these mineral rights could result in the Corporation being unable to operate on its Nalunaq Property, Tartoq, Vagar, Naalagaaffiup Portornga or Nuna Nutaaq Property (collectively, the "Properties") as permitted or being unable to enforce its rights with respect to its Properties.

20.6 Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.

Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Corporation's inability to secure adequate water and power resources, as well as other events such as unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

20.7 Exploration activities are influenced, amongst others, by the location, its climate and terrain.

The Properties are in remote locations in a global context, although not in a Greenlandic context. The costs of logistics and staffing are high. The climatic conditions allow a relatively short period for surface exploration activities, although this should not affect underground exploration.

The Nalunaq Gold Mine and areas of exploration potential lie within a steep mountain. Regularized surface diamond drilling for structure is impractical in many parts, resulting in a greater reliance on underground exploration.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

20.8 The Corporation is an exploration stage company, and there is no assurance that a commercially viable deposit or “reserve” exists on any properties for which the Corporation has or might obtain an interest.

The Corporation is an exploration stage company and cannot give assurance that a commercially viable deposit, or “reserve”, exists on any properties for which the Corporation currently has or may have (through potential future joint venture agreements or acquisitions) an interest. Therefore, determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic and environmental factors. If the Corporation fails to find a commercially viable deposit on any of its Properties, its operations, financial condition and results of operations will be materially adversely affected.

20.9 Mineral exploration and development activities are speculative in nature.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return on investment capital.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

20.10 The Corporation depends on the Properties

The Properties are the only material properties of the Corporation. Any material adverse development affecting the progress of the Properties, or both, will have a material adverse effect on the Corporation's financial condition and results of operations.

20.11 There is no assurance that the Corporation will be able to acquire other properties.

If the Corporation loses or abandons its interest in its Properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Corporation, whether by way of option or otherwise, should the Corporation wish to acquire any additional properties.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

20.12 The Corporation's insurance does not cover all of its potential losses, liabilities and damage related to its business.

Exploration, development and production operations on mineral properties involve numerous risks, including:

- unexpected or unusual geological operating conditions;
- rock bursts, cave-ins, ground or slope failures;
- fires, floods, earthquakes and other environmental occurrences;
- political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage;
- delays in mining caused by industrial accidents or labour disputes;
- changes in regulatory environment;
- monetary losses; and
- possible legal liability.

It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

20.13 Competition may hamper the Corporation's ability to acquire attractive mineral properties.

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Corporation, the Corporation may be unable to acquire attractive mineral properties on terms it considers acceptable. The Corporation also competes with other companies for the recruitment and retention of qualified employees and other personnel.

20.14 Insofar as certain directors and officers of the Corporation hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors and officers to the Corporation and to such other mineral resource companies.

Certain directors and officers of the Corporation are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Corporation. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of the Corporation. Directors and officers of the Corporation with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

20.15 The loss of certain key individuals could have an adverse effect on the Corporation.

The Corporation's success depends to a certain degree upon key members of the management. These individuals are a significant factor in the Corporation's growth and success and the Corporation does not have key man insurance in place in respect of any of its directors, management or employees. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

20.16 The Corporation may experience difficulty attracting and retaining qualified management to meet the needs of its anticipated growth.

The Corporation's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. To manage its growth, the Corporation may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. Although the Corporation believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

20.17 Estimates and assumptions used in preparing the Corporation's financial statements and actual amounts could differ.

Preparation of its financial statements requires the Corporation's management to use estimates and assumptions. Accounting for estimates requires the Corporation's management to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Corporation could be required to write down its recorded values. On an ongoing basis, the Corporation re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

20.18 Investors may not be able to enforce judgments against foreign persons.

AEX's principal assets, as well as three of its directors, namely Eldur Ólafsson, Georgia Quenby and Graham Stewart, and one of AEX's non-director officers, namely Joan Plant, either are located or reside outside of Canada. Furthermore, the authors of the Nalunaq Report and Tartoq Report, namely Fernando Saez, James Gilbertson, Jon Russill and Michael Selby either are located or reside outside of Canada. It may therefore not be possible for investors to enforce judgements obtained in Canada against AEX, such directors and officers, or any of the authors of the technical reports, notwithstanding the fact that each of the aforementioned individuals has appointed Bennett Jones LLP as his or her agent for service of process in Canada.

20.19 The Corporation has significant shareholders.

Following the completion of the last June 2019 private placement and as of December 31, 2019, FBC Holding S.à r.l. ("FBC") (directly or indirectly through its subsidiary AEX Gold Limited), Eldur Olafsson (through Vatnar S.à r.l. and Vatnar ehf ("Vatnar")), and Crossroads Holdings S.à r.l. ("Crossroads") hold 20.1%, 10.8% and 8.3%, respectively, of the issued and outstanding Common Shares. As a result, FBC, Vatnar and Crossroads will have significant influence over all matters requiring shareholder approval. Circumstances may occur in which the interests of such significant shareholders could be in conflict with the interests of other holders of Common Shares. There is no assurance that the interests of FBC, Vatnar and Crossroads will always be aligned with the Corporation's interests and those of the Corporation's other shareholders, and there is no assurance that such significant shareholders would not make decisions with regard to their holdings of Common Shares or how they vote those Common Shares in a manner that is adverse to the Corporation or the Corporation's other shareholders.

While FBC, Vatnar and Crossroads will have limitations on their ability to dispose of their Common Shares in the near term due to the escrow agreement that was entered into among the Corporation, Computershare Trust Company of Canada and certain principals of the Corporation in accordance with the closing of the Corporation's initial public offering, this may not prevent FBC, Vatnar and Crossroads from selling some or all of their Common Shares in the future. If FBC, Vatnar and/or Crossroads dispose of a significant number of Common Shares in the future, the market price of the Common Shares may be negatively impacted by the resulting additional trading volume.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

20.20 The Corporation is subject to the risks and liabilities associated with possible accidents, injuries or deaths on its Properties.

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licences, affect the reputation of the Corporation and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Corporation as an employer.

There is no assurance that the Corporation has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Corporation from proceeding with the development of a project or the operation or further development of a project, and any non-compliance therewith may adversely affect the Corporation's operations, financial condition and results of operations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Risks Related to the Political and Economic Climate of Greenland and its Legislative Regime

20.21 The Corporation's operations depend on permits and government regulations

The Corporation's future operations on the Properties, including exploration and any development activities or commencement of production on its properties, require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, protection of endangered and protected species, treatment of indigenous people, mine safety and other matters. To the extent that such permits are required and not obtained, the Corporation may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws may have a material adverse effect on the operations, financial condition and results of the Corporation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The Government of Greenland may from time to time change the Mineral Resources Act, the Greenland Exploration Standard Terms and the royalties imposed on proceeds from mineral exploitation.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

20.22 The Corporation's operations are subject to compliance with environmental laws and regulation

The Corporation's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

The Corporation's exploration programs on the Properties will, in general, be subject to approval by the MLSA and the EAMRA. Development of the mineral properties located in Greenland will be dependent on the project meeting environmental regulations and guidelines set by governmental agencies in Greenland and, where required, being approved by governmental authorities.

20.23 The Corporation may lose its interests in licences.

Interests in licences in Greenland are for specific terms and carry with them estimated annual expenditure and reporting commitments, as well as other conditions requiring compliance. The MLSA is largely focused on the activities completed by an exploitation licence holder and ensuring that a project is advancing towards production. The Corporation could lose title to or its interest in licences relating to the Properties if licence conditions are not met.

In particular, the Nalunaq Exploration Project is currently within the Nalunaq Licence. Under the current terms of this licence, Nalunaq A/S is required to commence mine production by January 1, 2023, although the scale of this production is not specified. There is no guarantee that this will be possible within this timeframe, and the government has reserved the right to revoke the licence if these conditions are not met.

Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence (for example, the commitment to perform specific exploration activities for sub period 3 as set out in Addendum No. 4) may result in the MLSA revoking the Nalunaq Licence, however the MLSA has stated as an objective that there is no automatic revocation of a licence when a condition has not been achieved, rather they have committed to, at all times, act reasonably and in accordance with the general rules and regulations of Greenlandic administrative law, including the principles of objectiveness, proportionality and equal treatment.

Moreover, under the Tartoq Licence, Naalagaaffiup Portornga Licence, Vagar Licence and Nuna Nutaaq Licence, Nalunaq A/S is required to expend a total of \$279,451, \$173,530, \$126,479 and \$117,257, respectively, in 2019 on exploration activities.

20.24 The Corporation is exposed to fluctuation in exchange rates.

A portion of the Corporation's undertakings are in Greenland. As a result, revenues, cash flows, expenses, capital expenditure and commitments are primarily denominated in Danish Krone, Euros, Canadian dollars, U.S. dollars and U.K. Pound Sterling. This results in the income, expenditure and cash flows of the Corporation being exposed to fluctuations and volatilities in exchange rates, as determined in international markets. The amount of revenue generated by the Corporation in Canadian dollars to pay dividends and operating costs will fluctuate with changes in exchange rates. Changes in exchange rates are outside the Corporation's control.

AEX Gold Inc.

Management Discussion & Analysis

For the year ended December 31, 2019

20. RISK FACTORS (CONT'D)

20.25 The Corporation is subject to political risks.

The Corporation's underlying business interests are located and carried out in Greenland. As a result, the Corporation is subject to political and other uncertainties, including but not limited to, changes in politics or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations are conducted.

The Greenland Home Rule Government has responsibility for the mineral resources area in Greenland. The political condition in Greenland is generally stable; however, changes in exchange rates, control of fiscal regulations and regulatory regimes, labour unrest, inflation or economic recession could affect the Corporation's business. The management of the Corporation will closely monitor events and take advice, if necessary, from experts to prepare for any eventualities.

21. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Corporation's Financial Statements are the responsibility of the Corporation's management. The Financial Statements were prepared by the Corporation's management in accordance with IFRS. The Financial Statements include certain amounts based on the use of estimates, judgements and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the Financial Statements are presented fairly in all material respects.

The Financial Statements have been approved by the board of directors based on the estimates, judgements and assumptions as presented by management.

22. FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information within the meaning of applicable securities legislation, which reflects the Corporation's current expectations regarding future events and the receipt of necessary authorizations from securities regulatory authorities. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. In this MD&A there is forward-looking information based on a number of assumptions and subject to a number of risks and uncertainties, many of which are beyond the Corporation's control that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in Section 20. Any forward-looking information included in this MD&A is based only on information currently available to the Corporation and speaks only as of the date on which it is made. Except as required by applicable securities laws, the Corporation assumes no obligation to update or revise any forward-looking information to reflect new circumstances or events.

February 26, 2020

(s) "Eldur Ólafsson"

Eldur Ólafsson
President, CEO and Director

(s) "George Fowlie"

George Fowlie
CFO