



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Three months ended March 31, 2020

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2020

The following quarterly highlights management discussion and analysis (the “MD&A”) should be read in conjunction with the unaudited condensed interim consolidated financial statements of AEX Gold Inc. (the “Corporation” or “AEX”) for the three months ended March 31, 2020 prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as well as with the MD&A for the year ended December 31, 2019. All figures are in Canadian dollars unless otherwise noted. This MD&A is current as of May 20, 2020.

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
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
Q1-20	January 1, 2020 to March 31, 2020
Q2-20	April 1, 2020 to June 30, 2020
Q3-20	July 1, 2020 to September 30, 2020
Q4-20	October 1, 2020 to December 31, 2020
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 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development 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.

2. CORPORATE UPDATE

2.1 Financial Highlights

The Corporation reported a net loss of \$966,437 in Q1-20 compared to \$401,405 for Q1-19. The main variations are as follow:

- Exploration and evaluation expenses of \$611,775 (\$168,602 in Q1-19) (see section exploration and evaluation expenses for details).
- General and administrative of \$382,911 (\$216,461 in Q1-19).
 - Management and consulting fees of \$116,072 (\$69,373 in Q1-19). Increased corporate activity had the effect of adding some full-time members of management and the appointment of the new CFO.
 - Director’s fees of \$25,000 (nil in Q1-19). In 2019, the Corporation has decided to reintroduce director's fees in Q2-19.
 - Professional fees of \$123,755 (\$82,300 in Q1-19). Legal and accounting fees in Q1-20 were higher due to the increase in corporate activities as well as the development of its projects. The audit fees in Q1-20 were higher due to timing differences as to when the work was performed.
 - Marketing and industry involvement of 86,375 (\$28,318 in Q1-19). This increase in fees in Q1-20 is mainly due to the complete redesign of the Corporation's website.

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2. CORPORATE UPDATE (CONT'D)

The Corporation has a working capital of \$3,459,290 as of March 31, 2020 (\$1,157,012 as of December 31, 2019).

As at March 31, 2020, 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%).

On March 5, 2020, 8,399,556 warrants were exercised at \$0.45 for total gross proceeds of \$3,779,800.

The Corporation has accelerated the expiry of certain common share purchase warrants ("Warrants"), bearing an expiration date of June 28, 2022. The certificate evidencing the Warrants ("Warrant Certificate") provided for acceleration in certain circumstances, which circumstances have now been met. From the period February 6, 2020 to March 5, 2020, the daily volume weighted average price of the Corporation's common shares on the Exchange was equal to or greater than \$0.50, thus satisfying the acceleration requirements under the Warrants. Accordingly, Warrant holders have been provided with notification that any Warrants that are not exercised before April 20, 2020, being the 30th trading day following the occurrence of the acceleration event, will expire and be cancelled.

After Q1-20, certain Warrant holders have exercised 2,872,715 Warrants, each entitling the holder to receive one common share of the Corporation, at an exercise price per warrant of \$0.45, representing gross proceeds of \$1,292,722.

During the Q1-20, an outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements. These events may cause in the future significant changes on the Corporation's ability to complete planned exploration and evaluation activities, meet its other obligations and existing commitments for the exploration and evaluation programs or our ability to obtain debt and equity financing. Following these events, the Corporation has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

2.2 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 March 31, 2020, the Corporation has incurred in this process, deferred share issuance costs of \$706,007.

3. 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:

	Q1-20	Q1-19
	\$	\$
Nalunaq		
Geology	265,207	78,818
Underground works	22,807	-
Drilling	(635)	-
Analysis	23,863	2,492
Transport	60,733	-
Logistic support	66,487	18,950

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

	Q1-20	Q1-19
	\$	\$
Insurance	1,226	-
Maintenance infrastructure	84,854	-
Government fees	5,613	(97)
Depreciation	57,158	41,286
	587,313	141,449
Tartoq		
Geology	-	2,271
Logistic support	3,000	-
Government fees	6,147	-
	9,147	2,271
Naalagaaffiup Portornga		
Logistic support	3,000	-
	3,000	-
Vagar		
Geology	5,354	18,525
Logistic support	3,000	-
Government fees	-	6,357
	8,354	24,882
Nuna Nutaaq		
Logistic support	3,000	-
	3,000	-
Genex		
Government fees	961	-
	961	-
Total		
Geology	270,561	99,614
Underground works	22,807	-
Drilling	(635)	-
Analysis	23,863	2,492
Transport	60,733	-
Logistic support	78,487	18,950
Insurance	1,226	-
Maintenance infrastructure	84,854	-
Government fees	12,721	6,260
Depreciation	57,158	41,286
Total exploration and evaluation expenses	611,775	168,602

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 persons as defined in NI 43-101 supervised the preparation of the technical information in this section.

Due to the current COVID-19 crisis, the corporation is closely monitoring the evolution of the crisis and its potential impacts on its field activities for 2020. AEX is closely coordinating with the Greenlandic Authorities the requirements for accessing its properties in South Greenland. AEX is also internally developing a procedure to safely dispatch people to its properties. The procedure will be developed around the operational and logistics challenges of deploying field activities amid the COVID-19 pandemic, and support the Corporation's objectives of protecting its employees, its contractors and the local population. The procedure will be consistent with the industry's best practices. Once completed, the procedure will be submitted to the Safety Committee of the Board as well as to the Greenlandic Authorities for their respective approval. Upon approval, AEX may dispatch a small team for key exploration activities as will be discussed shortly.

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

3.1 Nalunaq

Early in March and April 2020, AEX issued two press releases on additional results from the field activities undertaken at Nalunaq in the summer 2019.

The press release from March 2020 provided an update on the investigation program carried out by the corporation in 2019 regarding the mechanical and operation audit of the existing underground process plant as well as for the upgrade on existing surface infrastructures, namely the mine access road and the Kirkspir river bridge. The results of the underground process plant audit allow AEX to progress its complete review on metallurgical recovery for the Nalunaq project and review potential process optimization opportunities for the resumption of operations on site in the near future. The infrastructures upgrade also fully supports that near future objective by securing a safe access to the mine from the camp site near the Saqaa Fjord.

The press release of April 2020 outlined an increase in the project's Exploration Target by quantifying the amount of remnant mining material from past operations. This material could potentially be part of a site processing scheme in the near future as pre-production stockpiles.

Activities related to prepare for project implementation and execution in the spring of 2021 are ongoing and will be carried out throughout 2020. As such, a "Business Readiness" program was initiated internally, so that the corporation increases its overall readiness for transitioning towards project execution. The programs currently being developed are, but not limited to: Human Resources Program, Recruiting Program, Environmental and Social Impact Assessment Scoping Study, Organizational Structuring, Project and Cost Control, Accounting, etc.

AEX is also assessing on-site processing opportunities with its consultants. Metallurgical testworks on a representative sample taken out of the Nalunaq historical underground mine in 2016 are currently being prepared at SGS Lakefield, in Toronto, Ontario. The results of these tests, along with the results of historical testworks, will further support the selection of the proper flowsheet for the Nalunaq project.

The Corporation is also currently progressing its preliminary engineering by redefining its requirement for surface support infrastructures, such as, but not limited to: camp facilities, sewage treatment and potable water treatment. Various supply packages are currently out for tender for budgetary pricing.

On the exploration side, AEX is planning to take additional samples from selected 2017 drill cores where zones of alteration without significant quartz veining may have been overlooked. 2019 assay results have demonstrated that such zones can also return high gold grades, e.g. 46.1 g/t Au over 1 m in hole AEX1902. It is also planned to resample some of the western drives in Target Block and South Block, on 300, 350 and 400 levels. These are smaller exploration drives that were advanced in 2000 and 2001, where samples were assayed with the screen metallica fire assay method. Resampling and assaying with the LeachWell method would allow for significantly larger sample sizes and therefore sample support and has been used successfully during previous operations to give more representative gold grades. There is potential for additional mineralised veins in the structural hanging wall and footwall - surface mapping and exploration will be carried out to follow up on work completed in the early 1990s.

The mandatory Geology Field Report summarizing all work conducted in the Licence during the 2019 field season was submitted to the MLSA as required by May 1, 2020.

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

3.2 Tartog

No field work has been conducted in Q1-20 so all work carried out has been in the form of desk-based studies. The mandatory Geology Field Report summarizing all work conducted in the Licence during the 2019 field season was submitted to the MLSA as required by May 1, 2020.

Due to the current COVID-19 crisis, and the decision by the MLSA to postpone all spending obligations for 2020, we do not foresee that any field activities will be carried out on this license in 2020.

3.3 Naalagaaffiup Portornga

No field work has been conducted in Q1-20 so all work carried out has been in the form of desk-based studies. The mandatory Geology Field Report summarizing all work conducted in the Licence during the 2019 field season was submitted to the MLSA as required by May 1, 2020.

Due to the current COVID-19 crisis, and the decision by the MLSA to postpone all spending obligations for 2020, we do not foresee that any field activities will be carried out on this license in 2020.

3.4 Vagar

The mandatory Geology Field Report summarizing all work conducted in the Licence during the 2019 field season was submitted to the MLSA as required by May 1, 2020.

Since the beginning of the year, AEX has been developing a comprehensive exploration program for the next 3 years with the objective of progressing the geological models over the various prospective sub-areas within the license. Activities such as geophysical and hyperspectral surveys, chip and channel sampling, and diamond drilling are currently being planned and assessed for the near future.

For the 2020 exploration season specifically, once the COVID-19 mitigation procedure is approved, AEX is considering dispatching a small crew to South Greenland with the objective of undertaking the geophysical and hyperspectral surveys over a period of 3 weeks, followed by a field exploration season of 2 weeks to sample the most prospective zones identified in the previous surveys.

3.5 Nuna Nutaag

No field work has been conducted in Q1-20 so all work carried out has been in the form of desk-based studies. The mandatory Geology Field Report summarizing all work conducted in the Licence during the 2019 field season was submitted to the MLSA as required by May 1, 2020.

Once the COVID-19 mitigation procedure is authorized and implemented, AEX is considering a small two to three days reconnaissance program to support additional progression of the geological baseline.

3.6 Genex

Regional assessment is ongoing, with the corporation continuously assessing its potential to grow its licensing footprint over prospective zones in Greenland. Early in 2020, the corporation applied for licences over areas along the Saarloq shear zone, north of Ippatit, northwest of the Niaqornaarsuk peninsula, and on the east coast along Kangerluluk Fjord. These targets are at an early stage of exploration and were selected based on a combination of gold anomalies in stream sediments, known samples of gold-mineralised float material, and prospective structural and geological settings analogous to high grade gold occurrences in AEX's existing licenses. Lineament analysis and a detailed review of the geochemical database will be used to generate priority targets for follow up in coming field seasons.

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4. 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 three months ended March 31, 2020, Nalunaq A/S incurred nil in environmental monitoring expenses. All incurred amount are funded from the escrow account.

May 20, 2020

(s) “Eldur Ólafsson”

Eldur Ólafsson

President, CEO and Director

(s) “George Fowlie”

George Fowlie

CFO