



AEX Gold Inc.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended June 30, 2020

*The attached financial statements have been prepared by Management of
AEX Gold Inc. and have not been reviewed by the auditor*

AEX Gold Inc.
Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Notes	As at June 30, 2020 \$	As at December 31, 2019 \$
ASSETS			
Current assets			
Cash		4,441,089	1,515,406
Escrow account for environmental monitoring		186,282	174,864
Sales tax receivable		31,859	17,792
Prepaid expenses and others		1,380	94,883
Total current assets		4,660,610	1,802,945
Non-current assets			
Deferred share issuance costs	9	1,221,138	166,348
Escrow account for environmental monitoring		357,618	342,132
Mineral properties	3	55,682	41,945
Property and equipment	4	252,786	367,103
Total non-current assets		1,887,224	917,528
TOTAL ASSETS		6,547,834	2,720,473
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		1,495,831	471,069
Environmental monitoring provision		186,282	174,864
Total liabilities		1,682,113	645,933
Equity			
Capital stock		20,084,129	13,883,611
Warrants	5	238,749	1,459,604
Contributed surplus		2,755,487	1,535,400
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(18,175,872)	(14,767,303)
Total equity		4,865,721	2,074,540
TOTAL LIABILITIES AND EQUITY		6,547,834	2,720,473
Going concern	1		
Subsequent events	9		

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

AEX Gold Inc.
Consolidated Statements of Comprehensive Loss
(Unaudited, in Canadian Dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenses	7	912,676	397,220	1,524,451	565,822
General and administrative	8	498,639	277,335	881,550	493,796
Stock-based compensation	6	1,031,650	-	1,031,650	-
Foreign exchange loss (gain)		3,830	1,773	(21,567)	17,935
Operating loss		2,446,795	676,328	3,416,084	1,077,553
Other expenses (income)					
Interest income		(4,873)	(4,765)	(9,915)	(7,065)
Finance costs		210	2,162	2,400	4,642
Net loss and comprehensive loss		(2,442,132)	(673,725)	(3,408,569)	(1,075,130)

Weighted average number of common shares outstanding – basic and diluted	81,176,725	58,222,276	77,307,646	58,006,586
Basic and diluted loss per common share	(0.03)	(0.01)	(0.04)	(0.02)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

AEX Gold Inc.

Consolidated Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

	Notes	Number of common shares outstanding	Capital Stock	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
			\$	\$	\$	\$	\$	\$
Balance at January 1, 2019		57,788,499	10,058,355	321,788	956,800	(36,772)	(9,665,197)	1,634,974
Net loss and comprehensive loss		-	-	-	-	-	(1,075,130)	(1,075,130)
Shares and warrants issuance under private placements		13,157,895	3,853,718	1,146,282	-	-	-	5,000,000
Share issuance costs		-	(28,462)	(8,466)	-	-	-	(36,928)
Balance at June 30, 2019		70,946,394	13,883,611	1,459,604	956,800	(36,772)	(10,740,327)	5,522,916
Balance at January 1, 2020		70,946,394	13,883,611	1,459,604	1,535,400	(36,772)	(14,767,303)	2,074,540
Net loss and comprehensive loss		-	-	-	-	-	(3,408,569)	(3,408,569)
Warrants exercised	5	11,387,626	6,140,518	(1,010,418)	-	-	-	5,130,100
Warrants expired	5	-	-	(210,437)	210,437	-	-	-
Options exercised	6	100,000	60,000	-	(22,000)	-	-	38,000
Stock-based compensation	6	-	-	-	1,031,650	-	-	1,031,650
Balance at June 30, 2020		82,434,020	20,084,129	238,749	2,755,487	(36,772)	(18,175,872)	4,865,721

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

AEX Gold Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Notes	Six months ended June 30,	
		2020	2019
		\$	\$
Operating activities			
Net loss for the period		(3,408,569)	(1,075,130)
Adjustments for:			
Depreciation	4	114,317	82,863
Stock-based compensation	6	1,031,650	-
Finance costs		2,400	4,642
Payment from cash held in escrow account for environmental monitoring		-	(28,846)
Escrow account for environmental monitoring		-	28,846
Foreign exchange loss (gain)		(19,112)	19,380
		(2,279,314)	(968,245)
Changes in non-cash working capital items:			
Sales tax receivable		(14,067)	(13,215)
Prepaid expenses and others		93,561	1,467
Trade and other payables		293,916	271,621
Payables to shareholders		-	4,762
		373,410	264,635
Cash flow used in operating activities		(1,905,904)	(703,610)
Investing activities			
Acquisition of mineral properties	3	(13,737)	-
Acquisition of property and equipment		-	(10,514)
Cash flow used in investing activities		(13,737)	(10,514)
Financing activities			
Shares and warrants issuance		-	5,000,000
Share issuance costs		-	(750)
Exercise of warrants	5	5,130,100	-
Exercise of stock options	6	38,000	-
Deferred share issuance costs	9	(324,293)	-
Cash flow from financing activities		4,843,807	4,999,250
Net change in cash before effects of exchange rate changes on cash during the period		2,924,166	4,285,126
Effects of exchange rate changes on cash		1,517	(3,447)
Net change in cash during the period		2,925,683	4,281,679
Cash, beginning of period		1,515,406	963,788
Cash, end of period		4,441,089	5,245,467
Supplemental cash flow information			
Interest received		9,915	7,065
Share issuance costs included in trade and other payables		-	36,178
Acquisition of mineral properties included in trade and other payables		-	-
Exercise of warrants credited to capital stock		1,010,418	-
Exercise of stock options credited to capital stock		22,000	-
Deferred share issuance costs included in trade and other payables		851,228	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2020 and 2019

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

AEX Gold Inc. (the "Corporation") 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. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "TSX-V") under the AEX ticker and since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") under the AEXG ticker (note 9).

These unaudited condensed interim consolidated financial statements for the six months ended June 30, 2020 ("Financial Statements") were approved by the Board of Directors on August 26, 2020.

1.1 Basis of presentation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements have been prepared under the historical cost convention.

The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year ended December 31, 2019.

1.2 Going concern

The Financial Statements were prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, senior management of the Corporation ("Management") takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. The Financial Statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

The Corporation recorded a loss of \$3,408,569 for the six months ended June 30, 2020 and has an accumulated deficit of \$18,175,872 as at June 30, 2020. 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 and pay general and administration costs. As at June 30, 2020, the Corporation had working capital of \$2,978,497. These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. The completion of the fundraising in July 2020 discussed in subsequent events (note 9), contributed to such financing. While Management 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 Management is unable to obtain new funding, 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.

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2020 and 2019

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN (CONT'D)

The measurement of certain assets and liabilities is dependent on future events; therefore the preparation of these Financial Statements requires the use of estimates, which may vary from actual results. The success of the Corporation's exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Corporation to discover economically recoverable reserves.

During the first half of 2020, 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 significant changes on the Corporation's ability to complete planned exploration and evaluation activities in the future, 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 of the COVID-19 pandemic. However, it is impossible to ultimately determine the financial implications of these events.

2. CRITICAL ACCOUNTING JUDGMENTS 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.

In preparing the Financial Statements, the significant judgements made by Management in applying the Corporation accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation's audited annual financial statements for the year ended December 31, 2019. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. MINERAL PROPERTIES

	As at December 31, 2019	Additions	As at June 30, 2020
Nalunaq	\$ 1	\$ -	\$ 1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaaq	6,076	-	6,076
Saarloq	-	7,348	7,348
Anoritooq	-	6,389	6,389
Total mineral properties	41,945	13,737	55,682

	As at December 31, 2018	Additions	As at December 31, 2019
Nalunaq	\$ 1	\$ -	\$ 1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaaq	-	6,076	6,076
Total mineral properties	35,869	6,076	41,945

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2020 and 2019

(Unaudited, in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Exploration and evaluation			
	Field equipment and infrastructure	Vehicles and rolling stock	Equipment	Total
	\$	\$	\$	\$
Six months ended June 30, 2020				
Opening net book value	271,977	86,656	8,470	367,103
Additions	-	-	-	-
Depreciation	(64,554)	(48,011)	(1,752)	(114,317)
Closing net book value	207,423	38,645	6,718	252,786
As at June 30, 2020				
Cost	387,323	288,066	10,514	685,903
Accumulated depreciation	(179,900)	(249,421)	(3,796)	(433,117)
Closing net book value	207,423	38,645	6,718	252,786

Depreciation of property and equipment related to exploration and evaluation properties is being recorded in exploration and evaluation expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$114,317 was expensed as exploration and evaluation expenses during the six months ended June 30, 2020.

5. WARRANTS

5.1 Warrants

Changes in the Corporation's warrants are as follow:

	Six months ended June 30, 2020			2019		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$		\$	\$
Balance, beginning	13,157,895	1,137,816	0.45	-	-	-
Issued	-	-	-	13,157,895	1,137,816	0.45
Exercised	(11,272,271)	(974,758)	0.45	-	-	-
Expired	(1,885,624)	(163,058)	0.45	-	-	-
Balance, end	-	-	-	13,157,895	1,137,816	0.45

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 were met during the period. From the period February 6, 2020 to March 5, 2020, the daily volume weighted average price of the Corporation's common shares on the TSX-V was equal to or greater than \$0.50, thus satisfying the acceleration requirements under the Warrants. Accordingly, Warrant holders were provided with notification that any Warrants that were not exercised before April 20, 2020, being the 30th trading day following the occurrence of the acceleration event, would expire and be cancelled. Certain Warrant holders exercised 11,272,271 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 \$5,072,522.

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2020 and 2019

(Unaudited, in Canadian Dollars)

5. WARRANTS (CONT'D)

5.2 Agent warrants

Changes in the Corporation's agent and finders warrants are as follow:

	Six months ended June 30, 2020			2019		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
Balance, beginning	1,067,739	\$ 321,788	\$ 0.49	1,067,739	\$ 321,788	\$ 0.49
Exercised	(115,355)	(35,660)	0.50	-	-	-
Expired	(182,227)	(47,379)	0.45	-	-	-
Balance, end	770,157	238,749	0.50	1,067,739	321,788	0.49

Agent and finders warrants outstanding and exercisable as at June 30, 2020 are as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
770,157	\$ 0.50	July 13, 2020

6. STOCK OPTIONS

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 17, 2020. 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.

On June 17, 2020, the Corporation granted to its directors, officers and consultants 2,195,000 stock options exercisable at an exercise price of \$0.70, with an expiry date of December 31, 2026. The stock options vested 100% at the grant date. Those options were granted at an exercise price equal the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$1,031,650 for an estimated fair value of \$0.47 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 76.41% expected volatility, 0.41% risk-free interest rate and 6.5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2020 and 2019

(Unaudited, in Canadian Dollars)

6. STOCK OPTIONS (CONT'D)

Changes in stock options are as follow:

	Six months ended June 30, 2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	5,650,000	\$ 0.43	3,020,000	\$ 0.47
Granted	2,195,000	0.70	2,630,000	0.38
Exercised	(100,000)	0.38	-	-
Balance, end	7,745,000	0.51	5,650,000	0.43

Stock options outstanding and exercisable as at June 30, 2020 are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
1,360,000	0.50	July 13, 2022
1,660,000	0.45	August 22, 2023
2,530,000	0.38	December 31, 2025
2,195,000	0.70	December 31, 2026
7,745,000		

7. EXPLORATION AND EVALUATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Geology	524,863	262,113	795,423	361,727
Lodging and on-site support	3,663	-	3,663	-
Underground works	23,040	-	45,847	-
Drilling	33,950	-	33,315	-
Safety and environment	6,568	-	6,568	-
Analysis	43,205	12,088	67,068	14,580
Transport	9,923	5,725	70,656	5,725
Logistic support	84,223	60,939	162,710	79,889
Insurance	3,287	-	4,513	-
Maintenance infrastructure	102,442	-	187,297	-
Government fees	20,353	14,778	33,074	21,038
Depreciation	57,159	41,577	114,317	82,863
Exploration and evaluation expenses	912,676	397,220	1,524,451	565,822

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Six months ended June 30, 2020 and 2019

(Unaudited, in Canadian Dollars)

8. GENERAL AND ADMINISTRATION

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Management and consulting fees	166,369	70,427	282,441	139,800
Director's fees	25,000	18,750	50,000	18,750
Professional fees	194,349	104,405	318,104	186,705
Marketing and industry involvement	60,606	33,503	146,981	61,821
Insurance	10,561	10,088	21,122	20,180
Travel and other expenses	16,606	30,840	31,180	48,265
Regulatory fees	25,148	9,322	31,722	18,275
General and administration	498,639	277,335	881,550	493,796

9. SUBSEQUENT EVENTS

AIM listing

As of June 30, 2020, the Corporation was considering an additional listing on the AIM market of the London Stock Exchange, alongside its current listing on the TSX-V. As at June 30, 2020, the Corporation had incurred deferred share issuance costs of \$1,221,138 as part of this process.

The admission of its entire issued share capital to trading on the AIM market occurred and dealings commenced on AIM on July 31, 2020 ("Admission") under the ticker AEXG.

Completion of the fundraising

On July 31, 2020, the Corporation completed the fundraising by issuing 94,444,445 common shares at a price of \$0.77 (GBP 0.45) per share, for gross proceeds to the Corporation of \$72,722,223 (GBP 42,500,000) ("Fundraising").

Stifel Nicolaus Europe Limited ("Stifel") acted as nominated adviser, broker and bookrunner to the Corporation in connection with the Fundraising and Admission. Cormark Securities Inc. and Paradigm Capital Inc. acted as co-managers in connection with the Fundraising (the "Agents").