



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Three months ended March 31, 2019

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2019

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, 2019 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, 2018. All figures are in Canadian dollars unless otherwise noted. This MD&A is current as of May 22, 2019.

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
Q1-18	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

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, 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 \$401,405 in Q1-19 compared to \$831,177 for Q1-18. The main variations are as follow:

- Exploration and evaluation expenses of \$168,602 (\$102,319 in Q1-18) (see section exploration and evaluation expenses for details).
- General and administrative of \$216,461 (\$429,847 in Q1-18).
 - Management and consulting fees of \$69,373 (\$105,115 in Q1-18). In its cost reduction strategy, the Corporation reduced its expenses related to management fees.
 - Director’s fees of nil (\$18,750 in Q1-18). The Corporation decided to reduce its fees and paid the director fees for the first quarter of 2018 only.
 - Professional fees of \$82,300 (\$153,638 in Q1-18). 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 \$28,318 (\$74,858 in Q1-18). Again, in its cost reduction strategy, the Corporation reduced its expenses related to investor relations, strategic communications and conferences.
 - Travel and other expenses of \$17,425 (\$46,794 in Q1-18). Less travel were necessary in Q1-19 compare to Q1-18.
- The cost incurred for the preliminary short form prospectus filed on February 14, 2018 and withdrawn in April 2018 was \$311,611 in Q1-18 (nil in Q1-19).

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2. CORPORATE UPDATE (CONT'D)

The Corporation has a working capital of \$534,492 as of March 31, 2019 (\$877,201 as of December 31, 2018).

As at March 31, 2019, Nalunaq A/S had a payable of \$19,935 to FBC Mining BA Ltd. ("FBC BA"), a subsidiary of FBC Mining (Holdings) Ltd. (75%) and Artic Resources Capital S.à r.l. (25%).

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:

	Q1-19	Q1-18
	\$	\$
Nalunaq		
Geology	78,818	83,152
Analysis	2,492	1,756
Logistic support	18,950	-
Government fees	(97)	-
Depreciation	41,286	16,011
	141,449	100,919
Tartoq		
Geology	2,271	-
	2,271	-
Vagar		
Geology	18,525	-
Analysis	-	1,400
Government fees	6,357	-
	24,882	1,400
Total		
Geology	99,614	83,152
Analysis	2,492	3,156
Logistic support	18,950	-
Government fees	6,260	-
Depreciation	41,286	16,011
Total exploration and evaluation expenses	168,602	102,319

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.

3.1 Nalunaq

No field work has been conducted in this period so all work carried out has been in the form of desk based studies and planning for the 2019 field season.

Planned work for the 2019 field season and going forward

AEX geologists met with consultants at G Mining Services Inc. ("G Mining") office in Montreal in March 2019 to discuss the existing geological model and plans for underground exploration in 2019.

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

Three phases of development are planned prior to a targeted full production commencing in 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 a significantly higher risk of economic and technical failure. Initial work will involve upgrading existing site infrastructure followed by underground exploration development. Development underground will consist of exploration strike drives targeting the MV structure where it is inferred from high grade surface channel and grab samples and from drill intercepts. Geological mapping will be conducted at various stages on surface and underground to aid in further structural interpretation of Nalunaq Mountain. This will likely involve the use of UAVs and photogrammetry techniques.

Phase 1 – Upgrading infrastructure and bulk sample

Phase 1 will begin with upgrading of existing site infrastructure, including rehabilitation of the mine road and installation of a new bridge. Camp facilities will be expanded and winterised to allow for year-round operation.

AEX is currently enquiring as to the suitability of extracting a 1000 t bulk sample for grade continuity and gravity test work. The bulk sample site, located between the 450-490 level, is aligned with Area L of the Remnant Mining Study (Section 8.8 of the 2016 NI43-101 report). The “Remnant Mining Study” is only disclosed for purposes of exploration and does not constitute a preliminary economic assessment, pre-feasibility study or feasibility study. The economic viability and technical feasibility of the project has not been established by completion of these studies. Re-surveying to check positions of old sampling, waste dumps and the original surface topography may be required. Following discussions with G Mining, it was agreed that further geotechnical assessment is required before this material can be extracted, and that underground extraction is more feasible than extraction from surface.

Additional permitting / permissions may also be required from the relevant government authority. AEX is investigating the use of a mobile gravity plant to process this bulk sample during the 2019 field season or otherwise directly shipping mineralized material for offsite test processing.

A geotechnical assessment of the ramp and relevant drives will be carried out early in the 2019 season. Initial underground work will consist of rehabilitation of the main ramp from the 300 portal up to the top of Mountain Block at 720 m level. It is anticipated this will mainly be in the form of scaling and grading. This stage will also involve ventilation control and the installation of underground services (electricity and water) as well as refuge bays and first aid infrastructure.

Phase 1 is expected to begin in Q2/Q3 2019 and run through Q4 2019.

Phase 2 - Rehabilitation and development of Mountain Block 720-840 L

Following the completion of construction and rehabilitation activities in Phase 1, full Phase 2 development will begin in Q3/Q4 2019. Approximately 2300 m development is planned in Phase 2. Sequencing of development is ongoing and subject to change. Drives will target the MV structure inferred from high-grade channel and grab samples where the Main Vein crops out on the north face of Nalunaq Mountain. In areas of robust grade, the up-dip potential will be tested with exploration raises.

Depending on the geology encountered, footwall development may be required to provide a platform for underground exploration drilling. The additional drilling would improve confidence prior to further phases of development in Mountain Block.

Completion of Phase 2 is expected around Q4 2020.

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

Phase 3 – Continued development of Mountain Block 840-950 L

Following successful completion of Phase 2, Phase 3 will begin around Q4 2020 and involve an additional 2100 m of development in Mountain Block, including extending the ramp to 950 L.

Completion of Phase 3 and the transition to full production is expected by Q4 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 a significantly higher risk of economic and technical failure.

It is anticipated that future mining will proceed with the longhole method, historically proven at Nalunaq, though this will be reviewed once exploration has defined further stope panels.

Future development and exploration

An additional 500 m of development has been planned in an exploration drive to test ground to the west of existing Mountain Block workings, in particular to test for up-dip extensions of Target Block.

Dewatering and rehabilitation of South Block will be followed by continued downward development of the ramp and reef exploration strike drives targeting high-grade MV drill intercepts along strike and down-dip from existing workings. Deep drilling from surface may be carried out if the budget allows, aiming to locate down-dip extensions to MV.

3.2 Tartog

No field work has been conducted in this period 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 2018 field season was submitted to the MLSA as required by April 1, 2019. This report contained all results received and procedures and protocols used in its collection.

If time and logistics allow, a short visit may be made in the 2019 field season to assess the mineralisation at Ilerlak. Prospecting and structural mapping may also be carried out across the Tartog Naalagaaffiup Portornga licence, which is considered underexplored and prospective for orogenic gold mineralisation, despite its higher metamorphic grade.

3.3 Vagar

No field work has been conducted in this period 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 2018 field season was submitted to the MLSA as required by April 1, 2019. This report contained all results received and procedures and protocols used in its collection.

Field work in the 2019 field season will be focussed in the Nalunaq East licence sub area to coincide with work at Nalunaq. Structural mapping and prospecting will help to assess the potential for MV strike extensions and further Nalunaq-style mineralisation in the licence and across the wider Nanortalik peninsula. Prospecting will aim to locate the source of historic stream sediment anomalies along the west coast of Tasermiut fjord.

If time and logistics allow, a short field programme will be carried out on the Niaqornaarsuk peninsula in the Vagar North licence sub area. Historic drilling results will be assessed and verified by channel sampling of altered granodiorites and other potentially mineralised structures in the Amphibolite Ridge area. Other historic targets will be visited, and prospecting and infill sampling will be carried out in under-sampled areas.

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

3.4 Regional

A machine learning study was completed by SRK using the regional dataset compiled by AEX over the past several months. The algorithm used geological maps, structural interpretation of regional geophysics, Sentinel alteration maps, geochemical data and known mineral occurrences to generate more than 30 orogenic gold targets across South Greenland. These are currently being ranked for prospectivity.

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, 2019, Nalunaq A/S incurred \$28,846 in environmental monitoring expenses. All incurred amount are funded from the escrow account.

May 22, 2019

(s) “Eldur Ólafsson”

Eldur Ólafsson
President, CEO and Director

(s) “Ingrid Martin”

Ingrid Martin
CFO