



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Six months ended June 30, 2019

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Six months ended June 30, 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 six months ended June 30, 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 August 21, 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
Q2-18 YTD	January 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
Q2-19 YTD	January 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 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.

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

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2.2 Management 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 replaces Justinas Matusevicius, vice-president operation and logistic, who will help with the transition.

2.3 Financial Highlights

The Corporation reported a net loss of \$1,075,130 in Q2-19 YTD compared to \$1,730,006 for Q2-18 YTD. The main variations are as follow:

- Exploration and evaluation expenses of \$565,822 (\$694,006 in Q2-18 YTD) (see section exploration and evaluation expenses for details).
- General and administrative of \$493,796 (\$708,092 in Q2-18 YTD).
 - Management and consulting fees of \$139,800 (\$196,848 in Q2-18 YTD). In its cost reduction strategy, the Corporation reduced its expenses related to management fees, in particular, lower compensation for the vice-president operations and logistic in Q2-19 YTD.
 - Director's fees of 18,750 (\$18,750 in Q2-18 YTD). The Corporation has decided to reintroduce director's fees for the second quarter of 2019; it had paid director's fees for only the first quarter of 2018.
 - Professional fees of \$186,705 (\$256,991 in Q2-18 YTD). 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 \$61,821 (\$94,603 in Q2-18 YTD). Again, in its cost reduction strategy, the Corporation reduced its expenses related to investor relations, strategic communications and conferences.
 - Travel and other expenses of \$48,265 (\$74,580 in Q2-18 YTD). Lower office expenses and less travel were necessary in Q2-19 YTD compare to Q2-18 YTD.
- Short form prospectus expenses of nil in Q2-19 YTD (\$322,307 in Q2-18 YTD). The Corporation filed the preliminary short form prospectus on February 14, 2018 and withdrawn in April 2018.

The Corporation reported a net loss of \$673,725 in Q2-19 compared to \$898,829 for Q2-18. The explanations to the variations are similar to those of the year to date periods.

The Corporation has a working capital of \$4,859,342 as of June 30, 2019 (\$877,201 as of December 31, 2018). The working capital position was favorably improved on June 28, 2019 when the Corporation complete its non-brokered private placement of 13,157,895 units at a price of \$0.38 per unit, for gross proceeds of \$5,000,000.

As at June 30, 2019, Nalunaq A/S had a payable of \$12,996 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 July 9, 2019, the Corporation granted to its directors, officers and consultants 2,630,000 stock options exercisable at an exercise price of \$0.38, with an expiry date of December 31, 2025. The stock options vest 100% at the grant date.

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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:

	Q2-19	Q2-18	Q2-19 YTD	Q2-18 YTD
			\$	\$
Nalunaq				
Geology	243,770	69,109	322,588	152,261
Lodging and on-site support	-	134,425	-	134,425
Drilling	-	60,259	-	60,259
Analysis	12,088	-	14,580	1,756
Transport	5,725	215,876	5,725	215,876
Logistic support	60,939	85,074	79,889	85,074
Government fees	4,883	1,192	4,786	1,192
Depreciation	41,577	16,011	82,863	32,022
	368,982	581,946	510,431	682,865
Tartoq				
Geology	622	-	2,893	-
	622	-	2,893	-
Vagar				
Geology	14,199	-	32,724	-
Analysis	-	1,392	-	2,792
Government fees	8,294	8,349	14,651	8,349
	22,493	9,741	47,375	11,141
Naalagaaffiup Portornga				
Geology	414	-	414	-
	414	-	414	-
Genex				
Geology	3,108	-	3,108	-
Government fees	1,601	-	1,601	-
	4,709	-	4,709	-
Total				
Geology	262,113	69,109	361,727	152,261
Lodging and on-site support	-	134,425	-	134,425
Drilling	-	60,259	-	60,259
Analysis	12,088	1,392	14,580	4,548
Transport	5,725	215,876	5,725	215,876
Logistic support	60,939	85,074	79,889	85,074
Government fees	14,778	9,541	21,038	9,541
Depreciation	41,577	16,011	82,863	32,022
Total exploration and evaluation expenses	397,220	591,687	565,822	694,006

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.

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

3.1 Nalunaq

Planned work for the 2019 field season and going forward

Following the geological and mining review activities initiated in Q1-2019, AEX and G Mining Services Inc. (“GMS”) continued the investigation of the potential mineral resources on the Nalunaq property, focusing mainly on a preliminary technical and economic benchmarking exercise related to the re-initiation of mining activities on site based on current market conditions.

These activities contributed to the overall establishment of the 2019 Field Season, which began with the mobilization on site of a small crew at the end of July to set up the exploration camp with the objectives to increase headcount on the project site, and thus to undertake site activities judged essential for the future development of the project.

First, additional drilling on site is required to assess the potential for extensions of the mineralized veins from the Target Block and South Block across the Kirkespir valley. The drilling will mostly be performed from the valley floor, on surface. AEX is currently in negotiations for a drilling rental agreement with a Greenlandic firm to potentially undertake such a program this year. Field samples could also be implemented to complement the planned drilling program. Geological mapping will be conducted at various stages on surface and underground to aid in further structural interpretation at Nalunaq. This could likely involve the use of Unmanned Aerial Vehicle (“UAVs”) and photogrammetry techniques.

Secondly, a thorough investigation of potentially mineralized and historically milled materials will take place in order to estimate the contained gold in this material that is potentially able to be re-processed. In 2018, samples were taken from the ore pad in front of portal 300. The results of the assay performed on these samples were received early in August 2019 and are currently being reviewed. In 2019, AEX intends to access the underground process plant to survey and sample the various milled oversize materials to quantify grade and volume. In parallel, the Corporation has initiated preliminary discussions with various offsite toll milling facilities which could potentially treat this Nalunaq material. An internal economic analysis will be performed once the grades and volumes are known for the historically milled materials, and a decision will be taken to ship this bulk material for processing this year or at a subsequent time, weather permitting. In addition, AEX will deploy a workforce underground to perform a complete mechanical audit of the existing process plant. The objective of this audit will be to provide a complete oversight on the integrity of the existing process equipment, which would lead to a capital cost assessment regarding the potential to refurbish the plant for future processing on site. To prepare for such an eventuality, preliminary environmental field works will be conducted on site with the objectives to gather information necessary to undertake an environmental impact assessment in the future.

Thirdly, rehabilitation of the main access road from the harbour to the mine will be undertaken to reduce the burden of erosion going forward, and to increase accessibility across the site river crossing. As such, culverts with wider diameters will be installed at strategic points along the access road, and a new engineered and containerized bridge will be implemented to allow heavier vehicles and loads to circulate freely between the harbour and the mine.

Finally, preliminary engineering studies will be undertaken in-house and will build upon previous studies to determine the suitability of different technologies to extract narrow veins, such as thermal fragmentation. Also, AEX intend to perform an in-house assessment of the potential of extracting and re-processing historical tailings as various reports suggest that such tailings could be of interesting grades.

The results from this year program will be combined with data from past program and operations to derive a proper strategy to properly support the development of the Nalunaq project in the future.

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3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

3.2 Tartog

No field work has been conducted in Q2-19 YTD 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 Q2-19 TYD 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 Nalunaq Main Vein 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 Tasermit 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.

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-2 alteration maps, geochemical data and known mineral occurrences to generate more than 30 orogenic gold targets across South Greenland. These have been ranked for prospectivity and some targets may be visited and sampled in the 2019 field season should time and logistics allow.

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 six months ended June 30, 2019, Nalunaq A/S incurred \$28,846 in environmental monitoring expenses. All incurred amount are funded from the escrow account.

August 21, 2019

(s) "Eldur Ólafsson"
Eldur Ólafsson
President, CEO and Director

(s) "Ingrid Martin"
Ingrid Martin
CFO