



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Nine months ended September 30, 2019

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 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 nine months ended September 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 November 20, 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
Q3-18 YTD	January 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
Q3-19 YTD	January 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.

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

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 30, 2019

2. CORPORATE UPDATE (CONT'D)

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

Effective November 13, 2019, the Board of Directors appointed Graham Stewart as the new Chairman of the Corporation. He is 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.

2.3 Financial Highlights

The Corporation reported a net loss of \$3,636,759 in Q3-19 YTD compared to \$3,689,080 for Q3-18 YTD. The main variations are as follow:

- Exploration and evaluation expenses of \$2,320,175 (\$2,000,892 in Q3-18 YTD) (see section exploration and evaluation expenses for details).
- General and administrative of \$721,547 (\$885,877 in Q3-18 YTD).
 - Management and consulting fees of \$219,024 (\$279,783 in Q3-18 YTD). 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 Q3-19 YTD.
 - Director's fees of \$37,500 (\$18,750 in Q3-18 YTD). 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 \$254,207 (\$302,578 in Q3-18 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 \$96,560 (\$122,198 in Q3-18 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 \$61,380 (\$85,437 in Q3-18 YTD). Lower office expenses and less travel were necessary in Q3-19 YTD compare to Q3-18 YTD.
- Stock-based compensation of \$578,600 (\$471,370 in Q3-18 YTD). In Q3-19, the Corporation granted 2,630,000 (1,660,000 in Q3-18) options to its directors, officers and consultants and their fair value was estimated at \$578,600 (\$464,800 in Q3-18). The stock options vest 100% at the grant date.
- Short form prospectus expenses of nil in Q3-19 YTD (\$322,701 in Q3-18 YTD). The Corporation filed the preliminary short form prospectus on February 14, 2018 and withdrawn in April 2018.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 30, 2019

2. CORPORATE UPDATE (CONT'D)

The Corporation reported a net loss of \$2,561,629 in Q3-19 compared to \$1,959,074 for Q3-18. The explanations to the variations are similar to those of the year to date periods.

The Corporation has a working capital of \$2,802,048 as of September 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 September 30, 2019, Nalunaq A/S had a receivable of \$5,061 from FBC Mining BA Ltd. ("FBC BA"), a subsidiary of FBC Mining (Holdings) Ltd. (75%) and Artic Resources Capital S.à r.l. (25%).

3. PROPERTY ACQUISITION

Property acquisitions are capitalized in the 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.

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:

	Q3-19	Q3-18	Q3-19 YTD	Q3-18 YTD
	\$	\$	\$	\$
Nalunaq				
Geology	310,929	162,448	633,517	314,709
Lodging and on-site support	194,895	422,280	194,895	556,704
Drilling	83,023	395,404	83,023	455,663
Analysis	4,057	28,091	18,637	29,847
Safety and environment	27,787	-	27,787	-
Transport	228,391	208,727	234,116	424,604
Logistic support	102,418	47,734	182,307	132,808
Insurance	18,301	-	18,301	-
Maintenance infrastructure	630,877	-	630,877	-
Government fees	4,829	-	9,614	1,192
Depreciation	42,162	41,285	125,025	73,307
	1,647,669	1,305,969	2,158,099	1,988,834
Tartog				
Geology	6,749	-	9,642	-
	6,749	-	9,642	-

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 30, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

	Q3-19	Q3-18	Q3-19 YTD	Q3-18 YTD
	\$	\$	\$	\$
Vagar				
Geology	42,242	-	74,966	-
Analysis	-	917	-	3,709
Helicopter Charter	18,768	-	18,768	-
Logistic support	6,000	-	6,000	-
Government fees	-	-	14,651	8,349
	67,010	917	114,385	12,058
Naalagaaffiup Portornga				
Geology	6,749	-	7,163	-
	6,749	-	7,163	-
Nuna Nutaaq				
Geology	6,754	-	6,754	-
Helicopter Charter	9,130	-	9,130	-
	15,884	-	15,884	-
Genex				
Geology	6,101	-	9,210	-
Government fees	4,191	-	5,792	-
	10,292	-	15,002	-
Total				
Geology	379,524	162,448	741,252	314,709
Lodging and on-site support	194,895	422,280	194,895	556,704
Drilling	83,023	395,404	83,023	455,663
Analysis	4,057	29,008	18,637	33,556
Safety and environment	27,787	-	27,787	-
Transport	228,391	208,727	234,116	424,604
Helicopter Charter	27,898	-	27,898	-
Logistic support	108,418	47,734	188,307	132,808
Insurance	18,301	-	18,301	-
Maintenance infrastructure	630,877	-	630,877	-
Government fees	9,020	-	30,057	9,541
Depreciation	42,162	41,285	125,025	73,307
Total exploration and evaluation expenses	1,754,353	1,306,886	2,320,175	2,000,892

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

Updated on field season 2019 and going forward

The site crew managing the objectives of the 2019 field season was demobilized in mid-November. As per the Press Release of September 17th, 2019, the following key activities were planned:

- To determine the quantity of potentially gold bearing mill oversize materials from past operations for a possible bulk sample program;
- Carry out a drilling program with the main objective being to test for down-dip extensions to the South Block and to validate the geological model;
- Surface and Underground geological mapping assisted by drone technology to improve the geological model;

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 30, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

- Completion of mechanical audit of the existing underground process plant, with the objective of planning a potential re-start of the plant in the future; and
- Initiation of a baseline survey program on site as part of the Environmental Impact Assessment activities and investigation of the opportunity to implement sustainable energy to support future programs.

First, the task of cleaning most of the underground process plant from Ball Mill oversize materials and fines was accomplished. The materials are currently stockpiled outside of portal 300, on the ore pad, and ready to be dispatched to the harbour next year if the decision to ship it for offsite processing goes ahead. Samples of the different material types are currently being transported to a test laboratory in Canada for head grade assessment and to test specific processing properties required to enter a processing arrangement with a third-party. Once the results from testing are available, a better understanding of grades and tonnages will allow the Corporation to quantify the economic benefits of monetizing these potentially gold bearing materials. Additionally, approximately 700kg of samples from the underground mine's ramps were also shipped to a laboratory for grade assessment. We expect the results from assaying in December 2019. The activities to dispatch the potentially gold bearing materials from the mine to the harbour are fully supported by the Corporation's investment this year in the refurbishment of portions of its 9 km access road, which involved the addition of culverts to reduce erosion, and a 73 metric tons load bearing bridge at a major water crossing in the valley.

Secondly, the drilling program commenced on site at the end of September and was completed by mid-November. Most of the planned drill holes planned in the Press Release of September 17th, 2019, were drilled, and the core samples sent to ALS Loughrea assaying. The results of the core assaying should be available in December 2019. In total, 1,660 meters of drilling was completed in the 2019 field season.

Thirdly, surface and underground mapping activities were carried out this season, mostly supported by GPS and an Unmanned Aerial Vehicle. Photogrammetry was used to map geological structures at Ship Mountain, and a 3D cloud point model of the underground mine was generated. These tasks will help the Corporation to strengthen the geological model.

Regarding the mechanical audit of the existing underground process plant, the results of the survey will be reviewed internally in December, and an assessment will be produced on the suitability of re-using parts of the processing systems already in place.

Finally, the site activities supporting an environmental baseline survey were undertaken this year with the objective of initiating an Environmental Impact Assessment in 2020. The site's hydrology desktop study, on its part, will be finalized at the end of November. The desktop study will quantify the preliminary potential of implementing small scale hydropower on site.

The main activities which will be undertaken and already underway until next spring will be to develop a strategic plan to re-initiate operations of the Nalunaq mine in the short-term. As such, the geological model will be updated with the drilling results from this year's drilling program; a capital expenditure estimate will be developed internally for new and existing infrastructures based on the mechanical audit activities; a preliminary mining plan will be developed with an experienced narrow-vein underground mining engineer; a plan supporting further exploration activities will be developed to further test the geological model based on the drilling results from this year's program, as well as with the results of the surface and underground mapping; and the economic value of the potentially gold bearing materials on site for offsite processing will be assessed.

AEX cautions that any production decision would have been taken before the estimation of Mineral Reserves and is not based on a preliminary economic assessment, a pre-feasibility study or a feasibility study of these Mineral Reserves demonstrating economic and technical viability, resulting in a significantly higher risk of economic and technical failure.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 30, 2019

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

4.2 Tartog

No field work has been conducted in Q3-19 YTD so all work carried out has been in the form of desk based studies. The Corporation will continue to assess the exploration potential of that license until the end of the current year.

4.3 Vagar

In September this year 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 will distribute a press release in due course. In the next few months, the Corporation will elaborate on next year's exploration program, which will aim to better define mineralization at the numerous existing gold prospects within the license, and to locate new mineralization.

4.4 Naalagaaffiup Portornga

No field work has been conducted in Q3-19 YTD so all work carried out has been in the form of desk based 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

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.

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 this year, 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. The results should be received by the end of November.

4.6 Regional

Regional assessment is ongoing, with the assistance of material produced from this year's 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.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 30, 2019

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

6. TRANSACTIONS BETWEEN RELATED PARTIES

Following are the new additional information on related party transactions for the nine months ended September 30, 2019, in the normal course of operations:

- A company controlled by Robert Ménard, Director, invoiced engineering professional fees of \$62,213 (nil in Q3-18 YTD);
- Justinas Matusevicius (Vice-President Operations and Logistic) ceased to be a member of management on January 1, 2019 and has signed a consulting agreement on the same date. No charges were invoiced in Q3-19 YTD (\$66,293 in Q3-18 YTD);
- A company controlled by Martin Ménard (Chief Operating Officer, appointed July 9, 2019) charged engineering professional fees of \$38,925 as his compensation and \$55,538 for his staff (nil in Q3-18 YTD). The Chief Operating Officer is the son of a Robert Ménard;
- Nicolas and Philippe Ménard, engineering consultants, (both the sons of Robert Ménard and the brothers of Martin Ménard) were paid \$50,505 and \$625 respectively.

November 20, 2019

(s) "Eldur Ólafsson"

Eldur Ólafsson
President, CEO and Director

(s) "Ingrid Martin"

Ingrid Martin
CFO