



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Six months ended June 30, 2018

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Six months ended June 30, 2018

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”) (previously known as Alopex Gold Inc.) for the six months ended June 30, 2018 prepared in accordance with the International Financial Reporting Standards (“IFRS”) as well as with the MD&A for the year ended December 31, 2017. All figures are in Canadian dollars unless otherwise noted. This MD&A is current as of August 22, 2018.

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
Q1-17	January 1, 2017 to March 31, 2017
Q2-17	April 1, 2017 to June 30, 2017
Q2-17 YTD	January 1, 2017 to June 30, 2017
Q3-17	July 1, 2017 to September 30, 2017
Q4-17	October 1, 2017 to December 31, 2017
2017	January 1, 2017 to December 31, 2017
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

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. On May 24, 2018, the shareholders of the Corporation approved the name change of the Corporation to AEX Gold Inc.

The Corporation’s properties were acquired upon the reorganisation that was completed on June 26, 2017 whereby the Corporation acquired 100% of the shares of Nalunaq A/S, a corporation incorporated under the *Greenland Public Companies Act*, in anticipation of the initial public offering (“IPO”) of the Corporation on the Exchange completed on July 13, 2017. As the Corporation was founded by the same group of shareholders as Nalunaq A/S and in contemplation of the reorganisation, said reorganisation is accounted for as a reorganisation of the capital of Nalunaq A/S. The financial statements of the Corporation thus reflect the continuation of the activities of Nalunaq A/S for periods prior to the incorporation of the Corporation on February 22, 2017, the combined activities of the Corporation and Nalunaq A/S for the period from February 22, 2017 until the reorganization on June 26, 2017, and the consolidated activities of the Corporation since June 26, 2017.

2. CORPORATE UPDATE

2.1 Financing

On May 14, 2018, the Corporation has completed a non-brokered private placement by issuing 5,564,422 common shares at a price of \$0.45 per share, for gross proceeds to the Corporation of \$2,503,990.

In connection with the private placement, \$32,901 finders fees were paid and 184,227 non-transferable finders warrants were issued. The finder’s warrants are exercisable at any time up to 24 months following the closing of the private placement at \$0.45 per share. Insiders of the Corporation purchased an aggregate of 986,111 common shares for \$443,750.

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2. CORPORATE UPDATE (CONT'D)

The Corporation shall use the aggregate net proceeds from the private placement for exploration and drilling (3,500-5,000 metres) activities on the Nalunaq Project, for updating the Nalunaq technical reports, for initiation of a preliminary economic assessment with respect to the Nalunaq Project and for general corporate purposes.

2.2 Financial Highlights

The Corporation reported a net loss of \$1,730,006 in Q2-18 YTD compared to \$528,349 for Q2-17 YTD. The main variations are as follow:

- Exploration and evaluation expenses of \$694,006 (\$140,773 in Q2-17 YTD) (see section exploration and evaluation expenses for details).
- General and administrative of \$708,092 (\$412,134 in Q2-17 YTD).
 - Management and consulting fees of \$196,848 (\$146,162 in Q2-17 YTD). Since May 1, 2017, a public company management team and board of directors was appointed.
 - Professional fees of \$256,991 (\$201,588 in Q2-17 YTD). The Corporation incurred audit fees in Q1-18 for the 2017 financial statement.
 - Marketing and industry involvement of \$94,603 (\$3,899 in Q2-17 YTD). Since the Corporation became public in July 2017, it has incurred costs related to investor relations, strategic communications and conferences.
 - Insurance of \$43,701 (\$8,855 in Q2-17 YTD). Since the Corporation became public in July 2017, it has incurred costs related to the directors & officers liability insurance and the general liability insurance.
 - Travel and other expenses of \$74,580 (\$38,265 in Q2-17 YTD). Since the Corporation became public in July 2017, it has incurred more costs related to travel and of office expenses.
- The cost incurred for the preliminary short form prospectus filed on February 14, 2018 and withdrawn in April 2018 was \$322,307 in Q2-18 YTD (nil in Q2-17 YTD).

The Corporation reported a net loss of \$898,829 in Q2-18 compared to \$308,296 for Q2-17. The explanations to the variations are similar to those of the year to date periods.

The Corporation has a working capital of \$1,665,646 as of June 30, 2018 (\$1,250,542 as of December 31, 2017). The working capital position was favorably improved on May 14, 2018 when the Corporation complete its non-brokered private placement of 5,564,422 common shares at a price of \$0.45 per share, for gross proceeds of \$2,503,990.

The Corporation bought property and equipment for \$303,298 in the Q2-18 (\$192,129 in 2017). The Corporation bought field equipment and base camp, vehicles and rolling stock for the exploration and evaluation purpose work.

As at June 30, 2018, Nalunaq A/S had a payable of \$15,703 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 August 22, 2018, the Corporation granted to its directors, officers and consultants 1,660,000 stock options exercisable at an exercise price of \$0.45, valid for 5 years. The stock options vest 100% at the grant date.

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2. CORPORATE UPDATE (CONT'D)

2.3 Use of funds following the initial public offering

Following is a table summarizing the use of the IPO's \$6,796,250 gross proceeds:

	Assuming completion of the minimum concurrent financing	Assuming completion of the maximum concurrent financing	Up to June 30, 2018
	\$	\$	\$
Underground exploration program	-	4,395,000	-
Surface exploration program	1,807,000	1,433,000	2,921,169
Nalunaq Infrastructure (property and equipment)	396,000	796,000	192,129
General and administrative expenses for 18 months	1,339,000	1,339,000	1,676,520
Working capital deficiency	360,000	360,000	313,941
Costs to complete the IPO	530,000	530,000	928,428
Financing costs (commission)	325,000	650,000	441,756
Short form prospectus expenses	-	-	322,307
Unallocated, including contingencies	243,000	497,000	-
	5,000,000	10,000,000	6,796,250

The Corporation has used all the funds received during the 2017 IPO and is now using the funds received during the May 2018 private placement.

3. PROPERTY ACQUISITION

Property acquisitions are capitalized in the statement of financial position.

Vagar Licence

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting through its bankruptcy receiver, on February 6, 2017 to acquire the Vagar exploration licence number 2006/10 ("Vagar Licence") located in Western Greenland, along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, studies and reports, for a purchase price of \$9,465 (DKK 50,000) conditional upon the approval of the Greenland authorities. The approval has been received and on October 30, 2017. Nalunaq A/S signed the paperwork to complete the licence transfer, which became effective upon the Greenland authorities executing the document on January 18, 2018.

Land Adjacent to Existing Tartoq Licence

The Corporation has acquired the right to conduct exploration activities on approximately 170km² of land in an area adjacent to the Tartoq Licence. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2018/17 Naalagaaffiup Portornga. The licence application has been approved and all required documentation was signed by the Corporation on January 16, 2018 and the licence became effective on February 19, 2018 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.

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4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

The Corporation incurred the following exploration and evaluation expenses:

	Q2-18	Q2-17	Q2-18 YTD	Q2-17 YTD
	\$	\$	\$	\$
Nalunaq				
Geology	69,109	1,306	152,261	21,976
Lodging and on-site support	134,425	-	134,425	-
Drilling	60,259	-	60,259	-
Analysis	-	851	1,756	1,340
Transport	215,876	-	215,876	-
Operator fees	85,074	89,321	85,074	89,321
Government fees	1,192	2,949	1,192	2,949
Depreciation	16,011	-	32,022	-
	581,946	94,427	682,865	115,586
Tartoq				
Geology	-	-	-	25,002
Analysis	-	-	-	185
	-	-	-	25,187
Vagar				
Analysis	1,392	-	2,792	-
Government fees	8,349	-	8,349	-
	9,741	-	11,141	-
Total				
Geology	69,109	1,306	152,261	46,978
Lodging and on-site support	134,425	-	134,425	-
Drilling	60,259	-	60,259	-
Analysis	1,392	851	4,548	1,525
Transport	215,876	-	215,876	-
Operator fees	85,074	89,321	85,074	89,321
Government fees	9,541	2,949	9,541	2,949
Depreciation	16,011	-	32,022	-
Total exploration and evaluation expenses	591,687	94,427	694,006	140,773

James Gilbertson C-Geol, 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.

4.1 Nalunaq

No field work has been conducted in this period so all work carried out has been in the form of desk based studies. The mandatory Geology Field Report summarizing all work conducted in the Licence during the 2017 field season was submitted to the MLSA as required by April 1, 2018. This report contained all results received and procedures and protocols used in its collection.

During the period January to June 2018 a great deal of planning has been conducted as this Licence will form the focus of work for the forthcoming field season. This planning was done in conjunction with the recent fund-raising efforts and a number of scenarios were produced which matched funds with projected sums. At this stage work will focus on a surface in-fill drilling programme centered around extending resources down dip and along strike from the South Block mining area of the Nalunaq mine. It is envisaged that an updated Mineral Resource Estimate (MRE), to accompany a new NI 43-101 Technical Report, will be completed based on the results of this drilling. This will be drawn up prior to the work on a Preliminary Economic Assessment (PEA) being completed.

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4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

The recruitment of more members of the AEX technical team was completed during April, May and June. The team mobilised to Greenland on the 27th/28th June. Initial work was to build the semi containerised camp at Nalunaq, re-furbish the road and bridge across the river and to prepare for the arrival of the drill rig. A 3,000 metres programme of infill drilling and a further 1,000 to 2,000 metres of exploration drilling has been planned is to be completed in the 2018 field season. This will be augmented by some surface geological mapping and sampling as well as some limited underground mapping.

4.2 Tartoq

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 2017 field season was submitted to the MLSA as required by April 1, 2018. This report contained all results received and procedures and protocols used in its collection.

No field work is currently planned for the 2018 field season in this licence.

4.3 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 2017 field season was submitted to the MLSA as required by April 1, 2018. This report contained all results received and procedures and protocols used in its collection.

Although no field work is planned in this Licence for the 2018 field season desk based work will continue as a great deal of historic data, both in hardcopy and digital format, has been inherited with this newly acquired Licence. This data is currently being assessed and collated with a view to putting it all into a digital format. This will form the basis for a new NI 43-101 Technical Report covering the whole Licence. This process will dictate the future exploration planning for 2019 and beyond.

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 six months ended June 30, 2018, Nalunaq A/S incurred \$85,015 in environmental monitoring expenses. All incurred amount are funded from the escrow account.

August 22, 2018

(s) “Eldur Ólafsson”

Eldur Ólafsson
President, CEO and Director

(s) “Ingrid Martin”

Ingrid Martin
CFO