



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Nine months ended September 30, 2018

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Nine months ended September 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 nine months ended September 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 November 21, 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
Q3-17	July 1, 2017 to September 30, 2017
Q3-17 YTD	January 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
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

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)

On October 9, 2018, the Corporation has completed a non-brokered private placement by issuing 2,631,577 common shares at a price of \$0.38 per share, for gross proceeds to the Corporation of \$1,000,000. Insiders of the Corporation purchased an aggregate of 759,905 common shares for \$288,764.

The Corporation shall use the aggregate net proceeds from the last private placement to continue desktop work for the Nalunaq, Vagar and Tartoq properties and for general corporate purposes.

2.2 Financial Highlights

The Corporation reported a net loss of \$3,689,080 in Q3-18 YTD compared to \$3,710,971 for Q3-17 YTD. The main variations are as follow:

- Exploration and evaluation expenses of \$2,000,892 (\$2,357,596 in Q3-17 YTD) (see section exploration and evaluation expenses for details).
- General and administrative of \$885,877 (\$879,497 in Q3-17 YTD).
 - Professional fees of \$302,578 (\$259,931 in Q3-17 YTD). The Corporation incurred audit fees in Q1-18 for the 2017 financial statement.
 - Marketing and industry involvement of \$122,198 (\$176,021 in Q3-17 YTD). The Corporation has chosen to incur less costs related to conferences in 2018.
 - Insurance of \$53,792 (\$26,779 in Q3-17 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.
- Stock-based compensation of \$471,370 (\$510,839 in Q3-17 YTD). In Q3-18, the Corporation granted 1,660,000 (1,410,000 in Q3-17) options to its directors, officers and consultants including in Q3-17 an investor relation firm and their fair value was estimated at \$464,800 (\$525,200 in Q3-17). A portion of the fair value of Q3-17 (\$22,000) was accounted for according to its vesting period of 25% every quarter from the grant date.
- The cost incurred for the preliminary short form prospectus filed on February 14, 2018 and withdrawn in April 2018 was \$322,701 in Q3-18 YTD (nil in Q3-17 YTD).

The Corporation reported a net loss of \$1,959,074 in Q3-18 compared to \$3,182,622 for Q3-17. The explanations to the variations are similar to those of the year to date periods.

The Corporation has a working capital of \$222,957 as of September 30, 2018 (\$1,250,542 as of December 31, 2017). The working capital position was favorably improved on October 9, 2018 when the Corporation complete its non-brokered private placements of 2,631,577 common shares at a price of \$0.38 per share, for gross proceeds of \$1,000,000.

The Corporation bought property and equipment for \$303,298 in the Q3-18 YTD (\$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 September 30, 2018, Nalunaq A/S had a payable of \$27,141 to FBC Mining BA Ltd. ("FBC BA"), a subsidiary of FBC Mining (Holdings) Ltd. (75%) and Artic Resources Capital S.à r.l. (25%).

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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

As of June 30, 2018, the Corporation has used all the funds received during the 2017 IPO and is now using the funds received during the May and October 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:

	Q3-18	Q3-17	Q3-18 YTD	Q3-17 YTD
	\$	\$	\$	\$
Nalunaq				
Geology	162,448	283,369	314,709	305,346
Lodging and on-site support	422,280	324,961	556,704	324,961
Drilling	395,404	594,769	455,663	594,769
Analysis	28,091	3,705	29,847	5,045
Transport	208,727	288,202	424,604	288,202
Helicopter Charter	-	387,525	-	387,525
Logistic support	47,734	100,712	132,808	190,033
Supplies and equipment	-	39,687	-	39,687
Government fees	-	3,255	1,192	6,203
Depreciation	41,285	16,011	73,307	16,011
	1,305,969	2,042,196	1,988,834	2,157,782
Tartoq				
Geology	-	79,428	-	104,430
Lodging and on-site support	-	17,100	-	17,100
Analysis	-	260	-	445
Transport	-	38,778	-	38,778
Helicopter Charter	-	97	-	97
Supplies and equipment	-	1,193	-	1,193
Government fees	-	4,011	-	4,011
	-	140,867	-	166,054
Vagar				
Analysis	917	-	3,709	-
Government fees	-	29,000	8,349	29,000
	917	29,000	12,058	29,000
Genex				
Government fees	-	4,760	-	4,760
	-	4,760	-	4,760
Total				
Geology	162,448	362,797	314,709	409,776
Lodging and on-site support	422,280	342,061	556,704	342,061
Drilling	395,404	594,769	455,663	594,769
Analysis	29,008	3,965	33,556	5,490
Transport	208,727	326,980	424,604	326,980
Helicopter Charter	-	387,622	-	387,622
Logistic support	47,734	100,712	132,808	190,033
Supplies and equipment	-	40,880	-	40,880
Government fees	-	41,026	9,541	43,974
Depreciation	41,285	16,011	73,307	16,011
Total exploration and evaluation expenses	1,306,886	2,216,823	2,000,892	2,357,596

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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4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

4.1 Nalunaq

Drilling ran between July 12 and September 5, 2018. Using two rigs a total of 3,831.70 metres of diamond drilling was completed in 18 holes with 344.51 metres being sampled. This equates to 525 samples, including 97 QAQC samples. Drilling was focused on a surface in-fill drilling programme centred around extending resources down dip and along strike from the South Block mining area of the Nalunaq mine. A small amount of surface geological mapping was completed. The technical team was demobilised on September 13, 2018.

4.2 Tartog

No field work has been conducted in this period and work will be carried out in Q4-18 in the form of desk based studies.

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. A large amount of historical data has been collated and digitised and will be assessed in the coming period. 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 nine months ended September 30, 2018, Nalunaq A/S incurred \$85,015 in environmental monitoring expenses. All incurred amounts are funded from the escrow account.

November 21, 2018

(s) "Eldur Ólafsson"

Eldur Ólafsson
President, CEO and Director

(s) "Ingrid Martin"

Ingrid Martin
CFO