



# **AEX Gold Inc.**

## **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Three months ended March 31, 2019

*The attached financial statements have been prepared by Management of  
AEX Gold Inc. and have not been reviewed by the auditor*

**AEX Gold Inc.**  
**Consolidated Statements of Financial Position**  
(Unaudited, in Canadian Dollars)

	Notes	As at March 31, 2019	As at December 31, 2018
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		691,704	963,788
Escrow account for environmental monitoring		175,008	209,695
Sales tax receivable		18,059	9,285
Prepaid expenses and others		35,579	22,280
<b>Total current assets</b>		<b>920,350</b>	<b>1,205,048</b>
<b>Non-current assets</b>			
Escrow account for environmental monitoring		355,681	373,091
Mineral properties	3	35,869	35,869
Property and equipment	4	307,527	348,813
<b>Total non-current assets</b>		<b>699,077</b>	<b>757,773</b>
<b>TOTAL ASSETS</b>		<b>1,619,427</b>	<b>1,962,821</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		190,915	109,918
Payables to shareholders		19,935	8,234
Current portion of environmental monitoring provision		175,008	209,695
<b>Total liabilities</b>		<b>385,858</b>	<b>327,847</b>
<b>Equity</b>			
Capital stock		10,058,355	10,058,355
Warrants	5	321,788	321,788
Contributed surplus		956,800	956,800
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(10,066,602)	(9,665,197)
<b>Total equity</b>		<b>1,233,569</b>	<b>1,634,974</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,619,427</b>	<b>1,962,821</b>

Going concern

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*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

**AEX Gold Inc.**  
**Consolidated Statements of Comprehensive Loss**  
(Unaudited, in Canadian Dollars)

		Three months ended March 31,	
	Notes	2019	2018
		\$	\$
<b>Expenses</b>			
Exploration and evaluation expenses	7	168,602	102,319
General and administrative	8	216,461	429,847
Stock-based compensation		-	4,125
Short form prospectus expenses	9	-	311,611
Foreign exchange gain		16,162	(17,622)
Operating loss		401,225	830,280
<b>Other expenses (income)</b>			
Interest income		(2,300)	(2,566)
Finance costs		2,480	3,463
<b>Net loss and comprehensive loss</b>		<b>(401,405)</b>	<b>(831,177)</b>

Weighted average number of common shares outstanding - basic and diluted	57,788,499	49,592,500
Basic and diluted loss per common share	(0.01)	(0.02)

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

**AEX Gold Inc.**  
**Consolidated Statements of Changes in Equity**  
(Unaudited, in Canadian Dollars)

	Number of common shares outstanding	Capital Stock	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
		\$	\$	\$	\$	\$	\$
<b>Balance at January 1, 2018</b>	<b>49,592,500</b>	<b>6,696,759</b>	<b>273,889</b>	<b>518,630</b>	<b>(36,772)</b>	<b>(5,641,877)</b>	<b>1,810,629</b>
Net loss and comprehensive loss	-	-	-	-	-	(831,177)	(831,177)
Share-based compensation	-	-	-	4,125	-	-	4,125
<b>Balance at March 31, 2018</b>	<b>49,592,500</b>	<b>6,696,759</b>	<b>273,889</b>	<b>522,755</b>	<b>(36,772)</b>	<b>(6,473,054)</b>	<b>983,577</b>
<b>Balance at January 1, 2019</b>	<b>57,788,499</b>	<b>10,058,355</b>	<b>321,788</b>	<b>956,800</b>	<b>(36,772)</b>	<b>(9,665,197)</b>	<b>1,634,974</b>
Net loss and comprehensive loss	-	-	-	-	-	(401,405)	(401,405)
<b>Balance at March 31, 2019</b>	<b>57,788,499</b>	<b>10,058,355</b>	<b>321,788</b>	<b>956,800</b>	<b>(36,772)</b>	<b>(10,066,602)</b>	<b>1,233,569</b>

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

**AEX Gold Inc.**  
**Consolidated Statements of Cash Flows**  
(Unaudited, in Canadian Dollars)

	Notes	Three months ended March 31,	
		2019	2018
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(401,405)	(831,177)
Adjustments for:			
Depreciation	4	41,286	16,011
Share-based compensation		-	4,125
Finance costs		2,480	3,463
Payment from cash held in escrow account for environmental monitoring		(28,846)	(85,015)
Escrow account for environmental monitoring		28,846	85,015
Foreign exchange loss (gain)		16,799	(18,024)
		(340,840)	(825,602)
Changes in non-cash working capital items:			
Sales tax receivable		(8,774)	(47,710)
Prepaid expenses and others		(13,337)	26,693
Trade and other payables		82,039	293,397
Payables to shareholders		11,701	(354)
		71,629	272,026
<b>Cash flow used in operating activities</b>		<b>(269,211)</b>	<b>(553,576)</b>
<b>Investing activities</b>			
Acquisition of mineral properties	3	-	(6,334)
<b>Cash flow used in investing activities</b>		<b>-</b>	<b>(6,334)</b>
<b>Financing activities</b>			
Share issuance costs		-	4,800
<b>Cash flow from financing activities</b>		<b>-</b>	<b>4,800</b>
Net change in cash before effects of exchange rate changes on cash during the period		(269,211)	(555,110)
Effects of exchange rate changes on cash		(2,873)	3,013
Net change in cash during the period		(272,084)	(552,097)
Cash, beginning of period		963,788	1,465,277
<b>Cash, end of period</b>		<b>691,704</b>	<b>913,180</b>
<b>Supplemental cash flow information</b>			
Interest received		2,300	2,566
Share issuance costs included in trade and other payables		-	21,048

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

# **AEX Gold Inc.**

## **Condensed Notes to the interim Consolidated Financial Statements**

Three months ended March 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

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### **1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN**

AEX Gold Inc. (the "Corporation") 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. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the AEX ticker.

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 ("Financial Statements") were approved by the Board of Directors on May 22, 2019.

#### **1.1 Basis of presentation**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements have been prepared under the historical cost convention.

The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year ended December 31, 2018.

#### **1.2 Going concern**

The Financial Statements were prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, senior management of the Corporation ("Management") takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. The Financial Statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

The Corporation recorded a loss of \$401,405 for the three months ended March 31, 2019 and has an accumulated deficit of \$10,066,602 as at March 31, 2019. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at March 31, 2019, the Corporation had a working capital of \$534,492. These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. While Management has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these Financial Statements and this could have a significant impact on the financial position of the Corporation, its financial performance and its cash flows.

# AEX Gold Inc.

## Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

### 1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN (CONT'D)

The measurement of certain assets and liabilities is dependent on future events; therefore the preparation of these Financial Statements requires the use of estimates, which may vary from actual results. The success of the Corporation' exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Corporation to discover economically recoverable reserves.

### 2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of the Financial Statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions.

In preparing the Financial Statements, the significant judgements made by Management in applying the Corporation accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation's audited annual financial statements for the year ended December 31, 2018. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3. MINERAL PROPERTIES

	As at December 31, 2018	Additions	As at March 31, 2019
	\$	\$	\$
Nalunaq	1	-	1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
<b>Total mineral properties</b>	<b>35,869</b>	<b>-</b>	<b>35,869</b>

	As at December 31, 2017	Additions	As at December 31, 2018
	\$	\$	\$
Nalunaq	1	-	1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	-	6,334	6,334
<b>Total mineral properties</b>	<b>29,535</b>	<b>6,334</b>	<b>35,869</b>

# AEX Gold Inc.

## Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

### 4. PROPERTY AND EQUIPMENT

	Exploration and evaluation		Total
	Field equipment and base camp	Vehicles and rolling stock	
	\$	\$	\$
<b>Three months ended March 31, 2019</b>			
Opening net book value	166,134	182,679	348,813
Additions	-	-	-
Depreciation	(17,280)	(24,006)	(41,286)
Closing net book value	148,854	158,673	307,527
<b>As at March 31, 2019</b>			
<b>Cost</b>	<b>207,361</b>	<b>288,066</b>	<b>495,427</b>
<b>Accumulated depreciation</b>	<b>(58,507)</b>	<b>(129,393)</b>	<b>(187,900)</b>
<b>Closing net book value</b>	<b>148,854</b>	<b>158,673</b>	<b>307,527</b>

Depreciation of property and equipment related to exploration and evaluation properties is being recorded in exploration and evaluation expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$41,286 was expensed as exploration and evaluation expenses during the three months ended March 31, 2019.

### 5. AGENT WARRANTS

Changes in the Corporation's agent and finders warrants are as follow:

	Three months ended March 31, 2019			2018		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$		\$	\$
Balance, beginning	1,067,739	321,788	0.49	883,512	273,889	0.50
Issued	-	-	-	184,227	47,899	0.45
<b>Balance, end</b>	<b>1,067,739</b>	<b>321,788</b>	<b>0.49</b>	<b>1,067,739</b>	<b>321,788</b>	<b>0.49</b>

Agent and finders warrants outstanding and exercisable as at March 31, 2019 are as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
	\$	
184,227	0.45	May 14, 2020
883,512	0.50	July 13, 2020
<b>1,067,739</b>		

## AEX Gold Inc.

### Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

#### 6. STOCK OPTIONS

Changes in stock options are as follow:

	Three months ended March 31, 2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	3,020,000	\$ 0.47	1,410,000	\$ 0.50
Granted	-	-	1,660,000	0.45
Expired	-	-	(50,000)	0.59
Exercised	-	-	-	-
<b>Balance, end</b>	<b>3,020,000</b>	<b>0.47</b>	<b>3,020,000</b>	<b>0.47</b>

Stock options outstanding and exercisable as at March 31, 2019 are as follows:

Number of options outstanding and exercisable	Exercise price \$	Expiry date
1,360,000	0.50	July 13, 2022
1,660,000	0.45	August 22, 2023
<b>3,020,000</b>		

#### 7. EXPLORATION AND EVALUATION EXPENSES

	Three months ended March 31,	
	2019	2018
	\$	\$
Geology	99,614	83,152
Analysis	2,492	3,156
Logistic support	18,950	-
Government fees	6,260	-
Depreciation	41,286	16,011
<b>Exploration and evaluation expenses</b>	<b>168,602</b>	<b>102,319</b>

## AEX Gold Inc.

### Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2019 and 2018

(Unaudited, in Canadian Dollars)

#### 8. GENERAL AND ADMINISTRATION

	Three months ended March 31,	
	2019	2018
	\$	\$
Management and consulting fees	69,373	105,115
Director's fees	-	18,750
Professional fees	82,300	153,638
Marketing and industry involvement	28,318	74,858
Insurance	10,092	21,850
Travel and other expenses	17,425	46,794
Regulatory fees	8,953	8,842
<b>General and administration</b>	<b>216,461</b>	<b>429,847</b>

#### 9. SHORT FORM PROSPECTUS EXPENSES

A preliminary short form prospectus was filed on February 14, 2018 pursuant to which the Corporation proposed to complete, on a best efforts basis, a public offering of common shares upon terms to be determined in the context of the market. On April 12, 2018, the Corporation announced that it withdrew the preliminary prospectus. For the three months ended March 31, 2018, the Corporation incurred professional fees and expenses related to this short form prospectus for an amount of \$311,611.