



AEX Gold

(“AEX” or the “Company”)

End of year update

TORONTO, ONTARIO – December 21 2021 - AEX Gold Inc. (AIM: AEXG; TSXV: AEX), an independent gold company with a portfolio of exploration licences in Greenland, is pleased to provide shareholders with an end of year update.

Eldur Olafsson, CEO of AEX, commented:

“There is a lot of interest globally in the strategic potential for Greenland’s mineral resources, with AEX holding the largest land package in Southern Greenland.

“We are very excited about the results from our drilling campaign on the Valley Block, where the early signs continue to be very encouraging. We are gaining a better understanding of the size and potential of the Nalunaq project ahead of underground development. Our commissioning of the Halyard 3rd party engineering study, in conjunction with the drilling results from the programme this year, will allow us to progress Nalunaq towards being pre-feasibility level study stage, providing an optimal plan for the Nalunaq project, thus increasing future funding optionality.

“At the same time we are progressing our understanding of the strategic mineral potential of our unrivalled acreage in Greenland, which we believe will offer the Company significant value and play a major role in supporting carbon neutrality globally.

“Given the interest in Greenland, the encouraging early signs from the drilling and the clarity from Halyard, in addition to being well capitalised for our near to medium term activities, the board considers there to be a rich pool of funding options available to extract the greatest value from the company’s asset base.”

Highlights

Nalunaq Drilling:

- Completed the 2021 Nalunaq core drilling programme, designed to increase gold resource and therefore funding optionality. Early results validate our expectations with:
 - 51 drillholes completed, predominantly on Valley Block. Early analysis already confirmed 29 Main Vein intersections, with additional 10 possible intersections – this is an increase in success rates from historical drilling campaigns supporting AEX’s Dolerite dyke structural model, providing a clear explanation for the location of high-grade gold features within the deposit;
 - Potential resource increase at Valley Block now significantly de-risked, supporting further planned Nalunaq drilling in 2022; and
 - Full 2021 drilling programme assay results expected to be announced starting in early Q1 2022.

Nalunaq Engineering Study:

- Halyard Inc. (“Halyard”) 3rd party engineering study, focussed on the main components of the Nalunaq Development cost completed. Halyard commissioned to quantify the cost overrun announced in February:
 - Study concluded advanced engineering to Feasibility Study level based on the NI43-101 requirements;
 - Approximately C\$150m to \$200m has been invested in the Nalunaq Project by previous owners. The total additional cost for the plant and surface infrastructure has been estimated by Halyard at approximately £58 million (C\$111.8 million), of which £7 million (C\$12.2 million) invested could be re-used in the future;
 - Halyard’s estimates reflect the impact of: (i) sector-wide cost inflation resulting from increased global mining activity and COVID-19; and, (ii) changes in buildings and surface infrastructure estimates;
 - Existing cash reserves circa £21m (C\$37.9m) as was reported on 24th November 2021 in third quarter results. The available liquidity will be used to define and expand the Nalunaq Valley Block resource given the positive early indications from the 2021 drilling campaign. Funding sources for the remaining project capex will be continually assessed and the market updated accordingly.
 - Development costs already incurred include the temporary camp, which has been installed and is functioning as an all-weather exploration camp, around 60% of the process plant equipment, which has been delivered and is in storage, along with the surface mobile equipment; and
 - A revised mine plan will be driven by drilling results in the Valley Block, which potentially offers the Company better vein continuity and a more optimized mine plan with the potential for a new portal mitigating the bulkhead issue completely.
- Final report on the condition of the bulkhead is pending. This will detail the cost of any remediation required ahead of safely re-entering the historical mine:
 - AEX does not anticipate a significant cost for this work and expects the time required for any potential remediation work to be in the region of c.6-12 months.

Draft Social Impact Assessment (SIA) is largely in its final form.

Regional exploration:

- Successfully completed geological sampling, structural mapping and geophysical survey on eight projects within our wider portfolio targeting gold and energy transition minerals including PGM, copper, REMs and graphite.
- Initial portfolio exploration results expected to start early in Q1 2022 and will guide our future exploration strategy.

Nalunaq 2021 Drill Season Completed

On the 9 December 2021, AEX successfully completed its 2021 core drilling programme at Nalunaq. Drilling at Nalunaq continued right through to December despite the onset of winter, thanks to the all-weather 50-person camp and logistics put in place by AEX over the last seven months. The objective of this drilling campaign has been to increase the resource at Nalunaq and, as a result, increase the funding optionality available to the project.

In total the Company has drilled 51 drillholes using four drill rigs. Drilling has predominantly targeted infilling the newly defined Valley Block. Valley Block is considered to be a lateral extension of the mineralization historically mined by Crew Gold Corporation and Angel Mining

Plc, and this year's drilling is expected to provide further confidence in the identification of this new mining block. It is the Company's intention that this new resource area will become the focus of the initial mining on the asset and will provide feed to the process plant while further exploration and development in other areas of the historical mine and extensions of the deposit is progressed.

Drilling also targeted the down-dip extension of the South Block and the identification of a possible additional target to the south of Valley Block.

Drilling this year has so far delivered 29 confirmed Main Vein intersections plus a further 10 possible intersections, providing strong support for the Corporation's geological models and interpretations. The remaining 12 holes are currently being evaluated to improve understanding of the geological and structural control to the Main Vein. While sample results are awaited (all these drillholes are either with or in transit to ALS Geochemistry in Ireland for assaying), there are early indications that the drilling corroborates the new Dolerite dyke model which aims to explain the geological controls on the high grades zones of the deposit. This growth in geological understanding will allow the Company to further refine targets and guide future resource drilling.

The full assay results of the drilling programme are expected to be announced in Q1 2022.

Halyard Study

Halyard has completed its 3rd party engineering study, focussed on the Nalunaq Development cost that includes the process plant, mobile equipment, surface infrastructure, permanent camp and associated logistics and engineering. The study concluded the advanced engineering of the overall project is now to Feasibility Study level based on the Canadian Standards of Disclosure for Mineral Project NI43-101 requirements.

It was confirmed during the detailed engineering review that the process design philosophy met the necessary criteria for processing the Nalunaq ore body. Consequently, this part of the process has been left unchanged and comprises of crushing, grinding, classification, gravity recovery, flotation, concentrate and tailings dewatering.

The opportunity was taken during the course of the study to optimize the strategy for implementing the Nalunaq development project; consequently almost all components will be prefabricated prior to being sent to the site;

The total revised cost for plant and surface infrastructure has been estimated by Halyard at £58 million (C\$111.8 million) of which £7 million (C\$12.2 million) has already been spent. This does not include mining costs.

On the AIM listing the Nalunaq surface and underground exploration cost was estimated at £4.1 million. In addition, there were mining development costs associated with the ramp-up which will be further defined in due course. With the discovery of the Valley Block and further clarity around the resources from the Dolerite dyke model our aim is to minimise upfront development cost and maximise efficiency in our mining plan.

A revised mine plan, required due to the access restrictions imposed by the bulkhead, were not addressed in this study as the encouraging drill results obtained from the Valley Block may result in better vein continuity and a more optimized mine plan. The revised mine plan may require a new portal into the Valley Block that will mitigate the risk associated with the bulkhead completely.

The 2021 drilling campaign is expected to result in a further expansion of the Valley Block and improved confidence in the increased size and classification of the resource.

We believe that the Valley Block can be developed via a new portal to increase the size and definition of the Nalunaq Mineral Resource.

Social and Environmental Impact Assessments

The draft Social Impact Assessment (“SIA”) is largely in its final form. The Company continues to have constructive dialogue with the Government and its advisors over finalising the draft Environmental Impact Assessment (“EIA”).

The Public Consultation programme, which is undertaken simultaneously for both the SIA and EIA, will commence once the EIA is in final form and we are able to submit the draft documents to the Government for their prior approval; we will provide a further update in due course.

Regional Exploration

AEX successfully completed geological sampling, structural mapping and geophysical surveys on eight other projects within the wider AEX portfolio during the field season, including:

1. **Vagar Ridge** (Au) - 385 km² airborne geophysics, surface hyperspectral imagery and drill targeting and preparation work for 2022 field activities;
2. **Tartoq** (Au) - 84 km² detailed airborne geophysics;
3. **Nanoq** (Au, Cu) - detailed structural mapping and sampling as well as drill targeting;
4. **Sava** (Fe, Cu, Au, Zn, REE) - geological mapping, surface sampling, ionic geochemistry and 446 km² airborne geophysics;
5. **Saqqaa** (PGMs) - ground geophysics and additional surface sampling;
6. **Nørrearm** (Graphite) - metallurgical sampling;
7. **Eagle’s Nest** (Au) – geological reconnaissance sampling;
8. **Jokum’s Shear** (Cu) - geological reconnaissance sampling

AEX will report the results of these programmes in Q1 2022, with targeted commodities such as gold, PGM, copper, rare earths and graphite, being strategically important and essential in the global energy transition.

Incorporating the 2021 results, AEX aims to high grade at least four drill-ready targets for the forward exploration programme in the coming exploration seasons.

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Further Information:

About AEX

AEX's principal business objectives are the identification, acquisition, exploration and development of gold properties in Greenland. The Company's principal asset is a 100% interest in the Nalunaq Project, an advanced exploration stage property with an exploitation license including the previously operating Nalunaq gold mine. The Company has a portfolio of gold assets covering 4,090km², the largest portfolio of gold assets in Southern Greenland covering the two known gold belts in the region. AEX is incorporated under the *Canada Business Corporations Act* and wholly owns Nalunaq A/S, incorporated under the *Greenland Public Companies Act*.

Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable securities legislation, which reflects the Company's current expectations regarding future events and the future growth of the Company's business. In this press release there is forward-looking information based on a number of assumptions and subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to the factors discussed under "Risk Factors" in the Final Prospectus available under the Company's profile on SEDAR at www.sedar.com. Any forward-looking information included in this press release is based only on information currently available to the Company and speaks only as of the date on which it is made. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward-looking information to reflect new circumstances or events. No securities regulatory authority has either approved or disapproved of the contents of this press release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Inside Information

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No. 596/2014 on Market Abuse ("UK MAR"), as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and Regulation (EU) No. 596/2014 on Market Abuse ("EU MAR").

Qualified Person Statement

The technical information presented in this press release has been approved by James Gilbertson CGeol, VP Exploration for AEX Gold and a Chartered Geologist with the Geological Society of London, and as such a Qualified Person as defined by NI 43-101