



AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Three months ended March 31, 2021

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2021

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 three months ended March 31, 2021 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, 2020. All figures are in Canadian dollars unless otherwise noted. This MD&A is current as of May 26, 2021.

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
Q1-20	January 1, 2020 to March 31, 2020
Q2-20	April 1, 2020 to June 30, 2020
Q3-20	July 1, 2020 to September 30, 2020
Q4-20	October 1, 2020 to December 31, 2020
2020	January 1, 2020 to December 31, 2020
Q1-21	January 1, 2021 to March 31, 2021
Q2-21	April 1, 2021 to June 30, 2021
Q3-21	July 1, 2021 to September 30, 2021
Q4-21	October 1, 2021 to December 31, 2021
2021	January 1, 2021 to December 31, 2021

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 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4, 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 have been listed on the TSX Venture Exchange (the “Exchange”) under the AEX ticker and since July 2020, the Corporation’s shares have also been admitted to trading on the AIM market of the London Stock Exchange (“AIM”) under the AEXG ticker.

At the time of the AIM admission, AEX announced the development of the Nalunaq Project of which the main engineering and constructing activities commenced in Q4-20. A large part of the cost increases between Q1-20 and Q1-21 relate to the transition of AEX from an exploration and evaluation focused company to a development and exploration company.

2. CORPORATE UPDATE

2.1 Financial Highlights

The Corporation reported a net loss of \$3,289,052 in Q1-21 compared to \$966,437 for Q1-20. The main variations are as follow:

- Exploration and evaluation expenses of \$1,247,147 (\$611,775 in Q1-20) (see section exploration and evaluation expenses for details).
- General and administrative of \$1,585,071 (\$382,911 in Q1-20).
 - Salaries and benefits of \$387,508 (\$nil in Q1-20), driven by an increase in corporate activity as a result of adding full-time employees and the transfer of members of management on payroll.
 - Director’s fees of \$119,500 (\$25,000 in Q1-20), an increase in director fees for the Chairman of the Board and other directors since the Corporation was admitted to AIM in July 2020 and finally the addition of an external director Mr. Thorkelsson in July 2020.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2021

2. CORPORATE UPDATE (CONT'D)

- Professional fees of \$556,355 (\$123,755 in Q1-20). Legal fees in Q1-21 were higher due to the increase in corporate activities as well as the development of projects. In addition, consultants have been engaged over the period to, among other things, design and implement the new long-term incentive arrangements of the Corporation and obtain tax and engineering advice.
- Marketing and industry involvement of \$165,723 (\$86,375 in Q1-20). The increase in fees in Q1-21 is mainly due to the addition of a full-year non-management employee.
- Insurance of \$117,965 (\$10,561 in Q1-20). The Q1-21 increase is mainly due to the increase in insurance limits as well as the cost of an additional insurance policy taken out.
- Travel and other expenses of \$130,209 (\$14,574 in Q1-20). The increase in fees in Q1-21 is mainly due to the purchase of software and hardware, rent costs associated with the project office in Montreal and finally executive recruitment costs.
- Regulatory fees of \$85,265 (\$6,574 in Q1-20). The Q1-21 cost increase is related to the Corporation's admission to AIM in July 2020.
- Foreign exchange loss of \$490,599 (gain of \$25,397 in Q1-20) is mainly explained by the effects of exchange rate changes on US\$ and EUR cash which have depreciated.

The Corporation has working capital of \$54,318,593 as of March 31, 2021 (\$61,411,208 as of December 31, 2020).

During Q1-20, an outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets. The Corporation has taken and will continue to take action to minimize the impact of the virus on its operations. Whilst the Corporation has taken significant precautions to minimize the impact of COVID-19 on its operations, there can be no certainty that there will not be an impact to the Corporation's ability to complete planned exploration, evaluation and development activities, meet obligations and existing commitments, or to obtain financing.

2.2 AEX team update

On January 25, 2021, the Corporation appointed Jaco Crouse as its new CFO. Mr. Crouse is a seasoned mining executive with nearly 20 years' experience in financial management, mine financial planning, business optimization and strategy development. He replaces George Fowlie who has stepped down as the CFO but remains on the Board as a Director.

On April 28, 2021, Jaco Crouse was appointed as a Director on the Corporation's Board of Directors. Mr. Crouse replaced Robert Ménard who has chosen to step down from his position after four years.

3. EXPLORATION AND EVALUATION EXPENSES

Exploration and evaluation expenses are included in the operating loss in the consolidated statement of comprehensive loss.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2021

3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

The Corporation incurred the following exploration and evaluation expenses:

	Q1-21	Q1-20
	\$	\$
Nalunaq		
Geology	102,313	265,207
Underground works	-	22,807
Drilling	-	(635)
Analysis	77,500	23,863
Transport	-	60,733
Logistic support	21,202	66,487
Insurance	8,663	1,226
Maintenance infrastructure	931,866	84,854
Government fees	(4,452)	5,613
Depreciation	49,316	57,158
	1,186,408	587,313
Tartoq		
Geology	7,157	-
Transport	957	-
Logistic support	-	3,000
Government fees	8,419	6,147
	16,533	9,147
Naalagaaffiup Portornga		
Geology	(3,873)	-
Logistic support	-	3,000
	(3,873)	3,000
Vagar		
Geology	26,023	5,354
Analysis	1,250	-
Logistic support	-	3,000
Government fees	8,419	-
	35,692	8,354
Nuna Nutaaq		
Geology	6,992	-
Analysis	469	-
Logistic support	-	3,000
	7,461	3,000
Saarloq		
Geology	1,642	-
	1,642	-
Anoritooq		
Geology	1,642	-
	1,642	-
Kangerluarsuk		
Geology	1,642	-
	1,642	-
Genex		
Government fees	-	961
	-	961

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2021

3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

	Q1-21	Q1-20
	\$	\$
Total		
Geology	143,538	270,561
Underground works	-	22,807
Drilling	-	(635)
Analysis	79,219	23,863
Transport	957	60,733
Logistic support	21,202	78,487
Insurance	8,663	1,226
Maintenance infrastructure	931,866	84,854
Government fees	12,386	12,721
Depreciation	49,316	57,158
Total exploration and evaluation expenses	1,247,147	611,775

James Gilbertson CGeol, who is a full-time employee and Managing Director of SRK Exploration Services Limited (“SRK”) 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.

3.1 Nalunaq

On February 10, 2021, the Corporation announced that it was deferring the development of the Nalunaq Project until further notice. The decision to defer the development of Nalunaq was taken after a thorough risk assessment review by the Corporation and its key advisors. The outcome of this assessment was that the current global macro-economic and political landscape driven by the uncertainty associated with the COVID pandemic was judged as too risky at the moment to justify a significant capital expenditure program at Nalunaq.

Consequently, the Corporation initiated a strategic process (“Strategic Process”) with its key advisors to review and evaluate a broad range of potential alternatives focused on maximizing shareholder value.

On March 19, 2021, AEX announced that it had retained the services of Ausenco, a global company providing consulting services in the minerals and metals industry, to undertake a preliminary peer review of the Corporation’s Capital Cost Model. This third-party review will assist the Corporation in determining what, if any, amendments are needed to the plan and schedule, and allow the Board to present a revised plan to shareholders that reflects such amendments as considered appropriate.

On March 25, 2021, Ausenco submitted to the Corporation its report regarding the preliminary third party assessment. The result of Ausenco’s assessment was that the Corporation’s revised Capital Cost Model was within the industry’s benchmark for this size of project, and outlined potential cost saving alternatives for further analysis.

On April 29, 2021, the Corporation issued a Press Release whereby it updated the market on the preliminary results of its Strategic Process.

Following the decision of the Corporation to undertake an Internal third party Engineering Study, AEX is currently undertaking a Request for Proposal process to select the engineering firm which will review the current development progress to date, and advance the project further.

It is expected that the selected engineering firm will commence its work in June 2021, and finalize the internal engineering study by the end of the year. AEX intends to keep the market updated on this process as it unfolds.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2021

3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

Additionally, the third party review process of the Nalunaq Resource Model by InnovExplo, a specialist in a wide range of exploration and technical services in the metals and mining industry, is progressing well. The results of the review will be used to establish, with SRK, the framework of a thorough exploration program at Nalunaq which will include an additional 20,000m to 30,000m of core drilling from June 2021 to the end of 2021. The drilling program will leverage the latest findings of the drilling campaigns of 2019 and 2020 by further investigating the down-dip extension of Main Vein in the Kirkspir Valley, nearby the South and Valley Blocks.

3.2 Vagar

Ongoing target generation work by GoldSpot and the internal team has identified several high priority targets for fieldwork in 2021. A high resolution airborne geophysical survey is also planned over the entire licence area for the period July-August 2021. The purpose of this work is to advance the project to a drill ready stage and prioritise targets for diamond drilling as early as 2022.

Within the Nalunaq East sub area the Sarqaa peridotite dyke is known to host semi-massive and disseminated magmatic sulphide mineralisation, with elevated concentrations of Nickel (up to >1%), Copper (up to 6% in float samples), and Platinum Group Elements (up to 10 g/t Pd in channel samples). This mineralisation will be revisited during 2021. Further samples will be collected to confirm historic grades, and geophysical lines may be flown along the Kirkspir valley to determine the dyke's strike extension. A review of other ultramafic intrusives which occur in AEX's licences is ongoing. Prices of Palladium in particular are significantly higher than in the 1980s, when systematic exploration for Platinum Group Elements was last carried out in the region.

3.3 Tartog

Desktop work is ongoing for the Nuuluk and Iterlak licence sub areas to prioritise targets for future drilling.

3.4 Naalagaaffiup Portornga

Desktop work is ongoing in conjunction with that for the neighbouring Tartog licence.

Any fieldwork carried out in 2021 will be focused on understanding the extent of known gold occurrences in the eastern parts of the licence, including revisiting a major unconformity where semi-massive sulphides have been reported in historic work.

3.5 Nuna Nutaaq

During the 2020 field season, AEX conducted reconnaissance mapping and a sampling program to support additional progression of the geological baseline at Kangerluluk. Chip and channel samples were collected and dispatched to SGS Canada Inc. in Canada. The results of these samples were released in February 2021.

AEX plans to visit several targets within the licence in the 2021 field season. Structural mapping will be carried out along the main gold-bearing shear zone at Kangerluluk, to better understand the controls on high grade gold mineralisation ahead of future drilling programmes. Further prospecting will also be carried out away from the main shear zone, where float samples grading up to 3.8% Cu were collected in 2020, and over other metavolcanic inliers along Kangerluluk fjord.

Prospecting is also planned at the Ippatit licence which has a similar geological setting to Nalunaq and where several high priority gold targets have been recognised by GoldSpot.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2021

3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

At Nørrearm the graphite-sulphide horizon discovered in 2019 will be revisited with the goal of understanding the extents of mineralisation, and additional larger samples will be collected for preliminary metallurgical testwork, including characterising the flake size. Similar mineralisation has been described at Ippatit and along the main Nalunaq thrust exposed on the North face of Nalunaq mountain.

3.6 Saarloq

Several prospective targets which have been identified by GoldSpot's targeting study will be visited in the 2021 field season. The density of stream sediments may be increased in the southwest part of the licence.

3.7 Anoritoq

Several prospective targets which have been identified by GoldSpot's targeting study will be visited in the 2021 field season. Priority targets are those on the east coast in the Kangerluluk and Igutsaat fjord areas, and north of the Vagar licence, close to the Saarloq shear zone.

Further sampling is planned at the Lake 410 gold occurrences which are hosted in a very similar geological setting to Nalunaq. A structural assessment and refinement of the geological map will be used to better understand the controls on gold mineralisation. There is potential for higher grade ore shoots to occur within the known mineralized structures, which historic drilling by Crew Gold has shown are continuous over at least a 700m strike length. Aspects of AEX's exploration model at Nalunaq are considered highly relevant in this respect, given the similarities of the mineralisation described at Lake 410.

3.8 Kangerluarsuk

Data compilation work and a literature review have been carried out since the licence was acquired in late 2020 and AEX considers this licence to be highly prospective for Iron Oxide Copper Gold (IOCG) and/or copper porphyry style mineralization. The licence is also prospective for orogenic gold mineralisation and strategic minerals including Niobium and Rare Earth Elements.

Historic rock chip samples have returned grades up to 3.4% Cu, 3.7% Zn, 0.28% Mo, 382 g/t Au, 100 g/t Ag, 19.9% Nb, 1.7% U.

Pervasive magnetite and hematite-mineralised granites, breccias and regional alternation signatures are described within historic reports from the area, as are common with significant global IOCG districts. IOCG / porphyry and Iron-Oxide-Apatite (IOA) deposits are common in granitic rocks of similar age and geological setting in northern Sweden, which can broadly be considered as a geological extension of South Greenland. Possible analogue deposits include Aitik and deposits in the Kiruna area. Beryl-pegmatites have been mapped in the northern part of the licence and will be investigated for their potential to host economic concentrations of beryllium and other rare metals.

Spectral remote sensing will be carried out ahead of geological fieldwork in June 2021. Fieldwork is likely to involve prospecting traverses and systematic sampling for whole rock geochemistry over targets identified by the remote sensing study. Visits will also be made to sites of historic sampling to investigate the nature of mineralisation and to verify historic geological mapping. Magnetic, radiometric and gravity surveys will be considered later in the season to rapidly advance geological understanding of the project area.

AEX Gold Inc.

Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2021

3. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

3.9 Additional Exploration Target Generation

Geological research is actively progressing with GoldSpot, SRK and AEX's internal team to define the resource potential within our licence area, as we continue to develop our exploration programme. In addition, there is strong geological prospectivity for other strategic minerals including copper, molybdenum, graphite, platinum group elements, REE and others across the licence portfolio and the wider region. Priority targets will be visited by AEX geoscientists in the 2021 field season. The Corporation may apply for further licences in due course.

May 26, 2021

(s) "Eldur Ólafsson"

Eldur Ólafsson

President, CEO and Director

(s) "Jaco Crouse"

Jaco Crouse

CFO