AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

The following management discussion and analysis (the "MD&A") of the financial condition and results of the operations of AEX Gold Inc. (the "Corporation" or "AEX") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the year ended December 31, 2020. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2020 (the "Financial Statements"), which are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures are in Canadian dollars unless otherwise noted. This MD&A is current as of April 28, 2021.

The MD&A contains forward-looking statements not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no guarantee that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to; economic conjuncture, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to the calculation of mineral reserves and requirements of additional financing and the capacity of the Corporation to obtain financing.

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
2018	January 1, 2018 to December 31, 2018
Q1-19	January 1, 2019 to March 31, 2019
Q2-19	April 1, 2019 to June 30, 2019
Q3-19	July 1, 2019 to September 30, 2019
Q4-19	October 1, 2019 to December 31, 2019
2019	January 1, 2019 to December 31, 2019
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
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 are listed on the TSX Venture Exchange (the "Exchange") under the AEX ticker and since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") under the AEXG ticker (see section 2.1).

2. CORPORATE UPDATE

2.1 AIM listing

During the quarter ended September 30, 2020, the Corporation completed the admission of its entire issued share capital to trading on the AIM market and trading commenced on AIM on July 31, 2020 ("Admission") under the ticker AEXG.

2. CORPORATE UPDATE (CONT'D)

2.2 Completion of the fundraising

On July 31, 2020, the Corporation completed the fundraising by issuing 94,444,445 common shares at a price of $0.77 per share for subscription made in Canadian dollars and GBP 0.45 per share for subscriptions made in British pounds sterling, for gross proceeds to the Corporation of $74,550,202 (the "Fundraising").

Stifel Nicolaus Europe Limited ("Stifel") acted as nominated adviser, broker and bookrunner to the Corporation in connection with the Fundraising and Admission. Cormark Securities Inc. and Paradigm Capital Inc. acted as co-managers in connection with the Fundraising (the "Agents").

The Corporation incurred total issuance costs of $6,312,546 in relation to this process.

Certain officers and directors of the Corporation purchased an aggregate of 1,177,581 common shares for $906,737. The officers and directors of the Corporation subscribed to the Fundraising under the same terms and conditions as set forth for all subscribers.

2.3 Update on the Corporation's Strategic Process

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 has 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 we consider 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.

Additionally, early in April 2021, AEX mandated InnovExplo, a specialist in a wide range of exploration and technical services in the metals and mining industry, to review the Nalunaq Resource Model. InnovExplo is a specialist in modelling coarse gold deposits and will provide the Corporation with a peer review assessment on the Resource Model in Nalunaq's Competent Person Report of 2020.

2.4 Highlights of the 2020 work programme and results

<u>Exploration</u>

The 2020 exploration program at Nalunaq was designed to further investigate the down-dip extension of Main Vein from the valley floor as a continuity of the 2019 field season. Additionally, to the extent possible under the COVID environment, undertake targeted prospecting field trips on other regional assets.

2. CORPORATE UPDATE (CONT'D)

Nalunaq

- Further results from the Valley Block infill drilling programme include 52.4 g/t gold over 0.55 meters (AEX2008) and 5.9 g/t gold over 0.5 meters (AEX2009). Visible Gold observed in AEX2009.
- These results support the interpretation that Valley Block is a high-grade domain with a similar footprint to South Block.

Nuna Nutaaq

- Historic channel sampling of the main shear zone has returned high grade results with highlights of 175.1 g/t gold over 0.8 m and 35.4 g/t gold over 0.95 m, and with grab samples up to 118 g/t gold.
- One grab sample collected from the main shear zone in 2020 returned 22.3 g/t gold.
- A float sample of highly altered metavolcanic rock rich in malachite and pyrite was collected close to Kangerluluk fjord, approximately 100 metres east of the main shear zone and returned 3.83% copper and 34 g/t silver.

Follow up structural mapping and sampling at Kangerluluk is planned for 2021.

2.5 AEX team update

In conjunction with the Corporation's admission to AIM, it is pleased to announce that Sigurbjorn ("Siggi") Thorkelsson joined the Board of AEX as independent non-executive director, and Chair of the Audit and Risk Committee, on July 27, 2020. Mr. Thorkelsson has a wealth of experience in the financial markets, having worked at major financial institutions throughout his career.

In November 2020, in order to support the Corporation as it progresses in the development of its asset portfolio, AEX appointed Rothschild & Co as its retained financial advisor.

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.

2.6 Next 12 months and more outlook

As part of the Strategic Process, AEX is reviewing and strategizing with its advisors on the best course of action to undertake key activities on its properties to maximize shareholder value. The Corporation will establish a communication program to keep all stakeholders updated as it undertakes the review of all of its options.

2.7 COVID-19

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.

3. PROPERTY ACQUISITION

Property acquisitions are capitalized in the consolidated statement of financial position.

Saarloq Licence

The Corporation acquired the right to conduct exploration activities on approximately 818km^2 of land in an areas of Quassugaarsuk and Sermeq Kangilleq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/31, referred to as Saarloq. The licence application has been approved and all required documentation was signed by the Corporation on May 15, 2020 and the licence became effective on May 28, 2020 when it was signed by the Government of Greenland.

Anoritooq Licence

The Corporation acquired the right to conduct exploration activities on approximately 1,710km^2 of land in the areas of Anoritooq and Kangerluluk in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/36, referred to as Anoritooq. The licence application has been approved and all required documentation was signed by the Corporation on June 11, 2020 and the licence became effective on June 24, 2020 when it was signed by the Government of Greenland. In October 2020, the Corporation was granted an addendum to the Anoritooq Licence, increasing the size of the licence to 1,889km^2 and became effective November 6, 2020 when it was signed by the Government of Greenland.

Kangerluarsuk Licence

The Corporation acquired the right to conduct exploration activities on approximately 335km^2 of land in the area of Eqaluit Iluat in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2021/02, referred to as Kangerluarsuk. The licence application has been approved and all required documentation was signed by the Corporation on October 13, 2020 and the licence became effective on November 6, 2020 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.

The Corporation incurred the following exploration and evaluation expenses:

	Q4-20	Q4-19	2020	2019
	$	$	$	$
Nalunaq				
Geology	339,173	348,436	1,968,010	822,113
Lodging and on-site support	99,081	113,860	278,440	308,754
Underground works	10,109	12,500	75,396	12,500
Drilling	18,727	146,451	186,955	229,473
Safety and environment	789	2,114	21,402	29,900
Analysis	60,171	26,920	259,188	45,558
Transport	237,793	78,396	638,533	312,513
Helicopter Charter	-	-	4,922	-
Logistic support	36,833	46,497	339,200	182,430
Insurance	4,217	20,211	37,990	38,512
Maintenance infrastructure	1,456,934	361,661	2,434,862	992,539
Government fees	68,854	8,349	87,224	17,963
Depreciation	48,640	47,161	206,153	172,186
	2,381,321	1,212,556	6,538,275	3,164,441

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

	Q4-20	Q4-19	2020	2019
	$	$	$	$
Vagar				
Geology	138,192	6,971	158,392	118,858
Lodging and on-site support	-	-	7,088	-
Analysis	-	-	263	-
Transport	519	-	519	-
Helicopter Charter	-	-	40,451	18,768
Logistic support	745	4,000	19,652	26,086
Maintenance infrastructure	14,116	-	14,116	-
Government fees	-	-	8,468	14,651
	153,572	10,971	248,949	178,363
Tartoq				
Geology	9,638	1,211	11,426	70,763
Logistic support	745	3,000	19,652	20,487
Government fees	-	980	14,615	980
	10,383	5,191	45,693	92,230
Naalagaaffiup Portornga				
Geology	9,638	1,210	14,110	71,382
Logistic support	745	3,000	19,652	15,801
	10,383	4,210	33,762	87,183
Nuna Nutaaq				
Geology	10,555	2,872	18,630	9,626
Transport	104	-	104	-
Helicopter Charter	12,110	-	30,115	9,130
Logistic support	745	2,000	19,652	2,000
Maintenance infrastructure	2,823	-	2,823	-
	26,337	4,872	71,324	20,756
Saarloq				
Geology	9,637	-	32,549	-
Transport	156	-	156	-
Maintenance infrastructure	4,235	-	4,235	-
	14,028	-	36,940	-
Anoritooq				
Geology	9,638	-	55,760	-
Transport	259	-	259	-
Helicopter Charter	-	-	6,789	-
Maintenance infrastructure	7,058	-	7,058	-
	16,955	-	69,866	-
Kangerluarsuk				
Geology	9,937	-	9,937	-
	9,937	-	9,937	-
Genex				
Geology	-	(313)	-	8,896
Government fees	-	-	961	5,793
	-	(313)	961	14,689

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

	Q4-20	Q4-19	2020	2019
	$	$	$	$
Total				
Geology	536,408	360,387	2,268,814	1,101,638
Lodging and on-site support	99,081	113,860	285,528	308,754
Underground works	10,109	12,500	75,396	12,500
Drilling	18,727	146,451	186,955	229,473
Safety and environment	789	2,114	21,402	29,900
Analysis	60,171	26,920	259,451	45,558
Transport	238,831	78,396	639,571	312,513
Helicopter Charter	12,110	-	82,277	27,898
Logistic support	39,813	58,497	417,808	246,804
Insurance	4,217	20,211	37,990	38,512
Maintenance infrastructure	1,485,166	361,661	2,463,094	992,539
Government fees	68,854	9,329	111,268	39,387
Depreciation	48,640	47,161	206,153	172,186
Total exploration and evaluation expenses	**2,622,916**	**1,237,487**	**7,055,707**	**3,557,662**

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 person as defined in NI 43-101, supervised the preparation of the technical information in this section.

The Corporation successfully managed the mobilization and demobilization of a small crew based at Nalunaq from August to the end of October to accomplish key activities at Nalunaq and the other exploration licences, as described hereunder. The procedure for mitigating the risks related to COVID-19 proved to be effective, and the local authorities were very supportive.

4.1 Nalunaq

a) Property description

The Nalunaq Property is located in Southern Greenland at 60º21'N latitude and 44º50'W longitude in the Municipality of Kujalleq. Greenland is an autonomous territory within the Danish realm. It is the largest island in the world with an area of 2,166,086 km^2 although it has a small population of just 56,000 people. Most of the island is covered by the Greenland ice sheet, thus the population lives along the coastal fringe which is heavily incised by fjords. Most of the population is located on the west and south coasts and the largest settlement is the capital, Nuuk. The Nalunaq Property is located on the northern side of the Kirkespirdalen Valley, about 33 km northeast of the town of Nanortalik.

The Nalunaq Exploration Project area lies within exploitation licence #2003/05 issued by the Government of Greenland, Mineral Licence and Safety Authority (the "Nalunaq Licence"), which covers an area of 22 km^2 and includes the former underground mine which ceased operating in 2013 (the "Nalunaq Gold Mine").

The Nalunaq Licence was granted in April 2003 by the Government of Greenland to Nalunaq Gold Mine A/S, a subsidiary of Crew Gold Corporation ("Crew Gold") and is valid until April 24, 2033.

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

b) Exploration work

The 2020 surface drilling program at Nalunaq commenced during the period in August and was finalized following the end of the period, in the second half of October, with eleven drill holes for a total of 2,191 metres drilled. The drilling program's objective was to continue investigating the down-dip extension of the mineralized structure around South Block. The Main Vein was identified in six of the eleven holes drilled, with some of the intersects yielding the thickest interceptions (1.50 meters) ever recorded at Nalunaq. This area has been named Valley Block. All core samples are subject to multi-element assaying covering 33 elements. Initial results from the drilling were announced on October 21, 2020, and the remaining results were reported on November 25, 2020.

The results from surface drilling provide further support of the underground development strategy which AEX intends to pursue. The positive drilling results support initially focussing underground development on the newly named Valley Block, given the greater geological confidence and certainty gained from the 2016-2020 surface drilling programs. The Corporation will continue the investigation within and down-dip of Valley Block with other comprehensive surface drilling programs established and designed with the assistance of AEX's senior consultants.

Target Block remains a highly prospective zone of Nalunaq, and as such deserves the same amount of attention as Valley Block in terms of exploration. AEX has continued to plan an underground drilling program at the 600 level, which will allow the Corporation to further increase its geological confidence ahead of a development program in Target Block, either in parallel or following the underground development program in Valley Block.

c) Development Work

Since Q4-2020, AEX has awarded various contracts to key suppliers for long lead items, such as for the permanent camp and associated ancillary facilities, the crushing, grinding, gravity and flotation circuit, as well as selecting its underground contractor to undertake the underground development program.

AEX cautions that its production decision has been taken before the estimation of Mineral Reserves and is not based on a preliminary economic assessment, a pre-feasibility study or a feasibility study of these Mineral Reserves demonstrating economic and technical viability, resulting in a significantly higher risk of economic and technical failure.

The Corporation has significantly progressed its engineering on various fronts. Firstly, the engineering of the infrastructures is well underway with significant progress on vendor shop drawings for the main camp facility, the sewage treatment plant, the potable water treatment plant, the incinerator, the fire protection system and the fuel storage facilities.

Secondly, on the process engineering side, the process flowsheet has been advanced and will be updated once the proper tailings filtering equipment has been selected. An HAZOP/HAZID assessment was conducted, and the findings are being populated in the engineering log lists for actions.

As mentioned earlier, the Corporation has decided to defer the development at Nalunaq until market risks subside, and AEX is currently working with its suppliers a way to defer the committed expenditures. Meanwhile, the engineering progress of the project is being carried on until further notice as a proper strategy to continue upgrading the project definition.

Thirdly, regarding mine engineering, the Corporation is firming up its development and mine plan. AEX is currently pursuing a solution to solidify the underground tailings bulkhead with its selected underground contractor and experienced geotechnical and structural engineers.

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

4.2 Vagar

a) Property description

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting though its bankruptcy receiver, on February 6, 2017 to acquire the exploration licence #2006/10 issued by the MLSA (the "Vagar Licence"), along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, conditional upon the MLSA's approval on terms acceptable to Nalunaq A/S. The approval was received and on October 30, 2017, Nalunaq A/S signed the paperwork to complete the licence transfer, becoming effective upon the Greenland authorities executing the document on January 18, 2018. The licence expires December 31, 2021 with a possible 6-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2023. After a reduction of the size of the area, the Vagar Licence covers an official area of 292 km^2 and comprises three sub-areas. The acquisition of this licence area is potentially important to the Corporation since it is close to the Nalunaq Property and hosts a number of gold prospects that lie along the prospective Nanortalik Gold Belt, some of which show similarities to Nalunaq.

b) Exploration work

Since the beginning of the year, AEX has been developing a comprehensive exploration program for the next three years with the objective of progressing the geological models over the various prospective sub-areas within the licence. Activities such as geophysical and hyperspectral surveys, additional chip and channel sampling, and diamond drilling are currently being planned and assessed for the near future.

During the 2020 field season, geologists were dispatched to Vagar on day trips to further prospect the licence, including taking chip and channel samples. The visits were focused on the targets in the Greater Amphibolite Ridge area (Vein 1 and Vein 2), John's Lake and LGM Showing.

4.3 Tartoq

a) Property description

The exploration project on the Tartoq Property as described in the Tartoq Report (the "Tartoq Exploration Project") is comprised of the area covered by the Mineral Exploration Licence 2015/17 (the "Tartoq Licence") in which Nalunaq A/S holds an undivided 100% interest. The Tartoq Licence conveys the exclusive right to explore for all mineral resources except hydrocarbons and radioactive elements. The licence expires December 31, 2024 with the 5-year extension. The renewal for a period of five years has been confirmed with Addendum No. 3 dated February 2020 which was signed by Nalunaq A/S on February 13, 2020 and became effective on March 13, 2020 when it was signed by the Government of Greenland. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026. At the expiration of the second term of the Tartoq Licence, Nalunaq A/S may, upon application to the MLSA, be granted up to four consecutive three-year extensions for an aggregate additional 12-year period.

The Tartoq Exploration Project covers an "official area" (all parts of the licence excluding those covered by sea) of 78 km^2 in south-western Greenland, some 330 km from the capital, Nuuk. The approximate centre of the project is 61°30'N latitude and 48°40'W longitude. The Tartoq Exploration Project flanks the Sermilgaarsuk Fjord and is split into two licence sub-blocks: Nuuluk on the southern side of the fjord and Iterlak on the northern side to the east.

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

There is no infrastructure within the licence area and access is by boat and then on foot to reach the main target areas, or by helicopter. Given the remote location of the project, any development of the site for mineral exploration and mining would require self-sufficiency in terms of utilities and infrastructure. Some staffing may be sourced from Paamiut or Arsuk, but a skilled workforce will likely need to come from Nuuk.

b) Exploration work

No field work has been conducted in 2020 with all work carried out being in the form of desk-based studies, mainly consisting of historical data review and preliminary geological modeling.

4.4 Naalagaaffiup Portornga

a) Property description

The Corporation has acquired the right to conduct exploration activities on approximately 170km^2 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 and the licence expires December 31, 2022 with a possible 5-year extension. 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. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2024.

b) Exploration work

No field work has been conducted in 2020 with all work carried out being in the form of desk-based studies, mainly consisting of historical data review and preliminary geological modeling.

4.5 Nuna Nutaaq

a) Property description

AEX has been granted the exclusive exploration rights under a new licence in South Greenland: licence 2019/113. The licence is comprised of five sub-areas and covers a total of 266 km^2 within the Nanortalik Gold Belt. The licence application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the licence became effective on September 26, 2019 when it was signed by the Government of Greenland. The licence expires December 31, 2023 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2025.

b) Exploration work

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 a lab in Canada. The results of these samples were released in February 2021.

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

4.6 Saarloq

a) Property description

The Corporation has acquired the right to conduct exploration activities on approximately 818km^2 of land in an areas of Quassugaarsuk and Sermeq Kangilleq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/31, referred to as Saarloq. The licence application has been approved and all required documentation was signed by the Corporation on May 15, 2020 and the licence became effective on May 28, 2020 when it was signed by the Government of Greenland. The licence expires December 31, 2024 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

b) Exploration work

In 2020, AEX conducted reconnaissance visits to the licence, based on preliminary target generation from GoldSpot.

4.7 Anoritooq

a) Property description

The Corporation has acquired the right to conduct exploration activities on approximately 1,710km^2 of land in the areas of Anoritooq and Kangerluluk in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/36, referred to as Anoritooq. The licence application has been approved and all required documentation was signed by the Corporation on June 11, 2020 and the licence became effective on June 24, 2020 when it was signed by the Government of Greenland. In October 2020, the Corporation was granted an addendum to the Anoritooq Licence, increasing the size of the licence to 1,889km^2 and became effective November 6, 2020 when it was signed by the Government of Greenland. The licence expires December 31, 2024 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

b) Exploration work

In 2020, AEX conducted reconnaissance visits to the licence, based on preliminary target generation from GoldSpot.

4.8 Kangerluarsuk

a) Property description

The Corporation acquired the right to conduct exploration activities on approximately 335km^2 of land in the area of Eqaluit Iluat in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2021/02, referred to as Kangerluarsuk. The licence application has been approved and all required documentation was signed by the Corporation on October 13, 2020 and the licence became effective on November 6, 2020 when it was signed by the Government of Greenland. The licence expires December 31, 2025 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave in December 2020, an extension of the licence period for all exploration licences by one year, therefore the licence expires December 31, 2026.

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

b) Exploration work

In 2020, AEX visited the area for half a day to assess the logistical requirements for fieldwork in the licence. Time was not available to investigate historic sampling locations.

4.9 Additional Exploration Target Generation

In August 2020, AEX and Goldspot announced an agreement to identify new exploration targets in South Greenland. Goldspot will apply its proprietary machine learning algorithm to provide a cohesive and uniform geoscientific interpretation and prospectivity ranked exploration over the full land coverage in and around AEX's licences in South Greenland.

Regional assessment is ongoing, with the Corporation continuously assessing its potential to grow its licensing footprint over prospective zones in Greenland. Using the preliminary targets generated by Goldspot, geologists were dispatched to various targets to assess their suitability to sit in the Corporation's exploration portfolio

5. STRATEGY AND ACTION PLAN

As part of the Strategic Process, AEX is reviewing with its advisors the best course of action to undertake on its properties to maximize shareholder value.

6. 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. This environmental monitoring program is now complete.

In September 2020, a final payment to settle the environmental monitoring obligations attached to the Nalunaq Licence was made and no further payments are expected to be made regarding this obligation. For the year ended December 31, 2020, Nalunaq A/S incurred $95,102 ($28,846 in 2019) in environmental monitoring expenses. All incurred amounts are funded from the escrow account.

7. SELECTED ANNUAL INFORMATION

	2020	2019	2018
	$	$	$
Financial Results			
Revenue	-	-	-
Exploration and evaluation expenses	7,055,707	3,557,662	2,185,493
General and administrative expenses	3,291,176	950,946	1,085,630
Net loss	12,339,112	5,102,106	4,023,320
Net loss per share, basic and diluted	0.10	0.08	0.08
Financial Position			
Cash on hand	61,874,999	1,515,406	963,788
Total assets	65,944,682	2,720,473	1,962,821
Total current liabilities	897,799	645,933	327,847
Shareholders' equity	64,282,970	2,074,540	1,634,974
Working capital	61,411,208	1,157,012	877,201

8. RESULTS OF OPERATIONS

8.1 Discussion on 2020

The Corporation reported a net loss of $12,339,112 in 2020 compared to $5,102,106 for 2019. The main variations are as follow:

- Exploration and evaluation expenses of $7,055,707 ($3,557,662 in 2019) (see section exploration and evaluation expenses for details).
- General and administrative expenses of $3,291,176 ($950,946 in 2019).
    - Salaries and benefits of $348,948 ($nil in 2019), driven by an increase in corporate activity as a result of adding full-time employees and the transfer of members of management on payroll.
    - Management and consulting fees of $633,220 ($298,885 in 2019), driven by an increase in corporate activity as a result of adding additional full-time members of management and the appointment of a full-time CFO. Bonuses were also paid to reward good work during the year and fee adjustments were awarded.
    - Director's fees of $252,083 ($56,250 in 2019), with the increase a result of the Corporation deciding to reintroduce director fees in Q2-19, 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.
    - Professional fees of $1,077,541 ($300,017 in 2019). Legal fees in 2020 were higher due to the increase in corporate activities, the preparation of statutory documents as well as the development of projects. In addition, costs for terminating the contract with the company of the former CFO of AEX were incurred during Q2-20 and Q3-20 and a new contract was signed with the same company for accounting services in Q2-20. In addition, consultants have been engaged over the period to, among other things, assess the optimal organizational structure of the Corporation and obtain tax and accounting advice.
    - Marketing and industry involvement of $466,465 ($160,199 in 2019). The increase in fees in 2020 is mainly due to the redesign of the Corporation's website and to the addition of full-year non-management employee including a bonus given to reward good work during the year.
    - Insurance of $218,355 ($40,029 in 2019). The 2020 increase is mainly due to the increase in insurance limits as well as the cost of an additional insurance policy taken out.
    - Regulatory fees of $132,315 ($23,892 in 2019). The 2020 cost increase is related to the Corporation's admission to AIM.
- Stock-based compensation of $1,031,650 ($578,600 in 2019) was estimated using the Black-Scholes model. In 2020, the Corporation granted 2,195,000 options to its directors, officers and consultants (2,630,000 in 2019) for a costs amount of $1,031,650 ($578,600 in 2019) based on an estimated fair value of $0.47 ($0.22 in 2019) per option. The stock options vested 100% at the grant date.
- Foreign exchange loss of $1,130,808 ($38,365 in 2019) is mainly explained by the effects of exchange rate changes on cash. The July 31, 2020 Fundraising was largely completed in GBP, which has depreciated since the Fundraising.

8.2 Discussion on Q4-20

The Corporation reported a net loss of $4,321,051 in Q4-20 compared to $1,465,347 for Q4-19. The main variations are as follow:

- Exploration and evaluation expenses of $2,622,916 ($1,237,487 in Q4-19) (see section exploration and evaluation expenses for details).
- General and administrative expenses of $1,304,804 ($229,399 in Q4-19).
    - Salaries and benefits of $284,116 ($nil in Q4-19), 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 $116,250 ($18,750 in Q4-19), 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.

8. RESULTS OF OPERATIONS (CONT'D)

  - Professional fees of $440,540 ($45,810 in Q4-19). Legal fees in Q4-20 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, assess the optimal organizational structure of the Corporation and obtain tax and accounting advice.
  - Marketing and industry involvement of $167,440 ($63,639 in Q4-19). The increase in fees in Q4-20 is mainly due to the addition of full-year non-management employee.
  - Insurance of $145,831 ($9,288 in Q4-19). The Q4-20 increase is mainly due to the increase in insurance limits as well as the cost of an additional insurance policy taken out.
- Foreign exchange loss of $434,798 ($5,734 in Q4-19) is mainly explained by the effects of exchange rate changes on US$ cash which has depreciated.

9. SELECTED QUARTERLY INFORMATION

The following table presents selected financial information for each of the most recent eight quarters:

	Q4-20	Q3-20	Q2-20	Q1-20
	$	$	$	$
Revenue	-	-	-	-
Exploration and evaluation expenses	2,622,916	2,908,340	912,676	611,775
General and administrative expenses	1,304,804	1,104,822	498,639	382,911
Net loss	4,321,051	4,609,492	2,442,132	966,437
Net loss per share, basic and diluted	0.03	0.03	0.03	0.01
Cash on hand	61,874,999	68,742,384	4,441,089	4,366,773
Total assets	65,944,682	70,444,243	6,547,834	6,032,341
Total current liabilities	897,799	1,840,222	1,682,113	1,144,438
Shareholders' equity	64,282,970	68,604,021	4,865,721	4,887,903
Working capital	61,411,208	67,475,882	2,978,497	3,459,290

	Q4-19	Q3-19	Q2-19	Q1-19
	$	$	$	$
Revenue	-	-	-	-
Exploration and evaluation expenses	1,237,487	1,754,353	397,220	168,602
General and administrative expenses	229,399	227,751	277,335	216,461
Net loss	1,465,347	2,561,629	673,725	401,405
Net loss per share, basic and diluted	0.02	0.04	0.01	0.01
Cash on hand	1,515,406	3,199,174	5,245,467	691,704
Total assets	2,720,473	4,198,971	6,128,410	1,619,427
Total current liabilities	645,933	659,084	605,494	385,858
Shareholders' equity	2,074,540	3,539,887	5,522,916	1,233,569
Working capital	1,157,012	2,802,048	4,859,342	534,492

Highlights for each quarter are as follows.

9.1 Q4-20

- The Corporation bought property and equipment for $57,440 for the Q4-20. The Corporation bought field equipment for the exploration and evaluation purpose work.
- In October 2020, the Corporation started the lease for its office for five years and five months and has the option to renew the lease for an additional five-year period. A right-of-use asset of $841,080 and an equivalent long term lease liability was recorded as of October 1, 2020, with a 5% incremental borrowing rate and considering that the renewal option would be exercised.

9. SELECTED QUARTERLY INFORMATION (CONT'D)

- The Corporation completed its work exploration program. Most of the exploration and evaluation work was performed on the Nalunaq Property for $2,622,916. The largest expenses were maintenance infrastructure, geology and transport.

9.2 Q3-20

- The Corporation acquired the right to conduct exploration activities on approximately 335km^2 of land in the area of Eqaluit Iluat in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence Kangerluarsuk. The licence became effective on November 6, 2020 when it was signed by the Government of Greenland.
- The Corporation bought property and equipment for $47,558. The Corporation bought vehicles and rolling stock and equipment for the exploration and evaluation purpose work.
- During Q3-20, the Corporation completed the admission of its entire issued share capital to trading on the AIM market and trading commenced on AIM on July 31, 2020 under the ticker AEXG.
- On July 31, 2020, the Corporation completed the fundraising by issuing 94,444,445 common shares at a price of $0.77 per share for subscription made in Canadian dollars and GBP 0.45 per share for subscriptions made in British pounds sterling, for gross proceeds to the Corporation of $74,550,202. The Corporation incurred total issuance costs of $6,312,546 in relation to this process.
- On September 11, 2020, Nalunaq A/S incurred $95,102 in environmental monitoring expenses. All incurred amounts were funded from the escrow account. This environmental monitoring program is now complete, and no further payments are expected to be made regarding this obligation.
- The majority of exploration and evaluation work was performed on the Nalunaq Property for $2,908,340. The Corporation executed its field work exploration and evaluation programme and the largest expenses were geology, maintenance infrastructure and transport.

9.3 Q2-20

- The Corporation acquired the right to conduct exploration activities on approximately 818km^2 of land in an area of Quassugaarsuk and Sermeq Kangilleq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence Saarloq. The licence became effective on May 28, 2020 when it was signed by the Government of Greenland.
- The Corporation acquired the right to conduct exploration activities on approximately 1,710km^2 of land in the areas of Anoritooq and Kangerluluk in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence Anoritooq. The licence became effective on June 24, 2020 when it was signed by the Government of Greenland. On November 6, 2020, the Corporation was granted an addendum to the Anoritooq Licence, increasing the size of the licence to 1,889km^2.
- In Q2-20, 2,988,070 warrants were exercised at an exercise price per warrant of between $0.45 and $0.50, for total gross proceeds of $1,350,300.
- On June 17, 2020, the Corporation granted options to its directors, officers and consultants for a stock-based compensation of $1,031,650.
- Exploration and evaluation expenses were incurred for a sum of $912,676 and are composed primarily of geological expenses, maintenance infrastructure and logistic support on Nalunaq property.

9.4 Q1-20

- On March 5, 2020, 8,399,556 warrants were exercised at $0.45 for total gross proceeds of $3,779,800.
- Exploration and evaluation expenses were incurred for a sum of $611,775 and are composed primarily of geological expenses on Nalunaq property.

9. SELECTED QUARTERLY INFORMATION (CONT'D)

9.5 Q4-19

- The Corporation is in the preliminary stages of considering an additional listing on AIM, alongside its current listing on the Exchange. However, no decision has been made at this time as to whether or not the Corporation will apply for an AIM listing. As of December 31, 2019, the Corporation has incurred in this process, deferred share issuance costs of $166,348.
- The Corporation bought property and equipment for $57,440 for the Q4-19. The Corporation bought field equipment and infrastructure for the exploration and evaluation purpose work.
- The Corporation completed its work exploration program and sent samples for analysis. The majority of exploration and evaluation work was performed on the Nalunaq Property for $1,237,487. The largest expenses were maintenance infrastructure, geology and drilling.

9.6 Q3-19

- The Corporation has acquired the right to conduct exploration activities on approximately 266km^2 of land in an area of Itillersuaq near Narsaq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence Nuna Nutaaq. The licence became effective on September 26, 2019 when it was signed by the Government of Greenland.
- On September 26, 2019, Nalunaq A/S was granted a prospecting licence covering East Greenland, in this context defined as areas south of 75ºN and east of 44ºW. It is valid for a term of five years until December 31, 2023.
- The Corporation bought property and equipment for $122,522. The Corporation bought field equipment and infrastructure for the exploration and evaluation purpose work.
- On July 9, 2019, the Corporation granted options to its directors, officers and consultants for a stock-based compensation of $578,600.
- The majority of exploration and evaluation work was performed on the Nalunaq Property for $1,754,353. The Corporation executed its field work exploration programme and the largest expenses were maintenance infrastructure, geology, transport and lodging and on-site support.

9.7 Q2-19

- On June 28, 2019, the Corporation completed a non-brokered private placement by issuing 13,157,895 units at a price of $0.38 per unit, for gross proceeds of $5,000,000.
- Exploration and evaluation expenses were incurred for a sum of $397,220 and are composed primarily of geological expenses and logistic support on Nalunaq property.

9.8 Q1-19

- On February 26, 2019, Nalunaq A/S incurred $28,846 in environmental monitoring expenses. All incurred amounts were funded from the escrow account.
- Exploration and evaluation expenses were incurred for a sum of $168,602 and are composed primarily of geological expenses on Nalunaq property.

10. LIQUIDITY AND CAPITAL RESOURCES

The Corporation has a working capital of $61,411,208 as of December 31, 2020 ($1,157,012 as of December 31, 2019). The working capital position was favorably improved resulting from the Fundraising completed on July 31, 2020 (see section 2.2 for details) as well as from the exercise of warrants during the year net of increased expenses as described in section 8.1.

On March 5, 2020, 8,399,556 warrants were exercised at a price of $0.45 per share for total gross proceeds of $3,779,800.

10. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

During the year, the Corporation accelerated the expiry of certain common share purchase warrants ("Warrants"), which had an expiration date of June 28, 2022. The certificate evidencing the Warrants ("Warrant Certificate") provided for acceleration in certain circumstances, which were met during the period. From the period February 6, 2020 to March 5, 2020, the daily volume weighted average price of the Corporation's common shares on the TSX-V was equal to or greater than $0.50, thus satisfying the acceleration requirements under the Warrants. Accordingly, Warrant holders were provided with notification that any Warrants that were not exercised before April 20, 2020, being the 30th trading day following the occurrence of the acceleration event, would expire and be cancelled.

As a result, in Q2-20 and Q3-20, certain Warrant holders exercised 3,208,342 Warrants, each entitling the holder to receive one common share of the Corporation, at an exercise price per warrant of between $0.45 and $0.50, representing gross proceeds of $1,460,436.

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 including the unspent amount on the exploration licences and pay general and administration costs.

As of December 31, 2020, the Corporation has seven exploration licences, Tartoq, Naalagaaffiup Portornga, Vagar, Nuna Nutaaq, Saarloq, Anoritooq and Kangerluarsuk. The total amount of future exploration obligations as at December 31, 2020 for these seven licences is DKK 1,415,353 ($297,170 using the exchange rate as at December 31, 2020). The details of the exploration commitments are described in note 6 to the 2020 Financial Statements.

While the Corporation 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 new funding is not obtained, 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.

11. OFF BALANCE SHEET ARRANGEMENTS

Neither the Corporation nor Nalunaq A/S have any off-balance sheet arrangements.

12. SUBSEQUENT EVENT

The Corporation has no subsequent event.

13. TRANSACTIONS BETWEEN RELATED PARTIES

Following are additional information on related party transactions in 2020:

In the normal course of operations:

- A company controlled by George Fowlie, (director, chairman of the board from April 28, 2017 to November 13, 2019, chair of the audit committee from November 13, 2019 to January 20, 2020 and chief financial officer from December 16, 2019 to January 25, 2021) invoiced $165,833 ($39,586 in 2019) as Corporate Development Director and chief financial officer compensation;
- A company controlled by Eldur Olafsson (director and president and CEO) invoiced $305,462 ($209,200 in 2019) as president and CEO compensation;
- A company in which Eldur Olafsson (director and president and CEO) holds shares charged exploration work and equipment amounting to $nil ($19,666 in 2019);

13. TRANSACTIONS BETWEEN RELATED PARTIES (CONT'D)

- A firm in which Georgia Quenby (director) is a partner charged legal professional fees for $168,309 ($15,350 in 2019);
- A company controlled by Ingrid Martin (chief financial officer from April 28, 2017 to December 16, 2019) charged accounting professional fees of $196,600 in 2019 (including $127,180 in 2019 for her staff);
- A company controlled by Martin Ménard (Chief Operating Officer, appointed July 9, 2019) charged engineering professional fees of $261,292 ($76,680 in 2019) as his compensation and $765,235 ($186,720 in 2019) for his staff. The Chief Operating Officer is the son of a Robert Ménard;
- Nicolas and Catherine Ménard and Samuel Martel, engineering consultants, (the son, the daughter and the son-in-law of Robert Ménard, Director and the brother, the sister and brother-in-law of Martin Ménard, Chief Operating Officer) were paid $464,896 ($77,365 in 2019);
- A company controlled by Robert Ménard, Director, invoiced engineering professional fees of $nil ($62,213 in 2019);
- FBC BA invoiced $161,925 ($50,099 in 2019) for Joan Plant (Corporate Secretary) for her compensation;
- As of December 31, 2020, the balance due to those related parties amounted to $150,829 ($144,063 as of December 31, 2019).

Outside of the normal course of operations:

- Directors and officers of the Corporation participated in the July 31, 2020 fundraising for $906,737 ($508,126 in 2019). The directors and officers subscribed to the fundraising in 2020 and 2019 under the same terms and conditions set forth all subscribers.

14. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS 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. Critical judgments, estimates and assumptions exercised in applying accounting policies with the most significant effect on the amounts recognized in the financial statements are described at note 4 of the 2020 Financial Statements.

15. CHANGES IN ACCOUNTING POLICIES

The most relevant standards, amendments and interpretations issued up to the date of the issuance of the 2020 Financial Statements are listed at note 3 of these.

16. FINANCIAL INSTRUMENTS

Financial instruments are described in notes 2.13 and 21 to the Financial Statements.

17. CONTRACTUAL COMMITMENTS AND OBLIGATIONS

The Corporation has seven exploration licences in Greenland, Tartoq, Naalagaaffiup Portornga, Vagar, Nuna Nutaaq, Saarloq, Anoritooq and Kangerluarsuk and one exploitation licence, Nalunaq. The total amount of future exploration obligations as at December 31, 2020 for the seven exploration licences is DKK 1,415,353 ($297,170 using the exchange rate as at December 31, 2020). For the purpose of crediting expenditures against the amounts set forth in these licences, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S submitted its statements of expenses for these exploration licences for the 2020 year to the MLSA by April 1, 2021.

The details of the exploration commitments are described in note 6 to the 2020 Financial Statements.

The Corporation has capital asset purchase commitments, net of deposit on order, of $ 8,796,288 as at December 31, 2020. These commitments relate to purchases of equipment, infrastructure and vehicles.

The Corporation has presently only one lease for its office. In October 2020, the Corporation started the lease for five years and five months including five free rent months during this period. The monthly rent is $8,825 until March 2024 and $9,070 for the balance of the lease. The Corporation has the option to renew the lease for an additional five-year period at $9,070 monthly rent indexed annually to the increase of the consumer price index of the previous year for the Montreal area. The total amount of lease liabilities as at December 31, 2020 is $829,813.

18. OUTSTANDING SHARES DATA

	April 28, 2021	December 31, 2020
	Number	**Number**
Capital stock	177,098,737	177,098,737
Stocks options	7,745,000	7,745,000
Warrants	-	-
Fully diluted	**184,843,737**	**184,843,737**

19. STOCK OPTION PLAN

The purpose of the Option Plan (the "Plan") is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, senior officers, employees and consultants of the Corporation, to reward such of these participants from time to time for their contributions toward the long-term goals of the Corporation and to enable and encourage such participants to acquire shares as long-term investments. There is no performance indicator relating to profitability or risk attached to the Plan.

The Plan was approved initially in 2017 and renewed by shareholders on June 17, 2020. The Plan is a "rolling" plan whereby a maximum of 10% of the issued shares at the time of the grant are reserved for issue under the Plan to executive officers and directors, employees and consultants. The Board of directors attributes the stock options and the exercise price of the options shall not be less than the closing price on the last trading day preceding the grant date. The options have a maximum term of ten years. Options granted pursuant to the Plan shall vest and become exercisable at such time or times as may be determined by the Board, except options granted to consultants providing investor relations activities shall vest in stages over a 12 month period with a maximum of one-quarter of the options vesting in any three-month period. The Corporation has no legal or constructive obligation to repurchase or settle the options in cash.

20. RISK FACTORS

The following discussions review a number of important risks which management believes could impact the Corporation's business. There are other risks, not identified below, which currently, or may in the future exist in the Corporation's operating environment.

The mining and mineral exploration industry is risky in nature as companies have to deal with various local and global risks associated with, but not limited to: environmental and social, political, regulatory, health and safety, logistical, financial, and operational. The major risks facing the Corporation are detailed in the section below.

20.1 Environmental and Social

The Corporation's operations are subject to environmental and social regulations in the jurisdictions in which it operates. Environmental and social legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental and social regulations, if any, will not adversely affect the Corporation's operations.

20.2 Regulatory

The Corporation's future operations on the Properties, including exploration and any development activities or commencement of production on its properties, require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, protection of endangered and protected species, treatment of indigenous people, mine safety and other matters. To the extent that such permits are required and not obtained, the Corporation may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws may have a material adverse effect on the operations, financial conditions and results of the Corporation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

20.3 Political

The Corporation's underlying business interests are located and carried out in Greenland. As a result, the Corporation is subject to political and other uncertainties, including but not limited to, changes in politics or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations are conducted.

The Greenland Home Rule Government has responsibility for the mineral resources area in Greenland. The political condition in Greenland is generally stable; however, changes in exchange rates, control of fiscal regulations and regulatory regimes, labour unrest, inflation or economic recession could affect the Corporation's business. The management of the Corporation will closely monitor events and take advice, if necessary, from experts to prepare for any eventualities.

20. RISK FACTORS (CONT'D)

20.4 Dependence on key individuals

The Corporation's success depends to a certain degree upon key members of the management. These individuals are a significant factor in the Corporation's growth and success and the Corporation does not have key man insurance in place in respect of any of its directors, management or employees. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

Additionally, the Corporation's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. To manage its growth, the Corporation may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. Although the Corporation believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

20.5 Difficulty attracting and retaining qualified staff

Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. To manage its growth, the Corporation may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. Although the Corporation believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

20.6 Dependence on third party services

The Corporation will rely on products and services provided by third parties. If there is any interruption to the products or services provided by such third parties the Corporation may be unable to find adequate replacement services on a timely basis or at all.

The Corporation is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Corporation in its activities.

Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Corporation. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial condition of the Corporation.

20.7 External contractors and sub-contractors

When the world mining industry is buoyant there is increased competition for the services of suitably qualified and/or experienced sub-contractors, such as mining and drilling contractors, assay laboratories, metallurgical test work facilities and other providers of engineering, project management and mineral processing services.

As a result, the Corporation may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors, and the Corporation may find this more challenging given its Greenlandic operations with most third party service providers located in other countries. The loss or diminution in the services of suitably qualified and/or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could have a material and adverse effect on the Corporation's business, results of operations, financial condition and prospects.

20. RISK FACTORS (CONT'D)

20.8 Access to Properties and renewal of licences

The Corporation cannot guarantee that title to its mineral properties will not be challenged. Title insurance is generally not available for mineral properties and the Corporation's ability to ensure that it has obtained a secure claim to individual mineral properties or mining concessions may be severely constrained. The Corporation's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Corporation has not conducted surveys of all of the mineral rights in which it holds direct or indirect interests. A successful challenge to the precise area and location of these mineral rights could result in the Corporation being unable to operate on its Properties as permitted or being unable to enforce its rights with respect to its Properties.

The Properties are the only material properties of the Corporation. Any material adverse development affecting the progress of the Properties, or both, will have a material adverse effect on the Corporation's financial condition and results of operations.

If the Corporation loses or abandons its interest in its Properties, there is no assurance that it will be able to acquire another mineral property of merit.

Interests in licences in Greenland are for specific terms and carry with them estimated annual expenditure and reporting commitments, as well as other conditions requiring compliance. The MLSA is largely focused on the activities completed by an exploitation licence holder and ensuring that a project is advancing towards production. The Corporation could lose title to or its interest in licences relating to the Properties if licence conditions are not met.

In particular, the Nalunaq Exploration Project is currently within the Nalunaq Licence. Under the current terms of this licence, Nalunaq A/S is required to commence mine production by January 1, 2023, although the scale of this production is not specified. There is no guarantee that this will be possible within this timeframe, and the government has reserved the right to revoke the licence if these conditions are not met.

Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence for example, the commitment to perform specific exploration activities for sub period 3 as set out in Addendum No. 4) may result in the MLSA revoking the Nalunaq Licence, however the MLSA has stated as an objective that there is no automatic revocation of a licence when a condition has not been achieved, rather they have committed to, at all times, act reasonably and in accordance with the general rules and regulations of Greenlandic administrative law, including the principles of objectiveness, proportionality and equal treatment.

In response to COVID 19 pandemic, the Government of Greenland approved a proposal (i) adjusting required exploration expenses in years 2020 and 2021 for all mineral exploration licences to zero (0 DKK), (ii) postponing of the transferred unfulfilled exploration obligations by two years, and (iii) extending of the licence period for all mineral exploration licences by two years.

20.9 Exploration

The Properties are in remote locations in a global context, although not in a Greenlandic context. The costs of logistics and staffing are high. The climatic conditions allow a relatively short period for surface exploration activities, although this should not affect underground exploration.

The Nalunaq Gold Mine and areas of exploration potential lie within a steep mountain. Regularized surface diamond drilling for structure is impractical in many parts, resulting in a greater reliance on underground exploration.

20. RISK FACTORS (CONT'D)

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Corporation, the Corporation may be unable to acquire attractive mineral properties on terms it considers acceptable. The Corporation also competes with other companies for the recruitment and retention of qualified employees and other personnel.

20.10 Development risks and substantial funding requirements to assess commercial mineral deposits

There can be no assurance that the Corporation will be able to manage effectively the expansion of its operations or that the Corporation's personnel, systems, procedures and controls will be adequate to support the Corporation's operations. In particular, although certain of the Directors and Senior Management have experience of bringing mineral assets into production, the Corporation itself does not and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with service providers that can provide such expertise. The Group's ability to commence, maintain or increase its annual production of ore in the future will be dependent in significant part on its ability to bring the Properties into production. Any failure of the Board to manage effectively the Corporation's growth and development could have a material adverse effect on its business, financial conditions and results of operations. There is no certainty that all or, indeed, any of the elements of the Board's strategy will develop as anticipated. The Corporation's profitability will depend, in part, on the actual economic returns and the actual costs of developing the Properties, which may differ significantly from the Corporation's current estimates. The development of the Properties may be subject to unexpected problems and delays.

For example, on November 12th, 2020 and following a site visit by geotechnical experts, Golder, a recognized third-party engineering company, submitted its report following the investigation of the underground tailings bulkhead. The result of the report was that measurements indicated that the length of the concrete bulkhead is likely smaller than what would be expected to withstand the current tailings bearing pressure at an acceptable safety factor. The result of this assessment produced a response by the Corporation to review its mining plan and prevent mine development in the existing underground workings due to health and safety hazards until finding a solution to mitigate and solve the problem. The Corporation is currently working with geotechnical experts and its selected underground mining contractor to finalize the proper scheme to de-risk access in the existing underground workings.

The Corporation requires substantial funds to determine whether commercial mineral deposits exist on its Properties beyond the Inferred Mineral Resource. Any potential development and production of the Corporation's Properties depends upon the results of exploration programmes and/or feasibility studies and the recommendations of duly qualified engineers and geologists. Such programmes require substantial additional funds. Any decision to further expand the Corporation's operations on these Properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration work, preparation of production feasibility studies, and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;
- environmental compliance regulations and restraints; and
- political climate and/or governmental regulation and control

20. RISK FACTORS (CONT'D)

20.11 Resource Estimate

The Corporation is an exploration stage company and cannot give assurance that a commercially viable deposit, or "reserve", exists on any properties for which the Corporation currently has or may have (through potential future joint venture agreements or acquisitions) an interest. Therefore, determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic and environmental factors. If the Corporation fails to find a commercially viable deposit on any of its Properties, its operations, financial condition and results of operations will be materially adversely affected.

20.12 Market Conditions

If the Corporation commences production, profitability will be dependent upon the market price of gold. Gold prices historically have fluctuated widely and are affected by numerous external factors beyond the Corporation's control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

Additionally, the Corporation is exposed to foreign exchange fluctuations as its undertakings are in Greenland, and is service through a web of international service providers in various currencies. As a result, revenues, cash flows, expenses, capital expenditure and commitments are primarily denominated in Danish Krone, Euros, Canadian dollars, U.S. dollars and U.K. Pound Sterling. This results in the income, expenditure and cash flows of the Corporation being exposed to fluctuations and volatilities in exchange rates, as determined in international markets. The amount of revenue generated by the Corporation in Canadian dollars to pay dividends and operating costs will fluctuate with changes in exchange rates. Changes in exchange rates are outside the Corporation's control.

Another important market condition to consider in the ability of the Corporation to undertake activities on its Properties is dependent the current COVID-19 pandemic being resolved. AEX's key individuals and strategic advisors are not all Greenlandic citizens, and as such, cannot be dispatched to site as straightforwardly as before given the various global travel bans and restrictions, including in Greenland. Additionally, the supply and demand equilibrium point has been impacted by COVID, as can be observed through various indexes for goods and services.

COVID-19

As a result of the Coronavirus outbreak, there are currently travel restrictions in place in many countries with many land borders closed and suspension of flights. These restrictions may have an immediate impact on the operations of the Corporation in terms of access to resources and supplies from neighbouring countries, access to its projects by key management personnel, disruption to operations and delays or increased costs in accessing resources and supplies. The outbreak of Coronavirus has demonstrated the need to have contingency plans in place in relation to the outbreak of pandemics and has also resulted with a number of companies across the globe being essentially shut down for an extended period of time. The impact of this is that the Corporation will have to ensure that its future plans include an appropriate amount of contingency planning for the current Coronavirus and future pandemics, but are also likely to result in some prices from suppliers being higher than previously thought, as they too include contingencies into their pricing models and work to ensure they remain profitable despite the period of lock down. As such, costs could escalate from the level originally anticipated. While the Corporation will seek to manage the effect of Coronavirus on its personnel and operations, if and when necessary, there can be no assurance that Coronavirus will not have an adverse effect on the future operations of the Corporation's projects in Greenland or an investment in the Corporation.

20. RISK FACTORS (CONT'D)

20.13 Insurance Risks

Exploration, development and production operations on mineral properties involve numerous risks, including:

- unexpected or unusual geological operating conditions;
- rock bursts, cave-ins, ground, slope and bulkhead failures ;
- fires, floods, earthquakes and other environmental occurrences;
- political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage;
- delays in mining caused by industrial accidents or labour disputes;
- changes in regulatory environment;
- monetary losses; and
- possible legal liability.

It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

21. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Corporation's Financial Statements are the responsibility of the Corporation's management. The Financial Statements were prepared by the Corporation's management in accordance with IFRS. The Financial Statements include certain amounts based on the use of estimates, judgements and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the Financial Statements are presented fairly in all material respects.

The Financial Statements have been approved by the board of directors based on the estimates, judgements and assumptions as presented by management.

22. FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information within the meaning of applicable securities legislation, which reflects the Corporation's current expectations regarding future events and the receipt of necessary authorizations from securities regulatory authorities. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. In this MD&A 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 Corporation'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 Section 20. Any forward-looking information included in this MD&A is based only on information currently available to the Corporation and speaks only as of the date on which it is made. Except as required by applicable securities laws, the Corporation assumes no obligation to update or revise any forward-looking information to reflect new circumstances or events.

April 28, 2021

(s) "Eldur Ólafsson"	*(s) "Jaco Crouse"*
Eldur Ólafsson	Jaco Crouse
President, CEO and Director	CFO