AEX Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

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") (previously known as Alopex Gold Inc.) constitutes management's review of the factors that affected the Corporation's financial and operating performance for the year ended December 31, 2018. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2018 (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 17, 2019.

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
2016	January 1, 2016 to December 31, 2016
Q1-17	January 1, 2017 to March 31, 2017
Q2-17	April 1, 2017 to June 30, 2017
Q3-17	July 1, 2017 to September 30, 2017
Q4-17	October 1, 2017 to December 31, 2017
2017	January 1, 2017 to December 31, 2017
Q1-18	January 1, 2018 to March 31, 2018
Q2-18	April 1, 2018 to June 30, 2018
Q3-18	July 1, 2018 to September 30, 2018
Q4-18	October 1, 2018 to December 31, 2018
2018	January 1, 2018 to December 31, 2018
2019	January 1, 2019 to December 31, 2019

1. NATURE OF ACTIVITIES

AEX was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's head office is situated at 123 Front Street West, suite 905, Toronto, Ontario, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and evaluation of mineral properties. It owns interests in properties located in Greenland. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the AEX ticker. On May 24, 2018, the shareholders of the Corporation approved the name change of the Corporation to AEX Gold Inc.

The Corporation's properties were acquired upon the reorganisation that was completed on June 26, 2017 whereby the Corporation acquired 100% of the shares of Nalunaq A/S, a corporation incorporated under the *Greenland Public Companies Act*, in anticipation of the initial public offering ('IPO") of the Corporation on the Exchange completed on July 13, 2017. As the Corporation was founded by the same group of shareholders as Nalunaq A/S and in contemplation of the reorganisation, said reorganisation is accounted for as a reorganisation of the capital of Nalunaq A/S.

1. NATURE OF ACTIVITIES (CONT'D)

The Financial Statements of the Corporation thus reflect the continuation of the activities of Nalunaq A/S for periods prior to the incorporation of the Corporation on February 22, 2017, the combined activities of the Corporation and Nalunaq A/S for the period from February 22, 2017 until the reorganization on June 26, 2017, and the consolidated activities of the Corporation since June 26, 2017.

2. CORPORATE UPDATE

2.1 Financing

On May 14, 2018, the Corporation completed a non-brokered private placement by issuing 5,564,422 common shares at a price of $0.45 per share, for gross proceeds to the Corporation of $2,503,990.

In connection with the private placement, $32,901 finders fees were paid and 184,227 non-transferable finders warrants were issued. The finder's warrants are exercisable at any time up to 24 months following the closing of the private placement at $0.45 per share. Insiders of the Corporation purchased an aggregate of 986,111 common shares for $443,750.

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

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

2.2 Highlights of the 2018 work programme and results

The summer work programme was designed to further test down-dip extensions of South Block and to infill historic drilling.

- All elements of the programme were successful, with 18 boreholes drilled at Nalunaq.
- Results improve confidence in the potential of an area down-dip of South Block
- Highlights include 0.55 m @ 46.0 g/t Au in AEX1804 and 0.43 m @ 2.11 g/t Au in AEX1805.
- Results help test the 80 koz gold to 1.2 Moz gold contained within 1 Mt to 2 Mt grading between 2.5 to 19.0 g/t gold Exploration Target and the 2019 work programme aims to build upon the existing Inferred Mineral Resource of 263 koz @ 18.7 g/t Au from 446,900 t (reference "An independent Technical report on the Nalunaq Gold Project, South Greenland", March 2017. The potential quantity and grade of this Exploration Target is conceptual in nature, there is insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource).
- Nalunaq A/S has submitted its statements of expenses for the Nalunaq Licence for the 2017 and 2018 years to the MLSA and is now awaiting confirmation from the MLSA regarding a rollover of unspent amount to the subsequent period.

2. CORPORATE UPDATE (CONT'D)

2.3 Use of funds following the initial public offering

Following is a table summarizing the use of the IPO's $6,796,250 gross proceeds:

	Assuming completion of the minimum concurrent financing	Assuming completion of the maximum concurrent financing	Up to June 30, 2018
	$	$	$
Underground exploration program	-	4,395,000	-
Surface exploration program	1,807,000	1,433,000	2,927,698
Nalunaq Infrastructure (property and equipment)	396,000	796,000	192,129
General and administrative expenses for 18 months	1,339,000	1,339,000	1,669,991
Working capital deficiency	360,000	360,000	313,941
Costs to complete the IPO	530,000	530,000	928,428
Financing costs (commission)	325,000	650,000	441,756
Short form prospectus expenses	-	-	322,307
Unallocated, including contingencies	243,000	497,000	-
	5,000,000	**10,000,000**	**6,796,250**

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

2.4 Next 12 months and more outlook

2019 plan for a bulk sample and gravity testwork, with the start of underground exploration development of Nalunaq

- A four phase programme beginning in 2019 will upgrade existing infrastructure including the mine road, bridge and camp. Rehabilitation of the underground workings will also be carried out along with installation of mine services (ventilation, electricity and water).
- Initial plans for a 1000 t bulk sample for grade continuity and gravity test work (Phase 1). The bulk sample site, located between the 450-490 level, is within Area L of the Remnant Mining Study that defined a high grade portion of the Inferred Mineral Resource at 4,295t @ 53.8g/t Au for 7,430 oz Au, (reference "An independent Technical report on the Nalunaq Gold Project, South Greenland", March 2017). Re-surveying to check positions of old sampling, waste dumps and the original surface topography may be required. The "Remnant Mining Study" is only disclosed for purposes of exploration and does not constitute a preliminary economic assessment, pre-feasibility study or feasibility study. The economic viability and technical feasibility of the project has not been established by completion of these studies.
- 3,400 m of development in Mountain Block (Phases 2 & 3) including 1,200 m of development on reef. This development is predicted to produce a further 10,000 t bulk sample for exploration data and continued process test work. AEX caution that this material will be taken as an exploration sample and does not constitute a Mineral Resource. Up to 10,000 m of underground exploration drilling from footwall development.
- 1,740 m of development in South Block (Phase 4) including 1,640 m of development on reef. This development is predicted to produce a further 13,000 t bulk sample for exploration data and continued process test work. AEX caution that this material will be taken as an exploration sample and does not constitute a Mineral Resource.

2. CORPORATE UPDATE (CONT'D)

- Targeting full-scale production in Q2/Q3 2021 if resources have been sufficiently increased. AEX Gold caution that this production decision has been taken before the estimation of Mineral Reserves and is not based on a feasibility study of these Mineral Reserves demonstrating economic and technical viability resulting in a significantly higher risk of economic and technical failure.

3. PROPERTY ACQUISITION

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

Vagar Licence

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting through its bankruptcy receiver, on February 6, 2017 to acquire the Vagar exploration licence number 2006/10 ("Vagar Licence") located in Western Greenland, along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, studies and reports, for a purchase price of $9,465 (DKK 50,000) conditional upon the approval of the Greenland authorities. The approval has been received and on October 30, 2017. Nalunaq A/S signed the paperwork to complete the licence transfer, which became effective upon the Greenland authorities executing the document on January 18, 2018.

Naalagaaffiup Portornga Licence (Land Adjacent to Existing Tartoq Licence)

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. The licence application has been approved and all required documentation was signed by the Corporation on January 16, 2018 and the licence became effective on February 19, 2018 when it was signed by the Government of Greenland.

4. EXPLORATION AND EVALUATION EXPENSES

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

The Corporation incurred the following exploration and evaluation expenses:

	Q4-18	Q4-17	2018	2017
	$	$	$	$
Nalunaq				
Geology	93,710	118,278	408,419	423,623
Lodging and on-site support	218	15,557	556,922	340,518
Drilling	-	78,435	455,663	673,205
Analysis	25,951	51,907	55,798	56,952
Transport	(727)	103,777	423,877	391,979
Helicopter Charter	-	-	-	387,525
Logistic support	11,409	25,547	144,217	215,579
Supplies and equipment	-	6,412	-	46,100
Government fees	6,507	3,274	7,699	9,477
Depreciation	41,286	16,010	114,593	32,021
	178,354	419,197	2,167,188	2,576,979
Tartoq				
Geology	-	7,470	-	111,957
Lodging and on-site support	-	-	-	17,099
Analysis	-	7,523	-	7,968
Transport	-	14,869	-	53,647
Helicopter Charter	-	-	-	40
Supplies and equipment	-	412	-	1,606
Taxes and permits	-	-	-	-
Government fees	-	-	-	4,011
Stock-based compensation	-	-	-	-
	-	30,274	-	196,328
Vagar				
Analysis	-	458	3,709	458
Transport	5,235	-	5,235	-
Government fees	1,012	-	9,361	29,000
	6,247	458	18,305	29,458
Genex				
Government fees	-	992	-	5,752
		992		5,752
Total				
Geology	93,710	125,748	408,419	535,580
Lodging and on-site support	218	15,557	556,922	357,617
Drilling	-	78,435	455,663	673,205
Analysis	25,951	59,888	59,507	65,378
Transport	4,508	118,646	429,112	445,626
Helicopter Charter	-	-	-	387,565
Logistic support	11,409	25,547	144,217	215,579
Supplies and equipment	-	6,824	-	47,706
Taxes and permits	-	-	-	-
Government fees	7,519	4,266	17,060	48,240
Depreciation	41,286	16,010	114,593	32,021
Total exploration and evaluation expenses	**184,601**	**450,921**	**2,185,493**	**2,808,517**

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

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.

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.

b) Exploration work

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

New 2018 Structural Model

- An unmanned aerial vehicle (UAV) allowed field teams to remotely map structures on the western face of Nalunaq mountain where access is prohibitive. This contributed to a re-evaluation of the structural model.
- Using 3D implicit modelling software, the structural model used for exploration programme planning was re-interpreted in 2018 using all the recent drilling data and a re-evaluation of the underground data. The 2018 Main Vein (MV) structural model indicates that there is a strong possibility that the 2017 mountain sampling was not on the MV structure. This would also explain why some of the high elevation boreholes drilled in 2017 may have fallen short of the MV. It is therefore thought that the area to the upper west of Target Block can still be considered untested.
- Significant intersections (>0.1 g/t Au) from the 2018 drilling are shown in Table 1. Selected surface channel sampling, underground channel sampling and drilling highlights to date are shown in Figure 1.

All sampling was conducted with appropriate quality assurance and quality control, including the insertion of blanks, duplicates and a range of Reference Materials into the sample batches. This was done in accordance with a detailed protocol recommended by SRK Exploration Services Ltd. All assays were performed by an accredited laboratory; ALS, OMAC Laboratories, Loughrea, Co Galway, Ireland. (NB: 1g/t Au = 1ppm Au)

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

Table 1 Significant intersections (>0.1g/t Au) from the 2018 drilling programme

Hole ID	Depth From (m)	Depth To (m)	Grade (ppm)	True Thickness (m)	Composite Grades	
AEX1803	150.30	151.30	0.29	0.91		0.32 g/t over 1.36 m
AEX1803	151.30	151.80	0.37	0.45	MV	
AEX1804	111.30	111.80	0.50	0.45		0.50 g/t over 0.45 m
AEX1804	174.30	175.33	0.16	0.93		17.13 g/t over 1.48 m
AEX1804	175.33	176.00	46.0*	0.55	MV	
AEX1805	146.70	147.20	2.11*	0.43	MV	2.11 g/t over 0.43 m
AEX1806	197.10	197.60	0.71	0.43	MV	0.71 g/t over 0.43 m
AEX1808	193.10	193.60	0.33	0.50	MV	0.33 g/t over 0.50 m
AEX1810	133.50	134.10	0.39	0.56	MV	0.39 g/t over 0.56 m
AEX1813	68.65	69.15	0.13	0.32		0.17 g/t over 0.64 m
AEX1813	69.15	69.65	0.21	0.32		
AEX1813	127.15	127.95	0.16	0.66		0.16 g/t over 0.66 m
AEX1813	191.50	192.35	0.11	0.70		0.26 g/t over 1.52 m
AEX1813	192.35	192.85	0.62	0.41	MV	
AEX1813	192.85	193.35	0.14	0.41		
AEX1814	153.10	153.60	0.91	0.38	MV	0.55 g/t over 0.77 m
AEX1814	153.60	154.10	0.18	0.38		
AEX1816	43.45	44.20	0.68	0.53		0.30 g/t over 1.66 m
AEX1816	44.20	45.00	0.12	0.57		
AEX1816	45.00	45.80	0.13	0.57		
AEX1816	183.00	184.05	0.15	1.03	MV	0.15 g/t over 1.03 m
AEX1817	175.30	175.80	0.54	0.47	MV	0.67 g/t over 1.63 m
AEX1817	175.80	176.30	1.55	0.48	MV	
AEX1817	176.30	177.00	0.12	0.68	MV	
AEX1818	183.00	184.20	0.28	1.13	MV	0.49 g/t over 1.99 m
AEX1818	184.20	184.70	0.50	0.43	MV	
AEX1818	184.70	185.20	1.04	0.43	MV	

*Notes: * = visible gold; MV = confirmed Main Vein intersections*

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

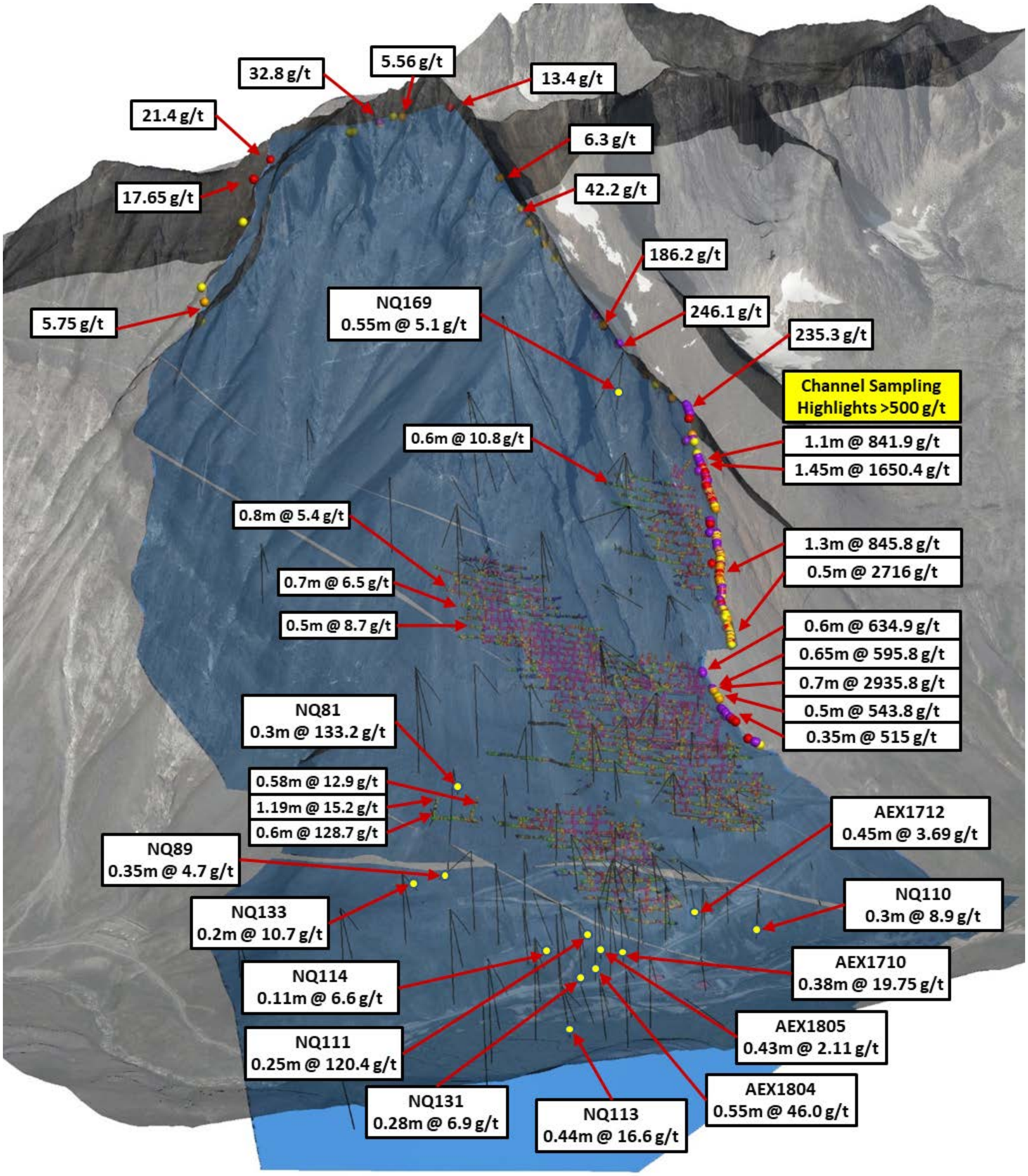

Figure 1 Selected MV drill intercepts, underground channel samples, surface channel samples and grab samples

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

4.2 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 and is valid until December 31, 2019. Pursuant to the Greenland Exploration Standard Terms, at any time before the expiration of its initial term on December 31, 2019, Nalunaq A/S will have the ability to extend the term of the Tartoq Licence for an additional five-year period. 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 km2 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.

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 2018 and work will be conducted in Q1-19 in the form of desk based studies, which will dictate the future exploration planning for 2019.

4.3 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 has been received and on October 30, 2017, Nalunaq A/S signed the paperwork to complete the licence transfer, became effective upon the Greenland authorities executing the document on January 18, 2018. The licence expires December 31, 2021. The Vagar Licence covers an official area of 420 km2 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

No field work has been conducted in 2018 so all work carried out has been in the form of desk based studies. A large amount of historical data was collated and digitised in 2018. A remote sensing and machine learning target generation study using these data will be completed in Q1-19. Exploration planning for 2019 is ongoing.

4. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

4.4 Genex

On October 16, 2017, Nalunaq A/S was awarded a prospecting licence covering West Greenland, in this context defined as areas south of 78ºN and west of 44ºW. It is valid for a term of five years until December 31, 2021. Nalunaq A/S is not obligated to spend exploration expenses regarding this licence area during this period.

5. STRATEGY AND ACTION PLAN

Planned work for the 2019 field season and going forward

Figure 2 shows the four phases of development planned prior to a targeted full production commencing in 2021. AEX caution that this production decision has been taken before the estimation of Mineral Reserves and is not based on a feasibility study of these Mineral Reserves demonstrating economic and technical viability resulting in a significantly higher risk of economic and technical failure. Initial work will involve upgrading existing site infrastructure followed by bulk sampling of an area of MV which will be treated to test processing options. Development underground will consist of exploration strike drives targeting the MV structure where it is inferred from high grade surface channel and grab samples and from drill intercepts. No stoping will take place during these initial phases. Geological mapping will be conducted at various stages on surface and underground to aid in further structural interpretation of Nalunaq Mountain. This will likely involve the use of UAVs and photogrammetry techniques.

Phase 1 – Upgrading infrastructure and bulk sample

Phase 1 will begin with upgrading of existing site infrastructure, including rehabilitation of the mine road, installation of a new bridge and moving the camp from its current location close to the harbour to its old location at the base of Nalunaq Mountain. Camp facilities will be expanded and winterised to allow for year-round operation.

AEX is currently enquiring as to the suitability of extracting a 1000 t bulk sample for grade continuity and gravity test work. The bulk sample site, located between the 450-490 level, is aligned with Area L of the Remnant Mining Study (Section 8.8 of the 2016 NI43-101 report). The "Remnant Mining Study" is only disclosed for purposes of exploration and does not constitute a preliminary economic assessment, pre-feasibility study or feasibility study. The economic viability and technical feasibility of the project has not been established by completion of these studies. Re-surveying to check positions of old sampling, waste dumps and the original surface topography may be required.

Additional permitting / permissions will also be required from the relevant government authority. AEX is investigating the use of a mobile gravity plant to process this bulk sample during the 2019 field season or otherwise directly shipping mineralized material for offsite test processing.

A geotechnical assessment of the ramp and relevant drives will be carried out early in the 2019 season. Initial underground work will consist of rehabilitation of the main ramp from the 300 portal up to the top of Mountain Block at 720 m level. It is anticipated this will mainly be in the form of scaling and grading. This stage will also involve ventilation control and the installation of underground services (electricity and water) as well as refuge bays and first aid infrastructure.

Phase 1 is expected to begin in Q2/Q3 2019 and run through Q4 2019.

5. STRATEGY AND ACTION PLAN (CONT'D)

Phase 2 - Rehabilitation and development of Mountain Block 720-780 L

Following the completion of bulk sampling activities in Phase 1, full Phase 2 development will begin in Q3/Q4 2019. A total of 1,700 m development is planned. Prior to development, a small amount of exploration drilling will be carried out from the existing ramp at 720 L. The ramp will then be extended by approximately 600 m from 720 L to 780 L. Six 100 m strike drives will be developed on 10 m levels. These drives will target the MV structure inferred from high-grade channel and grab samples where the Main Vein crops out on the north face of Nalunaq Mountain. In areas of robust grade, the up-dip potential will be tested with exploration raises.

An additional 500 m of development and up to 5000 m of underground drilling has been allowed for. Depending on the geology encountered, this will either be used to further extend new strike drives, or alternatively in footwall development to provide a platform for underground exploration drilling. The additional drilling would improve confidence prior to further phases of development in Mountain Block.

It is anticipated that future mining will proceed with the longhole method, historically proven at Nalunaq, though this will be reviewed once exploration has defined further stope panels.

Completion of Phase 2 is expected around Q2/Q3 2020.

Phase 3 – Continued development of Mountain Block 790-840 L

Following successful completion of Phase 2, Phase 3 will begin in Q2/Q3 2020 and involve an additional 1,700 m of development in Mountain Block, including extending the ramp to 840 L. This will result in a further 600 m of strike drives on reef.

An additional 500 m of development and up to 5000 m of underground drilling has been allowed for. Depending on the geology encountered, this will either be used to further extend new strike drives in Mountain Block, or alternatively in footwall development to provide a platform for underground exploration drilling. Footwall development and drilling will test for up-dip and strike extensions to MV either in Mountain Block or Target Block. This extra development could also be used to extend selected western drives in Target block where it is believed the drives end on reef.

Completion of Phase 3 is expected in Q4 2020 / Q1 2021.

Phase 4 – Rehabilitation and development of South Block

Phase 4 is expected to begin in Q4 2020 / Q1 2021. Dewatering and rehabilitation of South Block will be followed by 1,740 m of development. The existing ramp will be extended by 100 m from 200 L down to 190 L. 1,640 m of on reef exploration strike drives will target high-grade MV drill intercepts along strike and down-dip from existing workings. Deep drilling from surface may be carried out if the budget allows, aiming to locate down-dip extensions to MV.

Completion of Phase 4 and the beginning of full production is targeted for Q2/Q3 2021. AEX caution that this production decision has been taken before the estimation of Mineral Reserves and is not based on a feasibility study of these Mineral Reserves demonstrating economic and technical viability resulting in a significantly higher risk of economic and technical failure.

5. STRATEGY AND ACTION PLAN (CONT'D)

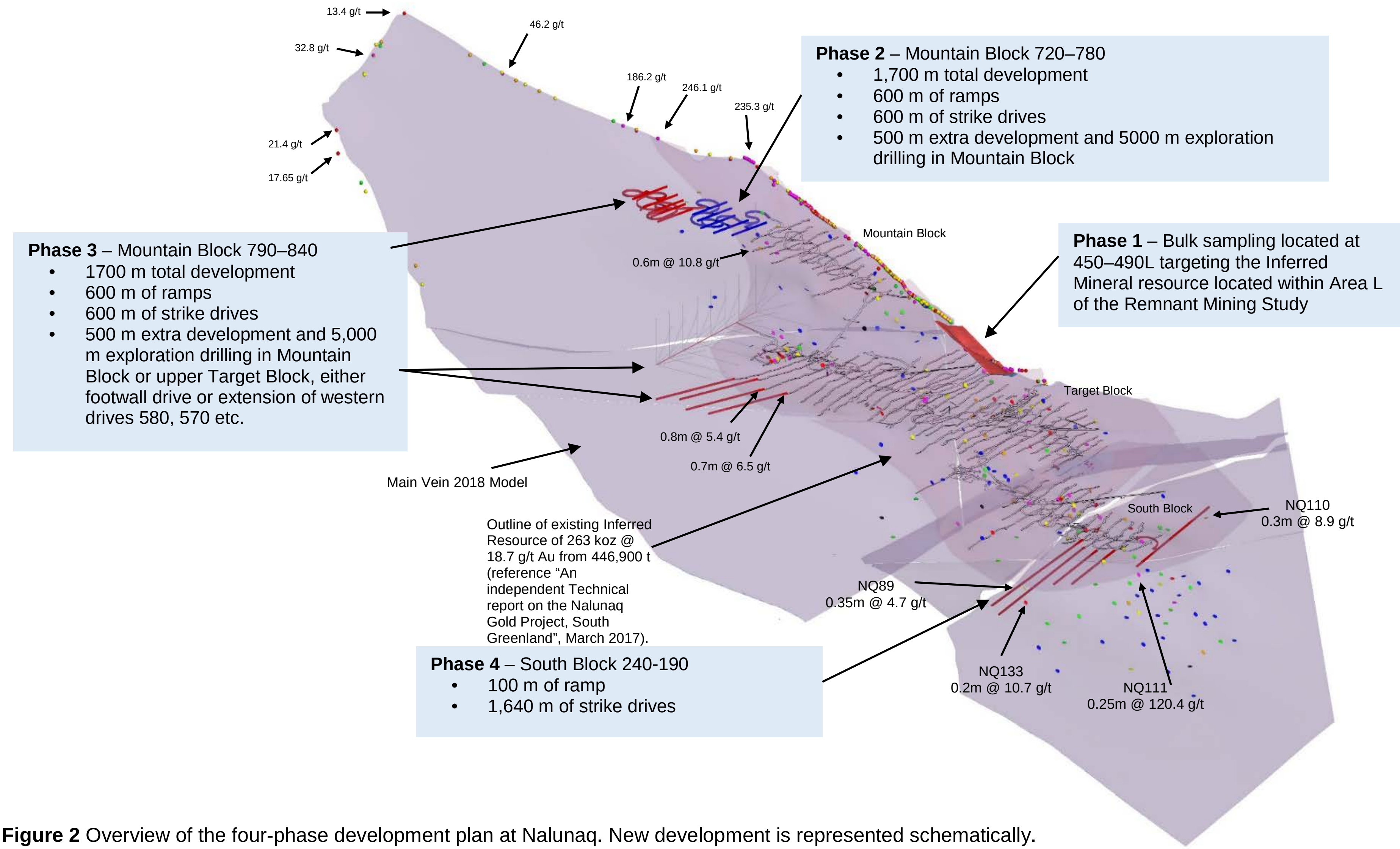

Figure 2 Overview of the four-phase development plan at Nalunaq. New development is represented schematically.

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.

For the year ended December 31, 2018, Nalunaq A/S incurred $85,015 ($10,036 in 2017) in environmental monitoring expenses. All incurred amounts are funded from the escrow account.

7. SELECTED ANNUAL INFORMATION

	2018	2017	2016
	$	$	$
Financial Results			
Exploration and evaluation expenses	2,185,493	2,808,517	800,103
General and administrative expenses	1,085,630	1,212,237	445,188
Net loss	4,023,320	4,489,949	1,143,424
Financial Position			
Cash on hand	963,788	1,465,277	137,322
Total assets	1,962,821	2,373,983	772,153
Total current liabilities	327,847	428,667	460,805
Shareholders' equity	1,634,974	1,810,629	187,939
Working capital (deficiency)	877,201	1,250,542	(182,050)

8. RESULTS OF OPERATIONS

8.1 Discussion on 2018

The Corporation reported a net loss of $4,023,320 in 2018 compared to $4,489,949 for 2017. The main variations are as follow:

- Exploration and evaluation expenses of $2,185,493 ($2,808,517 in 2017) (see section exploration and evaluation expenses for details).
- General and administrative of $1,085,630 ($1,212,237 in 2017).
  - Director's fees of $18,750 ($50,001 in 2017). The Corporation decided to reduce its fees and paid the director fees for the first quarter of 2018 only.
  - Professional fees of $354,636 ($344,544 in 2017). The Corporation incurred audit fees in 2018 for the 2017 financial statement but in 2017, the Corporation incurred legal fees to prepare the Pre-IPO Reorganization.
  - Marketing and industry involvement of $153,331 ($237,058 in 2017). The Corporation became public in 2017 and less costs were spent in 2018 related to investor relations, strategic communications and conferences.
  - Travel and other expenses of $98,181 ($127,152 in 2017). The Corporation became public in 2017 and less travel were necessary in 2018.
- Stock-based compensation of $438,170 ($518,630 in 2017) was estimated using the Black-Scholes model. The Corporation granted 1,660,000 (1,410,000 in 2017) options to its directors, officers and consultants for a costs amount to $431,600 ($503,200 in 2017) for an estimated fair value of $0.26 ($0.37 in 2017) per option.
- The cost incurred for the preliminary short form prospectus filed on February 14, 2018 and withdrawn in April 2018 was $322,701 in 2018 (nil in 2017).

8. RESULTS OF OPERATIONS (CONT'D)

8.2 Discussion on Q4-18

The Corporation reported a net loss of $334,240 in Q4-18 compared to $778,978 for Q4-17. The main variations are as follow:

- Exploration and evaluation expenses of $184,601 ($450,921 in Q4-17) (see section exploration and evaluation expenses for details).
- General and administrative of $199,753 ($332,740 in Q4-17).
  - Director's fees of nil ($18,751 in Q4-17). The Corporation decided to reduce its fees and stop paying director's fees at the end of Q1-18.
  - Professional fees of $52,058 ($84,613 in Q4-17). The Corporation incurred more legal fees for general consultation purposes in Q4-17 than Q4-18. The accounting fees were reduced in Q4-18 because an accounting team had been put in place to bring the bookkeeping to an IFRS level in 2017.
  - Marketing and industry involvement of $31,133 ($61,037 in Q4-17). The Corporation became public in 2017 and less costs were spent in Q4-18 related to investor relations and strategic communications.
  - Travel and other expenses of $12,744 ($40,478 in Q4-17). The Corporation became public in 2017 and less travel were necessary in Q4-18.

9. SELECTED QUARTERLY INFORMATION

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

	Q4-18	Q3-18	Q2-18	Q1-18
	$	$	$	$
Exploration and evaluation expenses	184,601	1,306,886	591,687	102,319
General and administrative expenses	199,753	177,785	278,245	429,847
Net loss	334,240	1,959,074	898,829	831,177
Cash on hand	963,788	677,232	1,820,915	913,180
Total assets	1,962,821	1,747,259	2,954,232	1,779,142
Total current liabilities	327,847	600,297	309,770	651,759
Shareholders' equity	1,634,974	1,008,164	2,503,836	983,577
Working capital	877,201	222,957	1,665,646	416,247

	Q4-17	Q3-17	Q2-17	Q1-17
	$	$	$	$
Exploration and evaluation expenses	450,921	2,216,823	94,427	46,346
General and administrative expenses	332,740	467,363	239,963	172,171
Net loss	778,978	3,182,622	308,296	220,053
Cash on hand	1,465,277	2,506,265	74,928	58,999
Total assets	2,373,983	3,518,863	1,649,579	785,310
Total current liabilities	428,667	807,376	1,690,239	693,817
Shareholders' equity (deficiency)	1,810,629	2,579,348	(172,467)	(33,716)
Working capital (deficiency)	1,250,542	2,023,142	(1,409,288)	(403,976)

9. SELECTED QUARTERLY INFORMATION (CONT'D)

Highlights for each quarter are as follows.

9.1 Q4-18

- On October 9, 2018, the Corporation completed a non-brokered private placement by issuing 2,631,577 common shares at a price of $0.38 per share, for gross proceeds of $1,000,000.
- 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 $184,601.

9.2 Q3-18

- On August 22, 2018, the Corporation granted options to its directors, officers and consultants for a stock-based compensation of $431,600.
- The majority of exploration and evaluation work was performed on the Nalunaq Property for $1,306,886. The Corporation executed its summer work exploration programme and the largest expenses were drilling, geology, lodging and on-site support and transport.

9.3 Q2-18

- On May 14, 2018, the Corporation completed a non-brokered private placement by issuing 5,564,422 common shares at a price of $0.45 per share, for gross proceeds of $2,503,990.
- The Corporation bought property and equipment for $303,298. The Corporation bought field equipment and base camp, vehicles and rolling stock for the exploration and evaluation purpose work.
- Exploration and evaluation expenses were primarily incurred on the Nalunaq property for a sum of $591,687 and are relative to the transport, lodging and on-site support and preparation of the summer exploration season.

9.4 Q1-18

- On January 16, 2018, Nalunaq A/S acquired for $6,334, the right to conduct exploration activities on approximately 170km2 of land in an area adjacent to the Tartoq Licence. The exploration rights have been granted under a new separate Exploration Licence Naalagaaffiup Portornga. The licence became effective on February 19, 2018 when it was signed by the Government of Greenland.
- On February 14, 2018, a preliminary short form prospectus was filed pursuant to which the Corporation proposed to complete, on a best effort basis, a public offering of common shares upon terms to be determined in the context of the market. On April 12, 2018, the Corporation announced that it had withdrawn the preliminary prospectus. For Q1-18, the Corporation incurred professional fees and expenses related to this short form prospectus for an amount of $311,611.
- On March 13, 2018, Nalunaq A/S incurred $85,015 in environmental monitoring expenses. All incurred amounts were funded from the escrow account.
- Exploration and evaluation expenses were incurred for a sum of $102,319 and are composed primarily of geological expenses on Nalunaq property.

9. SELECTED QUARTERLY INFORMATION (CONT'D)

9.5 Q4-17

- On October 16, 2017, Nalunaq A/S was awarded a prospecting licence covering West Greenland, in this context defined as areas south of 78ºN and west of 44ºW. It is valid for a term of five years until December 31, 2021.
- The Corporation completed its field exploration program, sent samples for analysis and results and the results were announced November 30, 2017. The majority of exploration and evaluation work was performed on the Nalunaq Property for $419,197 and on the Tartoq Property for $30,274.

9.6 Q3-17

- On July 13, 2017, the Corporation completed its IPO of 13,592,500 common shares at a price of $0.50 per share for aggregate gross proceeds of $6,796,250.
- Following completion of the IPO, the Corporation granted options to its directors, officers and consultants including an investor relation firm for a stock-based compensation of $510,839.
- The functional currency of Nalunaq A/S was the Danish Krone ("DKK") up until June 30, 2017 and it was changed thereafter to Canadian dollars ("CAD").
- Included in its summer exploration programme, the Corporation purchased property and equipment for $192,129.
- The majority of exploration and evaluation work was performed on the Nalunaq Property for $2,042,196 and on the Tartoq Property for $140,867. The Corporation executed its summer exploration programme and the largest expenses are drilling, helicopter charter, geology, lodging and on-site support and transport.

9.7 Q2-17

- On June 26, 2017, ARC, AEX Gold Limited and the Corporation completed the Pre-IPO Reorganization.
- Exploration and evaluation expenses were incurred on the Nalunaq property for a sum of $94,427 and are relative to the preparation of the summer exploration season.

9.8 Q1-17

- On February 6, 2017, Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S to acquire the Vagar exploration licence located in Western Greenland for a purchase price of $9,465 conditional upon the approval of the Greenland authorities.
- Included within general and administrative expenses, professional fees were spent on the corporate reorganization related to the IPO.
- Exploration and evaluation expenses were incurred for a sum of $46,346 and are composed primarily of geological expenses.

10. LIQUIDITY AND CAPITAL RESOURCES

The Corporation has a working capital of $877,201 as of December 31, 2018 ($1,250,542 as of December 31, 2017). The working capital position was favorably improved on October 9, 2018 when the Corporation completed its non-brokered private placements of 2,631,577 common shares at a price of $0.38 per share, for gross proceeds of $1,000,000. 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 Nalunaq Licence and pay general and administration costs.

10. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

As at December 31, 2018, Nalunaq A/S had a payable of $8,234 to FBC Mining BA Ltd. ("FBC BA"), a subsidiary of FBC Mining (Holdings) Ltd. (75%) and Artic Resources Capital S.à r.l. (25%)

See Section 2.3 for the use of funds following the IPO.

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

Neither the Corporation nor Nalunaq A/S have any subsequent event.

13. TRANSACTIONS BETWEEN RELATED PARTIES

Following are additional information on related party transactions in 2018:

In the normal course of operations:

- A company controlled by George Fowlie, (president from February 22, 2017 to April 28, 2017, director since April 14, 2017 and chairman of the board since April 28, 2017) invoiced $31,251 ($33,336 in 2017) as chairman compensation;
- A company controlled by Eldur Olafsson (director appointed April 14, 2017 and president and CEO since April 28, 2017) invoiced $202,421 ($133,334 in 2017) as president and CEO compensation;
- A company in which Eldur Olafsson (director appointed April 14, 2017 and president and CEO since April 28, 2017) holds shares charged exploration work and equipment amounting to $99,079 ($129,207 in 2017);
- A firm in which Georgia Quenby (director, appointed April 14, 2017) is a partner charged legal professional fees of $nil ($11,761 in 2017) through FBC BA and directly to the Corporation for $10,121 ($5,169 in 2017);
- A company controlled by Ingrid Martin (chief financial officer, appointed April 28, 2017) charged accounting professional fees of $168,193 ($142,212 in 2017) (including $113,518 ($85,553 in 2017) for her staff) and $nil ($5,000 in 2017) for additional work during the IPO process;
- Justinas Matusevicius (vice-president operations and logistic, appointed April 28, 2017) invoiced $91,293 ($55,681 in 2017) as compensation and $nil ($20,000 in 2017) for additional work during the IPO process;
- FBC BA invoiced $45,353 ($69,967 in 2017) for Joan Plant (Corporate Secretary, appointed February 22, 2017) for her compensation (including $nil ($20,000 in 2017) for additional work during the IPO process);
- ARC charged a fixed management fee of $65,637 from January 1, 2017 to April 30, 2017 (date of the termination of the agreement with ARC) including management services from Eldur Olafsson and Justinas Matusevicius and other services ($nil in 2018);
- As at December 31, 2018, the balance due to those related parties amounted to $40,972 ($45,173 as at December 31, 2017).

13. TRANSACTIONS BETWEEN RELATED PARTIES (CONT'D)

Outside of the normal course of operations:

- Directors and officers of the Corporation participated in the May 14, 2018 and October 9, 2018 private placements for $182,514 ($135,000 in the July 2017 IPO offering) while AEX Gold Limited participated for $550,000 ($450,000 in the July 2017 IPO offering). The directors and officers as well as AEX Gold Limited subscribed to the private placements in 2018 and the IPO in 2017 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 2018 Financial Statements.

15. CHANGES IN ACCOUNTING POLICIES

The most relevant standards, amendments and interpretations issued up to the date of the issuance of the 2018 Financial Statements are listed at note 3 of these.

16. FINANCIAL INSTRUMENTS

Financial instruments are described in notes 2.12 and 22 to the Financial Statements.

17. OUTSTANDING SHARES DATA

	April 17, 2019	**December 31, 2018**
	Number	**Number**
Capital stock	57,788,499	57,788,499
Stocks options	3,020,000	3,020,000
Warrants	1,067,739	1,067,739
Fully diluted	**61,876,238**	**61,876,238**

Escrow Shares

As of December 31, 2018, there were 22,200,014 shares held in escrow following the IPO. Under the escrow agreement, 10% of the escrow common shares were released from escrow on the completion of the Corporation's listing date (done on July 13, 2017, date of the Exchange Bulletin) and additional 15% will be released every six months thereafter.

18. STOCK OPTION PLAN

The purpose of the Option 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 maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the common shares outstanding.

19. 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.

Risks Related to the Corporation and the Mining Industry

19.1 The Corporation is an exploration stage company.

The Corporation currently has no development projects. While the Nalunaq Property has an operating history, the exploration potential that may represent the long-term future of the Nalunaq Property is at an early stage. Future mining and processing methods may differ to those used historically and thus historical operating costs, capital spending, site remediation costs or asset retirement obligations may not be applicable as benchmarks.

The Tartoq Property, the Vagar Property and Naalagaaffiup Portornga Property are an early stage exploration projects that have no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. The Corporation has no experience in placing mineral interests into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that the Corporation will have available to it the necessary expertise when and if it places any of its mineral interests into production.

19.2 The Corporation's liquidity and capital resources are uncertain.

The exploration and evaluation of the Corporation's mineral properties depends upon the Corporation's ability to obtain financing through joint ventures, offerings of equity securities or offerings of debt securities, or by obtaining financing through a bank or other entity. The Corporation has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Corporation needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Corporation, or that any future offering of securities will be successful. Volatile markets for precious metals may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favourable terms or at all. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the Corporation's outstanding Common shares. The Corporation could suffer adverse consequences if it is unable to obtain additional capital, which would cast substantial doubt on its ability to continue its operations and growth.

In addition, the Corporation does not expect to generate material revenue or achieve self-sustaining operations in the near future. To the extent the Corporation has negative cash flows in future periods, the Corporation may use a portion of its general working capital to fund such negative cash flow.

19. RISK FACTORS (CONT'D)

19.3 The Corporation requires substantial funds merely to determine whether commercial mineral deposits exist on its Properties.

Any potential development and production of the Corporation's exploration properties depends upon the results of exploration programs and/or feasibility studies and the recommendations of duly qualified engineers and geologists. Such programs require substantial additional funds. Any decision to further expand the Corporation's operations on these exploration 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
- apolitical climate and/or governmental regulation and control.

19.4 Gold price volatility may adversely affect the Corporation.

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.

19.5 Title to the Corporation's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

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 Nalunaq Property, Tartoq, Vagar or Naalagaaffiup Portornga Property (collectively, the "Properties") as permitted or being unable to enforce its rights with respect to its Properties.

19.6 Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.

Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Corporation's inability to secure adequate water and power resources, as well as other events such as unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

19. RISK FACTORS (CONT'D)

19.7 Exploration activities are influenced, amongst others, by the location, its climate and terrain.

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.

19.8 The Corporation is an exploration stage company, and there is no assurance that a commercially viable deposit or "reserve" exists on any properties for which the Corporation has or might obtain an interest.

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.

19.9 Mineral exploration and development activities are speculative in nature.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return on investment capital.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

19. RISK FACTORS (CONT'D)

19.10 The Corporation depends on the 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.

19.11 There is no assurance that the Corporation will be able to acquire other properties.

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 or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Corporation, whether by way of option or otherwise, should the Corporation wish to acquire any additional properties.

19.12 The Corporation's insurance does not cover all of its potential losses, liabilities and damage related to its business.

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

- unexpected or unusual geological operating conditions;
- rock bursts, cave-ins, ground or slope 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.

19.13 Competition may hamper the Corporation's ability to acquire attractive mineral properties.

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.

19. RISK FACTORS (CONT'D)

19.14 Insofar as certain directors and officers of the Corporation hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors and officers to the Corporation and to such other mineral resource companies.

Certain directors and officers of the Corporation are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Corporation. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of the Corporation. Directors and officers of the Corporation with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

19.15 The loss of certain key individuals could have an adverse effect on the Corporation.

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.

19.16 The Corporation may experience difficulty attracting and retaining qualified management to meet the needs of its anticipated growth.

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.

19.17 Estimates and assumptions used in preparing the Corporation's financial statements and actual amounts could differ.

Preparation of its financial statements requires the Corporation's management to use estimates and assumptions. Accounting for estimates requires the Corporation's management to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Corporation could be required to write down its recorded values. On an ongoing basis, the Corporation re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

19.18 Investors may not be able to enforce judgments against foreign persons.

AEX's principal assets, as well as three of its directors, namely Eldur Ólafsson, Georgia Quenby and Graham Stewart, and two of AEX's non-director officers, namely Justinas Matusevičius and Joan Plant, either are located or reside outside of Canada. Furthermore, the authors of the Nalunaq Report and Tartoq Report, namely Fernando Saez, James Gilbertson, Jon Russill and Michael Selby either are located or reside outside of Canada. It may therefore not be possible for investors to enforce judgements obtained in Canada against AEX, such directors and officers, or any of the authors of the technical reports, notwithstanding the fact that each of the aforementioned individuals has appointed Bennett Jones LLP as his or her agent for service of process in Canada.

19. RISK FACTORS (CONT'D)

19.19 The Corporation has significant shareholders.

Following the completion of the last October 2018 private placement and as of December 31, 2018, FBC Holding S.à r.l. ("FBC") (directly or indirectly through its subsidiary AEX Gold Limited), Eldur Olafsson (through Vatnar S.à r.l. and Vatnar ehf ("Vatnar")), and Crossroads Holdings S.à r.l. ("Crossroads") hold 24.6%, 11.1% and 10.2%, respectively, of the issued and outstanding Common Shares. As a result, FBC, Vatnar and Crossroads will have significant influence over all matters requiring shareholder approval. Circumstances may occur in which the interests of such significant shareholders could be in conflict with the interests of other holders of Common Shares. There is no assurance that the interests of FBC, Vatnar and Crossroads will always be aligned with the Corporation's interests and those of the Corporation's other shareholders, and there is no assurance that such significant shareholders would not make decisions with regard to their holdings of Common Shares or how they vote those Common Shares in a manner that is adverse to the Corporation or the Corporation's other shareholders.

While FBC, Vatnar and Crossroads will have limitations on their ability to dispose of their Common Shares in the near term due to the escrow agreement that was entered into among the Corporation, Computershare Trust Company of Canada and certain principals of the Corporation in accordance with the closing of the Corporation's initial public offering, this may not prevent FBC, Vatnar and Crossroads from selling some or all of their Common Shares in the future. If FBC, Vatnar and/or Crossroads dispose of a significant number of Common Shares in the future, the market price of the Common Shares may be negatively impacted by the resulting additional trading volume.

19.20 The Corporation is subject to the risks and liabilities associated with possible accidents, injuries or deaths on its Properties.

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licences, affect the reputation of the Corporation and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Corporation as an employer.

There is no assurance that the Corporation has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Corporation from proceeding with the development of a project or the operation or further development of a project, and any non-compliance therewith may adversely affect the Corporation's operations, financial condition and results of operations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

19. RISK FACTORS (CONT'D)

Risks Related to the Political and Economic Climate of Greenland and its Legislative Regime

19.21 The Corporation's operations depend on permits and government regulations

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 condition 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.

The Government of Greenland may from time to time change the Mineral Resources Act, the Greenland Exploration Standard Terms and the royalties imposed on proceeds from mineral exploitation.

19.22 The Corporation's operations are subject to compliance with environmental laws and regulation

The Corporation's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental 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 regulation, if any, will not adversely affect the Corporation's operations.

The Corporation's exploration programs on the Properties will, in general, be subject to approval by the MLSA and the EAMRA. Development of the mineral properties located in Greenland will be dependent on the project meeting environmental regulations and guidelines set by governmental agencies in Greenland and, where required, being approved by governmental authorities.

19.23 The Corporation may lose its interests in licences.

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, 2021, 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.

19. RISK FACTORS (CONT'D)

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.

Moreover, under the Tartoq Licence, Nalunaq A/S is required to expend a total of $203,000 in 2018 on exploration activities.

19.24 The Corporation is exposed to fluctuation in exchange rates.

A portion of the Corporation's undertakings are in Greenland. 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.

19.25 The Corporation is subject to political risks.

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. 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.

21. 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, including expectations regarding the completion of the Offering, the receipt of necessary authorizations from securities regulatory authorities and the use of the net proceeds from the Offering. 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, failure to complete the Offering and the factors discussed under "Risk Factors" in Section 19. 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 17, 2019

(s) “Eldur Ólafsson”
Eldur Ólafsson
President, CEO and Director

(s) “Ingrid Martin”
Ingrid Martin
CFO