

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you should consult an independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

This document constitutes an AIM admission document relating to AEX Gold Inc. and has been prepared in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA. Accordingly, this document has not been drawn up in accordance with the Prospectus Regulation Rules and has not been approved by, or filed with, the FCA or any other authority which would be a competent authority for the purposes of the Prospectus Regulation.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Common Shares will commence on AIM at 8.00 a.m. on 31 July 2020. It is emphasised that no application is being made for the admission of the Common Shares to the Official List.

The Directors, whose names appear on page 12 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk. In particular, the attention of prospective investors is drawn to Part II of this document which sets out certain risk factors relating to any investment in Common Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of these risk factors.

AEX GOLD INC.

*(incorporated and registered in Canada under the Canada Business Corporations Act,
with company number 1011468-5)*

Placing and Subscription of 94,444,445 New Common Shares at 45 pence per share

and

Admission of the Enlarged Share Capital to trading on AIM

Nominated adviser, broker and sole bookrunner

Stifel Nicolaus Europe Limited

Co-Manager

Cormark Securities Inc.

Co-Manager

Paradigm Capital Inc.

Stifel Nicolaus Europe Limited ("**Stifel**"), which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the FCA, is acting as the Company's nominated adviser, broker and sole bookrunner for the purposes of the AIM Rules exclusively for the Company and no one else in connection with the Placing and Admission and will not be responsible to any other person for providing the protections afforded to customers of Stifel, or for advising anyone other than the Company on the contents of this document or any matter referred to herein. The responsibilities of Stifel, as the Company's nominated adviser, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person and accordingly no duty of care is accepted in relation to them. No representation or warranty, express or implied, is made by Stifel as to, and no liability whatsoever is accepted by Stifel in respect of, any of the contents of this document, including the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Company and the Directors are solely responsible.

Cormark Securities Inc. ("**Cormark**"), which is regulated by the Investment Industry Regulatory Organisation of Canada ("**IIROC**"), is acting as co-manager exclusively for the Company and no one else in connection with any investment in the Placing Shares, and will not regard any other person (whether or not a recipient of this document) as their client in relation to any investment in the Placing Shares and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to any investment in the Placing Shares or any transaction or arrangement referred to in this document. The distribution of

this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any restrictions as to the Placing Shares or the distribution of this document.

Paradigm Capital Inc. (“**Paradigm**”), which is regulated by IROC, is acting as co-manager exclusively for the Company and no one else in connection with any investment in the Placing Shares, and will not regard any other person (whether or not a recipient of this document) as their client in relation to any investment in the Placing Shares and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to any investment in the Placing Shares or any transaction or arrangement referred to in this document. The distribution of this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any restrictions as to the Placing Shares or the distribution of this document.

Securities may not be offered or sold in the United States absent (i) registration under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or (ii) an available exemption from registration requirements of the Securities Act. The New Common Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States. Consequently, the New Common Shares are “restricted securities” as defined in Rule 144 under the Securities Act and none of the securities may be offered or sold or otherwise transferred within the United States, or to, or for the account or benefit of, US Persons except in accordance with an exemption from the registration requirements of the Securities Act. The New Common Shares will be sold (a) to investors outside the United States in offshore transactions pursuant to Regulation S under the Securities Act (“**Regulation S**”) and (ii) to a limited number of investors located in the United States that are (A) qualified institutional buyers (as such term is defined in Rule 144A under the Securities Act) and who have executed and delivered a US representation letter a substantially in the form provided to it by Stifel and/or a Co-Manager (a “**US Investor Letter**”) or (B) are reasonably believed to be “**accredited investors**” (as such term is defined in Rule 501 of Regulation D under the Securities Act), and delivered a subscription agreement substantially in the form provided to it by the Company (a “**US Subscription Agreement**”).

Subject to certain exceptions, this document may not be published, distributed, forwarded, transferred, copied or otherwise transmitted by any means or media, directly or indirectly, in whole or in part, to any persons within the United States or to any US Persons (as such term is defined in Regulation S). This document does not constitute an offer of, or the solicitation of an offer to subscribe for or to buy, any New Common Shares to any person in the United States or to US Persons (as such term is defined in Regulation S) to whom it is unlawful to make such offer or solicitation or which may result in the requirement to register the New Common Shares under the Securities Act.

This document does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, New Common Shares to any person to whom, or in any jurisdiction in which, such offer or solicitation is unlawful and is not for distribution in or into Australia, Canada, the Republic of South Africa, or Japan. The New Common Shares have not been, and will not be, registered under any applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the New Common Shares may not be offered for sale or subscription, or sold or subscribed, directly or indirectly, within Australia, Canada, the Republic of South Africa, or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan.

This document may only be distributed to, and is only addressed to and directed at, persons in Canada who are: (a) an “accredited investor” within the meaning of Section 1.1 of National Instrument 45-106, Prospectus Exemptions (“**NI 45-106**”) of the Canadian Securities Administrators or subsection 73.3(1) of the Canadian Securities Act (Ontario), as applicable, and is either purchasing the New Common Shares as principal for its own account, or is deemed to be purchasing the New Common Shares as principal for its own account in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (b) such person was not created or used solely to purchase or hold the New Common Shares as an accredited investor under NI 45-106; (c) entitled under applicable Canadian securities laws to purchase the New Common Shares without the benefit of a prospectus under such securities laws; and (d) if required by applicable Canadian securities laws, it will execute, deliver and file or assist the Company in obtaining and filing such reports, undertakings and other documents relating to the purchase of the New Common Shares by it as may be required by any Canadian securities commission or other regulatory authority.

The offer and sale of the New Common Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws. Any resale of the New Common Shares into Canada must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the New Common Shares outside of Canada. There will be no public offering of the New Common Shares in Canada. This document does not contain all of the information that would normally appear in a prospectus under applicable Canadian securities laws. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the New Common Shares. Any representation to the contrary is an offence. This document is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the New Common Shares in Canada.

The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken or will be taken by the Company, the Directors, Stifel or the Co-Managers to permit a public offer of New Common Shares or to permit the possession or distribution of this document in any jurisdiction where action for that purpose may be required. This document may not be distributed in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by the Company, the Directors, Stifel and the Co-Managers to inform themselves about and to observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of the relevant jurisdiction.

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, Stifel or the Co-Managers. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document is correct as of any time subsequent to the date of this document. Neither Stifel, nor the Co-Managers, have authorised the contents of this document and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Stifel or the Co-Managers as to the contents of this document and no responsibility or liability whatsoever is accepted by Stifel or the Co-Managers for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company and the Directors are solely responsible. The contents of this document are not to be construed as legal, business or tax advice. Prospective investors should consult their own professional advisers for legal, financial or tax advice in relation to an investment or proposed investment in New Common Shares.

Copies of this document will be available free of charge to the public during normal business hours on any day (except Saturdays, Sundays and public holidays) from the date of this document until the date which is one month after the date of Admission at the offices of K&L Gates LLP, One New Change, London EC4M 9AF and from the Company's website www.aexgold.com.

IMPORTANT NOTICE

Investors should take independent advice and should carefully consider Part II of this document headed "Risk Factors" before making any decision to purchase New Common Shares.

Investment in the New Common Shares will involve significant risks due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. The New Common Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Company is suitable for you. An investment in the New Common Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

Stifel has been appointed as nominated adviser, broker and sole bookrunner to the Company. In accordance with the AIM Rules, Stifel has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Stifel for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

Notice to Prospective Investors in the US

THE NEW COMMON SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY US STATE SECURITIES LAWS. THE NEW COMMON SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE NEW COMMON SHARES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

THE COMPANY HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

The New Common Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any US state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The New Common Shares will be offered and sold (i) outside the United States to non-US Persons pursuant to the requirements of Regulation S and (ii) to a limited number of investors located in the United States (a) that are QIBs, as such term is defined in Rule 144A under the Securities Act, and who have executed and delivered a US Investor Letter or (b) are reasonably believed to be "**accredited investors**" (as such term is defined in Rule 501 of Regulation D under the Securities Act), and who have executed and delivered a US subscription agreement. The New Common Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to US Persons except in accordance with the restrictions and procedures set forth in Part VIII of this document entitled "Terms and Conditions of the Placing".

This document does not constitute an offer of, or the solicitation of an offer to subscribe for or to buy, any New Common Shares to any person in the United States or to US Persons (as such term is defined in Regulation S) to whom it is unlawful to make such offer or solicitation or which may result in the requirement to register the New Common Shares under the Securities Act. This document may not be published, distributed, forwarded, transferred, copied or otherwise transmitted by any means or media, directly or indirectly, in whole or in part, to any persons within the United States or to any US Person. Securities may not be offered or sold in the United States absent (i) registration under the Securities Act or (ii) an available exemption from registration under the Securities Act. The securities mentioned herein have not been, and will not be, registered under the Securities Act and will not be offered to the public in the United States.

Notice to Prospective Investors in Canada

This document may only be distributed to, and is only addressed to and directed at, persons in Canada who are: (a) an “accredited investor” within the meaning of Section 1.1 of National Instrument 45-106, Prospectus Exemptions (“**NI 45-106**”) of the Canadian Securities Administrators or subsection 73.3(1) of the Canadian Securities Act (Ontario), as applicable, and is either purchasing the New Common Shares as principal for its own account, or is deemed to be purchasing the New Common Shares as principal for its own account in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (b) such person was not created or used solely to purchase or hold the New Common Shares as an accredited investor under NI 45-106; (c) entitled under applicable Canadian securities laws to purchase the New Common Shares without the benefit of a prospectus under such securities laws; and (d) if required by applicable Canadian securities laws, it will execute, deliver and file or assist the Company in obtaining and filing such reports, undertakings and other documents relating to the purchase of the New Common Shares by it as may be required by any Canadian securities commission or other regulatory authority.

The offer and sale of the New Common Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws. Any resale of the New Common Shares into Canada must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the New Common Shares outside of Canada. There will be no public offering of the New Common Shares in Canada. This document does not contain all of the information that would normally appear in a prospectus under applicable Canadian securities laws. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the New Common Shares. Any representation to the contrary is an offence. This document is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the New Common Shares in Canada.

Notice to Prospective Investors in the EEA

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no shares have been offered or will be offered pursuant to the Fundraising to the public in that Relevant State prior to the publication of a prospectus in relation to the New Common Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any New Common Shares at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Stifel for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the New Common Shares shall require Stifel to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the New Common Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Common Shares to be offered so as to enable an investor to decide to purchase or subscribe for any New Common Shares.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this document is being distributed only to and is only directed at persons who (a) are defined as qualified investors falling within the meaning of article (2)(e) of the

Prospectus Regulation; and (b) fall within the definition of “investment professionals” in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) (investment professionals); or (c) who fall within the definition of “high net worth companies, unincorporated associations etc.” in Article 49(2)(a) to (d) of the Order; or (d) are “qualified investors” as defined in section 86 of the Financial Services and Markets Act 2000; or (e) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Notice to Prospective Investors in Hong Kong

The New Common Shares will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the New Common Shares or the Placing has been or will be issued, or has been or will be in the possession of any person for the purpose of the issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong). No person allotted New Common Shares in the Fundraising may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the New Common Shares and the Fundraising. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Notice to Prospective Investors in Switzerland

Neither this document nor any other offering or marketing material relating to the New Common Shares or the Fundraising may be publicly distributed or otherwise made publicly available in Switzerland, directly or indirectly, within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the New Common Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document is being distributed in Switzerland only to persons who are “professional clients” within the meaning of FinSA. Neither this document nor any other offering or marketing material relating to the New Common Shares or the Fundraising constitutes a prospectus pursuant to the FinSA.

Neither this document nor any other offering or marketing material relating to the Fundraising, the Company and/or the New Common Shares has been or will be filed with or approved by any Swiss regulatory authority and/or review body.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“**ASIC**”) in relation to the offering. This document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “**Corporations Act**”) and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. To the extent this document is distributed in Australia, it is distributed for information purposes only.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, New Common Shares to any person in Australia. Any offer in Australia of the New Common Shares may only be made to persons (the “**Exempt Investors**”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the New Common Shares without disclosure to investors under Chapter 6D of the Corporations Act.

The New Common Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the Fundraising, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring New Common Shares must observe such Australian on-sale restrictions.

Forward-looking statements

This document contains statements that are, or may be deemed to be, “forward-looking statements”, within the meaning of the applicable Canadian securities legislation, as well as other applicable international securities law. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include any of the words “targets”, “believes”, “expects”, “estimates”, “aims”, “intends”, “plans”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known or unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as of the date of this document. In addition, even if the Company’s actual results, performance, achievements of or dividends paid are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

There are statements in this document that are forward-looking statements. In particular, forward-looking statements in this document include, but are not limited to, each of the forward-looking risk factors contained in Part II of this document.

Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place any reliance on any such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other mining companies and some are unique to AEX. If one or more of these risks or uncertainties materialise, or if any underlying assumptions prove incorrect, the Company’s actual results may vary materially from those expected, estimated or projected.

In addition, statements relating to “reserves” and “resources” are deemed to be forward-looking statements as they involve the implied assessment based on certain estimates and assumptions that the reserves or resources described can be profitably produced in the future. There are numerous uncertainties inherent in estimating quantities of reserves and resources and in projecting future rates of production and the timing of development expenditures. The total amount or timing of actual future production may vary from reserve, resource and production estimates.

Certain information in this document is “financial outlook” within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding the Company’s reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

Although the Company believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, the Company’s forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to the Company about itself

and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources.

The Company's audited consolidated financial statements for the years ended 31 December 2018 and 2019, and 31 December 2018 and 2017 which are set out in Part VII of this document, and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describe risks, material assumptions and other factors that could influence actual results.

New factors could emerge from time to time and it is not possible for the Company to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. These factors include, but are not limited to, those described in Part II of this document entitled "Risk Factors" which should be read in conjunction with the other cautionary statements that are included in this document. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company's course of action would depend upon management's assessment of the future considering all information available to it at the relevant time. Any forward-looking statement speaks only as of the date on which such statement is made and, except as required by applicable securities laws, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Market and financial information

The data, statistics and information and other statements in this document regarding the markets in which the Company operates, or its market position therein, is based upon the Company's records or are taken or derived from statistical data and information derived from the sources described in this document. In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. All times referred to in this document are, unless otherwise stated, references to London time.

Required Waiver Disclosure

On December 6, 2016, a final judgment (the "**Judgment**") was entered against Stifel, Nicolaus & Company, Incorporated ("**Stifel**") by the United States District Court for the Eastern District of Wisconsin (Civil Action No. 2:11-cv-00755) resolving a civil lawsuit filed by the U.S. Securities & Exchange Commission (the "**SEC**") in 2011 involving violations of several antifraud provisions of the federal securities laws in connection with the sale of synthetic collateralized debt obligations to five Wisconsin school districts in 2006. As a result of the Judgment: (i) Stifel is required to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) and 17(a)(3) of the Securities Act; and (ii) Stifel and a former employee were jointly liable to pay disgorgement and prejudgment interest of \$2.5 million. Stifel was also required to pay a civil penalty of \$22.0 million, of which disgorgement and civil penalty Stifel was required to pay \$12.5 million to the school districts involved in this matter.

Simultaneously with the entry of the Judgment, the SEC issued an Order granting Stifel a waiver from, among other things, the application of the disqualification provisions of Rule 506(d)(1)(iv) of Regulation D under the Securities Act.

A copy of the Judgment is available on the SEC's website at: <https://www.sec.gov/litigation/litreleases/2016/lr23700-final-judgment.pdf>.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares the subject of the Placing are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Stifel will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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FUNDRAISING STATISTICS

Issue Price	45 pence
Number of Existing Common Shares	82,654,292
Number of New Common Shares	94,444,445
Number of Common Shares in issue following the Fundraising	177,098,737
Percentage of the Enlarged Share Capital represented by the New Common Shares	53.3 per cent
Gross proceeds of the Fundraising receivable by the Company	£42.5 million
Estimated net proceeds of the Fundraising receivable by the Company	£39.2 million
Market capitalisation of the Company at the Issue Price	£79.7 million
LEI Number	213800Q21S5JQ6WKCE70
ISIN Code for the Common Shares	CA00108V1022*
ISIN Code for restricted New Common Shares	CA00108V2012
UK SEDOL for the Common Shares	BN4C6M6
Canadian SEDOL for the Common Shares	BYVVG56
TIDM for the Common Shares (AIM)	AEXG
TIDM for the Common Shares (TSX-V)	AEX

* At Admission, 955,359 of the New Common Shares will have a separate ISIN to the remaining Common Shares in accordance with Canadian securities laws. The ISIN for these New Common Shares will change to CA00108V1022 after the expiry of the hold period, on 1 December 2020.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this document	27 July 2020
Admission and commencement of dealings on AIM*	8.00 a.m. on 31 July 2020
CREST accounts credited (where applicable)	8.00 a.m. on 31 July 2020
Despatch of definitive share certificates (where applicable)	by 14 August 2020

**subject to TSX-V approval.*

All references to times in this document are to the time in London, unless otherwise stated.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Eldur Ólafsson (<i>Founder, President, CEO and Director</i>) George Fowlie (<i>Chief Financial Officer and Director</i>) Graham Duncan Stewart (<i>Chairman and Director</i>) Robert Ménard (<i>Non-executive Director</i>) Georgia Margaret Quenby (<i>Non-executive Director</i>) Sigurbjorn Thorkelsson (<i>Non-executive Director</i>)
Senior Management	Martin Ménard (<i>Chief Operating Officer</i>)
Company Secretary	Joan Plant
Registered Office and Principal Place of Business	c/o Bennett Jones LLP 3400 One First Canadian Place PO Box 130 Toronto, Ontario M5X 1A4 Canada
Nominated Adviser, Broker and Sole Bookrunner	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom
Co-Manager	Cormark Securities Inc. Royal Bank Plaza, North Tower 200 Bay Street, Suite 1800, P.O. Box 63 Toronto, Ontario M5J 2J2 Canada
Co-Manager	Paradigm Capital Inc. 95 Wellington Street West Suite 2101, PO Box 55 Toronto, Ontario M5J 2N7 Canada
Solicitors to the Company	K&L Gates LLP One New Change London EC4M 9AF United Kingdom
Canadian Solicitors to the Company	Bennett Jones LLP 3400 One First Canadian Place PO Box 130 Toronto, Ontario M5X 1A4 Canada
Greenlandic Solicitors to the Company	Nuna Law Firm ApS Qullilerfik 2, 6. Postbox 59 Nuuk 3900 Greenland
Solicitors to the Nominated Adviser and Broker	Bryan Cave Leighton Paisner LLP Governor's House 5 Laurence Pountney Hill London EC4R 0BR United Kingdom
Auditors	PricewaterhouseCoopers LLP 1250 René-Lévesque Boulevard West, Suite 2500 Montreal, Quebec H3B 4Y1 Canada

Reporting Accountants	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Competent person	SRK Exploration Services Ltd 12 St Andrew's Crescent Cardiff CF10 3DD United Kingdom
Registrars	Computershare Trust Company of Canada 650 de Maisonneuve West 7th Floor Montreal QC H3A 3S8 Canada
Depositary	Computershare Investor Services Plc The Pavilion, Bridgwater Road Bristol, BS13 8AE United Kingdom
Financial PR	Camarco 107 Cheapside London EC2V 6DN United Kingdom
Website	www.aexgold.com

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules for Companies” or “AIM Rules”	the rules for companies whose securities are admitted to trading on AIM, as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules setting out the eligibility requirements, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
“Anoritoq Licence”	mineral exploitation licence 2020/36 issued by the MLSA to Nalunaq A/S
“Articles”	the articles of incorporation of the Company
“Board”	the board of directors of the Company
“By-laws”	the by-laws of the Company, a summary of certain provisions of which is set out in paragraph 5 of Part IX of this document
“C\$” or “Canadian Dollars”	Canadian dollars, the lawful currency of Canada
“CBCA”	the Canada Business Corporations Act
“CDS”	the Canadian Depository for Securities Limited
“certificated” or “in certificated form”	in relation to a Common Share, recorded on the Company’s register as being held in certificated form (that is not in CREST)
“Co-Managers”	Cormark and Paradigm
“Common Shares”	common shares of no par value in the capital of the Company
“Companies Act”	the Companies Act 2006, as amended
“Company” or “AEX”	AEX Gold Inc., a corporation incorporated in Canada, listed on TSX-V
“Cormark”	Cormark Securities Inc., a Co-Manager to the Company
“Coronavirus”	the COVID-19 strain of the respiratory coronavirus (as may be mutated) resulting in a global pandemic in 2020
“CPR”	the competent persons report which is included in Part VI of this document
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
“CREST Regulations” or “Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
“Depository”	Computershare Investor Services Plc of The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom
“Depository Interests”	a dematerialised depository interest which represents an entitlement to Common Shares
“Directors”	the current directors of the Company whose names are set out on page 11 of this document
“DKK”	Danish Krone, the lawful currency of Greenland

“Enlarged Share Capital”	the entire issued common share capital of the Company immediately following Admission comprising the Existing Common Shares and the New Common Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Common Shares”	the 82,654,292 Common Shares that are in issue at the date of this document
“Exploration Target”	the areas of the Main Vein identified in paragraph 2.1.7.4 of Part V on page 72 of this document
“FCA”	the UK Financial Conduct Authority
“Fundraising”	the Placing and the Subscription
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Greenland Exploration Standard Terms”	the application procedures and standard terms for exploration and prospecting licences for minerals in Greenland of 1 November 1998 (as amended)
“Group”	the Company and Nalunaq A/S
“Hanging Wall Vein”	the hanging wall vein which is situated stratigraphically above the Main Vein, within the hanging wall sequence, at the Nalunaq Property
“Issue Price”	45 pence per New Common Share
“Latest Practicable Date”	24 July 2020
“Licences”	the licences granted by the MLSA to Nalunaq A/S, being the Nalunaq Licence, the Nuna Nutaaq Licence, the Tartoq Licence, the Tartoq NP Licence, the Vagar Licence, the Saarloq Licence, the Anoritoq Licence and the Prospecting Licences
“London Stock Exchange”	London Stock Exchange plc
“Main Vein”	the main vein at the Nalunaq Property identified on the plan at page 27 of this document
“MAR”	the Market Abuse Regulation (EU) No. 596/2014
“Mineral Resources Act”	the Greenland Parliament Act No. 7 of 7 December 2009 on mineral resources and mineral resource activities (as amended)
“MLSA”	the Mineral Licence and Safety Authority of Greenland
“Mountain Block”	a section of the Nalunaq Property identified on the plan at page 27 of this document
“Nalunaq Licence”	mineral exploitation licence 2003/05 issued by the MLSA to Nalunaq A/S
“Nalunaq Property”	the property located in the Municipality of Kujalleq on the northern side of the Kirkespirdalen Valley, about 33 kilometres northeast of the town of Nanortalik
“New Common Shares”	the 94,444,445 new Common Shares to be allotted and issued by the Company pursuant to the Placing and the Subscription
“NI 58-101”	the Canadian National Instrument 58-101 Disclosure of Corporate Governance Practices
“NP 58-201”	the Canadian National Policy 58-201 Corporate Governance Guidelines
“Nuna Nutaaq Licence”	mineral exploration licence 2019/113 issued by the MLSA to Nalunaq A/S
“Official List”	the Official List of the FCA

“Paradigm”	Paradigm Capital Inc., a Co-Manager to the Company
“Placee”	an investor to whom Placing Shares are issued pursuant to the Placing
“Placing”	the conditional placing by Stifel and the Co-Managers of the Placing Shares with institutional and other investors at the Issue Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 27 July 2020 made between the Company, the Directors, Stifel and the Co-Managers relating to the Placing and which is summarised in paragraph 12.3 of Part IX of this document
“Placing Shares”	the 83,066,414 New Common Shares to be allotted and issued by the Company pursuant to the Placing
“Properties”	the areas of land in respect of which Nalunaq A/S has been granted the Licences
“Prospecting Licences”	mineral prospecting licences 2017/45 and 2019/146 issued by the MLSA to Nalunaq A/S
“Prospectus Regulation”	EU Prospectus Regulation 2017/1129/EU including any relevant measure in each member state of the European Economic Area that has implemented Directive 2003/71/EC
“Prospectus Regulation Rules”	the prospectus rules made by the FCA under Part 6 of FSMA
“QIBs”	qualified institutional buyers, as such term is defined in Rule 144A under the Securities Act
“Regulation D”	Regulation D promulgated under the Securities Act
“Regulation S”	Regulation S promulgated under the Securities Act
“Saarloq Licence”	mineral exploration licence 2020/31 issued by the MLSA to Nalunaq A/S
“SDRT”	stamp duty reserve tax
“Securities Act”	the United States Securities Act of 1933 (as amended)
“Senior Management”	Martin Ménard and Joan Plant
“Shareholder”	a holder of Common Shares
“South Block”	a section of the Nalunaq Property identified on the plan at page 27 of this document
“SRK”	SRK Exploration Services Ltd., the competent person which prepared the CPR
“Stifel”	Stifel Nicolaus Europe Limited, nominated adviser, broker and sole bookrunner to the Company
“Stock Option Plan”	the stock option plan dated 1 May 2017 and amended on 11 June 2018, details of which are set out in paragraph 7 of Part IX of this document
“Subscription”	the subscriptions for the Subscription Shares by Eldur Ólafsson, Graham Stewart, George Fowlie, Robert Ménard, Sigurbjorn Thorkelsson, Martin Ménard and certain investors pursuant to subscription agreements with the Company
“Subscription Shares”	the 11,378,031 New Common Shares to be allotted and issued by the Company pursuant to the Subscription
“Target Block”	a section of the Nalunaq Property identified on the plan at page 27 of this document

“Tartog Licence”	mineral exploration licence 2015/17 issued by the MLSA to Nalunaq A/S
“Tartog NP Licence”	mineral exploration licence 2018/17 issued by the MLSA to Nalunaq A/S
“Tartog Property”	the properties located in Southwest Greenland, approximately 260 kilometres south east of Greenland’s capital, Nuuk
“TSX-V”	TSX Venture Exchange
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	in relation to a Common Share, recorded on the Company’s register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“UK Takeover Code”	the City Code on Takeovers and Mergers
“US Investor Letter”	a US representation letter substantially in the form provided to it by Stifel and/or a Co-Manager
“US Subscription Agreement”	a US subscription agreement substantially in the form provided by the Company
“Vagar Licence”	mineral exploration licence 2006/10 issued by the MLSA to Nalunaq A/S
“VAT”	value added tax
“VCP”	the AEX Gold Value Creation Plan, an equity-based incentive plan which the Company intends to establish after Admission
“\$” or “US\$” or “dollars”	US dollars, the lawful currency of the United States
“£” or “sterling”	UK pounds sterling, the lawful currency of the United Kingdom

GLOSSARY AND UNITS

Anomalous	Samples that differ significantly from all the others in a group or population.
Au	Gold.
Banded iron formations	Sedimentary rocks that are typically bedded or laminated and composed of at least 25 per cent. iron and layers of chert, chalcedony, jasper or quartz.
Channel sampling	A means of taking a sample from a rock face by collecting the cuttings from a small channel.
Closure plans	Procedures for site closure and rehabilitation once mining has ceased.
Concentrate	Metal ore once it has been through milling and concentration so that it is ready for chemical processing or smelting.
Concentrator	Processing facility which receives ore from the mine and separates out concentrate, the remaining material being tailings.
Deposit	An anomalous occurrence of a specific mineral or minerals within the Earth's crust.
Diamond drilling	The act or process of drilling boreholes using bits inset with diamonds as the rock-cutting tool.
Drill core	A solid, cylindrical sample of rock produced by diamond drilling.
Environmental Impact Assessment	A multi-disciplinary study which evaluates the effect on the environment of large construction or development projects.
Fault	A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles.
Fresh or Sulphide material	Material defined which has retained its original form unaltered by oxidation. Metal ore that are recorded as sulphides include copper, mercury and nickel.
Geological continuity	Geological features such as rock type, structures and mineralisation that can be demonstrated to be continuous between locations.
Grab sampling	Samples collected from surface outcrops, mine dumps etc., Used in connection with examination of the characteristic minerals in the deposit rather than for valuation.
Grade	The proportion of a mineral within a rock or other material. For gold mineralisation, this is usually reported as grams of gold per tonne of rock (g/t).
Indicated Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Inferred Mineral Resource	The part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
Intrusions	Rocks that while molten, penetrated into or between other rocks, but solidified before reaching the surface.
Iron ore	Rocks and minerals from which metallic iron can be extracted.
Measured Mineral Resource	A “Measured Mineral Resource” is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
Metamorphosed	Rocks which are changed by a process of heat and pressure within the earth.
Mineral Reserve	A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Ore Reserve	The economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Pre-feasibility Study	A geological, technical and economic study to determine whether a deposit can be exploited.

Probable Ore Reserve	The economically mineable part of an Indicated, and in some cases Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.
Proved Ore Reserves	The economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.
Sedimentary	Rock formed at the earth's surface from solid particles, whether mineral or organic, which have been moved from their position of origin and re-deposited.
Stratigraphy	The sequence or layers of rocks.
Stripping ratio	The unit amount of overburden/waste that must be removed to gain access to a unit amount of ore or mineral material.
Trench	The excavation of a horizontally elongate pit (trench), typically up to two metres deep and up to 1.5 metres wide in order to access fresh or weathered bedrock and take channel samples across a mineralised structure. The trench is normally orientated such that samples taken along the longest wall are perpendicular to the mineralised structure.
Units	
a.s.l.	Above sea level
cm	Centimetre
Ga	Billion years ago
g/t	Grams per tonne
km	Kilometre
m	Metre
Ma	Million years ago
mm	Millimetre
Moz.	Million ounces
Mt	Million metric tonnes
nT	nanotesla
oz.	ounces
ppb	Parts per billion
ppm	Parts per million

PART I – INFORMATION ON THE GROUP

1. Introduction

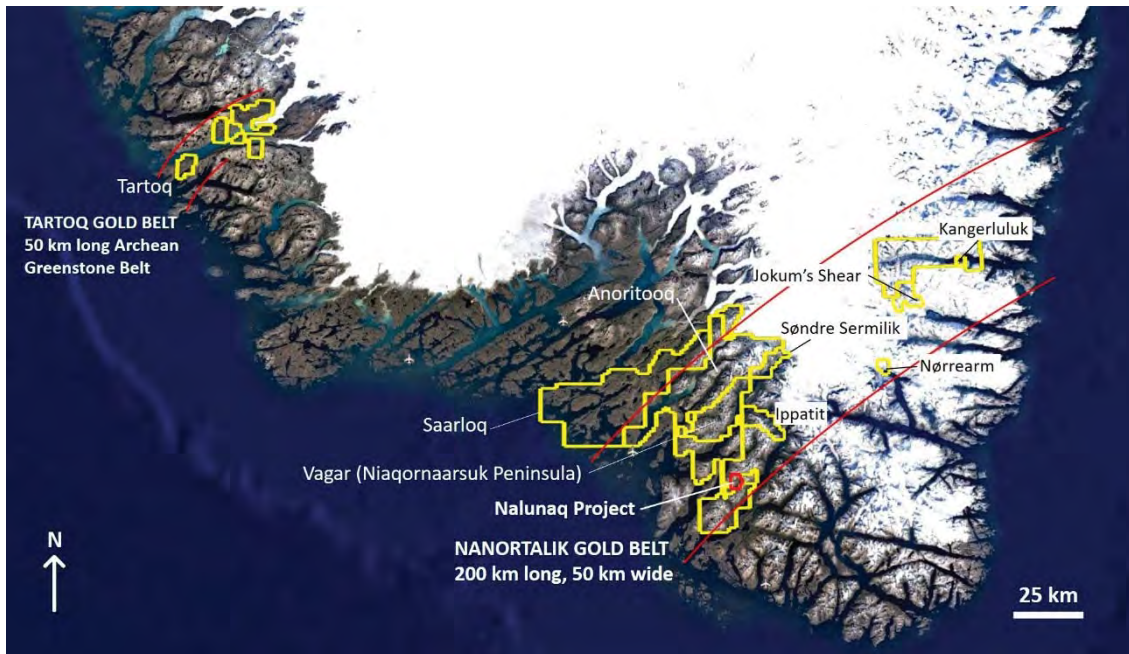
AEX is an independent gold mining company engaged in the identification, acquisition, exploration and development of gold properties in Greenland. The Company's shares have been listed on the TSX-V since 13 July 2017. The Company's strategy is to leverage its first mover advantage in Greenland, underpinned by the previously producing Nalunaq Property, to build a full-cycle gold mining company in Greenland, delivering shareholder value and providing significant upside potential through its land bank of high-impact exploration assets.

The Company, led by CEO Eldur Ólafsson, has established the largest land package of gold assets in Greenland with a current portfolio of licences covering 3,356 square kilometres. The assets are located in the two known gold belts in Southern Greenland, the Nanortalik and Tartoq gold belts, and are strategically focused around the previously producing Nalunaq Property.

The Nalunaq Property has significant pre-existing infrastructure and development in place, left by previous operators, under an existing exploitation licence, allowing the Company to establish near-term production at relatively low cost, with cash flows from production expected to self-fund development and exploration across the Company's wider portfolio.

The gold deposit at the Nalunaq Property is high-grade and has previously demonstrated a low all-in sustaining cost, making it high margin at current gold prices. The Company has a current Inferred Mineral Resource of 250,970 oz. (422,770 tonnes at 18.5 g/t Au), covering the area surrounding the existing mine and remaining stopes, and a further potential of between 200,000 oz to 2.0 Moz. of near-mine Exploration Targets (2.5 to 10 million tonnes at 2.4 to 6.0 g/t Au). The Inferred Mineral Resource covers areas surrounding the existing mine layout (the "Mine Area") and the Exploration Target is extrapolated from the Mine Area out across the rest of the known Main Vein. Drilling since 2017 has increased the known extents of the Main Vein and AEX has recognised the potential for additional mineralised veins to occur in the hanging wall and footwall which are not represented in the Inferred Mineral Resource or Exploration Target. Therefore, there is the potential for significant upside within or in close proximity to the existing mine workings in excess of the Exploration Target.

AEX Asset Location



Source: Company Information

2. Key Strengths

First-mover advantage in Greenland

- Unrivalled footprint with a significant land bank of gold licences covering 3,356 square kilometres, in the only known gold belts in Southern Greenland.
- Assets are strategically centred around the previously producing Nalunaq Property, providing a hub for future development of AEX's wider portfolio.
- Gold belts in Greenland are significantly underexplored, unlike most significant gold belts in the world, offering a unique opportunity and significant upside potential for AEX as the largest holder of gold licences.
- AEX offers a unique opportunity to own a material portfolio of gold licences in an underexplored, low risk developed country, with significant resource potential.

Low-cost project with near-term cash flows

- The previously producing Nalunaq Property with an existing exploitation licence, includes significant development and infrastructure left by previous operators, minimising costs and time to first production.
- Demonstrated potential for low cost operations during tenure of previous operators, offering potential for high margin production at current gold prices.
- Near-term cash flows to be used to self-fund exploration and development across the wider portfolio with the intention of building resource at the Nalunaq Property and providing an inventory of high-impact opportunities.

Pure-play high-grade asset portfolio with clear full-cycle strategy

- Focus on high-grade, high-margin deposits.
- Average gold grade of Nalunaq Property Inferred Mineral Resource of 18.5 g/t Au.
- Near-mine Exploration Target at the Nalunaq Property of 200,000 oz. – 2.0 Moz. 2.5 -10 Mt @ 2.4-6.0 g/t Au.
- The presence of hanging wall and footwall veins at the Nalunaq Property, which could increase the overall Mineral Resources of the property.
- Evidence of potential high grade deposits across exploration assets, with the Nalunaq Property acting as a hub to reduce standalone exploration and development costs.

Entrepreneurial senior team with track record of value creation

- Proven senior team with an established record for value creation for shareholders.
- End-to-end capabilities and experience in mining and resource project delivery.
- Extensive experience of Greenlandic operations and government relationships.

3. Strategy

Since incorporation of the Company's subsidiary in 2015, AEX has accumulated the largest land package of gold licences in Southern Greenland, with seven licences covering 3,356 square kilometres in the two known gold belts, namely the Nanortalik gold belt and the Tartoq gold belt. The Company's core asset is the Nalunaq Property, a previously producing mine, which benefits from a substantial capital expenditure programme conducted by previous operators on development and infrastructure, allowing the Company to resume operations at a fraction of the cost and time of a greenfield asset.

The Company's near-term strategy is focused on bringing the Nalunaq Property back into production. The Company will utilise the net proceeds from the Fundraising to acquire additional equipment and related infrastructure, as well as funding further development to allow production to restart in late 2021, with full commercial production expected within 24 months of Admission. The Company intends to take a phased approach to processing, with phase 1 consisting of crushing, milling and gravity recovery circuits, which based on historical processing data has demonstrated gold recovery rates of 65 to 70 per cent.. The tailings from this phase 1 processing will be

dewatered, filtered and stored on surface in a dry tailings storage facility. Since the tailings will still hold economic value, the Group will be able to reprocess these as part of the phase 2 process. The phase 2 process, which will be implemented by the Company from operating cash flows derived from phase 1, is expected to begin commissioning within 24 months of commercial phase 1 production and is expected to involve leaching of the gravity tailings, partially reusing the existing underground processing equipment that was left on site by the past operators. Underground leaching operations require no additional permitting, with all permits remaining in place from the previous operator. Previous processing of the minerals at the Nalunaq Property have demonstrated total gold recoveries of 95 per cent. or more when gravity recovery and leaching of gravity tailings are jointly undertaken. The Company is also investigating the efficiency of flotation as an alternative to leaching, and the Company has undertaken a metallurgical test work programme on a representative sample with the aim of confirming and optimising the past flotation test work which had yielded total gold recovery close to that of cyanide leaching. The Company expects that gravity concentration and the flotation of the gravity tailings could present a cost effective alternative because it is less capital intensive than a leaching circuit, thereby allowing the phase 2 processing to be brought forward and fast-tracking total gold recovery to near 95 per cent.. The other benefits of a flotation circuit over a cyanide leaching circuit include, amongst other things, lower operating costs, reduced health and safety risks, and a reduced environmental footprint.

AEX cautions 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 and as such this constitutes a risk to the project's technical, economic and financial viability.

The Company aims to be sustainable in its work, both from an environmental and social perspective. AEX intends to deploy local wind and hydro potential in order to support operations at the Nalunaq Property and reduce the environmental footprint of its operations, and intend to plant trees in order to leave the site greener than when the Group started operations. In addition, the Company targets significant local employment, with all staff being trained by the Group. This will be partly achieved through engaging with the Greenland School of Minerals and Petroleum in Sisimut and through the Company's commitment to engage with local contractors.

Following the outbreak of Coronavirus, the Company has reviewed all of its processes and procedures and has integrated industry best practices into its forward plans to mitigate the risks to its operations. The Company has engaged with a broad range of specialists in the medical services, insurance, air transportation and occupational health and safety sectors to ensure that appropriate processes are designed into infrastructure and logistics to manage risks related to contagion to its employees and the communities near to the Company's Properties. The forward strategy and planning for the Company will be designed with the help of these specialists, to ensure the Company meets its objective of safely operating in Greenland during, and in consequence of, the Coronavirus pandemic.

In addition to bringing the Nalunaq Property back into production, the Company intends to use a portion of the net proceeds from the Fundraising to fund exploration activities on the wider Nalunaq Property and its exploration acreage across Southern Greenland. Through further exploration, the Company would look to prove additional resource potential on its acreage, providing additional feedstock for the proposed processing facility on the Nalunaq Property or, where circumstances allow, for standalone development. The Company believes its assets provide an opportunity to develop a balanced, full-cycle portfolio capable of delivering long-term shareholder returns either through operation or through ultimate sale of the Company to an established player.

4. History and Background of the Group

On 25 September 2015, a Greenlandic joint venture company, Nalunaq A/S, was incorporated in which Arctic Resources Capital was a 66.66 per cent. shareholder and AEX Gold Limited (formerly known as FBC Mining (Nalunaq) Limited), a wholly-owned subsidiary of FBC Mining (Holdings) Limited, a 33.33 per cent. shareholder. Arctic Resources Capital is an entity in which Eldur Ólafsson (CEO of the Company) and Graham Stewart (Chairman of the Company) were shareholders. AEX Gold Limited is an indirect wholly-owned subsidiary of FBC Holdings SARL, an entity controlled by Cyrus Capital Partners LP. The Nalunaq Property was previously operated by Angel Mining (Gold) A/S and Arctic Mining Limited, subsidiaries of Angel Mining PLC. Angel Mining PLC entered into administration in 2013. Subsequently, a sale and purchase agreement was signed between Angel Mining (Gold) A/S and Nalunaq A/S on 15 October 2015 for the sale of the Nalunaq Licence and

certain associated assets for a consideration of DKK 250,000. The Greenland Government formally approved the transfer of the licence to Nalunaq A/S in March 2016.

On 31 March 2017, Nalunaq A/S further acquired the existing underground processing facility from AEX Gold Limited (formerly known as FBC Mining (Nalunaq) Limited) for an initial cash consideration of US\$1, deferred consideration of up to US\$1,999,999 on a “pay as you can” basis (adjustable depending on the extent of future use of, and remediation work required on, the plant which was acquired), and a one per cent. royalty on net revenue (subject to a lifetime cap of US\$1 million).

The Company was incorporated on 22 February 2017. Prior to the Company’s IPO on the TSX-V, Nalunaq A/S and the Company underwent a corporate reorganisation, which resulted in the Company acquiring the entire issued share capital of Nalunaq A/S from Arctic Resources Capital, certain of Arctic Resources Capital’s shareholders and AEX Gold Limited (formerly FBC Mining (Nalunaq) Limited), with these parties being issued shares in the Company in exchange. The Company listed on the TSX-V on 13 July 2017, raising gross proceeds of C\$6.8 million.

On 6 February 2017, the Company acquired the Vagar Licence for a purchase price of DKK 50,000. In addition, during 2017, the Company conducted an exploration work programme which included 14 surface boreholes drilled at the Nalunaq Property as well as 255 metres of channel samples cut across four lines at the Company’s Tartoq Licence. The programme was completed under-budget and confirmed strike continuity across Nalunaq Mountain, and down dip and strike extension potential to the South Block mining area, increasing confidence in the exploration potential of the Nalunaq Property.

On 14 May 2018, the Company announced the successful completion of a private placement, raising gross proceeds of C\$2.5 million, with funds used for the Company’s summer 2018 exploration work programme. The 2018 work programme was designed to further test down-dip extensions of South Block and to infill historic drilling, and involved 18 boreholes being drilled at the Nalunaq Property. In addition, an unmanned aerial vehicle allowed field teams to remotely map structures on the western face of Nalunaq Mountain where access is prohibitive. Using 3D implicit modelling software, the structural model used for exploration programme planning was re-interpreted in 2018 using all drilling data and a re-evaluation of the underground data. On 9 October 2018, the Company announced the successful completion of a further private placement, raising gross proceeds of C\$1 million.

On 2 July 2019, the Company announced the successful completion of a private placement, of 13,157,893 units (each unit consisting of one Common Share and one warrant to subscribe for a Common Share) at a price of C\$0.38 per unit, raising gross proceeds of C\$5.0 million, with Vækstfonden (the Danish Growth Fund) and Greenland Venture A/S subscribing for C\$1.5 million each as well as Eldur Ólafsson (through Vatnar ehf) maintaining his shareholding and participating for C\$433,126. On 10 July 2019, the Company announced the appointment of Martin Ménard as the Chief Operating Officer of the Company. On 9 September 2019, the Company announced that it had been awarded the exclusive exploration rights under a new licence in South Greenland, the Nuna Nutaaq Licence (licence 2019/113) comprising five sub-areas over 266 square kilometres. On 13 December 2019, the Company announced the appointment of Graham Stewart as Chairman of the Company, having been a Director since 2017. On 16 December 2019, the Company further announced that George Fowlie had been appointed as Chief Financial Officer of the Company.

During 2019, the Company drilled nine drillholes at the Nalunaq Property, a total of 1,615 metres of drilling, with six holes identifying the Main Vein. Drilling identified the Main Vein structure 300 metres along strike from the South Block workings, and more than 350 metres down dip, improving confidence in the exploration target towards the northeast and under the valley towards Ship Mountain. The Company undertook an additional field investigation programme on the existing infrastructure at the Nalunaq Property. This programme involved a process and mechanical audit, which indicated the potential for partial recovery of existing processing equipment and identified key features required to ensure process operability. In addition, the Company partially rehabilitated the nine kilometre mine access road and installed a pre-engineered and pre-fabricated 73-tonne capacity bridge in the Kirkespir Valley to support future development activities.

On the property covered by the Company’s Vagar Licence, the Company conducted a targeted programme of sampling and confirmed high-grade mineralisation at key targets, validating historic

results, and confirming the licence as a significant exploration project with five targets over two kilometres.

Between 9 March 2020 and 6 May 2020, the Company announced the exercise of a total of 11,272,271 warrants at an exercise price of C\$0.45 per warrant, from which the Company received gross proceeds of C\$8,852,322, with Vækstfonden (the Danish Growth Fund) and Greenland Venture A/S, as well as other long term investors, increasing their holdings in the Company. On 6 May 2020 the Company also announced that SISA, a Greenlandic pension fund, had agreed to acquire approximately one third of the shareholding of Vækstfonden and Greenland Venture A/S, with the administration in relation to this transfer currently being finalised.

On 21 May 2020, the Company announced the granting of the Saarloq Licence, a new mineral exploration licence, which covers an area of 818 square kilometres over the Saarloq Shear Zone in South Greenland. The Company believes that the licence area has a prospective geological and structural setting similar to its Vagar Licence. The Saarloq Licence will carry no financial liabilities for the Company in 2020.

On 26 June 2020, the Company announced the granting of the Anoritoq Licence, a new mineral exploration licence, which covers an area of 1,710 square kilometres over Anoritoq and Kangerluluk Fjord in South Greenland. The Company believes that the licence area has a prospective geological and structural setting similar to its Vagar Licence. The Anoritoq Licence will carry no financial liabilities for the Company in 2020.

5. The Greenland Opportunity

Greenland is the world's largest island, covering an area of approximately 2.2 million square kilometres, and is an autonomous Danish dependent territory with limited self-government and its own parliament. Approximately two thirds of the country's budget revenue is contributed from Denmark, with the largest other contribution being from the fishing industry.

Greenland is a mineral-rich country with a competitive licensing framework, stable political environment, low investment risk and a pro-mining government. Greenland is 80 per cent. covered by ice and is, therefore, a significantly underexplored mining jurisdiction, although potentially high-grade opportunities continue to become available as the country's ice sheet retreats.

Greenland's significantly underexplored gold belts have high-grade narrow vein mineralisation, as established at the Nalunaq Property, in a similar style to that seen in the Abitibi gold belt in Canada and gold belts in Sweden and Finland. AEX is the largest holder of gold licences in the country, having amassed a portfolio of 3,356 square kilometres since incorporation, including the only previously producing gold mine, providing AEX with a first-mover advantage in a country that has the potential to become a significant gold producer.

The extent of mineral exploration in the country has increased significantly in recent years, with the number of mineral exploration licences awarded increasing by around a third between 2016 and 2019 and the associated acreage under exploration almost tripling to approximately 35,000 square kilometres in 2019. As of June 2020, the Greenland authorities reported a total of approximately 130 exploration and small-scale mineral licences, 13 prospecting and five mineral exploitation licences. There are two existing producing mines in the country; one ruby and pink sapphire mine (Aappaluttoq) operated by Greenland Ruby A/S, and one Anorthosite (feldspar) mine (White Mountain/Naajat) operated by Hudson Resources A/S.

The country has a number of small and medium sized mining companies in operation, predominantly in the exploration phase, although it has begun to see the entry of the major mining operators, with Anglo American Plc being awarded two exploration licences and one prospecting licence for nickel, copper and platinum group metals in 2019, as well as the entrance of Chinese companies (such as Shenghe Resources) and the United States showing increased interest in the region, largely as a result of its rare earth mineral prospects.

Greenland has a favourable fiscal regime for mining, with a 2.5 per cent. government royalty and a corporate tax rate of 25 per cent, which the Government of Greenland reduced from 30 per cent. in January 2020, and dividends that are deductible for tax purposes. Paid or due corporate taxes and dividend withholding taxes may generally be deducted in the calculation of royalties due.

AEX's assets are located in South Greenland which is accessed via the international airports in Nuuk and Narsarsuaq with regular flights from Denmark and Iceland. Domestic flights in Greenland

then link certain municipalities with the two international airports. Greenland is currently planning a country-wide infrastructure upgrade, including potentially constructing a new international airport in Qaqortoq. From Narsarsuaq, there are regular helicopter flights to other towns in the area, including Nanortalik. Most areas can also be travelled to by boat from Narsarsuaq or Qaqortoq. The seas around Southern Greenland are typically ice free throughout the year, facilitating travel by boat and the overall supply chain and logistics to support operations. The boat ride from Nanortalik to the Nalunaq Property takes approximately 30-45 minutes, with the pre-existing mine located six kilometres inland along the Kirkspirdalen Valley from an embayment on the eastern side of Saqqaa Fjord.

6. Asset Overview

Licence Summary

Below is a summary of the Licences, all of which are in Greenland and are held by Nalunaq A/S:

Asset	Asset Name	Sub-Area	Holder	Interest	Status	Licence expiry date	Licence area (km ²)	Comments
MIN 2003-05	Nalunaq	Nalunaq	Nalunaq A/S	100%	Development	24-Apr-33	22	Historical production and ongoing drilling
MEL 2006-10	Vagar	Niaqornaarsuk Nalunaq East Nalunaq West	Nalunaq A/S	100%	Exploration	31-Dec-21	292	Historical drilling and ongoing exploration
MEL 2019-113	Nuna Nutaq	Kangerluluk Jokum's Shear/ Sorte Nunatak Nørrearm Ippatit Søndre Sermilik	Nalunaq A/S	100%	Exploration	31-Dec-23	266	Historical and ongoing exploration
MEL 2015-17	Tartoq	Nuuluk Iterlak	Nalunaq A/S	100%	Exploration	31-Dec-24	78	Historical exploration
MEL 2018-17	Tartoq NP	Amitsuarsua / Naalagaaffik / Akuliaruseq Bikuben	Nalunaq A/S	100%	Exploration	31-Dec-22	170	Historical exploration
MEL 2020-31	Saarloq	Saarloq Saarloq North	Nalunaq A/S	100%	Exploration	31-Dec-24	818	Historical exploration
MEL 2020-36	Anoritoq	Anoritoq Kangerluluk Fjord	Nalunaq A/S	100%	Exploration	31-Dec-24	1,710	Historical exploration

Source: Company Information / SRK CPR (2020), page 117

6.1 Nalunaq

AEX holds a 100 per cent. interest in the Nalunaq Licence through its wholly-owned subsidiary, Nalunaq A/S. The Nalunaq Licence includes an exploitation licence valid until 2033 for the previously operating gold mine, which was operational until 2013. Nalunaq A/S acquired the Nalunaq Licence in 2015 from Angel Mining (Gold) A/S (a wholly-owned subsidiary of Angel Mining PLC, which was in administration). Angel Mining PLC had previously run the asset and its wider portfolio suboptimally, with minimal new mining conducted and operational challenges throughout their tenure as operator. Angel Mining PLC ultimately became over-indebted in what was a declining gold price environment and was placed into administration. The consideration for the licence was DKK 250,000. In addition, Nalunaq A/S also acquired the existing underground processing facility from AEX Gold Limited (formerly known as FBC Mining (Nalunaq) Limited) on 31 March 2017 for an initial cash consideration of US\$1, plus certain contingent payments as detailed in paragraph 2.1.4 of Part V of this document.

The gold mine at the Nalunaq Property, located within the Nalunaq Mountain, is primarily focused on a mineralised quartz vein, referred to as the Main Vein, in which visible gold, sometimes in abundance, is common. The Main Vein is 0.05 – 2 metres thick and can be traced at surface for over a kilometre on the east- and north-facing slopes of the Nalunaq Mountain, about 250 metres

across the western face of the mountain and at least 800 metres down the south-western slopes. Furthermore, previous drilling activities have proven that the Main Vein structure is open at depth and along strike below South Block. Other interesting targets are also present at the Nalunaq Property, including the Hanging Wall Vein and additional veins in the structural hanging wall and footwall. Whilst the Company's primary focus is the development of the Main Vein at the Nalunaq Property, these secondary targets offer the Company additional upside potential on the asset.

The Nalunaq Property has a 2020 Inferred Mineral Resource of 250,970 oz. (422,770 tonnes at 18.5 g/t Au), covering only the area in and around the existing mine area and remaining stopes. The Inferred Mineral Resource estimate combines 233,080 oz. of gold in the mine area (396,080 tonnes at 18.3 g/t) and an additional 17,890 oz. of material in the remaining stopes left by the previous operator (26,690 tonnes at 20.8 g/t). The Company has a further 6,200 oz. of Inferred Mineral Resources contained within gravity tailings left by the previous operator (48,220 tonnes at 4 g/t). In addition to the Inferred Mineral Resource, the CPR provider, SRK, recognises a further potential of between 200,000 oz. and 2.0 Moz. of near-mine Exploration Targets (2.5 to 10 million tonnes at 2.4 to 6.0 g/t Au).

Nalunaq Property Diluted Mineral Resource

Zone	Classification	Gross			Net Attributable			Operator
		Tonnes (t)	Grade (g/t Au)	Contained Gold (oz.)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz.)	
Remaining Stopes	Inferred	26,690	20.8	17,890	26,690	20.8	17,890	Nalunaq A/S
Mine Area	Inferred	396,080	18.3	233,080	396,080	18.3	233,080	Nalunaq A/S
Total Inferred		422,770	18.5	250,970	422,770	18.5	250,970	Nalunaq A/S

Source: SRK CPR (2020), page 188

Notes:

- 1 Remaining Stopes reported at a cut off of 6.0g/t Au.
- 2 Mine Area reported at a cut-off grade of 6.0g/t Au.
- 3 Diluted to 1.2 metres true thickness at 0.0g/t Au.
- 4 Gold price of US\$1,500.
- 5 Total refining, transportation and royalties costs of US\$57.
- 6 Total operating costs of US\$254/t.
- 7 All figures are rounded to reflect the relative accuracy of the estimate.
- 8 Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- 9 100 per cent. of the Mineral Resource is attributable to Nalunaq A/S.

Nalunaq A/S Tailings Mineral Resource

Zone	Classification	Gross			Net Attributable			Operator
		Tonnes (t)	Grade (g/t Au)	Contained Gold (oz.)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz.)	
Target SW	Inferred	48,220	4.0	6,200	48,220	4.0	6,200	Nalunaq
Total Inferred		48,220	4.0	6,200	48,220	4.0	6,200	Nalunaq

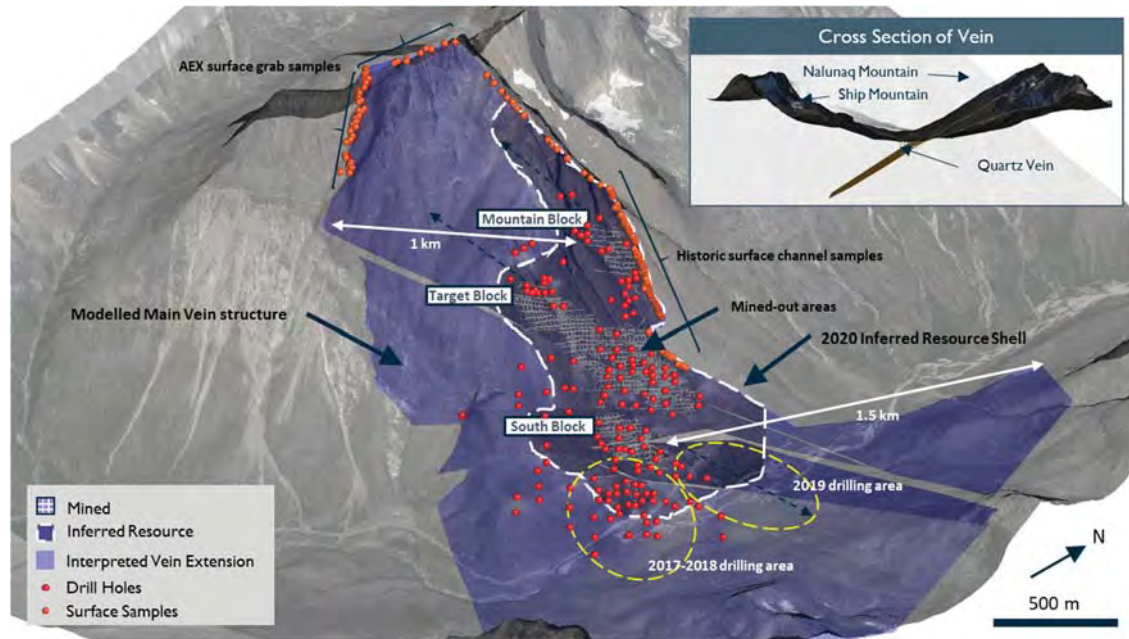
Source: SRK CPR (2020), page 188

Notes:

1. Reported at a cut-off grade of 0.0 g/t Au.
2. All figures are rounded to reflect the relative accuracy of the estimate.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
4. 100 per cent. of the Mineral Resource is attributable to Nalunaq A/S.

The gold bearing Main Vein at the Nalunaq Property is described as having a high nugget effect, meaning that gold is heterogeneously distributed across the structure, which results in individual drilling results being an imperfect guide to the grade of the deposit across the wider structure. This type of mineralisation is not uncommon and requires a two-step process of drilling to prove the extent of the mineralised structure, and closer spaced underground development to establish the average grade and upgrade Inferred Mineral Resources to higher Mineral Resource and Mineral Reserve categories. This exploration methodology was proven in the late 1990s and ultimately resulted in the initiation of operations at the Nalunaq Property by Crew Gold Corporation in 2004. As such, the asset's resource is focussed in and around the existing mine development, despite the overall structure being demonstrated over a much larger area.

Nalunaq Property Structure and Resource



Source: Company Information

As shown in the figure above, the Main Vein in the Nalunaq Mountain is divided into three main blocks due to post-mineralisation faulting, namely Mountain Block, Target Block and South Block. AEX believes that the Mountain and Target Blocks represent separate ore shoots and therefore both have potential to extend up-dip. To date, through geological mapping, drilling, and surface sampling the Main Vein is believed by the Company to extend laterally for a kilometre from the Inferred Mineral Resource shell in the Mountain Block, and is projected to extend 1.5 kilometres to the northeast in South Block. The Main Vein has also been demonstrated to be open at depth through drilling between 2017 and 2019, offering AEX the potential for deeper exploration and development. Drilling in 2019 identified the Main Vein structure 300 metres along strike from the South Block workings, and more than 350 metres down dip, improving confidence in the Exploration Target towards the northeast and under the valley towards Ship Mountain.

The Nalunaq Property was first put into production by Crew Gold Corporation in 2004 and continued under their operatorship until 2009. During this time, the asset produced approximately 350,000 oz. of gold from 654,755 tonnes of milled ore at an average production cost of approximately US\$530 per oz. of gold. Unlike AEX, which intends to establish an onsite processing facility, partially utilising equipment left by the previous operator, Crew Gold Corporation did not conduct any processing on site and instead shipped mined ore to processing facilities in Spain and Newfoundland, Canada. AEX intends to utilise the mining and processing methods proven effective by Crew Gold Corporation, albeit optimised based on the current knowledge of the asset, and to use onsite processing facilities, to remove the costs and time associated with shipping the ore offsite and the potential for losses from excessive handling of the ore. Further information in relation to the historic operations at the Nalunaq Property is detailed in the CPR in Part VI.

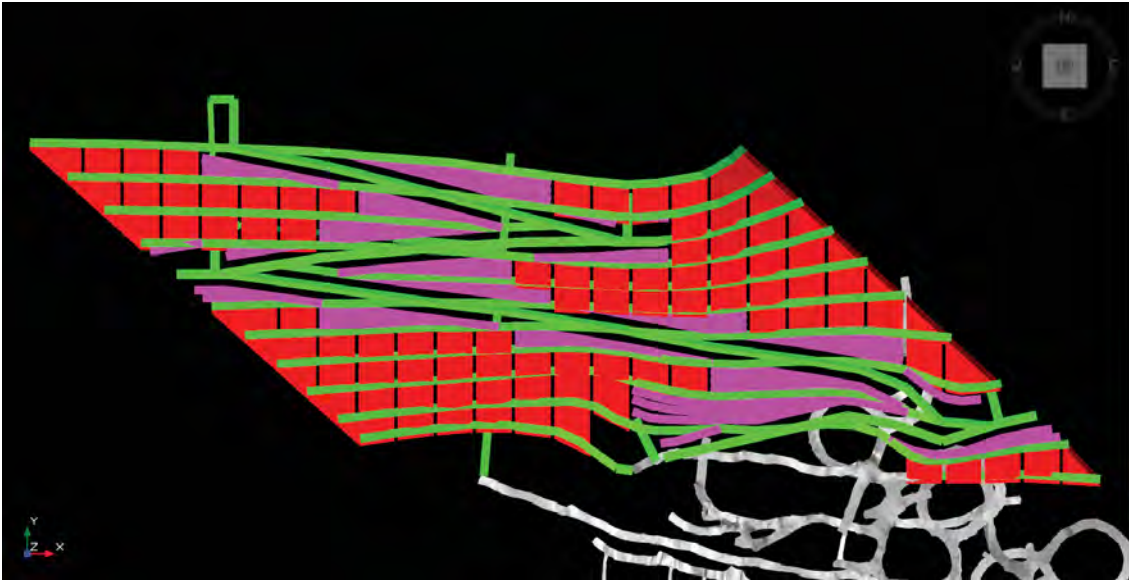
Significant infrastructure was left at the Nalunaq Property by the previous operators, including six kilometres of ramps and 14 kilometres of underground drifts. The mine site can be accessed via a nine kilometre access road, which AEX repaired in 2019 by increasing drainage efficiency and by installing a pre-engineered and pre-fabricated bridge of 73 metric tonnes of capacity to safely support the future mine development. An underground processing plant is also on site, installed during the tenure of the previous operator, Angel Mining PLC, which the Company expects to partially reuse as part of its phase 2 production process, following any required refurbishment.

AEX intends to perform 8,000 metres of both surface and underground drilling between 2020 and 2022, as well as 2,000 metres of underground development at the Nalunaq Property throughout 2021 and 2022. The aim of the drilling programme is to identify the mineralised structure ahead of the underground development programme. The underground development programme is intended to

access deeper into the existing Inferred Mineral Resources and Exploration Target and gain greater geological confidence on grade and increase the resource categories towards Measured Mineral Resources and Indicated Mineral Resources. The initiation of the underground development programme is expected to begin in July 2021.

The Company intends to develop the asset through ramping on vein in order to maximise coverage and gain greater geological confidence significantly faster than by using the conventional ramp in waste development methodology, and facilitate the conversion of Inferred Mineral Resources to Measured Mineral Resources and Indicated Mineral Resources and upgrade the Exploration Target. The on vein development methodology is conceptually presented in the potential Target Block extension in the figure below.

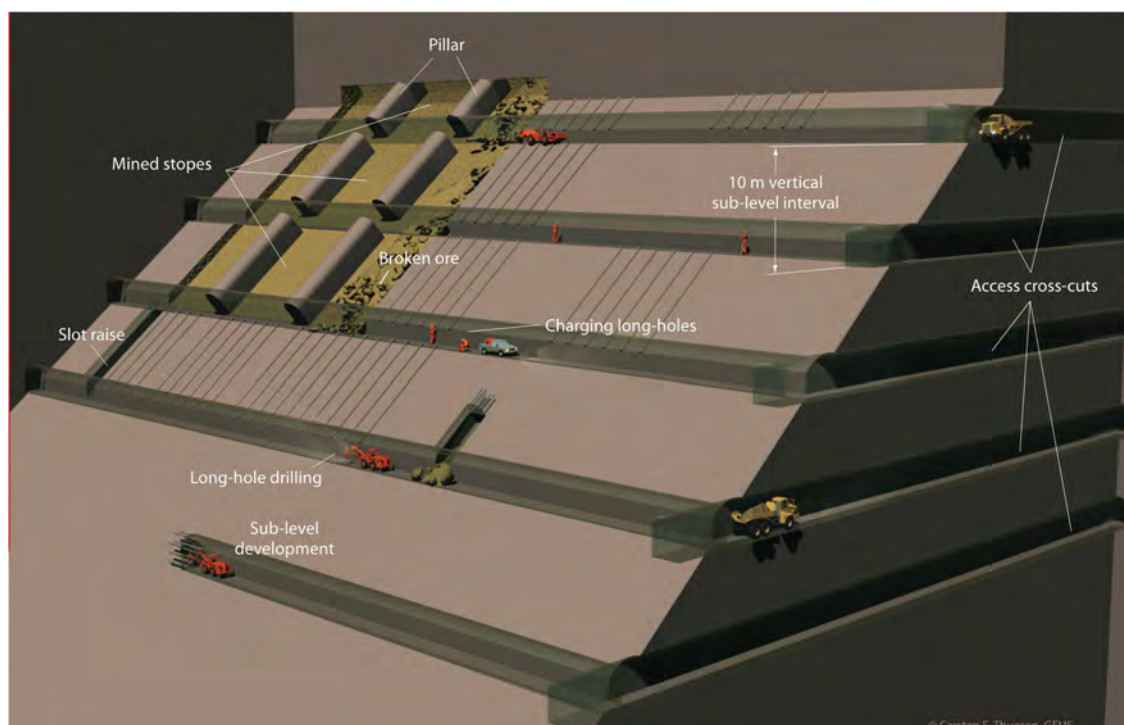
On Vein Ramp Development



Source: Company Information

As ramping progresses, sublevels will be developed using rescue mining, a selective mining method using a two stage blasting sequence. In the first phase, the waste is broken down and mucked out to adjacent stopes or drifts and in the second phase, the ore is blasted and mucked out to a stockpile for further processing. Once sub-level developments are finalised, long hole stoping methodologies will be utilised. Rescue mining and long hole stoping are proven mining methodologies at the Nalunaq Property, as demonstrated by previous operators.

Long Hole Stoping Mining



Source: SRK (2016)

This initial underground development programme is planned to establish a pre-production stockpile representing approximately six months of processing, or 45,000 tonnes. This underground development tonnage will supplement the 17,000 – 25,000 tonnes of historical remnant mining material which was reported in a press release on 2 April 2020. Therefore, the total stockpile of pre-production material ahead of commissioning could amount to nearly 70,000 tonnes, representing 70 per cent. of a full year of processing at 100,000 tonnes per annum. This will enable the Company to maintain its desired production profile and minimise the risk of delays in processing and revenue generation.

The Company expects first production from the Nalunq Property within 18 months of Admission, with commissioning of the processing facility finalised and full commercial production within 24 months of Admission. AEX intends to establish an initial phase 1, 300 tonnes per day, crushing, grinding, gravity recovery plant, and tailings filtering plant, strategically located outside of the mine to allow the Company to maximise gold recovery and allow future expansion flexibility. From historical testing and industrial scale processing, gold recovery during phase 1 is expected to be 65 to 70 per cent.. Gravity concentrates will then be smelted on site to produce a doré, and shipped offsite for further refining. The tailings from phase 1, which still hold a meaningful gold resource and economic value, will be dry stacked in a surface facility for future reprocessing.

AEX intends to use cash flow from the phase 1 operations to refurbish the existing underground leaching plant, left by the previous operator. Through leaching the gravity tailings, the Company expects to increase total gold recoveries to 95 per cent. or more in phase 2. It is currently estimated that the additional investment to recondition the underground leaching and gold recovery circuits would be in the region of C\$21 million. Based on the Company's current plan and budget, it is expected that the process of reconditioning the existing underground leaching circuit will be initiated in the first full year of cash flows with commissioning of the phase 2 process commencing within 24 months of commercial production.

In parallel, the Company is also investigating the potential to implement a flotation circuit to produce a concentrate instead of leaching the gravity tailings. Past metallurgical test works have demonstrated that gravity recovery followed by the flotation of gravity tailings could yield a total gold recovery very close to gravity recovery followed by leaching of gravity tailings. Past test work did not focus on optimising the flotation parameters to maximise gold recovery, however, in Q1 2020 the Group conducted a metallurgical test work programme at SGS Lakefield in Canada, using a

representative sample taken from the mine in 2016, with the aim of optimising the flotation process to increase total recovery towards the levels achieved by cyanide leaching. The Company believes that a flotation plant, supplementing a gravity recovery circuit, could be set up for a fraction of the costs of reconditioning the existing leaching circuit as well as providing a number of additional benefits.

The CPR provider, SRK, utilises industry benchmarks to calculate the cut-off grade of the Mineral Resources of the Nalunaq Property. The benchmarking exercise takes into account the scale of the operation as well as the mining and mineral processing methodologies proposed. The cut-off grade is calculated over a minimum true mining width of 1.2 metres and is based on an assumed 300 tonnes per day of processing. For the Nalunaq Property, a total operating cost estimate of US\$253.85 per tonne was established, supplemented by refining, transportation and royalty costs of approximately US\$57 per ounce.

AEX cautions that the production decision and options outlined above has been taken before the estimation of Mineral Reserves and is not based on a feasibility study of these Mineral Reserves and as such this constitutes a risk to the project's technical, economic and financial viability.

6.2 Additional Assets

In addition to the Nalunaq Property, the Company currently has interests in a further six exploration licences and two prospecting licences across Southern Greenland. The Company intends to allocate a portion of the net proceeds from the Fundraising, subject to securing a small working capital or other financing facility, towards funding exploration work on its other licences over the next 24 months, largely in line with its commitments under its licences.

The Company's most advanced exploration asset is the Vagar Licence (licence 2006/10), which includes the sub-areas Niaqornaarsuk, Nalunaq East and Nalunaq West located in the Nanortalik gold belt in close proximity to the Nalunaq Property. The Amphibolite Ridge is the most advanced exploration prospect within the Vagar Licence and is located 25 kilometres to the north of Nalunaq Mountain, on the Niaqornaarsuk peninsula. The Company has identified five targets with significant outcropping gold grades over a two kilometre distance. The Company has identified three quartz vein structures on the ridge that have shown potential to be exceptionally high grade, with surface outcrop samples in vein 2 of up to 2,533 g/t Au and 70.1 g/t Au in a 13 metre channel sample, and mineralisation open at depth. The host rock, granodiorite, has been shown to have gold mineralisation as high as 14.4 g/t, meaning there is potential for the wider structure to be mineralised, offering a substantial additional opportunity for the Company. The area shows similarities in terms of age, rock type and structural control to the Barsele project in Sweden (55 per cent. Agnico Eagle Mines Limited, 45 per cent. Barsele Minerals Inc.), and to the wider Swedish "Gold Line" (Schlatter et al. 2018). The Company intends to use a portion of the proceeds to fund further exploration activities on the asset, including approximately 5,000 metres of surface drilling, to increase understanding of the geological structures of the veins and to continue investigating the mineralisation of the host rock. 2021 exploration expenditure will be funded from equity proceeds once a working capital or similar facility is in place. The Vagar Licence has a number of further exciting exploration prospects, although less progressed, including Bella, Christianshavn and LGM to the South. It is anticipated that exploration programmes and any future operations will be supported by existing infrastructure at the Nalunaq Property.

The Nuna Nutaaq Licence (licence 2019/113) consists of five sub-areas located in the Nanortalik gold belt in southern Greenland, which have had varying degrees of historic exploration work performed and which the Company believes are prospective for gold. The Company intends to use a portion of the proceeds to fund further exploration activities on the asset, subject to securing an appropriate working capital or similar facility. Prospecting and geological mapping will be carried out at Ippatit to locate the source of historic stream sediment gold anomalies over a 20 kilometre strike length. The area represents a northern extension of the Nanortalik Nappe, the same package of metavolcanic rocks that hosts the Nalunaq Property's gold deposit. Channel sampling and prospecting is planned at Jokum's Shear and Sorte Nunatak, where historic sampling has returned significant gold grades in altered gabbros and quartz veins. Channel sampling and structural mapping is planned at Kangerluluk to generate drill targets. Gold mineralisation associated with quartz veining has been identified in a shear zone over a one kilometre strike length, with historic chip samples of up to 118 g/t, and channel samples grading up to 110 g/t over 0.8 metres true thickness. Stream and scree sediment sampling will be carried out to generate targets at Søndre

Sermilik which is located on the northern end of the Niaqornaarsuk peninsula. The area is unexplored but lies on the same structural trend as Amphibolite Ridge.

The Saarloq Licence (licence 2020/31) consists of two sub-areas covering the Saarloq shear zone in southern Greenland, located close to the settlements of Qaqortoq and Narsaq. The Saarloq shear zone is one of the larger structural features in the region. The licence lies to the northwest of the main Nanortalik gold belt, but the favourable structural setting and historic stream sediment gold anomalies make for an attractive greenfield target. The area is covered by a remote sensing and alteration mineral mapping study undertaken by AEX in 2018. Lineament analysis will be undertaken to generate targets for follow up prospecting. Historic stream sediment surveys were not well designed for gold exploration and may have led to the area being overlooked. Additional stream sediment samples will be collected where required.

The Anoritoq Licence (licence 2020/36), consists of two sub-areas. The main sub-area covers parts of the of the Niaqornaarsuk, Akuliaruseq and Nanortalik peninsulas in South Greenland and includes the most advanced gold exploration prospect in this licence which is known as Lake 410, located on the southern end of the Nanortalik Peninsula. The geology of Lake 410 shows many similarities to the Nalunaq Licence and can be considered part of the same sequence of metavolcanic rocks. Crew Gold Corporation drilled nine holes during two field seasons in 2003 and 2005, with the best intersections being 3.98 ppm gold over 0.5 metres and 2.12 ppm Au over two metres, the latter from a laterally continuous unit known as the Main Unit. 3D modelling and further structural assessments will be carried out in order to predict continuity of structures identified by historical drilling. A smaller sub-area of the licence covers Kangerluluk fjord in Southeast Greenland, where the geology is dominated by granitoid rocks of the Julianehåb Batholith. There are enclaves of mafic supracrustal rocks on the northern side of Kangerluluk Fjord which may have potential to host extensions of the Kangerluluk gold occurrence on the southern side of the fjord in AEX's Nuna Nutaaq licence 2019/113.

Further information on the Company's wider licence portfolio is located in Part V and the CPR in Part VI.

7. Current Trading and Prospects

On 20 May 2020 the Company published its unaudited results for the quarter ended 31 March 2020, which are set out in Part VII of this document.

The Company reported a net loss for the three months ended 31 March 2020 of C\$966,437 consisting of exploration and evaluation expenses of C\$611,775, and general and administrative expenses of C\$382,911. As at 31 March 2020, the Company had cash on its balance sheet of C\$4,366,773, and net working capital of C\$3,459,290. Following the period end, on 6 May 2020, the Company announced the exercise of certain warrants providing total gross proceeds of C\$1,292,722.

The Company announced on 2 March 2020 the results of an extensive mechanical and operation audit of the existing underground process plant as well as upgrades on existing surface infrastructure, including the mine access road and the Kirkespir river bridge. The results of the underground process plant audit allow AEX to progress its review on metallurgical recovery for the Nalunaq Property and review potential process optimisation opportunities for the resumption of operations on site. The infrastructure upgrade will help ensure a safe access to the mine from the camp site.

On 2 April 2020, the Company announced an increase in the Nalunaq Property's Exploration Target, quantifying the amount of remnant mining material from past operations that could potentially be utilised as part of the Company's pre-production stockpiles.

A "business readiness" programme has been initiated within the Company, ahead of transitioning to the project execution stage of operations at the Nalunaq Property, and preparation activities will continue throughout 2020. AEX is assessing on-site processing opportunities with its consultants, and metallurgical test works are currently being conducted by SGS Lakefield in Toronto on a representative sample taken out of the Nalunaq Property's historical underground mine in 2016. The results of this work will further support the selection of the proper flowsheet for the Nalunaq Property. AEX intends to submit its field application documents to the Greenlandic Authorities in early July for authorisation ahead of mobilising personnel, which is expected to occur around the end of July 2020.

AEX is planning to take additional samples from selected 2017 drill cores where zones of alteration without significant quartz veining may have been overlooked. 2019 assay results have demonstrated that such zones can return high gold grades. Selected drives in Target Block will be resampled to confirm historic assays. These are smaller exploration drives that were advanced in 2000 and 2001, where samples were assayed with the screen metallica fire assay method. Resampling and assaying with the LeachWell method would allow for significantly larger sample sizes and has been used during previous operations to give more representative gold grades. There is potential for additional mineralised veins in the structural hanging wall and footwall, and surface mapping and exploration will be carried out to follow up on work completed in the early 1990s.

Given the continued impact of the Coronavirus outbreak, the MLSA has set all minimum exploration licence spending commitments to zero for 2020 and therefore the Company has deferred a significant portion of its exploration spending across its wider licence portfolio to 2021 in line with the updated licence requirements.

8. Reasons for Admission and Use of Proceeds from the Fundraising

The Company is seeking admission of the Enlarged Share Capital to trading on AIM in order to broaden its shareholder investor base, increase trading liquidity, and enhance the profile of the business. The Company intends to use the net proceeds from the Fundraising, and its existing cash, primarily to fund development activities on its Nalunaq Property and the acquisition of required infrastructure in order to bring the asset into production within approximately 18 months of Admission. In addition, subject to the Company securing a small working capital or other similar facility, the Company will use a portion of the net proceeds to fund exploration activities on the wider Nalunaq Licence and the remainder of its licence portfolio to prove up additional resource and develop a full-cycle portfolio to deliver long-term shareholder returns.

In conjunction with the Fundraising, the Company is in advanced discussions with a number of financing providers, with a view to establishing a modest working capital facility or similar debt facility. It is the Company's view that such a facility would provide a cost effective financing solution, providing capital availability without the upfront cost or dilution of additional equity. The Company has allocated an additional £2.5 million in its current budget, in addition to the uses of proceeds below, for exploration across its wider licence portfolio as well as small amount of additional contingency. Until the Company has secured a facility to cover at least this incremental amount, it does not intend to progress with 2021 exploration on its wider asset base, however, should a facility be secured in excess of this amount, the Company plans to accelerate its potentially high-impact exploration activities.

Use of Proceeds	Cost
Nalunaq Development	
Equipment	£13.5m
Engineering, Procurement, Construction Management & Indirect Costs	£10m
Building & Infrastructure	£5.8m
Nalunaq Development Total	£29.3m
Exploration	
Nalunaq Surface & Underground Exploration	£4.1m
Portfolio Asset Exploration	£0.3m
Exploration Total	£4.4m
Contingency & Corporate	
Additional Contingency	£4.1m
General Corporate Purposes & Transaction Costs	£4.7m
Contingency & Corporate Total	£8.8m
Total	£42.5m

9. Details of the Fundraising

Stifel and the Co-Managers have entered into the Placing Agreement with the Company and each of the Directors. Under the Placing Agreement, Stifel and the Co-Managers have each conditionally agreed, as agents of the Company, to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Shares are being placed with institutional and other investors. The Placing is not being underwritten.

In addition, the Company has entered into subscription agreements with Eldur Ólafsson, Graham Stewart, George Fowlie, Robert Ménard, Sigurbjorn Thorkelsson, Martin Ménard and certain investors pursuant to which they have agreed to subscribe for the Subscription Shares. The Placing is conditional, amongst other things, on TSX-V approval and on Admission taking place on or before 31 July 2020 (or such later date as the Company and Stifel may agree, but in any event not later than 14 August 2020) and on the Placing Agreement becoming unconditional and not being terminated prior to Admission. The Subscription is conditional, amongst other things, on TSX-V approval and on Admission taking place on or before 14 August 2020.

The New Common Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Common Shares including the right to receive all dividends or other distributions declared, made or paid after Admission. The New Common Shares will represent approximately 53.3 per cent. of the Enlarged Share Capital.

After deduction of fees, commissions and expenses payable by the Company, the net proceeds of the Fundraising receivable by the Company will be approximately £39.2 million. A commentary on the proposed use of the net proceeds of the Fundraising is given in the paragraph headed “Reasons for Admission and Use of Proceeds from the Fundraising” in this Part I.

Further details of the Placing Agreement are set out in paragraph 12.3 of Part IX of this document.

10. Directors and Senior Management Team

The Directors and Senior Management Team are as follows:

Directors

Eldur Ólafsson – *Founder, Director and CEO* (35)

From 2008 to 2010, Eldur Ólafsson was part of the technical and business development team of Geysir Green Energy (“**Geysir**”), a global rapidly growing geothermal investment company founded in 2007. His role at Geysir was to lead business development as well as being involved in the operations team. In 2009, Mr. Ólafsson became the Technical Director of Enex China (“**Enex**”), which was 100 per cent. owned by Geysir. Enex owned a 49 per cent. stake in Shaanxi Green Energy, a joint venture company with Sinopec Star, and helped grow the company from inception to operating in three provinces, namely: Shaanxi, Hebei and Shandong. Mr. Ólafsson left Enex in 2010 to co-found Orka Energy (“**Orka**”). At Orka, Mr. Ólafsson was Chief Executive Officer and was responsible for securing the acquisition of geothermal assets in China and the Philippines as well as their successful development thereafter, including having developed the Bileran area in the Philippines. In 2012, Mr. Ólafsson co-founded Iceland Petroleum, which was later reorganised into Arctic Resource Capital (“**ARC**”), an investment and development company in mineral, oil and gas and geothermal resources of which Mr. Ólafsson is the founding partner. ARC’s key focus has been to build up integrated mining projects in Greenland focusing on the exploration and exploitation of high-grade mineral resources with easy access, infrastructure and good upside potential. Mr Ólafsson holds a BSc Geology degree from the University of Iceland.

George Robertson Fowlie – *Chief Financial Officer and Director* (75)

George Fowlie has extensive experience in the banking and finance industry following a successful 40-year career working for several global companies. Mr. Fowlie was a Managing Director at First Marathon Securities Ltd., an investment dealer, from 1991 to 2000. He was a partner of EdgeStone Capital Partners, an investment company, from 2000 to 2004. He was then the Deputy Chairman and Head-Investment Banking of Westwind Partners, Inc. from 2004 to 2008. Mr. Fowlie was also Director of Maudore Minerals Ltd., a mining company, from 2012 to 2016, and Chairman from 2014 to 2016. Mr. Fowlie was also Chairman of Crown Capital Partners Inc. between 2015 (when the company became public) and 2018. Mr. Fowlie has been the Managing Director of GRF Capital Advisors, Inc. (a private consulting company) since 2008. He acts as director of the following private

companies: Melford International Terminal, Inc., a company that is developing a container port in Nova Scotia; and Brunico, Inc., a company acting in the global entertainment industry. Mr. Fowlie received his BA from the University of Toronto (1966), an MBA from the University of Western Ontario (1969) and the ICD.D designation from the Institute of Corporate Directors in 2006.

Graham Duncan Stewart – *Chairman and Non-Executive Director (59)*

Graham Stewart has worked in the international oil and gas industry for 30 years. Throughout his career, Mr. Stewart has created a reputation for generating significant shareholder value for the companies he acts for. From 1991 to 1997, he was the Commercial Director of the Petroleum Science and Technology Institute. From 1997 to 2002, he was the Finance and Commercial Director at Dana Petroleum PLC. He then founded DNO North Sea plc (previously known as Faroe Petroleum plc, “**Faroe Petroleum**”), which he became the CEO of in 2002 and which was admitted to AIM in 2003. He proceeded to grow Faroe Petroleum into a highly successful independent full-cycle exploration and production company with portfolios in the UK and Norway. The company was sold in January 2019 for approximately \$800 million to DNO ASA. Since then, he has founded Longboat Energy plc, an investment company established to build a North Sea oil and gas company, which was admitted to AIM in November 2019 with Mr. Stewart as Chairman. Mr. Stewart holds an honours degree in Offshore Engineering from Heriot-Watt University and an MBA from Edinburgh University.

Robert Ménard – *Non-Executive Director (70)*

Robert Ménard has over 40 years’ experience in project management, both as a contractor and an executive. He began his career as a junior engineer with Iron Ore Company of Canada from 1972 to 1974 and subsequently acted as Vice President for a large industrial contractor from 1975 to 1993. From 1994 to 2006, he served as Vice-President, Projects and Construction with Cambior Inc. (“**Cambior**”). In that capacity, he was responsible for all of Cambior’s development projects, from engineering studies to site construction, start-up and reclamation. Following the acquisition of Cambior by IAMGOLD Corporation, Mr. Ménard was appointed Vice-President Engineering and Construction of the Nunavik Nickel Project located in the Canadian Arctic, a position he occupied from 2007 to 2008. Mr. Ménard acted as the co-executive for the engineering and construction of IAMGOLD’s Essakane gold project in Burkina Faso. Mr. Ménard was Vice-President Engineering and Construction for Andean Resources Limited for its Cerro Negro Project in Argentina in 2011. More recently, Mr. Ménard was Director Engineering and Construction for Newmont Mining Corporation’s Surgold Merian Project in Suriname from 2012 to 2016. Mr. Ménard holds a degree in Applied Science (Electrical Engineering) from the University of Ottawa and he is a member of the Ordre des ingénieurs du Québec (Québec’s Order of Engineers).

Georgia Margaret Quenby – *Non-Executive Director (50)*

Georgia Quenby is a highly experienced commercial lawyer, who is qualified in both London and New York. Throughout her career, she has worked on a number of cross-border transactions, both in financings and M&A, in many industries including natural resources and the defence sector. Ms. Quenby is regulated by the Institute of Chartered Accountants of England and Wales as a non-appointment taking Insolvency Practitioner. She was the recipient of the FT Non-Executive Director Diploma and is currently a member of the advisory council of the Centre for Commercial Law Studies. Ms. Quenby has a degree in Jurisprudence from Oxford University.

Sigurbjorn Thorkelsson – *Non-Executive Director (53)*

Sigurbjorn Thorkelsson has over 25 years’ experience in the banking and securities industry across New York, London, Tokyo, Hong Kong and his native Iceland. Beginning his career as an Equity Derivatives Trader at Lehman Brothers in New York in 1992, Mr. Thorkelsson then became a director at the Canadian Imperial Bank of Commerce in 1994. After holding numerous managerial positions at Lehman Brothers in New York, London, Tokyo and Hong Kong, Mr. Thorkelsson moved to Nomura International (Hong Kong) Limited as Managing Director and Head of Asia-Pacific Equities in 2008 and later became Senior Managing Director of the Nomura Group in 2009. In 2010, Mr. Thorkelsson moved to Barclays Capital (Hong Kong) as Managing Director and Head of Asia-Pacific Equities before becoming Managing Director (Head of Equities EMEA) at Barclays Capital in London in 2011. More recently, Mr. Thorkelsson has co-founded investment and securities companies in Iceland and in the UK and currently holds a number of directorships, including within

the Fossar Markets group (a leading independent securities firm in Iceland, with offices in Reykjavik, Stockholm and London), GCW Global Customised Wealth LLP (a UK-headquartered investment management firm) and Keilir Partners ehf (a high-frequency trading firm in Iceland). Mr. Thorkelsson is also Chairman of the Board of the Iceland Symphony Orchestra. Mr. Thorkelsson has a BSc in Mechanical Engineering from the University of Iceland and an MSc in Industrial Engineering and Engineering Management from Stanford University.

Senior Management

Martin Ménard – EVP and Chief Operating Officer (38)

Martin Ménard has over 15 years' experience in a variety of engineering and management roles across global energy, mining and mineral processing projects, assisting companies in the transition of their projects from exploration to operations. Prior to joining AEX, he held various management positions in the mining industry, notably for Greenstone Gold Mines Ltd.'s Hardrock Project in Ontario, Canada, Newmont Corporation's Merian Project in Suriname and IAMGOLD Corporation's Essakane Project in Burkina Faso. Martin has a B. Eng. in Electrical Engineering from McGill University in Montreal, Canada, and a Masters in Economics, Finance and Management from Universitat Pompeu Fabra in Barcelona, Spain. He is a registered engineer in the provinces of Quebec and Ontario.

Joan Plant – Company Secretary (53)

Joan Plant has 10 years of expertise in operating in Greenland, having worked on projects there since 2010 both in production and exploration settings. Ms. Plant joined Angel Mining PLC in July 2010 as Operations Manager, taking responsibility for all aspects of operations management and compliance for the Nalunaq Property and Black Angel projects in Greenland. From 2013 to 2014, Ms. Plant acted as Corporate Secretary for Arctic Mining Ltd. Since 2015, Ms. Plant has worked as Corporate Secretary with the FBC Group (including FBC Mining (Holdings) Limited, FBC Mining (BA) Ltd. and the Greenlandic subsidiary Black Angel Mining A/S) and ARC to advance their strategy in connection with their Greenlandic projects, with particular focus on maintaining government relations. Since 2017, she has been the Corporate Secretary for AEX. During this time, she has had regular contact with the Greenland Government, building relationships and an in-depth knowledge covering all aspects of the mining licensing, governance and monitoring processes. Before this Ms. Plant worked for 15 years in various positions at Barclays Bank, including becoming the Change Manager responsible for 13 sites, before moving to a Project Manager role at Barclays' head office.

The Board intends to appoint an additional, independent non-executive director, with significant experience in developing mines into production, following Admission.

11. Management Incentive Scheme – the AEX Gold VCP

The Compensation Committee believes that the success of the Company will depend to a high degree on the future performance of the executive Directors and senior management in executing the Company's growth strategy. The Company therefore intends to establish an equity-based incentive plan, the AEX Gold Value Creation Plan (the "**VCP**"), which will be an important means of aligning the interests of the executive Directors and Senior Management with those of Shareholders.

Under the VCP, participants will only be rewarded if a pre-determined level of total shareholder return growth is achieved over a five-year performance period or upon a change of control of the Company (whichever occurs first). The award will also be subject to the satisfaction of predetermined operational underpins. Awards under the VCP will be entitled to a total of 10 per cent. of the value created in the Company from the award date, which is intended to be in Q3 2020. The VCP will have a formal dilution cap of 10 per cent. of the Company's issued share capital at the appropriate measurement date (when aggregated with outstanding options under the Stock Option Plan) and the vesting of awards will be subject to the Compensation Committee being comfortable that the achievement of the performance hurdle is a fair and accurate reflection of performance to mitigate against factors such as external market trends.

12. Lock-in and orderly market arrangements

Each of the Directors and certain senior employees of the Company, who will together be beneficially interested in a total of 17,078,548 Common Shares on Admission (representing 9.64 per

cent. of the Enlarged Share Capital), have undertaken to the Company and Stifel that, except in limited circumstances, they will not dispose of any Common Shares during the period of 12 months from Admission and that, during the period of 12 months from the first anniversary of the date of Admission, they will not dispose of any Common Shares unless such disposal is made on an orderly market basis through the Company's broker, as appointed from time to time.

Accordingly, on Admission, a total of 17,078,548 Common Shares will be subject to the lock-in and orderly market arrangements described above representing 9.64 per cent. of the Enlarged Share Capital.

Further details of the lock-in and orderly market undertakings are set out in paragraph 12.5 of Part IX.

13. Corporate governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders of the Company, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which both are in the interest of its Shareholders and contribute to effective and efficient decision-making.

The Company is subject, among other laws and regulations, to instruments published by relevant Canadian securities regulators. One such instrument, NI 58-101 Disclosure of Corporate Governance Practices, prescribes certain disclosure by the Company of its corporate governance practices and NP 58-201 Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101 and NP 58-201.

As a result of its listing on the TSX-V and being a reporting issuer in the Canadian province of Ontario, the Company has already established corporate governance practices and procedures appropriate for a publicly listed company in Canada. The Company complies with Canadian corporate governance standards appropriate for publicly listed companies.

The Board further complies with the recommendations set out in the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance, with the exception of Principle 7 relating to the evaluation of board performance, which the Board will implement ahead of its next annual report. In addition, the Board intends to implement additional disclosure in line with these guidelines, to the extent appropriate for a Company of its size and stage of development.

Board

The Board is responsible for the supervision of the management of the Company and must act in the best interests of the Company and its Shareholders. The Board acts in accordance with the laws of Canada and the UK, the Articles and By-laws of the Company, and the specific terms of reference as laid out for each committee and the Board as a whole, including the mandate of the Board.

The Board has responsibility for adopting a strategic planning process and reviewing and approving the Company's strategic plan developed and proposed by management and monitoring performance against the plan. The Board is responsible for developing and adopting policies and procedures to identify the principal business risks of the Company and ensure that appropriate systems are implemented to manage these risks. The Board is also responsible for developing and adopting policies and procedures to ensure the integrity of the internal controls and management information systems of the Company.

Matters that require Board approval include, among other things: (i) the approval of the quarterly and annual financial statements and management discussion and analysis; (ii) the issuance of securities; (iii) significant acquisitions; (iv) annual capital and operating plans and budgets; and (v) following the recommendation of the Compensation Committee, the compensation of members of the senior management team.

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board. The Board shall review its procedures on an ongoing basis to ensure it is functioning independently of management. As circumstances require, the Board will meet without management present, and convene meetings, as deemed necessary, of the independent directors, at which meetings, non-independent directors and members of management will not be in attendance. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest.

The Board is currently comprised of two executive officers and four non-executive directors. Of the non-executive Directors, the Board considers that Georgia Quenby and Sigurbjorn Thorkelsson are "independent" in accordance with Canadian corporate governance standards, but Graham Stewart is not (as a result of being the chairman of the Company) and Robert Ménard is not (on the basis that he is the father of Martin Ménard). The Board considers that Graham Stewart, Georgia Quenby and Sigurbjorn Thorkelsson are "independent" from a UK corporate governance perspective, notwithstanding the interests in Common Shares held by Graham Stewart and Sigurbjorn Thorkelsson (through Fossar Ltd and Fossar ehf), but Robert Ménard is not (on the basis that he is the father of Martin Ménard).

The Board intends to appoint an additional, independent non-executive director, with significant experience in developing mines into production, following Admission.

The Board has established an Audit and Risk Management Committee, Compensation Committee, Corporate Governance and Nomination Committee, Disclosure Committee and Safety and Environmental Committee, with formally delegated duties and responsibilities, as described below.

Audit and Risk Management Committee

The Company has adopted a charter for the Audit and Risk Management Committee. The primary function of the Audit and Risk Management Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the Shareholders of the Company.

The Audit and Risk Management Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, monitoring the effectiveness of the internal audit function and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The Audit and Risk Management Committee is comprised of Graham Stewart, Georgia Quenby and Sigurbjorn Thorkelsson and is chaired by Sigurbjorn Thorkelsson. All members are considered "financially literate" within the meaning of NI 52-110 and at least two of its members are considered "independent" within the meaning of NI 52-110 and the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance. For the purposes of this charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements. All members of the Audit and Risk Management Committee have experience reviewing financial statements and dealing with related accounting and auditing issues.

The Audit and Risk Committee will meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit and Risk Management Committee will also meet regularly with the Company's external auditors.

Compensation Committee

The primary function of the Compensation Committee is to determine executive remuneration packages and to ensure that the remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance. The Compensation Committee may make recommendations as required regarding the compensation of non-executive Directors but this is ultimately a matter for the chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own compensation.

In determining the compensation to be paid or awarded to the executives, the Compensation Committee seek to encourage the advancement of the Company's exploration projects and the

growth of its reserves, with a view to enhancing Shareholder value. To achieve these objectives, the Company believes it is critical to maintain a compensation programme that attracts and retains committed, highly-qualified personnel by providing appropriate rewards and incentives that align the interest of the executives with those of its Shareholders.

The Compensation Committee is comprised of Graham Stewart, Georgia Quenby and Sigurbjorn Thorkelsson and is chaired by Georgia Quenby. Each of its members are considered “independent” within the meaning of NI 52-110 and the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance. The Compensation Committee will meet at least twice a year.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise.

The Corporate Governance and Nomination Committee is comprised of Graham Stewart, Georgia Quenby and Sigurbjorn Thorkelsson and is chaired by Georgia Quenby. The Nomination Committee will meet at least once a year and otherwise as required.

Disclosure Committee

The purpose of the Disclosure Committee is to assist the Board in fulfilling its responsibilities in respect of (i) the requirement to make timely and accurate disclosure of all information that is required to be disclosed to meet the legal and regulatory obligations and requirements arising under applicable Canadian securities laws, MAR, the AIM Rules for Companies and the Disclosure Guidance and Transparency Rules sourcebook published by the FCA from time to time, and (ii) the requirement for the Company to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations in this regard. The Disclosure Committee, appointed by the Board, is comprised of George Fowle and Eldur Ólafsson and is chaired by George Fowle. The Committee will meet at such times as shall be necessary or appropriate. In addition, the Committee shall meet at least annually to review the operation, adequacy and effectiveness of the Disclosure Procedures.

Safety and Environmental Committee

The role of the Safety and Environmental Committee is to provide oversight and guidance to the Company in achieving best practices in safety, security and compliance oversight as regards its operations.

The Safety and Environmental Committee is comprised of Robert Ménard and Eldur Ólafsson and is chaired by Robert Ménard. The Safety and Environmental Committee will meet as required. The Safety and Environmental Committee will report to the Board regarding the Group’s health and safety record. The Board will have ultimate responsibility for health and safety matters.

Insider Trading and Share Dealing Policy

The Company has adopted, with effect from Admission, a revised insider trading and share dealing policy for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company’s securities (including, in particular, Rule 21 of the AIM Rules) and MAR, as well as applicable Canadian securities laws. The Directors consider that this insider trading and share dealing policy is appropriate for a company whose shares are admitted to trading on AIM and the TSX-V, and will take all reasonable steps to ensure compliance by the Directors and any relevant employees with such policy.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics to be followed by the Company’s directors, officers, employees, consultants and agents. The purpose of the Code is to, among other things, prescribe the minimum moral and ethical standards of conduct required of all AEX personnel, avoid conflict of interest, protect confidential information and comply with the applicable government laws and securities rules and regulations.

14. Dividend policy

The Company has not paid any dividends since its incorporation.

Whilst the Directors propose that earnings are re-invested into the development of the Company's asset base in the short to medium term, the Board will consider commencing the payment of dividends as and when the development and profitability of the Company allows and the Board considers it commercially prudent to do so. The declaration and payment of dividends and the quantum of such dividends will, in any event, be dependent upon the Company's financial condition, cash requirements and future prospects, the level of profits available for distribution and other factors regarded by the Board as relevant at the time.

15. TSX-V Approval

Pursuant to the rules of the TSX-V, the Fundraising is conditional on TSX-V approval. The Company will apply for conditional approval for the Fundraising prior to Admission.

16. Settlement and dealing arrangements

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Common Shares will commence on AIM on 31 July 2020. Definitive share certificates in respect of the New Common Shares (for those Shareholders who elect to take their New Common Shares in certificated form) will be despatched on or before 14 August 2020.

The Company's By-laws permit the holding of Common Shares in uncertificated form in accordance with the CREST Regulations. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

The Company, through the Depositary, has established a depositary facility whereby Depositary Interests, representing Common Shares, will be issued to Shareholders who wish to hold their Common Shares in electronic form in CREST. The Company will apply for the Depositary Interests to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Common Shares following Admission may take place within the CREST system, if the relevant Shareholders so wish. Depositary Interests will have the same international security identification number (ISIN) as the underlying Common Shares and will not require a separate application for admission to trading on AIM. CREST is a voluntary system and holders of Common Shares who wish to deal on AIM and receive and retain share certificates will be able to do so.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear at 33 Cannon Street, London EC4M 5SB.

Trading in Common Shares or Depositary Interests (as the case may be) on AIM will require Shareholders to deal through a stockbroker or other intermediary who is a member of the London Stock Exchange. Shareholders resident outside the UK should ensure that their stockbroker is either a member of the London Stock Exchange or has in place arrangements allowing them to effect trades on AIM.

It should be noted that if at any time a CREST member requires any further information regarding the depositary arrangement and the holding of Common Shares in the form of Depositary Interests or wishes to withdraw its Depositary Interests from the CREST system and hold shares in dematerialised registered form, they should contact Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, BS13 8AE and by telephone on +44(0)370 702 0003 for such further information. Further details of the depositary arrangements are set out in paragraph 16 of Part IX of this document.

The Common Shares will remain listed and traded on the TSX-V, with trades settled electronically on the Canadian register through CDS. Common Shares held on the Canadian registry cannot be settled through CREST on AIM and similarly, Common Shares (or depositary interests representing Common Shares) held on the UK registry cannot be settled through CDS on the TSX-V. However, Common Shares held through CDS on the Canadian registry may be transferred into Depositary Interests held through CREST on the UK registry and vice versa.

Shareholders wishing to undertake such a transfer will generally need to contact their broker and allow a reasonable time for the transfer to be effected. Furthermore, Shareholders will need to establish an account with a broker in the market to which they are transferring their Common Shares in order to trade their Common Shares on that market.

The issue of the New Common Shares will not be subject to the prospectus requirements of the securities legislation of the provinces and territories of Canada.

17. Rule 17 of the AIM Rules

When acquiring Common Shares in the Company, Shareholders are entitled, under Canadian securities laws, to categorise themselves as “objecting” (OBOs) or “non-objecting” (NOBOs). OBOs object to their shareholdings and their details being disclosed to the Company. NOBOs do not object to their shareholdings and their details being disclosed to the Company. Shareholders holding 10 per cent. or more of the Common Shares in the Company are required, pursuant to Canadian securities law, to make filings which disclose their beneficial ownership of securities and details to the Company regardless of OBO or NOBO categorisation.

Rule 17 of the AIM Rules requires, *inter alia*, that Shareholders notify an AIM listed company once their holding is three per cent. or more, and of any changes thereto (movements through a percentage point upwards or downwards).

The Company has agreed with Stifel that it will put a resolution to its Shareholders at the next general meeting or annual general meeting (anticipated to be held in June 2021) to change the Company’s By-laws and require that Shareholders holding three per cent. or more of the Company’s Common Shares notify the Company thereof and of subsequent changes thereto.

In the interim, Placees have undertaken to, and Shareholders are requested, to notify the Company in accordance with Rule 17 of the AIM Rules and make notifications to the Company without delay of all information that would be required to be notified by them as a shareholder in a company to which the Disclosure Guidance and Transparency Rules published by the FCA applied and the Company was a UK issuer.

18. Canadian Takeover Law and Early Warning Requirements

Although the Common Shares will be admitted to trading on AIM, as a Canadian incorporated company, the Company will not be subject to takeover regulation in the UK and the UK Takeover Code will not apply to the Company.

However, Canadian laws applicable to the Company provide for early warning disclosure requirements and for takeover bid rules for bids made to security holders in various jurisdictions in Canada, a summary of which is set out below.

In Canada, securities laws are a matter of provincial/territorial jurisdiction and, as a result, bids are governed by applicable corporate and securities legislation in each province or territory, in addition to policies and instruments implemented by the Canadian securities law regulators.

In Ontario, where the Ontario Securities Commission acts as the Company’s principal regulator, a takeover bid is defined as an offer to acquire outstanding voting securities or equity securities of a class of an issuer made to one or more persons, any of whom is in Ontario or whose last address as shown on the books of the issuer is in Ontario, where the securities subject to the offer to acquire, together with the offeror’s securities, constitute in the aggregate 20 per cent. or more of the outstanding securities of that class of securities at the date of the offer to acquire but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganisation or arrangement that requires approval in a vote of security holders.

It should be noted that one exemption from the aforementioned provision is in the case of a “foreign take-over bid”. Such an exemption may be available where (among other criteria):

- (a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10 per cent. of the outstanding securities of the class subject to the bid at the commencement of the bid;
- (b) the offeror reasonably believes that security holders in Canada beneficially own less than 10 per cent. of the outstanding securities of the class subject to the bid at the commencement of the bid;

- (c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;
- (d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class; and
- (e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

For a complete description of the foreign take-over bid exemption, please refer to National Instrument 62-104 – Take-over Bids and Issuer Bids of the Canadian Securities Administrators.

Subject to limited exemptions, a takeover bid must be made to all holders of securities of the class that is subject to the bid who are in the local jurisdiction (also referred to as a jurisdiction in Canada) and must allow such security holders 105 days to deposit securities pursuant to the bid. The offeror must deliver to the security holders a takeover bid circular which describes the terms of the takeover bid and the directors of the reporting issuer must deliver a directors' circular within 15 days of the date of the bid, making a recommendation to security holders to accept or reject the bid and the reasons for the recommendation or a statement that the directors are unable to make or are not making a recommendation and the reasons why. While individual provincial securities laws in Canada only regulate offers to residents of that province, the Canadian Securities Administrators have adopted a policy whereby they may issue a cease trade order against a company if a takeover bid is not made to all Canadian security holders.

Takeover bids must be subject to a minimum tender condition of more than 50 per cent. of the outstanding securities of the class subject to the bid (excluding target securities held by the bidder and its joint actors). Additionally, a takeover bid must be extended for 10 days after the bidder satisfies the minimum tender condition and announces its intention to immediately take up and pay for the deposited securities.

Under the CBCA, under which the Company exists, if within 120 days after the date of a takeover bid the bid is accepted by the holders of not less than 90 per cent. of the shares of a company (exclusive of those previously held by the offeror), the offeror may, within 60 days after the date of the termination of the takeover bid and in any event within 180 days after the date of the takeover bid, send written notice to any shareholder who did not accept the offer compelling them to sell their shares on the same terms as contained in the original offer, subject to the right of such shareholder to demand payment of the fair value of shares by making an application to court, in which case the court may set the price and terms of payment and make such other consequential orders and give such directions as it deems appropriate.

Applicable Canadian securities laws provide that any person who acquires beneficial ownership of, or the power to exercise direction or control over, voting or equity securities of any class of the Company or securities convertible or exchangeable into voting or equity securities of any class which, when added to the acquirer's securities of that class, would constitute 10 per cent. or more of the securities of that class is required to disclose the acquisition by preparing and filing an early warning report in the required form along with issuing a press release announcing the acquisition.

For every increase or decrease of two per cent. of such securities thereafter (or upon falling below 10 per cent), a new press release must be issued and a new early warning report must be filed. Canadian securities laws also require the Company to disclose, in its proxy circular sent out for a general meeting, the names of holders known to the Company who beneficially own, directly or indirectly, or who exercise control or direction over, 10 per cent. or more of the Company's issued and outstanding Common Shares.

19. Taxation information for investors

The attention of investors is drawn to the information regarding UK and Canadian taxation set out in paragraph 13 of Part IX of this document. This information is intended only as a general guide to the current tax position under UK and Canadian taxation law for certain types of investor. **Investors**

who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

20. Further information

The attention of prospective investors is drawn to the financial and other information set out in Parts II to IX inclusive of this document, which provide additional information on the Company. In particular, prospective investors are advised to consider carefully the risk factors relating to any investment in Common Shares set out in Part II of this document and the CPR on the Company's material assets set out in Part VI of this document.

PART II – RISK FACTORS

Prospective investors should be aware that an investment in AEX Gold Inc. is speculative and involves a high degree of risk. In addition to the other information in this document, the Directors consider the following risk factors are of particular relevance to the Company's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and its business prospects and should be taken into consideration when assessing the Company. In such circumstances, investors could lose all or part of the value of their investment.

Potential investors are advised to consult a person authorised under FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should carefully consider whether an investment in the Company is suitable in light of their personal circumstances and the financial resources available to them. Prospective investors should also consider carefully all of the information set out in this document and the risks attaching to the investment in the Company, including, in particular, the risks described below, before making any investment decision.

RISKS RELATING TO THE COMPANY

The Company is an exploration stage company

The Company is an exploration stage company, which currently has no projects in production and needs to conduct exploration activities to discover commercial resources and reserves on its assets. It cannot give assurance that a commercially viable deposit exists on any properties for which the Company currently has or may have (through potential future joint venture agreements or acquisitions) an interest.

While the Nalunaq Property has an operating history, the Exploration Target potential over and above the current Inferred Mineral Resource and which may represent the long-term future of the Nalunaq Property is at an early stage and requires the Company to discover additional resource from exploration activities, and there can be no certainty that this will be successful.

The Company's other licence interests are all early stage, and although a number of them are known to host gold prospects, the Company will be required to conduct significant exploration activities in order to demonstrate the commercial viability of these assets. There can be no certainty that such exploration activities will result in commercial resources being discovered.

Determination of the existence of a resource depends on appropriate and sufficient exploration programmes and the evaluation of legal, economic and environmental factors. It may take several years to advance the Company's early stage prospects to a stage where they justify development or production, during which time the economic feasibility of production may change. If the Company 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.

Undemonstrated Economic Feasibility of the Nalunaq Property

The current Mineral Resources have not yet demonstrated economic viability. The Inferred Mineral Resource estimate included in the CPR does not constitute a formal preliminary economic assessment or a prefeasibility study or a feasibility study. The Company has not completed a formal preliminary economic assessment or prefeasibility or feasibility level work and analysis that would allow it to declare proven or probable Mineral Reserves at the Nalunaq Property, and no assurance can be given that it will ever be in a position to declare a proven or probable Mineral Reserve at the Nalunaq Property. In particular, the CPR contains estimated costs which are based upon anticipated tonnage and grades of metal to be mined and processed, the expected recovery rates and other factors, none of which has been completed to date to a pre-feasibility study or a feasibility study level. Whether the Group succeeds in upgrading the Inferred Mineral Resource depends on a number of factors, including: (i) the particular attributes of the deposit (including its size, grade and geological formation); (ii) the gold price; (iii) government regulations (including regulations relating to taxes, royalties, land tenure, land use and permitting); and (iv) environmental regulations. The Company cannot determine at this time whether any of its estimates will ultimately be correct or that the Nalunaq Property will prove to be economically viable. Therefore, it is

possible that the Nalunaq Property may never reach production, which would have a material adverse effect on its results of operations and financial condition.

Historical costs and operational data may not be available, or may not be an appropriate measure for assessing the future economics of the assets

The majority of the Group's assets have had no previous operations and there is no historical data from which an assessment of future economics or commercial viability can be made. While the Nalunaq Property has an operating history, the Exploration Target potential over and above the Inferred Mineral Resource and which 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 and Tartoq NP Properties are 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 Vagar, Nuna Nutaaq, Saarloq and Anoritoq properties host several gold prospects at various stages of exploration. Both properties are at an early stage of exploration overall and 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.

Incorrect estimate of the capital required

Although the Company's mining and processing plan for the Nalunaq Property is in an advanced stage, it is not yet finalised, and the final plan may be materially different from the current version. In particular, although its plan for phase 1 is at an advanced stage, the Company is still at an early stage in assessing much of the expenditure required for phase 2 of its development plan. The Company has not entered into binding contracts with third party contractors for the work involved in such development, nor has it agreed firm quotes with them for such work. Furthermore, during the work, costs can increase for a number of unexpected technical reasons. While contingencies allowances have been made, any material increase in costs would have a material adverse effect on the Company's ability to fund the development of the Nalunaq Property.

Project development risks

There can be no assurance that the Company will be able to manage effectively the expansion of its operations or that the Company's personnel, systems, procedures and controls will be adequate to support the Company's operations. In particular, although certain of the Directors and Senior Management have experience of bringing mineral assets into production, the Company 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 Company'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 Company'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 Company's current estimates. The development of the Properties may be subject to unexpected problems and delays.

The Company may not achieve its production estimates

The Company has prepared estimates of future gold production for the Properties. The Company cannot give any assurance that it will achieve its production estimates. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future revenues and profitability. The realisation of production estimates are dependent on, among other things, the accuracy of Mineral Resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining, ore haulage and processing.

Actual production may vary from estimates for a variety of reasons, including the availability of certain types of ore; actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures, or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; lack of required labour; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the legal and regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit to become unprofitable, forcing the Company to cease production.

The Company requires substantial funds to determine whether commercial mineral deposits exist on its Properties

The Company 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 Company'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 Company'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

The Company's liquidity and capital resources are uncertain

The Company has prepared detailed cost estimates, including contingency, supporting the decision to raise the net proceeds of the Fundraising in order to develop the Nalunaq Property, and to conduct exploration activities on the Nalunaq Licence and its other licences, through to the first cash flow at the Nalunaq Property. However, there can be no certainty that these funds will be sufficient. Subsequent development of the Nalunaq Property, including future phases of production and processing, and future exploration and development of the Company's other licences, will depend on the Company's ability to use operational cash flows or 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 Company 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 Company 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 Company, or that any future offering of securities will be successful. Volatile markets for precious metals may make it difficult or impossible for the Company 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 Company's outstanding Common Shares. The Company 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 Company does not expect to generate material revenue or achieve self-sustaining operations in the near future. To the extent the Company has negative cash flows in future periods, the Company may use a portion of its general working capital to fund such negative cash flow.

Final documentation for any working capital or similar facility has not been entered into

The Company is in discussions with a number of potential finance providers, with a view to providing a modest working capital or similar facility, and intends to execute on one of these facilities as soon as possible. Failure to execute final documentation would result in there being less capital available to the Company and could result in the Company being unable to execute on its development plan for the wider portfolio beyond Nalunaq as currently envisaged. The Company may be required to source alternative sources of capital in this case, which could include further equity, debt, or alternative financing structures and there can be no certainty that such financing alternatives will be available on appropriate terms or at all.

The loss of certain key individuals could have an adverse effect on the Company and the Company does not maintain key man insurance to compensate the Company for the loss of certain key individuals

The Company's success depends to a degree upon certain key members of the management. Those individuals have developed important government and industry relationships; they have historic knowledge of the Properties which is not recorded in tangible form or shared through data rooms; and they have extensive experience of operating in Greenland. They are a significant factor in the Company's growth and success. The loss of such individuals could result in delays in developing the Properties and have a material adverse effect on the Company.

The Company does not currently have key man insurance in place in respect of any of its Directors or officers.

The Company may experience difficulty attracting and retaining qualified staff to meet the needs of its anticipated growth

Recruiting and retaining qualified personnel is critical to the Company'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 Company 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 Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Dependence on third party services

The Company 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 Company may be unable to find adequate replacement services on a timely basis or at all.

The Company 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 Company in its activities.

Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Company. 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 Company.

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 Company may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors, and the Company 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 Company's business, results of operations, financial condition and prospects.

Estimates and assumptions used in preparing the Company's financial statements and actual amounts could differ

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

The ability of a Shareholder outside Canada to bring an action against the Company may be limited under law

The ability of Shareholders to bring actions or enforce judgements against the Company or the Directors may be limited. The ability of a Shareholder outside Canada to bring an action against the Company may be limited under law. The Company is incorporated under the CBCA. The rights of holders of Common Shares are governed by the CBCA and by the Company's Articles and By-Laws. These rights differ from the rights of shareholders in typical English companies. A Shareholder outside the United Kingdom may not be able to enforce a judgement against the Company or some or all of the Directors and executive officers. Consequently, it may not be possible for a Shareholder outside Canada to effect service of process upon the Company or the Directors and executive officers within the Shareholder's country of residence or to enforce against the Company or the Directors and executive officers within the Shareholder's country of residence or to bring an action against the Company. There can be no assurance that a Shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than Canada against the Company or the Directors or executive officers who are residents of the UK or countries other than those in which judgement is made. In addition, English or other courts may not impose civil liability on the Company or the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

Internal controls

The Company has established a system of internal controls for financial reporting. Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has procedures in place in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditor discovers a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and adversely affect the market price of the Common Shares.

Taxation

This document has been prepared in accordance with current Canadian and UK tax legislation, practice and concession and interpretation thereof. Any change in the Group's tax status or the tax applicable to a holding of shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. It should be noted that the information contained in paragraph 13 of Part IX of this document relating to the taxation of the Group and its investors is based upon current tax law and practice which is subject to legislative change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Litigation

While the Group currently has no material outstanding litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since there have been a number of cases where the rights and privileges of natural resource companies have been the subject of litigation and the mining industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Board cannot preclude that such litigation may be brought against the Group in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit.

RISKS RELATING TO THE GOLD MINING INDUSTRY

Gold price volatility may adversely affect the Company

If the Company 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 Company'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.

Title to the Company's mineral Properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects

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

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 and are made more challenging through Greenland's nascent mining industry, low population density, and the remote location of the Company's assets. The Company'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 Company's operations, financial condition and results of operations.

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, and require people and equipment to be transported to site, which can add to the complexity and cost of exploration activities and logistics. The climatic conditions allow for surface exploration activities to occur for only a portion of the year, although this should not affect underground exploration, which will limit the amount of surface exploration activity that can be conducted in any one year.

The Nalunaq Property and other areas of exploration potential are located on steep mountainous terrain. Surface drilling can therefore be impractical in certain parts of these assets, resulting in a greater reliance on underground exploration.

Mineral exploration and development activities are speculative in nature

Resource exploration and development is a speculative business, characterised 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 Company may be affected by numerous factors which are beyond the control of the Company 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 Company 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 mineralised 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.

The Company depends on the Properties and there is no assurance that the Company will be able to acquire other properties either due to availability, competition, or approval

The Properties are the only material properties of the Company. Any material adverse development affecting the progress of the Properties, in particular the Nalunaq Property, will have a material adverse effect on the Company's financial condition and results of operations.

If the Company loses or abandons its interest in its Properties, there is no assurance that it will be able to acquire another mineral property of merit, whether by way of direct acquisition, option or otherwise.

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 Company, the Company may be unable to acquire attractive mineral properties on terms it considers acceptable. The Company also competes with other companies for the recruitment and retention of qualified employees and other personnel.

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

The Company has not, historically, insured any of the assets at the Nalunaq Property. Although it intends to put such insurance in place as it develops the Nalunaq Property, this is subject to its ability to obtain such insurance on terms, and at a premium, which are acceptable to the Company. If the Company is unable to obtain cover on acceptable terms, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

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

- unexpected or unusual geological operating conditions;
- rock bursts, cave-ins, ground or slope failures;
- fires, floods, earthquakes, avalanches 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 Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against certain risks may not be available to the Company or to other companies in the mining industry on acceptable terms. If such liabilities arise and are not covered by insurance, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

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

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in companies, partnerships or joint ventures which are potential competitors of the Company. 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 Company. Directors and officers of the Company 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.

The Company 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 Company and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Company as an employer.

There is no assurance that the Company 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 Company 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 Company'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 Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, delays in the development of new mining properties, or increases in abandonment costs.

There is no assurance as to the Group's ability to sustain and expand Mineral Resources

The life of a mining operation is limited to its Mineral Resources.

Many factors are involved in the determination of the economic viability of a deposit including the achievement of satisfactory Mineral Resource estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future gold prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of gold from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involve uncertainties and as a result the Company cannot give assurance that the Group's development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated, thereby impacting on the economic viability of the project.

Uncertainty associated with Mineral Resource estimates

The estimation of Mineral Resources involves a certain degree of supposition and the accuracy of these estimates is a function of the quality and quantity of available data and the assumptions used and judgements made in interpreting information. There is significant uncertainty in any resource estimate and the assumptions used or judgements made may prove to be inaccurate; the economic viability of mining may differ materially from the Group's estimates. This is particularly the case for ore deposits such as those at the Nalunaq Property where the grade is not uniformly distributed in the ore. As further information becomes available through additional field work and analysis, the estimates are likely to change. This may result in alterations to development and mining plans, which may in turn adversely affect the financial position of the Group.

No assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that Mineral Resources can be mined or processed profitably. Actual resources may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below or above the estimated levels.

Lower market prices, increased production costs, reduced recovery rates and other factors may render the Group's resources uneconomic to exploit and may result in a revision of its resource estimates from time to time. Resource data is not indicative of future results of operations. If the Group's actual mineral resources are less than current estimates, the Group's results of operation and financial condition may be materially impaired.

The competitive environment

The mining industry is intensely competitive in all of its phases. A number of other mining companies may seek to establish themselves in Greenland and have already, or may be allowed to, tender for exploration and mining permits and other services, supplies or contracts, thereby providing competition to the Company. The Company will compete with numerous other local and international companies and individuals, including larger competitors with access to greater financial, technical and other resources than the Company, which may give them a competitive advantage in the exploration for and commercial exploitation of attractive properties. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests and competition could adversely affect the Company's ability to acquire suitable additional properties in the future.

The Company's success will depend on its ability to develop the Properties and in addition, select and acquire exploration and development rights on properties and there can be no assurance that the Company will continue to be able to compete successfully with its rivals.

RISKS RELATING TO OPERATING IN GREENLAND

The Company 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 Company could lose title to, or its interest in, licences relating to the Properties if licence conditions are not met.

In particular, the Nalunaq Property is currently within the Nalunaq Licence. Under the current terms of this licence, the Nalunaq Property is required to commence mine production by 1 January 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 addendums to the Nalunaq Licence (for example, the requirement to provide Environmental Impact Assessments and Social Impact Assessments by 31 December 2022, as set out in Addendum No. 5) may result in the MLSA revoking the Nalunaq Licence without further notice.

There is no guarantee that, when licences reach the end of their current term, they will be renewed or, if they are renewed, that such renewal will be on the same terms.

Under Section 88 of the Mineral Resources Act, a direct or indirect transfer of a licence granted under the Mineral Resources Act to a third party is subject to approval by the Government of Greenland. An "indirect transfer" includes any transfer of ownership interests that will affect the

controlling interest of the licensee and would include any transfer of shares in Nalunaq A/S (as licensee) or of AEX that would result in any single shareholder, or group of shareholders who act collectively, (a) owning or controlling a majority of the voting shares of the company; (b) owning or controlling a majority of the total shares of the company; (c) directly or indirectly having the right to appoint or remove the majority of the board of directors of the company; or (d) directly or indirectly, holding majority influence over either the board or the management of the company. Any such indirect transfer would require approval from the Government of Greenland and, if such approval were not obtained, could result in the revocation of the Licences.

The Company's operations depend on permits and government regulations

The Company's future operations on the Properties, including exploration and any development activities or commencement of production on its properties, require permits and approvals 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. All activities covered by licences granted under the Mineral Resources Act must be approved by the Government of Greenland before implementation in accordance with the terms laid down in the licence. In particular, works performed in connection with activities under the Mineral Resources Act (including drilling, shaft sinking, driving of drifts, etc.) must in each case be approved by the Government of Greenland before implementation; before exploitation is initiated, the Government of Greenland must have approved an exploitation plan for the enterprise, including production organisation and related facilities; and the licensee must also submit a closure plan in connection with an application for approval of exploitation measures (the Government of Greenland must approve the closure plan before exploitation is initiated which may be subject to terms relating to protection of the environment and safety and health measures after the cessation of activities, including monitoring in a period after closure).

There is no guarantee that such permits or approvals will be granted. To the extent that such permits or approvals are required and not obtained, the Company 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 or approvals and complying with their terms and applicable laws may have a material adverse effect on the operations, financial condition and results of the Company.

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 Greenland Exploration Standard Terms and the royalties imposed on proceeds from mineral exploitation. In particular, Addendum No. 3 of 1 July 2014 to the Greenland Exploration Standard Terms provides that, for licences granted on 1 July 2014 or later, new rules and regulations may be made which amend the terms of such licence (with prospective effect) in accordance with the terms of such Addendum. The Greenland parliament (Inatsisartut) may also amend or replace the Mineral Resources Act. Amendments to the terms of a licence could make the licence uneconomic for the Group.

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

The Group's current and future operations in Greenland, including exploration, evaluation, development, extraction and production activities, are subject to environmental regulations.

The Group is subject to potential risks and unanticipated liabilities associated with its activities, including negative impacts to the environment from operations, waste management and site discharges. The Company is aware that chemicals have been left at the Nalunaq Property by the previous operator and Nalunaq A/S has agreed a remediation plan with the MLSA in relation to how such chemicals will be disposed of. However, previous operations may have caused environmental damage at certain of the Group's properties. It may be difficult or impossible to assess the extent to

which such damage was caused by the Group or by the activities of previous operators, in which case the Group may be responsible for the costs of reclamation.

Although the Group does have pollution insurance cover during the field season, to the extent that the Group is subject to environmental liabilities that are not covered in full by such insurance, the payment of any liabilities or the costs that may be incurred to remedy environmental impacts would reduce funds otherwise available for operations. The anticipated costs associated with the remediation plan that has been agreed between Nalunaq A/S and the MLSA are DKK 2,208,316 (including a 10 per cent. contingency). This is fully covered by funds in an escrow account, held by Nalunaq A/S, which the Government of Greenland is beneficiary of. As of 26 February 2020, the balance of the cash deposit was DKK 2,646,496.90. However, it is possible that the escrow funds will not be sufficient to cover future environmental liabilities in connection with the Nalunaq Licence.

If the Group is unable to remedy an environmental problem fully, it may be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential financial exposure may be significant.

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. In particular, as mineral resources in Greenland have become more accessible in recent years due to global warming, local communities have raised concerns over the environmental impact of mining in Greenland, and they may lobby for stricter environmental regulations to be introduced. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Group's operations.

The Company's exploration programmes on the Properties will, in general, be subject to approval by the MLSA and the Environmental Agency for Mineral Resource Activities established by the Government of Greenland. Development of the mineral Properties located in Greenland will be dependent on the projects meeting environmental regulations and guidelines set by governmental agencies in Greenland and, where required, being approved by governmental authorities.

The Company is exposed to fluctuation in exchange rates

A portion of the Company's undertakings will be in Greenland although the majority of the Company's expenditure will relate to goods or staffed sourced from other countries including, for example, Canada and the UK. Once the Company achieves first production, its revenues will be based on the U.S. dollar denominated gold price that it achieves in its sales. As a result, revenues, cash flows, expenses, capital expenditure and commitments will be primarily denominated in Danish Krone, Euros, Canadian dollars, U.S. dollars and UK Pound Sterling. This results in the income, expenditure and cash flows of the Company being exposed to fluctuations and volatilities in exchange rates, as determined in international markets. Furthermore, as the Company will report its financial results in Canadian dollars, the Company is exposed to translation risk, and its financial results, as well as the amount of funds available to pay future dividends should a dividend be proposed, will fluctuate with changes in exchange rates. Changes in exchange rates are outside the Company's control.

The Company is subject to political risks

The Company's underlying business interests will be located and carried out in Greenland. As a result, the Company may be 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 Company'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 Company's business. The management of the Company will closely monitor events and take advice, if necessary, from experts to prepare for any eventualities.

Weather conditions

Adverse weather conditions may affect the Company's ability to carry on operations at the Properties. Should such events occur, it may result in increased costs for the Company resulting in a reduction in the Company's profitability or an increase in its losses.

Coronavirus

There exists a risk that the significant outbreak of Coronavirus across the world may detrimentally impact the Company's operations in Greenland. Although there have been a limited number of reported cases of Coronavirus in Greenland as at the date of this document, there are risks and uncertainties that the Company may suffer loss including, but not limited to, loss of personnel, loss of access to resources, loss of contractors, loss of ability to attract and retain personnel, delays or increased costs in developing its projects and an adverse impact on the share price of the Company.

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 Company 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 Company 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 Company 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 Company's projects in Greenland or an investment in the Company.

RISKS RELATING TO THE COMMON SHARES

The Board has the ability to issue preferred shares without Shareholder approval

The Company's charter documents authorise the Board to issue an unlimited number of preferred shares without the Shareholders' approval and to determine the rights, privileges, restrictions and conditions granted to or imposed on any unissued series of preferred shares. Those rights may be superior to those of the Common Shares. The issuance of preferred shares and the terms selected by the Board could decrease the amount of earnings and assets available for distribution to holders of Common Shares or adversely affect the rights and powers, including the voting rights, of the holders of Common Shares. Issuances of preferred shares, or the perception that such issuances may occur, could cause the trading price of the Common Shares to drop.

There is no current UK market for the Common Shares, notwithstanding the Company's intention to be admitted to trading on AIM

There is no current UK market for the Common Shares. Although the Company's current intention is that its securities will continue to trade on AIM, this may not always be the intention. If an active public market for the Common Shares does not develop, or is not maintained, investors may not be able to sell their Common Shares. If the Common Shares are listed on a further exchange in addition to, or instead of, the London Stock Exchange, the level of liquidity in the Common Shares may decline.

The Company is incorporated in Canada

The Company is incorporated in Canada, and, accordingly, transactions in Common Shares in the Company will not be subject to the UK Takeover Code. As a result, Shareholders will not be afforded the protections of the UK Takeover Code. However, Canadian laws applicable to the Company provide for early warning disclosure requirements in relation to potential takeover bids, further details of which are set out in Section 17 of Part I of this document.

The Company will be listed both in Canada and the UK

The Common Shares will be listed on two separate stock markets and investors seeking to take advantage of price differences between such markets may create unexpected volatility in the share price. The Common Shares are already listed and traded on the TSX-V and upon Admission will also be listed and traded on AIM. While the Common Shares are traded on both markets, price and volume levels could fluctuate significantly on either market, independent of the share price or trading volume on the other market. Investors could seek to sell or buy Common Shares to take advantage of any price differences between the two markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both Common Share prices on either exchange and in the volumes of Common Shares available for trading on either market. In addition, holders of Common Shares in either jurisdiction will not immediately be able to transfer such shares for trading on the other market without effecting necessary procedures with the Company's transfer agents/registrars. This could result in time delays and additional cost for Shareholders.

The Common Shares may be subject to various factors which may make the share price volatile

The market price of publicly traded shares is affected by many variables not directly related to the success of the Company. These variables include macroeconomic developments in North America and globally, market perceptions of the attractiveness of particular industries, changes in financial estimates by securities analysts, changes in commodity prices, currency exchange fluctuation, the extent of analytical coverage available to investors concerning the business of the Company, the issuance of Common Shares in connection with acquisitions made by the Company or otherwise, and other factors.

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration and development stage companies, has experienced wide fluctuations which have not necessarily been related to operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's Common Shares.

The Company has no current dividend payment policy and does not intend to pay any cash dividends in the foreseeable future.

Whilst the Company intends to make distributions to Shareholders at the appropriate time in its development, it does not currently have a policy on the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of any future dividends will depend upon earnings and the Company's financial condition, current and anticipated cash needs and such other factors as the directors of the Company consider appropriate.

Discretion in the use of proceeds

Management will have discretion concerning the use of the proceeds of the Fundraising as well as the timing of their expenditures. As a result, an investor will be relying on the judgement of management for the application of the proceeds of the Fundraising. Management may use the net proceeds of the Fundraising in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

The shareholding of the Shareholders may be diluted

The Company has 82,654,292 Common Shares issued and outstanding. Upon completion of the Fundraising, there will be an additional 94,444,445 New Common Shares issued. The Company may have further capital requirements as it proceeds with exploration activities at any of its Properties, develop any such Properties, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Such continued exploration and future development may require the issuance of Common Shares in the future and any such issuance is likely to result in the then existing Shareholders sustaining dilution to their relative proportion of the equity in the Company. There may be other issues of shares, such as to key employees or personnel, which may further dilute the shareholding of existing Shareholders.

PART III – OVERVIEW OF THE GOLD INDUSTRY

1. Gold: An Introduction

Gold, with its chemical symbol 'Au', is classified by scientists to be a noble metal as it does not oxidise under ordinary conditions. Pure gold is relatively soft and is the most malleable and ductile of the metals, with a specific gravity of 19.3, compared to 14.0 for mercury and 11.4 for lead. This specific gravity is a key factor used in the gold extraction process, and is used to separate the metal from its host rock and other impurities. The basic unit of weight used in dealing with gold is the troy ounce, which equates to 31.1035 grams.

Gold has been seen as a symbol of wealth and used as a store of value for millennia, with evidence of production occurring over 5,000 years ago and used to decorate the tombs and temples of the ancient Egyptians. Gold was one of the first metals to be mined as it commonly occurs in its natural form and does not require combination with other elements before use.

In addition to its use in jewellery, gold is used in a multitude of industries including dentistry, electronics, and aerospace. Gold has also been used as a unit of exchange in the monetary system for thousands of years, with the first gold coins thought to have been used around 550 BC.

By the late 19th century, many of the world's major currencies were fixed to gold at a set price per ounce under the 'Gold Standard', or fixed to a currency that did so. Under the Gold Standard system, currencies were freely convertible into gold at a fixed price and there was no restriction on the import or export of gold. As each currency was fixed in terms of gold, exchange rates between participating currencies were also fixed.

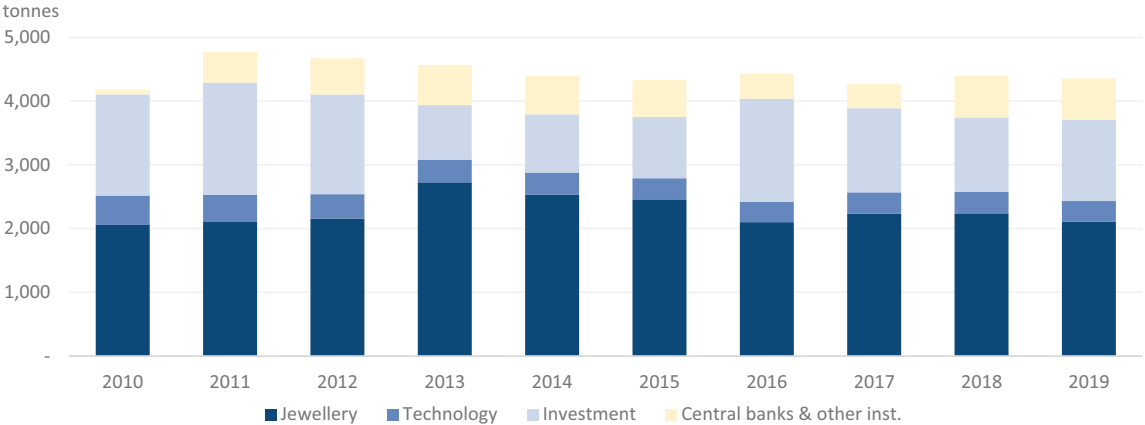
In 1933, US President Roosevelt began to implement his gold programme, which restricted the private use of gold, and in January 1934 he signed the Gold Reserve Act of 1934. This act transferred all ownership of monetary gold in the US to the US Treasury including all gold coins and bullion held by individuals and institutions, in return for US\$35 per ounce of gold, devaluing the gold value of the dollar by 59 per cent. of the amount per the Gold Act 1900. This Act reversed people's ability under the previous Gold Standard to freely convert money into gold.

The Gold Standard around the world was replaced following the end of the Second World War, given a desire for increased stability with fixed exchange rates, but more flexibility than was possible under the Gold Standard. The Bretton Woods system was agreed in 1944, which fixed the dollar to an ounce of gold at US\$35, with all other currencies having fixed, but adjustable, exchange rates to the dollar. Unlike the classical Gold Standard, capital controls were permitted to enable governments to stimulate their economies without suffering from financial market penalties. While the new system worked for a time, with the global economy growing rapidly, it came under strain as persistent global inflation made the price of gold too low in real terms, and a US trade deficit drained the country's gold reserves. In 1971, President Nixon announced that the US would end on-demand convertibility of the dollar into gold for the central banks of other nations, resulting in the Bretton Woods system collapsing and gold being left to trade freely on the world's markets.

2. Demand for gold

Annual gold demand has quadrupled, with supply tripling, since the early 1970s, as the world's wealth has grown and the number of customers who use the metal continuing to increase as new technologies emerge further diversifying the sources of gold demand. Given the nature of gold customers, and the increasing diversity of its uses, the balance of gold demand varies at different times of the economic cycle.

Global Gold Demand (2010 to 2019)

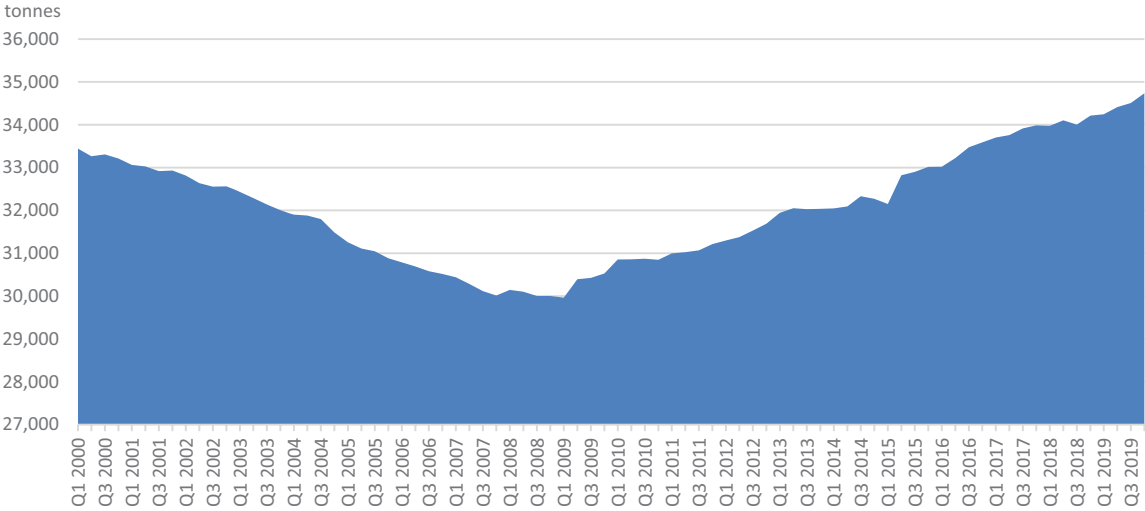


Source: World Gold Council

The jewellery sector continues to be the largest source of gold demand globally, accounting for approximately 50 per cent. of the commodity’s global demand at an average of 2.3 thousand tonnes between 2010 and 2019. The second largest source of gold demand is as an investment, with a large proportion held by exchange traded funds. Gold is seen by many market participants to be a ‘safe haven’ asset and a long-term store of economic value and inflation protection, as it is not subject to decay like many other commodities. As such, gold often moves with an inverse relationship to other economic assets, such as the stock market and US Dollar, for example, with investors purchasing the asset in times of increased market volatility. According to the World Gold Council, the volume of gold purchased by investors has increased by 235 per cent. over the past three decades.

The third largest source of demand for gold is as gold reserves for central banks and other institutions, which have increased by over 700 per cent. over the last decade alone and in 2019 accounted for approximately 650 tonnes. The change in the last decade has largely been driven by a change in the behaviour of central banks following the financial crisis in 2008, with emerging market governments increasing their purchasing whilst European banks have essentially ceased sales.

World Central Bank Official Gold Reserves since 2000

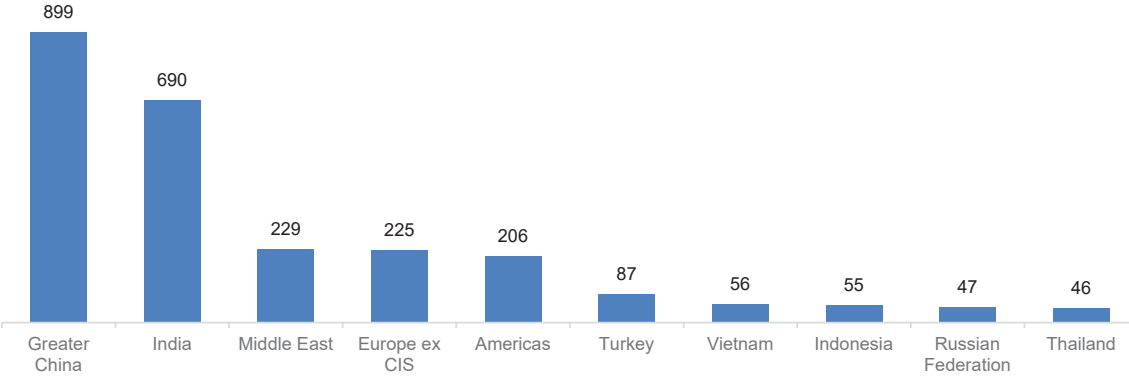


Source: World Gold Council

A relatively small, but increasingly important source of demand for gold is in the medical and technology industries, accounting for an average of approximately 363 tonnes of gold over the last decade. Gold’s versatility and unique properties including resistance to corrosion, electricity conduction, malleability, ductility and catalytic properties, are the driving forces behind this. For

example, in the medical industry, gold nanoparticles are used in the millions of rapid diagnostic tests used globally every year, and gold-based drugs have been developed to treat illnesses such as rheumatoid arthritis. In engineering, gold nanoparticles are being used to improve the efficiency of solar cells, and its reflective properties are utilised in aerospace and in windows to improve energy efficiency.

Top 10 Gold Consuming Countries in 2019 (in tonnes)



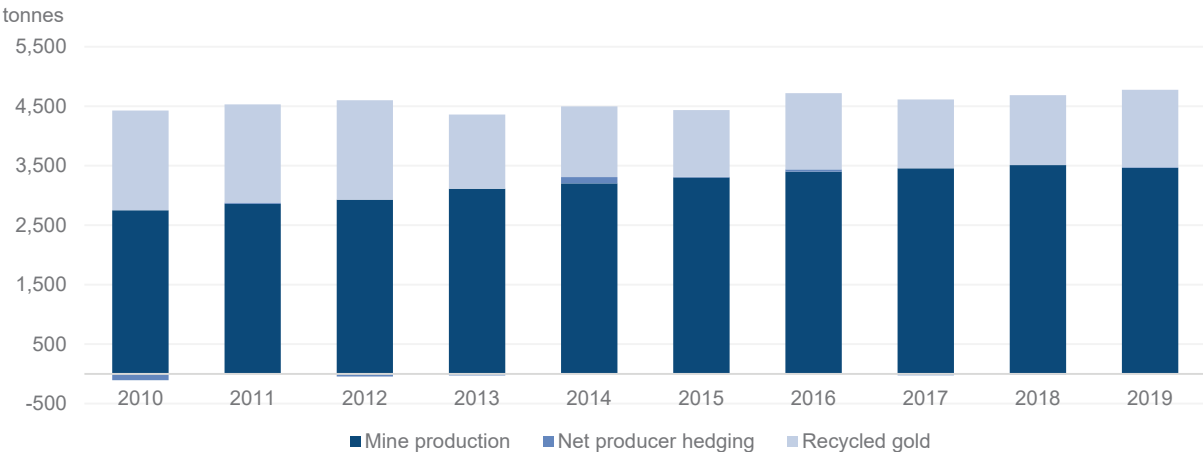
Source: World Gold Council

Gold demand has been shifting towards the east over the last decade, with India, Greater China (including mainland China, Hong Kong and Taiwan) and the Middle East, now dominating the market, accounting for approximately 70 per cent. of the 2019 global consumer demand for gold, and jewellery in particular, reflecting sociocultural influences and the economic growth of these countries.

3. Supply of Gold

It is estimated that approximately 197,576 tonnes of gold has been mined to date, with two thirds of this mined since 1950. Mining continues to be the key component of global gold supply, accounting for 75 per cent. per annum on average, with the balance made up from recycled gold. Overall, levels of mine production have grown significantly over the last decade, although substantial new discoveries are increasingly rare and production levels are increasingly constrained.

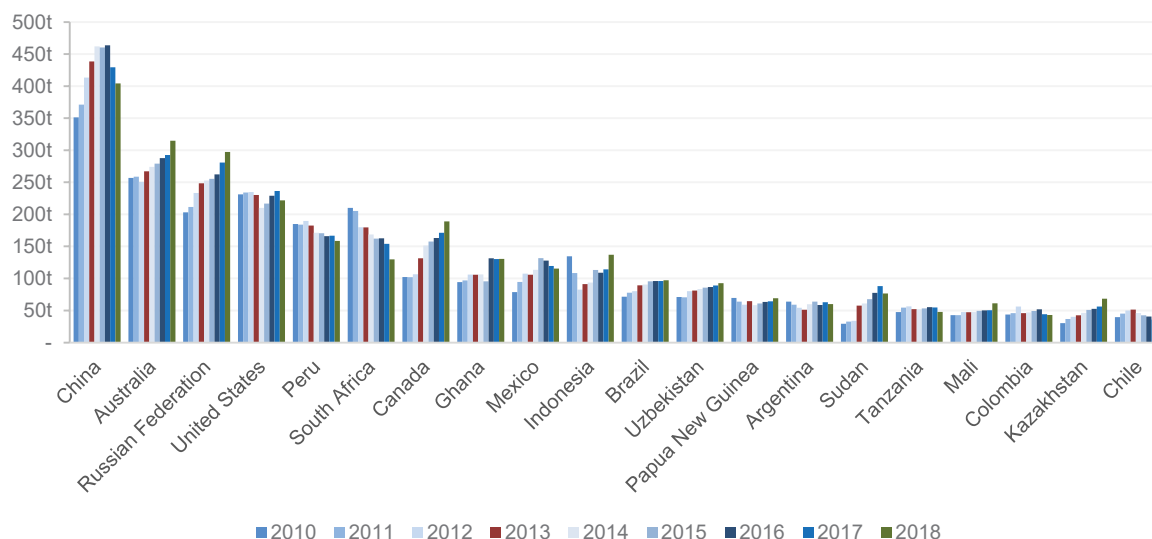
Sources of Global Gold Supply



Source: World Gold Council

Historically, South Africa has been the largest producer of gold; however, gold mining operations exist today in over 50 countries across the majority of continents. China has ranked as the leading gold producer in each of the nine years to 2018, with average production of 422 tonnes of gold over this period, accounting for 13 per cent. of global production, followed by Australia with average production of 276 tonnes, or nine per cent. of global production over the same period.

Top 20 Gold Producing Countries (tonnes per year)



Source: World Gold Council

As with many extractive industries, environmental considerations have increased in prominence in the gold mining industry in recent years, as has the emergence of ‘responsible gold’. Responsible gold relates to gold mining operations that reduce the potential environmental impacts from mining operations, but also those that ensure that gold has been extracted in a manner that does not cause, support, or benefit from unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law, as has been prevalent in the past. An increasing portion of gold’s demand now requires evidence of responsible and conflict free gold production.

4. Gold Pricing

As a liquid, freely traded asset, the price of gold naturally moves with levels of supply and demand, as well as investor sentiment. However, unlike many commodities, gold is a scarce resource and does not degrade over time, and in the long-term tends to offer a level of protection from inflation and currency devaluation. Gold is often thought of as a ‘safe haven’ asset. Given gold’s unreactive nature, inflation protection characteristics, and solid underlying demand, gold is seen as a long-term store of value and its pricing often benefits in times of market distress, where the increasing riskiness of other asset classes or market volatility results in investors selling assets with higher perceived risks and acquiring lower risk asset classes, such as gold. As such, gold pricing is somewhat negatively correlated in the longer term to wider financial markets. However, as was seen in the start of the 2020 market distress, as a result of the Coronavirus pandemic this does not always hold true in the shorter term as, for example, investors requiring immediate liquidity look to exit their assets that are the most liquid, which could include gold.

Internationally, bullion is traded on a 24-hour basis, mainly through London, in over-the-counter transactions in spot, forwards and options. The gold spot price is fixed twice daily at 10:30 and 15:00 in the UK, in an independently administered auction by the ICE Benchmark Administration, who operate the London Bullion Market Association. Prices are fixed in US dollars and refer to one “troy ounce” of gold delivered in 400 ounce bars and are further used by other international market participants including the futures exchanges of the Commodity Exchange and New York Mercantile Exchange known as COMEX and the Tokyo Commodity Exchange.

The gold price has risen substantially in the past 20 years, from US\$287.5 per troy ounce at the start of 2000, to US\$1,902.50 per troy ounce on 24 July 2020, the Latest Practicable Date, a gain of 562 per cent. over the period.

Gold Price since 2000



Source: Thomson Reuters Datastream

PART IV – GREENLAND OVERVIEW

1. Country Overview

Greenland is the world's largest non-continental island, covering an area of approximately 2.2 million square kilometres, located between the Arctic and the North Atlantic Ocean on the North American continent. Greenland is 81 per cent. covered in ice and, with a population of approximately 56,000 people in 2019, has the lowest population density in the world. Greenland's population lives exclusively on the coast, with 60 per cent. living in the five largest towns, largely in the south west. This includes the capital Nuuk with around 18,000 inhabitants.

The country has been a self-governing region within the Kingdom of Denmark since 1979, governed by a parliamentary democracy within a constitutional monarchy. Geopolitically, Greenland is part of Europe, although it has not been a member of the European Union since 1985.

The country has reported a provisional 2017 gross domestic product of approximately DKK 15.3 billion, while the average gross income per household is approximately DKK 472,000.

Greenland's economy is mainly primary industries, with its key industries being fish processing (mainly prawns and Greenland halibut), handicrafts, hides and skins, small shipyards, tourism and mining. The Greenlandic labour market is primarily focused on the public sector, which accounts for approximately 40 per cent. of all professions in the country, followed by fishing, hunting and agriculture with approximately 16 per cent, while mining accounted for 0.4 per cent. of the labour market in 2018. Unemployment in Greenland is moderate with a total rate of 6.8 per cent., while for highly skilled labour, the rate is significantly lower. A notable fact about Greenland is that almost half of the country's active population, aged 25-64, have only received the mandatory level of education, which includes ten years of primary and lower secondary education.

2. Mining in Greenland

2.1 Overview

Greenland is a highly prospective mining destination, offering a safe and mining-friendly jurisdiction, which remains underexplored compared to many mining regions globally. The ongoing retreat of ice has made potentially highly prolific areas of mineralisation more accessible for exploration and exploitation of its natural resources that include gold, zinc, lead, iron ore, coal, molybdenum, platinum, uranium, copper, nickel, rare earth metals and possibly oil and gas. The country's potential for rare earth minerals, critical for a number of high-tech applications including electric vehicles and wind turbines, has sparked particular interest from countries such as the United States, who are currently forced to rely on China for the majority of the mining in these minerals.

The Government of Greenland has demonstrated its desire to establish the country as a new mining destination, diversifying its economy from what has to date been primarily driven by the fishing industry. The extent of exploration activities in the country has increased significantly in recent years, with the number of exploration licences awarded increasing by around a third between 2016 and 2019 and the associated acreage under exploration almost tripling to approximately 35,000 square kilometres in 2019.

As at 15 June 2020, the Greenland authorities reported a total of approximately 130 exploration and small-scale licences, 13 prospecting and five exploitation licences. There are currently two producing mines in Greenland, namely the Aappaluttoq ruby and pink sapphire mine owned by Greenland Ruby A/S and the White Mountain/Naajat anorthosite mine owned by Hudson Resources A/S. The country has a number of small and medium sized mining companies in operation, predominantly in the exploration phase, although the country has begun to see the entry of the majors with Anglo American Plc being awarded two exploration licences and one prospecting licence for nickel, copper and platinum group metals in the west in 2019.

2.2 Principal Legislation

The key legislation applicable to activities concerning prospecting, exploration and exploitation of mineral deposits in Greenland is the Mineral Resources Act.

In addition, the Greenland Exploration Standard Terms apply to existing and new licences, until such standard terms are abolished or substituted by new terms and conditions stipulated pursuant to the Mineral Resources Act (see Section 98, subsection 5 of the Mineral Resources Act). If the licence

is granted on 1 July 2014 or later, new rules and regulations may be implemented (with prospective effect) for existing licences in accordance with Addendum No. 3 of 1 July 2014 to the Greenland Exploration Standard Terms.

The Government of Greenland may, under the Mineral Resource Act, grant an exclusive licence for exploration and exploitation of one or more mineral resources for a specific area and on specific terms, provided that no person or company can own land in Greenland. Land and land access rights do not therefore need to be acquired separately. The licensee shall respect all existing rights, and the licence does not entail restrictions of lawful activities carried out by other parties in the licence area. However, the licensee may, to the extent necessary, close limited areas for the purpose of securing the carrying out of specific exploration activities, provided this has been approved by MLSA. Lawful activities carried out by other parties in the licence area include (i) scientific and practical surveys of a general or mapping nature relating to mineral resources performed by the Government of Greenland and (ii) activities covered by a non-exclusive small-scale licence granted to a local resident (natural person), if written consent is granted by the licensee under the exclusive licence.

All activities covered by licences granted under the Mineral Resources Act (including but not limited to the establishment of buildings, facilities and installations in and outside the area covered by the licence and measures in connection with temporary suspension of exploitation activities) must be approved by the Government of Greenland before implementation in accordance with the terms laid down in the licence, as well as field work and all works performed in connection with activities under the Mineral Resources Act (including drilling, shaft sinking, driving of drifts and other field work (including but not limited to vehicle use, tanks, electricity supply, water supply, emergency plans, telecommunications, organisation and manning, health and safety, transportation and storage of fuel, and disposal of waste, etc.)) must in each case be approved by the Government of Greenland before implementation. Before exploitation is initiated, the Government of Greenland must approve an exploitation plan for the enterprise, including production organisation and related facilities. In connection with an application for approval of exploitation measures, the licensee must also submit a closure plan. Among other things, the closure plan must state how to ensure that the plan can be financially implemented. The Government of Greenland must approve the closure plan before exploitation and measures aimed at exploitation are initiated which may be subject to terms on protection of the environment and safety and health measures after the cessation of activities, including monitoring in a period after closure. The closure plan must be kept updated in relation to developments in the exploitation activities and in society subject to the approval of the Government of Greenland.

According to the Mineral Resources Act, consideration by the authorities (including approvals) under the Mineral Resources Act, does not exempt licensees and others under the Mineral Resources Act from obtaining approvals or permits required under other legislation. However, a licence does exempt the licensee and others from meeting requirements on area allocation in and outside the licence area for buildings and facilities.

A direct or indirect transfer of a licence granted under the Mineral Resources Act to a third party is also subject to approval by the Government of Greenland. An "indirect transfer" includes any transfer of ownership interests that will affect the controlling interest of the licensee and would include any transfer of shares in the licensee itself, or in any holding company of the licensee, that would result in any single shareholder, or group of shareholders who act collectively, (a) owning or controlling a majority of the voting shares of the company; (b) owning or controlling a majority of the total shares of the company; (c) directly or indirectly having the right to appoint or remove the majority of the board of directors of the company; or (d) directly or indirectly, holding majority influence over either the board or the management of the company. Any such indirect transfer would require approval from the Government of Greenland. This requirement will not be triggered by the legal ownership of Common Shares by CDS or by the Depositary as a result of the Depositary Interests.

Licensees are required, under the Mineral Resources Act, to pay any expenses incurred in connection with the authorities' case handling and regulatory processing of matters relating to their licence (including processing, supervision, administrative work, administration and costs for necessary translations and interpretation).

2.3 Administrative Authorities

The Mineral Resources Authority is a collective term for the authorities within the Government of Greenland responsible for all aspects of mineral exploration and mining in Greenland.

The MLSA, under the Ministry of Mineral Resources, is responsible for issuing mineral licences and monitoring mineral resource activities and for safety matters including supervision and inspections. Licencees and other parties covered by the Mineral Resources Act communicate with the MLSA and receive all notifications, documents, and decisions from them.

The Ministry of Mineral Resources is responsible for strategy-making, policy making and dealing with legal issues of mineral resources in Greenland. It deals with geological issues through the Department of Geology which is also responsible for marketing Greenland's mineral resources internationally. It is also responsible for issues concerning socio-economic aspects of mineral resources including Social Impact Assessments and Impact Beneficial Agreements.

The Environmental Agency for Mineral Resource Activities, under the Ministry of Science and Environment, is the administrative authority for environmental matters relating to mineral resource activities, including protection of the environment and nature, environmental liability, and Environmental Impact Assessments.

2.4 Mineral Licence Categorisation

2.4.1 Prospecting Licence

Prospecting licences are intended for early stage mineral prospecting activities (excluding drilling) and are granted for periods of up to five years at a time. They do not confer any exclusive rights to exploration and a similar licence or other types of licence may be granted to others for the same area.

2.4.2 Exploration Licence

Exploration licences provide exclusive rights for the licensee to undertake mineral exploration activities for all commodities (except hydrocarbons, radioactive elements and hydro-power, unless otherwise indicated in the licence) within the licence area. They must have a minimum size of five square kilometres and may consist of up to five separated sub-areas with no more than 100 kilometres between areas.

Exploration licences are granted for an initial period of five years, after which the licensee is entitled to be granted a new period of five years for the same area. At expiry of the second licence period (years 6-10) the licensee may apply for further three year licence periods for the same area for years 11-13, 14-16, 17-19 and 20-22 provided the licence terms and conditions are complied with, although the licensee is not entitled to have such licences granted. An extension for more than 10 years may be granted on modified terms.

The licensee is committed to a minimum exploration obligation per licence per calendar year which corresponds to: (i) a fixed amount per licence; and (ii) a fixed amount per square kilometre, both increasing with the age of the licence. Additionally, from year 6 onwards, a fixed fee must be paid to the Government of Greenland. This amount is the same for all exploration licences regardless of size.

The published rates for 2020 are presented below, however, in light of the Coronavirus pandemic the MLSA has informed all licensees that the exploration obligations under mineral exploration licences for the calendar year 2020 can either be carried forward for three calendar years or, if the licensee has obtained a deficit in exploration obligations from previous years, the expenses held during 2020 will be deducted from that deficit.

2020 Exploration Expense Obligations (Prior to Coronavirus amendments)

<i>Exploration obligation per licence per calendar year</i>		
Year 1-2	DKK	166,000
Year 3-5	DKK	332,000
Year 6-10	DKK	665,000
Year 11-13 ⁽¹⁾	DKK	1,330,000
Year 14-16 ⁽²⁾	DKK	2,660,000
Year 17-19 ^(1, 2)	DKK	5,320,000
<i>Exploration obligation per km² per calendar year</i>		
Year 1-2	DKK	1,660
Year 3-5	DKK	8,310
Year 6-10	DKK	16,600
Year 11-13 ⁽¹⁾	DKK	33,200
Year 14-16 ⁽²⁾	DKK	66,500
Year 17-19 ^(1,2)	DKK	133,000
<i>Exploration obligation for large areas in East and North Greenland</i>		
Exploration obligation per km ²	DKK	831

(1) For licences in year 11 or older, and still actively renewed prior to 2014, the exploration obligation is set in the licence.

(2) For licences in year 20 or older, the obligation is multiplied by two (2) for every three year renewal. The obligation for licences in years 20, 21 and 22 is therefore double the rates for year 17-19. Licences in year 23, 24 or 25 the obligation is therefore double the obligation in years 20-22.

Source: MLSA

In accordance with the Greenland Exploration Standard Terms, exploration expense reporting must be submitted to the Government of Greenland by 1 April following the year in which the expense was incurred. When calculating exploration expenditures, certain qualifying expenses such as field work in Greenland, laboratory work, metallurgical studies, environmental studies, engineering and technical studies and pre-feasibility studies are supplemented by 50 per cent. to account for other indirect costs, such as overheads. Other salary expenses are increased by a factor of three.

If the exploration expenses reported are more than the obligation for the calendar year in question, the surplus will be shown as a credit on the exploration expenses account statement that is produced by the MLSA after the 1 April reporting cut off. This credit may be carried forward for three years.

Any unfulfilled obligations in a year may be dealt with either by the licensee paying 50 per cent. of the unfulfilled obligations or by the licensee rolling it over in full to the next calendar year, which may be done for a maximum of two years.

All exploration programmes in Greenland must be approved by the MLSA before they can commence. Usually, work programme application forms must be submitted to the MLSA no later than 1 May in the year that the exploration is planned. However, as a result of the Coronavirus pandemic, the MLSA has relaxed this deadline for 2021 meaning that applications may be submitted at any time during the year.

2.4.3 Exploitation Licence

A licence holder is entitled to be granted an exploitation licence where they have discovered and delineated deposits that the licensee intends to exploit, provided that the terms of the exploration licence have been complied with.

If an activity is likely to have a potential significant impact on the environment or on social conditions, unless the Government of Greenland decides otherwise, an environmental impact assessment and/ or a social sustainable assessment must also be completed and an environmental impact assessment report and/or social sustainable assessment report must be approved by the Government of Greenland before the exploitation licence is issued. In addition, the Government of

Greenland shall specify the extent to which a licensee must enter into and comply with a social sustainability agreement and other socio-economic issues, by way of an impact benefit agreement between the licensee, the local municipality and the Government of Greenland.

The licence conveys the owner exclusive rights to exploitation and exploration and is granted for a period of 30 years (unless a shorter period is stipulated as a condition) up to a maximum of 50 years. The licence is terminated when exploitation activities have ceased and a closure plan (agreed with the government at the time of application for the exploitation licence) has been completed to the satisfaction of the Government of Greenland.

Suspension of exploitation activities with a view to their subsequent resumption is possible but subject to government approval. Approval of suspension may be granted for up to two years at a time, and renewed approval of suspension may be granted on modified terms. If temporary suspension has lasted six years, or if the terms of the suspension are not met, the Government of Greenland may order the licensee to implement the closure plan.

Project-specific conditions are usually appended to exploitation licences and subsequent changes to the licence terms may be described in an addendum. These need approval by the Government of Greenland. Such conditions will usually include the provision of an exploitation and closure plan, an environmental impact assessment, a social impact assessment and an impact benefit agreement.

2.5 Greenland Mining Fiscal Regime

Greenland has an attractive fiscal regime for mining companies. Greenland has a 25 per cent. corporate tax (reduced from 30 per cent. as of 1 January 2020) and several provisions of royalties for its different natural resources, including a 2.5 per cent. royalty on gold. Paid or due corporate taxes and dividend withholding taxes may generally be deducted in the calculation of royalties due.

PART V – ASSETS OF THE GROUP

A summary description of the Group's assets is presented below, for further information readers should refer to the CPR in Part VI of this document.

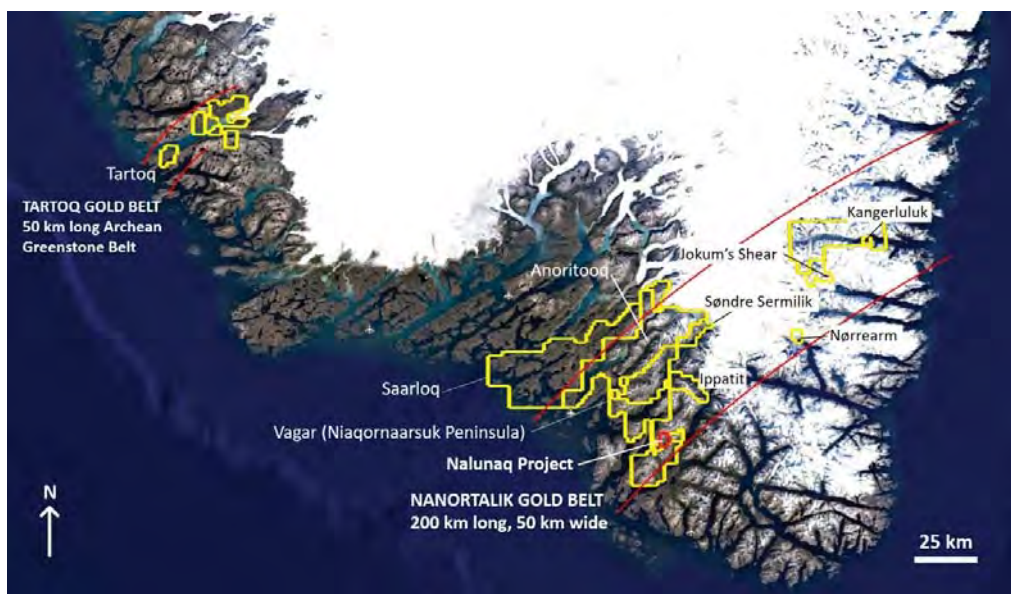
1. Summary of the Group's Assets

Below is a summary of the Licences, all of which are in Greenland and held by Nalunaq A/S:

Asset	Asset Name	Sub-Area	Holder	Interest	Status	Licence expiry date	Licence area (km ²)	Comments
MIN 2003-05	Nalunaq	Nalunaq	Nalunaq A/S	100%	Development	24-Apr-33	22	Historical production and ongoing drilling
MEL 2006-10	Vagar	Niaqornaarsuk Nalunaq East Nalunaq West	Nalunaq A/S	100%	Exploration	31-Dec-21	292	Historical drilling and ongoing exploration
MEL 2019-113	Nuna Nutaq	Kangerluluk Jokum's Shear/ Sorte Nunatak Nørrearm Ippatit Søndre Sermilik	Nalunaq A/S	100%	Exploration	31-Dec-23	266	Historical and ongoing exploration
MEL 2015-17	Tartoq	Nuuluk Ilerlak	Nalunaq A/S	100%	Exploration	31-Dec-24	78	Historical exploration
MEL 2018-17	Tartoq NP	Amitsuarsua / Naalagaaffik / Akuliaruseq Bikuben	Nalunaq A/S	100%	Exploration	31-Dec-22	170	Historical exploration
MEL 2020-31	Saarloq	Saarloq Saarloq North	Nalunaq A/S	100%	Exploration	31-Dec-24	818	Historical exploration
MEL 2020-36	Anoritoq	Anoritoq Kangerluluk Fjord	Nalunaq A/S	100%	Exploration	31-Dec-24	1,710	Historical exploration

Source: Company Information / SRK CPR (2020), page 117

Licence Map



Source: Company Information

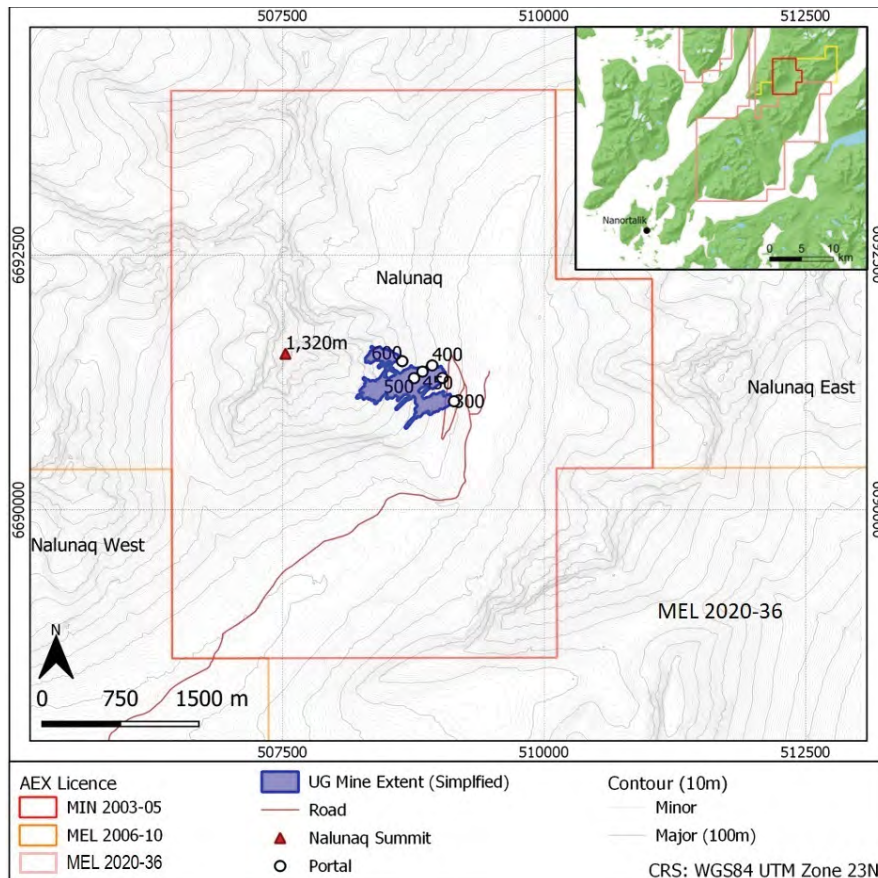
2. The Group's Assets

2.1 2003/05 Nalunaq Licence

2.1.1 Overview

The Nalunaq Property is located in South Greenland in the Municipality of Kujalleq, covering an area of 22 square kilometres. The property includes a former underground gold mine (closed in 2013) and is situated about six kilometres inland in the Kirkespirdalen valley, about 33 kilometres northeast of the town of Nanortalik. The area is in mountainous terrain and the fjords in the area remain unfrozen all year. The mine site can be accessed via a nine kilometre access road, which AEX repaired in 2019 as well as installing a pre-engineered and pre-fabricated bridge to support the future mine development.

Licence 2003/05 (Nalunaq) Asset Map



Source: SRK CPR (2020), page 117

2.1.2 Licence Details

The exploitation licence is valid until 24 April 2033 and grants Nalunaq A/S the exclusive right to undertake mineral exploration and exploitation within the licence area, subject to approval by the Government of Greenland. The current terms of the licence, which were renegotiated and agreed on 13 March 2020 in Addendum No. 5, dictate that Nalunaq A/S must submit a social impact assessment, environmental impact assessment and impact benefit agreement by 31 December 2022 and exploitation must commence by 1 January 2023. In reality, the Company intends to submit these documents and begin production substantially ahead of this time, as detailed further below.

2.1.3 Geology and Mineralisation

The Nalunaq Property lies within the 'Psammite Zone' in South Greenland that hosts the so-called Nanortalik Gold Belt. This zone is part of the Paleoproterozoic Ketilidian Mobile Belt, which evolved during subduction of an oceanic plate under the southern margin of the Archaean North Atlantic Craton.

Gold mineralisation is hosted in quartz veining developed along a structure known as the Main Vein, which varies in true thickness from 0.1 metres to 2.0 metres. Mineralisation is typical of a high grade, high nugget effect, narrow-vein orogenic gold deposit. The Main Vein structure can be traced along the entirety of the north, north west, and part of the west face of Nalunaq Mountain. It shows continuity for over 1,000 metres along strike and at least 2,000 metres up-dip and down-dip although, locally it can be seen to be discontinuous, with splits, pinches and swells over short distances, as well as occasional intrusions. A distinctive alteration occurs alongside the Main Vein, extending for 0.2 to 1.0 metres from the vein, although this is not gold-bearing.

Gold mostly occurs in the native form with coarse visible gold being common in high-grade areas. Gold grades are high but very erratic and typically head grades are in the order of 15 g/t Au. Sampling has, however, reported extreme high grades of up to 5,240 g/t Au over 0.8 metres.

Previous operators defined three main areas of mineralisation, namely the South, Target and Mountain Blocks. Small-scale faulting has disrupted the Main Vein, with the largest fault being the Pegmatite Fault, which separates the South and Target Blocks and results in a displacement of the Main Vein by 80 metres. Previous operators also recognised two further faults, which result in displacement of a few metres in Target Block.

Secondary targets are also present at the Nalunaq Property, including the Hanging Wall Vein and potentially other veins in the structural hanging wall. The Hanging Wall Vein is situated above the Main Vein, within the hanging wall sequence. It is less continuous, thinner, and lower grade than Main Vein, with a thickness up to a few tens of centimetres and consists of a quartz vein, sometimes with visible gold. There is also the potential for additional mineralised veins in the structural hanging wall, at levels above the Main Vein which have only been sparsely tested by drilling. The structural footwall also has the potential to host mineralisation.

2.1.4 Development and Asset History

Gold was first reported in the area in 1986. In 1992, NunaOil A/S discovered the quartz-gold vein at the Nalunaq Property, with further exploration confirming the presence of a coherent mineralised structure hosting high grade gold.

Major exploration efforts began in 1998 with the development of a 288 metre exploration drive at 400 metres above sea level. Two exploration raises were developed from this drive to test grade continuity and variability of the Main Vein. 1999 saw further surface drilling and channel sampling of the outcropping Main Vein between elevations of 468 to 775 metres.

As is typical of this style of mineralisation, a larger underground development programme was started in 2000 to further test grade and geological continuity of the Main Vein. This comprised development of the 350 and 450 levels and a bulk sampling programme. A total of 1,902 metres of development was carried out, including 538 metres of raising. Further diamond drilling was carried out in 2001, and in 2002 Kvaerner completed a Feasibility Study based on an updated mineral resource of 396,000 oz. at a grade of 20.6 g/t (Measured and Indicated Resources) with an additional Inferred Mineral Resource of 183,900 oz. at a grade of 15.7 g/t. Resources were reported at a 1.5 metre minimum stopping width and a zero cut-off grade.

An updated mineral resource was produced by SRK later in 2002 to include samples from a further 800 metres of underground development, using the same estimation method. Ounces were added to the Target and South Blocks and Inferred Mineral Resources were reported for the Upper and Mountain Blocks based on diamond drilling and outcrop sampling. Measured and Indicated Mineral Resources following the update increased to 429,282 oz. at a grade of 18 g/t (diluted to 1.5 metres), with Inferred Mineral Resources of 182,782 oz. at a grade of 16 g/t.

The Nalunaq Licence was granted to Crew Gold Corporation in April 2003. Following surface exploration and underground development on the mineralised structure, the Crew Gold Corporation commenced mining at the Nalunaq Property in 2004 using longhole open stoping. The Crew Gold Corporation did not conduct processing at site, and shipped broken ore to existing processing plants in Spain and, later, in Newfoundland. Between these two plants, approximately 350,000 oz. of gold were produced from 654,755 tonnes of milled ore in the period from 2004 to 2009 when the mine was sold, indicating a recovered gold grade of approximately 16 g/t of gold. As at 31 December 2008, the Crew Gold Corporation had reported capital expenditure on the asset of US\$79.3 million.

Angel Mining PLC purchased the project in 2009 and operated until closure of the mine in 2013. Angel Mining PLC additionally owned the Black Angel zinc/lead mine in Greenland, and it was their stated intention to utilise the cash flows from the Nalunaq Property to fund the development of this. Following their acquisition of the Nalunaq Property, Angel Mining PLC constructed an underground direct-leach processing plant, costing US\$35 million, with the intention that only gold doré would leave the mine, with tailings and waste rock stored in mined out areas. Angel Mining PLC produced a total of 14,823 oz. of gold between 2011 and 2013, having conducted very minor amounts of new development, and instead focussing on remnant material and stockpiles, and some mining of pillars. Angel Mining PLC experienced operational challenges throughout their time as operator of the asset, with a plant head grade designed for only 13.5 g/t, significant delays to operations through generator failures and oil supply challenges, permitting delays, and a significant amount of turnover in their senior operational team. By 13 February 2013, Angel Mining PLC had amassed a debt balance of US\$30 million plus accrued interest, and given the lack of new mining, operational challenges, and a declining gold price environment, it ultimately ran into financial difficulties and was placed into administration.

As detailed below, the Company, through its subsidiary Nalunaq A/S, acquired the Nalunaq Property in 2015 and has subsequently undertaken a significant amount of work to, amongst other things, confirm mineralisation over a larger area than previously demonstrated, and show significant new structural interpretations. Additional work performed included surface mapping in the 2017 and 2018 field seasons, rock-chip sampling the West and South-West faces of Nalunaq Mountain to demonstrate mineralisation, and the drilling of 32 diamond drill holes totalling 6,277 metres. This work has targeted demonstrating extensions of the Main Vein, although, given that the deposit is known to have a high nugget effect, drilling can only demonstrate the extent of the structure, and underground development is required to formulate accurate estimates of grade.

During 2019, the Company drilled nine holes at the Nalunaq Property, a total of 1,615 metres of drilling, with six holes identifying the Main Vein. Drilling identified the Main Vein structure 300 metres along strike from the South Block workings, and more than 350 metres down-dip, improving confidence in the Exploration Target towards the northeast and under the valley towards Ship Mountain.

In 2019, Nalunaq A/S identified an underground deposit of chemicals that had been used in the process plant during its operation, but which had not been demobilised by the former licensee in the previous demobilisation phase. As part of a new mine closure plan, which has been agreed with the MLSA, Nalunaq A/S has engaged a leading European logistics group, Leon-Vincent Overseas, to oversee the process of disposing of the underground chemicals in accordance with industry best practices for disposal and destruction. The total cost of the mine closure plan is DKK 2,208,316 (including a 10 per cent. contingency). This is fully covered by funds in an escrow account, held by Nalunaq A/S, which the Government of Greenland is beneficiary of. As of 26 February 2020, the balance of the cash deposit was DKK 2,646,496.90. The agreed mine closure plan is subject to certain conditions, including that (a) Nalunaq A/S shall prepare a contingency plan for the chemicals in case of spillage and a report on the handling of chemicals from the process in the mine, which shall be submitted to the MLSA for review prior to the commencement of clean-up work; and (b) Nalunaq A/S shall submit a more detailed cost estimate plan with a break-down of the different items involved in the mine closure plan, including a time frame of individual tasks.

A separate environmental assessment programme was conducted after the area was decommissioned following the former licensee's exploitation activities. The last monitoring was conducted in September 2019, which included samples of the freshwater system in the area, and the Danish Centre for Environment and Energy ("**DCE**") produced a report in January 2020, which stated that the DCE assessed that no further actions need to be taken to reduce the environmental impact of the former mining operation and that environmental monitoring in respect of the historic activities of the former licensee were considered to have been completed.

2.1.5 AEX Acquisition of the Nalunaq Property

As detailed above, Angel Mining PLC's operations of the Nalunaq Property were defined by a lack of coherent mine planning and operations, with the asset intended to provide cash flows to fund the development of its Black Angel zinc mine. Given that they were heavily indebted in what was a declining price environment, Angel Mining PLC ran into financial difficulties and on 27 February 2013 the directors of Angel Mining PLC appointed Stephen Cork and Andy Beckingham of Cork

Gully as administrators of the company. FBC Holdings SARL, an entity controlled by Cyrus Capital Partners LP, was the primary secured creditor of Angel Mining PLC.

A collaboration agreement between FBC Mining (Holdings) Limited, a wholly owned subsidiary of FBC Holdings SARL, and Arctic Resources Capital was signed on 17 July 2015, with a view to maximising the value of certain mining projects including the Nalunaq Licence. In accordance with this collaboration agreement, on 25 September 2015, a Greenlandic joint venture company, Nalunaq A/S, was incorporated in which Arctic Resources Capital was a 66.66 per cent. shareholder and AEX Gold Limited (formerly known as FBC Mining (Nalunaq) Limited), a wholly owned subsidiary of FBC Mining (Holdings) Limited, a 33.33 per cent. shareholder.

A sale and purchase agreement was signed between Angel Mining (Gold) A/S, a wholly owned subsidiary of Angel Mining PLC (in administration), and Nalunaq A/S on 15 October 2015, for the sale of the Nalunaq Licence and all associated assets, and the Government of Greenland formally transferred the licence to Nalunaq A/S in March 2016. Nalunaq A/S acquired the Nalunaq Licence from Angel Mining (Gold) A/S for a consideration of DKK 250,000. Please refer to paragraph 12.9(a) of Part IX of this document for a summary of the sale and purchase agreement pursuant to which Nalunaq A/S acquired the Nalunaq Licence.

Nalunaq A/S also acquired the existing underground processing facility from AEX Gold Limited (formerly known as FBC Mining (Nalunaq) Limited) on 31 March 2017 for an initial cash consideration of US\$1, deferred consideration of up to US\$1,999,999 on a “pay as you can” basis (adjustable depending on the extent of use of the plant which was acquired and remediation work required), and a one per cent. royalty on net revenue (subject to a lifetime cap of US\$1 million). The Company expects that the deferred consideration is likely to be significantly lower than the maximum amount given its current plans of establishing a new crushing, grinding and gravity circuit, and remediation work required for the underground processing facility including leaching equipment. Please refer to paragraph 12.8 of Part IX of this document for a summary of the processing plant and royalty agreement.

2.1.6 Facilities and Infrastructure

Significant infrastructure was left at the Nalunaq Property by the previous operators, including six kilometres of ramps and 14 kilometres of underground drifts. The mine site can be accessed via a jetty in the Saqqaa Fjord and a nine kilometre access road, which AEX repaired in 2019. In 2019, the Company installed a 73 metric tonne capacity pre-engineered and pre-fabricated bridge to support the future mine development. An underground processing plant is also on site, installed during Angel Mining PLC’s tenure as operator, which the Company expects to partially reuse, following refurbishment. The Company undertook a field investigation programme on the existing infrastructure at the Nalunaq Property in 2019, including a process and mechanical audit. This work indicated the potential for partial recovery of existing processing equipment and identified key features required to ensure process operability.

2.1.7 Resources and Exploration Target

The Mineral Resource estimate at the Nalunaq Property consists of: (1) the mine area, defined as the mineralised Main Vein in close proximity to the current underground infrastructure; and (2) the remaining stopes, which is mineralised material remaining within the current underground infrastructure that could be mined either immediately or with small amounts of development/reconditioning.

2.1.7.1 Mine Area and Remnant Material
Nalunaq Property Diluted Mineral Resource

Zone	Classification	Gross			Net Attributable			Operator
		Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	
Remaining Stopes	Inferred	26,690	20.8	17,890	26,690	20.8	17,890	Nalunaq
Mine Area	Inferred	396,080	18.3	233,080	396,080	18.3	233,080	Nalunaq
Total Inferred		422,770	18.5	250,970	422,770	18.5	250,970	Nalunaq

Source: SRK CPR (2020), page 188

Notes:

- 1 Remaining Stopes reported at a cut off of 6.0g/t Au.
- 2 Mine Area reported at a cut-off grade of 6.0g/t Au.
- 3 Diluted to 1.2 metres true thickness at 0.0g/t Au.
- 4 Gold price of US\$1,500.
- 5 Total refining, transportation and royalties costs of US\$57.
- 6 Total operating costs of US\$254/t.
- 7 All figures are rounded to reflect the relative accuracy of the estimate.
- 8 Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- 9 100 per cent. of the Mineral Resource is attributable to Nalunaq A/S.

2.1.7.2 Tailings

In addition to the mine area and remnant materials, tailings material from the previous underground processing plant was redirected and stored in a series of open stopes. SRK estimates the tonnage of tailings material stored here, using a grade of 4.0 g/t Au which was the average grade recorded for the tailings by Angel Mining PLC in 2013, to be 43,170 tonnes or 5,550 oz. of gold.

Nalunaq Property Tailings Mineral Resource

Zone	Classification	Gross			Net Attributable			Operator
		Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	
Target SW	Inferred	48,220	4.0	6,200	48,220	4.0	6,200	Nalunaq
Total Inferred		48,220	4.0	6,200	48,220	4.0	6,200	Nalunaq

Source: SRK CPR (2020), page 188

Notes:

1. Reported at a cut-off grade of 0.0 g/t Au.
2. All figures are rounded to reflect the relative accuracy of the estimate.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
4. 100 per cent. of the Mineral Resource is attributable to Nalunaq A/S.

2.1.7.3 Sweepings

Sweepings are accumulations of fine material (including free gold and quartz vein fragments that host gold) that have been blasted and subsequently settled on the floor of the drives below. They may also be derived from mucking operations, accumulated at the bottom of ore passes, or in areas of previous mineral processing.

The presence of sweepings has been observed in all stope drives visited and in other areas such as ore passes and the processing plant. The grade of sweepings is expected to be similar or higher to the stope immediately up dip, due to the concentration effects of water washing down the stopes, the process of hydraulic equivalence sedimentation that could happen in the stope drives, and dust suppression carrying lighter material away.

As detailed in the CPR report in Part VI, SRK estimates that the existing mine excavations could contain between 2,400 cubic metres and 3,500 cubic metres of mineralised sweepings, although they note that this is a purely representative estimate to give an idea of the possible order of magnitude and is not considered a compliant Mineral Resource estimate.

2.1.7.4 Exploration Target

The Exploration Target includes those areas in which the Main Vein is interpreted to extend, but that contain insufficient sampling to define a Mineral Resource and are some distance from the current infrastructure. This estimate is based on historic surface diamond drilling and channel sampling, and surface samples from 2015, 2016 and 2019 that demonstrate the continuity of the Main Vein.

As detailed in the CPR report in Part VI, SRK estimates an Exploration Target of between 200,000 oz. to 2.0 Moz. of gold contained within 2.5 to 10.0 million tonnes, grading between 2.4 to 6.0 g/t Au. The potential tonnages and grades are conceptual in nature and are based on previous drill and grab sample results that defined the approximate length, thickness, and grade of the Main Vein away from the mine area. The Company will follow the same proven exploration methodology, which in 2000 significantly upgraded Inferred Mineral Resources and lower resource categories to the Measured and Indicated level, thereby increasing the confidence in the grade of the current Inferred Mineral Resources and the current Exploration Target. This methodology, which involves surface and underground drilling to locate the structure in conjunction with underground development, allowed the commencement of exploitation on the Nalunaq Property's high grade deposit in 2004, and has been proven effective in other similar deposits around the world.

2.1.8 Forward Plan

AEX intends to perform 8,000 metres of both surface and underground drilling between 2020 and 2022, as well as 2,000 metres of underground development at the Nalunaq Property throughout 2021 and 2022. The aim of the drilling programme is to focus on identifying the mineralised Main Vein structure ahead of the underground development programme. Holes will also be drilled into the hanging wall and footwall to test the continuity of hanging wall and footwall veins identified in previous drilling, and to test for perpendicular extensional veins. The underground development programme aims to extend coverage both inside and outside of the current Inferred Mineral Resource and into the Exploration Target, gain greater geological confidence on grade, and increase the resource categories towards Measured and Indicated. The initiation of this initial underground development programme will begin in July 2021, and end in April 2022.

The Company intends to undertake underground development through ramping on vein in order to maximise coverage of the vein and gain greater geological confidence significantly faster than through the conventional ramp in waste development approach. By focusing all development in ore, the Company expects to be able to convert Inferred Mineral Resources to Measured and Indicated Resources and upgrade the Exploration Target to the Mineral Resources categories much faster.

As ramping progresses, sublevels will be developed from cross cuts from the ramp in ore using resue mining. Resue mining is a selective mining method using a two stage blasting sequence. In the first phase, the waste is broken down and mucked out to adjacent stopes or drifts. In the second phase, the ore is blasted and mucked out to a stockpile for further processing. Once the sublevel developments are finalised, stopes will be blasted in between levels with approximate 10 metres spacing. Resue mining and long hole stoping have been proven effective mining methodologies at the Nalunaq Property by previous operators. The Company will maintain the flexibility to initiate conventional ramp-in-waste development should it become more attractive to utilise this approach.

Following completion of this initial underground development programme, the Company will have established a pre-production stockpile which it expects to represent approximately six months of processing once the phase 1 processing plant (crushing, grinding, gravity recovery) has been commissioned. This will enable the Company to maintain its desired production profile, minimising the risk of delays in processing and revenue generation. It should be noted that the pre-production stockpile will be used to supplement historical remnant mining materials in the phase 1 process.

The Company plans to finalise commissioning of the processing facility and commence production within 24 months of Admission. AEX intends to establish an initial phase 1 production facility including a 300 tonnes per day crushing, grinding and gravity recovery plant. The process plant will be strategically located out of the underground mine, allowing the Company to properly blend ore grades to maximise gold recovery. The crushing circuit is expected to be modular, allowing future expansion flexibility, and consist of a primary jaw crusher, a sizing screen, a secondary cone crusher, and an ore stockpile of 900 metric tonnes. From past metallurgical test works and industrial scale processing, gold recovery during phase 1 is expected to be 65 to 70 per cent.. Gravity concentrates will then be smelted on site to produce a doré, and shipped offsite for further refining.

The tailings from phase 1, which will still hold a meaningful gold resource and economic value, will be dry stacked for future reprocessing.

AEX will design and select equipment for phase 1 processing that can support a significant increase in production, and therefore revenues, as mining activities scale up. Given the relatively small scale of the operations at 300 tonnes per day, implementing the capacity for expansion upfront can be done in a cost effective manner and provide the Company the flexibility to increase throughput without significant investment or operational disruption. Additionally, the scalability of the processing facility at the Nalunaq Property could support ore processing from bulk sampling programmes and other mining operations from the Company's wider licence portfolio.

AEX intends to use cash flow from the phase 1 operations to refurbish the existing underground leaching plant, left by the previous operator. This would allow the Company to increase the total gold recoveries to 95 per cent. or more in phase 2, through leaching the gravity tailings. It is currently estimated that the additional investment to recondition the leaching and gold recovery circuits underground would cost in the region of C\$21 million. The refurbishment of the leaching circuit would, in addition to maximising gold recoveries and reprocessing phase 1 tailings, potentially allow the Company to reprocess the tailings left behind by Angel Mining PLC, which have an estimated grade of 4 g/t. By establishing the phase 1 plant outside of the mine, the Company will increase the space available for an expansion of the leaching operations underground should it look to scale up operations. Tailings from the leaching plant will be detoxified according to industry best practice, filtered in the dewatering and filtering plant of phase 1, and then disposed in the dry stacked tailings facilities.

Based on the Company's current plan and budget, the Company expects that the process of reconditioning the existing underground leaching circuit will be initiated in the first full year of cash flows and start commissioning the leaching circuit within 24 months of commercial production.

In parallel, the Company is also investigating the potential to implement a flotation circuit to produce a concentrate instead of leaching the gravity tailings. Past metallurgical test works have demonstrated that gravity recovery followed by the flotation of gravity tailings could yield a total gold recovery very close to gravity recovery followed by leaching of gravity tailings. Past test work did not focus on optimising the flotation parameters to maximise gold recovery, however, in Q1 2020 the Company conducted a metallurgical test work programme at SGS Lakefield in Canada, using a representative sample taken from the mine in 2016, with the aim of optimising the flotation process to increase total recovery towards the levels achieved by cyanide leaching. The Company strongly believes that a flotation plant, supplementing a gravity recovery circuit, could be set up for a fraction of the costs of reconditioning the existing leaching circuit as well as providing a number of additional benefits.

The CPR provider, SRK, utilises industry benchmarks to calculate the cut-off grade of the Mineral Resources of the Nalunaq Property. The benchmarking exercise takes into account the scale of the operation as well as the mining and mineral processing methodologies. The cut-off grade is calculated over a minimum true mining width of 1.2 metres and is based on an assumed 300 tonnes per day of processing. For the Nalunaq Property, a total operating cost estimate of US\$253.85 per tonne was established, supplemented by refining, transportation and royalty costs of approximately US\$57 per ounce.

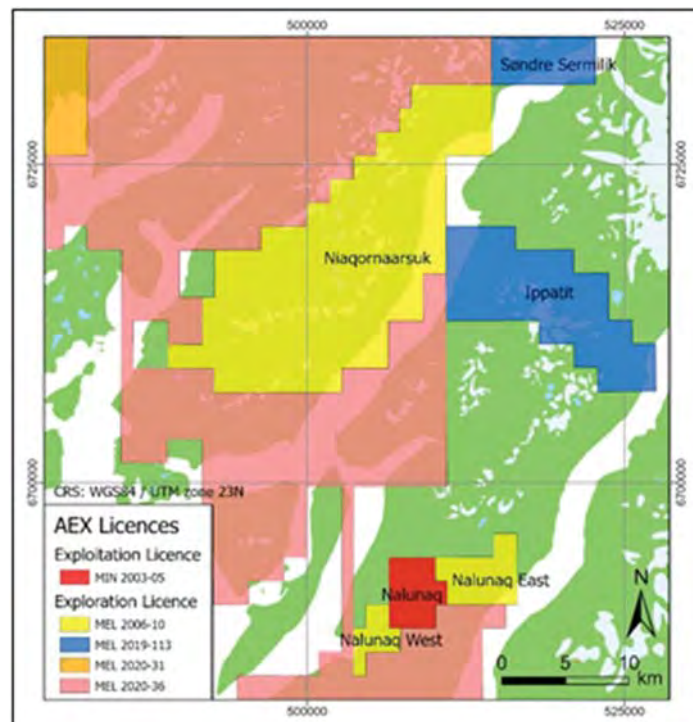
AEX cautions that the production decision and options outlined above has been taken before the estimation of Mineral Reserves and is not based on a feasibility study of these Mineral Reserves and as such this constitutes a risk to the project's technical, economic and financial viability.

2.2 2006/10 Vagar Licence

2.2.1 Overview

Exploration licence MEL 2006/10 is comprised of three separate sub-areas known as Niaqornaarusuk, Nalunaq East, and Nalunaq West. These cover an official combined area of 292 square kilometres and have been held by AEX through Nalunaq A/S since 2017. The Niaqornaarusuk sub-area, along with the sub-area known as Søndre Sermilk in MEL 2019/113, detailed below, are also referred to as Vagar and comprise combined acreage over the Amphibolite Ridge.

Licence 2006/10 (Vagar) Asset Map



Source: SRK CPR (2020), page 119

Niaqornaarsuk

This sub-area covers steep, mountainous terrain along the Niaqornaarsuk Peninsular. It has been explored for gold mineralisation since it was first discovered in the 1980s.

The Niaqornaarsuk sub-area is located on the Niaqornaarsuk Peninsula, approximately 60 kilometres east of Qaqortoq and 50 kilometres north of Nanortalik. Air/heliports at Qaqortoq, Nanortalik, and Narsarsuaq allow access to the licence areas by helicopter. Alternatively, the licence can be reached from the Nalunaq Project, located 25 kilometres to the south. Deep-water fjords, which remain ice-free year-round, facilitate easy access for shipping. The most developed exploration prospect, Amphibolite Ridge, is located eight kilometres from the coast.

Nalunaq East and Nalunaq West

These sub-areas were originally connected around the Nalunaq Licence before reduction. Nalunaq East is mountainous, containing the same amphibolite units which host the gold mineralisation at the Nalunaq Property. The Nalunaq West area has been retained by the Company as it contains the exploration camp and the small Saqqa dyke which is known to contain platinum group element style mineralisation but at this stage is not thought to be material.

The Nalunaq East and West sub-areas are located immediately around the Nalunaq Property, and therefore share the same access infrastructure.

2.2.2 Licence Details

Licence 2006/10, granted on 1 August 2006, entered its 15th calendar year in January 2020. Due to a reduction in licence size at the end of 2019, as well as spending credits from 2012 through to 2018, the licence had no unspent obligations at the end of 2019. Obligations for 2020 have been set at nil due to the Coronavirus pandemic. The 2006/10 exploration licence is due for renewal on 31 December 2021 with further extensions possible up to a maximum of 22 years from issuance, until 31 December 2027. The Company will consider whether to apply to extend the term of the licence closer to the end of the existing term. Whilst any such extension cannot be guaranteed, the Company expects that it would be granted, provided that the terms of the licence have been complied with.

2.2.3 Geology and Mineralisation

Niaqornaarsuk

The Niaqornaarsuk Peninsula target is a combination of two sub-areas, Niaqornaarsuk in MEL 2006/10 and Søndre Sermilk in MEL 2019/113, which is detailed further below.

The Niaqornaarsuk Peninsula target comprises mainly granodiorite, six principal prospects: (1) Greater Amphibolite Ridge, which is divided into several discreet areas (Vein 1, Vein 2, Femøren, Øresund, West Ridge, Bella, Christianshavn, Kastrup, Ørestad, and Crown); (2) LGM or Laila's Showing; (3) Quartz Swarm; (4) UFO Mountain; (5) Tom's Vein, and; (6) Qoorormiut North.

The Greater Amphibolite Ridge area is located at the southern side of Qoorormiut Valley and includes the Amphibolite Ridge itself. The ridge is steep sided and narrow, running between two glacial valleys. Gold in the Greater Amphibolite Ridge area has been identified in association with two steeply dipping/subvertical shears zones typically from 0.5 to 4 metres in width (locally exceeding 20 metres). The mineralised shears are discrete, narrow zones in relatively undeformed host rocks of granite containing enclaves of mafic rocks and quartz veins. The shears appear to be single structures with no splays and are not in zones of parallel or anastomosing shears.

Two gold-bearing shears have been identified on Amphibolite Ridge, namely Vein 1 and Vein 2. Through drilling and outcrop mapping, Vein 2 has been traced over a strike length of roughly 600 metres and to a down-hole depth of 300 metres. Both structures appear to be open along strike and at depth.

Veins have developed during shearing and have become rotated and deformed to different degrees during shear development. The quartz veins are dominantly massive quartz, with varying amounts of inclusions. Both historical drill intersections and grab samples indicate that gold mineralisation is present within the host granodiorite.

The other historical prospects within the area are related to similar types of mineralisation, however geological work on these assets remains at a relatively early stage.

Nalunaq East

The geology of Nalunaq East is, broadly speaking, an eastward continuity of that seen at the Nalunaq Property. Some key differences include the fact that the amphibolites, exposed on the steep northern face of Ship Mountain, have a vertical dip and are conformably overlain by green metamorphosed lapilli tuffs. The greater abundance of volcanoclastic rocks implies that the metavolcanic package at Ship Mountain could be higher than that at the Nalunaq Property and, therefore, gold-mineralised features may also be displaced.

The geological map of the area shows that the same amphibolite that hosts the Main Vein within the Nalunaq Property continues east, across the valley into Nalunaq East. The mineralisation identified at Nalunaq East has historically been associated with small quartz veins. However, to date, the Main Vein or a similar continuous high-grade gold bearing horizon associated with varying degrees of quartz veining has not been identified.

The amphibolite at Ship Mountain is interpreted to be the same unit that hosts the Main Vein at the Nalunaq Property and is considered to be prospective for hosting gold bearing quartz veining.

Nalunaq West

The geology of Nalunaq West can be considered a westward extension of the Nalunaq Property and there is a possibility for westward extensions of Main Vein in this area, although stratigraphic positioning compared to the Nalunaq Property is not well defined. Nalunaq West also contains the mine access road and exploration camp area.

2.2.4 Development and Asset History

Niaqornaarsuk

Discovery of gold prospects in the area covered by the historical Vagar Licence, including Amphibolite Ridge, were to a large extent based on work carried out by NunaOil during the 1990s and NunaMinerals from 2008-2013. In 1990, NunaOil acquired a licence covering the current Vagar Licence area and conducted heavy mineral concentrate sampling and reconnaissance mapping. Follow-up work was carried out on identified gold anomalies, and gold was located at the UFO Mountain prospect, at "Laila's showing", and at Amphibolite Ridge. Between 2010 to 2013 Nuna

Minerals conducted surface sampling campaigns over the Greater Amphibolite Ridge including rock channel and rock chip sampling, grab sampling, scree sediment sampling, and stream sediment sampling, with a total of 2,809 samples collected and assayed for gold. This work suggested that the Greater Amphibolite Ridge is highly prospective, with rock chip results ranging from 0 to 2,533 g/t Au. Surface samples confirmed gold mineralisation and extended the strike length of Vein 2 on Amphibolite Ridge. Gold was also found in altered granodiorites several hundreds of metres from the main veins (Veins 1 and 2) with grab samples returning 11.6 to 12.1 g/t Au.

Nalunaq A/S acquired the Vagar Licence on 18 January 2018, pursuant to a sale and purchase agreement which it had entered into with Nuna Minerals A/S (in bankruptcy) on 6 February 2017, for a consideration of DKK 50,000. Please refer to paragraph 12.9(b) of Part IX of this document for a summary of the sale and purchase agreement pursuant to which Nalunaq A/S acquired the Vagar Licence.

AEX visited the main Amphibolite Ridge prospects in 2019 and undertook a small grab sampling programme over the main prospects. In total, 22 samples were collected, six of which reported grades above 0.1 g/t Au, up to 8.98 g/t Au. The high grades were associated with Veins 1 and 2 and the sheared, altered granodiorite at Femøren. This sampling was primarily aimed at testing the prospectivity of the granodiorite host unit found to be mineralised at Femøren and to scout the logistics required for future work programmes. The results showed that the host granodiorite is mineralised at Femøren, however, the high grades are restricted to narrow altered zones that show brittle deformation.

Nalunaq East

Historical exploration at Nalunaq East has consisted of a limited amount of geological mapping and grab sampling. No systematic sampling or drilling has been undertaken to date.

AEX undertook a grab sampling programme in 2017 targeting the main amphibolite exposure, across the valley from the Nalunaq Property on Ship Mountain. Similar work had been conducted in the 1990's when some gold values were found in quartz veins. Inspections of the face from a helicopter revealed that a great number of sub-horizontal quartz veins occur at different elevations within the amphibolite.

Sampling of Ship Mountain during the 2017 field programme has shown that gold mineralised quartz veins do occur, although many of the veins are discontinuous in nature. The sampling did not encounter a structure that carries mineralisation comparable to the Main Vein, however, this is not to say that such a structure does not exist.

Nalunaq West

Historical exploration has been focussed on the Sarqa dyke and associated PGE mineralisation. These peridotites were first described in the 1960s and 1970s by the Geological Survey of Greenland, who located boulders containing up to 10.8 g/t (Pt+Pd). In 1987 Platinova Resources sampled three mineralised zones and concluded that Sarqa was subeconomic on account of its small size and overall low grade. The area was investigated with ground magnetics and IP lines in 1987, where two anomalies on the south side of the ridge may represent an extension of the Sarqa dyke under the Kirkespirdalen valley.

NunaMinerals carried out prospecting over the metavolcanics in 2006, aiming to locate westward extensions of Main Vein. Four grab samples were collected, all of which returned below the detection limit for gold.

2.2.5 Forward Plan

AEX will aim to identify and develop high-grade gold resources similar in scale to the Nalunaq Property, with the potential for larger scale operations.

Future exploration in the Niaqornaarsuk Peninsula sub-area will include acquisition of additional remote sensing data including hyperspectral surveys, on the assumption that these could be used to highlight extensions or new areas of alteration that may be associated with mineralisation. The wide zone of gold-bearing hydrothermal alteration in granodiorite at Femøren is a good example of this type of target, and this in itself will be investigated using ground-based hyperspectral imaging. Rock samples collected from the area in 2019 have been submitted to a specialist in hyperspectral data so that the effectiveness of this approach can be confirmed.

A high resolution airborne and radiometric survey will be flown over the Nuaqornaarsuk Peninsula in order to improve the understanding of the area's structure and geology. A key outcome of this will be to understand the structural setting of known gold occurrences and geochemical anomalies, how extensive these are, and whether there are similar settings that could host new gold showings. Prior to this survey, existing low resolution regional magnetic data will be reviewed to assess whether this dataset can be improved through reprocessing.

Diamond drilling will be carried out in the valley floors on either side of Amphibolite Ridge. The objective of this is to establish whether the gold-mineralised veins that were drilled on the ridge by NunaMinerals extend along strike, and to define a maiden resource. Potential extensions of the altered, gold-mineralised structure in the granodiorites at Femøren will also be targeted.

Several larger samples (100 – 200 kg each) will be collected across high grade areas including Vein 2 and Femøren in order that they can be used for future gold department studies and assess the potential of processing this material at the Nalunaq Property.

Subject to further test work and drilling, development of exploration adits on the veins will likely be required to gain confidence in their grades, similar to what was done historically at the Nalunaq Property. Depending on the geometries of mineralised granodiorites outlined after drilling, these may be amenable for open pit operations.

Scree sediment sampling programmes will be extended into under-explored areas.

Work in the Nalunaq East and Nalunaq West sub-areas will test the potential for strike extensions to the Nalunaq Property's Main Vein and explore the potential for additional mineralised veins at different levels in the sequence. Exploration will involve geological mapping and sampling along systematic traverses of the area. It is possible that extensions to Main Vein may not crop out due to differences in stratigraphic levels and the influence of certain faults, therefore this would need to be tested by additional 3D modelling and diamond drilling.

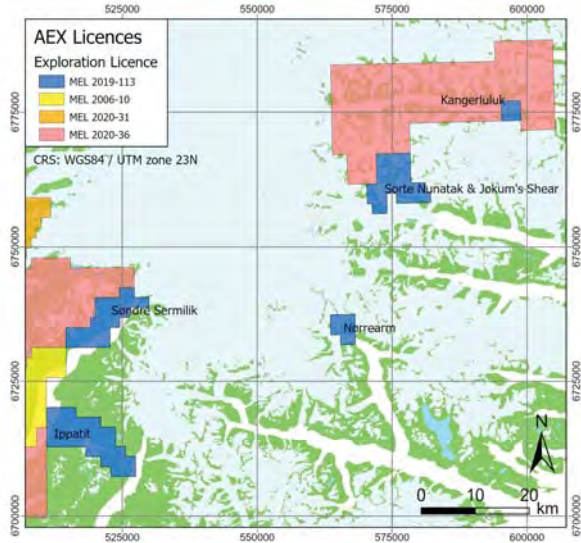
The ability of the Group to carry out all of the work described above will depend upon whether the Company can enter into the working capital facility or other debt facility referred to in paragraph 8 of Part I.

2.3 2019/113 Nuna Nutaaq Licence

2.3.1 Overview

Exploration licence MEL 2019/113 covers a combined official area of 266 square kilometres and is divided into five sub-areas known as Søndre Sermilik, Ippatit, Nørrearm, Jokum's Shear and Sorte Nunatak, and Kangerluluk. AEX selected these areas to cover known gold occurrences or areas of prospective geology. Except for Søndre Sermilik, exploration licences held by NunaOil A/S, Crew Gold Corporation, or NunaMinerals A/S have previously covered all of these areas.

Licence 2019/113 (Nuna Nutaaq) Asset Map



Source: SRK CPR (2020), page 120

Søndre Sermilik

This sub-area covers steep, mountainous terrain on the northern side of Søndre Sermilik Fjord. The geology and structures in this area appear to be a continuation of those that host gold occurrences in the Niaqornaarsuk sub-area to the southwest. Coastal access is possible to the eastern end of the sub-area. Access is then possible to some areas on foot, but otherwise helicopters are required to reach targets in the mountainous areas.

Ippatit

This sub-area is located on the Nanortalik Peninsula and is centred about 26 kilometres northeast of the Nalunaq Property. The Ippatit Kua valley runs through the licence, linking Søndre Sermilik to Tasermiut Fjord. South of this, the terrain is very mountainous with numerous small glaciers. Access by boat and then by foot may be possible from either end of Ippatit Kua, although helicopter access is more efficient. Coastal access is possible to the western and eastern ends of the Ippatit sub-area via Søndre Sermilik and Tasermiut Fjord respectively.

Nørrearm

Nørrearm is located on the southeast coast of Greenland and separated from the other areas by the inland icecap. Nørrearm covers a relatively small area at the head of Nørrearm Fjord and includes mountainous and heavily glaciated terrain. The Nørrearm sub-area is accessed by helicopter or by boat through Lindenow Fjord on the eastern coast of Greenland and then Nørrearm Fjord. The terrain is again very steep so exploration would require helicopter support.

Jokum's Shear and Sorte Nunatak

Jokum's Shear and Sorte Nunatak are located on the southeast coast of Greenland and separated from the other areas by the inland icecap. The Jokum's Shear and Sorte Nunatak prospects are both located in very mountainous terrain and both are surrounded by glaciers, which are heavily crevassed near the coast. The use of helicopters is essential for access and any work here, and the steep terrain would require the use of mountaineers for some aspects of exploration work.

Kangerluluk

Kangerluluk is located on the southeast coast of Greenland and separated from the other areas by the inland icecap. The Kangerluluk sub-area can be reached by helicopter or by boat through Kangerluluk Fjord on the east coast. The coastline is extremely steep and suitable landing points may be up to three kilometres from the main target area.

2.3.2 Licence Details

Exploration licence MEL 2019/113 was granted to Nalunaq A/S in September 2019 and entered its second calendar year in January 2020. At the end of 2019, the licence had an unspent obligation of approximately DKK 440,502. The spending obligation for the licence in 2020 is set at nil due to the Coronavirus pandemic. The 2009/113 exploration licence is due for renewal on 31 December 2023, with further extensions possible up to a maximum of 22 years (the “**Maximum Term**”) from issuance, until 31 December 2040. The Company will consider whether to apply to extend the term of the licence closer to the end of the existing term. The licensee is entitled to be granted a new five year licence (a “**Second Licence Period**”) for the same area. Upon expiry of the Second Licence Period, the licensee may then be granted new three year licences for the same area and mineral resources upon application up to expiry of the Maximum Term. Whilst any such extension cannot be guaranteed, the Company expects that it would be granted, provided that the terms of the licence have been complied with.

2.3.3 Geology

Ippatit

The Ippatit boundary covers mountainous terrain on the southern side of the Ippatit Kua valley that runs between the large fjords of Søndre Sermilik Tasermiut. A major feature of the area and a focus of much historical exploration is the 1,775 metre high Ippatit Mountain which is in the western part of the licence.

The area's geology represents an enclave of Paleoproterozoic amphibolites overlying the meta-arkose sediments that are extensive on the central Nanortalik peninsula. Along the Ippatit Kua valley, granodiorite is found between the amphibolites and the underlying meta-arkose rocks,

increasing in thickness towards the east. The amphibolites are considered to be the main gold-prospective target in the area. Three types of known mineralisation in the Ippatit area could be associated with gold mineralisation, including: (1) stratiform iron sulphides; (2) quartz veins, and; (3) localised sulphide mineralisation with some silicification and ankerite.

Nørrearm

The Nørrearm prospect is located on steep terrain at the head of Nørrearm Fjord, about 500 metres above sea level. Satellite imagery, observations by AEX and reporting from earlier work suggest that the principal units include granodiorite overlain by migmatised metasediments that are intruded by some unaltered mafic dykes.

The feature of interest is a large and distinctive zone of rust staining that is visible in satellite imagery and defines a horizon at the thrust contact between the granodiorite and the metasediments above the northern shores of Danell Fjord, and also visible two kilometres to the east before it disappears below an icecap. Massive iron sulphides are found at the base of this horizon with thicknesses of one to five metres. Minor copper staining has been observed in some rock samples and up to 50 per cent. flake graphite in others. This type of feature in this geological setting is quite common in South Greenland, and AEX believes that the Nørrearm occurrence could be one of the larger examples.

Jokum's Shear and Sorte Nunatak

Jokum's Shear lies approximately three kilometres inland from the head of Danell Fjord in very steep terrain on the northern side of a large tidewater glacier. The geology of the Jokum's Shear area comprises granodiorite, pelite and semi-pelite, gabbroic-dioritic amphibolites, and granite. Gold mineralisation is found in a shear zone system with a strike length of about two kilometres between approximately 250 metres and 1,150 metres elevation. It is possible that the strike length could be considerably longer; extensions of it to the northeast have been exposed by retreating ice and it has even been suggested that the structure continues for about 25 kilometres and hosts gold mineralisation at the Kangerluluk prospect. The mineralised material is found in strongly altered, sheared, and sulphidised rocks of gabbroic composition.

Sorte Nunatak is found a further six kilometres inland to the northwest of Jokum's Shear. The target is on a very steep mountain which is surrounded by glaciers. Geological descriptions of Sorte Nunatak are limited due to its inaccessibility and severe terrain. Gold mineralisation has been found in slightly deformed and variably epidotised, carbonatised, and veined volcanics and volcanogenic sediments, sampled as boulders in surface moraines. The gold-copper type mineralisation appears to be of similar type as the Kangerluluk gold occurrence.

Kangerluluk

The property lies on the southern side of Kangerluluk Fjord and the rocky terrain slopes steeply down to the fjord from an icecap along the southern edge of the licence block at 500 – 600 metres above sea level. Supracrustal rocks occur over an area of about four square kilometres and consist of a 200-300 metres thick volcano-sedimentary sequence.

Gold has been reported in samples from the Kangerluluk property that are closely related to steeply dipping quartz-bearing shear zones in the supracrustal sequence. An alteration halo characterised by silicification and epidotisation is found along these zones. The most prominent shear zone is over one kilometre long and up to 20 metres wide, cutting across the western side of the mapped area. Gold is associated with copper and only occurs in quartz and zones of hydrothermal alteration that are two to five metres wide.

2.3.4 Development and Asset History

Ippatit

The Ippatit area has been subject to several short exploration programmes and included in regional geochemical sampling by with NunaOil and Crew Gold Corporation.

Jokum's Shear and Sorte Nunatak

Gold was identified at Jokum's Shear in the 1990s, on the northeast and western part of the shear zone. There are no records of further exploration work until 2010 when NunaMinerals spent one day collecting 61 rock grab samples. These were located along traverses that were orientated across a rust-stained alteration zone that included anomalous gold grades reported by previous exploration.

Of these samples, eight graded more than 0.5 g/t Au, with a maximum grade of 2.45 g/t Au. NunaMinerals completed a further four days of sampling in 2012, taking 36 rock chip samples on the shear zone. These provided further evidence of gold mineralisation, and identified new occurrences to the northeast, on the same structure but in an area that was newly exposed by a retreating glacier. It was recommended that further work should be carried out, including channel sampling to better understand the extent and grade continuity of gold mineralisation, and it was suggested that large portions of the rock along the shear could be mineralised, and that gold mineralisation remains open in all directions.

The Sorte Nunatak locality was first noted in the early 1990s. Boulder sampling produced anomalous grades of up to 9 g/t Au and four per cent. copper, hosted by narrow quartz and/or carbonate veins in weakly deformed metabasalts. NunaMinerals visited the location very briefly in 2013 and managed to obtain a sample of in-situ mineralised rock containing gold in quartz veins with carbonate alteration, with the sample assayed at 5 g/t Au.

Kangerluluk

Mapping and sampling of the Kangerluluk site in 1995 and 1996 identified gold mineralisation, reporting grades in grab samples of up to 118 g/t Au, and 12 of 74 grab samples graded over 1 g/t Au.

Goldcorp Inc. undertook a short programme of reconnaissance, mapping, and sampling in 1997, collecting 112 rock samples of which 105 were from the main mineralised north east-trending shear structure, including 82 channel samples taken with a diamond rock saw. Goldcorp's sample results show a high nugget effect of gold grades. About a third of their samples were below the detection limit for gold, the average grade for 100 channel and chip samples was about 2 g/t Au, and the maximum was 110 g/t Au over 80 centimetres true thickness in one channel sample.

In 2010, NunaMinerals A/S became owner of the area and undertook a short field programme to follow up and expand on Goldcorp's work. In order to improve the geochemical understanding of the area they undertook rock sampling of the shear and fault zones as well as material beyond these. NunaMinerals took 63 rock samples, 10 of which graded more than 1 g/t Au from a rusty shear zone with massive quartz veins and reported that the mineralised zone was some 20 metres wide and more than 700 metres long. NunaMinerals also noted that low gold grades (less than 0.2 g/t Au) were found in pillow lavas along the shear zone, possibly indicating potential to expand the width of prospective material. They recommended further sampling and structural assessment to increase the understanding of grade continuity and controls on mineralisation.

2.3.5 Forward Plan

Søndre Sermilik is unexplored and reconnaissance exploration is required to generate targets. Scree sediment and grab sampling will be completed as a first phase of work, focussed along the regional shear that parallels the fjord and at the contacts between the small amphibolite outcrops and the granodiorites.

At Ippatit, where there are several similarities to the Nalunaq Property's geological setting, known gold-in-quartz showings are small, but have potential to be associated with larger structures, suggesting that greater continuity is possible. Exploration will initially involve target-specific processing and interpretation of multi-spectral satellite imagery that was previously used by AEX for prospective mapping. This may help in improving the geological mapping of the area and can also be used to highlight alteration zones that may relate to mineralised structures or marker horizons such as the large sulphide-bearing horizon at the base of the thrust nappe.

A geochemical sampling programme will be carried out following a thorough review of historical geochemical data for the area to identify gaps in coverage and make a more informed judgement of how representative this data is. This would most likely involve scree sampling and identification of gold (or pathfinder elements) anomalies that can be assigned to specific areas for further investigation. Fieldwork thereafter would focus on prospecting and sampling in anomalous areas. If mineralisation is similar to that at the Nalunaq Licence, a new discovery is likely to be the result of systematic coverage of the ground on foot by teams of geologists. The terrain in the area dictates that mountaineers may be needed to reach many of the target areas and drones will also be useful for reconnaissance of hard-to-reach places. The southern and (less-sampled) western slopes of Ippatit Mountain may be a focus of this work, as might the locations to the east that were explored by Crew Gold Corporation and reported to host several occurrences of quartz veining. It is

important to follow up on their interpretation that the structure hosting mineralised quartz veins may have continuity over several kilometres because this could be an attractive target and potentially much larger than the Nalunaq Property.

At Kangerluluk, data compilation and processing work will include digitising and georeferencing the detailed geological maps and sample locations produced by Goldcorp. This will be followed by a period of fieldwork which will include:

- Structural mapping in the main prospective area, particularly along the gold-mineralised shear zone. This is required in order to understand the structural controls on mineralisation and the likelihood of there being a zone with greater continuity elsewhere or at depth;
- Reconnaissance in the southern part of the licence to find out whether the retreat of the icecap has possibly created any new exposure of the mineralised structure or veining;
- Rock sampling and channel sampling of the coastline where the terrain drops steeply into the fjord. Goldcorp reported that this was too steep for them to sample, but it may be possible with a team of mountaineers who are experienced in sampling;
- Close-spaced channel sampling in parts of the shear zone identified as being more prospective by historical work. This will provide more understanding of the nugget effect of gold mineralisation and its along-strike continuity. Sampling should also continue beyond the veining to follow up on the assertion by NunaMinerals that gold mineralisation may be found in the wallrocks and may increase the width of prospective material;
- Collection of several larger samples (100-200 kg each) across high grade areas in order that they can be used for future gold department studies; and
- Reconnaissance prospecting for extensions to the mineralised shear zone on the opposite (north) side of Kangerluluk fjord where the same sequence of volcanic rocks is known to occur.

At Jokum's Shear and Sorte Nunatak, exploration will include grab and channel sampling to establish the extent of mineralisation. At Jokum's Shear this would involve long continuous channel sampling across the mineralised structure to establish whether gold mineralisation is localised within the wider shear zone. Mountaineers will be required to effectively sample at Sorte Nunatak.

The ability of the Group to carry out all of the work described above will depend upon whether the Company can enter into the working capital facility or other debt facility referred to in paragraph 8 of Part I.

2.4 2015/17 Tartoq Licence and 2018/17 Tartoq NP Licence

2.4.1 Overview

Exploration licence MEL 2015/17 (the Tartoq Licence) covers the Tartoq prospect in southwest Greenland and is 78 square kilometres in area. It hosts gold occurrences in a greenstone belt that has been sporadically explored since the 1980s. Although grades are sometimes high, no continuity of such grades have yet been identified.

The licence is situated on the headlands either side of the Sermiligaarsuk Fjord, 80 kilometres from the town of Paamuit and 170 kilometres from Narsarsuaq international airport. The topography varies between sea level and 500 metres elevation. As is typical of South Greenland, rock outcrop is abundant within the licence. The licence is split into two sub-areas named Nuuluk and Ilerlak on the southern and northern sides of Sermiligaarsuk Fjord respectively. The project can be accessed by boat and then on foot to reach the main target areas, or by helicopter. There is no infrastructure within the licence area.

Exploration licence MEL 2018/17 (the Tartoq NP Licence) covers the eastern Tartoq prospects and is 170 square kilometres. It hosts gold occurrences in a greenstone belt that has seen less exploration than the Nuuluk and Ilerlak prospects. The licence is split into two sub-areas, one covering the Amitsuarsua prospect on the northern side of Sermiligaarsuk Fjord, and the Naalagaaffik and Akuliaruseq prospects on the southern side of the fjord. The second sub-area covers the Bikuben prospect on the southern side of the smaller Sioralik Fjord. Terrain is similar to MEL 2015/17 with access by boat or helicopter.

2.4.2 Licence Details

Exploration licence MEL 2015/17, the Tartoq Licence was granted to Nanoq Resources in May 2015, transferred to Nalunaq A/S in January 2017 and entered its sixth calendar year in January 2020. At the end of 2019, the licence had an unspent obligation of DKK 745,217. The spending obligation for the licence in 2020 is set at nil due to the Coronavirus pandemic. The 2015/17 exploration licence is due for renewal on 31 December 2024 with further extensions possible up to the expiry of the Maximum Term, being 31 December 2036. Nalunaq A/S will consider whether to apply to extend the term of the licence closer to the end of the existing term. The licensee is entitled to be granted a new licence for the Second Licence Period, upon expiry of which the licensee may then be granted new three year licences for the same area and mineral resources upon application up to expiry of the Maximum Term. Whilst any such extension cannot be guaranteed, Nalunaq A/S expects that it would be granted, provided that the terms of the licence have been complied with.

Exploration licence MEL 2018/17, the Tartoq NP Licence was granted to Nalunaq A/S in February 2018 and entered its third calendar year in January 2020. At the end of 2019, the licence had an unspent obligation of DKK 231,634. The spending obligation for the licence in 2020 is set at nil due to the Coronavirus pandemic. The 2018/17 exploration licence is due for renewal on 31 December 2022 with further extensions possible up to the expiry of the Maximum Term, being 31 December 2039. Nalunaq A/S will consider whether to apply to extend the term of the licence closer to the end of the existing term. The licensee is entitled to be granted a new licence for the Second Licence Period, upon expiry of which the licensee may then be granted new three year licences for the same area and mineral resources upon application up to expiry of the Maximum Term. Whilst any such extension cannot be guaranteed, Nalunaq A/S expects that it would be granted, provided that the terms of the licence have been complied with.

2.4.3 Geology

The Tartoq Property lies on the northern edge of the North Atlantic Craton on the contact with the Ketilidan Mobile Belt. The Archaean greenstone belts that represent the gold-bearing Tartoq Property are supracrustal rocks composed of metasedimentary units, submarine mafic metavolcanics and mafic to ultramafic intrusives.

The Tartoq Property has undergone two main phases of ductile deformation and one phase of brittle faulting. Unlike other greenstone belts in Greenland, much of the Tartoq Property has retained its primary fabric and has a more variable, generally lower metamorphic grade. Deformation and associated fluid flow has resulted in pervasive alteration, which has been linked to the orogenic gold mineralisation within the belt.

The diversity in lithologies at Tartoq provides a range of physical and chemical traps for the deposition of gold. The belt is structurally complex, including the presence of major regional structures. At Nuuluk, one of the principle targets, thrust imbrication and shearing provide both large pressure-temperature gradients and fluid pathways, which are both critical parameters in the deposition of gold.

2.4.4 Development and Asset History

Gold mineralisation was first discovered between 1970 and 1974, with work including grab sampling and the discovery of gold mineralisation in the Nuuluk and Ilerlak prospects with five samples returning gold values of greater than 10 g/t. The licence was relinquished by Renzy in 1974 due to the isolated nature of the anomalies and the relatively low gold price at the time.

Greenex A/S was granted a prospecting licence over the Tartoq Property in 1982 and undertook exploration between 1982 and 1986. The majority of the work was focussed on the Nuuluk area and consisted of detailed geological mapping, rock sampling and stream sediment sampling. A shallow 'Winkie' drilling programme of 23 holes totalling 460 metre of small diameter core. Drilling targeted what would become known as the Eastern Carbonate Zone. Results were generally poor with the only significant intersection returning 4.8 g/t Au over 2.5 metres.

NunaOil A/S held a licence covering the Tartoq Property from 1990-93 and undertook various exploration programmes over the Nuuluk and Ilerlak prospects. These included detailed geological mapping, rock and stream geochemical sampling, geophysical surveys, systematic channel sampling over Nuuluk and a small diamond drilling programme. Gold mineralisation was found to be

associated with quartz-ankerite lenses and massive pyrite-arsenopyrite layers, sericite schists and sulphide-chert horizons in an area called the Western Carbonate Zone.

A wide spaced channel sampling programme was undertaken over the Eastern Carbonate Zone. The programme totalled 800 metres of sampling, with mapping performed along each channel. Gold mineralisation was shown to be strongly linked with quartz-ankerite veins and pyrite-arsenopyrite bodies, with very low to background level gold in the host schists.

In 1993 a diamond drilling programme was undertaken by NunaOil, targeting previously identified anomalies. The programme included 13 holes totalling 1,364 metres, however, drilling results failed to identify significant base metal grades. Only one significant intersection was reported from Nuuluk, with 6.6 g/t Au over two metres, related to a quartz vein hosted in ankerite schist. NunaOil considered the results from their prospecting and drilling to be sub-economic for base metals and gold and relinquished the concession in 1994.

Nanoq Resources Ltd. was granted licence MEL 2015/17 in April 2015 and undertook a review of historic data. The Tartoq Licence was acquired by Nalunaq A/S on 18 January 2018, pursuant to a sale and purchase agreement that it had entered into with Nanoq Resources Ltd, dated 6 July 2016, for a purchase price of £4,298. Please refer to paragraph 12.9(c) of Part IX of this document for a summary of the sale and purchase agreement.

In 2017 a second, larger, programme of channel sampling was undertaken over the Eastern Carbonate Zone to test the potential for disseminated gold mineralisation in the host schists. In total, 254.8 metres of channels were cut over three profiles, equating to 283 samples. 17 samples returned over 0.1 g/t Au and five returned over 1 g/t. The highest grade was 16.85 g/t over 0.68 metres true thickness, from a quartz vein. A remote sensing study was undertaken over the Nuuluk and Ilerlak prospects prior to this fieldwork, and a small amount of geological mapping was carried out over the sampled area. It was concluded that gold mineralisation is restricted to the boundinaged quartz veins and that the potential for a larger, low grade deposit is limited, hence future exploration should focus on the higher grade mineralisation. The eastern prospects were relinquished from MEL 2015/17, and subsequently reapplied for in a new licence MEL 2018/17.

2.5.5 Forward plan

The Nuuluk Eastern Carbonate Zones is drill ready, having been well sampled at surface. The best targets will be drilled to test continuity of vein-hosted gold mineralisation at depth.

The veins are on surface and the structure extends for more than five kilometres coast to coast. By drilling it we can see if the mineralized zone is continues that far and if there are multiple veins there.

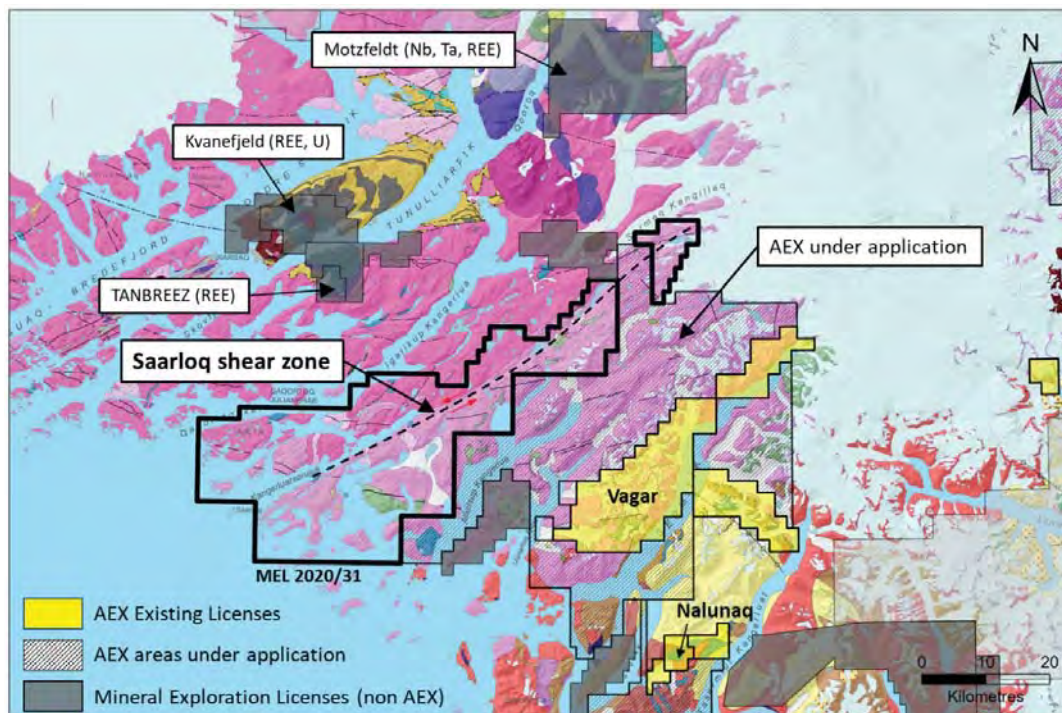
A complete review of historical data will be undertaken to generate priority drill targets in the Ilerlak, Amitsuarsua, Naalagaaffik, Akuliaruseq and Bikuben sub-areas. Banded iron formations at Ilerlak are of particular interest as these are favourable host rocks for orogenic gold mineralisation in many deposits globally. Channel sampling will be used to verify historic results at Ilerlak and the best targets will be tested with diamond drilling. Work at the eastern prospects of Amitsuarsua, Naalagaaffik, Akuliaruseq and Bikuben will initially involve geological mapping and prospecting.

2.5 2020/31 Saarloq

2.5.1 Overview

Exploration licence MEL 2020/31 consists of two sub-areas covering the Saarloq shear zone in southern Greenland and is 818 square kilometres in area. The closest town is Qaqortoq, which is the largest town and administrative centre for the region. Narsarsuaq airport is located to the north of the licence and serves as a hub for domestic and international flights. The licence can be accessed by helicopter out of Narsarsuaq or Qaqortoq, and also by boat with fieldwork then carried out on foot. There are sheep farms in the southern parts of the licence and the Qorlortorsuaq hydroelectric power plant which supplies electricity to Qaqortoq and Narsaq via a 70 kilometres power line.

Licence 2020/31 (Saarloq) Asset Map, with licence 2020/31 shown in black. The area labelled as 'AEX under application' has now been granted and forms the Anoritooq licence 2020/36.



Source: SRK CPR 2020, page 240

2.5.2 Licence Details

Licence 2020/31 is in its first year. Obligations for 2020 have been set at nil due to the Coronavirus pandemic. The 2020/31 exploration licence is due for renewal on 31 December 2024 with further extensions possible up to the expiry of the Maximum Term, being 31 December 2042. Nalunaq A/S will consider whether to apply to extend the term of the licence closer to the end of the existing term. The licensee is entitled to be granted a new licence for the Second Licence Period, upon expiry of which the licensee may then be granted new three year licences for the same area and mineral resources upon application up to expiry of the Maximum Term. Whilst any such extension cannot be guaranteed, Nalunaq A/S expects that it would be granted, provided that the terms of the licence have been complied with.

2.5.3 Geology

Licence 2020/31 lies within the Julianehåb Batholith, which has a dominant north-easterly trending and steeply dipping schistosity. Steep shear zones are an important structural feature of the Julianehåb Batholith. The largest have widths in excess of one kilometre and trend northeast, parallel to the dominant schistosity. On the Niaqornaarsuk Peninsula, within AEX's Vagar Licence, subordinate NNE-trending sinistral shear zones are an important host for high-grade gold mineralisation at Amphibolite Ridge. A second set of dextral WNW-trending shear zones is also present and hosts gold at the UFO Mountain prospect.

The main target in licence 2020/31 is the Saarloq shear zone which runs through the licence in a north-easterly direction. This is the largest observed shear in the region and occupies a 1.5kilometre wide zone. It can be traced for at least 50 kilometre along strike and appears to link with intensely deformed rocks in the Saarloq area at the southwest end of the shear. Deformation along the Saarloq shear zone appears to have been intense and has led to the formation of mylonites and ultramylonites derived from the granitic rocks adjacent to the shear zone. Partial melting may have been a result of localised shear heating. The displacement along shear zones in this area is not known, but it was probably many kilometres in the case of the Saarloq shear zone, as suggested by its width and the intensity of the mylonitisation.

Both the main Saarloq shear zone and subordinate shear zones are considered prospective for gold mineralisation. Large scale brittle faulting has also been observed in proximity to the Saarloq shear

zone, which may represent shear zones that were reactivated during the Mesoproterozoic Gardar period. Zones of brittle faulting may have allowed for enhanced flow and precipitation of hydrothermal fluids and therefore have potential to host gold mineralisation. This model has been demonstrated at the Femøren gold occurrence at Amphibolite Ridge, where zones of brittle faulting and hydrothermally altered granodiorites have returned up to 12.1 g/t Au in rock chip samples. No gold prospects are currently known within the licence 2020/31.

2.5.4 Development and Asset History

The Geological Survey of Denmark and Greenland (“**GEUS**”) undertook various stream sediment programmes between 1977 and 1998. Many samples were collected during the SYDURAN regional uranium exploration programme. It is noteworthy that the highest grade stream sediment sample (850 ppb) in the GEUS database for South Greenland is located on the Saarloq shear zone, just outside the boundary of licence 2020/31, within AEX’s Anoritoq Licence 2020-36. It is also noted that even in areas of significant gold mineralisation, for example the area around the Nalunaq Property, there are only minor elevations in gold grades (maximum 25 ppb). This suggests potential limitations in the historic sampling or assay methods. GEUS rock chip samples have returned up to 427 ppb Au in hydrothermally altered rocks.

An exploration licence (2012/15), which covered a small part of AEX’s Saarloq Licence, was held by Rare Earth Minerals PLC (“**REM**”). In 2012, REM commissioned SRK to carry out a data review and prospectivity assessment for rare earth elements and gold mineralisation in the area. This work included a detailed structural assessment using 3D photogrammetry, historical data review and a field visit to inspect areas of interest. Several targets were selected based on their structural setting or on anomalies in historical geochemical data and these were explored by REM in 2014.

REM’s 2014 programme included the collection of 160 stream sediments sample, 199 panned concentrate samples and 137 rock grab samples. The samples that were taken in the area now covered by AEX’s exploration licence showed weak anomalies for gold in the southern part of licence 2012-15. Further exploration in this area was recommended, although REM’s rock sampling did not show any elevated gold grades in the area now covered by licence 2020-31.

The area is covered by a remote sensing and alteration mapping study undertaken by AEX in 2018.

2.5.5 Forward Plan

AEX plans to develop the geological baseline by carrying out target-specific processing and interpretation of multi-spectral satellite imagery that was previously used for prospective mapping. This may help in improving the geological mapping of the area and can also be used to highlight alteration zones that may relate to mineralised structures. Structural lineament analysis will be carried out over the entire licence area, which combined with a detailed review of the geochemical database, will be used to generate high-priority targets for follow up in later field seasons. Existing regional geophysics datasets will be reviewed to establish whether the data can be improved by reprocessing in modern software.

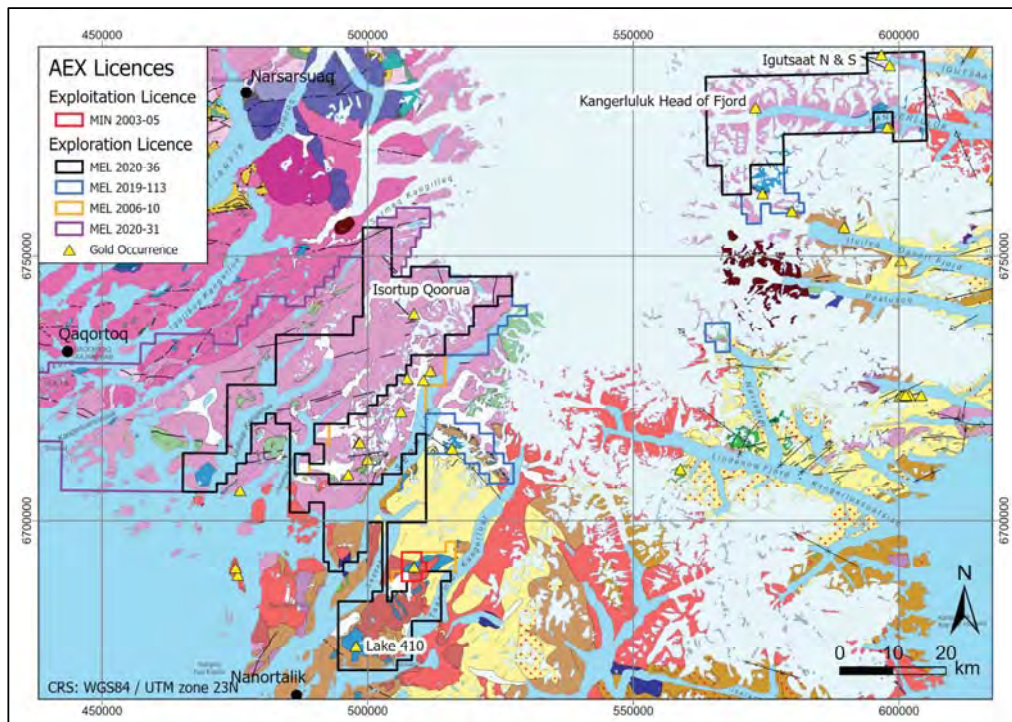
A geochemical sampling programme will be carried out following a thorough review of historical geochemical data for the area to identify gaps in coverage and make a more informed judgement of how representative this data is. This would most likely involve stream and scree sampling and identification of gold (or pathfinder elements) anomalies that can be assigned to specific areas for further investigation. Fieldwork thereafter would focus on prospecting and sampling in anomalous areas. Exploration will target both the Nalunaq Property style vein-hosted gold mineralisation and Femøren style alteration and brittle faulting in granitic rocks.

The ability of the Group to carry out all of the work described above will depend upon whether the Company can enter into the working capital facility or other debt facility referred to in paragraph 8 of Part I.

2.6 2020/36 Anoritoq

2.6.1 Overview

The main sub-area of the Anoritoq Licence area covers parts of the Niaqornaarsuk, Akuliaruseq and Nanortalik peninsulas in South Greenland. A smaller sub-area of this licence covers Kangerluluk fjord in Southeast Greenland. The most advanced gold exploration prospect in this licence is known as Lake 410, located on the southern end of the Nanortalik Peninsula.



Source: SRK CPR 2020, page 245

2.6.2 Licence Details

Licence 2020/36 is in its first year. Obligations for 2020 have been set at nil due to the impacts of the Coronavirus pandemic. The 2020/36 exploration licence is due for renewal 31 December 2024 with further extensions possible up to the expiry of the Maximum Term, being 31 December 2041. Nalunaq A/S will consider whether to apply to extend the term of the licence closer to the end of the existing term. The licensee is entitled to be granted a new licence for the Second Licence Period, upon expiry of which the licensee may then be granted new three year licences for the same area and mineral resources upon application up to expiry of the Maximum Term. Whilst any such extension cannot be guaranteed, Nalunaq A/S expects that it would be granted, provided that the terms of the licence have been complied with.

2.6.3 Geology

The licence area covers part of the Ketilidian orogenic belt. The northern half of the main sub-area is dominated by granites and granodiorites of the Julianehåb Batholith with subordinate diorites, gabbros, quartz diorites and felsic volcanic rocks. The southern part of the licence is more variable and includes supracrustal metavolcanic and metasedimentary rocks along with occurrence of granites of the Palaeoproterozoic Rapakivi Suite. These granites differ to those in the Julianehåb Batholith in that they were formed in an extensional, back-arc setting. The metavolcanic rocks at Lake 410, where there are known gold occurrences, are part of the Nanortalik Nappe which is also exposed at the Nalunaq Property and Ippatit. There are minor occurrences of appinitic rocks at Alluitsup Paa and on Angmalortoq Island.

The Lake 410 prospect constitutes a large 5 kilometre by 5 kilometre enclave of mainly amphibolitic rocks occurring in the southwestern part of the Nanortalik Peninsula. The area's geology shows many similarities to the Nalunaq Property area and can be considered part of the same sequence of metavolcanic rocks from which it has been separated and partly engulfed by younger Ilua Suite granites. Large internal thrust planes, often focused along graphitic sulphide horizons, cause local repetition of the stratigraphy and, towards the south, the amphibolites appear to have been deposited on a thick package of metapelitic and metapsammitic schists. The amphibolites are cut by numerous aplite veinlets and granite dykes. Three types of known mineralisation in the Lake 410 area could be associated with gold mineralisation, including: (1) stratiform semi-massive iron sulphide and chert horizons; (2) quartz veins, and; (3) minor localised copper mineralisation in the form of malachite staining in the amphibolites.

Kangerluluk Sub-Area

The geology of this area is dominated by granitoid rocks of the Julianehåb Batholith. There are enclaves of mafic supracrustal rocks on the northern side of Kangerluluk Fjord which may have potential to host extensions of the Kangerluluk gold occurrence on the southern side of the fjord.

2.6.4 Development and Asset History

Exploration for most of the licence area apart from the Lake 410 prospect has been limited to regional-scale geochemical sampling programmes and prospecting. A brief history of previous work is set out below.

Sediment samples were collected by the former Geological Survey of Greenland (now the Geological Survey of Denmark and Greenland) for uranium exploration as part of the regional SYDURAN programme in the early 1980s. A minor amount of these samples were analysed by Platinova Resources (1987 – GGU open file report) for PGE mineralisation, and all samples were analysed by NunaOil for gold and associated pathfinder elements in 1989 (Steenfelt, 1990).

Platinova carried out exploration in the area between 1986 and 1988, targeting the appinite suite for PGEs. No significant mineralisation was discovered, but rock samples of altered gabbro and norite from near Alluitsup Paa and Angmalortoq Island collected in 1987 returned 440 ppb and 180 ppb gold respectively.

NunaOil A/S carried out heavy mineral concentrate sampling and grab sampling of rocks in the 1990s. This work returned several gold anomalies along the Henrik Lundin Qoorua and Isortup Qoorua valleys in the northern part of AEX's main licence sub-area. This led to discovery of mineralisation at Isortup Qoorua; a grab sample grading 3.4 ppm gold sample was reported from a shear zone here in 1992 (Olsen, 1992).

Crew Gold Corporation held part of the Anoritoq area in their Akuliaruseq licence (2005/02) and carried out a sediment/soil sampling programme in 2005 covering all of the Akuliaruseq peninsula up to Isortup Qoorua near the inland ice. During the sediment/soil sampling programme, geological prospecting and grab sampling was carried out which included follow up of a 109 ppm gold grab sample that won the Ujarassiorit mineral hunt in 2001. This was from the southern part of Crew's licence area and is not covered by AEX's Anoritoq licence; it is currently within a licence held by Greenland Gold s.r.o.. A new shear zone was located 500m further south of Isortup Qoorua where chip samples returned up to 551 ppb gold.

The Lake 410 area has been subject to several short exploration programmes, initially by Greenex A/S and Nanortalik Minerals in 1986-1988 who carried out stream sediment and grab sampling. Additional geochemical sampling was carried out by NunaOil A/S and Cyprus Greenland Inc. in the period 1993-1994 which returned a maximum of 4.8 ppm gold in a chip sample over a two metre wide discordant mylonite. In 1995 NunaOil located two new gold occurrences close to the waterfall that drains the lake, one of which returned significant gold grades and was subsequently termed the 'Lower Favourable Unit' ("**LFU**"). The LFU can be traced for at least 700 metres along strike and consists of a gold enriched quartzite or recrystallised exhalate which varies in thickness from 0-1 metre. Rock chip samples from this unit returned grades of up to 2.47 ppm gold and 2.1 per cent. arsenic in 1995. Two profiles taken across the LFU in 1996 returned 1.9 ppm gold over 1.4 m and 1.2 ppm gold over 2.2 metres. The arsenopyrite-rich volcanic unit in the footwall was also reported to be elevated in gold.

Nanortalik I/S held a licence over the Lake 410 area from 2002 as part of a joint venture agreement between Crew Development Corporation ("**Crew**") and NunaMinerals. Crew carried out exploration in 2002 to define targets for drilling in 2003. Resampling of the previously described LFU confirmed that it is only weakly mineralised on surface and is not sufficient to explain the anomalous sediment gold anomalies in the area. Drilling was therefore recommended from two platforms either side of the waterfall that drains Lake 410 at approximately 400 metre elevation in order to test the LFU and newly discovered quartz veins from 2002.

In total, 931 metres of drilling was carried out in four holes from two pads, from which 200 samples were taken. The best results were obtained from amphibolite in hole L410-001, which returned 2.12 ppm gold Au over two metres. The LFU was renamed the Main Unit and was clearly identified in three of the four holes demonstrating it is a fairly continuous structure.

Minor prospecting was carried out in 2004 but failed to locate any significant mineralisation. A total of 41 grab samples were collected with only one sample returning greater than 500 ppb gold. This sample graded 960 ppb gold and was taken from a two metres long quartz vein with disseminated arsenopyrite located near the small lake south of Lake 410.

Further diamond drilling was carried out by Crew in 2005, totalling 1,310 metres from five holes. The best result was obtained from a calc-silicate altered metabasalt with arsenopyrite and trace pyrrhotite, assaying 3.98 ppm over 50 centimetres in hole L410-009, but this could not be readily correlated to Main Unit intersections from the 2003 drilling. Other intersections of note included a 17 centimetres Nalunaq Property-style quartz vein in hole L410-007 which assayed 0.22 ppm.

As drilling failed to locate any high grade mineralisation, no further work was recommended at this location. Crew acknowledged that gold mineralisation would likely have a high nugget effect and that the wide spaced drilling may not have fully tested the structure, but the lack of any high grade rock chip samples or visible gold likely suggests that the structure is likely to be only weakly mineralised overall.

NunaMinerals acquired the Lake 410 area as part of their Vagar concession in 2006 (licence 2006/10) and carried out fieldwork in 2008 to investigate the potential for gold placer deposits, including bulk sampling and ground geophysics at Lake 210 approximately 1.5 kilometres southwest of Lake 410. Reverse circulation drilling was carried out in 2009, with nine holes drilled at Lake 210 resulting in a total of nine gold grains. It was recommended that no further exploration should be carried out for placer gold in this area.

Scree sediment sampling by NunaMinerals in 2008 from the western side of Lake 410 returned grades of up to 1.06 ppm gold and led to follow up prospecting and channel sampling in the 2009 field season, but results failed to explain the anomaly. It was recommended to make a detailed structural map of the area to advance the project, but it is not known if this was ever carried out.

2.6.5 Forward Plan

A priority for fieldwork will be to visit areas of known gold showings to understand the various types of gold mineralisation throughout the area.

As with the other licences, comprehensive data compilation and review of the geochemical database will be carried out to generate new targets. 3D modelling and further structural assessments will be carried out for the Lake 410 target which has seen the largest amount of exploration in this licence, in order to predict continuity of structures identified by historical drilling. Several large samples will be taken from outcrops of mineralised features at Lake 410 and subsequent mineralogical and gold deportment studies will help to understand whether the mineralised structures are genuinely low grade as suggested by drilling results, or whether there is a high nugget effect that resulted in low grades in sampling data.

In addition, AEX intends to conduct a programme of remote sensing analysis, prospecting and sampling and geophysical surveying over the next two years. Diamond drilling may be considered if suitable targets are defined. This will allow the Company to focus on the best targets and reduce its land package of the areas that don't represent targets that could become a mine in the future.

The ability of the Company to carry out all of the work described above will depend upon whether the Company can enter into the working capital facility or other debt facility referred to in paragraph 8 of Part I.

2.7 Prospecting Licences

AEX also currently hold two prospecting licences which cover the entirety of southern Greenland. These two licences (2019/146 and 2017/45) allow AEX to conduct regional exploration but does not give the Company any exclusivity. Licence 2017/45 allows AEX to conduct exploration in areas west of 44°W and south of 78°N. Licence 2019/146 allows AEX to conduct exploration in areas east of 44°W and south of 75°N.

PART VI – COMPETENT PERSON’S REPORT

A COMPETENT PERSON'S REPORT ON THE ASSETS OF AEX GOLD, SOUTH GREENLAND



Prepared for
AEX Gold Inc

Report prepared by



SRK Exploration Services Ltd
ES 7863
June 2020

Head Office

12 St Andrew's Crescent
Cardiff
CF10 3DD
United Kingdom

UK: +44 (0) 2920 233 233
Russia: +7 (0) 4955 454 413
South Africa: +27 (0) 11 441 1111



Email: enquiries@srkexploration.com

Web: www.srkexploration.com

SRK ES Legal Entity:	SRK Exploration Services Ltd
SRK ES Registered Address	21 Gold Tops Newport NP20 4PG
SRK ES Office Address:	12 St Andrew's Crescent Cardiff CF10 3DD
Date:	26/06/2020
Project Number:	ES 7863
SRK ES Project Manager:	James Gilbertson, Managing Director
Client Legal Entity:	AEX Gold Inc 123 Front Street W, Suite 905. Toronto, M5J 2M2, Canada
Client Nominated Adviser	Stifel Nicolaus Europe Limited, 150 Cheapside, London, EC2V 6ET, United Kingdom

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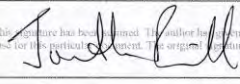
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For and on behalf of SRK Exploration Services Ltd

Principally authored by:

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Patrick Johnson
Senior Exploration Geologist
SRK Exploration Services Ltd
Date: 03/02/2020

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Jon Russill
Principal Exploration Geologist
SRK Exploration Services Ltd
Date: 26/06/2020

Peer reviewed by:

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James Gilbertson
Principal Exploration Geologist
Managing Director
SRK Exploration Services Ltd
Date: 26/06/2020

The Directors
AEX Gold Inc.
123 Front Street W,
Suite 905.
Toronto,
M5J 2M2,
Canada

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

A COMPETENT PERSON'S REPORT ON THE ASSETS OF AEX GOLD, SOUTH GREENLAND

EXECUTIVE SUMMARY

INTRODUCTION

SRK Exploration Services Ltd (SRK ES) was requested by AEX Gold Inc ((AEX) hereinafter also referred to as the Company or the Client) to prepare a Competent Persons Report (CPR or the Report) on the Mineral Assets of the Company comprising its key projects in Southern Greenland. SRK ES is part of the global SRK Consulting Group (the SRK Group).

This CPR is addressed to the Company's proposed Nominated Adviser, Stifel Nicolaus Europe Ltd. (Stifel), and the Directors of AEX. SRK ES understands that this CPR will be published by AEX on its website and as part of an admission document to be published in connection with the Company's proposed admission to trading on the AIM Market of the London Stock Exchange. Successful admission will result in a dual-listing of the Company which is currently listed on the TSX Venture Exchange, part of the Toronto Stock Exchange (TSX), under the ticker code TSX:AEX.V.

The material assets described herein include four mineral exploration licences in south and southeast Greenland that cover several early-stage gold prospects and one exploitation licence that covers AEX's principal asset, the former Nalunaq gold mine. All of the mineral licences are held by Nalunaq A/S which is a wholly-owned subsidiary of AEX. Nalunaq A/S also owns two exploration licences on the southwest coast of Greenland which are also prospective for gold mineralisation but are not considered material for the purposes of this CPR. Furthermore, Nalunaq A/S owns two non-exclusive prospecting licences that cover eastern and western Greenland apart from the far northern parts of the country. Again, these are not considered to be material assets.

This CPR contains the outcomes of SRK ES' review of historical and recent data for the assets, discussions with AEX's technical staff and visits to some of the properties. It also includes a Mineral Resource Estimate (MRE) for the Nalunaq project. This MRE was first described in a 2016 report that was prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 before AEX listed on the TSX. The Mineral Resource statement was prepared in conformity with generally accepted CIM *Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines*. This CPR includes an updated MRE that includes data and new interpretations from AEX's exploration

work since 2016 that was prepared following the same guidelines.

MINERAL ASSETS

AEX’s mineral licences cover most of the best-known gold occurrences in Southern Greenland. The locations of their licences are shown in Figure 1.

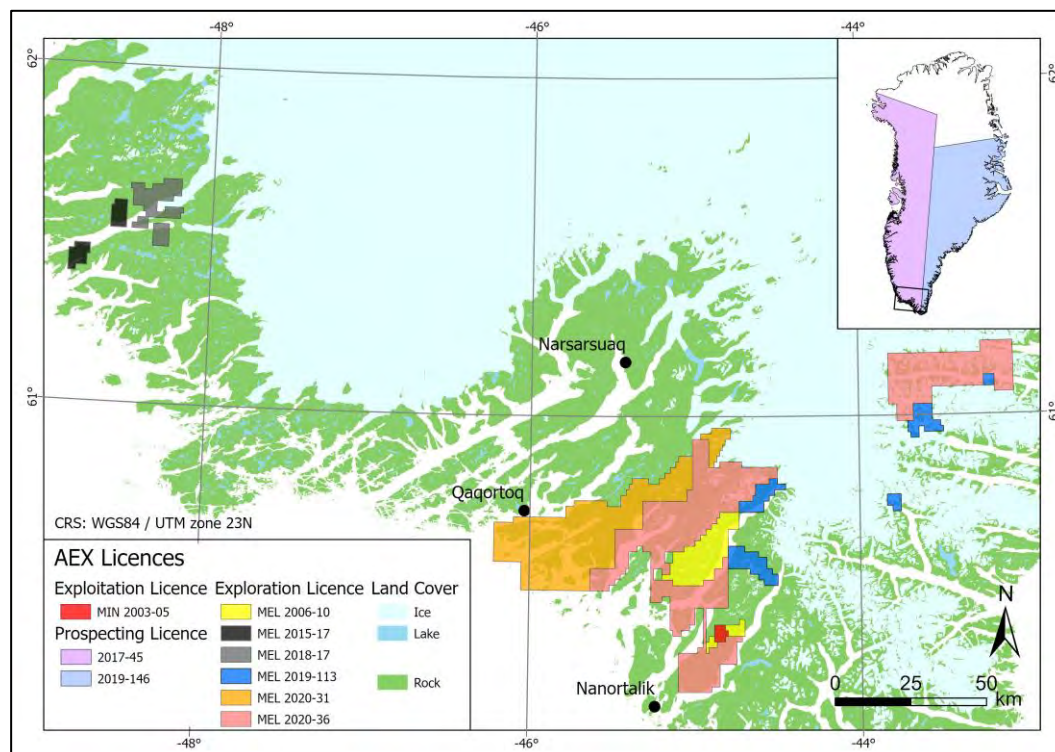


Figure 1: Locations of AEX Gold Inc’s mineral licences in southern Greenland

Exploitation Licence 2003-05 – Nalunaq

The Nalunaq property is located in South Greenland in the Municipality of Kujalleq. The property includes a former underground gold mine (closed in 2013) and is situated about 6 km inland in the Kirkespirdalen valley, about 33 km northeast of the town of Nanortalik.

The licence covers an area of 22 km² and was first granted to Crew Gold Corporation in April 2003 and is valid until April 24, 2033. Angel Mining PLC purchased the project in 2009 and operated until closure of the mine in 2013. Despite closure, the licence remained in force and its transfer to Nalunaq A/S was approved, with amendments, by the Government of Greenland in March 2016. The Exploitation Licence grants Nalunaq A/S the exclusive right to undertake mineral exploration and exploitation within the licence area, subject to approval by the Government. The current terms of the licence under Addendum 5 dictate that Nalunaq A/S must commence exploitation by 1 January 2023. In this regard, a Social Impact Assessment and Environmental Impact Assessment must be submitted by 31 December 2022 and that an Impact Benefit Agreement shall be negotiated and concluded by 31 December 2022.

All surface infrastructure was removed when the mine closed, apart from a jetty at the coast and the gravel road between this and the mine. The area is in mountainous terrain and has a sub-Arctic climate. The fjords in the area remain unfrozen all year.

Mining History

Following surface exploration and development of exploration drives and raises on the

mineralised structure, Crew Gold commenced mining at Nalunaq in 2004 using longhole open stoping methods. Broken ore was shipped offshore to existing processing plants, firstly in Spain and then in Newfoundland. Between these two plants, 352,307 oz of gold (10,957 kg) were produced from 654,755 t of milled ore in the period from 2004 to 2009 when the mine was sold, indicating a recovered gold grade of 16.7 g/t Au.

Following their acquisition of the project, Angel Mining constructed an underground direct-leach processing plant with the intention that only gold doré would leave the mine, with tailings and waste rock stored in mined out areas. The target production was 24,000 oz (746 kg) of gold per year, but this was never reached; Angel Mining produced a total of 14,823 oz (461 kg) of gold between 2011 and 2013, largely from remnant material, stockpiles and minor amounts of new development. Financial difficulties forced the cessation of operations in 2013 and implementation of the mine closure plan which was completed in 2014.

Geology and Mineralisation

The Nalunaq project lies within the 'Psammite Zone' in South Greenland that hosts the so-called Nanortalik Gold Belt. This zone is part of the Paleoproterozoic Ketilidian Mobile Belt which evolved during subduction of an oceanic plate under the southern margin of the Archaean North Atlantic Craton.

The local geology at Nalunaq is dominated by a package of fine- to medium-grained tholeiitic basalt flows and locally coarser, sub-concordant doleritic sills, all metamorphosed to amphibolite facies. This package is part of the Nanortalik Nappe and has been thrust over metasediments, and later intruded by granites and aplite dykes.

Gold mineralisation is hosted in quartz veining developed along a structure known as the Main Vein (MV) which crosscuts the stratigraphy at a very low angle and varies in true thickness from 0.1 m to 2.0 m. Mineralisation is typical of a high grade, high nugget effect, narrow-vein orogenic gold deposit. The hosting structure strikes northeast and dips at about 36° southeast and is thought to have originally been a shear that has undergone subsequent deformation. It shows continuity for over 1,000 m along strike and at least 2,000 m up- and down-dip although, within this, the MV is locally discontinuous; it bifurcates, pinches and swells over short distances, and has sometimes been intruded by aplite dykes.

Footwall lithologies are dominated by fine-grained meta-volcanics whilst the hanging wall rocks are more commonly coarser-grained meta-dolerites. Distinctive calc-silicate alteration occurs alongside the MV, extending for 0.2-1.0 m from the vein. The alteration assemblage contains pyrite, pyrrhotite, arsenopyrite and lollingite but is not gold-bearing.

Gold mostly occurs in the native form with particles ranging from a few microns up to 8 mm in size. Coarse visible gold is common in high-grade areas where most of the gold may be in the >100 µm size fraction. Locally, it is found in maldonite (a gold-bismuth alloy) and may also be associated with arsenopyrite and lollingite. Gold grades are high but very erratic. Typically, head grades are in the order of 15 g/t gold, although sampling has reported extreme high grades of up to 5,240 g/t gold over 0.8 m.

Previous operators defined three main areas of mineralisation, namely the South, Target and Mountain Blocks. These were thought to represent plunging high grade ore shoots within the MV. Small-scale post-mineralisation faulting has disrupted the MV. The largest fault is the Pegmatite Fault which separates the South and Target Blocks and has a vertical offset of around 80 m. Previous operators also recognised the Clay and Your Faults that cause offsets of a few metres in the Target Block. Faulting may be more extensive than previously thought

and several new faults at the peripheries of the mining blocks that may have resulted in the MV being lost during previous mining.

Exploration Status

Nalunaq is best described as an advanced exploration project with good resource potential benefiting from a recent mining history. Exploration and mining operations have provided a large quantity of data and records to aid the understanding of geology and mineralisation. The data has arisen from 38,369 m of surface drilling (of which 7,891 m has been drilled by AEX), 5,572 m of underground drilling, over 500 surface samples and 7,519 underground samples. This understanding (plus new interpretations) can be applied to new exploration, allowing informed decisions to be made in targeting. The project has the additional benefit of current underground access meaning that the form of the deposit can be viewed in three dimensions.

The future of the project depends on the identification of new resources that extend beyond the former mine. This process is at an early stage, but continuity of the mineralised structure has been identified up-dip and along strike by surface sampling on the north, west and upper-southwest faces of the mountain. This has outlined an exploration area that extends for about 800 m up-dip from the former mine. Furthermore, historical and recent drilling indicates continuity down-dip and along-strike from the South Block.

Continuation of mineralisation along strike is also supported by the interpretation that underground drives have deviated from the MV as a result of faulting, possibly with only small offsets, meaning that the MV may continue, un-sampled, beyond the drives in certain areas, particularly areas that should contain continuities of the identified ore shoots.

A Mineral Resource Estimate (MRE) was reported for the Nalunaq project by SRK ES in 2020. This has been based on data and the understanding of the geological model currently available and is tailored to the model of high-grade plunging ore shoots. The compiled Mineral Resource statement is split between Inferred Mineral Resources in the area surrounding the current mine layout (the "Mine Area"), and Inferred Mineral Resources for in-situ remaining stope material within the mine that could practically and safely be mined as part of a larger exploration or mining operation.

Conversion of the Inferred Mineral Resources to Indicated or higher resource categories in the "Mine Area" requires new underground development and detailed sampling. Furthermore, the distribution of these resources would require exploration development from many different parts of the mine and the economic viability of this is currently unclear as there has been no formal economic analysis or detailed mining study yet conducted. This is one reason why SRK ES considers that the future of the Nalunaq project requires the identification of substantial new resources in the wider area surrounding the mine. AEX's exploration work continues to support the possibility of this potential.

Table 1: Nalunaq 2020 Diluted Mineral Resource

Zone	Classification	Gross			Net Attributable			Operator
		Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	
Remaining Stopes	Inferred	26,690	20.8	17,890	26,690	20.8	17,890	Nalunaq A/S
Mine Area	Inferred	396,080	18.3	233,080	396,080	18.3	233,080	Nalunaq A/S
Total Inferred		422,770	18.5	250,970	422,770	18.5	250,970	Nalunaq A/S

Notes:

1. Remaining Stopes reported at a cut off of 6.0g/t Au
2. Mine Area reported at a cut-off grade of 6.0g/t Au
3. Diluted to 1.2m true thickness at 0.0g/t Au
4. Gold price of US\$1,500
5. Total refining, transportation and royalties costs of US\$57
6. Total operating costs of US\$254/t.
7. All figures are rounded to reflect the relative accuracy of the estimate
8. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
9. 100% of the Mineral Resource is attributable to Nalunaq A/S

Conclusions and Recommendations

The vast majority of (non-compliant) reserves previously reported for Nalunaq have been mined out and, whilst there is a modest tonnage of material remaining in the mine, the focus of future work should be on the exploration potential and the identification of additional resources.

AEX has proposed the following as the major components of the next two years of exploration:

- Surface drilling to confirm continuity of the MV structure around and below South Block and to plan underground development. About 3,000 m in 20-30 holes is proposed;
- Dewater South Block and conduct geological mapping and sampling therein;
- New underground development on the MV structure to test its continuity and develop towards mineralised intersections in adjacent drill holes. A total of 2,000 m of development with drives of 3.0 x 3.5 m (to be optimised) is planned. The areas of focus will be:
 - Target Block west from Level 600 and above;
 - South Block west towards the 2017-2018 drilling area towards Level 130; and/or
 - Target Block east of Level 600 heading towards Mountain Block.
- Underground drilling for identification of the MV structure in key areas, such as the Upper Target Block. AEX suggests a total of 5,000 m in locations that are yet to be decided. This would make use, where possible, of existing drives, ramps, or crosscuts, but AEX is also planning for the development of short footwall crosscuts from existing infrastructure to create four drilling stations;
- Continuation of underground geological mapping throughout the mine with a focus on understanding lithological controls on mineralisation and structural offsets to the MV.

AEX has estimated a budget of CAD 11.5 million to undertake the above over two years.

Exploration Licence 2006-10

This comprises three separate sub-areas known as Niaqornaarusuk, Nalunaq East, and Nalunaq West. The latter two sub-areas are contiguous to the Nalunaq exploitation licence, whilst Niaqornaarusuk lies about 25 km to the north. These cover an official combined area of 292 km² and have been held by Nalunaq A/S since 2017. The licence is due to expire on 31 December 2021.

Niaqornaarusuk is the largest most developed area in this licence. The geology is dominated by granodiorites at the southern margin of the Julianehåb Batholith where it meets the Psammite Zone. Extensive historical geochemical sampling identified several anomalous areas for gold one of which, Amphibolite Ridge, was drilled by NunaMinerals (the former licensee) following identification of high-grade gold-quartz veins. Gold mineralisation was also identified in structurally controlled alteration zones in the granodiorite. Examples of the erratic and high gold grades found at Amphibolite Ridge include 8 m at 25 g/t Au in a channel sample by NunaOil, later resampled by NunaMinerals who reported 8 m at 106 g/t Au.

Nalunaq East, also referred to as Ship Mountain, has similar geology to Nalunaq although may be stratigraphically higher. It is of interest because it could host continuation of the mineralisation at Nalunaq. Surface sampling by AEX and others has identified some quartz veining with moderate gold grades and similarities to the MV, but no significant continuity has been confirmed yet. There are no existing records of gold mineralisation in the Nalunaq West sub-area.

The principal recommendations for the next phases of exploration in this licence include:

- Analysis of remote sensing data on all sub-areas of the licence or performing hyperspectral surveys (particularly on the Niaqornaarsuk Peninsula) to highlight extensions or new areas of alteration that may be associated with mineralisation;
- An airborne and radiometric survey over the Niaqornaarsuk Peninsula to improve the understanding of the area's structural geology and how mineralisation relates to it;
- Diamond drilling on the valley floors either side of Amphibolite Ridge to establish whether the gold-mineralised veins and alteration zones that were drilled on the ridge by NunaMinerals extend along strike into areas of less extreme topography; and
- Scree sediment sampling in under-explored areas.

SRK ES has been informed that AEX intends to allocate funds of CAD 6,000,000 over 2021-2022 to support exploration in this licence. This includes an allowance for 10,000 m of diamond drilling.

Exploration Licence 2019-113

This licence was granted to Nalunaq A/S in September 2019 and has an official area of 266 km² which is divided between five sub-areas named Ippatit, Kangerluluk, Jokum's Shear and Sorte Nunatak and Nørrearm. Each of these were selected by AEX to cover known gold occurrences or areas of prospective geology. These areas, except for Søndre Sermilik, have previously been covered by exploration licences held by NunaOil A/S, Crew Gold, or NunaMinerals A/S. They lie within the Psammite Zone of the Ketilidian Mobile Belt and gold mineralisation is associated to supracrustal rocks, usually amphibolites which may include metamorphosed gabbros/diorites, volcanics and pelites.

The Søndre Sermilik sub-area is a continuation of the Niaqornaarusuk sub-area and has seen

very little previous exploration but may have potential along the same regional shear structures that cross into it, as well as small occurrences of amphibolites. The Ippatit sub-area lies to the east and includes a relatively large volume of amphibolites and several anomalies in historical geochemical data. Some gold-bearing quartz veins have been identified by previous workers, but none yet with substantial continuity. There are several similarities to the geological setting of Nalunaq.

The Jokum's Shear and Sorte Nunatak prospects show prospective geology and some gold grades of interest within a large shear zone and along an unconformity between amphibolites and granodiorites respectively. They are both early-stage prospects in very remote areas and severe terrain but form an important part of the understanding of the region as a gold belt. Indeed, the Jokum's Shear structure may extend for 25 km to AEX's Kangerluluk prospect in the northern-most and perhaps the highest priority sub-area of this licence. Here, a large shear zone has been relatively well-defined by previous exploration and hosts gold grades of interest. A new work programme should include structural mapping and channel sampling to determine whether there is good continuity of gold mineralisation across the structure and along strike.

AEX has proposed a total budget of CAD 766,000 over 2021-2022 for this exploration licence to allow for remote sensing analysis, prospecting and sampling as well as geophysical surveys and diamond drilling if suitable targets are defined.

Exploration Licences 2015-17 and 2018-17

These licences cover the Archaean Tartoq greenstone belt in southwest Greenland and are 78 km² and 170 km² in area respectively. The greenstone belt has been explored sporadically since the 1980s, including a channel sampling programme conducted by AEX in 2017 on the Nuuluk prospect in licence 2015-17. Gold is found in quartz veins, and at lower grades in small massive sulphide bodies. Although gold grades are sometimes high and occur along trends that can be several kilometres long, mineralised veins are often very small and a coherent target that shows good continuity is yet to be identified. This is not considered a material asset for the purpose of this CPR, but SRK ES has been informed that AEX will allocate CAD 130,000 to the licence in 2020-2021 for the purposes of remote sensing and prospecting.

Exploration Licence 2020-31

This licence covers an area of 818 km² and is predominantly underlain by granitoid rocks of the Julianehåb Batholith, with several enclaves of metavolcanic and appinitic rocks. The principal feature of interest is the large, crustal-scale Saarloq Shear Zone that runs through the licence in a north-easterly direction. The shear zone and its subsidiary features represent prospective settings for structurally controlled gold mineralisation, especially in areas where brittle (rather than ductile) deformation has occurred. The licence area has only been explored previously at a reconnaissance level and there are not yet any published gold occurrences. However, elevated gold grades are noted in historical rock sampling data published by GEUS and a geochemical sampling programme by a former licence owner, Rare Earth Minerals PLC, resulted in some weak anomalies that should be investigated further.

As the next phase of work, AEX proposes a programme of remote sensing analysis, geophysical surveys and prospecting over 2021-2022, with a budget of CAD 918,000.

Exploration Licence 2020-36

The Anoritoq licence covers an area of 1,710 km² and is AEX's largest exploration licence. It is divided into two sub-areas: a main area that covered several peninsulas to the northeast and

north of Nanortalik and one on the southeast coast of Greenland that follows the inner parts of Kangerluluk Fjord and Igutsaat Fjord.

The geology of the main sub-area is quite varied, comprising Julianehåb granites in its northern part and Ketilidian metasediments, metavolcanics and rapakivi granites in its southern part. The prospect that has seen most exploration is Lake 410 on the Nanortalik Peninsula, a short distance to the northeast of Nanortalik. This shows several geological similarities to Nalunaq and is part of the same nappe. Crew Gold conducted several seasons of exploration here including diamond drilling. This identified a mineralised structure that showed reasonable continuity but with low gold grades; the best intersection was 2.12 ppm gold over 2 m in amphibolites. It is not yet known if the low grades are representative of the in-situ geology or are a consequence of high nugget-effect mineralisation. In addition to Lake 410, a mineralised shear zone is recorded in the northern part of the sub-area in the Isortup Qoorua valley. The shear zone is several kilometres long and historical exploration has identified modest gold grades (e.g. 0.1 ppm gold over 5.9 m in chip sampling) that require further investigation.

The Kangerluluk sub-area is mostly underlain by granites with some enclaves of metavolcanic rocks. This remote area has seen little exploration although there are two published mineral occurrences. One at the head of Kangerluluk Fjord includes quartz veining with elevated tungsten, molybdenum and copper associated with gold, with grades of up to 1.2 % copper and 0.228 ppm gold. Lead-zinc mineralisation is also found related to later shear zones and carbonatisation. The carbonate zones contain grades of up to 2.2% lead, 4% zinc, 0.223 ppm gold and 114 ppm copper. There are also several sulphide-bearing rust zones and aplite sills that required further assessment.

AEX intends to conduct remote sensing analysis, prospecting work and geophysical surveys in this licence over 2021-2022. Work at Lake 410 may include mineralogical studies to determine the nature of gold mineralisation and whether the low grades are a consequence of erratic gold distributions. The Company's budget for this area is CAD 1,784,000.

During fieldwork in 1994 for the SUPRASYS programme, a copper/gold-bearing sample (0.6 ppm gold and 0.4% copper) was collected at the head of Kangerluluk Fjord. Further analyses of grab and chip samples from the quartz vein show elevated tungsten, molybdenum and copper associated with gold, with grades of up to 1.2 % copper and 0.228 ppm gold (Stendal, 1997). Lead-zinc mineralisation can also be found in granodiorites, related to later shearing and carbonatisation. The carbonate zones show grades of up to 2.2% Pb, 4% Zn, 223 ppb gold and 114 ppm Cu (GEUS, unpublished).

On the northern side of Igutsaat Fjord, at least four distinct east-west striking rust zones are exposed in the granodiorite. Iron sulphide is disseminated in the zone and occurs in hairline fractures and veinlets. The amount of sulphide does not exceed a few percent of the rock volume. Analysed samples have only shown traces of gold (Stendal 1997).

A major, east-west striking, 5-8 m thick rusty aplite sill is exposed on the southern side of Igusaat Fjord. The sill strikes approximately 060° and dips 20° southeast. The aplite is enclosed in mafic sill rock, 0.5-1 m thick. Earlier mafic dykes are displaced several metres dextrally along the sill plane and the aplite appears to have been emplaced into a sub-horizontal shear zone in an earlier mafic sill. The rusty aplite contains 1-2 vol.% pyrite, both disseminated and in veinlets with grab samples returning grades of up to 1.39 ppm gold (Stendal 1997).

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A COMPETENT PERSON'S REPORT ON THE ASSETS OF AEX GOLD, SOUTH GREENLAND

1 INTRODUCTION

1.1 Background

SRK Exploration Services Ltd (SRK ES) was requested by AEX Gold Inc ((AEX) hereinafter also referred to as the Company or the Client) to prepare a Competent Persons Report (CPR or the Report) on the Mineral Assets of the Company comprising its key projects in Southern Greenland. SRK ES is part of the global SRK Consulting Group (the SRK Group).

This CPR is addressed to AEX's proposed Nominated Adviser, Stifel Nicolaus Europe Ltd. (Stifel), and the Directors of AEX. SRK ES understands that this CPR will be published by AEX on its website and as part of an admission document proposed to be published in connection with the Company's proposed admission to trading on the London Stock Exchange's AIM market (the Admission Document). Successful admission will result in a dual-listing of the Company which is currently listed on the TSX Venture Exchange, part of the Toronto Stock Exchange, under the ticker code TSX:AEX.V.

For the purposes of the AIM Rules for Companies, SRK ES will accept responsibility for this report as part of the admission document and declares that it has taken all reasonable care to ensure that the information contained in this CPR is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This CPR is intended to properly inform readers about the status and exploration potential of AEX's main assets in South Greenland, provide an overview of the assets and the liabilities associated with them (including the physical, operating, regulatory, and fiscal environment in which it is located), and to provide commentary on the Company's proposed future exploration and development programs.

All units of measurements, abbreviations, and technical terms are defined in the glossary of this CPR. Unless otherwise explicitly stated, all quantitative data as reported in this CPR are reported on a 100% basis. Grades of gold are reported as both grams per ton (g/t Au) and parts per million (ppm), 1g/t Au=1ppm.

Unless indicated otherwise, all the coordinates stated in this report are in Universal Transverse Mercator projection Zone 23N and the 1984 World Geodetic System datum (WGS84 UTM Zone 23N).

1.2 Requirement, Structure, and Compliance

This CPR has been prepared in accordance with the AIM Rules for Companies (including the annexures and the "AIM Note for Mining and Oil & Gas Companies - June 2009") (the Requirements).

The CPR is issued by SRK ES, and accordingly SRK ES assumes responsibility for the CPR and confirms that, to the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained is true and accurate as of the Publication Date (as defined below)..

This CPR includes technical sections covering mineral tenure, regional geology and mineralisation, mineral assets (including geographical setting, geological setting and mineralisation, exploration

history and results, summary, and recommendations for each property or sub-area), and concluding remarks.

It has been prepared under the direction of a Competent Person (CP). The CPR and the Mineral Resource Estimate herein follows the best practice guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM).

1.2.1 Reliance on SRK ES

This CPR is addressed to and may be relied upon by the Directors of the Company and Stifel, specifically in respect of compliance with the Requirements, the Reporting Standard and other regulatory requirements.

SRK ES is responsible for this CPR and for all technical information that has been directly extracted from this CPR.

SRK ES declares that it has taken all reasonable care to ensure that the information contained in this CPR is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

SRK ES cautions that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in this CPR. The preparation of a CPR is a complex process and does not lend itself to partial analysis or summary.

SRK ES has no obligation or undertaking to advise any person of any development in relation to AEX's South Greenland assets which comes to its attention after the Publication Date (as defined below), or to review, revise, or update this CPR or opinion in respect of any such development occurring after the Publication Date (as defined below) and its "no material change" statement.

1.3 Base Technical Information, Effective Date, and Publication Date

This CPR presents the following base Technical Information for the AEX South Greenland assets as at the effective date of 26 June 2020 (the Effective Date):

- Overview of the geological setting
- Project geology
- Outline of the historical exploration work
- SRK ES's opinion on the mineralisation styles and regional prospectivity
- SRK ES's opinion on the appropriateness of AEX's budgeted work program.

As at the publication date of this CPR, this being on or around 26 June 2020 (the Publication Date), SRK ES is not aware that any material change has occurred since the Effective Date. This includes, amongst others, material changes to the Technical Information as reported in this CPR.

1.4 Verification and Validation

This CPR is dependent upon technical, financial, and legal input. In respect of the Technical Information as provided by the Company and taken in good faith by SRK ES, and other than where expressly stated, any figures presented have not been independently verified by means of re-calculation.

SRK ES has, however, conducted a detailed review and assessment of all material technical issues likely to influence the Technical Information included in this CPR, which included the following:

- an assessment of the historical data made available by the Company in respect of AEX's South Greenland assets; and

- an assessment of the key technical risks and opportunities as they relate to the Technical Information reported herein.

SRK ES has also assessed the rationality of the commodity price assumptions as currently assumed in the projections for inclusion in the Technical Information reported herein.

Accordingly, AEX has provided Technical Information (geological information, assay information, exploration programs) to SRK ES for the purpose of this review and inclusion in this CPR. SRK ES has satisfied itself that such technical information is both appropriate and valid for evaluation as reported herein. SRK ES also confirms that it has performed all necessary validation and verification procedures deemed necessary and/or appropriate by SRK ES in order to place an appropriate level of reliance on such Technical Information.

SRK ES considers that, with respect to all material technical-economic matters, it has undertaken sufficient investigation, both in terms of level of investigation and level of disclosure to satisfy the reporting requirements of the best practice guidelines of the CIM.

1.5 Previous work by SRK ES at AEX's South Greenland Assets

SRK ES' previous work for AEX on their assets in South Greenland has included the following:

- 2015: Site visit to Nalunaq including surface sampling and underground inspections. Production of independent technical report;
- 2016: Site visit to Nalunaq including underground reconnaissance, metallurgical sampling, and inspections by mining engineer and geotechnical engineer. Production of a new MRE for Nalunaq to NI 43-101 guidelines and independent technical report in support of AEX's listing on the TSX-V exchange;
- 2017: Provision of geologists to conduct surface sampling at the Tartoq project, and diamond drilling and surface sampling at Nalunaq;
- 2018: Provision of geologists to conduct surface sampling at the Tartoq project, and diamond drilling and surface sampling at Nalunaq.

1.6 Limitations, Reliance on Information, Declaration, Consent, and Cautionary Statements

1.6.1 Limitations

The Technical Information relies on assumptions regarding certain forward-looking statements. These forward-looking statements are estimates and involve a number of risks and uncertainties that could cause actual results to differ materially. The projections as presented and discussed herein have been proposed by AEX's management and cannot be assured; they are necessarily based on economic assumptions, many of which are beyond the control of the Company. Future cashflows and profits derived from such forecasts are inherently uncertain and actual results may be significantly more or less favourable. Unless otherwise expressly stated, all the opinions and conclusions expressed in this CPR are those of SRK ES.

1.6.2 Reliance on Information

SRK ES has relied upon the accuracy and completeness of technical, financial, and legal information and data furnished by or through AEX.

AEX has confirmed to SRK ES that, to its knowledge, the information provided by it was complete and not incorrect or misleading in any material respect. SRK ES has no reason to believe that any material facts have been withheld. Whilst SRK ES has exercised all due care in reviewing the supplied information, SRK ES does not accept responsibility for finding any errors or omissions contained therein and disclaims liability for any consequences of such errors or omissions.

SRK ES has not undertaken any accounting, financial, or legal due diligence of the Mineral Assets or the associated company structures. The comments and opinions contained in this report are restricted to technical and economic aspects associated with AEX's South Greenland assets. Where aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements and/ or contracts AEX may have entered into are covered in this CPR, SRK ES has relied on information provided by the Company.

This CPR includes technical information, which requires subsequent calculations to derive subtotals, totals, and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK ES does not consider them to be material.

1.6.3 Technical reliance

SRK ES is satisfied that, as far as reasonably practical, sufficient checks have been conducted to demonstrate that all technical information provided to SRK ES as at the Effective Date (defined in Section 1.3) is both valid and accurate for the purposes of compiling the CPR.

1.6.4 Financial Reliance

AEX has provided SRK ES with their estimates for exploration or other project development expenditure for the next two years. These cover technical and infrastructure expenditures only, and some are based on assumptions or plans that are still under review. SRK ES has not carried out a detailed review of the estimates or quotations from third parties that make up the total figures provided by AEX.

1.6.5 Legal Reliance

In consideration of the legal aspects relating to AEX's South Greenland assets, SRK ES has placed reliance on the representations of the Company that the following are correct as of the Effective Date (defined in Section 1.3) and remain correct until the Publication Date (defined in Section 1.3):

- The Board of Directors of the Company are not aware of any legal proceedings that may have any influence on the rights to explore, develop, and mine the minerals present within and associated with AEX's South Greenland assets.
- AEX are the legal owners of all mineral and surface rights of the assets mentioned in this CPR.
- No significant legal issue exists which would affect the likely viability of the exploration and production licences as reported herein.

The United Kingdom legal representative of the Company is K&L Gates LLP, 1 New Change, London EC4M 9AF, United Kingdom.

1.6.6 Declaration

SRK ES will receive a fee for the preparation of this Report in accordance with normal professional consulting practice. This fee is not dependent on the findings of this CPR nor the success of the proposed listing and SRK ES will receive no other benefit for the preparation of this CPR. Neither SRK ES nor any of the authors have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Mineral Assets opined upon by SRK ES and reported herein.

At the date of this CPR, neither SRK ES nor the Competent Persons (as identified under Section 1.8) who are responsible for authoring this CPR, nor any Directors of SRK ES have had, within the previous two years, any shareholding in the Company or Stifel or any other economic or beneficial interest (present or contingent) in the Project. SRK ES is not a group, holding, or associated company either of the Company or Stifel. None of SRK ES's partners or officers are

officers or proposed officers of any group, holding, or associated company of either the Company or Stifel.

Further, no Competent Person involved in the preparation of this CPR is an officer, employee, or proposed officer of the Company or Stifel or any group, holding, or associated company of the Company or Stifel. Consequently, SRK ES, the Competent Persons, and the Directors of SRK ES consider themselves to be independent of the Company, its directors, senior management and Stifel.

In this CPR, SRK ES provides assurances to the Board of Directors of the Company and Stifel in compliance with CIM best practice, that the Mineral Resources and exploration potential of the Mineral Assets as provided to SRK ES by AEX and reviewed and, where appropriate, modified by SRK ES, are reasonable, given the information currently available.

1.6.7 Consent

SRK ES consents to the issuing of this CPR.

Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of SRK ES regarding the form and context in which it appears.

1.7 Disclaimers and Cautionary Statements for US Investors

The CPR uses the terms “Mineral Resource”, “Measured Mineral Resource”, “Indicated Mineral Resource” and “Inferred Mineral Resource”. U.S. investors and shareholders in the Company are advised that while such terms are recognised and permitted under the CIM Code and the Requirements, the U.S. Securities and Exchange Commission (SEC) does not recognise them and strictly prohibits companies from including such terms in SEC filings.

Accordingly, U.S. investors and shareholders in the Company are cautioned not to assume that any unmodified part of the Mineral Resources in these categories will ever be converted into Ore Reserves as such term is used in the CPR.

1.8 Qualifications of Consultants and Competent Persons

This CPR has been prepared based on a technical review by a team of consultants sourced from SRK ES' offices in the United Kingdom. These consultants have extensive experience in the mining and metals sector and are members in good standing of appropriate professional institutions. The consultants comprise specialists in the fields of geology and resource estimation (hereinafter the Technical Disciplines).

The Competent Person who has overall responsibility for this CPR is Mr James Gilbertson, CGeol, Managing Director and Principal Geologist, a full-time employee at SRK ES in the United Kingdom. Mr Gilbertson has 19 years' experience in the mining and metals industry and has been involved in the preparation of Competent Persons' Reports comprising technical evaluations of various mineral assets internationally. Over the past ten years these technical evaluations are relevant to his qualification as a Competent Person as defined by the internationally-recognised Mineral Resource and Reserve reporting codes (the CRIRSCO Codes). Mr Gilbertson has sufficient experience of CIM best practice and reporting standards and is considered a CP as defined by the CIM Mineral Resources and Mineral Reserves Committee.

The field visit component and related reporting was completed by both James Gilbertson and Mr William Kellaway, MAusIMM, Chairman and Principal Geologist, a full-time employee at SRK ES in the United Kingdom. Mr Kellaway has 38 years' experience in the mining and metals industry. Both Mr Gilbertson and Mr Kellaway have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012) and a Specialist Practitioner

as defined in the VALMIN Code (2015). Messrs Gilbertson and Kellaway have visited the Nalunaq Project and Mr Kellaway has also visited the Niaqornaarsuk and Nalunaq East sub-areas.

SRK ES note that Mr Kellaway was seconded to AEX from 2016 to 2018 and acted as the Vice President of Exploration for the company during this time. Mr Kellaway remained an employee of SRK ES during this time and did not and has never had any pecuniary or other interests in AEX or any of the Company's assets. SRK ES is comfortable that this secondment does not impact on the independence of the CPR.

The designated Competent Persons and last site visit to the Company's assets in South Greenland are shown below in Table 1-1.

Table 1-1: Competent Persons and responsibilities

Competent Person	Position/ Company	Responsibility	Independent of AEX	Date of last site visit	Professional designation
James Gilbertson	Managing Direction and Principal Geologist/SRK Exploration Services Limited	Authoring and Overall CP	Yes	August 2015	CGeol
Bill Kellaway	Chairman and Principal Geologist/SRK Exploration Services Limited	Field visits	Yes	August 2018	MAusIMM

2 AEX GOLD INC

2.1 Company Description

AEX Gold Inc. has a headquarters and registered address 3400 One First Canadian Place, PO Box 130, Toronto, ON, M5X 1A4, Canada. It is currently listed on the TSX Venture Exchange in Canada and trades with the ticker AEX. The TSX Venture Exchange is a stock exchange in Canada.

Through its wholly owned Greenlandic subsidiary, Nalunaq A/S, AEX has interests in multiple areas. These include an exploitation licence at a Nalunaq property at an advanced exploration stage, including the previously operating Nalunaq Gold Mine, and six exploration licences at properties in South Greenland at the early exploration stage. Four of these licences are considered material assets and are described in detail in this CPR. Furthermore, Nalunaq A/S owns two non-exclusive prospecting licences that cover much of East and West Greenland.

2.2 Members of the Board

The following persons currently comprise the Board of Directors of AEX Gold Inc.

- Graham Stewart: Chairman
- George Fowlie: CFO and Director
- Georgia Quenby: Director
- Robert Menard: Director
- Eldur Olafsson: CEO and Director

2.3 Company Strategy

AEX's main focus is its Nalunaq property which hosts a high-grade NI 43-101 compliant Inferred

Mineral Resource estimate of 251 koz Au in 442,770 t at 18.5 g/t Au and a number of regional exploration targets. Work over the last three years has resulted in an updated geological model and an extension of the MV strike length up to 1 km. The focused exploration area has a larger footprint than the existing mine workings. Previous owners invested heavily in infrastructure which includes a pier, 9 km access road with bridge river crossings, and the foundations for the mine camp, mine workshops, and processing plant. Environmental studies have been well maintained since 2014 when the Mine closure programme was concluded.

AEX’s goal is to explore and develop their assets in order to expand the existing resources at Nalunaq whilst simultaneously exploring other known gold occurrences in South Greenland. Some of these are close to Nalunaq and may be similar in mineralisation style. It is envisaged that some of these properties will form a “pipeline” of projects at different levels of development that will deliver the company a sustainable supply of resources for exploitation.

3 PROPERTY DESCRIPTIONS AND LOCATIONS

The material Mineral Assets which form the basis of this report consist of one exploitation licence, four exploration licences (containing sub-areas), and two regional prospecting licences. The licences are held through the Company’s wholly owned Greenlandic subsidiary, Nalunaq A/S.

Two additional groups of exploration licences which constitute the Tartoq project (MEL 2015-17 & MEL 2018-17) are part of the Company’s assets but are not considered material in the case of this CPR and are therefore not detailed further apart from their location and status shown in Figure 3-1 and Table 3-1 below. Furthermore, the Company owns two non-exclusive prospecting licences that cover large parts of eastern and western Greenland apart from northern areas, as shown in the inset in Figure 3-1.

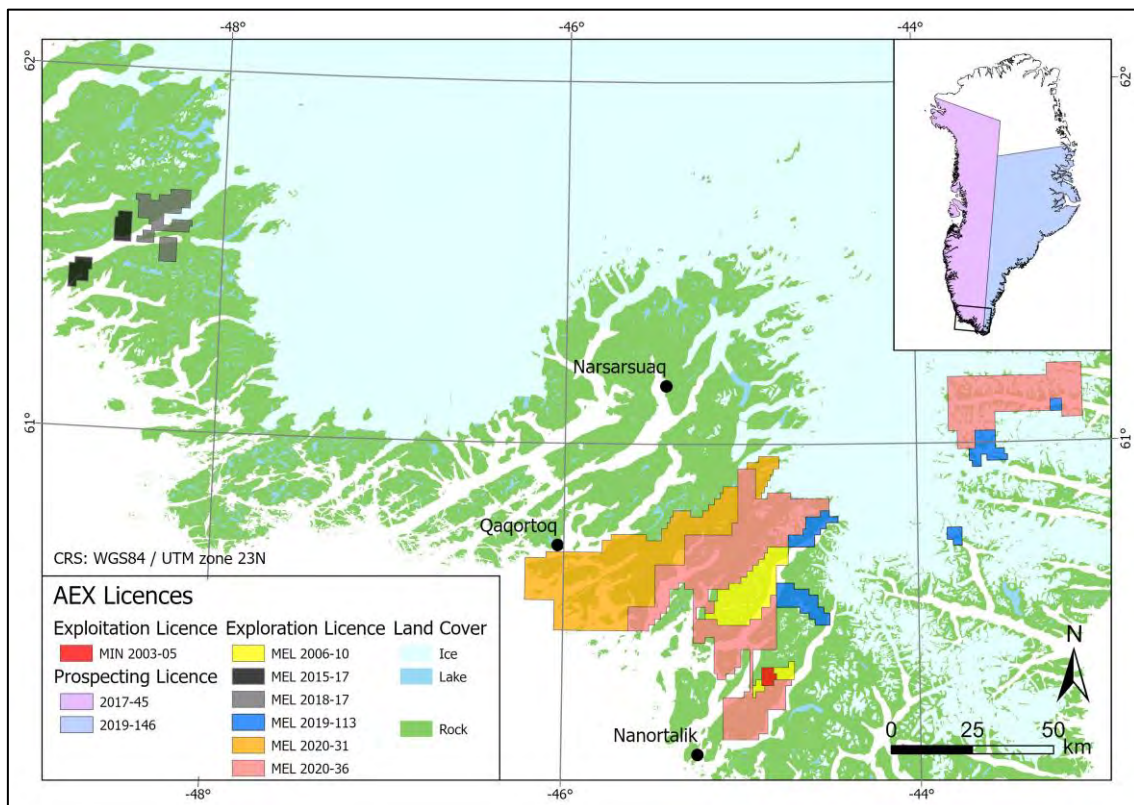


Figure 3-1: Location of AEX’s mineral assets in South Greenland

Table 3-1: Mineral assets held by AEX

Asset	Asset Name	Holder	Interest	Status	Licence expiry date	Licence area (km ²)	Comments
MIN 2003-05	Nalunaq	Nalunaq A/S	100%	Development	24-Apr-33	22	Historical production and ongoing drilling
MEL 2006-10	Vagar	Nalunaq A/S	100%	Exploration	31-Dec-21	292	Historical drilling and ongoing exploration
MEL 2019-113	Nuna Nutaaq	Nalunaq A/S	100%	Exploration	31-Dec-23	266	Historical and ongoing exploration
MEL 2015-17	Tartoq	Nalunaq A/S	100%	Exploration	31-Dec-24	78	Historical exploration
MEL 2018-17	Tartoq NP	Nalunaq A/S	100%	Exploration	31-Dec-22	170	Historical exploration
MEL 2020-31	Saarloq	Nalunaq A/S	100%	Exploration	31-Dec-24	818	Historical exploration
MEL 2020-36	Anoritooq	Nalunaq A/S	100%	Exploration	31-Dec-24	1,710	Historical exploration

3.1 Exploitation Licence

3.1.1 MIN 2003-05

Exploitation licence MIN 2003-05, known as Nalunaq, hosts the historical Nalunaq Gold Mine located in Southern Greenland at 60°21'N latitude and 44°50'W longitude in the Municipality of Kujalleq. The property is located on the northern side of the Kirkespirdalen Valley, about 33 km northeast of the town of Nanortalik.

The former mine is located in the centre of the licence which covers an area of 22 km². The licence was granted to Crew Gold Corporation (Crew Gold) in April 2003 and is valid until 24 April 2033. Angel Mining PLC, through their wholly owned Greenlandic subsidiary, Angel Mining Gold A/S (Angel Mining), purchased the project from Crew Gold in 2009 and thereafter the mine was operated by Arctic Mining Ltd., a wholly-owned subsidiary of Angel Mining PLC.

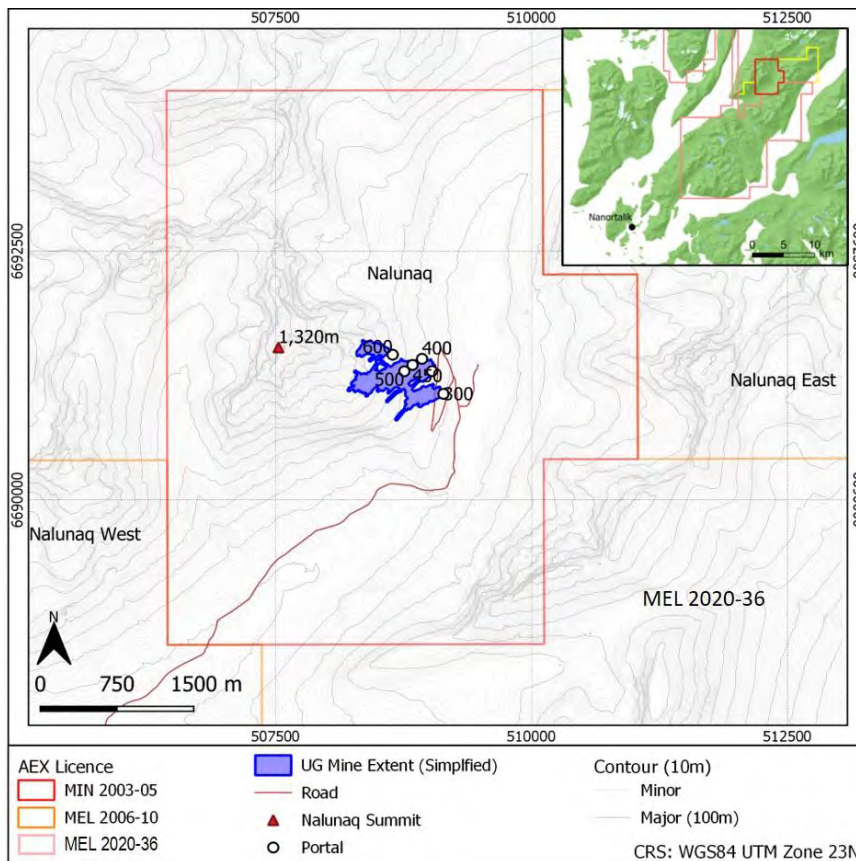


Figure 3-2: Location of MIN 2003-05, Nalunaq

The management of Angel Mining was taken up by FBC Mining (Holdings) Limited (FBC) after Angel Mining went into administration, during which the exploitation licence remained valid. A decision in early 2015 by FBC to seek corporate partners on the project resulted in Arctic Resource Capital (ARC) becoming the managers of the project. This followed a meeting in June 2015 where approval was given to the Joint Venture by the Greenland Government and the agreement was signed on 17th July 2015. A Collaboration Agreement between the parties was signed on 17 July 2015 giving ARC 66.66% and FBC Mining (Nalunaq) Ltd, a wholly owned subsidiary of FBC, 33.33% ownership in the project through a newly incorporated Greenlandic Joint Venture company, Nalunaq A/S. A Sale and Purchase Agreement was signed between Angel Mining and Nalunaq A/S on 15 October 2015 for the Nalunaq exploitation licence and all associated assets, and the Greenland Government formally transferred the licence to Nalunaq A/S in March 2016. Prior to issuance of a Prospectus dated 29 June 2017 in respect of an IPO on the Canadian TSX-V, ARC, FBC Mining (Nalunaq) Ltd, and AEX completed a Pre-IPO Reorganisation. Pursuant to the Pre-IPO Reorganisation, ARC's shareholders and FBC Mining (Nalunaq) Ltd transferred all their respective shares of Nalunaq A/S to AEX.

The exploitation licence grants AEX the exclusive right to undertake mineral exploration and exploitation within the licence area, subject to approval.

Underlying Agreements

The mine was officially closed in 2014; this closure was approved by the Government of Greenland, but the exploitation licence remained in force. In order that exploration and eventually mining operations could resume under the tenure of Nalunaq A/S, a Licence Addendum was agreed with the Government of Greenland. This allowed exploration to be conducted for the definition of new Mineral Resources and stated that mineral production must commence by 1 January 2021. Since then, there have been several other addendums and a fifth has recently been approved by the Government of Greenland. This Addendum extends the time limits dictated by the licence such that the Environmental Impact Assessment (EIA), Social Impact Assessment (SIA) and Impact Benefit Agreement (IBA) must be submitted by 31 December 2022 and the latest date by which exploitation should commence will be 1 January 2023.

3.2 Exploration Licences

3.2.1 MEL 2006-10

Exploration Licence MEL 2006-10 is comprised of three separate sub-areas known as Niaqornaarsuk, Nalunaq East, and Nalunaq West (Figure 3-3). These cover an official combined area of 292 km² and have been held by AEX through Nalunaq A/S since 2017.

Niaqornaarsuk

This sub-area is historically known as Vagar and covers steep, mountainous terrain along the Niaqornaarsuk Peninsular. It has been explored for gold mineralisation since it was first discovered within the drainage system of this area in the 1980s.

Nalunaq East & Nalunaq West

These sub-areas were originally connected around the Nalunaq exploitation licence before reduction. Nalunaq East is mountainous and contains the same amphibolite units which host the gold mineralisation at Nalunaq. Occurrences of gold mineralisation have been recorded in Nalunaq East by historical work and exploration by AEX. The Nalunaq West area has been retained by the company because it contains the exploration camp and the small Saqqa dyke which is known to contain PGE style mineralisation but at this stage is not thought to be material.

Commitments

License 2006-10 entered its 15th calendar year in January 2020. Due to the reduction in license

size at the end of 2019, as well as spending credits from years 2012 to 2018, the license had no unspent obligations by the end of 2019. The spending obligation for the licence in 2020 would have been approximately CAD 3.0M but has been reduced to zero by the Greenland Government in light of the Covid-19 pandemic.

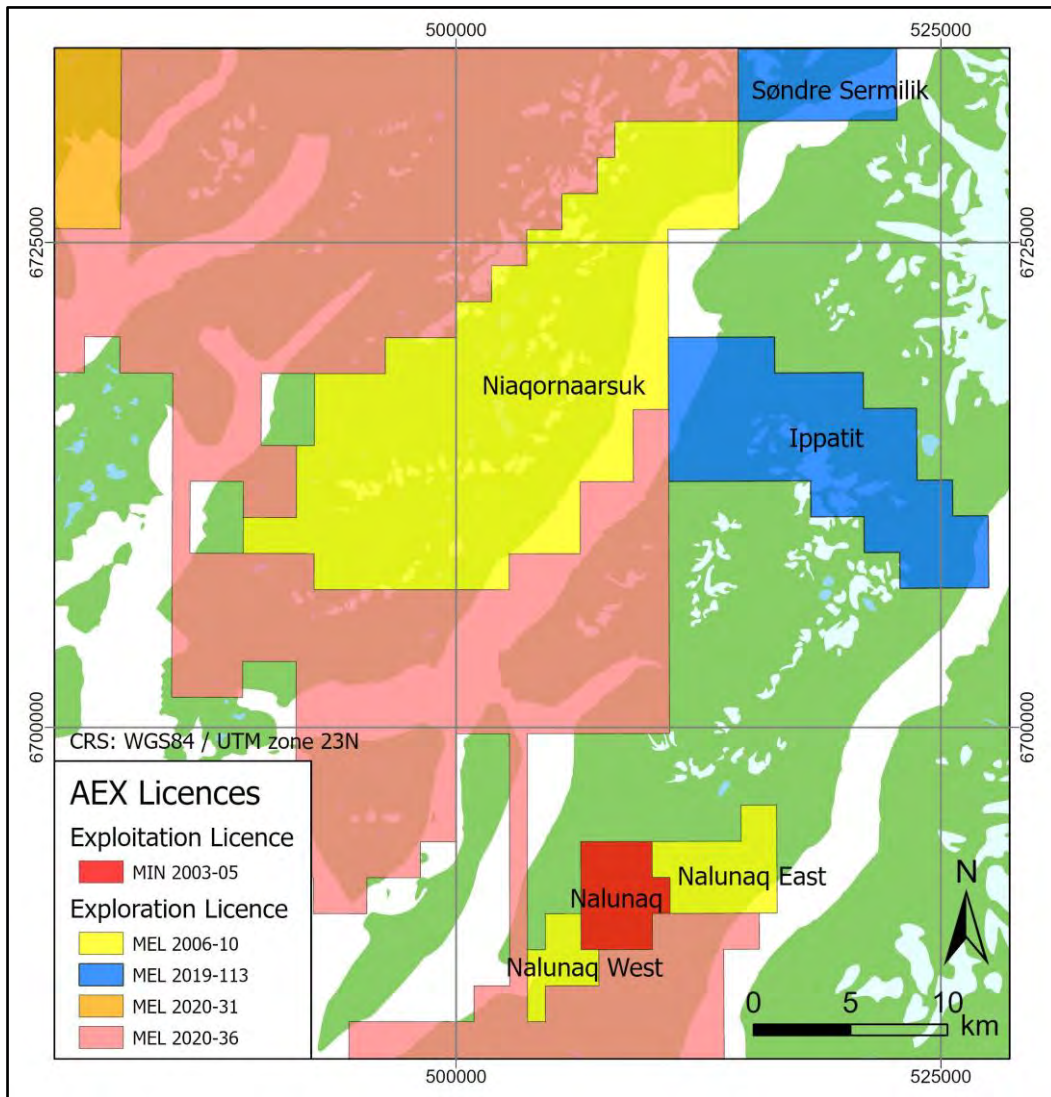


Figure 3-3: Extent of exploration licence MEL 2006-10 showing the location of the three sub-areas and adjacent AEX assets

3.2.2 MEL 2019-113

This licence was granted to Nalunaq A/S in September 2019 and covers a combined official area of 266 km². It is divided into five sub-areas, shown in Figure 3-4 and described below, that were selected by AEX to cover known gold occurrences or areas of prospective geology. These areas, except for Søndre Sermilik, have previously been covered by exploration licences held by NunaOil A/S, Crew Gold, or NunaMinerals A/S.

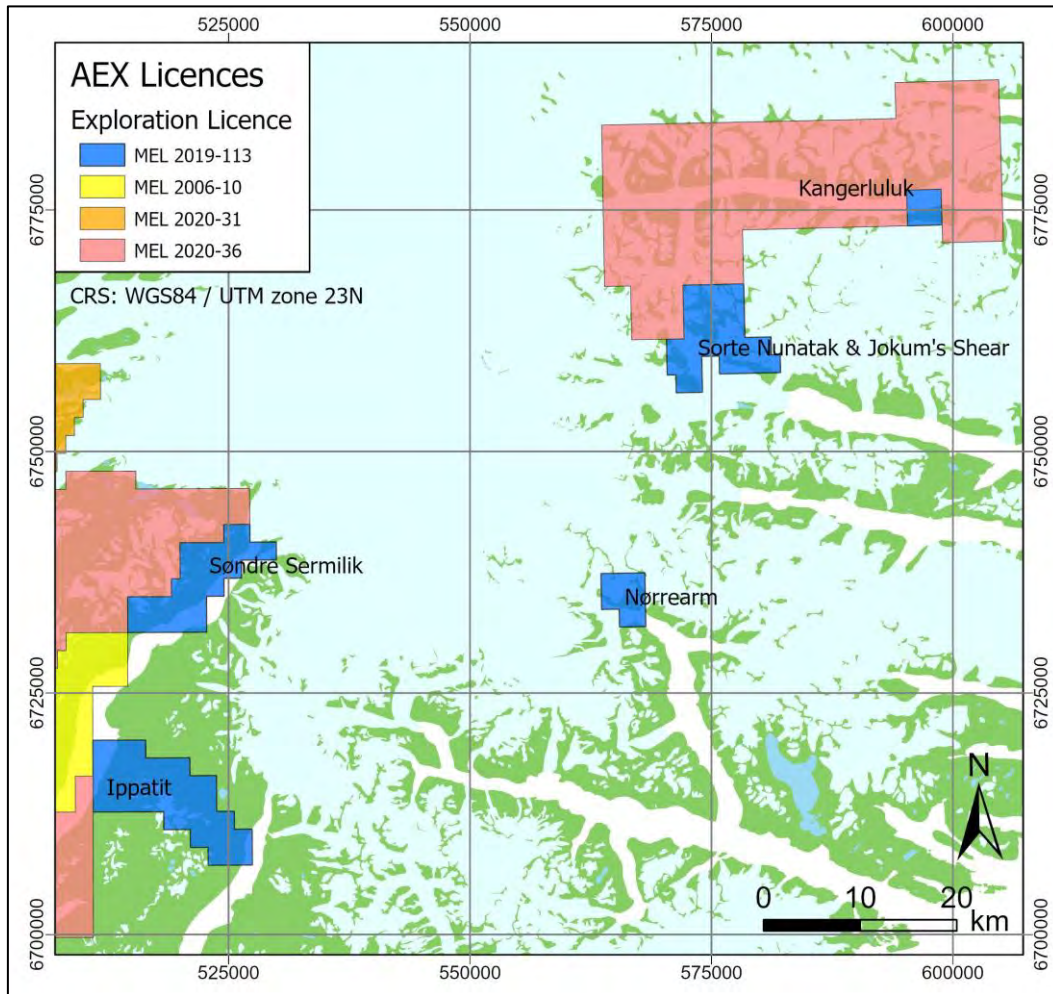


Figure 3-4: Extent of exploration licence 2019-113 showing the locations of the five sub-areas

Søndre Sermilik

This sub-area covers steep, mountainous terrain on the northern side of Søndre Sermilik Fjord. The geology and structures in this area appear to be a continuation of those that host gold occurrences in the Niaqornaarsuk sub-area to the southwest.

Ippatit

This sub-area is located on the Nanortalik Peninsula and is centred about 26 km northeast of the Nalunaq gold mine. The Ippatit Kua valley runs west to east through the licence, linking Søndre Sermilik to Tasermiut Fjord. South of this, the terrain is very mountainous with numerous small glaciers. Access by boat and then by foot may be possible from either end of Ippatit Kua, although the use of helicopters will be far more efficient. Access to many of the areas of interest may require the assistance of mountaineers due to the very steep terrain.

Nørrearm

Nørrearm and the following sub-areas are geographically isolated from AEX's other assets to the southwest. They are located on the southeast coast of Greenland and separated from the other areas by the inland icecap.

Nørrearm covers a relatively small area at the head of Nørrearm Fjord and includes mountainous and heavily glaciated terrain. Glacier fronts appear to have receded a little since topographic maps were published, meaning that access from the sea to some parts of the area is now somewhat possible. Other areas must be accessed by helicopter or teams of mountaineers.

Jokum's Shear & Sorte Nunatak

The sub-area that covers these prospects is located at the head of Danell Fjord. Both target areas are surrounded by glaciers (heavily crevassed at Jokum's Shear) and require access by helicopter or, in the case of Sorte Nunatak, ski-equipped light aircraft when conditions allow.

Kangerluluk

The furthest north of these sub-areas, it is located about midway along Kangerluluk Fjord on its southern side. The rocky terrain slopes steeply down to the fjord from the edge of an icecap at an elevation of about 600 m.a.s.l. There is a particularly steep drop into the fjord which may mean that access by boat is limited to mountaineers.

Commitments

Licence 2019-113 entered its second calendar year in January 2020. At the end of 2019, the licence had an unspent obligation of approximately CAD 0.06 M. The spending obligations for the licence in has been reduced to zero in light of the Covid-19 pandemic, and therefore the obligation only includes the underspend from 2019.

3.2.3 MEL 2020-31

This is known as the Saarloq licence and has an official area of 818 km². It covers land to the east of Qaqortoq and was explored for gold and rare earth element mineralisation by Rare Earth Minerals PLC between 2012 and 2014. This work was at a reconnaissance level and the area remains underexplored. The principal feature of interest is the Saarloq Shear Zone which has developed in granites of the Julianehåb Batholith. This type of structure may be prospective for gold mineralisation, if the area has experienced mineralising events after this deformation.

The terrain in this area is somewhat less mountainous than AEX's other licences but is still very undulating and rugged, particularly towards the northeast where the licence is close to the inland ice.

This licence area will have no spending obligations in 2020 as a result of them having been waived due to the Covid-19 pandemic.

3.2.4 MEL 2020-36

The Anoritoq licence covers an official area of 1,710 km² and is divided into two sub-areas.

The larger sub-area lies between the Vagar and Saarloq licences and extends south towards Nanortalik. It is underlain by a variety of rocks of the Ketilidian Orogen including granites and supracrustal metavolcanics and metasediments. Most exploration in this area was carried out by Crew Gold Development Corp. in the 2000s and the most developed gold prospect is known as Lake 410. This is located between Nanortalik and the Nalunaq gold mine and occurs in the same package of rocks as Nalunaq. Two phases of diamond drilling have been conducted here which confirmed the presence of mineralised features with reasonable continuity, although significantly elevated gold grades are yet to be found. The terrain in this sub-area is mountainous and incised by fjords.

The smaller sub-area of this licence is located on the southeast coast of Greenland and covers the Kangerluluk Fjord and the head of the Igutsaat Fjord. It is predominately underlain by granitic rocks of the Julianehåb Batholith and there are some enclaves of supracrustal rocks. Some gold showings are recorded by GEUS and there may be potential for the Kangerluluk prospect to extend into this area. There are no records of commercial exploration having taken place here. The terrain is extremely mountainous and heavily glaciated.

This licence area will have no spending obligations in 2020 as a result of them having been waived due to the Covid-19 pandemic.

3.3 Prospecting Licence

AEX also currently holds two prospecting licences which cover the entirety of southern Greenland. These two licences (2019-146 & 2017/45) allow AEX to conduct regional exploration but does not give the Company any exclusivity.

3.4 Accessibility

3.4.1 Introduction

South Greenland is accessed via the international airport at Narsarsuaq with regular flights from Denmark and Iceland as well as regular internal flights from other international airports in Greenland including Kangerlussuaq and Nuuk. From Narsarsuaq, there are regular helicopter flights to other towns in the area, including Nanortalik. Most areas can also be travelled by scheduled or chartered boat from Narsarsuaq or Qaqortoq. South Greenland is widely regarded as the least remote part of Greenland, with several large towns, including Qaqortoq, Nanortalik, Narsaq, and Narsarsuaq.

It must be noted that there are no roads in the licence areas, except for the mine road at Nalunaq. In all other areas, the use of vehicles is not possible. Like most parts of Greenland, exploration is heavily dependent on the use of helicopters and boats. Furthermore, all the licence areas are mountainous, and some are heavily glaciated; professional climbers or rope access specialists will be required for some exploration activities.

3.4.2 MIN 2003-05

The Nalunaq mine site is located 9 km inland along the Kirkspirdalen Valley from an embayment on the eastern side of Saqqaa Fjord. The fjord does not generally freeze over during the winter and navigation by boat to the former mine jetty is possible for most of the year. This takes around one hour from Nanortalik. From the jetty, the mine can be reached by 4x4 vehicle along the 9 km long former mine road which is unsealed but in reasonable condition. The 4x4 vehicle can be mobilised to the area by landing craft.

3.4.3 MEL 2006-10

The Niaqornaarsuk sub-area is located on the Niaqornaarsuk Peninsula, approximately 60 km east of Qaqortoq and 50 km north of Nanortalik. Air/heliports at Qaqortoq, Nanortalik, and Narsarsuaq allow access to the licence areas by helicopter. Alternatively, the licence can be reached from Nalunaq gold mine, located 25 km to the south. Deep-water fjords—which remain ice-free year-round—facilitate easy access for shipping. The most developed exploration target, Amphibolite Ridge, is located 8 km from the coast. Access around the sub-area is only possible on foot or by helicopter.

The Nalunaq East and West sub-areas are located immediately around the Nalunaq mine, and therefore share the same access infrastructure. Central parts of the sub-areas require helicopter access, whilst some eastern areas may be reached by boat via Tasermiut Fjord.

3.4.4 MEL 2019-113

Coastal access is possible to the western and eastern ends of the Ippatit sub-area via Søndre Sermilik and Tasermiut Fjord respectively. Access is then possible to some areas on foot, but otherwise helicopters are required to reach targets in the mountainous areas.

The following three sub-areas; Nørrearm, Jokum's Shear and Sorte Nunatak, and Kangerluluk are deep within long fjords on the southeast coast of Greenland. An important feature of this part of the coast is the East Greenland Current which flows from north to south along the coast of Greenland, carrying with it very large quantities of pack ice and numerous icebergs. Travel by boat for exploration work in this area may only be possible during the late summer and autumn months

when there is less ice.

The Nørrearm sub-area is accessed by helicopter or by boat through Lindenow Fjord on the eastern coast of Greenland and then Nørrearm Fjord. The terrain is again very steep so exploration would require helicopter support.

The Jokum's Shear and Sorte Nunatak prospects are both located in very mountainous terrain and both are surrounded by glaciers which are heavily crevassed near the coast. The use of helicopters is essential for any work here, and the steep terrain would require the use of mountaineers for some aspects of exploration work.

Finally, the Kangerluluk sub-area can be reached by helicopter or by boat through Kangerluluk Fjord on the east coast. However, the coastline here is extremely steep and suitable landing points may be as much as 2-3 km from the main target area.

3.4.5 MEL 2020-31

Qaqortoq is the closest town to the Saarloq licence area and forms a good staging post for exploration work. The western half of the licence covers a multitude of islands and the mainland is incised by long fjords. Access by boat and on foot to many western parts of the licence is possible via the fjords which are usually ice-free all year. The eastern half of the licence includes terrain that is relatively far inland and helicopters would be required for efficient access.

3.4.6 MEL 2020-36

Coastal parts of the larger sub-area of the Anoritoq licence are well-suited to boat access from Qaqortoq, Alluitsup Paa or Nanortalik. Fjords in this area generally remain ice-free all year and some target areas can be reached by boat and then on foot. Inland areas, some of which are extensive in this sub-area, are mountainous and helicopter access will be the most efficient option. This includes the Lake 410 prospect.

The sub-area on the east coast covering Kangerluluk Fjord and Igutsaat Fjord is the most remote of AEX's exploration assets. Its location and severe terrain mean that exploration work will be heavily reliant on helicopters. In principle, the area could be reached by a long boat journey from Nanortalik; this may allow teams to reach coastal exploration areas and conduct some reconnaissance along the fjords, but probably only in late summer or early autumn when pack ice along the outer coast is at a minimum and ice in the inner fjords has cleared.

3.5 Local Resources and Infrastructure

Qaqortoq is the largest town in South Greenland with a population of around 3,200. The town is 77 km northwest of Nalunaq and 60 km east of the Niaqornaarsuk sub-area. The closest population centre to most of AEX's assets is Nanortalik, 33 km to the southwest of Nalunaq and approximately 40 km south of the Niaqornaarsuk sub-area. This has a population of around 1,400 and is Greenland's most southerly town. It is readily accessible by boat or helicopter and has a port capable of handling cargo vessels. Most people in the town are engaged in fishing, public services, construction, and tourism. There are many people in Nanortalik who worked in the Nalunaq mine when it was operational, and the town remains a good source of local workers.

Surface infrastructure at the Nalunaq project (MIN 2003-05) consists of a jetty in the Saqqaa Fjord which is connected to the Nalunaq mine site via 9 km of gravel road. All surface infrastructure from the old mine site was removed after closure in 2013, however, large flat areas of hard standing and concrete pads remain. AEX has established a container camp next to the mine road at the head of Saqqaa Fjord from where they conduct exploration activities during the field season (Figure 3-5). The camp can accommodate up to 20 people. AEX has a range of light vehicles and plant on site including a JCB backhoe, Scania Hi Ab truck, three light 4x4 vehicles, and a telehandler. Access to the mine is via the 300-level portal which has been opened and rehabilitated by AEX.

None of the old serviceable underground equipment remains onsite. However, the old underground processing plant is still in place, albeit in need of extensive refurbishment.

The 2006-10, 2019-113 exploration licences are uninhabited and have no existing infrastructure, although isolated cabins and farms may be found along coastal areas. The 2020-36 licence area is also largely uninhabited apart from the small settlement of Alluitsoq near Alluitsup Paa, but this is largely abandoned now.

The 2020-31 exploration licence includes the villages of Saarloq and Eqalugaarsuit, and the larger village of Alluitsup Paa is close to its southern boundary. These are accessible by boat or helicopter. This licence also includes the Qorlortorsuaq hydroelectric station which generates power using water flow from a dammed lake. This power is distributed to the towns of Qaqortoq and Narsaq via a 70 km long high-voltage (70 kV) powerline. The sub-area on the east coast is uninhabited.



Figure 3-5: AEX's field camp during the 2018 field season at the head of Saqqaa Fjord with the jetty in the background (AEX, 2018)

3.6 Climate

The climate of South Greenland is relatively mild for the latitude. In Nanortalik, the temperature ranges between averages of -9°C in January and 14°C in July. Rainfall is moderate and consistent at around 80-100 mm per month, although instances of heavier rain can occur. Snow cover is likely between October and April, with the possibility of deep snow during the winter months. The ordinary field season for southern Greenland is considered to be between April and September but this can vary largely due to local weather variation.

The wind conditions for southern Greenland are notoriously variable and can reach in excess of 100 km/hr with very little warning. This has implications where helicopter access is the only reasonable means of transport to some of the more remote sub-areas.

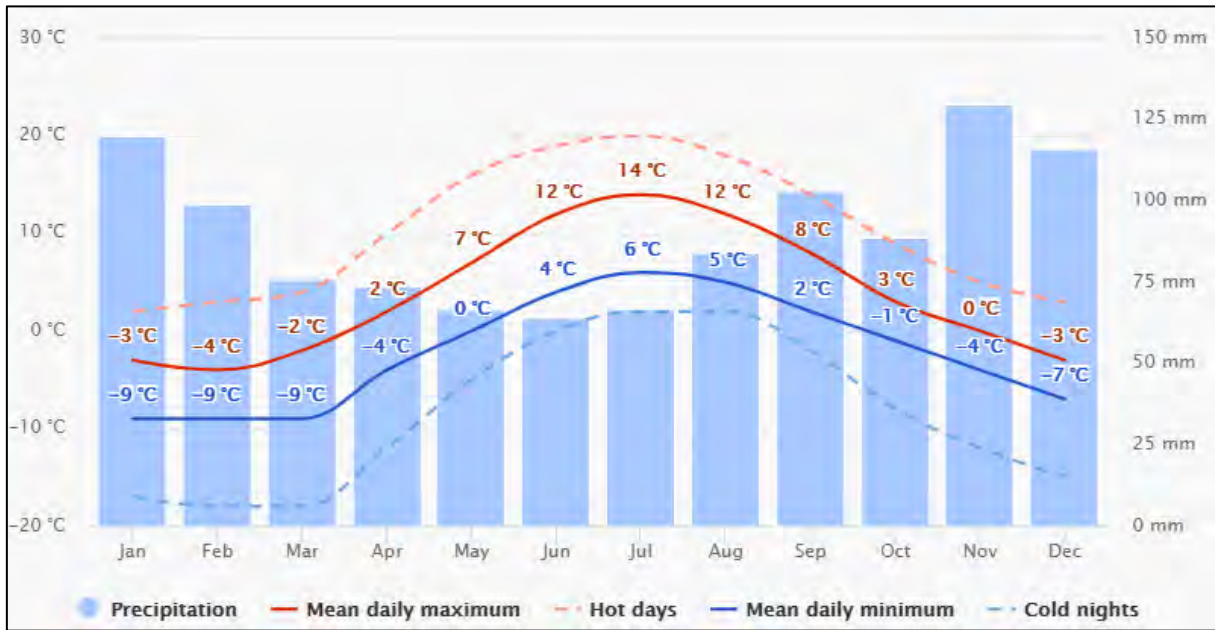


Figure 3-6: Average temperature and precipitation for Nanortalik (Meteoblue, 2019)

3.7 Physiography and Vegetation

The physiography of the area comprises rugged mountainous areas separated by glacially carved valleys. Mountains reach from sea level to elevations of 1,500 to 1,900 m.a.s.l., are glaciated, and the southern tip of the permanent ice sheet is about 33 km to the northeast of the Nalunaq mine. Valley floors and lower mountain sides are covered by typical sub-Arctic vegetation. Views of the typical terrain in the area are shown in Figure 3-7 and Figure 3-8. The licence areas are characterized by an absence of trees, typically low rock and tundra plants. In certain sheltered valleys in southern Greenland there is rock birch, mountain ash, alder, and willow scrub.



Figure 3-7: Nalunaq Mountain with mine site in the valley floor looking north (AEX, 2017)



Figure 3-8: Typical landscape in the Nalunaq project area looking south (AEX, 2017)

4 GEOLOGY

4.1 Regional Geological Setting

AEX's assets discussed in this report are situated within or on the border with the wider Psammite Zone in Southern Greenland that hosts the Nanortalik Gold Belt (Hughes et al., 2013). The two Niaqornaarsuk Peninsula sub-areas lies within the Julianehåb Batholith Zone, close to the border with the Psammite Zone to the southeast (Figure 4-1). Both zones are part of the Ketilidian Mobile Belt which evolved between 1,850 to 1,725 Ma during the interpreted northward subduction of an oceanic plate under the southern margin of the Archaean North Atlantic Craton. Similarities to gold mineralisation of the same age and orogenic setting have been noted and it is possible that the Nanortalik Gold Belt is a continuation of the Swedish Gold Line (Schlatter et al., 2016).

The Ketilidian belt is divided into four geological domains: the Ketilidian Border Zone, the Julianehåb Batholith Zone, the Psammite Zone, and the Pelite Zone (Figure 4-1). For the purposes of describing the metallogeny of South Greenland, Steenfelt et al. (2016) divides South Greenland into the Northern, Central, and Southern Domains (Figure 4-2).

The Nanortalik Gold Belt parallels the boundary between the Psammite Zone and the Julianehåb Batholith Zone and includes a significant number of gold occurrences. Apart from Nalunaq, these are at an early stage of exploration or have not yet been systematically explored. Stream sediment and heavy mineral geochemical data shows numerous anomalies for gold and gold pathfinder elements, indicating further unexplored potential in the area (Figure 4-3).

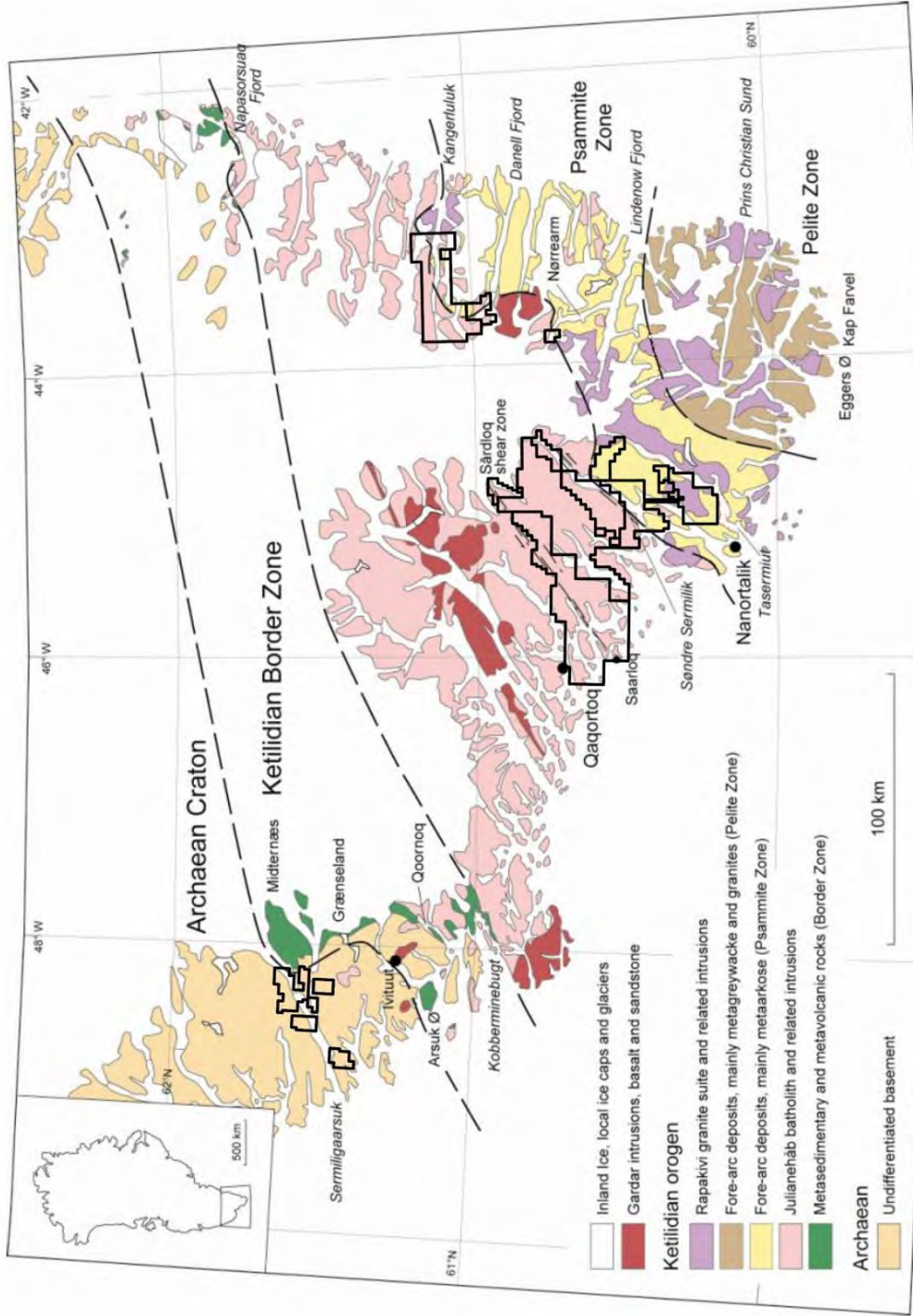


Figure 4-1: Summary geological map of South Greenland showing the principal geological domains and AEX Licences in black (modified from Secher et al., 2008)

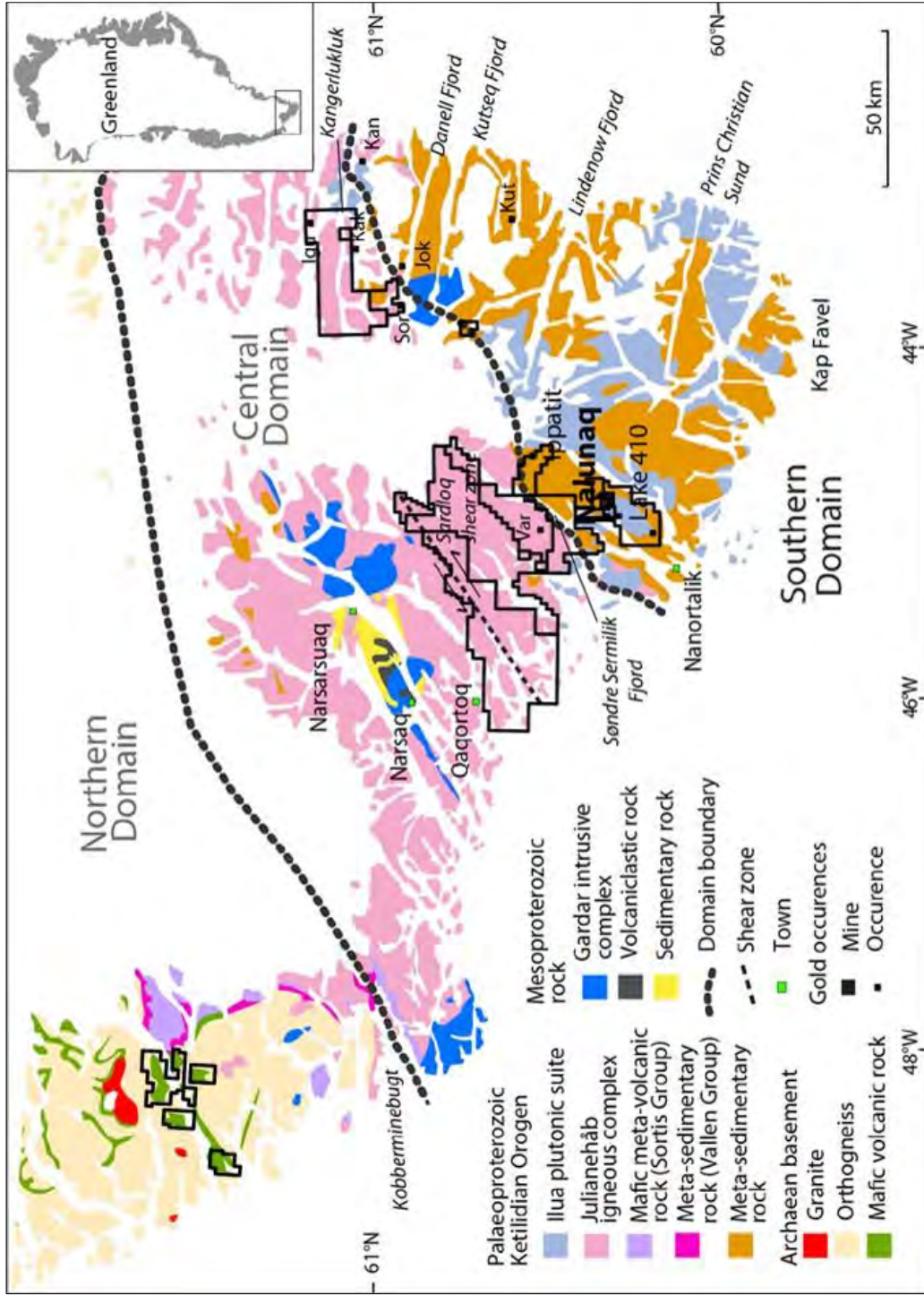


Figure 4-2: Simplified geological map of South Greenland, highlighting the major tectonic divisions of the Ketilidian Orogen and gold occurrences and AEX assets in black (modified from Bell, 2016)

Abbreviated gold occurrence names are: Igu - Igutsait, Jok - Jokum's Shear, Kan - Kangerluk, Kak - Kangerluluk, Kut - Kutseq, Sor - Sorte Nunatak, Var - Vagar, modified from Garde et al. (2002), Stendal and Frei (2000), Schlatter and Hughes (2014), and Steenfelt et al. (2016)

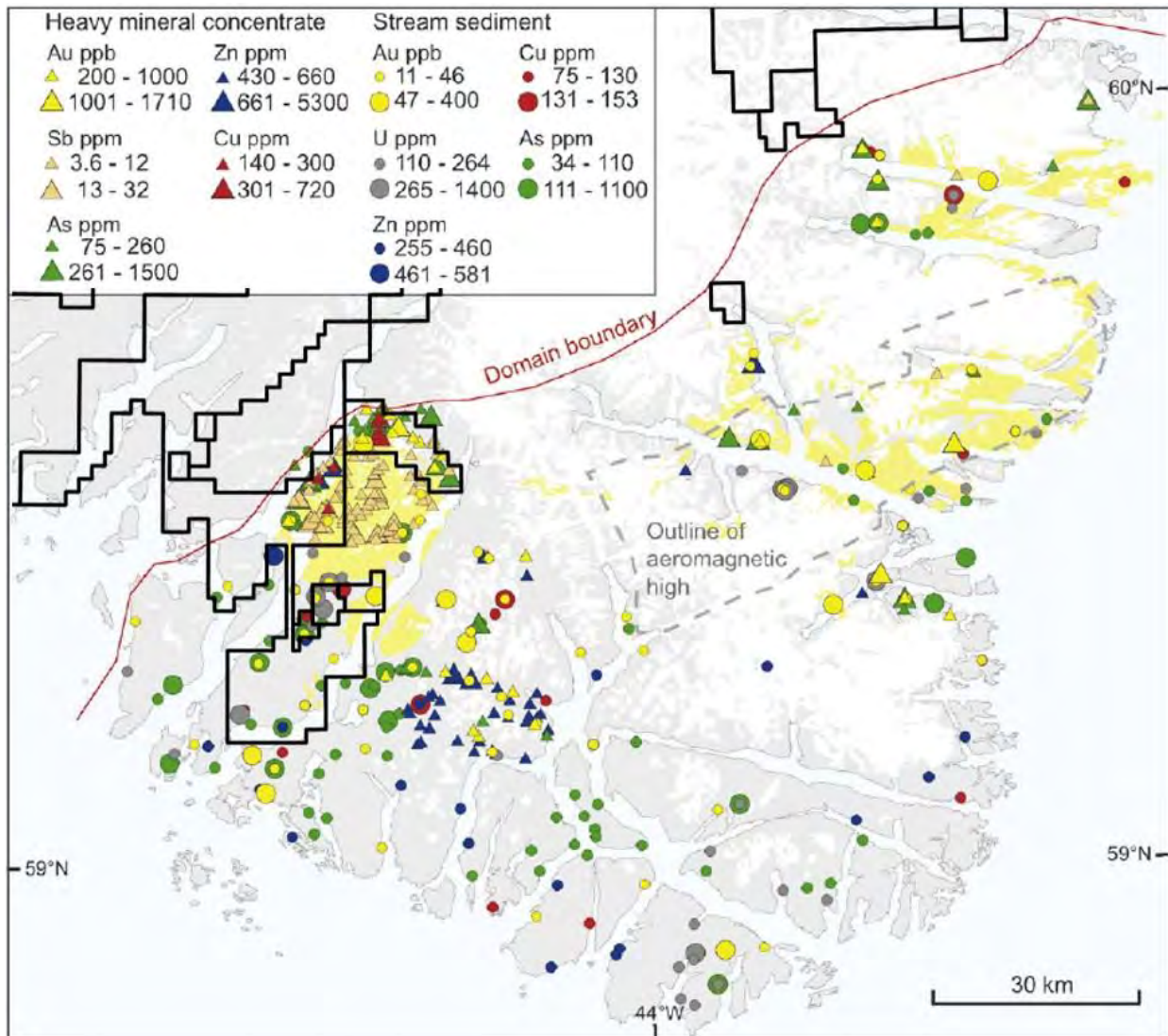


Figure 4-3: Stream sediment (<0.1 mm fraction) and heavy mineral concentrate anomalies in South Greenland, showing AEX assets in black (modified from Steenfelt et al., 2016)

Anomalies defined as values above the 95th percentile of the frequency distributions of data for entire South Greenland; large symbols are above the 99th percentile. Yellow shading shows areas of greenschist to amphibolite meta-arkose rocks

4.2 Deposit Model

Gold mineralisation at Nalunaq is hosted in an amphibolite-granite sequence and can be classified as a narrow-vein orogenic lode-gold type system. It displays typical features, being:

- Dominated by quartz veining generally less than 1 m in thickness
- Structurally controlled and related to brittle-ductile deformation
- Associated with wall rock hydrothermal alteration that shows symmetry in the hanging wall and footwall
- Having formed at a temperature of between 300-600°C and a depth of about 10 km based on fluid inclusion studies by Kaltoft et al. (2000)
- Dominated by coarse, often visible gold with a nuggety grade distribution.

Orogenic gold deposits form over a broad range of crustal depths, both above and below the brittle-ductile transition. Gold is carried in metamorphic fluids generated by devolatilization of rocks during prograde greenschist and amphibolite facies metamorphism (Goldfarb and Groves, 2015). Nalunaq is classed as a hypozonal orogenic gold deposit (Figure 4-4). The term “orogenic gold” is used in the literature to describe a wide variety of deposits, many of which involve magmatic as well as metamorphic fluids. It is increasingly recognised that the mixing of metamorphic and magmatic fluids may be an important process in the formation of many deposits, particularly those that show evidence for more than one mineralising event (Yardley and Cleverley, 2013). The influence of magmatic fluids might explain the high salinity of fluid inclusions at Nalunaq.

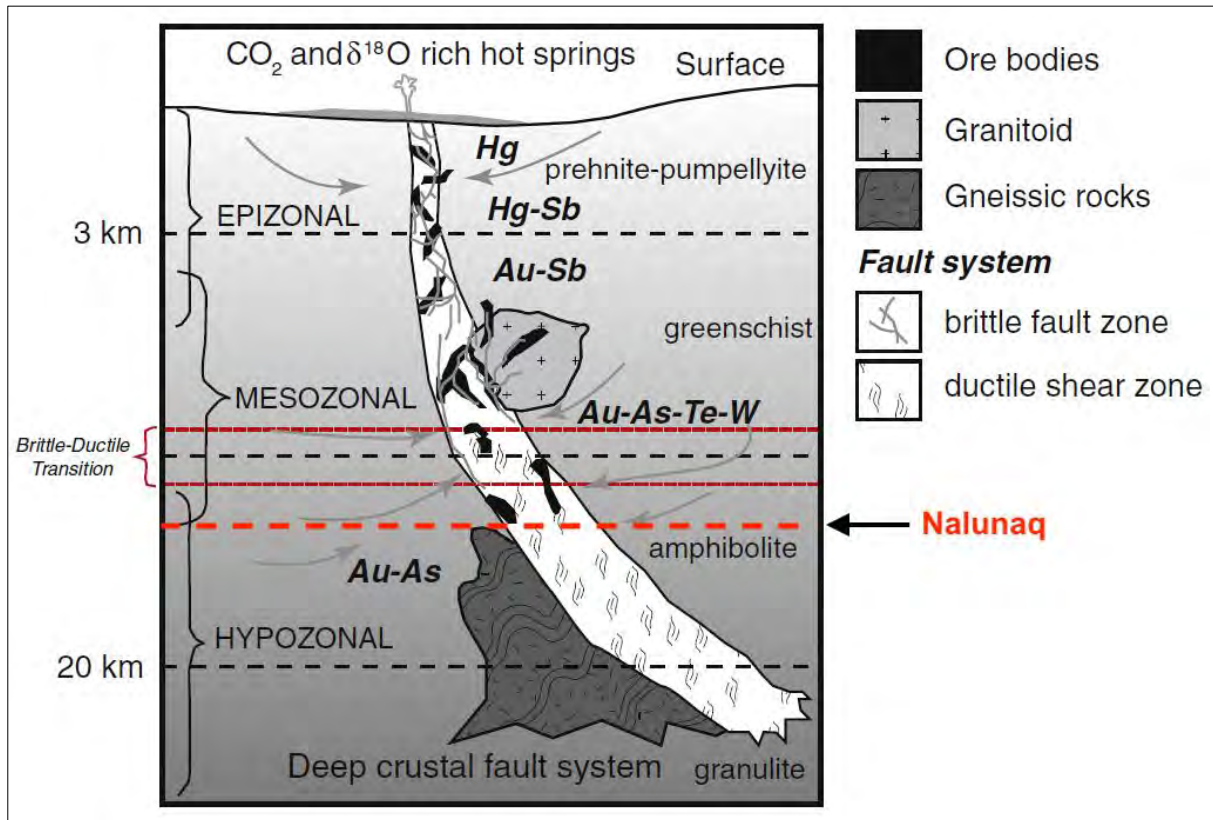


Figure 4-4: Classification of orogenic gold deposits, showing Nalunaq’s classification as a hypozonal orogenic gold deposit (modified from Goldfarb and Groves, 2015)

The age of gold mineralisation at Nalunaq has been estimated to be Paleoproterozoic, at 1.8 to 1.77 Ga (Stendal and Frei, 2000) This is a favourable age when compared to orogenic gold deposits worldwide (Figure 4-5).

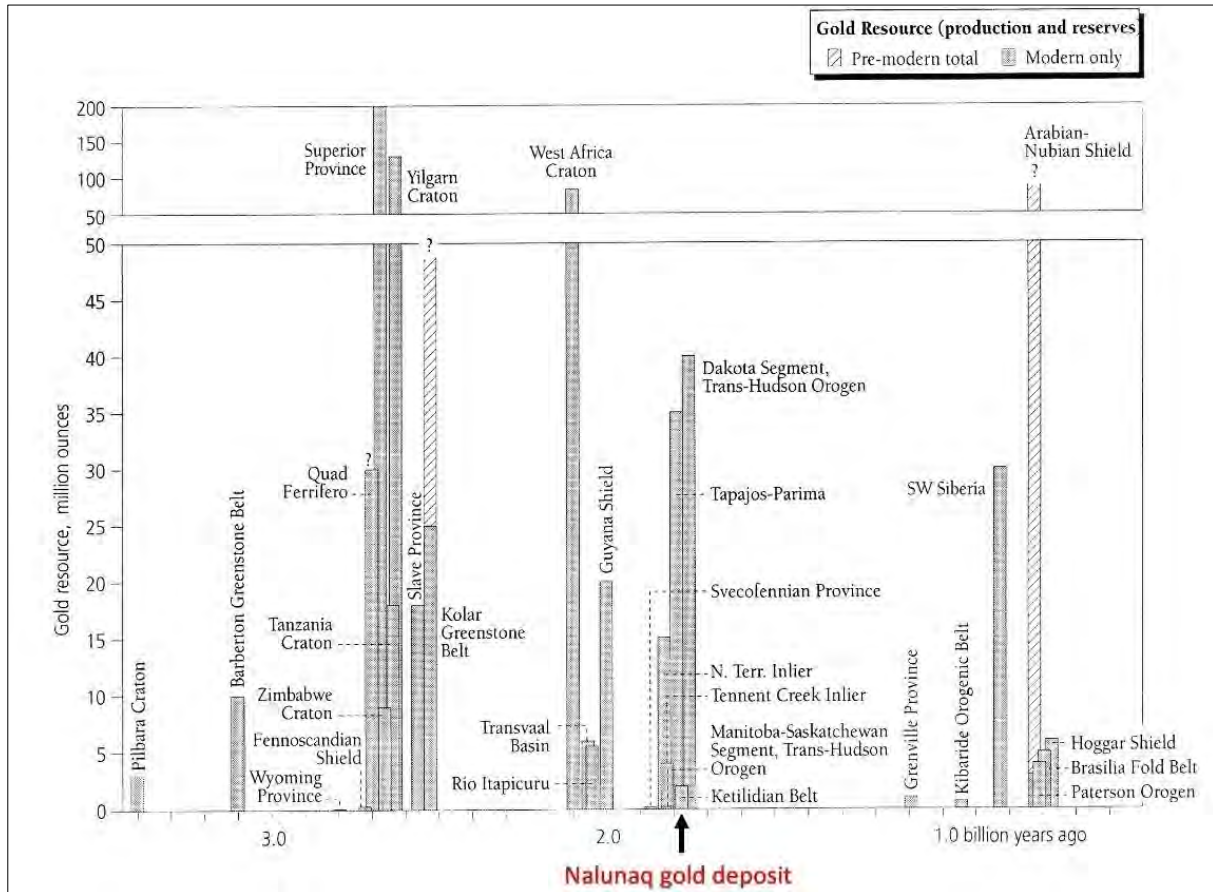


Figure 4-5: Gold production vs best approximation of grade showing how the Ketilidian orogeny and the Nalunaq gold deposit correspond (modified from Goldfarb et al., 2001)

Exploration targets within the Niaqornaarsuk Peninsula sub-areas are less understood but also thought to also be Palaeoproterozoic orogenic gold deposits, associated with the Ketilidian orogeny. Mineralisation is controlled by quartz dominated vein systems with low sulphide abundance (typically less than 2%) in high brittle-ductile strain zones within relatively undeformed granites (Julianehåb batholith), and at contact zones with subordinate mafic units (“amphibolites”). These structures are thought to represent large scale shearing as part of a regional compressional event.

5 NALUNAQ

5.1 Property Geology

The geology of the Nalunaq Mountain is dominated by a package of fine- to medium-grained tholeiitic basalt flows and locally coarser, sub-concordant doleritic sills, all metamorphosed to amphibolite facies. This package is part of the Nanortalik Nappe and has been thrust over arkosic metasediments. The sequence is intruded by granites of the Ilua suite and several generations of late aplite and pegmatite dykes. Figure 5-1 shows the geology of the Kirkespir Valley including Nalunaq. Figure 5-2 shows simplified stratigraphic columns for various locations in the area, highlighting the base of the Nanortalik Nappe.

The lowermost unit of the Nanortalik Nappe comprises silicified siltstone with abundant sulphides and intercalated graphitic beds. The overlying amphibolite package is divided into the lower-amphibolite (structural foot-wall (FW)) on the north-north face and the upper-amphibolite (structural hanging-wall (HW)) on the north face of Nalunaq mountain, separated by the Nalunaq thrust at the base of the massive-sulphide/chert formation. A basal thrust separates the lower amphibolite and

the meta-sediments, which lie unconformably below, but it has not been conclusively identified in outcrop and has likely been invaded by granite. Calc-silicate alteration is common in both the FW and the HW, present as elongated lenses and stringers of garnet-clinopyroxene and epidote. Strong pervasive epidote-carbonate alteration is associated with granite emplacement. The main mineralised zone at Nalunaq, termed the Main Vein (MV) has been associated with a weak biotite halo (Bell, 2016).

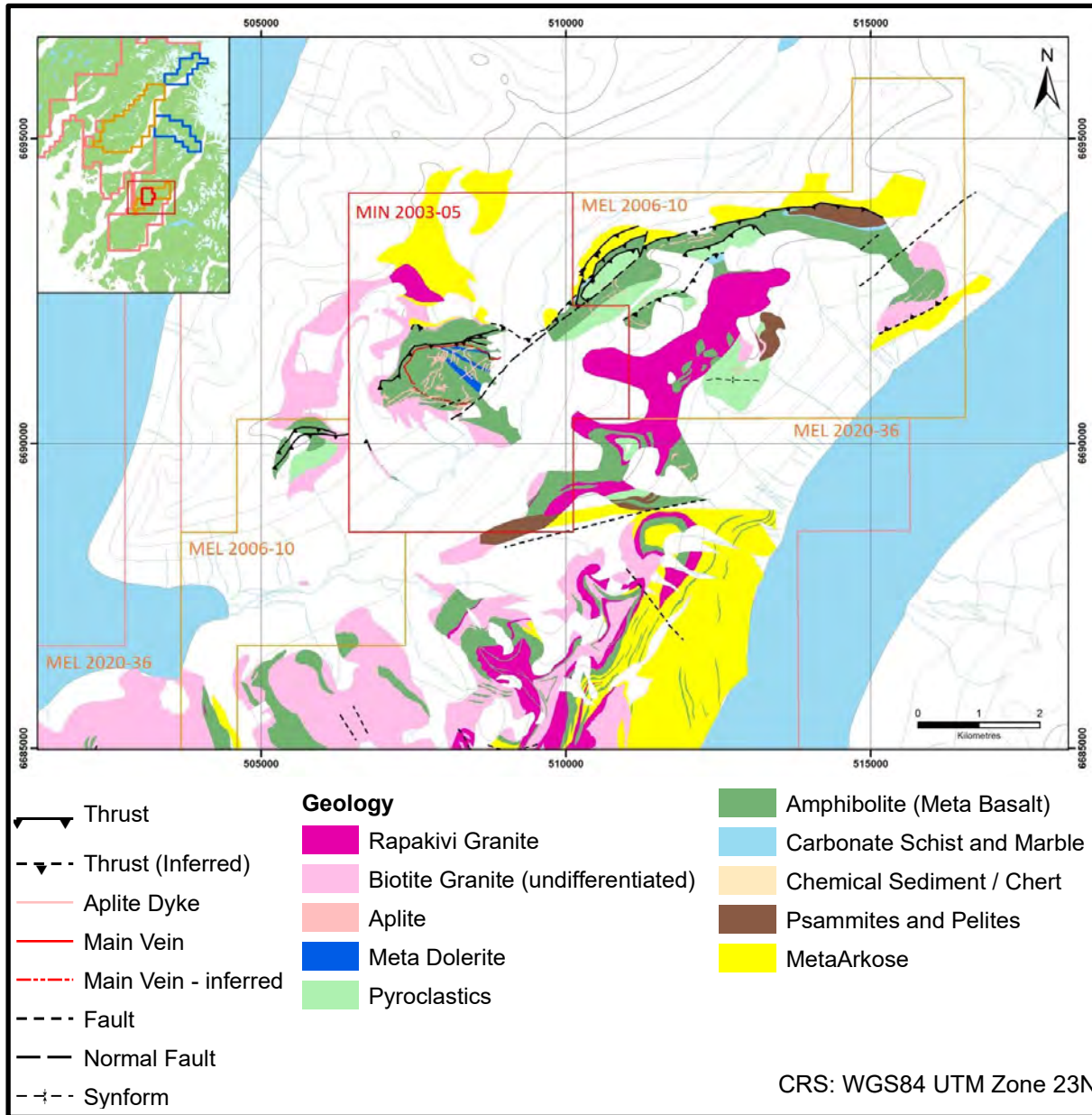


Figure 5-1: Geological map of the Kirkespir Valley including Nalunaq (MIN 2003-05) (AEX 2020, modified from Petersen, 1993)

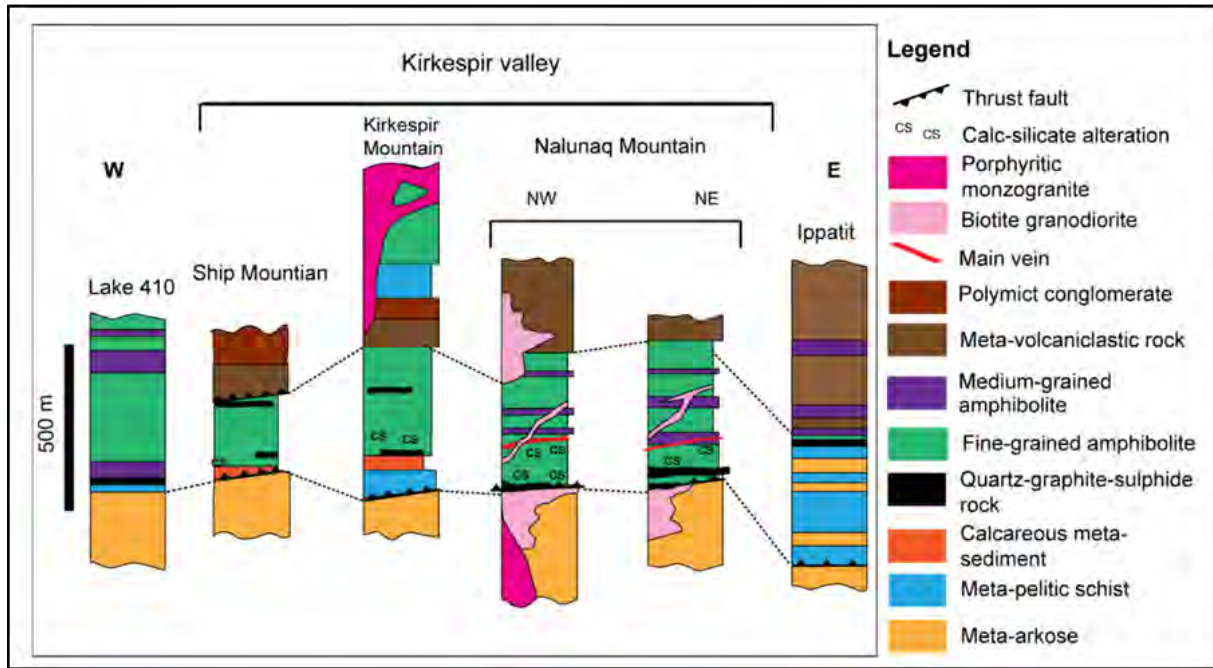


Figure 5-2: Schematic stratigraphic sequences for sections of the Nanortalik Nappe (Bell, 2016)

Lithological units below the thrust correlate throughout the area, marking the base of the Nappe (modified from Petersen, 1993 and Kaltoft et al., 2000)

5.2 Mineralisation

Multiple mineralised shear zones occur in the sequence. Of these, only the MV contains significant gold over widths that may be considered amenable to mining, averaging >15 g/t Au with occasional bonanza grades up to 5,240 g/t Au over 0.8 m. Gold occurs in sheeted quartz veins with associated calc-silicate alteration. The MV has a strike of approximately NE-SW and dips 35-40° to the SE, varying in thickness from 0.05 m to 2 m. The MV structure can be traced along the entirety of the north, north west, and part of the west face of Nalunaq Mountain (Figure 5-3).

Whilst the structure that hosts the MV shows continuity over thousands of metres, the local veining is more variable and shows marked pinching, swelling, and splitting—with the vein sometimes reducing in width from tens of centimetres to nothing over a few metres. The typical appearance of MV outcropping in the area of the mine is shown in Figure 5-4 with Figure 5-5 showing the typical appearance of MV in drill core from South Block. Where veining pinches out, the hosting structure can still be seen in the form of a hydrothermal alteration zone. In some areas the MV is cut or invaded by aplite dykes, causing dilution. Exposures of MV underground show evidence of both compressive and extensional post-mineralisation deformation, with tectonic thickening and thinning.

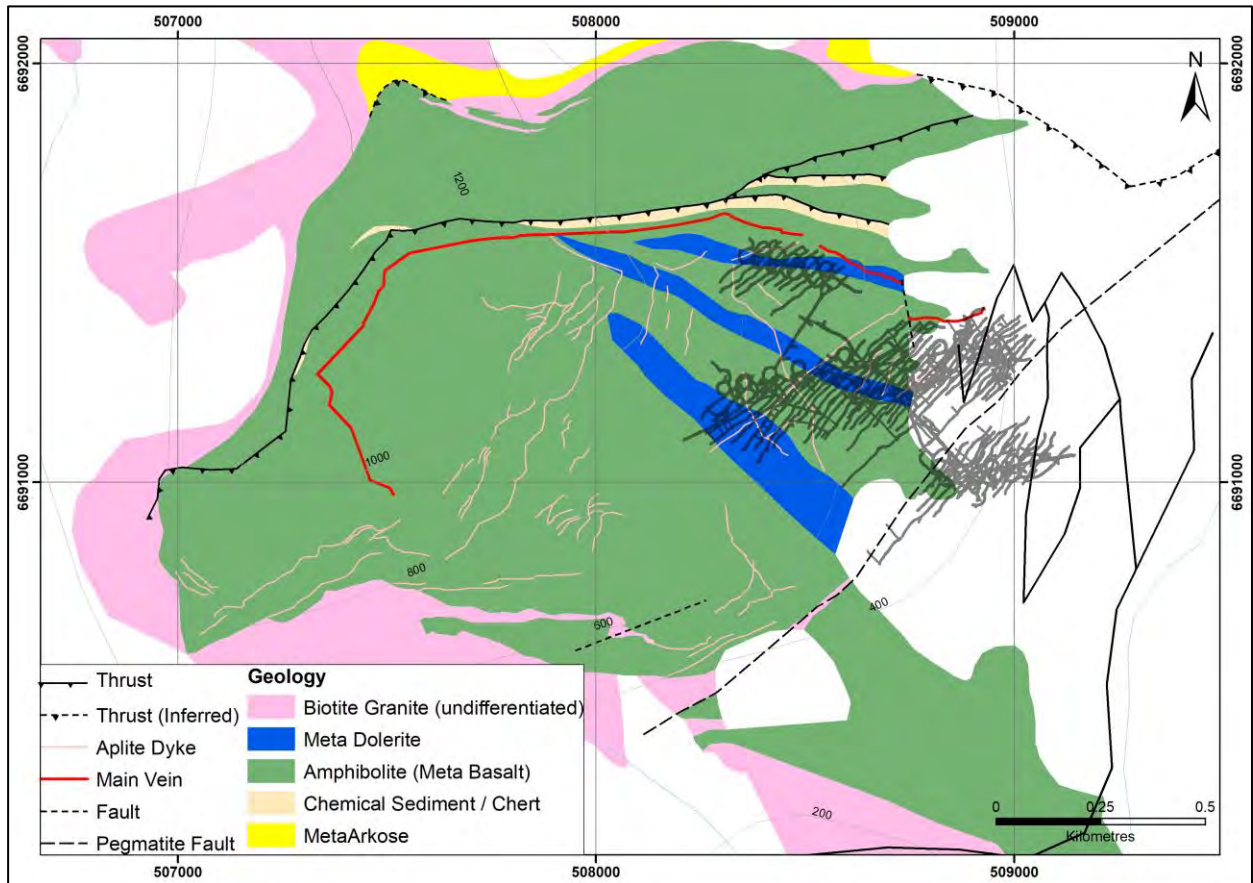


Figure 5-3: Geological map of Nalunaq Mountain showing the outcrop of MV (AEX, 2020 modified from Peterson, 1993)



Figure 5-4: Main Vein outcrop on the north face of Nalunaq Mountain at ~610 m elevation (AEX, 2018)



Figure 5-5: Quartz vein containing visible gold interpreted to be MV from drill hole AEX1710 at 147.23 - 147.44 m (AEX, 2017)

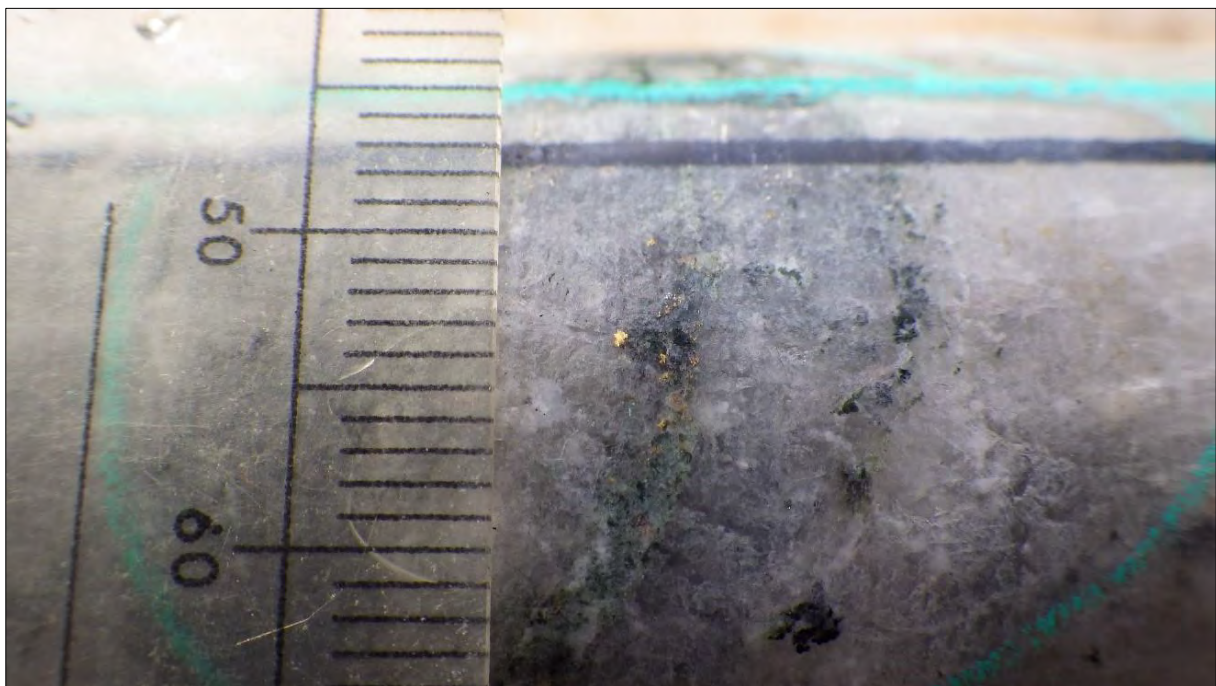


Figure 5-6: Gold within quartz veining from AEX Nalunaq drill core, AEX1710 ~147.35 m (AEX, 2017)

The Hanging Wall Vein (HWV) vein is situated stratigraphically above the MV, within the hanging wall sequence. It is less continuous, thinner, and lower grade than MV, with a thickness up to a few tens of centimetres and consists of a quartz vein, sometimes with visible gold. It pinches out along strike and may only be represented by thin seams of calc-silicate alteration and silicification in the volcanic rocks. It is possible that it represents a splay off the MV (Schlatter and Olsen, 2011). SRK ES has not observed this structure underground but noted its presence above the MV on the west face of the mountain.

5.2.1 Structure

The Nalunaq deposit is hosted within a moderately dipping quartz vein accommodated with a thrust zone that has likely experienced multiphase deformation. This structure exhibits subtle changes in gradient that may be related to the high-grade plunging features. The deposit has been crosscut by multiple post mineralisation faults with variable degrees of displacement from a few centimetres to hundreds of meters. Many of these faults have been invaded by microgranite/aplitic dykes. Most have a normal sense of movement, however some, like “Your Fault”, have a reverse sense.

Historically the Nalunaq deposit has been divided into three main blocks. These blocks are dissected by post-mineralisation faulting and are named from southeast to northwest; South Block, Target Block, and Mountain Block. The most significant fault is called the Pegmatite Fault which trends NE/SW and separates the South Block and the Target Block. Normal fault movement on this caused about 80 m of vertical offset of the South Block relative to the Target Block, and it also exhibits dextral displacement (Figure 5-7). This is well exposed at surface and intruded by a 30 m thick aplite dyke. Recent drilling by AEX down dip of South Block indicates the presence of another significant fault occurring at the footwall contact of a granitic dyke displacing MV vertically by ~20 m and dextrally by ~100 m.

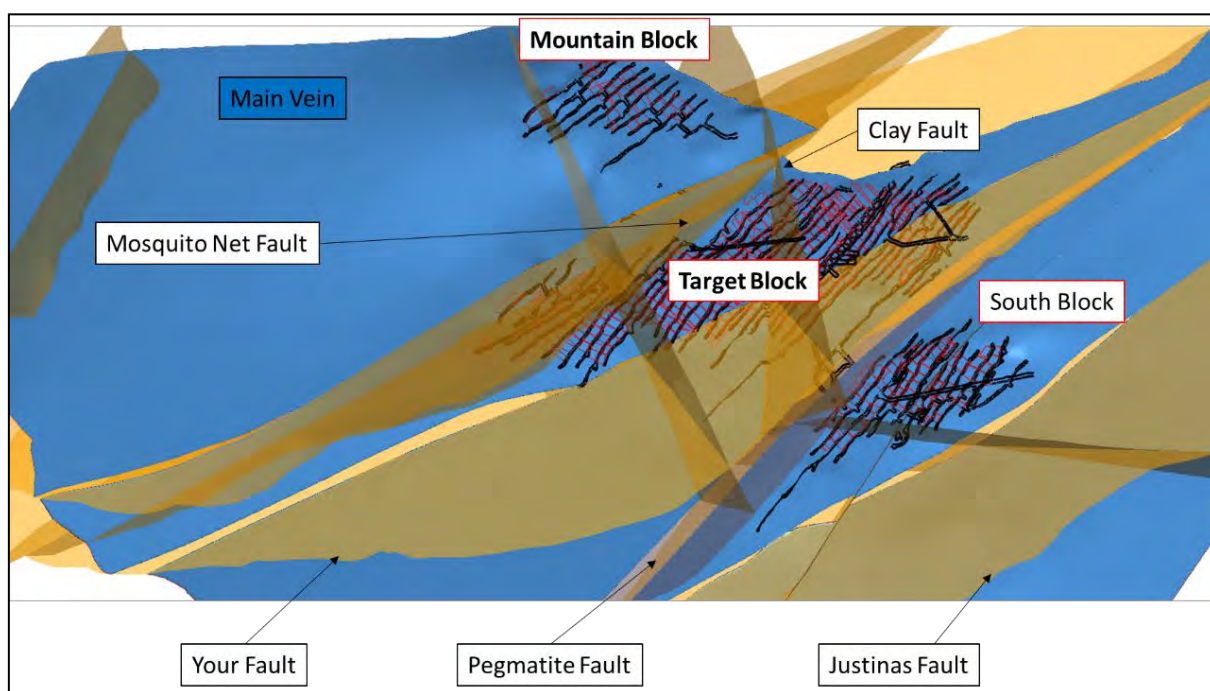


Figure 5-7: Leapfrog 3D model showing MV (blue) cut by multiple faults (orange) (AEX, 2018)

5.3 Project History

The following section has been summarised from the previous NI 43-101 report written by SRK ES (SRK ES, 2016) and details the work carried out by previous holders of the Nalunaq Project.

Gold was first reported in the area in 1986 when it was discovered in alluvial settings. However, it is thought that the Vikings, who once had settlements throughout South Greenland, were aware of gold within the area. Alluvial gold occurrences lead to exploration being focused in the Kirkspirdalen Valley within an exploration licence granted to NunaOil A/S, eventually leading to the discovery of the quartz-gold vein at Nalunaq in 1992 (Figure 5-8). Further exploration confirmed the presence of a coherent mineralised structure hosting high grade, sometimes bonanza grade, gold. A mining licence (MIN 2003-05) was granted to Crew Gold Corporation in 2003, who undertook mining from 2004 until 2009 with processing carried out in Spain and later Newfoundland. The project was then acquired by Angel Mining PLC who operated until closure in

2013, processing ore at an underground cyanide plant on site. In total, around 367,130 oz of gold was produced, 352,307 oz being from Crew Gold’s operation.

During 2014 the ownership of the exploitation licence was formally transferred from Angel Mining to FBC although it remained in the name of Angel Mining (Gold) A/S. FBC Mining entered a Joint Venture agreement with ARC which was approved by the Government of Greenland and signed on 17th July 2015, and the licence is now held in the name of a Greenlandic joint venture company, Nalunaq A/S, which is a wholly owned subsidiary of AEX.



Figure 5-8: The “discovery outcrop” of MV close to the 400 Level Portal (SRK ES, 2016)

5.3.1 Historical Exploration

The exploration work carried out is summarised in Table 5-1.

Table 5-1: Summary of exploration history of Nalunaq Project (1992-2008)

Year	Operator	Work Undertaken
1992	NunaOil A/S	Exploration lead to the discovery of visible gold in quartz vein (MV)
1996-2006	NunaOil (until 1997) Crew Development Corporation (until 2006)	172 surface holes drilled totalling 30,478 m.
1998	NunaOil joint venture with Mindex A/S	Underground exploration with the driving of 400L exploration level. This level was extended in 2000 along with the driving of the 350 and 450 levels. Exploration activities carried out from these levels included channel sampling and collection of bulk samples totalling 21,300 tonnes.
1999	Crew Gold Corporation	Surface channel sampling was undertaken at 1 m intervals on the exposed Main Vein between elevations of 468 m to 775 m. Mineral Resource Development International (MRDI) produced a Pre-Feasibility Study in 1999 based on the surface and underground exploration data. This was positive and defined a resource of 425,000 oz gold in material with an average grade of 32 g/t gold (diluted to 1 m).
2002	Crew Gold Corporation	Kvaerner completed a Feasibility Study for mining operations at Nalunaq
2004	Crew Gold Corporation	Mining Operations began
2004-2008	Crew Gold Corporation	Underground development and exploration drilling. The total amount completed was 237 drillholes for 5,572 m.

Underground continuous chip sampling was undertaken throughout exploration and mine development. This totalled 2,041 samples taken in exploration adits and raises, and 5,478 samples from development workings and all were assayed for gold.

The Geological Survey of Denmark and Greenland (GEUS) has provided SRK ES with a database for all sampling at Nalunaq for the period 1993 to 2008. This dataset is described in more detail by Schlatter and Olsen (2011), and its contents are summarised in Table 5-2. The distribution of historical surface sampling and diamond drilling is shown in Figure 5-9.

Table 5-2: Summary of samples from exploration and development at Nalunaq which have gold assays assigned to them as of 2011 (from Schlatter and Olsen, 2011)

Type of Sample	Number of samples with gold assays
Drillcore from surface drillholes	7,164
Surface rock samples	458
Drillcore from underground drillholes	723
Underground exploration chip samples	2,041
Underground development chip samples	5,478
Miscellaneous samples (not from Main Vein)	104
Total samples	15,968

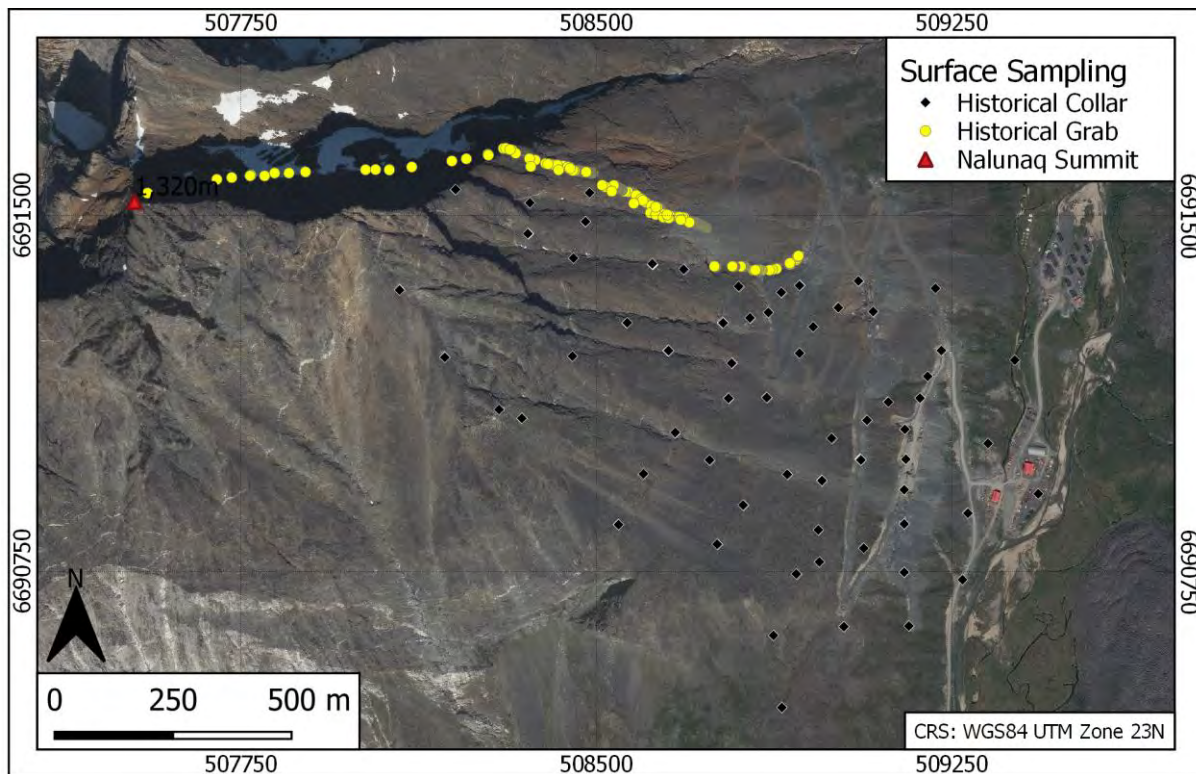


Figure 5-9: Locations of historical surface exploration sampling and surface diamond drilling pads

5.3.2 Historical MRE

The Mineral Resources declared by previous operators, particularly those prior to mining operations, have largely been mined out. They are however described here to illustrate the order of magnitude of resources that were identified by the early stages of operations in the lower north-eastern parts of the mountain.

Table 5-3 is the SRK 2002 Mineral Resource estimate used in the 2002 Feasibility Study by Kvaerner. See SRK ES NI 43-101 report (SRK ES, 2016) for the full history of the resource estimates for the project.

Table 5-3: Summary of the SRK 2002 Mineral Resource Estimate, reported at a zero cut-off grade and at various minimum stoping widths (Kvaerner, 2002)

Measured & Indicated Mineral Resources	Over 1.0 m		Over 1.2 m		Over 1.5 m		Ounces Gold
	Tonnes	g/t gold	Tonnes	g/t gold	Tonnes	g/t gold	
Main Vein*	352,100	30.3	414,200	25.8	508,300	20.9	343,700
South Vein	58,000	28.3	69,700	23.6	88,300	18.7	52,900
Total	410,100	30	483,900	25.5	596,600	20.6	396,600

**including stockpiles*

Inferred Mineral Resources	Over 1.0 m		Over 1.2 m		Over 1.5 m		Ounces Gold
	Tonnes	g/t gold	Tonnes	g/t gold	Tonnes	g/t gold	
Main Vein	200,000	24.7	240,100	20.6	326,000	15.9	159,100
South Vein	34,000	22.4	41,200	18.7	52,000	14.8	24,800
Total	234,000	24.4	281,300	20.3	378,000	15.7	183,900

Note: This is the pre-mining Mineral Resource Estimate, not the current estimate

5.4 Historical Production

5.4.1 Crew Gold Corporation

The Greenlandic and Danish Governments granted the Nalunaq Exploitation Licence to Crew Gold in April 2003 for 30 years. Crew Gold commenced mining in 2004 and owned and operated the gold mine until July 2009. No processing was carried out on site during their tenure, instead broken ore was shipped to Spain and later Newfoundland for processing.

In total, 352,307 oz of gold were produced by Crew Gold from 654,755 t of milled ore at an average production cost of USD 530/oz gold.

All underground mining activities ceased by 28 February 2009 and Nalunaq was placed on care and maintenance. Crew Gold sold the mine and all associated infrastructure to Angus & Ross Plc. (which became Angel Mining) in early July 2009 for US\$ 1.5 million.

5.4.2 Angel Mining (Gold) A/S

After acquisition of the Nalunaq Gold Mine assets, the mining permit was transferred to Angel Mining A/S in September 2009. A subsidiary of Angel Mining PLC, Arctic Mining Ltd., carried out all mining operations and installed an underground processing plant in the mine at the 300 Level.

Due to financial difficulties, Angel Mining PLC went into administration on 27 February 2013, and Stephen Cork and Andrew Beckingham of Cork Gully LLP (52 Brook Street, London, W1K 5DS) were appointed Joint Administrators. The Administrators took the decision to keep the mine in production. During this period Arctic Mining continued mine operations.

The closure of Nalunaq was announced in October 2013 and by 15 November 2013 all mining staff had left and remediation by a local construction company began. All mining equipment and surface infrastructure, including the camp and the port facility (apart from the jetty) were removed or destroyed. The underground processing plant was left in place, and the mine portals were closed with waste rock.

In total, 14,823 oz Au of gold were produced by Arctic Mining from Nalunaq.

5.5 AEX Exploration

The following sections describe exploration completed by AEX since 2015 which has resulted in, amongst other things, confirmation of mineralisation over larger areas than previously demonstrated, and significant new structural interpretations.

5.5.1 Mapping

Surface Mapping

Minor amounts of surface mapping were undertaken during the 2017 and 2018 field seasons. The focus of this work was to better define the contact between the granite and the amphibolite in the southern part of Nalunaq Mountain. MV is hosted within the amphibolites which are cut by the later granite. The contact between these units forms a boundary to the potentially prospective area for MV in this part of the licence. On the upper slopes of Nalunaq Mountain there is very little regolith cover with the contact clearly visible in the satellite imagery and in the field. At lower levels, this contact is obscured by scree and glacial cover. The contact was found in three locations on the lower southern flank of Nalunaq Mountain (Figure 5-10). At each location a dip and strike of the contact and brief geological description was taken.

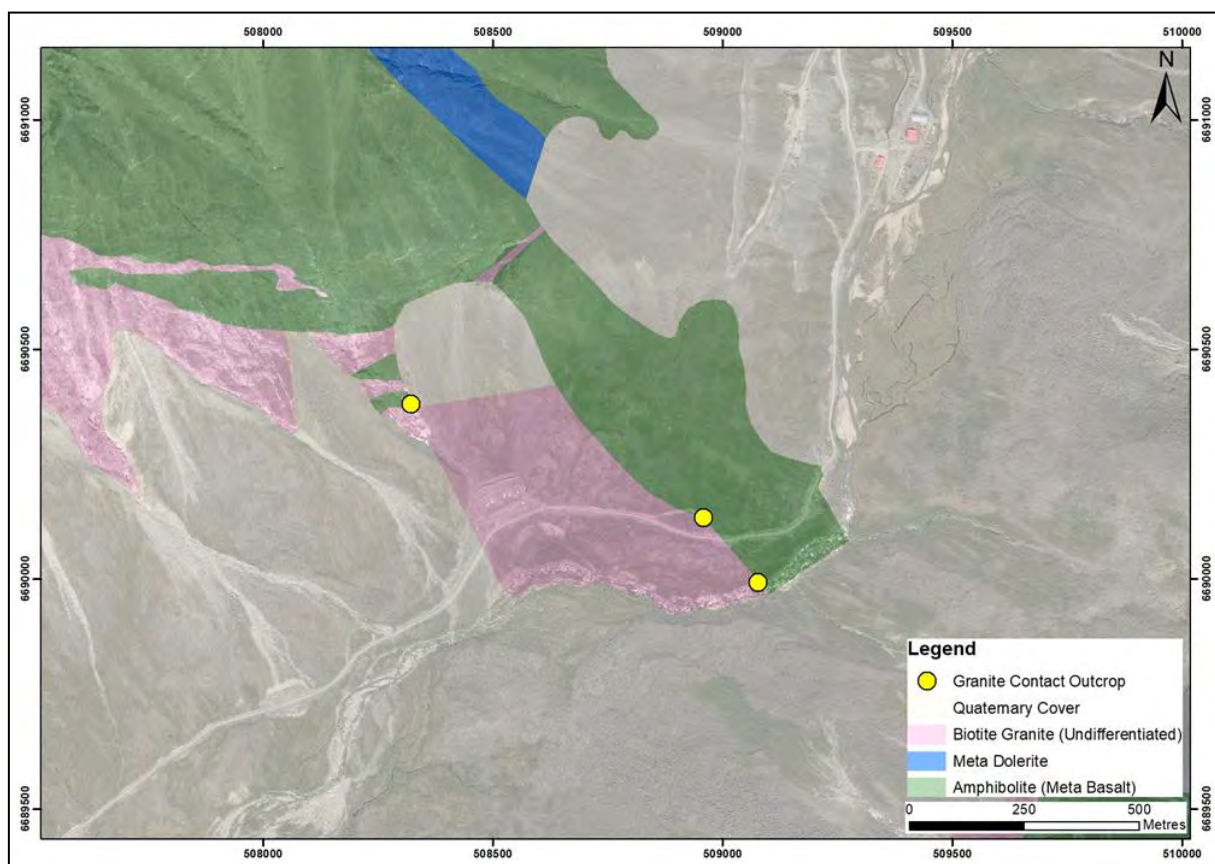


Figure 5-10: Geological map showing granite–amphibolite contact observation points (AEX, 2018, modified from Petersen, 1993)

Drone Assisted Mapping

During the 2018 field season, AEX had access to a drone with a high-resolution HD video camera. During down time in the drill programme this was used to take images and video of the inaccessible parts of Nalunaq Mountain. This allowed the identification of several new possible faults high up the mountain. These have been included within the AEX working model as “Wills” and “Bens” faults. It also gave very good images of the Nalunaq Thrust (Figure 5-11).

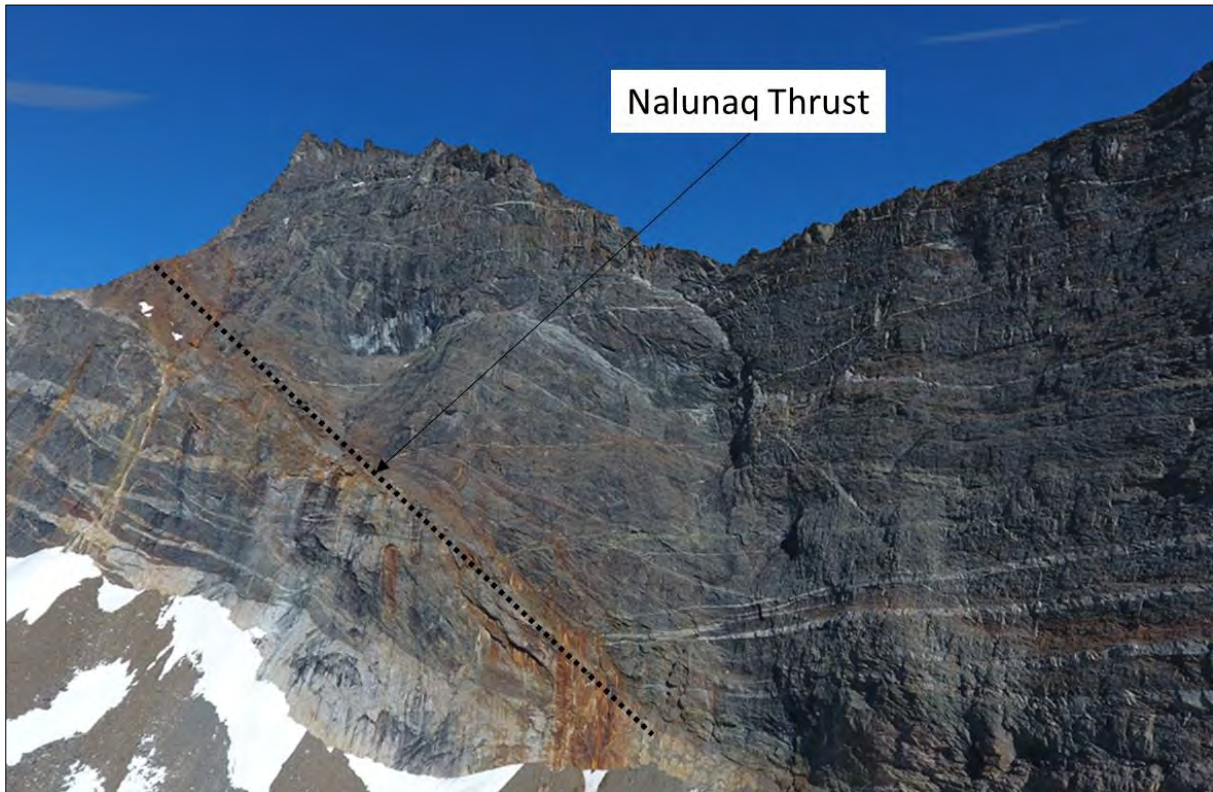


Figure 5-11: Drone image of the Nalunaq Thrust viewed on the west face of Nalunaq Mountain (AEX, 2018)

It is hoped in future seasons to inspect the outcrop of MV and look for extensions on the south west face of Nalunaq.

5.5.2 Mountain Rock Chip Sampling

SW Face

The MV outcropping on the NE and N sides of the mountain has been known and tested historically, with sampling stopping near the summit of the mountain. Continuity of the MV structure on the W and SW flanks of the mountain had never been tested by any sampling or mapping programmes, primarily due to the difficulty of accessing these areas. However, since 2015, three phases of mountain rock-chip sampling programmes have been undertaken by the Company—in 2015, 2016, and 2017—to test if the MV is continuous through the mountain (Figure 5-12). These sampling programmes were undertaken by mountaineers, accessing the areas by helicopter and rope whilst being in communication with and monitored by geologist spotters. The use of rock saws in this environment was not possible and all the samples were collected as rock chip grabs, with sample weights typically between 1-3 kg. The samples targeted quartz veins where the width of the vein was recorded, along with other basic geological descriptions and a photo of each sample site.

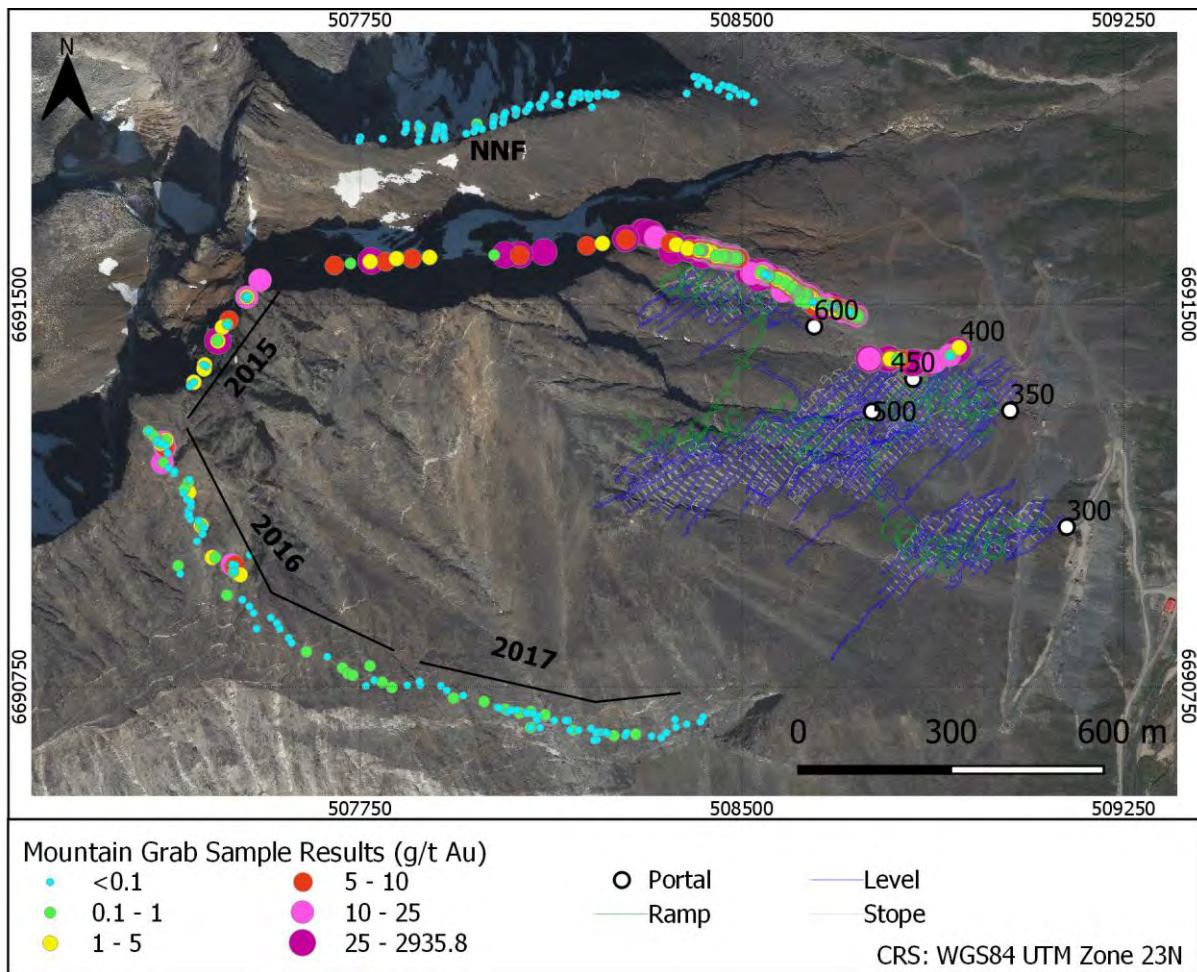


Figure 5-12: Surface grab sampling at Nalunaq

The results from these programmes show that the MV crops out and is mineralised on the W and SW faces of Nalunaq mountain. The samples lower down the SW face are less encouraging. A reassessment of the structural model suggests that the sampling team lost the MV structure, which may have been faulted off, and were most likely following a hanging wall vein.

N-N Face

The North-North face of Nalunaq Mountain represents a lower thrust block of amphibolite separated from the rest of the Nalunaq amphibolite package by the Nalunaq Thrust. MV occurs within the upper thrust block above the Nalunaq Thrust. A surface sampling programme undertaken in 2017 aimed to identify other potential gold bearing veins and structures similar to the MV within the lower thrust block.

Prior to sampling, the face was inspected by a geologist from a helicopter. Mountaineers then descended the face sampling the targets identified by the geologist. The focus of the sampling was a series of sub-horizontal quartz veins. Due to the steepness of the terrain the face was traversed using a series of vertical sampling lines. It wasn't possible to traverse horizontally along any of the veins encountered. It was hoped any significant mineralisation encountered would be traceable between sampling lines.

The sampling has identified the presence of gold mineralisation in quartz veins. The results from this sampling however were poor, with only eight of the 99 samples reporting grades above detection, with the highest grade of 0.34 g/t Au. The sample spacing is also insufficient to assess the continuity of the mineralisation encountered.

5.5.3 Exploration Drilling

AEX have drilled a total of 41 diamond drill holes at the Nalunaq Licence totalling 7,891 m from 2017 to the date of this report. The purpose of all of the drilling at Nalunaq was to intersect the extensions of the Main Vein (MV) of Nalunaq Mine. In 2017 the first seven holes were sighted to test for extensions of MV between 350 and 500 m away from its known location. The other seven holes in 2017 and all the holes in 2018 & 2019 were focused much closer to the old workings. These were primarily aimed at infilling between historic drill holes and testing for near mine extensions of the mineralisation.

Table 5-4: AEX exploration drilling summary

Programme	Hole #	BTW (m)	NQ (m)	Total (m)
2017	14	2444.94		2444.94
2018	18	1065.9	2765.8	3831.7
2019	9		1614.69	1614.69
Total	41	3510.84	4380.49	7891.33

Cartwright Drilling from Goosebay, Canada was contracted to drill in 2017 and 2018. They mobilised one CDI 500 helicopter (heli) portable wireline diamond drill rig in 2017 and two in 2018. During 2017, seven heli supported holes were drilled on Nalunaq mountain totalling 895.74 m (Figure 5-13). For all remaining holes drilled, the rig was skid mounted with holes collared on the old Nalunaq mine road. In 2019 three holes were drilled with a Helios wireline diamond drill rig mobilised from Nuuk by Xploration Services Greenland A/S. All remaining holes were drilled with a Silver Bear A5 1,300 m N wireline diamond drill rig mobilised from Nuuk by MT Højgaard A/S.

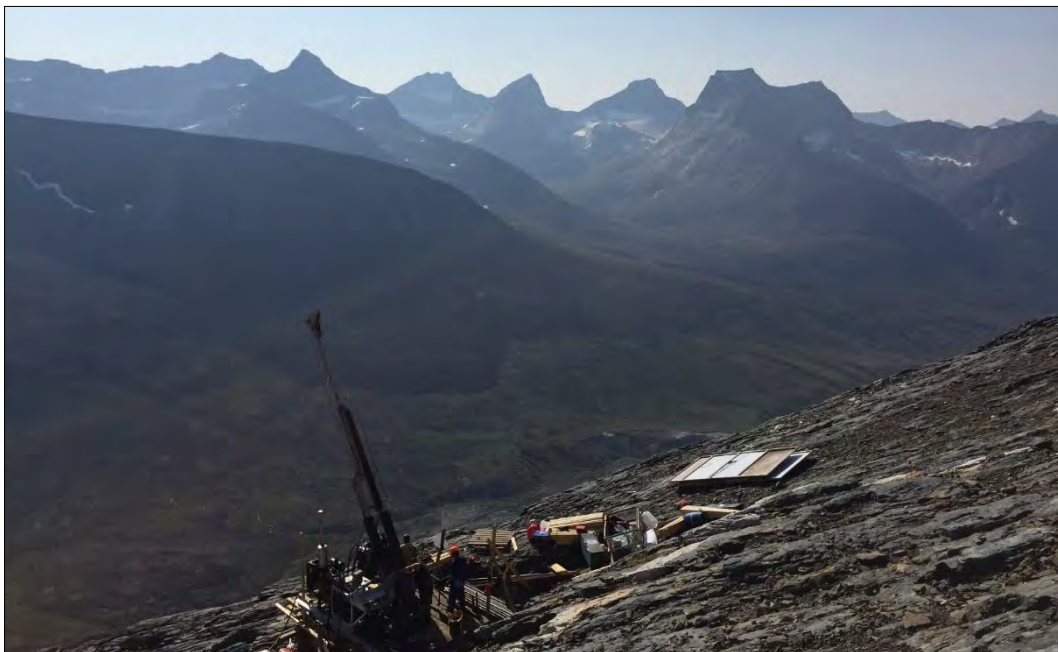


Figure 5-13: Drill rig on heli supported drill pad on Nalunaq Mountain in 2017 (AEX, 2018)



Figure 5-14: Skid-mounted rig drilling from the Nalunaq Mine road in 2017 (AEX, 2018)

Holes were sighted using a Garmin 64S handheld GPS and aligned using standard compass clinometers, adjusted for regional magnetic declination by AEX geologists prior to commencing drilling. Once drilling was complete, collar locations were picked up using handheld GPS units. Downhole surveys were conducted using a Reflex EZ Trac magnetic survey tool at 15 m intervals. Although, due to downhole issues, five do not have downhole surveys and two holes have only partial surveys. During all years the core was orientated using a Reflex ACT core orientation tool.



Figure 5-15: Marking the bottom of hole line on drill core using the Reflex ACT tool in 2017 (AEX, 2017)

Table 5-5: Details of all holes drilled by AEX from 2017

Hole ID	Year	Azimuth	Dip	Depth	Easting (m)*	Northing (m)*	Elevation (m)
AEX1701	2017	315	-85	116.3	508752	6690313	228
AEX1702	2017	315	-60	137.9	508750	6690313	228
AEX1703	2017	315	-90	139.8	508063	6690782	663
AEX1704	2017	315	-60	132.8	508063	6690782	663
AEX1705	2017	315	-85	95.2	507912	6690983	830
AEX1706	2017	315	-60	92	507912	6690983	830
AEX1707	2017	315	-85	181.74	508210	6690997	814
AEX1708	2017	315	-85	125.5	509067	6691168	365
AEX1709	2017	315	-60	125.2	509067	6691168	365
AEX1710	2017	315	-85	203.3	509148	6690947	305
AEX1711	2017	315	-60	215.2	509148	6690947	305
AEX1712	2017	315	-60	179.2	509188	6691085	304
AEX1713	2017	315	-85	326.5	509237	6690576	284
AEX1714	2017	315	-60	374.3	509210	6690251	245
AEX1801	2018	310	-50	274.4	509279	6690772	231
AEX1802	2018	310	-85	257.4	509278	6690932	246
AEX1803	2018	310	50	220.8	509278	6690932	246
AEX1804	2018	310	-85	203.4	509154	6690886	306
AEX1805	2018	310	-83	175.7	509128	6690911	305
AEX1806	2018	310	-70	251.4	509289	6690809	238
AEX1807	2018	310	-55	222.5	509289	6690809	238
AEX1808	2018	310	-45	241.9	509289	6690809	238
AEX1809	2018	310	-55	163.6	509128	6690911	305
AEX1810	2018	310	-65	179.3	509128	6690911	305
AEX1811	2018	310	-50	245.15	509260	6690740	237
AEX1812	2018	310	-70	194.3	509100	6690837	309
AEX1813	2018	310	-85	248.65	509129	6690811	296
AEX1814	2018	310	-55	182	509100	6690837	309
AEX1815	2018	310	-58	131.2	509070	6690771	312
AEX1816	2018	310	-72.5	206.6	509129	6690811	296
AEX1817	2018	310	-58	218.2	509070	6690771	312
AEX1818	2018	310	-70	215.2	509070	6690771	312
AEX1901	2019	310	-65	136.43	509162	6691025	303
AEX1902	2019	300	-80	152.58	509187	6691082	300
AEX1903	2019	310	-65	131.38	509248	6691110	268
AEX1904	2019	310	-70	116.4	509444	6691087	234
AEX1905	2019	310	-85	275.57	509444	6691087	234
AEX1906	2019	310	-65	215.61	509444	6691087	234
AEX1907	2019	310	-85	233.65	509522	6691362	240
AEX1908	2019	310	-60	215.5	509522	6691362	240
AEX1909	2019	310	-85	137.57	509413	6691190	221

*CRS: WGS84 UTM Zone 23N

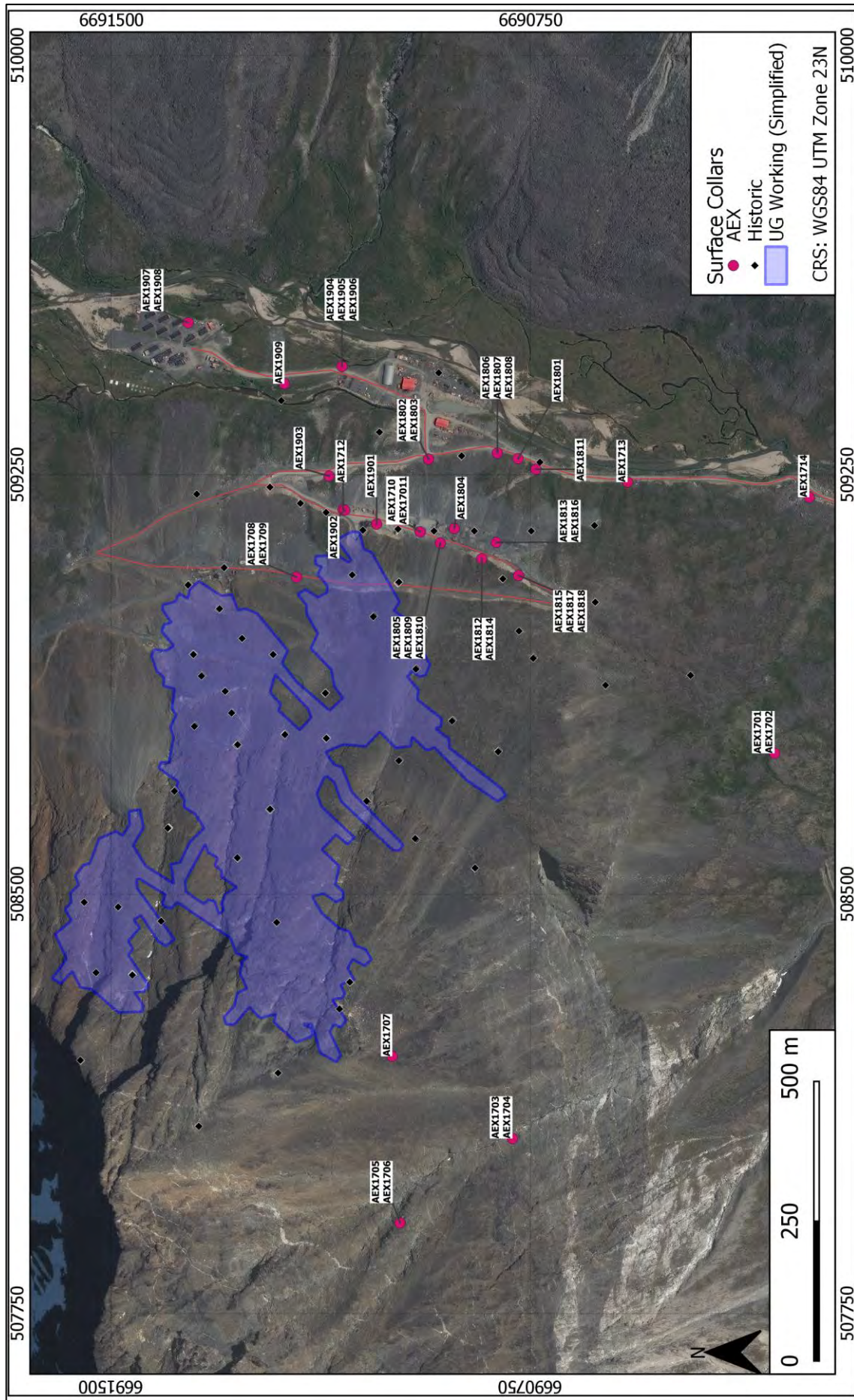


Figure 5-16: Map showing the locations of all AEX's diamond drilling at Nalunag

Core Logging and Sampling Procedures

SRK ES established AEX core logging and sampling procedures prior to the start of drilling in 2017. These same procedures were followed in subsequent programmes by AEX geologists with only minor changes. Core was removed from the inner tube by the drillers and placed in wooden core trays marked with the drillhole ID and tray number along with the start and end of each tray. Wooden depth markers were placed at the end of each drill run displaying the depth of the hole. During all field seasons AEX geologists regularly conducted depth checks at the rig when the rods were pulled to ensure the depths were accurate. Core was transported to the logging area by the drillers and handed over to the geologists at the end of each shift.

A covered core logging area was established at the AEX field camp. All core was laid out in the logging area on core racks then orientation lines and meter marks were drawn on the core. Any problems or discrepancies with the core were discussed with the drillers and corrected prior to logging commencing. A basic geotechnical log was undertaken recording TCR, RQD, SCR, IRS, and joint count on a run-by-run basis. The core was then logged with separate continuous logs for lithology, mineralisation, and alteration with a separate discrete log created for structural data. During the 2018 programme, a change was made to the way veining and mineralisation was logged with a separate log created for veining. During 2017 all logging was recorded onto paper and then manually entered into an Excel logging template designed by SRK ES.

	A	B	C	D	F	G	H	I	J	K
1	HoleID	Depth From (m)	Depth To (m)	Interval (m)	Lithology Colour	Lithology	Texture	Lithology Grainsize	Weathering	Contact Style
2	AEX1804	0.00	20.80	20.80	DGG	COV			OX	SHP
3	AEX1804	20.80	25.42	4.62	DGG	AMP	EQI	FG	TR	SHP
4	AEX1804	25.42	26.24	0.82	LG	GRU	EQI	MG	FS	SHP
5	AEX1804	26.24	40.82	14.58	DGG	AMP	EQI	FG	FS	SHP
6	AEX1804	40.82	41.33	0.51	WHT	PEG	POB	CG	FS	SHP
7	AEX1804	41.33	43.93	2.60	DGG	AMP	EQI	FG	FS	SHP
8	AEX1804	43.93	45.03	1.10	LG	GRU	EQI	MG	FS	SHP
9	AEX1804	45.03	52.81	7.78	DGG	AMP	MAS	FG	FS	SHP
10	AEX1804	52.81	53.40	0.59	LG	GRU	EQI	MG	FS	SHP
11	AEX1804	53.40	69.77	16.37	DGG	AMP	EQI	FG	FS	SHP
12	AEX1804	69.77	73.88	4.11	DGG	DOL	EQI	MG	FS	SHP
13	AEX1804	73.88	74.37	0.49	WHT	PEG	POP	PEG	FS	SHP
14	AEX1804	74.37	82.45	8.08	LG	GRU	EQI	MG	FS	FLT
15	AEX1804	82.45	83.50	1.05	DGG	FLZ		MG	TR	FLT

Figure 5-17: Example of the Excel logging sheet from AEX1804 (AEX, 2018)

From 2018, data was directly logged using electronic spreadsheets. All data relating to the borehole was recorded into the Excel log including all collar, survey, geological logging, and sampling data. Once the geological log had been completed, areas thought likely to contain gold mineralisation were identified by the supervising geologist and marked up for sampling. A minimum sample length of 0.5 m was used to ensure there was enough material for the scree fire assay method which requires 1 kg of sample. The maximum sample length used was 1.5 m with cut lines marked on the core 10 degrees off the orientation line. All core was photographed both dry and wet prior to sampling.



Figure 5-18: Core logging at Nalunaq in 2017 (AEX, 2017)

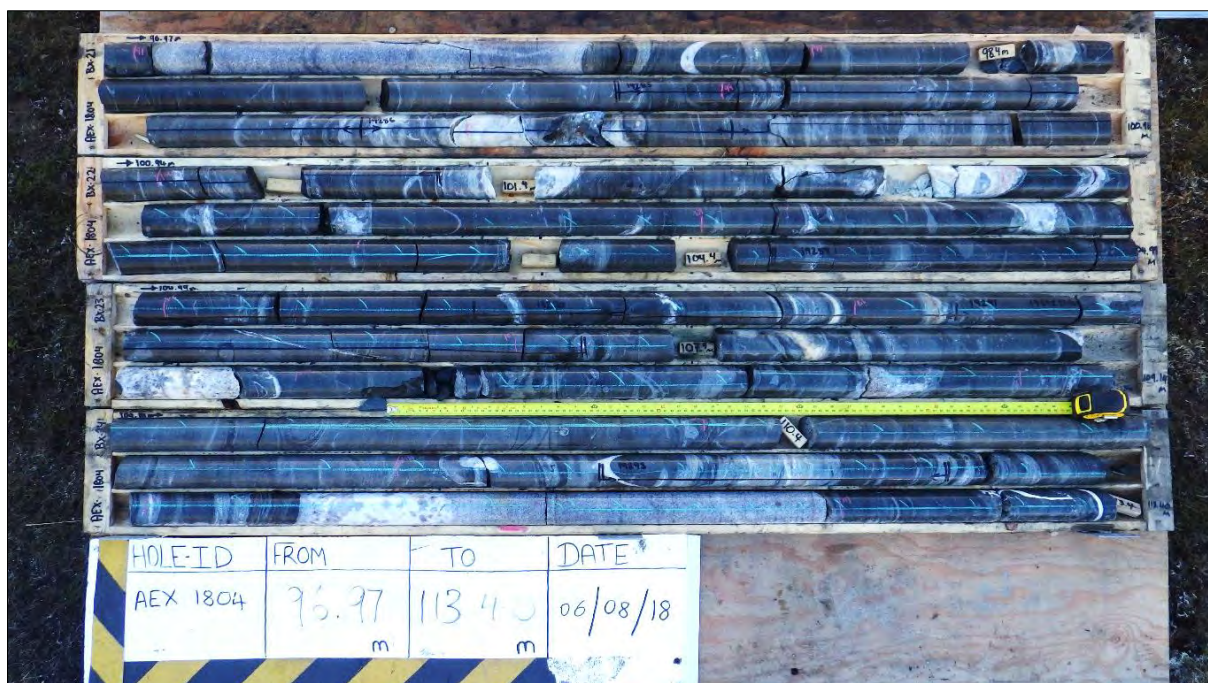


Figure 5-19: Example of a core photo from Nalunaq showing full core mark-up prior to cutting and sampling (AEX, 2018)

All core was sampled half core and cut using a diamond bladed core saw. The right-hand side (looking down hole) of the core was always sampled. All sample IDs (including QAQC samples) were marked on the core prior to photography. The IDs and intervals were then re-marked on the cut half of the core after sampling. All samples were picked and placed into calico sample bags

marked on the outside with the sample ID and containing a sample ticket with the same ID by AEX geologists. All samples were securely stored in a shipping container on site prior to dispatch to the lab.

Paper cross sections of the drill holes were made showing the geology encountered in each hole as the core was logged. All finished digital borehole logs were stored on two portable hard drives, one primary and a backup while in the field. After the field season all data was transferred into a database. Periodically during the field season downhole data was entered into Leapfrog Geo 3D modelling software. The working model of the deposit was updated in order to better inform the upcoming drill holes.

Drilling Results

Core Recoveries

Core recoveries at Nalunaq during all field seasons were very good. The rock is generally very competent and can be geotechnically described as massive with only minimal jointing. Overall drill recoveries once the glacial overburden is excluded from the calculation were >99%.

Hole Deviation

No problems with excessive drill hole deviation have been encountered on the project between 2017 and 2019 with holes staying generally straight.

Geology and Mineralisation

In summary, drilling at Nalunaq intersected the expected large package of meta basalt (termed amphibolite) and meta dolerite intruded by microgranite/aplite dykes and sheets. Variable amounts of glacial cover occurs across the licence up to ~20 m in thickness near the valley floor. The basalts and dolerites were variably altered to calc silicate minerals (clino pyroxene, epidote, garnet), biotite/phlogopite, quartz, calcite, albite, and iron oxides.

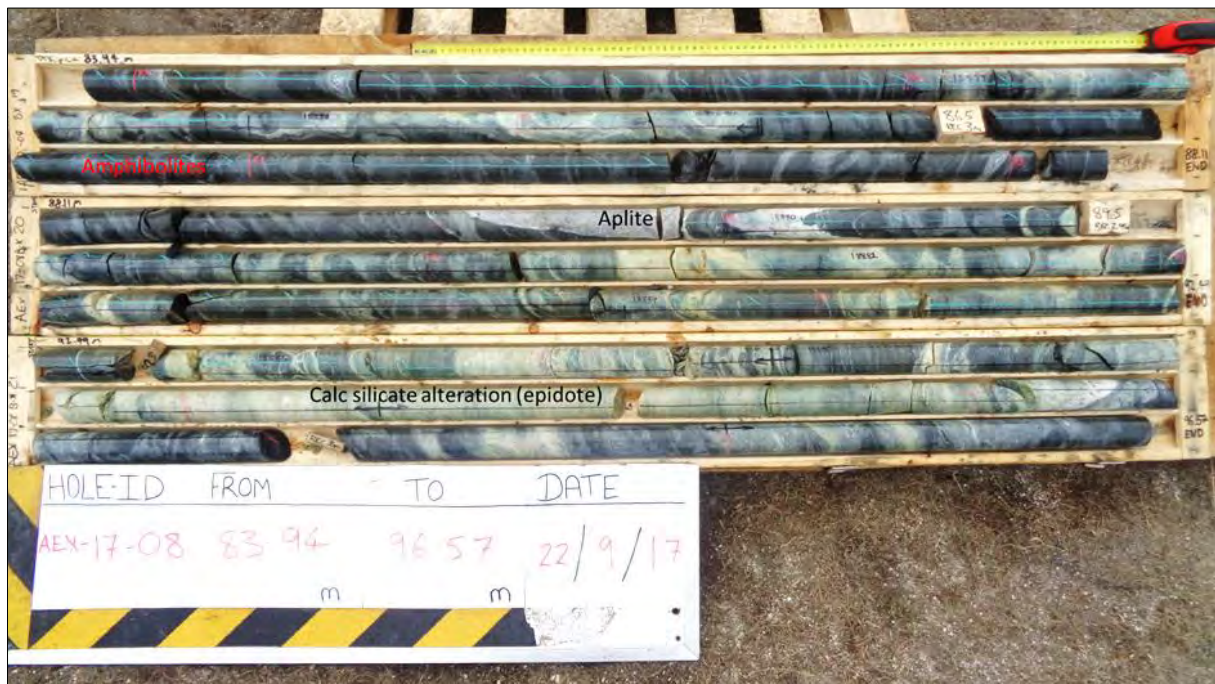


Figure 5-20: Example of the typical lithologies and alteration intersected during drilling at Nalunaq (AEX, 2017)

Gold mineralisation occurs within distinct glassy/vitreous quartz veins. Gold is generally coarse in nature and often occurs associated with thin clinopyroxene stringers within the quartz vein. Other barren quartz and quartz-carbonate vein occurrences were intersected within the licence area. All

drilling was targeted at the projected extensions of MV of Nalunaq Mine.



Figure 5-21: Quartz vein containing clinopyroxene stringers and visible gold interpreted to be MV of Nalunaq Mine (AEX, 2018)

The geology of the deposit is generally well understood, except for the tectonic history of the MV structure. Drilling at Nalunaq in 2017-2019 hasn't intersected anything unexpected or new in terms of the general geology of the licence.

Assay Results

Drilling from 2017-2019 has returned 63 assay results over 0.1 g/t Au (Table 5-6).

Table 5-6: Sample intersection of >0.1 g/t Au for the AEX exploration drilling 2017-19

Hole ID	From	To	Sample No.	Interval (m)	True Width (m)**	Au (g/t)	Main Vein
AEX1703	53.5	54.5	18667	1		0.17	
AEX1704	48.78	49.8	18712	1.02		0.29	
AEX1708	33.15	33.65	18863	0.5		0.71	
AEX1708	33.65	34.8	18664	1.15		0.12	
AEX1708	58.4	59.4	18870	1		0.25	
AEX1708	60.75	61.5	18873	0.75		1.95	
AEX1708	73.2	73.7	18876	0.5		0.38	
AEX1709	15.8	16.4	18895	0.6		0.12	
AEX1710	147.1	147.6	18938	0.5	0.38	19.75	MV
AEX1710	147.6	148.4	18939	0.8		0.13	
AEX1711	83.9	84.4	18965	0.5		0.1	
AEX1712	108.8	109.5	19115	0.7		0.12	
AEX1712	125	125.5	19127	0.5	0.45	0.51	MV
AEX1712	125.5	126	19128	0.5	0.45	3.69	MV
AEX1712	126	127	19129	1		0.18	
AEX1712	145.1	145.6	19138	0.5		0.1	
AEX1714	257.5	258	19188	0.5		0.13	
AEX1803	150.3	151.3	19264	1		0.29	
AEX1803	151.3	151.8	19265	0.5		0.37	
AEX1804	111.3	111.8	19293	0.5		0.5	

Hole ID	From	To	Sample No.	Interval (m)	True Width (m)**	Au (g/t)	Main Vein
AEX1804	174.3	175.33	19319	1.03		0.16	
AEX1804	175.33	176	19320	0.67	0.55	46	MV
AEX1805	146.7	147.2	19407	0.5	0.43	2.11	MV
AEX1806	197.1	197.6	19336	0.5	0.43	0.71	MV
AEX1808	193.1	193.6	19446	0.5	0.5	0.33	MV
AEX1810	133.5	134.1	19503	0.6	0.56	0.39	MV
AEX1813	68.65	69.15	19606	0.5		0.13	
AEX1813	69.15	69.65	19607	0.5		0.21	
AEX1813	127.15	127.95	19616	0.8		0.16	
AEX1813	191.5	192.35	19637	0.85		0.11	
AEX1813	192.35	192.85	19638	0.5	0.41	0.62	MV
AEX1813	192.85	193.35	19640	0.5		0.14	
AEX1814	153.1	153.6	19599	0.5	0.38	0.91	MV
AEX1814	153.6	154.1	19600	0.5		0.18	
AEX1816	43.45	44.2	19661	0.75		0.68	
AEX1816	44.2	45	19662	0.8		0.12	
AEX1816	45	45.8	19663	0.8		0.13	
AEX1816	183	184.05	19679	1.05	1.03	0.15	MV
AEX1817	175.3	175.8	19691	0.5	0.47	0.54	MV
AEX1817	175.8	176.3	19692	0.5	0.48	1.55	MV
AEX1817	176.3	177	19693	0.7	0.68	0.12	MV
AEX1818	183	184.2	19718	1.2	1.13	0.28	MV
AEX1818	184.2	184.7	19719	0.5	0.43	0.5	MV
AEX1818	184.7	185.2	19720	0.5	0.43	1.04	MV
AEX1901	117	117.75	20001	0.75	0.75	0.17	MV
AEX1901	117.75	118.75	20002	1	1	0.22	MV
AEX1902	100.4	101	19786	0.6		0.13*	
AEX1902	124	125	19807	1	0.87	46.1*	MV
AEX1902	146.5	147	19833	0.5		0.13*	
AEX1903	18.9	19.4	19839	0.5		0.22*	
AEX1903	84.5	85	19842	0.5		0.12*	
AEX1903	85	85.5	19843	0.5		0.16	
AEX1903	122.1	122.6	19859	0.5	0.47	3.79	MV
AEX1903	123.5	124	19861	0.5		0.4*	
AEX1903	130.5	131	19865	0.5		0.16	
AEX1905	255.4	255.9	19940	0.5		0.11*	
AEX1905	256.5	257	20013	0.5		0.12	
AEX1906	24.9	25.4	19952	0.5		5.48*	
AEX1906	191.5	192	20016	0.5	0.43	0.18	MV
AEX1906	192	192.5	20017	0.5		0.11	
AEX1907	145	146	20026	1	0.77	0.33*	MV
AEX1909	63.75	64.25	20134	0.5		0.13*	
AEX1909	64.25	64.75	20136	0.5		0.63*	

*Assay Au-AA26, remaining SCR24

**True thickness only calculated on MV where there were sufficient measurements and confidence in structural intersection angles.

A map showing all the intercepts over 1 g/t Au on the MV can be seen in Figure 5-22 along with significant historic intercepts in the area down dip of South Block. Sample grades on the MV are shown in Table 5-7. Drilling down dip of South Block is interpreted to have intersected where it was predicted in almost all instances. Results have shown that the MV structure shows good continuity in the area drilled. Cross sections (Figure 5-23 and Figure 5-25) through two lines of AEX's drilling show MV can be traced between drill holes even when the assay results are relatively low.

Well-developed MV intersections in holes AEX1905 and AEX1906, whilst low grade, indicate a steepening of the MV structure to the Northeast and down dip of South Block.

Table 5-7: MV intersection from the 2017-2019 drilling including low grades

Hole ID	From	To	Sample No.	Interval (m)	True Width (m)**	Au (g/t)*	Main Vein
AEX1710	147.1	147.6	18938	0.5	0.38	19.75	MV
AEX1712	125.5	126	19128	0.5	0.45	3.69	MV
AEX1712	126	127	19129	1	0.90	0.18	MV
AEX1803	151.3	151.8	19265	0.5	0.45	0.37	MV
AEX1804	175.33	176	19320	0.67	0.55	46	MV
AEX1805	146.7	147.2	19407	0.5	0.43	2.11	MV
AEX1806	197.1	197.6	19335	0.5	0.43	0.71	MV
AEX1807	192.7	193.2	19370	0.5	0.47	0.06	MV
AEX1808	193.1	193.6	19446	0.5	0.50	0.33	MV
AEX1810	133.5	134.1	19503	0.6	0.56	0.39	MV
AEX1812	162	162.5	19582	0.5	0.47	0.08	MV
AEX1813	192.35	192.85	19638	0.5	0.41	0.62	MV
AEX1814	153.1	153.6	19599	0.5	0.38	0.91	MV
AEX1816	183	184.05	19679	1.05	1.03	0.15	MV
AEX1817	175.8	176.3	19692	0.5	0.48	1.55	MV
AEX1818	184.7	185.2	19720	0.5	0.43	1.04	MV
AEX1901	117.75	118.75	20002	1	1.00	0.22	MV
AEX1902	124	125	19807	1	0.87	46.1	MV
AEX1903	122.1	122.6	19859	0.5	0.47	3.79	MV
AEX1905	233.65	234.2	20010	0.55	0.45	0.06	MV
AEX1906	191.5	192	20016	0.5	0.43	0.18	MV
AEX1907	145	146	20026	1	0.77	0.33	MV

*Assay Au-AA26, remaining SCR24

**True thickness only calculated on MV where there were sufficient measurements and confidence in structural intersection angles.

SRK ES notes that the recent and historical exploration at Nalunaq shows that the gold grades reported on MV intersections from drill core are highly variable when compared to the much more comprehensive underground sampling data where available. This is reflected in some of the MV intersections showing the poor gold results in Table 5-7. SRK ES agrees with AEX that the main value in the drilling is to identify the presence and depth of the MV structure for the reason that drill core samples are unlikely to be representative of in-situ grades due to the high variability of the distribution of gold in the mineralised structures. Further sampling will be required to fully understand its true grade potential. The phrase “drill for structure, drift for grade” is applicable at Nalunaq.

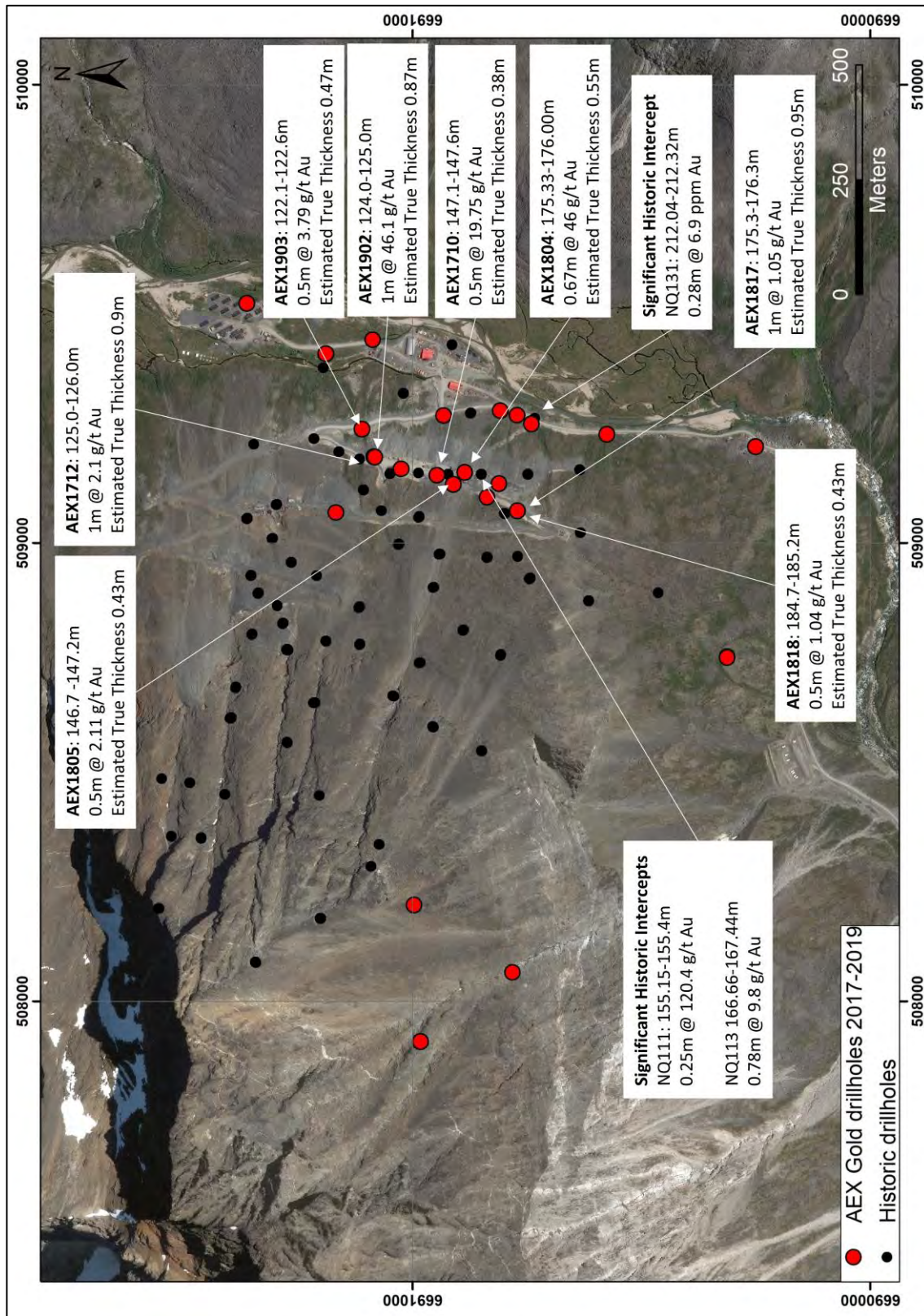


Figure 5-22: Map of drill locations with all MV intercepts over 1 g/t Au with significant historic results from down dip of South Block (AEX, 2020)

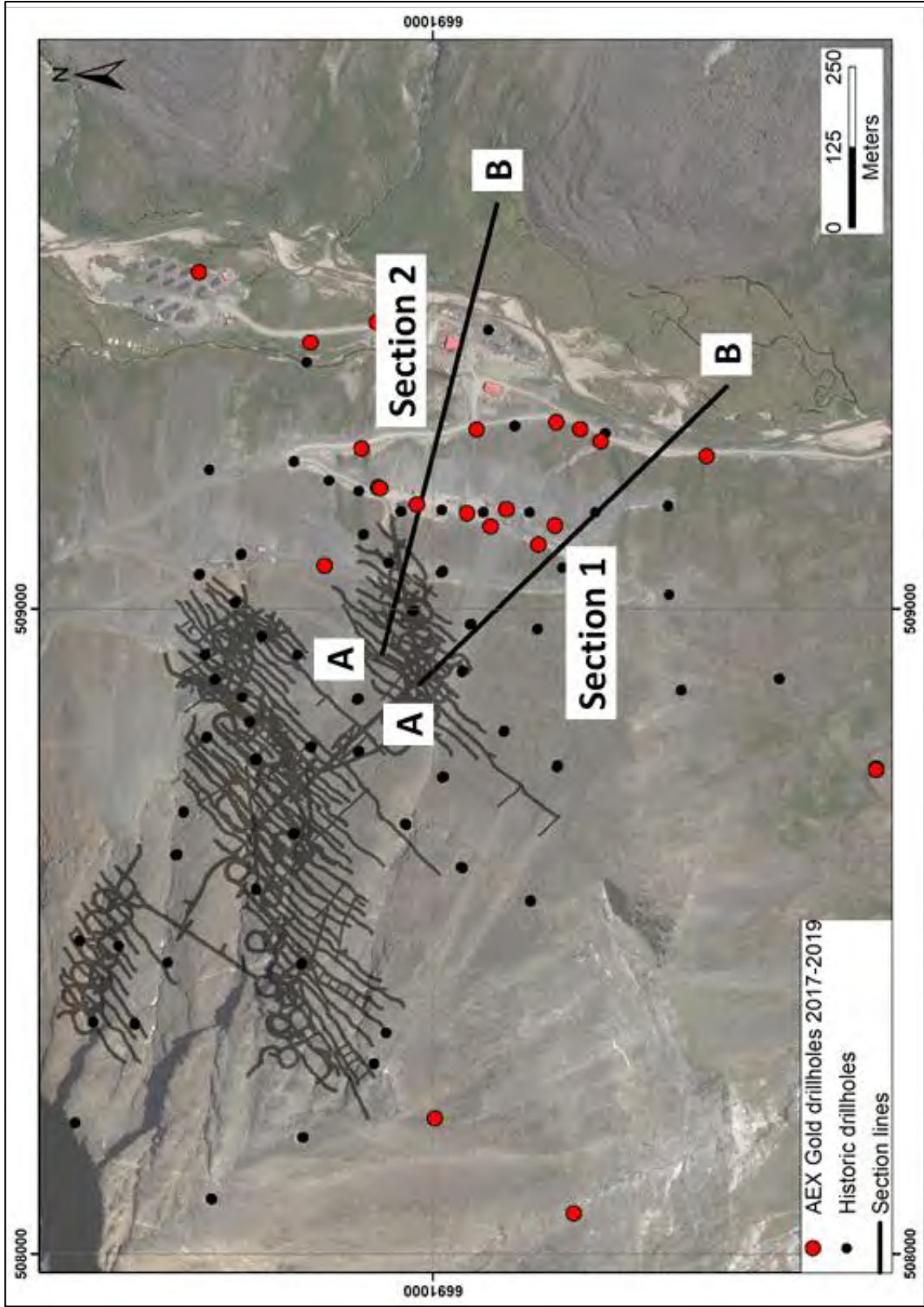


Figure 5-23: Map of surface drilling showing cross section lines (AEX, 2020)

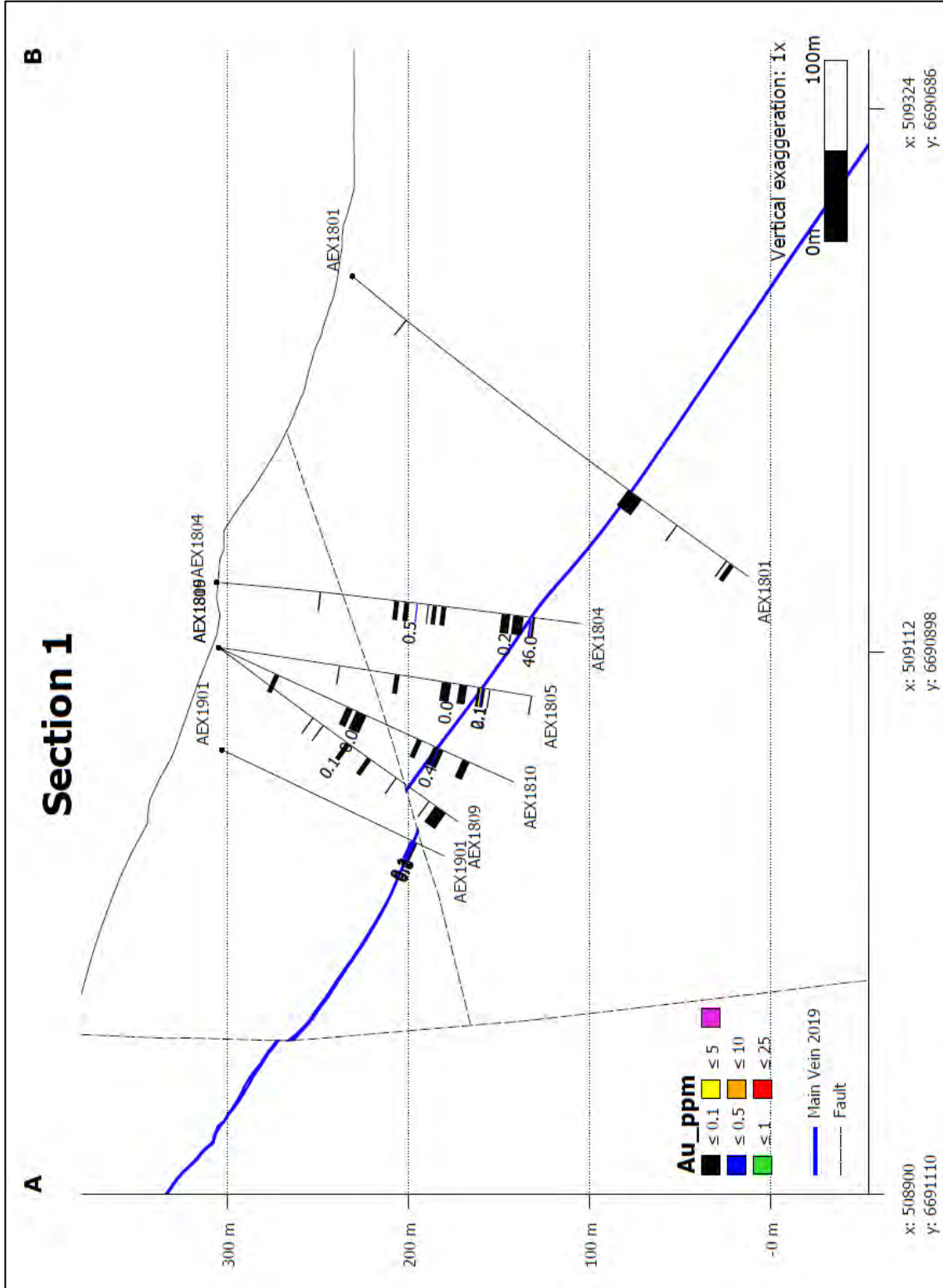


Figure 5-24: Cross Section 1 with the 2019 MV model (AEX, 2020)

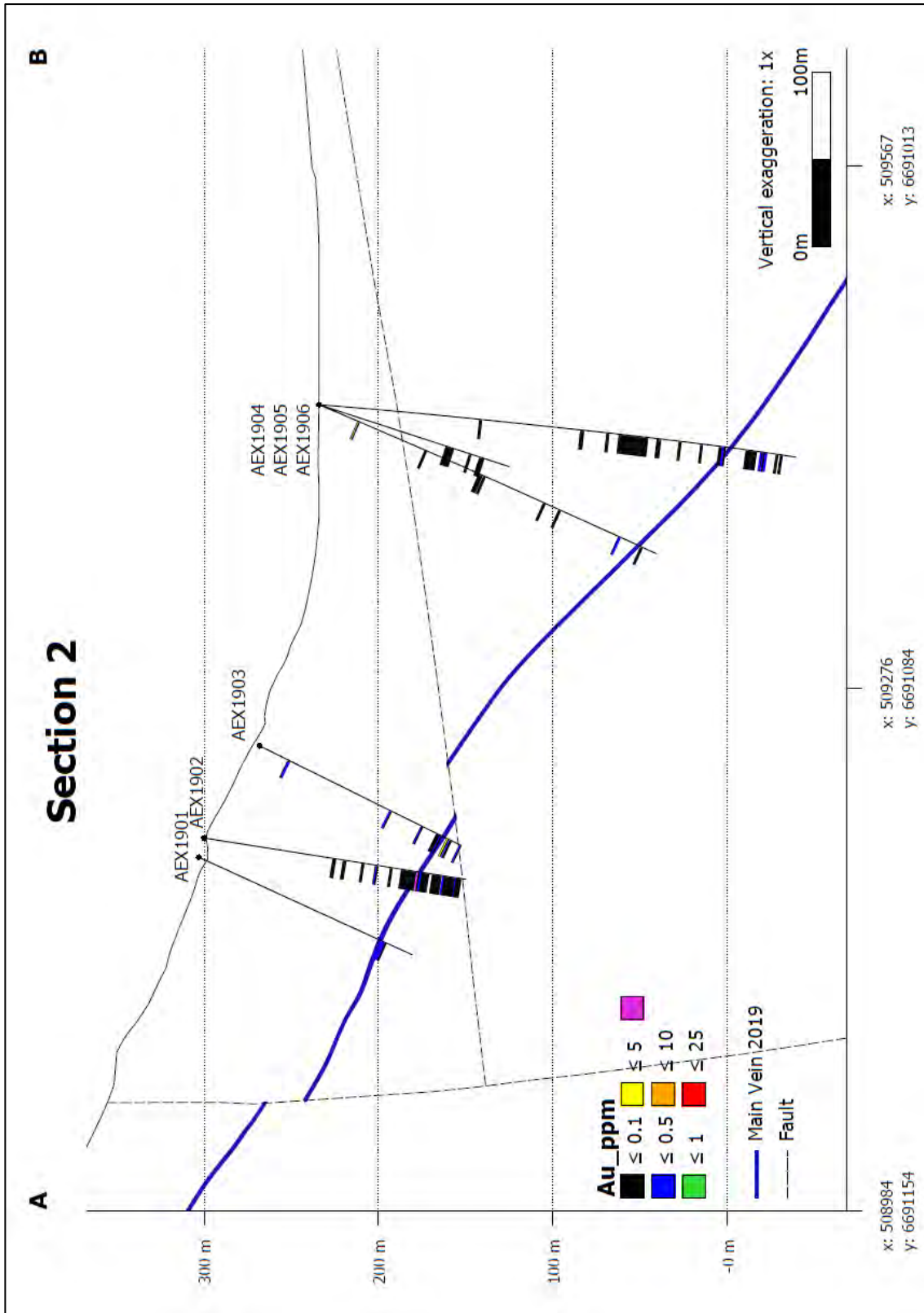


Figure 5-25: Cross Section 2 with the 2019 MV model (AEX, 2020)

Mountain Drilling

The mountain drilling undertaken in 2017, including five holes (AEX1703-07, Figure 5-16) all failed to intersect the MV or any significant mineralisation. This drilling targeted extensions up-dip to target block, with the aim at confirming the continuation of MV, as indicated by the mountain sampling (Figure 5-12). SRK ES understands that due to difficulties encountered whilst drilling, a number of these, notably AEX1707 was stopped short of the target depth. The 2019 interpretation of the MV, indicates that holes AEX1705-07 all fall short of intersecting. Holes AEX1703-04 do appear to intersect the MV model (Figure 5-26), however due to their distance from known mineralisation, there is a low confidence in the MV model and it is possible that these holes are also too shallow.

SRK ES note that due to the location of these holes, the interpretation that they were not drilled deep enough is important. Positive intersections at these locations would have significant impact on the prospectivity of MV extending up the mountain.

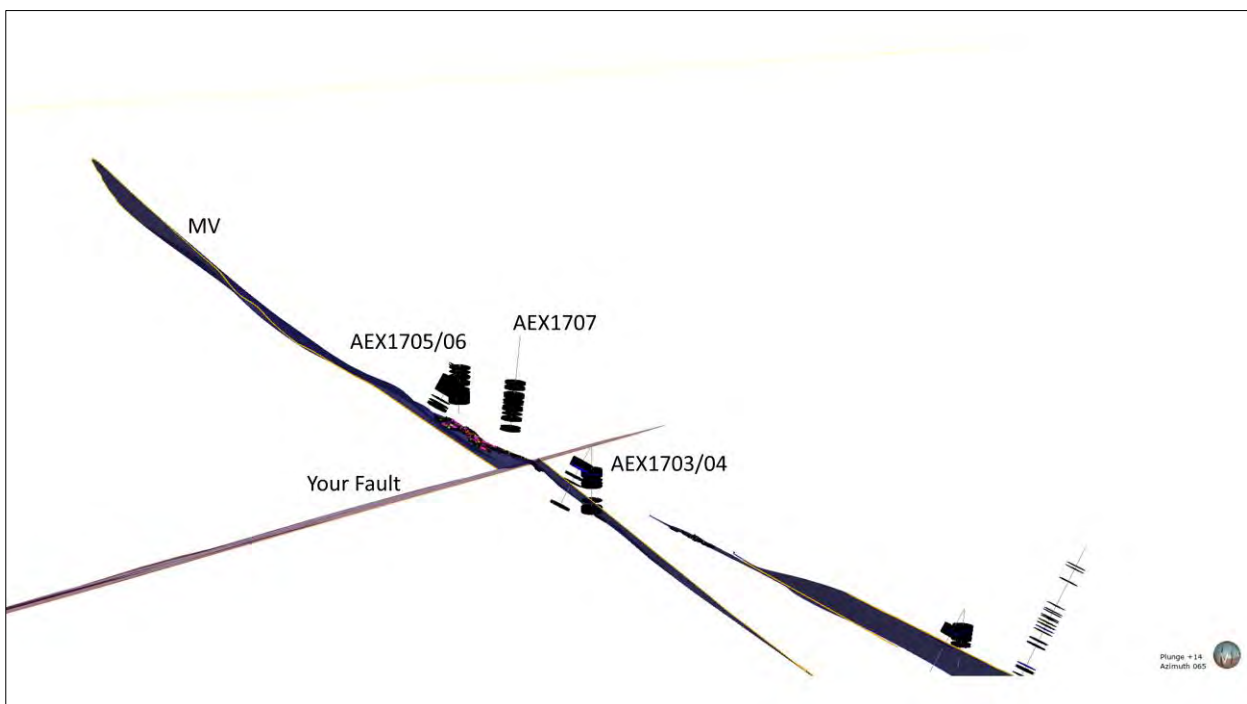


Figure 5-26: Cross-section showing mountain drillholes and with the 2019 MV model, looking NE (AEX, 2020)

5.6 Sample Preparation, Analysis, and Security

5.6.1 Historic Sampling

Dominy (2005) provides a summary of sample preparation, analysis, and security procedures that were in place at Nalunaq at the time of his writing and this has been adopted here. This is not necessarily relevant to the Company’s recent exploration results and future planning by AEX. However, it is included here since SRK ES is reliant on Dominy (2005) for the Quality Assurance Quality Control (QAQC) procedures and results related to historical sampling. These summarised data have been used for SRK ES’ Mineral Resource estimate. SRK ES has not, however, seen a full QAQC database relevant to historical drilling or underground sampling.

No subsequent reports have been seen by SRK ES and it is assumed that the same methods were applied in later years. This was confirmed by former Chief Geologist Kurt Christensen (pers. comm.) who states that the methods reported by Dominy (2005) and his recommendations were adhered to for the remainder of the time that Crew Gold operated the mine and exploration, but

less so (if at all) once Angel Mining took over the operation.

There are few details as to what methods were employed during Angel Mining’s tenure, but SRK ES notes that the majority of exploration and development sampling that is included in the database for the project was carried out by Crew Gold and thus was subject to their protocols. The only sampling that can be assigned to Angel Mining appears to be a limited amount in the top levels of the Mountain Block.

Exploration Sample Preparation and Analysis

Each face or channel (c. 4 kg) sample was crushed to -3.4 mm in its entirety, and 1 kg split off and pulverised to approximately -75 microns for screen fire assay (105 µm screen) at XRAL Laboratories, Canada. The entire oversize was assayed to extinction and a 50 g charge of the undersize taken for fire assay.

Exploration Sample QAQC procedures

A QAQC programme was instigated by Crew Gold and Strathcona (Strathcona, 2001, 2002, 2003; Schlatter, 2001). Three certified standards and one reference material were inserted into the sample stream at a rate of one in ten, giving an average of two-five standards in each sample batch.

Table 5-8: Details of reference materials used in QAQC of Crew Gold exploration samples (Dominy, 2005)

Standard	Number used	Certified grade value (g/t Au)	Accepted range: 2SD grade (g/t Au)	Lab mean grade (g/t Au)	Number outside accepted range
G06	21	14.7	13.4 - 16.0	14.0	9%
G397-8	18	11.7	10.2 - 13.1	11.4	11%
Ma-1b	29	17.0	15.4 - 18.6	17.1	7%
CDN-GS-8	22	33.5	31.8 - 35.2	33.1	9%

The mean values determined by XRAL Laboratories for the four standards tend to be lower than the certified values with occasional individual values falling outside, mainly below the accepted ranges (Table 5-8). There was no pattern in the assay results of the various standards in individual batches to suggest a consistent bias in the assaying. In any individual batch, most results for standards were acceptable. The differences between the mean values obtained by the laboratory compared to the certified values are generally small, and Dominy (2005) concludes that the results of the assaying are slightly low but acceptable with respect to accuracy.

Assay precision was monitored by re-assaying 50 g duplicates of the -105 µm fraction. This was the same charge weight as for the initial assay. This was done for 74 samples and precision was acceptable given the coarse gold-high-nugget nature of the mineralisation and was generally within ±15% (using Half Absolute Relative Difference (HARD)).

In addition to the pulp duplicates, reject re-splits were selected for duplicate assaying. The protocol required one duplicate for every ten original samples. Samples were selected after original assaying to ensure a range of gold grades were tested, and only 14 samples were assayed. Despite this small number, the degree of scatter was small (within ±15% HARD) and the results indicate no bias.

An investigation into gold contamination during crushing and pulverising was undertaken and reported a gold loss of up to 1.6% in one case.

All equipment was purged with 500 g of barren silica sand between each sample.

Blank field samples were inserted at sample numbers ending in 01 and 51, effectively one blank in fifty. SRK ES does not know what material was used for blank samples and has not seen the results of this.

SRK ES Comment

Dominy (2005) concluded that the quality of sample preparation, analysis, and QAQC for exploration samples was generally good at the time of his writing and the resultant assay data was considered reliable for the purposes of Mineral Resource estimation in the context of coarse gold, high-nugget mineralisation.

SRK ES cannot comment on the performance of sample analysis and QAQC in subsequent years but notes that there appears to be no record of field duplicates (for example, parallel channel samples) being taken and analysed. Furthermore, SRK ES' observations from their own sampling underground showed that there was a distinct competency contrast between the HW, MV, and FW lithologies, with the MV substantially easier to sample and the FW being particularly hard. This suggests a potential risk of sampling bias, especially during manual chip samples across mineralised zones, and it is not known how this was controlled or monitored.

SRK ES also notes that the preservation of exploration drilling data is somewhat lacking. SRK ES has not seen photographs of surface of underground drill core, and most of the core appears to have been discarded except for selected core intervals from selected surface boreholes retained by the MLSA in Narsarsuaq. Drilling logs exist in hardcopy, but the digital database is incomplete and only limited information has been recorded in the digital database in a manner that can be readily modelled.

Production Sample Preparation and Analysis

Nalunaq Laboratory

During the operational period, a laboratory was located at the Nalunaq camp (Figure 5-27). This was inspected by Dominy (2005) and was found to be clean and well run, with a full-time chemist supervising operations. Approximately 30 samples per day could be prepared and analysed and an average of 200 samples from the mine could be processed per month.



Figure 5-27: The former Nalunaq laboratory (Dominy, 2005)

An LM5 mill in the right-hand foreground, and a jaw crusher unit is on the far side. A small LM1 mill is located next to the jaw crusher; this was used for exploration samples that were less than 1 kg

Each channel sample (approximately 1-2 kg) was dried and crushed to -10 mm in its entirety, and then pulverised in an LM5 mill to +85% passing -75 microns. Between samples, a vacuum head and compressed air blast was used to clean out the pulveriser bowl, and subsequently a barren sand charge was run for 10 seconds.

500 g was then scooped off for a LeachWell bottle roll assay. The rolling time was 4.5 hours, after which the solution is left to stand for 15 hours prior to extraction of the gold by Diisobutyle Ketone and Atomic Absorption Spectroscopy.

Based on Gy Sampling Theory, Dominy (2005) calculated the fundamental sampling error for the current laboratory protocol (for ore with a head grade of 19 g/t Au) to be 9.1% at a confidence level of 90%. This is wholly acceptable within a coarse gold environment, but it does not account for any segregation error that may occur in the pulverised sample lot during handling and scooping out the final assay charge.

QAQC Procedures

Three Gannet standards were inserted into the sample batch at a rate of 1 in every 15 samples to check for accuracy, the results of which are summarised in Table 5-9.

Table 5-9: Summary of analysis of standards at the Nalunaq laboratory (Dominy, 2005)

Standard	No of samples	Certified mean grade (g/t Au)	Laboratory mean grade (g/t Au)	No. samples breaching 1SD	No. samples breaching 2SD	Acceptable
ST08	78	0.33	0.32	5	0	Yes
ST06	109	1.10	1.16	26	0	Yes
ST18	98	9.70	9.57	2	0	Yes

No standard values breached the two standard-deviation (2SD) level, which can be considered as the action point requiring re-assay of pulps.

Blank samples were not used routinely, though all but one result (n. 31) seen by Snowden in 2005 were below 0.03 g/t Au, with a single value of 0.07 g/t Au, indicating minimal contamination.

An inter-laboratory duplicate pulp sample of 50 g was retained at the rate of 1 in 10 and submitted to ALS Chemex (Sweden) for fire assay. Dominy (2005) determined that 76% of samples were within ±15% HARD, which can be considered as showing a moderate variability.

The quality of the pulveriser output was monitored once per week, with the aim of achieving +85% passing -75 microns.

One in 20 of the LeachWell residues were sent to ALS Chemex for fire assay. Dominy (2005) compared the primary LeachWell sample results and residue results and noted that as primary grade increases so does residue grade. This is not uncommon, and often reflects larger quantities of coarse gold in high-grade samples that are poorly dissolved by the cyanide. In general, the residue grades were below 2 g/t Au (90%). Based on 59 data points, the mean residue percentage is 3.5%, giving an overall recovery of 96.5% gold for the LeachWell method. It was considered that this value was reasonable in the presence of coarse gold.

Laboratory duplicates were not routinely taken at Nalunaq, although Dominy determined from 18 sample pairs that 66% of samples were within 15% HARD. This can be considered as showing a high variability but is common for ore containing coarse gold where pulverisation is often not perfect

due to the malleability of gold (Dominy et al., 2000; Dominy, 2004; Dominy & Petersen, 2005).

SRK ES Comments on QAQC Procedures

In 2005, Snowden (Dominy, 2005) considered that there were some shortcomings in QAQC procedures at Nalunaq and made several recommendations for improvements. However, in the context of the resource estimate produced by Snowden in 2005, the data were considered useable.

A database of QAQC results is not available for the project, although SRK ES understands that all recommendations made by Snowden were adopted and followed until the mine was sold by Crew Gold (K. Christensen, pers. comm., 2016). Thus, between 2005 and 2009, it is assumed (but cannot be confirmed) that the same QAQC protocols were in place. It is thought that, post-2009, QAQC procedures were more limited, although data arising from this period represents only a small part of the database. Considering that the project lacks a QAQC database and that there is some uncertainty as to the procedures applied for later years of the mine’s life, SRK ES considers that the exploration data can be used for resource definition at the Inferred category.

Sample Security

Strathcona monitored sample security during underground exploration by placing samples into ‘lockable’ plastic pails prior to shipping. If the seal on any pail was broken, this could indicate tampering.

During subsequent exploration, once samples were collected underground in numbered plastic bags, they were taken directly by either the geologist or geo-technician to the laboratory. The same also applied to drill core being submitted to the laboratory.

5.6.2 2015 - 2019 Sampling

Surface Samples

All samples taken during surface sampling from 2015-2017 were dispatched by air freight from Nanortalik to ALS Geochemistry in Loughrea, Ireland for preparation and analysis.

Sample Preparation

Sample preparation used ALS code PREP-31b which comprises crushing to 70% passing 2 mm, splitting off 1 kg and pulverising the split to 85% passing 75 microns.

Analysis

Gold analysis was done by the screened metallic procedure (ALS code Au-SCR24, Figure 5-28). This involves screening the 1 kg pulverised split at 100 microns and running a duplicate fire assay on the undersize and fire assaying the oversize to extinction. The sample aliquot used for the fire assay is nominally 50 g although may be lower if the mass of the oversize is less than this. The results produced by this method provide an indication of the proportions of coarse and fine gold in the sample. The method also helps to reduce over- or under-estimation of gold grades in coarse gold environments. As part of this method, a regular 50 g fire assay (Au-AA26) result is also reported.

CODE	ANALYTE	RANGE (ppm)	DESCRIPTION
Au-SCR21	Au	0.05-100,000 (0.01-1000 mg)	1kg pulp screened to 100 microns. Other screen sizes available. Duplicate 30g assay on screen undersize. Assay of entire oversize fraction.
Au-SCR24	Au		1kg pulp screened to 100 microns. Other screen sizes available. Duplicate 50g assay on screen undersize. Assay of entire oversize fraction.
Au-SCR24B	Au		1-2kg pulp screened to 100 microns. Duplicate 50g assay on screen undersize. Assay of entire oversize fraction.
Au-SCR24C	Au		2-3kg pulp screened to 100 microns. Duplicate 50g assay on screen undersize. Assay of entire oversize fraction.

Figure 5-28: Sample analysis method Au-SCR24 (ALS Services Schedule, 2020)

Samples from the 2015-16 were also analysed for trace elements in order to identify gold pathfinder elements for samples in which gold grades may be low but are still on the mineralised structure. The 2015 samples were analysed for 35 elements using ALS method ME-ICP41 (Figure 5-29) which involves digestion by aqua regia and analysis by ICP-AES. The 2016 samples were analysed for 33 elements using ALS method ME-ICP61 which involves four acid digestion followed by analysis by ICP-AES. The decision to use a four acid digestion for the 2016 samples, as opposed to aqua regia, was taken to ensure that the samples were fully digested. This was considered important for the 2016 samples since a larger number of aplite dykes were encountered which may contain minerals that are more resistant. From 2017 onwards it was decided that multi-element analysis was not worth continuing and samples were only assayed for gold.

CODE	ANALYTES & RANGES (ppm)							
ME-ICP41 0.5g sample	Ag	0.2-100	Co	1-10,000	Mn	5-50,000	Sr	1-10,000
	Al	0.01%-25%	Cr	1-10,000	Mo	1-10,000	Th	20-10,000
	As	2-10,000	Cu	1-10,000	Na	0.01%-10%	Ti	0.01%-10%
	B	10-10,000	Fe	0.01%-50%	Ni	1-10,000	Tl	10-10,000
*ME-ICP41m 1g sample	Ba	10-10,000	Ga	10-10,000	P	10-10,000	U	10-10,000
	Be	0.5-1,000	Hg	1-10,000	Pb	2-10,000	V	1-10,000
	Bi	2-10,000	K	0.01%-10%	S	0.01%-10%	W	10-10,000
	Ca	0.01%-25%	La	10-10,000	Sb	2-10,000	Zn	2-10,000
	Cd	0.5-1,000	Mg	0.01%-25%	Sc	1-10,000		

Figure 5-29: Sample analysis method ME-ICP41 (ALS Services Schedule, 2020)

Sample Security

The 2015 surface samples were held in bags sealed with cable ties in a secure storage facility in Nanortalik prior to be collected by a shipping company for air freight to Ireland. A list of samples was provided to the receiving ALS laboratory and ALS confirmed that all samples were received and that there was no evidence of tampering.

The 2016 samples were placed in their individual sample bags into 10 large bags for shipment. These large bags were sealed with cable ties marked with unique identification numbers and held in a secure storage facility in Nanortalik until collected by a shipping company for air freight to the

ALS laboratory in Ireland.

The 2017 samples were collected and stored following the same procedure as 2016. The only difference being that the samples were delivered by AEX personnel via charter boat to DHL in Narsarsuaq who then organised transportation to ALS in Ireland.

QAQC Procedures

A basic QAQC programme was undertaken on the surface sampling programme including CRMs, coarse blanks, and coarse reject duplicates. The results from this programme were acceptable for the level of confidence required for this sampling:

Coarse blank samples were included in sample batches. No indication of contamination or mineralisation in samples was detected with the Au-AA26 method in 2015 and 2016 (Figure 5-30) or with the ME-ICP61 method in 2016 (Figure 5-31). The assay results by both methods are within the lower and upper limits.

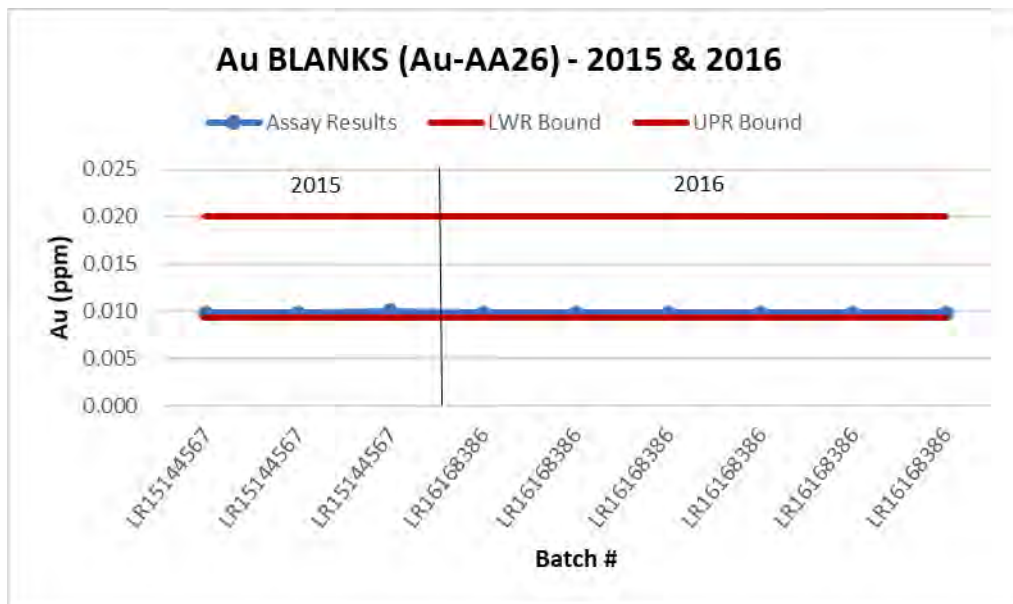


Figure 5-30: Au-AA26 blanks results for 2015 and 2016

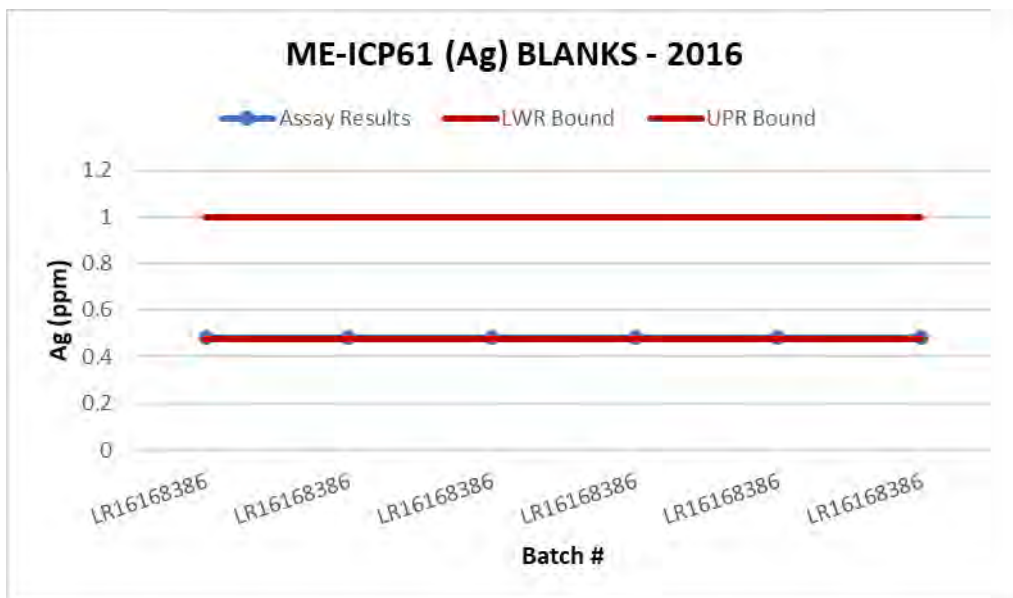


Figure 5-31: ME-ICP61 blanks results for 2016

Standards used in the 2015 and 2016 included G910-3 9 and OREAS 12a. Assay results for these are presented in Figure 5-32 and Figure 5-33 respectively. The assay results for both standards are within the accepted limits, highlighting the consistency of the assay programme in both years.

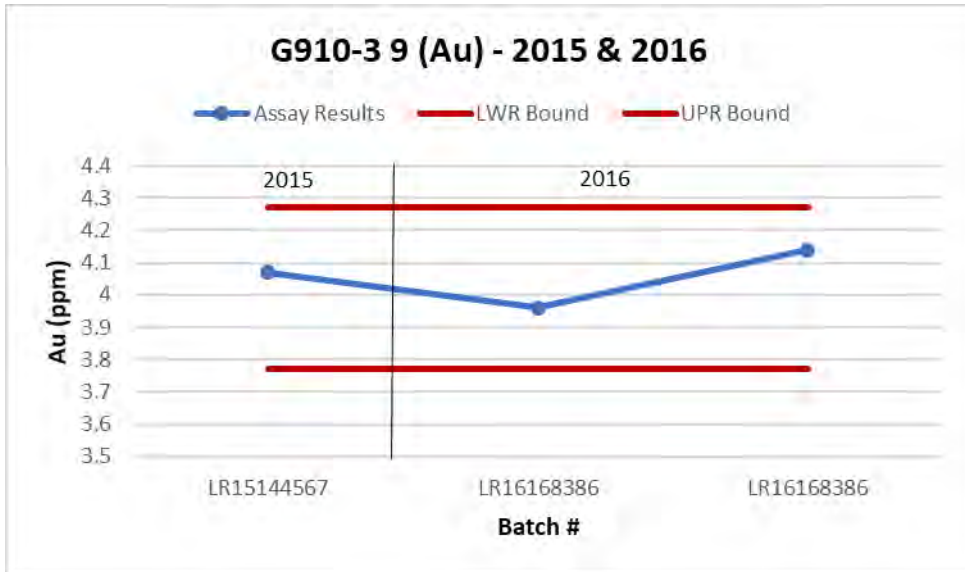


Figure 5-32: Assay results for standard G910-3 9 for 2015 and 2016

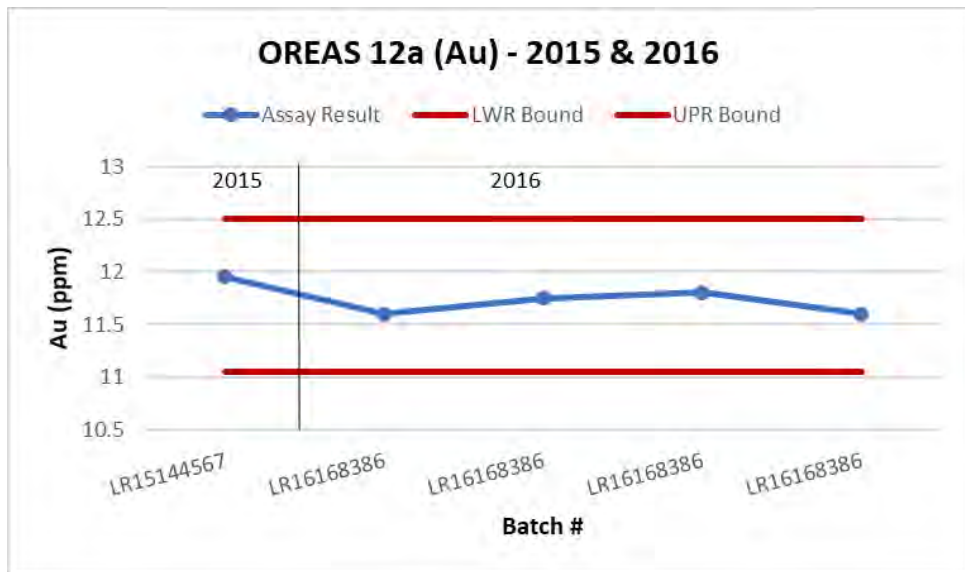


Figure 5-33: Assay results for standard OREAS 12a for 2015 and 2016

Gold assay results for **coarse duplicate samples** and their corresponding original samples analysed by the Au-AA26 method in 2015 and 2016 are plotted in Figure 5-34. The circled sample, 14463 from batch LR16168386, showed a slight difference in the original and duplicate gold values, otherwise good repeatability is observed from the rest of the results.

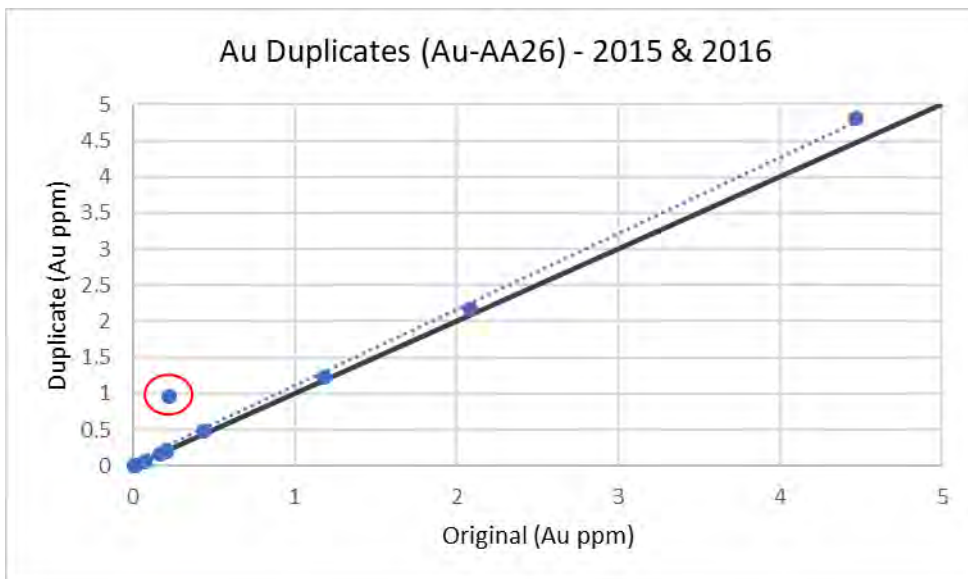


Figure 5-34: Gold assay results for coarse duplicate samples and their original samples for 2015 and 2016. Analysis by Au-AA26

Arsenic and silver assay results for duplicates and their original samples are presented in Figure 5-35 and Figure 5-36 respectively. Arsenic results have a poor correlation due to a single high value FAIL, but removing it improves the correlation in the remaining population. One sample on the silver duplicates graph showed slightly higher silver grades in the original sample. Both the FAILED arsenic and silver samples were analysed from the 2016 batch LR16168386, which is the same batch with the FAILED gold duplicate results discussed above.

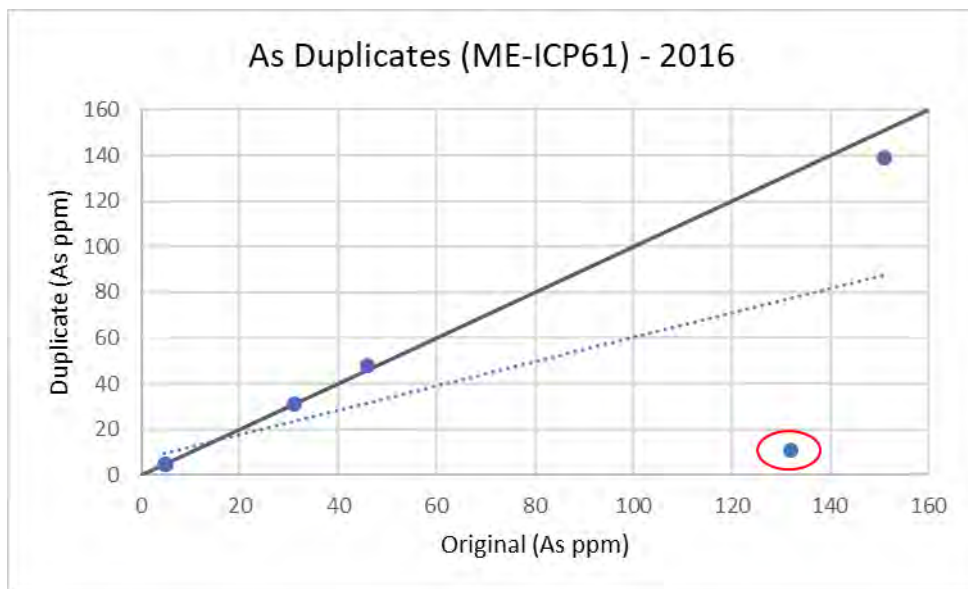


Figure 5-35: Arsenic assay results for coarse duplicate samples and their original samples for 2015 and 2016. Analysis by ME-ICP61

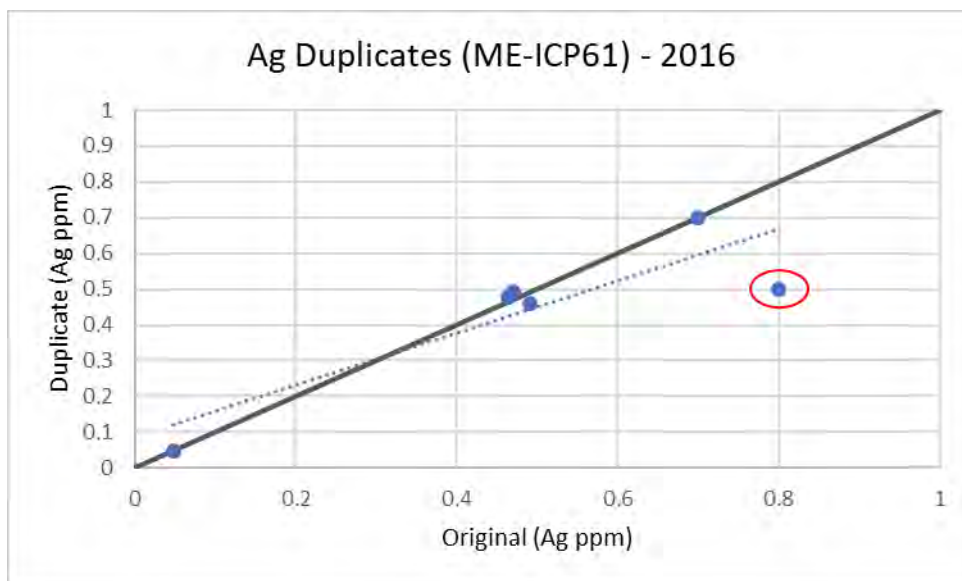


Figure 5-36: Silver assay results for duplicate samples and their original samples for 2015 and 2016. Analysis by ME-ICP61

Drilling

Sample Preparation

Sample preparation used ALS code PREP-31b which comprises crushing to 70% passing 2 mm, splitting off 1 kg and pulverising the split to 85% passing 75 microns.

Analysis

Gold analysis was done via two different methods. Screened metallic procedure (ALS code Au-SCR24) was undertaken as standard for all samples during the 2017-18 programmes, replaced by standard 50 g fire assay (Au-AA26, Figure 5-37) during the 2019 programme. The method Au-AA26 is a fire assay technique with an atomic absorption spectroscopy finish. All samples from the three programmes have a reported AA26 result due to this being part of the SCR24 technique. For comparison, all QAQC analysis on the AEX drilling data (as well as the recent surface samples) have been undertaken using the Au-AA26 fire assay result. No multi-elemental trace element analysis was undertaken on the drill core samples.

CODE	ANALYTE	RANGE (ppm)	DESCRIPTION
Trace Level			
Au-ICP21	Au	0.001-10	Au by fire assay and ICP-AES.
Au-ICP22			30g sample 50g sample
Au-AA23		0.005-10	Au by fire assay and AAS.
Au-AA24			30g sample 50g sample
Ore Grade			
Au-AA25	Au	0.01-100	Au by fire assay and AAS.
Au-AA26			30g sample 50g sample
Au-GRA21		0.05-1000	Au by fire assay and gravimetric finish.
Au-GRA22			30g sample 50g sample

Figure 5-37: Sample analysis method Au-AA26 (ALS Services Schedule, 2020)

Sample Security

The sample security for all drilling derived samples was the same for the 2017 surface grab sampling. See above for details.

Specific Gravity Samples

No specific gravity data has been collected by AEX during the drilling programmes.

QAQC Procedures

A total of 208 QC samples have been used during the three phases of exploration drilling from 2017-19 at a global insertion rate of 17.6%. The breakdown of the QC samples can be seen below in Table 5-10. The planned insertion rate for the three separate QC sample types was 5%, with a total QC planned insertion rate of 15%.

Table 5-10: Summary of QAQC Samples from 2017-19 Exploration Drilling Programmes

Type	Count	Insertion Rate (%)*	Comment
Total Assayed	1388	N/A	
Normal Sample	1180	100.0%	
Field Blank	79	6.7%	Locally sourced Granite - Coarse
Total CRM	80	6.8%	
	G914-6	29**	2.5%
	G914-7	30	2.5%
	G916-5	21**	1.8%
Field Duplicates	49	4.2%	Quarter Core - None in 2019
Pulp Duplicates	0	0.0%	
Total QC Samples	208	17.6%	
Umpire Laboratory Check Assays	0	0.0%	

*Based on the total number of "normal" half core samples submitted for analysis.

**One sample was not analysed due to insufficient sample material submitted.

Field Blanks

Field blanks were randomly inserted during all drilling programmes into the sample stream by the geologists as the drill core was sampled. The insertion rate for the field blanks was 6.7%. A porphyritic quartz, feldspar biotite granite known as the Rapikivi Granite was used for these samples, locally sourced. 2-3 kg of the blank material was placed in each sample bag which was clearly marked with the sample ID and a sample ticket placed in each bag.

The blanks performed well with 10 samples returning results at the level of detection (LOD) and no samples exceeding this. As the blank material is not certified and has a potentially heterogenous mineralogy, the possibility that this material contains very low traces of gold cannot be ruled out.

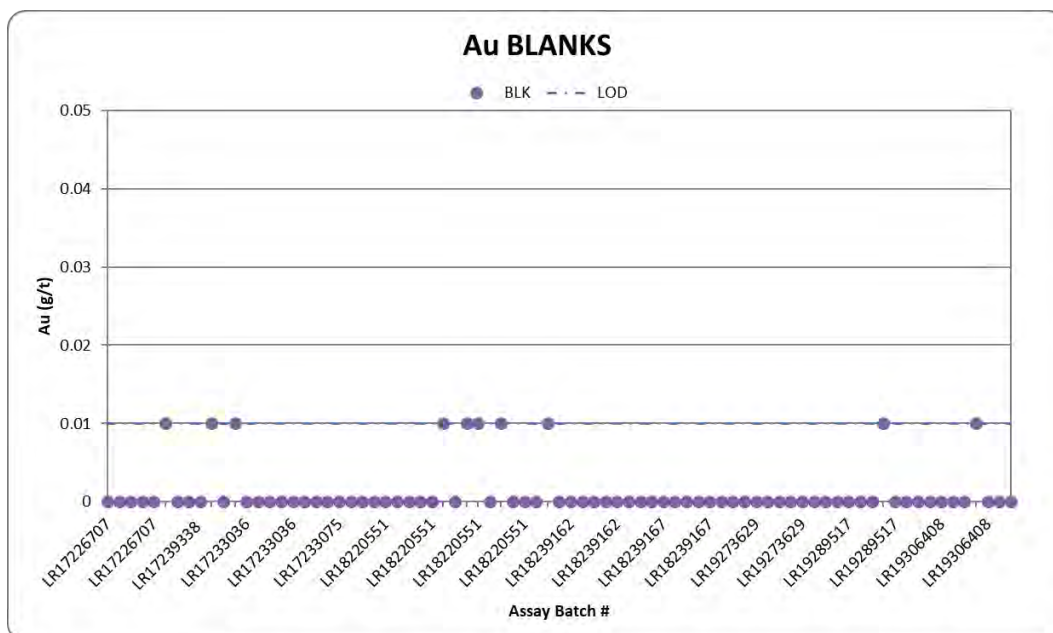


Figure 5-38: Blank results from the 2017-19 exploration drilling

Certified Reference Materials

Three different CRMs were chosen and used throughout all the drilling sampling programmes, they were all sourced from Geostats Pty Ltd. All three CRMs are described as being high grade, low sulphide ore and are certified for both 50 g fire assay and aqua regia techniques. The certified values for the three CRMs are provided in Table 5-11 below.

Table 5-11: CRM certified grades for Au

CRM	Au (g/t)	SD (g/t)	Based on # results
G914-6	3.21	0.12	179
G914-7	9.81	0.43	178
G916-5	19.92	0.69	175

Method: 50 g Fire Assay

These CRMs were selected with a range of grades in order to best match the mineralogy and grade of the type of mineralisation expected at Nalunaq. The samples were submitted as pulverised 50 g packages and as such were only assayed using the Au-AA26 method.

A total of 80 CRMs has been submitted to date as part of the sampling programme, with an insertion rate of 6.8% split between the three different types (Table 5-10). The populations of the individual CRMs (n.21-30) are insufficient for use in a robust review of the laboratory’s precision, however they are sufficient to gain a good understanding of the laboratory’s general performance over the drilling programmes to date.

All three of the CRMs performed well, with the results all falling within the +/- 2SD of the certified mean. The results show a very minor positive bias in the lower grade CRM (G914-6 – 3.21 g/t Au) and a minor negative bias with the high-grade CRM (G915-6 – 19.92 g/t Au). However, this is not material and the calibration and accuracy of the analytical equipment can be seen to be suitable for the grade ranges expected of the samples submitted. Graphs showing the results of the three CRMs by batch over time are shown below in Figure 5-39 to Figure 5-41.

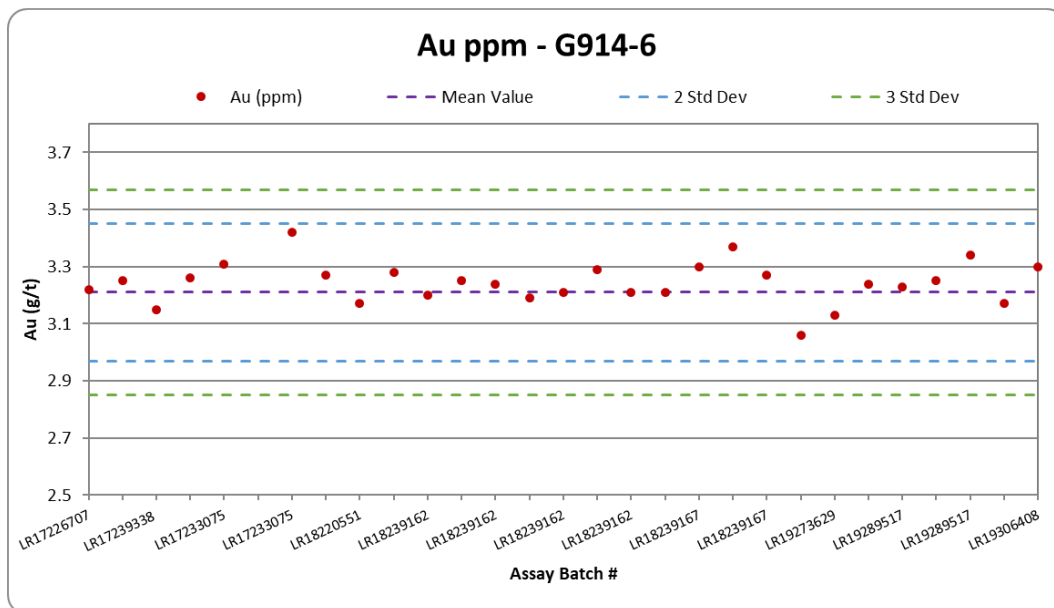


Figure 5-39: Results for Au in G914-6 by laboratory batch

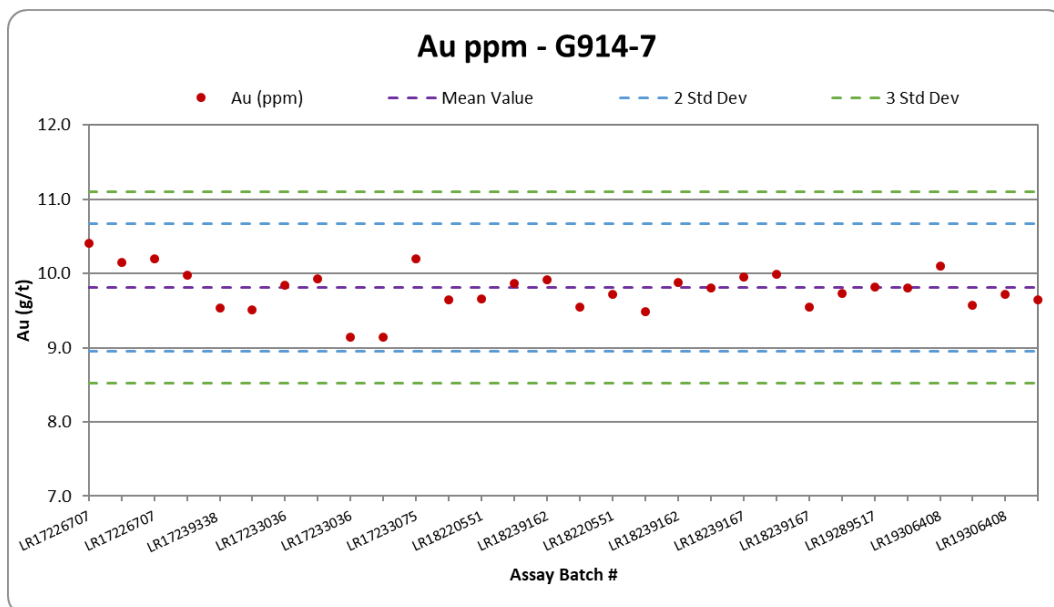


Figure 5-40: Results for Au in G914-7 by laboratory batch

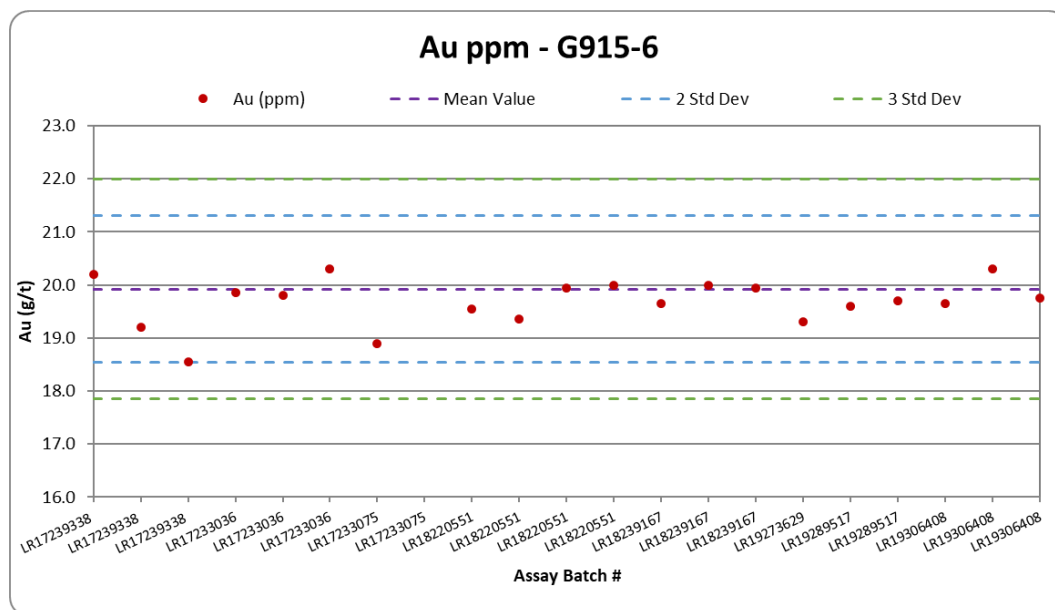


Figure 5-41: Results for Au in G915-6 by laboratory batch

Field Duplicates

Field duplicates were taken at the core sampling stage as quarter core from the retained half core. The core size of this drilling was predominantly BTW in size (42 mm diameter). The purpose of these is to assess how repeatable the sampling was and therefore the suitability of the sampling method given the mineralisation style.

A total of 49 field duplicates were taken from the 2017-18 programmes, with none taken during the recent 2019 drilling programme. Of these samples, only a minority returned grades above the LOD for either analytical method (Figure 5-42). The insertion rate of the total programme is 4.2%, reflecting the lack of sample collection in 2019.

The lack of results above the LOD due to the mineralisation style at Nalunaq, together with the mineralisation’s high variability (nugget effect) and relatively small size of the samples, makes it hard to draw any meaningful conclusions from these results. It does highlight the issues relating to drill core sampling within this type of mineralisation. Even though the results show a poor repeatability in terms of absolute values, generally samples of moderate grade (>5x LOD) show a relationship.

AEX have taken the decision to stop collecting field duplicates at the core sampling stage due to the issue mentioned above.

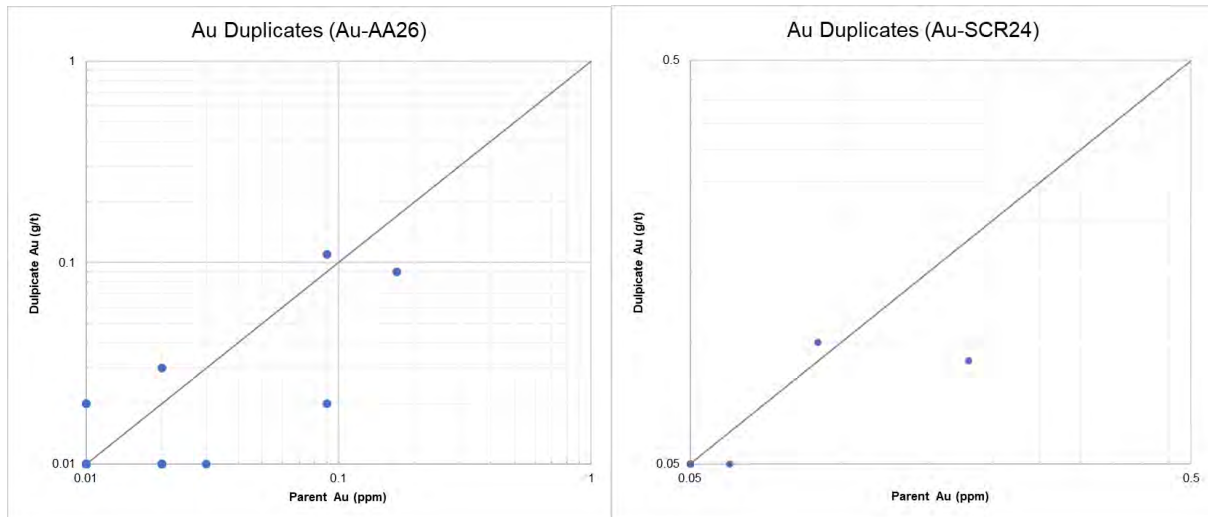


Figure 5-42: Comparison of field duplicate results by analytical method

SRK ES Comments

SRK ES considers the procedures implemented to be generally sufficient for this stage of sampling and the blank and CRM results are adequate. The inherent issues with the core sampling process given the nature of the mineralisation at Nalunaq are highlighted by the previous field duplicate sampling programme. AEX stopped collecting field duplicates in 2019 but SRK ES considers the results from this work important and it should therefore be resumed, or alternative protocols put in place, to assess the confidence and repeatability of the sampling methodology.

5.7 Assessment of Remnant Mining Areas

In 2015, studies identified the possibility for there to be unmined material within or immediately adjacent to the current mine infrastructure. This was derived via a combination of resource modelling, examination of mine plans, and discussions with Kurt Christensen, the former Chief Geologist. For the sake of assessing their potential for small-scale mining requiring no further mine development, AEX conducted a more detailed examination of these areas. This assessment that was undertaken between 29 June and 6 July 2016, before the updated MRE had been produced.

5.7.1 Assessment Objectives

The main objective of the assessment was to verify what remnant material exists as practical and safe mining blocks.

During the assessment, areas considered to be potentially mineable had to comply with two key characteristics:

1. Hold reasonable grade and structural continuity; and
2. Host mineralisation above 10 g/t when diluted to 2 m true mining width.

5.7.2 Results

Based on the observations during this assessment, approximately 25,000 tonnes of minable material grading 22.5 g/t Au was estimated. This has subsequently been revised down to 21,400 tonnes grading 16.2 g/t Au following the removal of material now known to constitute historical mine waste as a gully fill following acquisition of more accurate surface imagery in 2019.

While these figures are based on the 2016 MRE, this material can be considered as an estimate of that proportion of the Inferred Remaining Stopes, outlined in Section 5.9.7, that has been considered as assessible to future mine ahead of significant further mine development.

5.7.3 Pillar Mining

Mineralised material also remains in the mine area in the form of pillars between stopes. Following an assessment of the potential mineralised material left in pillars in 2012, and a recommendation for a method to exploit this potential (Golder, 2012), there have been attempts in several parts of the mine to extract pillars, particularly in the upper parts of the Target Block. This involved reinforcing the top and bottom of the pillars with rock bolts, then drilling and blasting the central parts of the pillars thus leaving stub pillars as support at either end. It is unclear how much ore was recovered in this way. During their site visit in 2016, SRK ES observed pillars where extraction had been attempted and it did not appear to have been particularly successful. In several pillars only small amounts of material had been removed and there was often a substantial amount of overbreak. Failures of the reinforcement in the remaining pillars were also observed.

A significant amount of pillar robbing has also occurred, with less or no consideration for stability. Rarely, wooden packs have been installed, but in other areas entire pillars have been removed leading to spans that cross three open stopes. The widest unsupported span observed by SRK ES was 33 m. Where small pillars have been left after robbing, “hourglass” failures are commonly observed. Areas where pillar robbing has taken place are unsafe and must not be entered, even for inspection purposes.

In summary, pillar mining at Nalunaq is likely to involve substantial technical and logistical difficulties, and hence would be an expensive exercise. It is not recommended as an option for future mining operations.

5.8 Underground Sweepings Assessment

5.8.1 Introduction

Vamping, a word to describe a mining method used to recover higher grade ore left in stoped areas, is perhaps not applicable to the Nalunaq mine as the stopes are open, have debris in them, and are considered unsafe to enter. Most were seen to have little or no ore “frozen” to the hanging wall or footwall contacts, often as a result of over-break—particularly in the footwall.

By contrast, sweepings are accumulations of fine material (including free gold and quartz vein fragments that host gold) that have been blasted in the stoped areas and subsequently washed down to settle on the floor of the drives below. They may also be derived from mucking operations or will accumulate at the bottom of ore passes or in areas of mineral processing if they are not kept clean. It can be reasonably expected that the grade of sweepings should be similar to the stope immediately up dip of the stope drive. It is highly likely that the grade could be higher due to the concentration effects of the water washing down the stopes and the process of hydraulic equivalence sedimentation that could happen in the stope drives, as well as dust suppression carrying lighter material away.

Whilst assessing the mining areas and carrying out geological work, SRK ES noted the presence of sweepings in all the stope drives visited and in other areas such as ore passes and the processing plant. Recovery of these sweepings has apparently been attempted in certain places in the mine in the past by Crew Gold (K. Christensen, pers. comm.), but SRK ES has no records to show where and when this took place, the head grades, or the gold recovery that resulted from this activity. Drives where sweepings removal may have taken place still had several centimetres of sweepings on the floor.

Due to the significant amounts of sweepings throughout the mine, it was decided to sample them in several locations and determine their head grade in order to assess the potential for future recovery and processing.

5.8.2 Sampling of sweepings

Four large samples (>20 kg each) were taken on the 300 and 310 South Block Levels. The

thickness of sweepings from surface to bedrock varied from 5 cm to 22 cm.

The thickness of sweepings influenced the method in which samples could be taken. In deep material on the 300 SB Level, a trench was excavated across the width of the drive (Figure 5-43) and produced a large quantity of material that was then sampled in three places to provide a composite sample. A 0.5 m² pit in the same thickness of material on the 310 SB Level provided sufficient material and it is suggested that this would be the most efficient sampling method for further work.



Figure 5-43: Sampling trench dug across 22 cm thick sweepings in the 300 SB Level drive below the #15 stope (SRK ES, 2016)

Where sweepings may have already been taken there was still material with a thickness of 5 cm. The best way of taking a sample was by scraping and brushing material from a 1 m² area Figure 5-44.



Figure 5-44: Sweepings sampling (300 18 SW02) in 1 m² of 5 cm thick material on the 310 SB Level below the #18 stope with material scraped (LHS) and then the surface swept (RHS)(SRK ES, 2016)

The sweepings samples were dispatched to SGS Minerals Services UK Ltd. for preparation and determination of their head grade.

5.8.3 Sample results

The head grades for the sweepings samples are summarised in Table 5-12. A screened fire assay method was used with grades for the over- and undersize fractions provided, as well as the percentage of gold reporting to the coarse fraction.

Table 5-12: Summary results of screened metallic analysis on sweepings samples

Sample ID	Drive	Location	Sample Weight, kg	Oversize		Undersize		Grade, wt. av. g/t Au	Au in oversize, %
				Weight %	Grade, g/t Au	Weight %	Grade, g/t Au		
290 15 SW01	300 E South Block	Top of stope 290/15	42.00	3.27	166.50	96.73	8.54	13.70	39.73
310 18 SW02	310 W South Block	Below stope 310/18	43.30	3.54	400.30	96.46	14.25	27.90	50.75
310 17 SW02	310 W South Block	Below stope 310/17	19.40	3.59	358.70	96.41	12.05	24.49	52.57
300 18 SW02	300 W South Block	Below stope 300/18	31.70	4.35	460.40	95.65	13.42	32.85	60.94

It is worthwhile comparing these head grades to the expected grades from the stopes above the sample locations from which the sweepings may have been derived. An exact correlation cannot be expected, since the sweepings will be subject to gold “contamination” from stopes further above as well as along the drives. Also, the sweepings were not sampled along the whole length of the stopes. Furthermore, there is no information on the grades of individual stopes based on gold recoveries during processing. The comparison can only be made using estimates made from underground sampling during mining operations, including estimates by Crew Gold and the block model that SRK ES has developed for resource estimation purposes. This is summarised in Table 5-13.

Table 5-13: Comparison of sweepings grades to resource model grades

Sample ID	Sweepings grade g/t Au	Stope Grades	
		SRK Estimate 1.8 m Diluted, Au g/t	Crew Estimate 1.8 m Diluted, Au g/t
290 15 SW01	13.70	25.63	22.90
310 18 SW02	27.90	25.23	22.60
310 17 SW04	24.49	20.69	25.20
300 18 SW04	32.85	26.33	18.70

The following notes are provided as further explanation of the values used:

- **SRK Estimate 1.8 m Diluted:** In-situ gold grades diluted to true mining width of 1.8 m, taken from SRK ES’ resource block model.
- **Crew Estimate 1.8 m Diluted:** Stope grade estimates taken from Crew Gold’s “Nalunaq Stope File” based on underground chip sampling applied to the area of each stope and

diluted accordingly.

As expected, there is no close correlation, but grades are of a similar order of magnitude and there is some similarity in relative grade variations between samples when comparing the sweepings samples to the SRK ES modelled grades. The sweepings grades are generally higher than those modelled for the stopes but, as explained above, some enhancement of grade may have occurred during and after accumulation of the sweepings.

Whilst this is a small dataset, it provides some evidence that modelled stope grades could be used to provide an indication of potential grades in sweepings for the purpose of prioritising further areas for investigation.

5.8.4 Preliminary estimate of sweepings

In order to provide a preliminary order of magnitude for the possible quantity of sweepings in Nalunaq, SRK ES has estimated the total length of drives in the mine from the mine plans and used assumed factors for the thickness of sweepings and their grade. This has been done for the total amount of strike drive development (11.75 km) and again for the strike drive development within areas that have been stoped (8.12 km). The stoped areas are more likely to contain sweepings with gold grades that are similar to those of the mined material. A drive width of 3 m has been assumed and a 10 cm thickness of sweepings.

Based on these assumptions, there may be potential for the existing mine excavations to contain between 2,400 m³ and 3,500 m³ of mineralised sweepings.

It must be emphasised that this is purely to provide an idea of the possible order of magnitude and is based on several untested assumptions. The estimate is likely to change following a programme of sweepings thickness measurement throughout the mine and systematic sampling for head grade analysis. This is **not** considered to be a compliant Mineral Resource estimate.

Furthermore, apart from the exclusion of levels in the Target Block that contain tailings from the processing plant, the estimate assumes that the entire length of the drives can be accessed. This is unlikely due to unsafe ground conditions and/or drives being blocked by scrap and other materials and therefore it may only be possible to recover a proportion of the sweepings, possibly as little as 50%. Furthermore, SRK ES understands that some tailings may also have been stored in South Block towards the end of the mining operation, but the locations, volumes and grades are unknown.

Finally, the estimate does not include sweepings or imported crushed material that is present on the floors of the ramps or in the processing plant. There is a substantial amount of material on the floors around the processing plant which may be mineralised.

5.9 Mineral Resource Estimates

To date, the Nalunaq project is the only AEX asset to have a Canadian Institute Mining NI 43-101 compliant Mineral Resource Estimate (MRE) completed. The effective date of this MRE is the 26 June 2020 and was undertaken by SRK ES based on all available data. This MRE constitutes a minor update to the 2016 estimate to account for further drilling in the South Block, minor surface drilling into the Target Block and surface sampling on the surface expression of the MV. This update also made use of more accurate imagery that defines historical waste dumps and accurate 3D surveys of the historical stopes.

SRK ES has developed this MRE based on the interpretation widely applied by previous workers — that the mineralisation at Nalunaq is hosted within three plunging high-grade features, possibly associated with flexures in the hosting structure, within a shallow dipping mesothermal quartz-gold vein as discussed in Section 4.2.

Therefore, based upon the “ore shoot interpretation”, SRK ES has generated a set of estimates across four areas as defined below:

1. **Remaining Stopes** – this is material within the mine that was never extracted for various reasons. It exists as mineralised material that could be mined either immediately or with small amounts of development/reconditioning, but may only be economically viable if done as part of existing mining or exploration activities;
2. **Mine Area** – this is defined as the mineralised MV in close proximity to the current underground infrastructure;
3. **Tailings** – an estimate of the tailings retained within the Target Block mined stopes has been made in support of any future plans to reprocess this material; and
4. **Exploration Target** – this is defined as those areas in which the MV is interpreted to extend, based on surface sampling and diamond drilling, but that contain insufficient sampling to define a Mineral Resource and are some distance from the current infrastructure.

5.9.1 Input Data

Data used for the Nalunaq resource estimate and exploration target constitutes the following:

- Surface core drillhole data (213 drillholes, 5,409 samples);
- Underground drillholes (237 drillholes, 723 samples);
- Underground chip/channel samples (7,796 samples),
- Surface channel samples (414 samples); and
- Surface chip samples (212 samples).

Nalunaq has undergone several drilling programmes since 1993, as summarised in Table 5-14.

Table 5-14: Summary of Nalunaq drill sampling programmes by year as used in MRE (SRK ES, 2020)

Year	Number of holes	Hole Numbers	Meterage
1993	13	NQ1-13	2,987
1994	8	NQ14-21	848
1998	37	NQ22-58	5,134
1999	19	NQ59-77	2,520
2000	-	-	-
2001	13	NQ78-90	2,740
2002	-	-	-
2003	-	-	-
2004	11	NQ91-121	1,237
2005	53	NQ102-155	10,560
2006-2008	18	NQ156-173	4,452
2017	14	AEX1701-1714	2,445
2018	18	AEX1801-1818	3,832
2019	9	AEX1901-1909	1,615
Totals	213		38,370

5.9.2 Post 2016 Data

Drilling and Surface Samples

The 2020 MRE contains a further 31 drillholes for 7,892 m from the 2016 estimate. While some of these have targeted the Target Block, the bulk have sought to prove up MV extensions to the south.

In addition to this, a further 55 surface chip/channel samples attempting to sample the surface exposure of the MV have been taken since 2016.

Wireframing

AEX has produced a new wireframe of the MV in Leapfrog Geo software using a similar approach to that conducted in 2016. Furthermore, AEX has created initial wireframe models of a series of hanging wall veins identified from previous drilling. These have not been included in this estimation.

Imagery

Since 2016, AEX has commissioned two imagery programmes. The first using underground LiDAR technology to provide a greater understanding of the extents and volumes of the historical stopes (Figure 5-45). The second provided a high-resolution surface image to be draped onto the existing topography. This latter programme highlighted that a small portion of the 2016 estimate close to surface was in fact a surface gully filled with scree and historical mine waste. This data has therefore been used to exclude this material from the 2020 MRE update.

Tailings

Additional research into the extent of historical tailings storage has also been conducted along with slurry dynamics and density estimation studies.

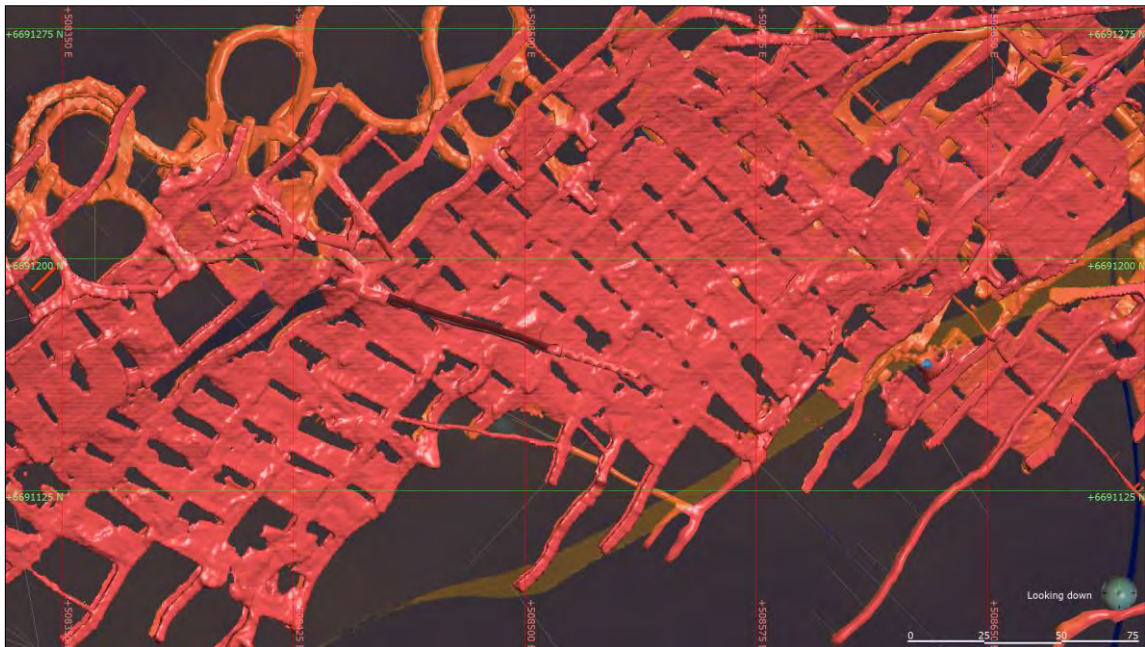


Figure 5-45 Example of the detail provided by the 3D Underground Lidar survey

5.9.3 Modelling Procedure

A wireframe was constructed to represent the MV using datapoints for the tops and bottoms of samples taken across the vein. The mean sample length of those samples marked as representing the MV in the database is 79.8 cm (8,395 samples, excluding the few samples that are more than 3 m long). Samples can be collected either along a vertical trace (which is at ca. 40° to the vein

dip), or along a trace perpendicular to the vein walls.

Following the wire framing of the MV, all samples were composited within these solids to 1 m. No other significant data manipulation was used in the estimate.

The 1 m composites were separated into three broad grade domains defined by the three mining areas suggested by previous workers to represent the high-grade shoots in the Mountain, Target, and South Blocks. A summary of the statistics across these three domains is given in Figure 5-46 and Table 5-14. The statistics of the Mountain Block domain are very similar to those of the South Block domain, whereas the Target Block domain has a distinct higher-grade population.

Table 5-15: Summary statistics of the three Main Vein grade domains (SRK ES, 2020)

Domain	Samples	Min	Max	Mean	SD	Var	CV
Mountain	1126	0.01	2716	32.438	138.187	19095.6	4.26
Target	5620	0.01	2935.8	49.39	123.42	15232.88	2.5
South	1727	0.001	917.4	25.727	59.269	3512.8	2.3
TOTAL	8473	0.001	2935.8	42.31	116.0	13456.8	2.7

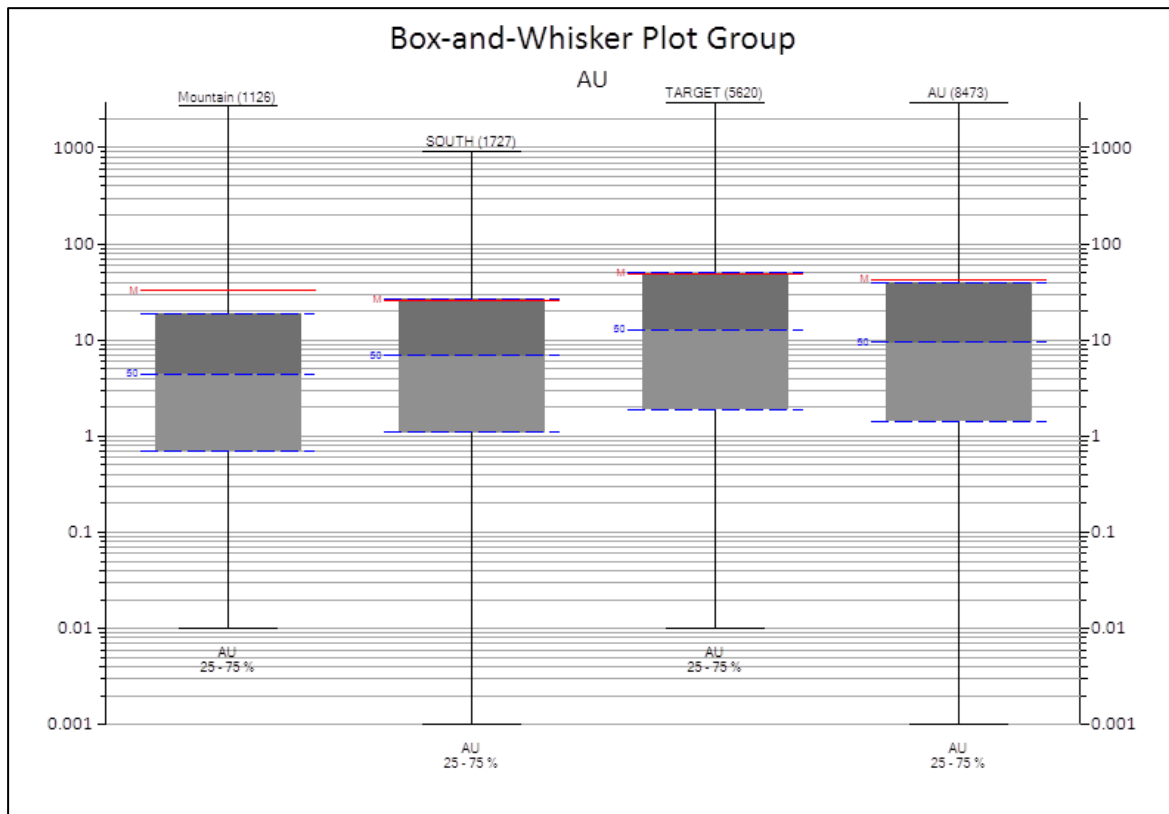


Figure 5-46: Box Plot of the Main Vein domains (SRK ES, 2020)

The statistics of all samples, as well as each domain, were assessed and suggest the presence of three distinct populations as outlined in Figure 5-47. The first population is considered a background low grade population. The second is a moderately mineralised population and a third high grade population is evident in all three domains.

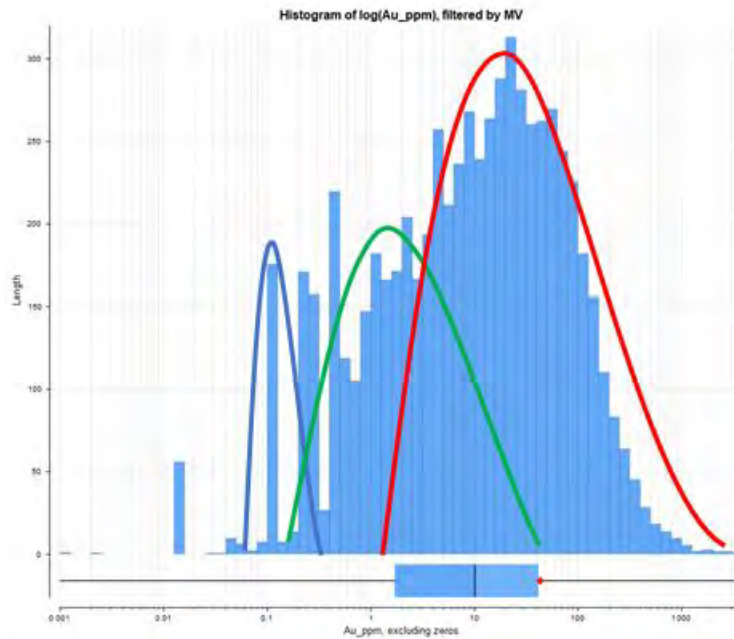


Figure 5-47: Log Histogram of uncapped 1 m gold composites across all three MV domains illustrating three grade populations (blue, green and red curves) (SRK ES, 2020)

Due to this strong distinction between a high and a low grade zone within each of the domains, these were further separated into two data populations for each domain through the use of a series of cut off grades as outlined in Table 5-16. An Indicator Kriging method was then employed to define a set of sub-domains where low grades were assigned a 0 while high grades were assigned a 1.

Following the definition of the indicator values, a set of variograms was created and Ordinary Kriging carried on the data. The results of this estimation were used to define the high grade and low-grade sub-domains.

Table 5-16: Data cut off grades used for Indicator Kriging (SRK ES, 2020)

Domain	Cut off (g/t Au)	Low Grade Percentage
Mountain	3	0.4
Target	5	0.45
South	5	0.45

The variograms show a very high nugget effect as is expected from mineralisation in a setting such as Nalunaq, but with large ranges in the region of 100-180 m. Search ellipses for the Indicator Kriging were restricted to 50-70 m.

Following the completion of the Indicator Kriging, three grade domains and six sub-domains were defined as illustrated in Figure 5-48.

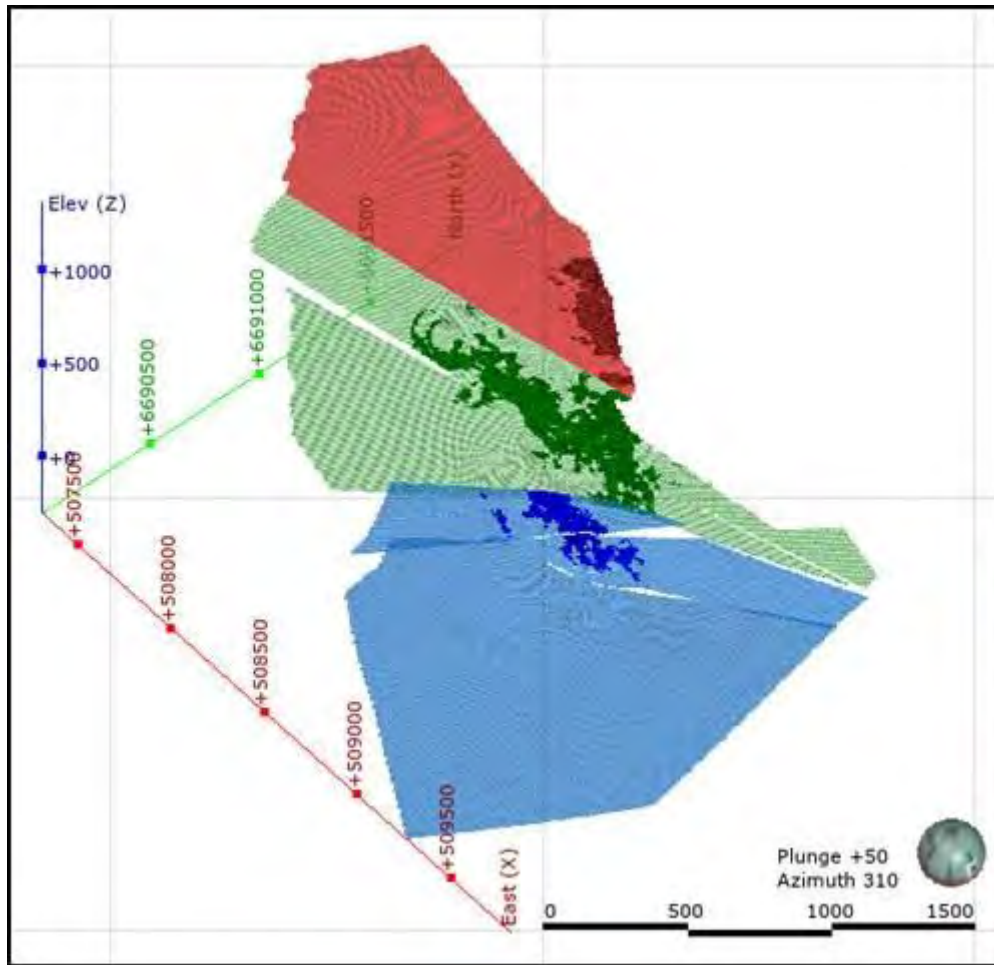


Figure 5-48: 3D image illustrating the location of the six sub-domains at Nalunaq. Coordinates are in UTM (SRK ES, 2016)

A contact analysis across these six domains was performed to assess the grade behaviour and therefore the best domain boundary type to use during estimation. From these analyses, a gradual or hard contact is considered as the most appropriate for the six sub-domains at Nalunaq.

Following a review of each sub-domain, to ensure that the estimate is not biased through the inclusion of extreme high grades, a decision to apply a top cut at an appropriate level ahead of estimation was made. These were defined through the inflection points on the cumulative probability plots for each sub-domain. Table 5-17 illustrates the top cuts used during the 2016 estimate.

Table 5-17: Data Top Cuts Used for the Various Main Vein Sub-Domains (SRK ES, 2020)

Domain	Sub Domain	Top Cut (g/t Au)	No. of Samples Affected
Mountain	High	500	7
	Low	20	18
Target	High	-	-
	Low	200	20
South	High	-	-
	Low	50	9

5.9.4 Resource Estimation

Block Model Construction

A block model has been created in UTM coordinates as opposed to the mine grid used in 2016. Block dimensions of 10 x 2 x 2 m were selected based on the average width of the vein, the Quantitative Kriging Neighbourhood Analysis (QKNA) programme, and the anticipation of the likely smallest mining unit. Block model parameters are shown in Table 5-18. No sub-blocks were used in the estimations stage.

Table 5-18: Block Model Parameters (SRK ES, 2020)

	Origin	Block Size	# Blocks
East	508,781	10	228
North	6689,506	2	1167
Elevation	-321	2	790

Grade Estimation

Gold grades were estimated into this block model using Ordinary Kriging (OK) on three iterations using increasing sized search ellipses. A Nearest Neighbour (NN) estimate was also conducted by way of a comparison during validation.

Tonnage estimation

While the Snowden report (Dominy, 2005) uses a density of 2.7 g/cm³, it refers to an earlier report (Strathcona, 2001) which describes a bulk density testing programme conducted on Nalunaq material in 2001. This report concludes that due to the presence of sulphide and country rock within the vein material, a density of 3.0 g/cm³ is more realistic. SRK ES used this figure in their calculations.

Validation

The OK model was validated through assessing the global bias (OK vs. NN), local bias (Swath Plot), and through contact analysis. These assessed the degree of smoothing incorporated in the models, and the change of support through the model. It was decided that no support correction was required during this validation. A visual validation against drill hole composites was also undertaken.

Block Model Modifications

Depletion for Mined Areas

Following the 2016 stope inventory and the more recent 2019 underground stope and development 3D LiDAR survey (Figure 5-49, the resultant block model has been interrogated to ensure that all previously mined, as well as inaccessible stopes, have been removed ahead of classifying the Mineral Resource.

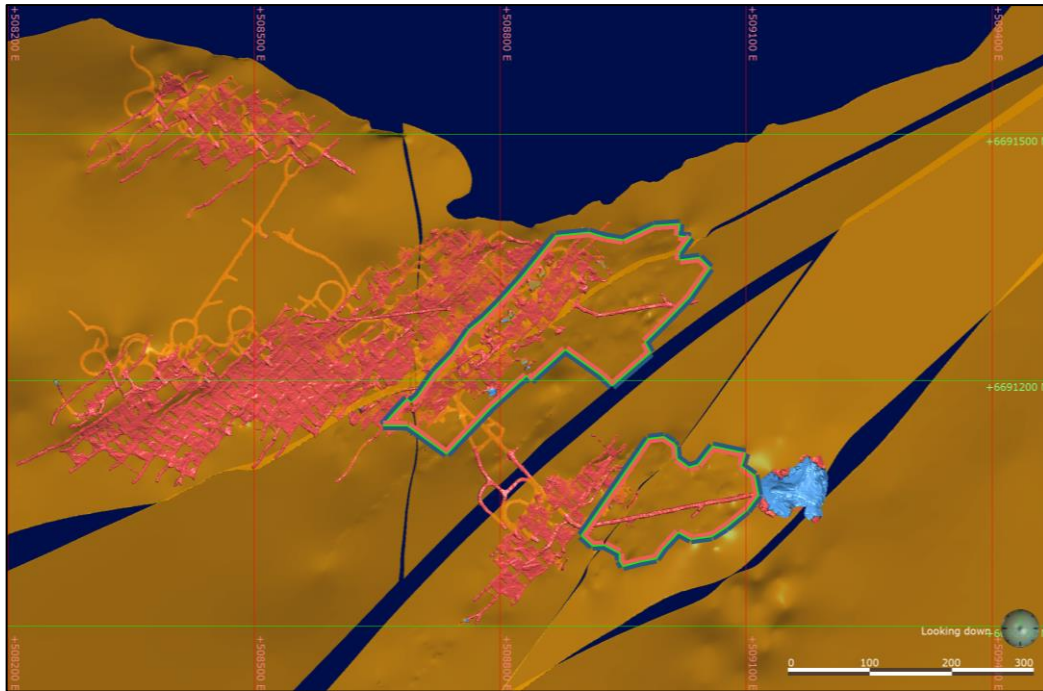


Figure 5-49 Plan view of the extent of the underground 3D LiDAR survey and outlines of additional stope areas where inaccuracies in the survey exist. Collectively used to deplete the block model

To conduct this, wireframes were created in Leapfrog Geo software around the surveyed stopes and, where surveys were considered inaccurate or the survey team were unable to access the area, around the stope maps provided by GEUS and guided by the 2016 inventory.

Using the Deplete Block Model routine within 5DP, the blocks within these existing stopes and development shapes were removed from the block model. The parent blocks in the original block model were sub-celled up to eight times to provide an accurate fit to the existing stope and development shapes.

Dilution

The final block model has also been diluted to a 1.2 m true width to reflect reasonable economic mining conditions. This is on the assumption that future mining will predominately utilise the resue mining technique in line with AEX’s decision to develop a mining method focused on selectivity and the reduction of dilution.

After various mining simulations, AEX has decided to implement a combination of mining techniques as follows

- Long Hole Stopping: 40% of ore, true mining width 1.8 m;
- Ramp in ore (resue), sublevels (resue) and cut and fill: 60% of ore, true mining width 0.8 m.

Therefore, the weighted average of the total true mining width equates to 1.2 m. This figure also aligns to the targeted mining width that Crew Gold worked towards as documented by Dominy et.al. (2006).

Dilution was conducted using Datamine Studio 3 software by assessing the horizontal vein thicknesses across the model and, through simple trigonometry, defining those blocks with a MV true width of less than 1.2m. These were then diluted through the inclusion of hanging wall

and footwall material at a grade of 0.0 g/t Au. The final diluted block model was then used for subsequent resource classification and reporting.

Resource Classification

The material within the Remaining Stopes is well sampled, and details of its location and grade are all available. In many situations these areas would be classified as Measured or Indicated Resources. However, due to the high nugget effect seen across Nalunaq, the lack of first-hand QAQC results, and the fact that this material can probably only be economically extracted as part of a larger long-term mining operations, these areas remain classified as Inferred.

The rest of the MV has been classified Inferred or Unclassified based upon the average distance from the samples (proportion of the 1st search ellipse diameter), Table 5-19.

Table 5-19: Resource Classification Criteria (SRK ES, 2016)

Category	1st Search Ellipse Proportion
Inferred	2.5
Unclassified	4

This classification was conducted on a block by block basis and then manually adapted to ensure that consistent coherent areas of the same classification existed. Figure 5-50 illustrates the final resource classification across Nalunaq.

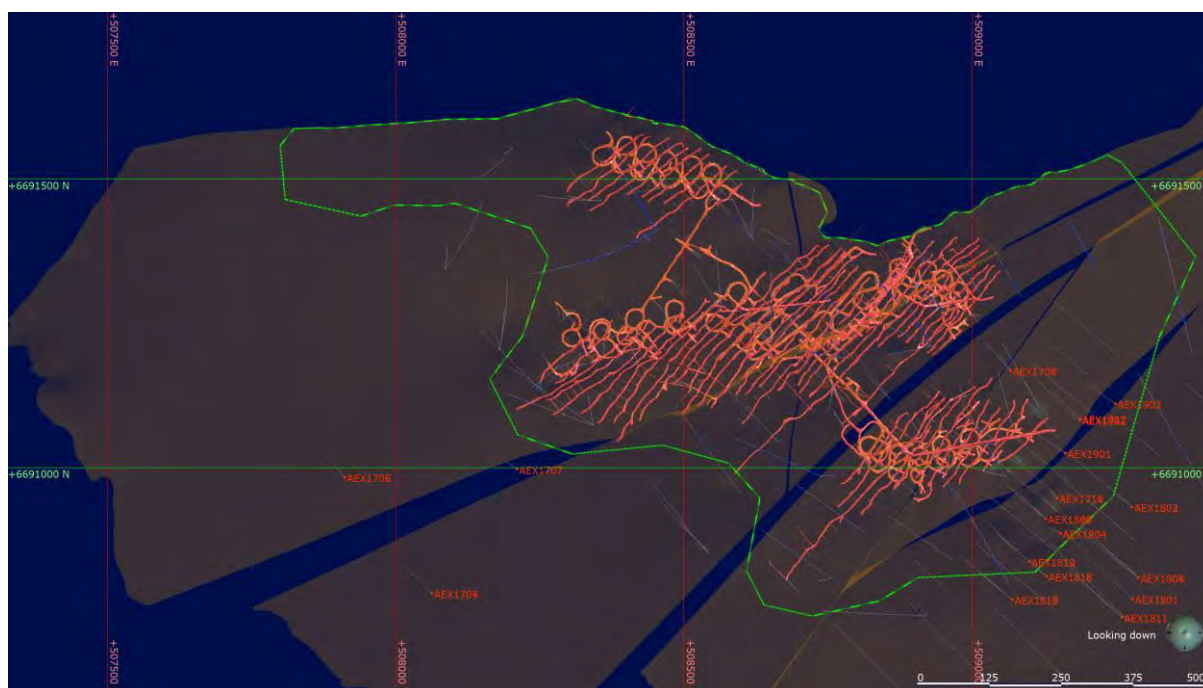


Figure 5-50: Plan view of Nalunaq illustrating the final extent of the Mineral Resource classification in green (SRK ES, 2020)

Cut-Off Grade

To determine the Mineral Resource, a diluted cut-off grade of 6.0 g/t Au was selected based on AEX’s corporate assumptions for gold price, refining and royalty costs, processing recovery, and operating cost for the mining methods proposed. The calculation is provided in Table 5-20. Operating costs estimation assumes a 300 t per day underground longhole open stoping operation with a minimum true mining width of 1.2 m.

The gold price selected mirrors AEX’s price assumption used in their corporate and financial

planning. SRK ES has selected this price as a conservative assumption but consider this valid under the current global financial uncertainty that the mining sector and commodity markets are facing.

Table 5-20: Cut-off grade calculation (SRK ES, 2020)

	Factor	Value US\$	Units	Formula
Metal Price				
A	Gold Price	1,500.00	/oz	
Refining, Transportation, and Royalties				
B	Refining Cost	5.00	/oz	
C	Transportation (1%)	15.00	/oz	
D	Government Royalty (2.5% on NSR)	37.00		
E	Total Refining, Transportation, and Royalties	57.00	/oz	B+C+D
Metal Value				
F	Metal Price	1,500.00	/oz	A
G	Refining, Transportation, Royalties	57.00	/oz	E
H	Metal Value Dore	1,443.00	/oz	A-E
I	Process Recovery	92	%	
J	Metal Value Feed	1,327.56	/oz	HxI
Operating Cost				
K	Mining	154.85	/t	
M	Milling	46.15	/t	
N	General and Administration	53.85	/t	
O	Total Operating Cost	253.85	/t	K+M+N
In-Situ Cut-off Grade				
P	Cut-off Grade	0.19	oz/t	O/J
Q	Conversion	31.105	g/oz	
R	Cut-off Grade	5.9	g/t	PxQ
Cut-off Grade used for MRE		6.0	g/t	

5.9.5 Resource Statements

Remaining Stopes

The material remaining within the current underground infrastructure has been reported diluted to a 1.2 m mining width and at a 6.0 g/t Au cut-off grade.

Mine Area

The Mine Area has also been reported diluted to a 1.2 m mining width and at a 6.0 g/t Au cut-off grade.

A full breakdown of the resources across the Mine Area is given in Table 5-22.

Tailings

Tailings material from the underground processing plant was redirected and stored in a series of open stopes, ramps and drives across 8 levels in the southwest corner of the Target Block (Figure 5-51). It is possible that Angel Mining documented the amount of tailings material produced on a monthly or annual basis, but detailed records have not been identified.

SRK ES estimated the tonnage of tailings material stored here in anticipation of any potential future tailing reprocessing programmes to be conducted by AEX. Table 5-21 outlines the estimated volume, tonnage and contained gold in the tailings material stored underground. A grade of 4.0 g/t Au has been used which is the average grade recorded for the tailings by Angel Mining in 2013. It is possible that due to lower recoveries, earlier tailings may have contained higher grades, but detailed records do not exist. A density of 1.29 g/cm³ has been estimated following slurry calculations conducted by Jarrett Quinn Consultant Inc. on behalf of AEX, assuming a 70% settled solid and 2.9 g/cm³ solid density, and based on historical particle settlement testwork included in the 2002 Feasibility Study (Kvaerner, 2002).

SRK ES' estimate defines around 37,000 m³ or 48.2 kt for 6,202 oz gold.

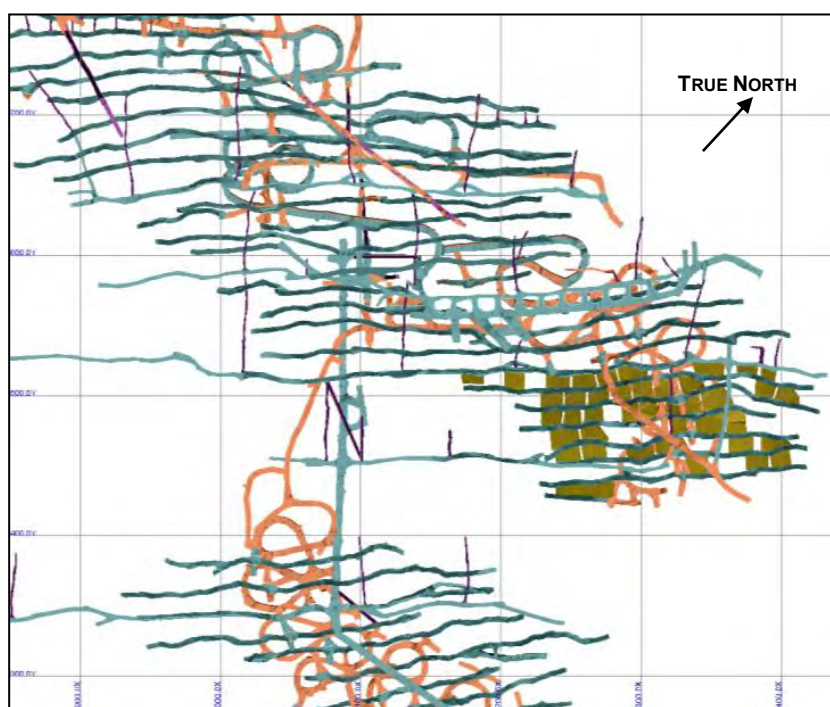


Figure 5-51: Map Illustrating the Location of the Stopes Used for Tailings Storage (SRK ES, 2016)

Brown: stopes filled with tailings; Orange: ramps; Green: drifts; Purple: raises.

Table 5-21: SRK Contained Tailings Estimate (SRK ES, 2020)

Section	Level	Volume (m ³)	Density (g/cm ³)	Tonnage (t)	Grade (g/t Au)	Contained Gold (oz)
Ramp	340 (50%)*	540.8	1.29	698	4	89.73
Ramp	330	1,176.3	1.29	1,517	4	195.17
Ramp	320	1,731.2	1.29	2,233	4	287.23
Ramp	300	1,708.8	1.29	2,204	4	283.52
Ramp	290	1,017.0	1.29	1,312	4	168.73
Ramp	280	1,065.0	1.29	1,374	4	176.69
Ramp	270	1,008.0	1.29	1,300	4	167.24
Adits	340	2,864.2	1.29	3,695	4	475.21
Adits	330	2,731.3	1.29	3,523	4	453.16
Adits	320	2,232.0	1.29	2,879	4	370.32
Adits	310	2,336.8	1.29	3,014	4	387.71
Adits	300	1,016.0	1.29	1,311	4	168.57
Adits	290	2,454.6	1.29	3,166	4	407.26
Adits	280	2,464.5	1.29	3,179	4	408.91
Adits	270	919.9	1.29	1,187	4	152.63
Stopes	340 (50%)*	1,143.7	1.29	1,475	4	189.76
Stopes	330	2,477.3	1.29	3,196	4	411.02
Stopes	320	3,915.2	1.29	5,051	4	649.60
Stopes	310	1,480.8	1.29	1,910	4	245.69
Stopes	300	-	1.29	-		-
Stopes	290	1,572.4	1.29	2,028	4	260.89
Stopes	280	849.7	1.29	1,096	4	140.98
Stopes	270	674.2	1.29	870	4	111.86
TOTAL		37,380		48,220		6,202

* Stopes and footwall ramp on 340 L estimated as 50% filled with tailings

5.9.6 Compiled Mineral Resource Statement

The following tables constitute the 2020 Mineral Resource estimate for Nalunaq separated by area.

Diluted Resources

Table 5-22: Nalunaq Diluted Mineral Resource as of 26 June 2020 (SRK ES, 2020)

Zone	Classification	Gross			Net Attributable			Operator
		Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	
Remaining Stopes	Inferred	26,690	20.8	17,890	26,690	20.8	17,890	Nalunaq A/S
Mine Area	Inferred	396,080	18.3	233,080	396,080	18.3	233,080	Nalunaq A/S
Total Inferred		422,770	18.5	250,970	422,770	18.5	250,970	Nalunaq A/S

Notes:

10. Remaining Stopes reported at a cut off of 6.0g/t Au
11. Mine Area reported at a cut-off grade of 6.0g/t Au
12. Diluted to 1.2m true thickness at 0.0g/t Au
13. Gold price of US\$1,500
14. Total refining, transportation and royalties costs of US\$57
15. Total operating costs of US\$254/t.
16. All figures are rounded to reflect the relative accuracy of the estimate
17. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
18. 100% of the Mineral Resource is attributable to Nalunaq A/S

Tailings Resource

Table 5-23: Nalunaq Tailings Mineral Resource as of 26 June 2020 (SRK ES, 2020)

Zone	Classification	Gross			Net Attributable			Operator
		Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	
Target SW	Inferred	48,220	4.0	6,200	48,220	4.0	6,200	Nalunaq A/S
Total Inferred		48,220	4.0	6,200	48,220	4.0	6,200	Nalunaq A/S

Notes:

1. Reported at a cut-off grade of 0.0 g/t Au
2. All figures are rounded to reflect the relative accuracy of the estimate
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
4. 100% of the Mineral Resource is attributable to Nalunaq A/S

5.9.7 Mineral Resource Sensitivity

The total Inferred Mineral Resource estimate for Nalunaq is sensitive to both the reporting cut-off grade used (the cut-off grade estimate is most sensitive to the forward-looking gold price assumptions) and the minimum mining width applied.

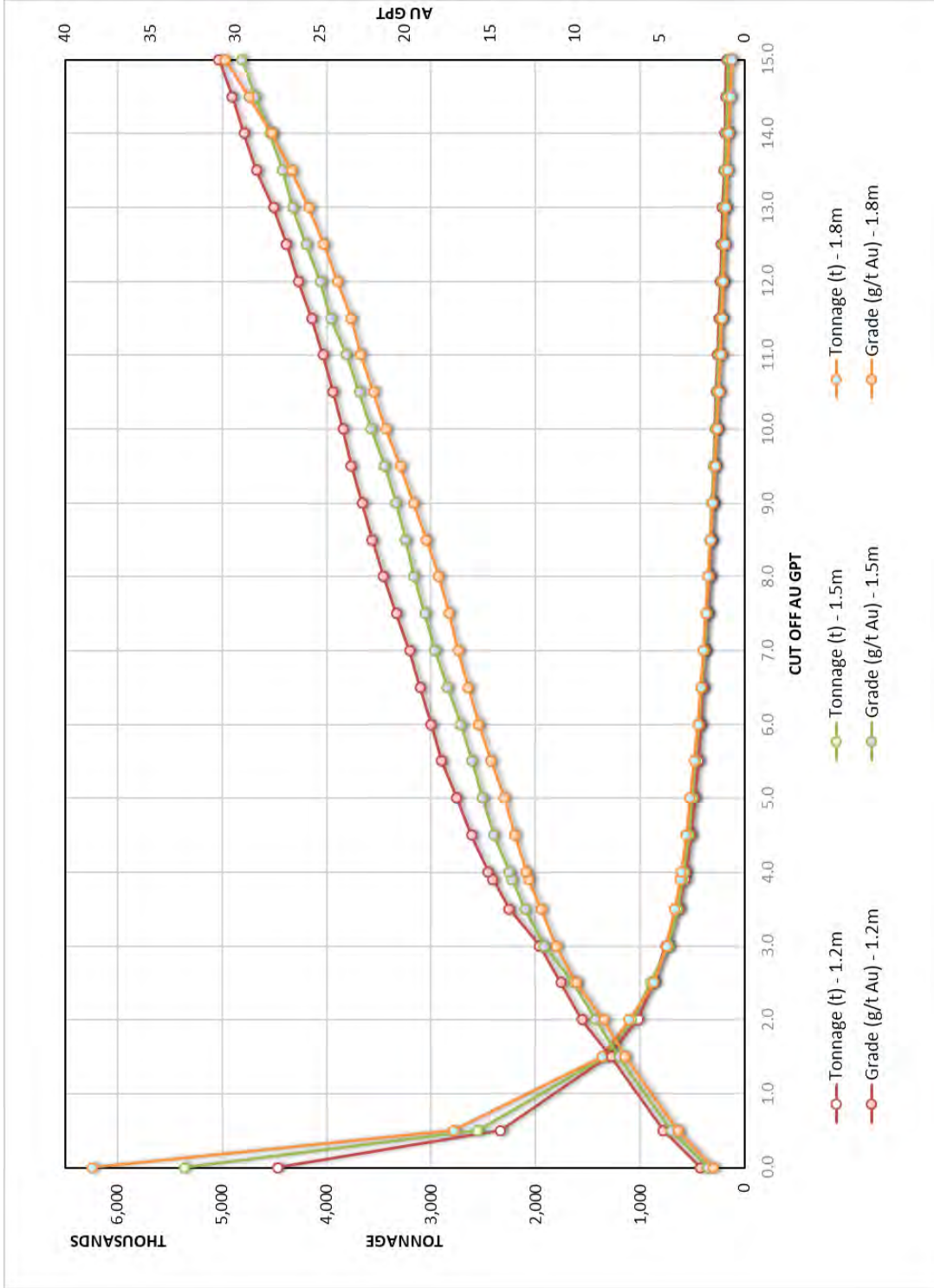
An average of 1.2 m mining width is currently being scheduled by AEX through their ongoing mining studies. However, and from historical evidence, the resource remains sensitive to the effectiveness of the various mining methods applied and to whether the targeted mining widths can be maintained during mining operations. Should more reliance on methods with wider mining widths be required then this may influence the average grade. Therefore, SRK ES has provided a sensitivity analysis to the 2020 Mineral Resource Estimate based on a 1.2 m, 1.5 m and 1.8 m average true mining widths for various cut-off grades (Table 5-24 and Figure 5-52).

Table 5-24 Nalunag Mineral Resource Estimate, 26 June 2020, at a Range of Cut Off Grades and Mining Width (SRK ES 2020)

Cut off Grade (g/t Au)	1.2m Mining Width		1.5m Mining Width		1.8m Mining Width				
	Tonnage (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnage (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnage (t)	Grade (g/t Au)	Contained Gold (oz)
8.0	339,560	21.3	232,240	347,360	19.5	217,510	352,890	18.0	204,560
7.5	359,900	20.5	237,310	367,530	18.8	222,530	375,930	17.4	210,310
7.0	382,440	19.7	242,560	387,480	18.2	227,190	396,890	16.9	215,200
6.5	401,410	19.1	246,680	413,850	17.5	232,910	421,640	16.3	220,560
6.0	422,770	18.5	250,960	443,800	16.7	238,920	449,010	15.7	226,070
5.5	444,480	17.8	254,970	472,980	16.1	244,320	484,950	14.9	232,700
5.0	478,360	16.9	260,680	502,610	15.4	249,310	526,990	14.2	239,790
4.5	515,120	16.1	266,290	535,780	14.8	254,350	563,310	13.5	245,340
4.0	561,670	15.1	272,620	585,790	13.9	261,190	606,950	12.9	251,300

Table stated on a 100% basis.

Figure 5-52 Nalunaaq Mineral Resource Estimate, 26 June 2020, Grade Tonnage Curves, by Mining Width (SRK ES 2020)



5.9.8 Exploration Target

SRK ES has extrapolated their estimate from the Mine Area out across the rest of the known MV based on historic surface diamond drilling and channel sampling, as well as the acquired surface samples from 2015, 2016 and 2019 that demonstrate the continuity of the MV. This region has been defined as an Exploration Target. SRK ES considers this area as holding significant resource potential.

In an attempt to quantify the Exploration Target, SRK ES has used the relative proportions of the high and low grade domains seen across the Mine Area, as well as their average grades, and extrapolated this behaviour across the Exploration Target.

These data have been used to outline an exploration target of 200 koz gold to 2.0 Moz gold contained within 2.5 Mt to 10 Mt grading between 2.4 to 6.0 g/t Au.

The potential tonnages and grades are conceptual in nature and are based on previous drill and grab sample results that defined the approximate length, thickness, and grade of the MV away from the mine area. There has been insufficient exploration to define a Mineral Resource and SRK ES cautions that there is a risk that further exploration will not result in the delineation of a Mineral Resource.

From their geological review, SRK ES expects that some form of higher-grade mineralisation in the MV structure, un-sampled so far except via surface sampling, will exist in this area. This will likely only be defined through further exploration and, particularly, underground exploration.

5.9.9 Comparison to Historical Resources

Several historical resources have been stated for Nalunaq over the life of the project. The most recent is the 2016 MRE produced by SRK ES with the effective date of 16 December 2016. This current 2020 MRE is a relatively minor update to this earlier estimate taking into account the new drilling data and underground surveying as well as the removal of the material contained within the newly identified surface waste dump. The resultant change, when reconciled at a comparable mining width and cut-off grade, is a reduction of roughly 30 koz gold in the Inferred Resource. Other than the removal of the waste dump area, the main reason for this is due to the lower average grade intersections of MV achieved from the 2017 to 2019 drilling, mainly in the South Block domain. This is not unexpected given the high nugget characteristics of the mineralisation and the historical poor representativeness of surface drilling at Nalunaq; in-situ grades may be higher than those modelled using drilling data alone, as has been demonstrated by underground sampling and mining operations.

Prior to 2016, the most recent estimate that SRK ES has access to is Angel Mining's non-compliant December 2013 statement that defined around 19,000 oz gold at a zero cut-off grade in the Measured and Indicated categories, and a further 120,000 oz of gold in the Inferred category. SRK ES' new resource is larger. The main reasons for this are three-fold. Firstly, the Angel Mining estimate covers a smaller area than that included in the Inferred category in this case i.e. a smaller area has been assigned to the known extent of the MV. Secondly Angel Mining's estimate was more rudimentary and did not use all samples or the geostatistical behaviour of the three MV domains to estimate grade. Instead it was a basic extrapolation of the closest grades away from known areas. Thirdly, the Inferred resources in the Angel Mining estimate did not have the benefit of new evidence for MV extensions to the west and southwest that was obtained during the 2015 and 2016 exploration programmes and therefore encompasses a much smaller area than that applied to the Exploration Target area in the new estimate.

5.9.10 SRK ES Comment

The new MRE produced for Nalunaq provides an up-to-date estimate of the contained Mineral Resources taking into account the newly acquired survey and exploration data. The new block model has also been interrogated by a minimum mining width and resultant cut-off grade based upon the strategy to utilise a resale mining method in future operations.

The resultant Mineral Resource statement is a relatively minor change to that documented in 2016 and fully detailed in SRK ES (2016) An Independent Technical Report on The Nalunaq Gold Project, South Greenland, and the reader is encouraged to review this document if further details are required.

5.10 Mineral Processing and Metallurgical Testing

Gold ore at Nalunaq contains a high proportion of coarse gold which makes gravity recovery an effective method to recover a significant proportion of the total contained gold. As outlined by the Feasibility Study (Kvaerner, 2002), testwork has shown up to 89% gravity gold recovery using standardised procedures. Other heavy minerals such as arsenopyrite and copper sulphides are also present in the ore and may concentrate along with gold in the gravity concentrate. However, historical studies have shown that doré of acceptable quality is achievable with good flowsheet design, appropriate equipment selection and effective operation (Kvaerner, 2002). Audits carried out on Angel Mining's processing operation by SGS clearly describe several shortcomings that explain why gravity concentration was not successful and why the potential of this method was not realised (SGS, 2010).

Previous studies have considered flowsheets which include gravity separation to recover coarse / free gold followed by cyanidation of the gravity tailings stream, or direct cyanidation.

Initial operations by Crew Gold (2003-2006) involved direct shipping of Nalunaq ore to Rio Narcea Ltd.'s El Valle plant for processing. The flowsheet included gravity recovery, flotation and cyanidation. On average, roughly 65% of gold was recovered to a clean concentrate at El Valle with overall recovery ranging from 96-98%. From 2006-2009, Nalunaq ore was processed at the Nugget Pond direct cyanidation plant in Newfoundland (now owned by Rambler Metals and Mining) with overall gold recoveries ranging from 92-94%.

The past flowsheets have also demonstrated that the ore at Nalunaq is highly amenable to flotation, with a total gold recovery of gravity and flotation in the range of 92-95%.

5.10.1 Historical Metallurgical Testing

The 2002 Feasibility Study (Kvaerner) reported on metallurgical testwork by several parties including Lakefield Research, Falcon, Gekko, and André Laplante which supported development of the processing flowsheet. The report considered a process plant which included:

1. A two-stage crushing circuit followed by a single-stage ball mill;
2. Gekko jigs, in-line spinners and a shaking table to recover ca. 80% of the gold by gravity;
3. Tailings from the gravity circuit were processed via a conventional leach and carbon-in-pulp (CIP) circuit with a 60-hour leach retention time and one-hour retention time per tank in the CIP circuit. Oxygen addition was found to improve leach kinetics, and six leach stages were recommended;
4. A split AARL elution circuit;
5. Detoxification of the CIP tailings using the INCO process.

5.10.2 Recent Metallurgical Testing

SGS Minerals Services UK Ltd. (SGS) was commissioned by Angel Mining in 2011 to carry out metallurgical testwork on samples from Nalunaq in order to investigate the ore’s amenability to cyanide leaching. The objective was to obtain data relating to potential gold recovery from plant feed material at different grind sizes, densities, and cyanide strengths, thereby determining the optimum operating parameters for the underground processing plant at Nalunaq. Angel Mining had also considered the use of gravity methods followed by cyanide leaching of the gravity concentrates, but ultimately constructed a plant using only direct cyanide leaching.

The following conclusions were reached by SGS following this work (SGS, 2011):

- The head grade of the material provided was 9.67 g/t gold and 1.67 g/t silver;
- The optimum grind size is a D₈₀ of 75 µm or below (Figure 5-53);
- A review of all final gold recovery results for all tests shows that the gold and silver readily leach at a grind D₈₀ of 75 µm and at a density of between 30% and 47% solids (Figure 5-54);
- There was a significant percentage of coarse nuggety gold in the sample which was recoverable by gravity. SGS noted the presence of other heavy minerals which might hamper efficient separation or direct smelting of the concentrates in plant;
- The leach recovery of the gold over 24 hours suggests a 95% recovery on the current density of 30% solids and cyanide strength of 0.5 g/l NaCN at a grind size of 75 µm (Figure 5-55);
- Silver recovery is also high between 85% and 95% at a grind size of 75 µm;

Leach kinetics testing on gravity tailings would be a worthwhile investigation if gravity were deemed to be a viable process route.

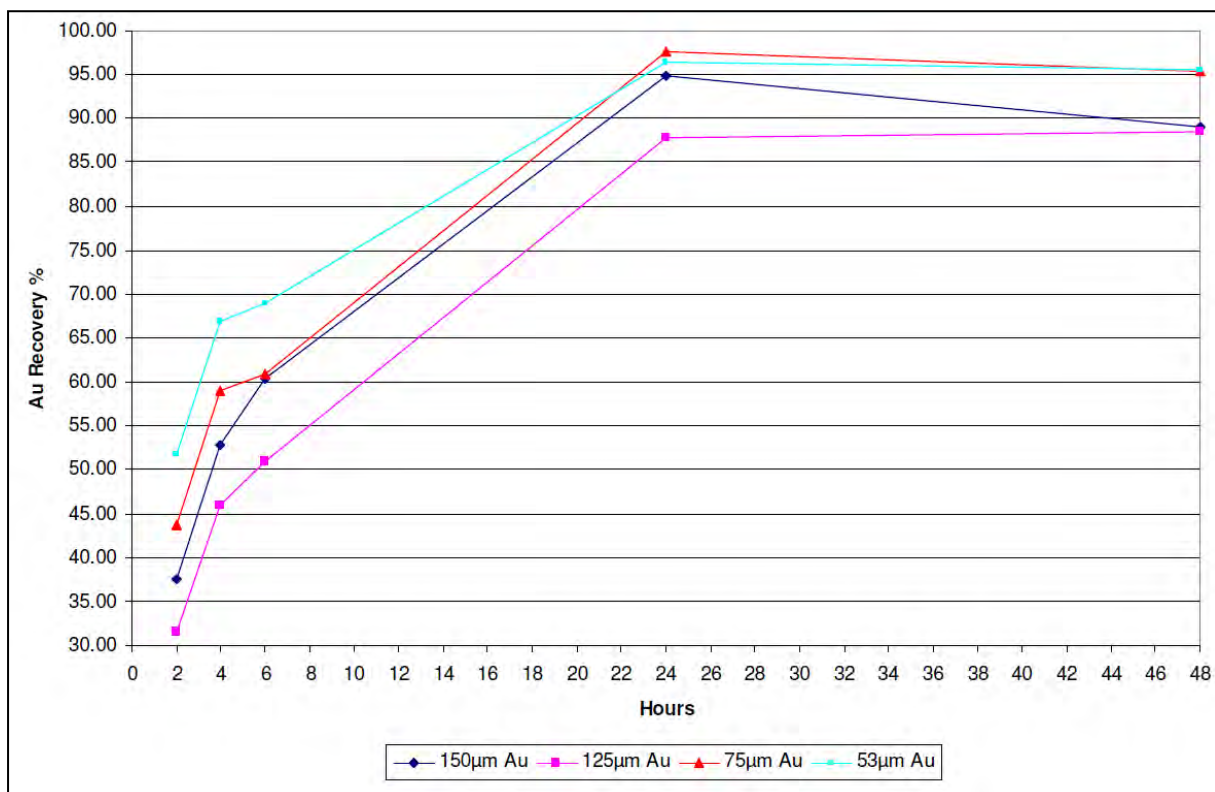


Figure 5-53: Effect of grind size on gold recovery in cyanide leaching (SGS, 2011)

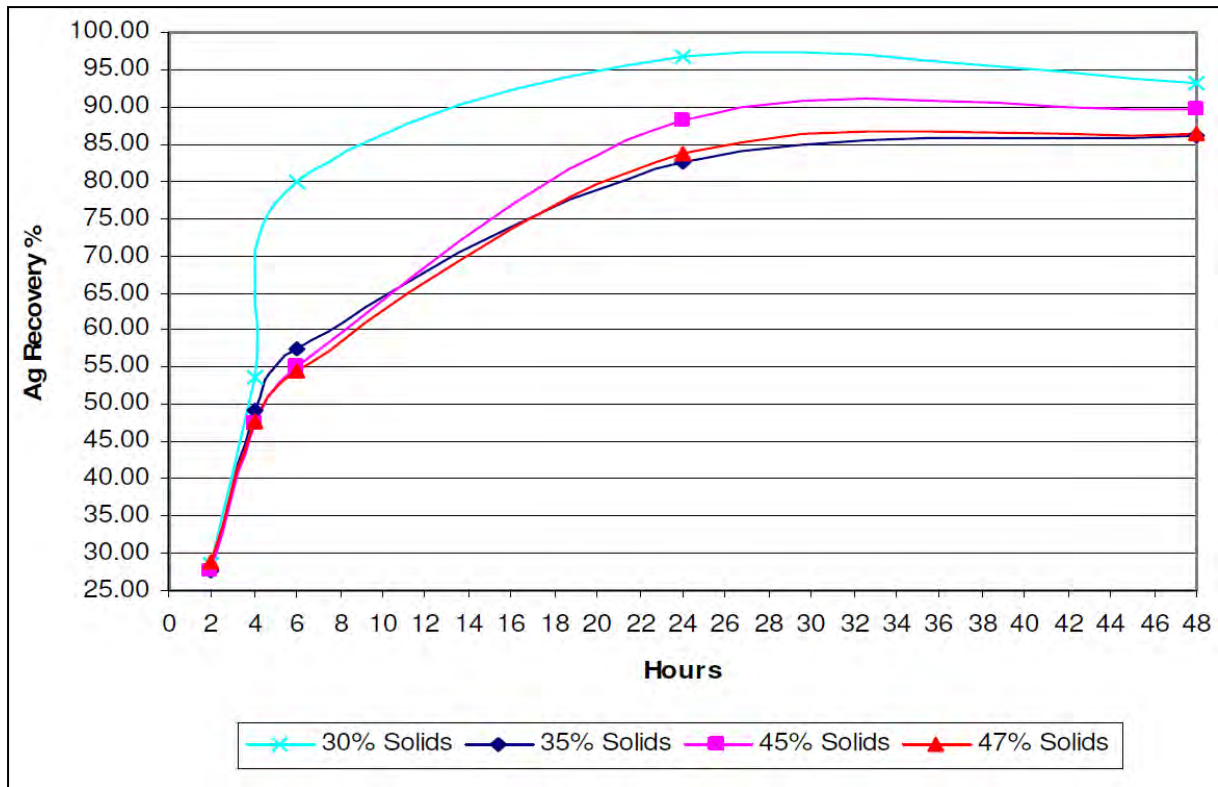


Figure 5-54: Effect of feed density on gold recovery in cyanide leaching at a grind size D_{80} of 75 μ m (SGS, 2011)

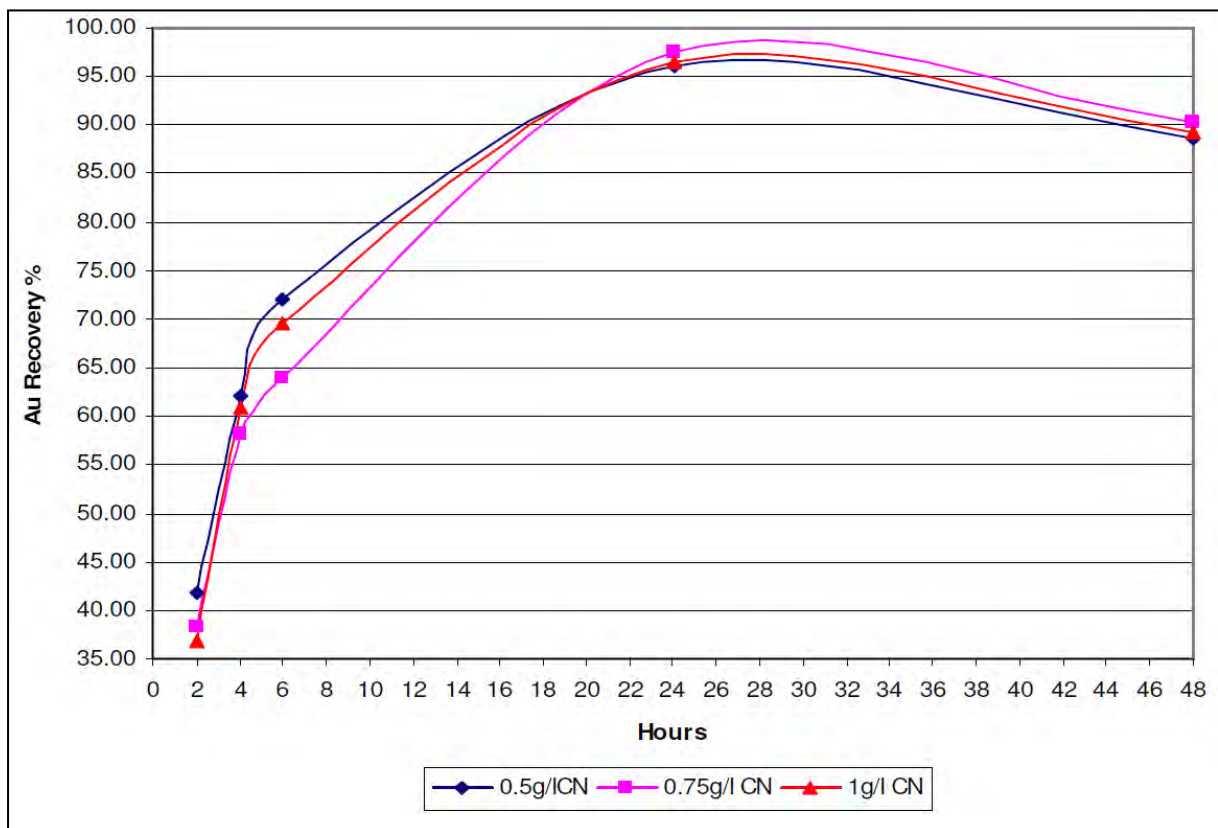


Figure 5-55: Effect of cyanide solution strength on gold recovery in cyanide leaching at a grind size D_{80} of 75 μ m and a density of 30% solids (SGS, 2011)

In 2019, AEX sent a 500 kg sample to a facility operated by TOMRA in Germany to assess the potential of ore sorting. The sample was taken from the 460 level in Target Block and comprised broken material that was hand-picked from the drive. 28% of the sample mass was mineralised quartz vein material whilst the remainder was unmineralised amphibolite and granite. AEX considered the sample to be representative of the relative proportions of rock types on this level. The preliminary tests demonstrated that ore sorting could be effective in rejecting 58% to 71% of the waste upstream of the milling circuit and increasing head grades by a factor of up to 2.6.

In 2020, AEX Gold Inc. initiated a metallurgical testwork programme with SGS Canada Inc. in Lakefield, Ontario, Canada. The objectives of the programme are to further evidence the high gravity-recoverable gold results of historical testwork, and provide additional results for the potential of flotation; the 2002 Feasibility Study demonstrated a very high gold recovery, comparable to cyanide leaching. Results from AEX's current testing programme are not yet available.

5.10.3 SRK ES Comment

Kvaener (2002) reported that 80% of the free gold is recoverable with gravity methods, and reasonable recovery of a clean concentrate was demonstrated on an industrial scale at El Valle in Spain. Although the previous gravity concentration circuit operated by Angel Mining was not successful due to the high impurities in the doré, an audit by SGS in 2010 indicated that this was a result of important design flaws and operating issues. As was reported by Kvaerner (2002), SGS recommended the implementation of a calcination process ahead of smelting to remove the impurities in the doré, making it easier to refine.

Additionally, in 2019 AEX undertook a mechanical and process audit on the existing underground processing plant that was installed and operated by Angel Mining. AEX recorded various operating and design issues which explained the poor plant performance and metallurgical recovery. Addressing the identified issues, as well as implementing a calcinating process ahead of smelting, may allow AEX to reach the metallurgical performance achieved in the historical testwork and at offshore plants where the ore was processed in Spain and Newfoundland.

5.11 Proposed Nalunaq Project Development

AEX has informed SRK that it intends to recommence mining and processing operations on site early in 2022 at a rate of 300 tons per day. This will be implemented in such a way that initial capital costs are minimised and the potential for gold recovery by gravity from mined material is maximised; the processing plant will initially consist of a two-stage crushing circuit, followed by ball milling and gravity recovery. The gravity concentrate will be upgraded by shaking table, and the tabled concentrate will be roasted in a calcination oven, and then smelted to produce doré on site. The gold recovery from the gravity only plant aims to be between 65-70%. The mining method will be a combination of longhole open stoping and more selective mining methods to mine the sublevels, although the definitive mining methodology will be decided by a mining study based on the Mineral Resource that should be identified through further exploration and development.

AEX intends to use cashflow from this operation to refurbish the underground cyanide plant for longer term operation to increase the overall gold recoveries to 95%, while investigating the potential of flotation to replace cyanide leaching with a similar total gold recovery of nearly 95%. Alternatively, the company, through its ongoing testwork program, may opt to substitute cyanide leaching by a simpler flotation process as the total gold recoveries are comparable for both

options.

Tailings from the gravity circuit will be dewatered, filtered and disposed of on a surface Dry Stacked Tailings Facility (“DTSF”). Since the tailings of the gravity circuit will still hold an economic value as the gravity tailings will have a grade of 30-35% of the feed head grade, AEX will design its DTSF so that the gravity tailings can be easily reclaimed in the future. The DTSF will be subject to approval as part of the exploitation plant to be submitted to the Greenland Government.

In order to re-establish production based on an initial gravity recovery operation, AEX has summarised their plant, equipment and infrastructure requirements as follows:

- 100-person camp with associated facilities (e.g. medical facility, water treatment, sewage treatment, incinerator);
- Fuel storage facility;
- Power generators for camp and for process plant/mine;
- Process Plant (300 tpd):
 - New primary crusher (jaw);
 - New screening and secondary crusher (cone);
 - Ball Mill;
 - Gravity Concentrators;
 - Shaking tables;
 - Small concentrate calcining and smelting area;
- Surface support equipment.

AEX envisages a contractor mining operation, with mining equipment, staff and maintenance being provided by the contractor.

6 NALUNAQ EAST

6.1 Property Geology

The geology of Nalunaq East is, broadly speaking, an eastward continuity of that seen at Nalunaq (see Section 5.1). Some key differences reported by AEX include the fact that the amphibolites, exposed on the steep northern face of Ship Mountain, have a vertical dip and are conformably overlain by green metamorphosed lapilli tuffs that form the mountain's summit (Figure 6-1). The greater abundance of volcanoclastic rocks implies that the metavolcanic package at Ship Mountain could be stratigraphically higher than that at Nalunaq. Gold-mineralised features may therefore also be displaced.

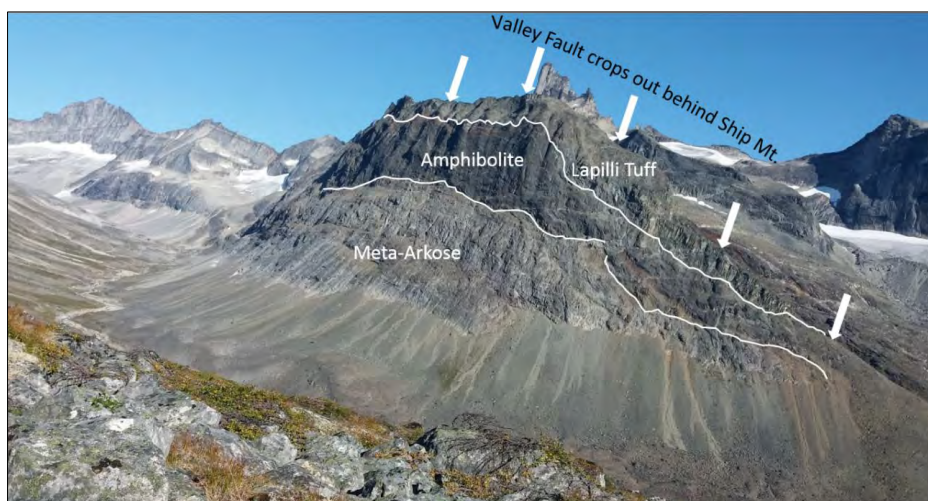


Figure 6-1: View of Ship Mountain taken from northern side of the Nalunaq valley (AEX field photograph, 2018)

6.2 Mineralisation

The geological map of the area shows that the same amphibolite that hosts MV within the Nalunaq Mine continues east, across the valley into Nalunaq East (Figure 5-1). The mineralisation identified at Nalunaq East has historically been associated with small quartz veins within this amphibolite unit. However, to date, MV or a similar continuous high-grade gold bearing horizon associated with varying degrees of quartz veining has not been identified.

The Valley Fault that separates Nalunaq and Ship Mountain is very poorly understood due to the lack of exposure within the valley. It is not clear what effect this fault has had on the stratigraphic levels or if it is directly related to the mineralisation phase which formed the MV.

6.3 Historical Exploration

Historical exploration within Nalunaq East has primarily consisted of limited geological mapping and grab sampling programmes. The aim was to identify a similar style of mineralisation as that found across the valley at Nalunaq during the initial exploration of Nalunaq by NunaOil and Crew Gold from 1990-mid 2000's (see Section 5.3.1 for further details). No systematic sampling or drilling has been undertaken at Nalunaq East.

6.4 AEX Exploration

AEX undertook a grab sampling programme in 2017 targeting the main amphibolite exposure, across the valley from Nalunaq on Ship Mountain. Due to the very steep/vertical nature of the terrain, a team of four professional mountaineers were employed to undertake the sampling. They were supervised by a geologist using radios and observing through telescope and

binoculars from vantage points situated across the valley. Where the terrain allowed, the geology team did land on the mountain to reconnoitre the area, make geological observations, and guide the samplers.

6.4.1 Mountain Sampling

The sampling was executed by a team of professional climbers assisted by a geologist, who guided the climbers using telescope/binoculars and radios (Figure 6-2). They targeted quartz veins situated within calc-silicate altered amphibolite. The possibility of finding the same or similar structure in the amphibolites cropping out in the face of Ship Mountain has obvious implications. Similar work had been conducted in the 1990's when some gold values were found in quartz veins. Inspections of the face from a helicopter revealed that a great number of sub-horizontal quartz veins occur at different elevations within the amphibolite. It was decided that the face would be traversed using vertical drops. This is not the ideal way of following and sampling sub horizontal quartz veins, but the terrain dictated that access from the summit or ridge line was the only way to get to the veins. The face is about 600 m long and a total of twelve drops were completed as well as one horizontal traverse. It was hoped that through this method any MV type mineralisation could be identified between traverse lines which would then be followed up with closer spaced sampling.

The veins targeted followed the same sub-vertical orientation as the amphibolite host rock. Increased calc-silicate alteration was observed at inter-unit boundaries within the amphibolite. A great number of late stage aplite intrusions, referred to locally as dykes but more appropriately termed sills, occur within the amphibolite and on lithological boundaries. Great care was taken not to sample these features as they are historically known to be barren and are generally unaltered (they post-date the main mineralisation event in the area).



Figure 6-2: Geologist guiding the sampling team. Mine access road seen in valley bottom and Sarqa Fjord in background

A total of 89 rock samples were collected by the climbing team. All were hewn from hard rock outcrop using hammers and chisels. Where possible, dips and strikes of the quartz vein were taken.

Each sample was approximately 2 kg in size. The following data was recorded at each sample

location:

- GPS location of the sample (mountaineer);
- Dip and strike of the feature (mountaineer);
- Lithological description of sample (geologist); and
- Mass of sample (geologist).

The samples were assayed using a screened fire assay to capture any coarse gold such as that found across the valley at Nalunaq.

6.4.2 Results

In summary, Ship Mountain consists of three major geological units which all strike NE-SW and are near vertically dipping. From NW to SE these units are pale grey meta arkose sediments, amphibolites, and lapilli tuffs. All these units are crosscut by later felsic aplite dykes. The amphibolite is interpreted to be the same unit which hosts the MV at Nalunaq and is considered to be prospective for hosting gold bearing quartz veining. Again, like Nalunaq, the amphibolites contain multiple alteration zones of calc-silicate and iron minerals.

From a total of 89 grab samples taken, seven samples returned Au results over the detection limit for Au (0.05 g/t Au). The highest-grade sample came from a 10-12 cm altered quartz vein with some iron staining that was likely caused by the breakdown of contained sulphide minerals (Table 6-1 & Figure 6-4).

Table 6-1: Results over 0.05 g/t Au detection limit

Sample ID	Easting*	Northing*	Elev	Sample Type	Au (g/t)	Sample Description
18503	510335	6692667	617	GRAB	0.06	Thin 2-5 cm discontinuous quartz vein
18570	510295	6692559	635	GRAB	0.5	Thin partially iron stained quartz vein
18573	498610	6679988	628	GRAB	0.09	Large white quartz vein
19018	510484	6692823	826	GRAB	2.1	10-12 cm thick quartz vein with calc silicate inclusions and some iron staining
19023	510810	6693083	887	GRAB	0.06	10-15 cm thick quartz vein hosted in calc silicate
19025	510626	6692875	910	GRAB	0.21	15 cm thick quartz vein
19031	510715	6693027	841	GRAB	0.05	~20 cm thick quartz vein

*CRS WGS84 UTM Zone 23N

Due to the very steep, almost vertical, nature of the terrain sampled, plotting results onto a standard 2D view plan/map is not effective, with many of the points plotting on top of each other. Therefore the results were plotted on a series of detailed field sketches of the northwest face of Ship Mountain in order to better display the relative positions of the sample data points (Figure 6-3 and Figure 6-4).

With regards the QAQC samples, all blanks returned below the detection limit for Au. The three CRM's all assayed within 2SD of the expected grade.

Sampling of Ship Mountain during the 2017 field programme has shown that gold mineralised quartz veins do occur. It is also clear that many of the veins are discontinuous in nature. The veins occur within the amphibolite unit and have associated calc-silicate alteration in the same style as that seen at Nalunaq mine. It is interpreted to be contemporaneous.

A total of seven of the 89 samples taken returned gold grades greater than the detection limit.

However only one sample assayed over 1 g/t Au. This was from a relatively thin quartz vein which was thought to have a limited strike extent—although the aforementioned limitations with vertical access drops precluded thorough exploration of this observation.

The sampling did not encounter a structure that carries mineralisation comparable to the MV in the Nalunaq mine. This is not to say that such a structure does not exist at Nalunaq East.

At the current spacing of the samples it is also not possible to say if the anomalous samples form linked zones of mineralisation or are isolated and discontinuous.

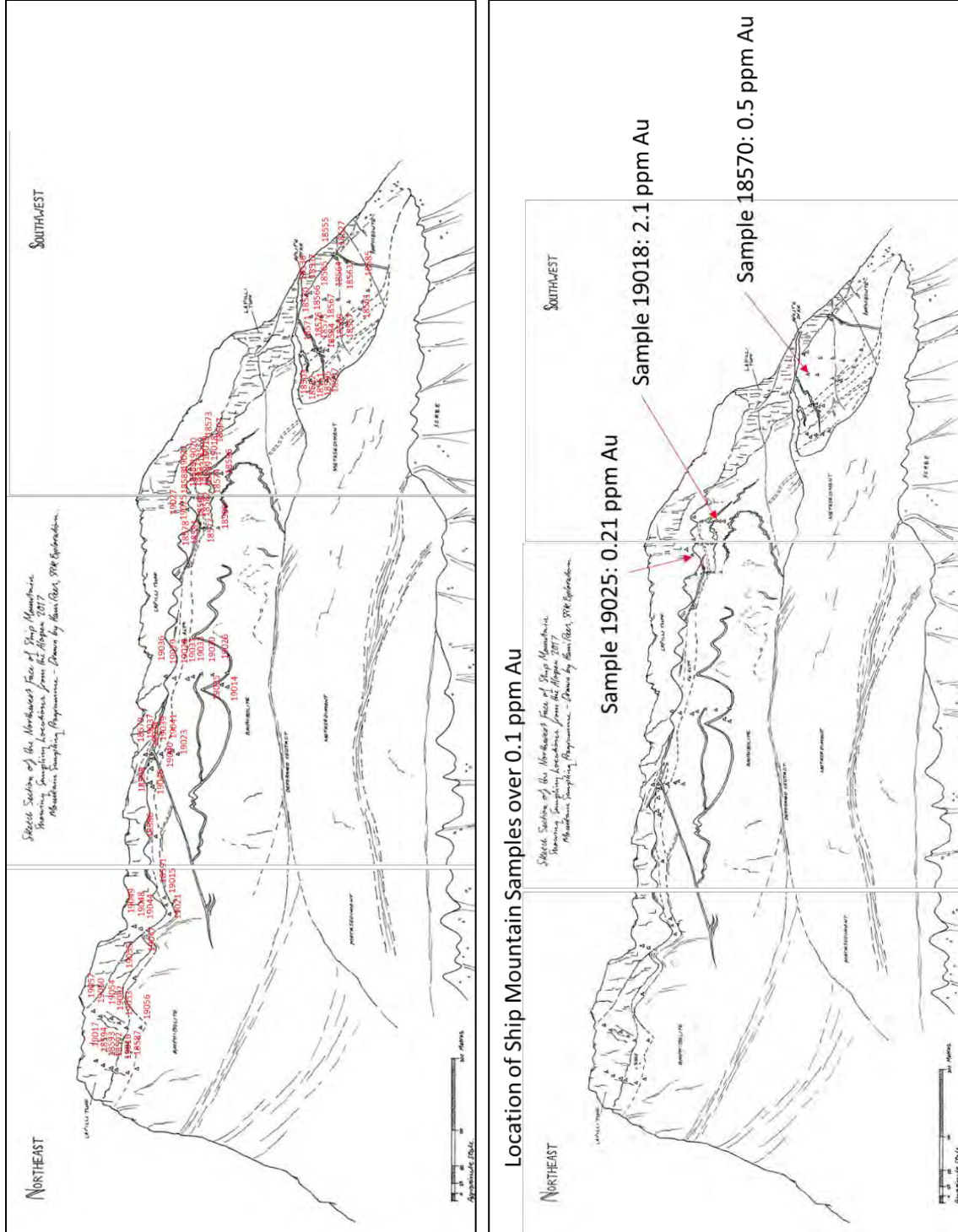


Figure 6-3: Top: Sketch of ship mountain sample locations; Bottom: Samples over 0.1 g/t Au (AEX field sketch, 2017)

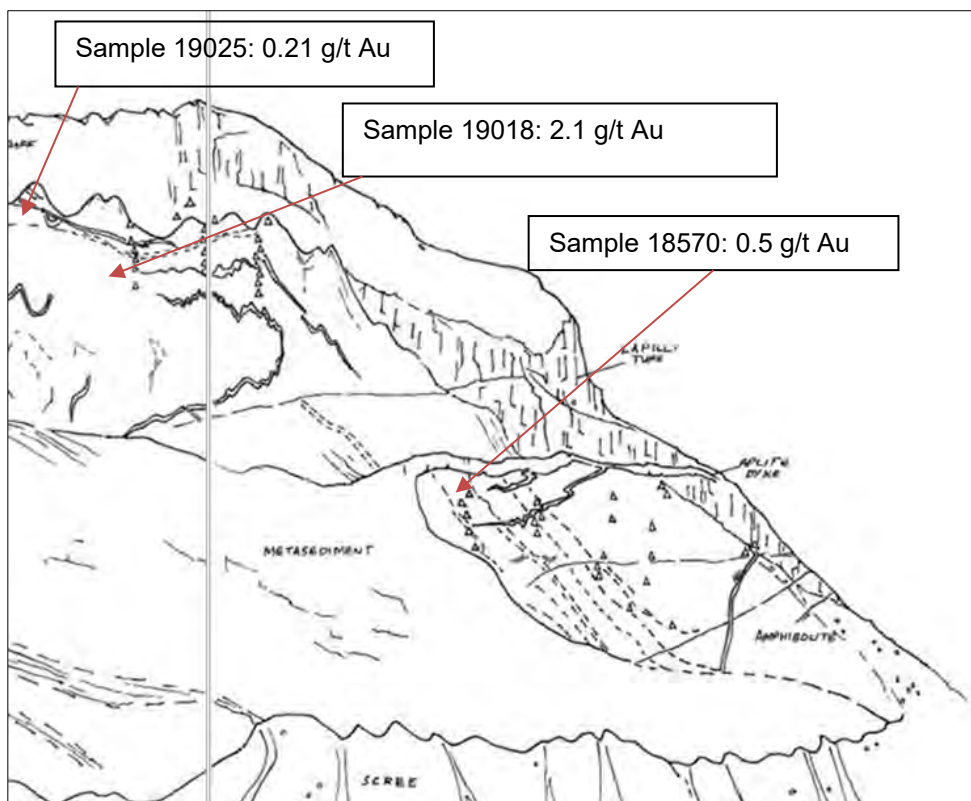


Figure 6-4: Close up of highest-grade results on Ship Mountain



Figure 6-5: Sample 19018 quartz veining surrounded by calc silicate alteration assaying 2.1 g/t Au

7 NIAQORNAARSUK PENINSULA

The Niaqornaarsuk Peninsula (NP) target is a combination of two sub-areas, MEL 2006-10 (known as Niaqornaarsuk) and MEL 2019-113 (known as Søndre Sermilk). The target is situated along the Niaqornaarsuk Peninsula, giving it its name, occupying the eastern shore of the Søndre Sermilik fjord. The area held under the MEL 2006-10 sublicence has historically been known as the Vagar Gold Project.

7.1 Property Geology

The NP target is within the Julianehåb Batholith Zone comprising mainly granodiorite, on the boundary with the Psammite zone to the southeast (Figure 4-1). Other rock types such as diorites, gabbros, quartz-diorites, and felsic volcanics are subordinate. Amphibolite units that are known from Nalunaq are not present in the Niaqornaarsuk Peninsula or occur only as small dykes or xenoliths within granitoids (Figure 7-1). Six principal prospects are covered by the NP target. These are listed below namely:

- Greater Amphibolite Ridge (GAR): divided into several discreet areas: Vein 1, Vein 2, Femøren, Øresund, West Ridge, Bella, Christianshavn, Kastrup, Ørestad, and Crown (Figure 7-3)
- LGM Showing (or Laila's Showing)
- Quartz Swarm
- UFO Mountain
- Tom's Vein
- Qoorormiut North

Descriptions relating to geology and the nature of mineralisation herein have been extracted mainly from exploration reports prepared by NunaMinerals A/S (NunaMinerals).

The most explored NP prospects and the focus of this historical and current work are within the GAR area. The other prospects are at an early stage of exploration and are referred to as the "Outlying Prospects". No additional prospects have been defined since NunaMinerals relinquished the licence.

The GAR area is located at the southern side of Qoorormiut Valley and includes Amphibolite Ridge itself, along with the area known as Tributary Valley. The ridge is steep sided and narrow, running roughly north-south between two glacial valleys (Figure 7-2). The ridge is dominated by potassium-feldspar altered granodiorites with subordinate quartz-diorite, and enclaves of mafic rocks described as potassium-feldspar rich alkali lamproites (Schlatter et al., 2013, Figure 7-3). At least two steeply dipping ductile-brittle shear zones transect the ridge obliquely and are associated with auriferous quartz veining hosted locally within sheared amphibolite material.

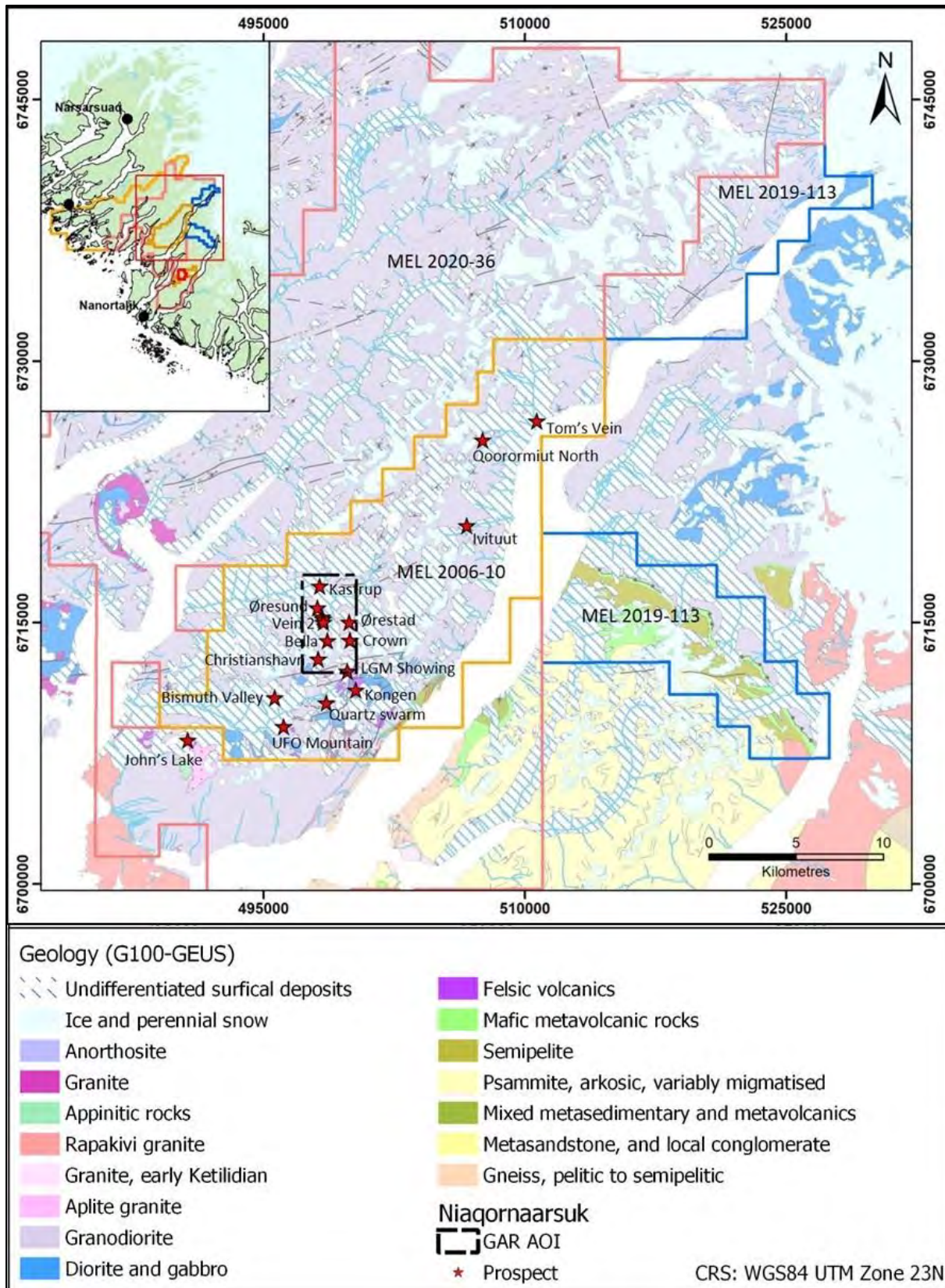


Figure 7-1: Geological map of the Niaqornaaruk Peninsula and Ippatit sub-area



Figure 7-2: Aerial view of Amphibolite Ridge looking due east at the steep western face*

**Veins 1 and 2 outcropping on the opposite side of the ridge in the saddle (centre left of image). Gabbro and quartz-diorite enclaves in granitoid host visible at the south end of the ridge (right of image) (SRK, 2012)*

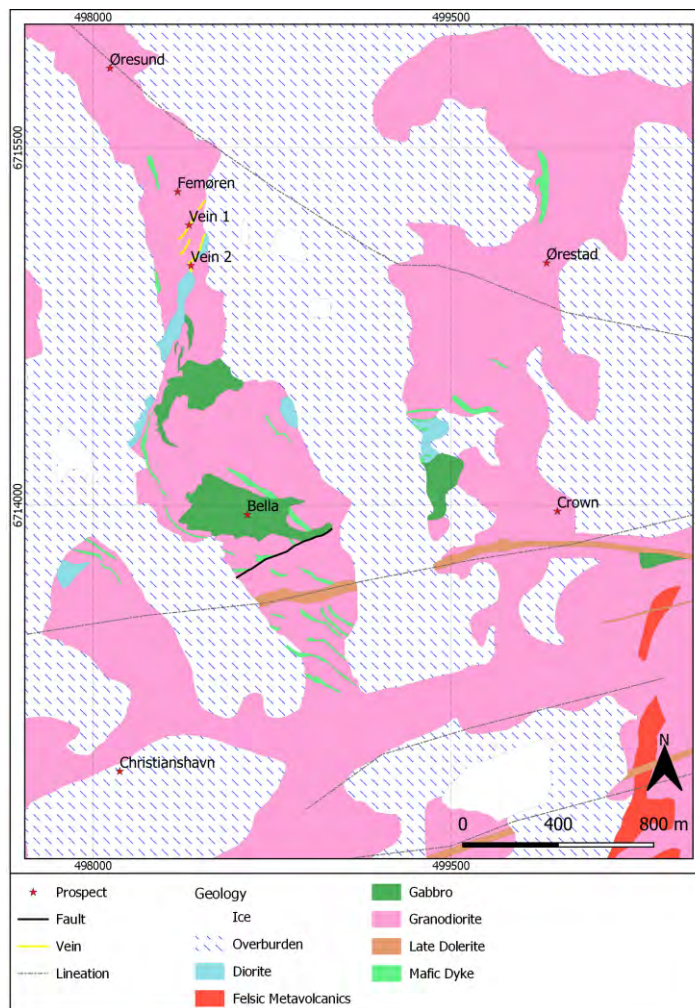


Figure 7-3: Geology of GAR and associated prospects (modified from Schlatter et al., 2012)

7.2 Mineralisation

The following section has been summarised from the NI 43-101 report written by SRK Consulting (SRK, 2013).

Gold mineralisation in the Niaqornaarsuk Peninsula area is mainly associated with two sets of sporadically developed structures, which are thought to be part of a regional compressional deformation event. Two types of brittle-ductile shears have been identified: Set 1-type (NNE 010-45 striking, sinistral) is seen on Amphibolite Ridge, with Set 2-type (WNW 100-135 striking, dextral) mapped at outlying prospects within the Niaqornaarsuk sub-area.

In general, gold mineralisation is thought to be associated with weak sulphide mineralisation, potassium-feldspar alteration, and silicification within granitoids and quartz veining (plus or minus mafic enclaves) within brittle-ductile shear zones. Mineralisation is likely to have a strong structural control, although an overall structural model incorporating these prospects is yet to be developed.

Gold in the Greater Amphibolite Range area has been identified in association with two steeply dipping/subvertical shears zones typically from 0.5 to 4 m in width (locally exceeding 20 m in structurally controlled pods, Figure 7-4). These zones show weak sulphide mineralisation with silicified and potassium-feldspar altered granitoids proximal to the veins. The movement vectors on the shears are shallow plunging, sub-horizontal to 30° northeast. The implication of this is that exposed sections of gold-bearing structures on steep mountain sides are oblique sections through the structures and that high-grade sections of veins (shoots) will tend to plunge steeply i.e. normal to the shear vector. The mineralised shears are discrete, narrow zones of high ductile-brittle strain in relatively undeformed host rocks of granite containing enclaves of mafic rocks and quartz veins. The shears appear to be single structures with no splays and are not in zones of parallel or anastomosing shears, which would be typical of larger, wider shear zones.

Mineralised shears tend to be focused at contact zones between amphibolites and granites, which localise shearing. Based on outcrop mapping and drill core intersections, two gold-bearing shears have been identified on Amphibolite Ridge, namely Vein 1 (north) and Vein 2 (south) (Figure 7-5). Both Vein 1 and Vein 2 structures belong to Set 1-type dipping steeply and striking north-northeast. Through drilling and outcrop mapping, Vein 2 has been traced over a strike length of roughly 600 m and to a down-hole depth of 300 m. Both structures appear to be open along strike and at depth. Within these structures, gold occurs in syn-tectonic quartz veins, within a zone of high strain, typical of many of the features of Archaean-Palaeoproterozoic orogenic gold deposits.

Veins have developed during shearing and have become rotated and deformed to different degrees during shear development. The quartz veins are dominantly massive quartz, with varying amounts of inclusions. Two, possibly three, steeply plunging pipe-like shoots are developed in Vein 2.



Figure 7-4: L: Amphibolite Ridge looking south. R: Vein 2 outcrop at Main Pod, containing visible gold. The upper part of the Tributary Valley in the background (SRK, 2012)

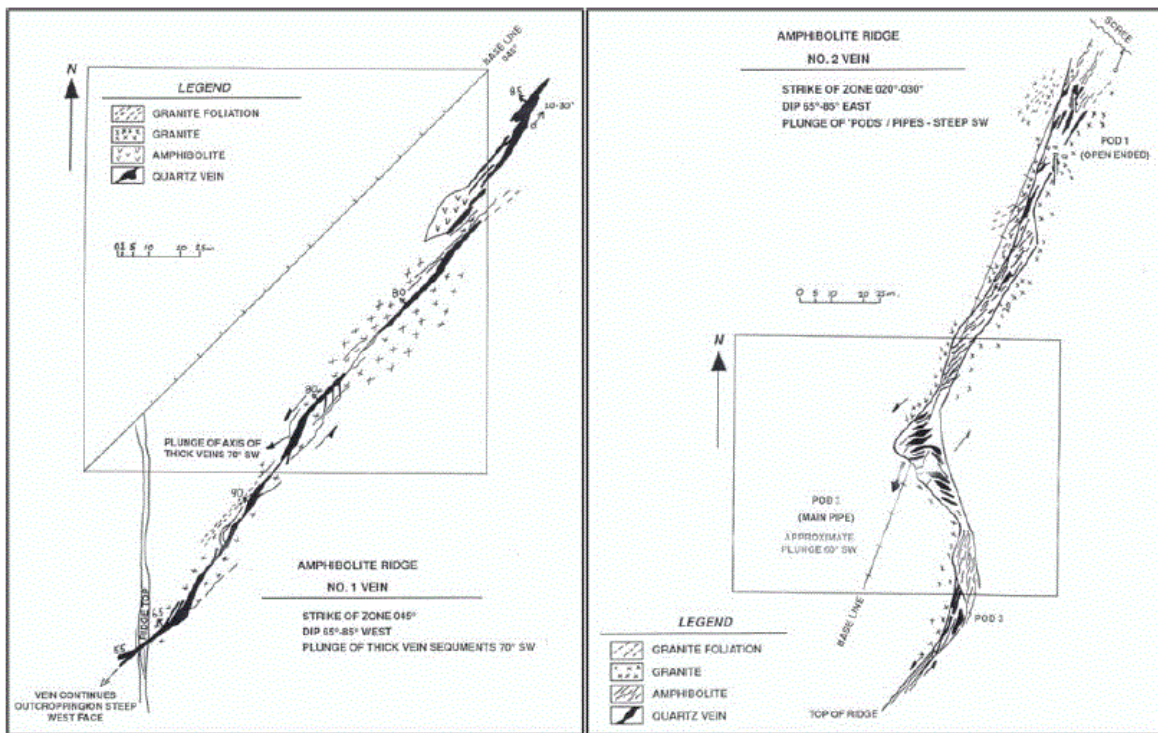


Figure 7-5: Outcrop map of gold-bearing structures on Amphibolite Ridge. LHS: Vein 1, RHS: Vein 2 (modified from ERA-Maptech report, 1994)

Alteration of the host granites and granodiorites is characterised by potassium-feldspar, silicification, quartz veining, pyrite and pyrrhotite (occurring in both patches and fine stringers), calc-silicate, biotite, and epidote alteration. These rocks contain numerous small scale ductile-brittle shears and cataclastic zones with the same trend and sense of shear as Veins 1 and 2. Both historical drill intersections and grab samples indicate that gold mineralisation is present

within the host granodiorite associated with hydrothermal alteration fluids. The presence of bismuth-rich tellurides implies that the fluids responsible for the introduction of gold were also enriched in Bi and Te (Schlatter et al, 2013).

Schlatter et al (2013) presented the theory that the gold mineralisation found at Amphibolite Ridge could be associated with an Intrusion-Related Gold System based on the alteration within the granodiorites, weak sulphide mineralisation, and bismuth-rich tellurides. Recent work into the mineralisation of the host granitoid units, predominantly at the Femøren prospect, indicate that mineralisation may instead have a structural origin and is limited to relatively narrow structural controls.

The other historical prospects within the area are related to similar types of mineralisation, however these remain relatively poorly understood.

7.3 Historical Exploration

The following section has been summarised from the NI 43-101 report written by SRK Consulting (2013) and details the work carried out by previous holders of the area.

GEUS (formally GGU) conducted regional geochemical uranium exploration between 1979 and 1980. During the 1980s, the municipality of Nanortalik reported visible gold in several rivers in the area. NunaOil re-assayed the pulps from the GEUS uranium campaign for gold in 1989 and conducted regional geochemical gold exploration covering the entire southwest Greenland during 1990/1991. In the following years exploration activity was focused on the Niaqornaarsuk and Nanortalik Peninsula, interrupted by more detailed work at Nalunaq (on the Nanortalik Peninsula) which resulted in the discovery of the Nalunaq gold mine in 1992. Discovery of gold prospects in the historical Vagar Licence, including Amphibolite Ridge, were to a large extent based on work carried out by NunaOil during the 1990s and NunaMinerals from 2008-2013. This work is summarised below in Table 7-1.

Table 7-1: Summary of exploration (pre AEX)

Year	Operator	Work Undertaken
Pre-1990	GEUS (GGU)	Collection of sediment samples for uranium exploration. A minor fraction was analysed by Platinova (1987 – GGU open file report). All samples were analysed by NunaOil for gold and associated pathfinder elements in 1989 (Steenfelt, 1990).
1990	NunaOil	NunaOil acquired a license covering in part the current Vagar Licence and conducted heavy mineral concentrate (HMC) sampling (Olsen & Pedersen, 1990) and reconnaissance mapping (Grahl-Madsen & Petersen, 1990).
1991	NunaOil	Follow-up work was carried out on identified gold anomalies with prospecting and supplementary HMC sampling (Grahl-Madsen, 1991 and Olsen, 1992). Gold was located at the UFO Mountain prospect and at "Laila's showing" (Grahl-Madsen, 1991). In the autumn, follow-up work led to the discovery of gold at Amphibolite Ridge (Pedersen & Olsen 1991).
1992	NunaOil	NunaOil continued sampling and providing descriptions of the gold found at Amphibolite Ridge and inner Sermilik (Gowen and Robyn 1993).
1993	Atlas Precious Metals Inc (JV with NunaOil)	Mapping and sampling in the general Vagar area. Supplementary sediment sampling also took place
1994	NunaOil	Mapping, structural mapping, and sampling at Tributary Valley and Amphibolite Ridge (Olsen, 1995 and Coller, 1994).

Year	Operator	Work Undertaken
1995	NunaOil	Focused sampling on Vein 2 over 170 m strike length over a width of 3 to 5 m reportedly returned an average grade of 1 to 2 g/t Au (Coller, 1995).
1996	NunaOil	Sediment sampling and prospecting in the southeast corner of Niaqornaarsuk peninsula.
2008-2009	NunaMinerals	Investigated alluvial gold in stream sediments and deltas. Surface sampling (mini-bulk sampling), RC drilling, and bulk sampling of the Qoororimiut and Niaqornaarsuk delta valleys. Work indicated limited potential for economic alluvial gold deposits, however, indicated prospectivity of the areas for hard rock primary gold.
2009-2010	NunaMinerals	Surface mapping and sampling.
2010-2013	NunaMinerals	Niaqornaarsuk sub licence, surface sampling campaigns included: rock channel and rock chip sampling, grab sampling, scree sediment sampling, and stream sediment sampling. A total of 2,809 samples were collected and assayed for Au. This work suggested that the GAR is highly prospective. Rock chip results range from 0 to 2,533 g/t Au, sediment sampling results ranged from 0 to 1.36 g/t Au. Surface samples confirmed gold mineralisation and extended the strike length of Vein 2 on Amphibolite Ridge. The highest-grade quartz vein grab samples range from 24 to 2,533 g/t Au. Gold was also found in altered granodiorites several hundreds of meters from the main veins (Veins 1 and 2) with grab samples returning 11.6 to 12.1 g/t Au. NunaMinerals also undertook sampling over other prospect areas.
2012-2013	NunaMinerals	Eight hole, 1,916 m diamond drill programme on Amphibolite Ridge to test the depth and lateral continuity of Vein 1 and Vein 2 and gold association with granitoids (Figure 7-6). Drilling in 2012 tested the central area over 600 m strike length based on surface sampling. Significant intersections include 1.2 m at 3.76 g/t Au to 79 m at 0.90 g/t Au. Drilling is believed to have intercepted Vein 2 and the depth extension of the "Main Pipe". Vein 1 was not intersected. A third vein was suggested to have been intersected that had not identified by surface mapping or sampling. Drilling also identified gold mineralisation to be within the altered granitoid rocks returning grades > 1 g/t Au.
2013	NunaMinerals	Verifications of historical rock chip sampling by NunaOil, 1995. 71 m of channel sampling over same locality. Visible gold identified and gold mineralisation was confirmed, assays exceeding historical assay. For example, 8 m at 105.6 g/t Au compared to 8 m at 24.9 g/t Au. The work confirmed Vein 2 gold mineralisation occurs in quartz veins and within the host altered granitoids.

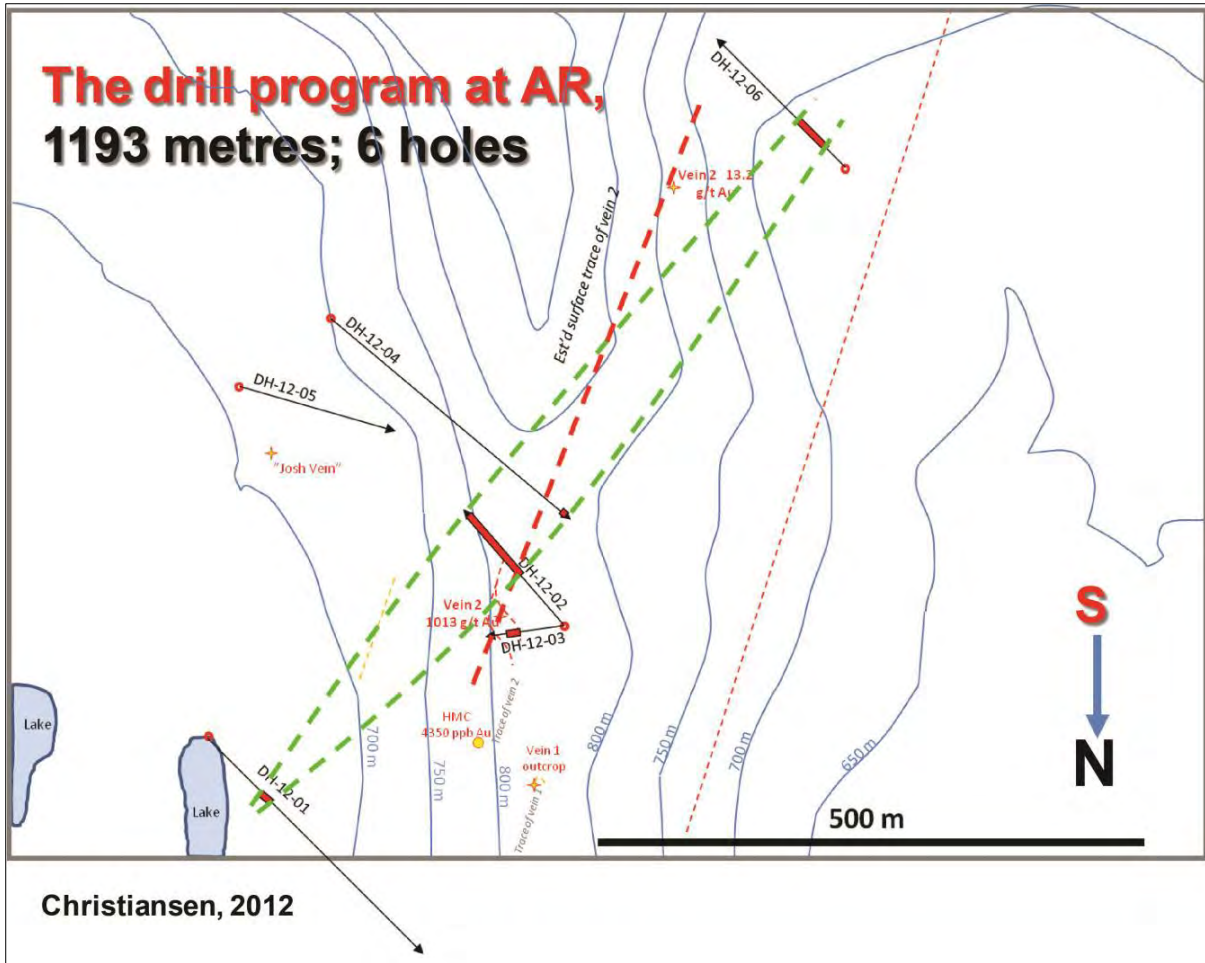


Figure 7-6: Map showing the 2012-2013 exploration drilling at AR (Schlatter et al., 2012)

The exploration drilling by NunaMinerals in 2012-2013 verified that Vein 2 contained significant gold grades at depth. SRK ES note that the drilling was insufficient to gain a robust 3-Dimensional geological model and the best intersection came from a drill hole which intersected Vein 2 at an oblique angle (Figure 7-7), with the true width of the intersection being significantly less than the intervals reported. It is unclear at this time if the elevated grades reported outside of the quartz vein lithology are representative of a wider mineralised system, or high grade associated with a limited halo proximal to the vein.

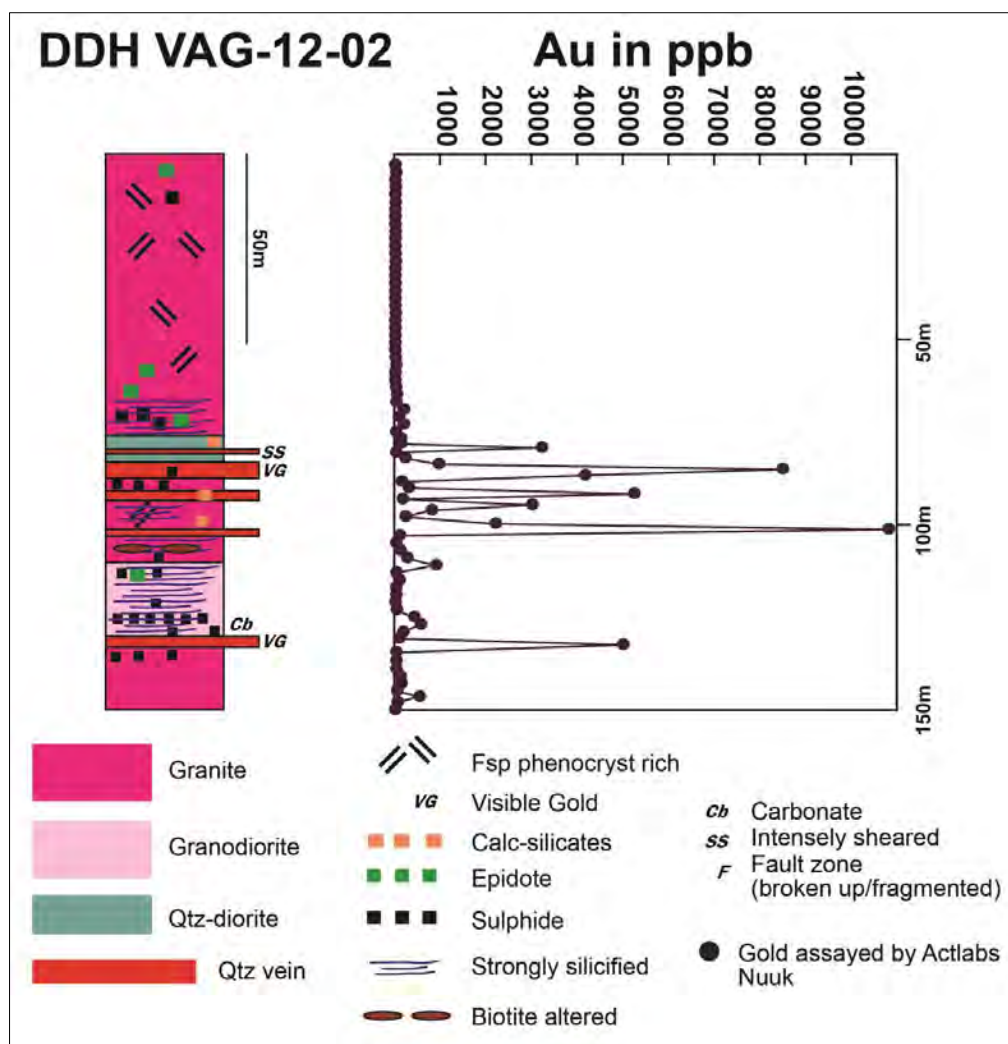


Figure 7-7: Geological log and results from DDH VAG-12-02 (Schlatter et al., 2012)

SRK’s previous NI 43-101 report (SRK, 2013) identifies that uncertainty remains in some cases over the location of sampling stations from early campaigns, sampling techniques employed, sample preparation protocol, and quality control aspects of historical work undertaken prior to NunaMinerals. SRK (2013) identified possible contamination of NunaMinerals’ 2012-2013 drilling assay results, based on blank material which returned highly anomalous Au grades. The effect of the contamination is considered limited.

7.4 AEX Exploration

AEX paid a short visit to the main Amphibolite Ridge prospects in 2019 to familiarise themselves with the terrain and geology and undertook a small grab sampling programme over the main prospects at GAR. In total, 22 samples were collected, six of which reported grades above 0.1 g/t Au, up to 8.98 g/t Au. The high grades were associated with the previously identified quartz veins (Vein 1 & 2) and the sheared, altered granodiorite at Femøren (Figure 7-8). This sampling was primarily aimed at testing the prospectivity of the granodiorite host unit found to be mineralised at Femøren and to scout the logistics required for future work programmes.

The results showed that the host granodiorite is mineralised at Femøren. However, the high grades are restricted to narrow altered zones that show brittle deformation—not like the shearing seen in relation to the quartz vein mineralisation in the area.

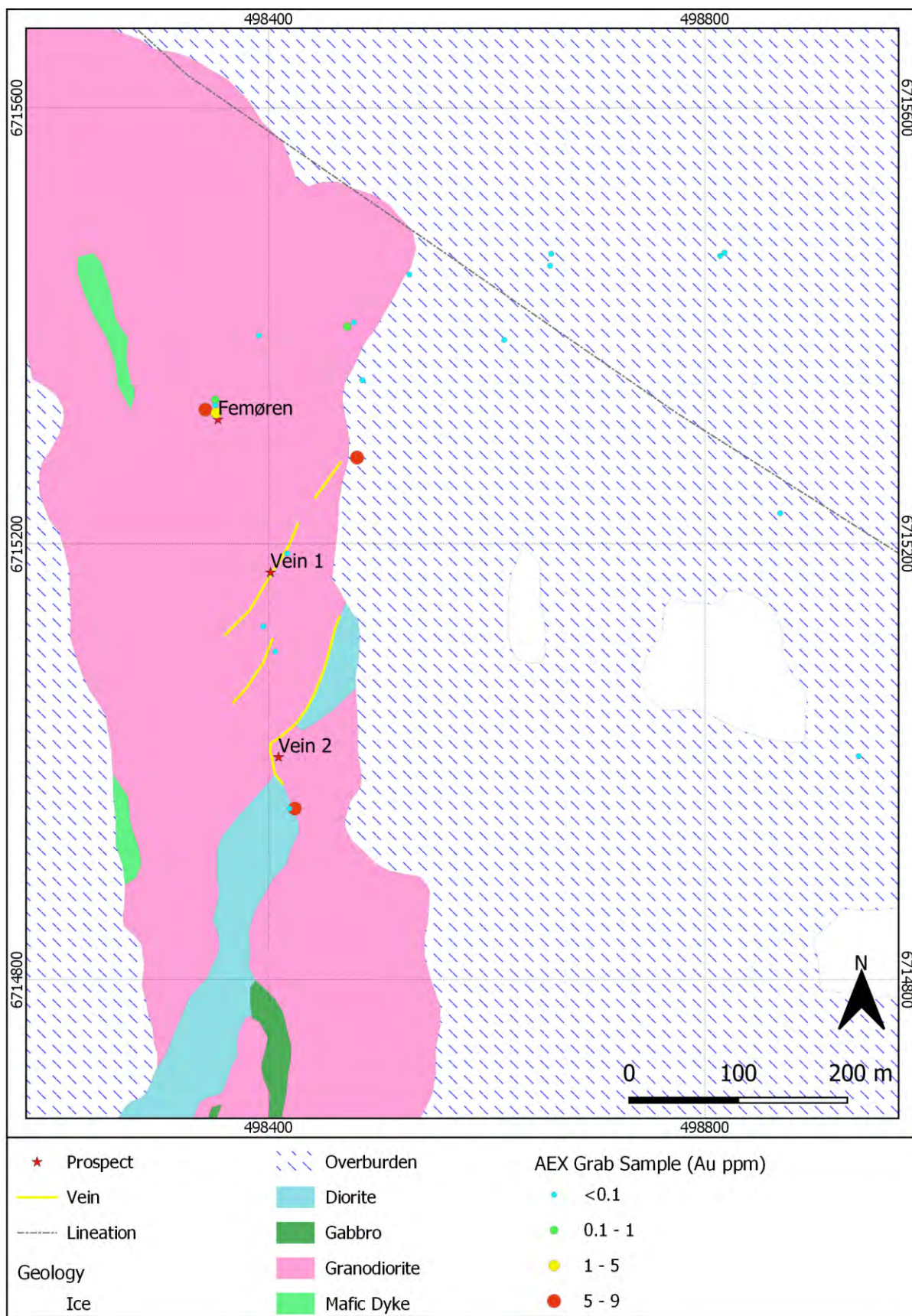


Figure 7-8: AEX grab samples at Amphibolite Ridge

8 KANGERLULUK

8.1 Property Geology

The property lies on the southern side of Kangerluluk Fjord and the rocky terrain slopes steeply down to the fjord from an icecap along the southern edge of the licence block at 500-600 m.a.s.l.

The Kangerluluk gold prospect lies at the northern edge of the Psammite Zone of the Ketilidian Mobile Belt (Figure 4-1) and has been mapped and described by Mueller and Stendal (Stendal et al. 1997; Mueller et al. 2000). Supracrustal rocks occur over an area of about 4 km² and consist of a 200-300 m thick volcano-sedimentary sequence that rests unconformably on the Julianehåb Batholith (Figure 8-2 and Figure 8-3). Mueller et al. (2000) divide the supracrustal sequence into a complex associate of five rock suites: (1) conglomerate-sandstone lithofacies; (2) pyroclastic lithofacies; (3) volcanic lithofacies; (4) mixed lava with sediment lithofacies; and (5) syn- to post-volcanic dykes and sills. The sequence dips north at about 30° and is tightly folded. It has a low amphibolite facies metamorphic grade but sedimentary textures and volcanic features such as pillow lavas are well-preserved (Figure 8-4).

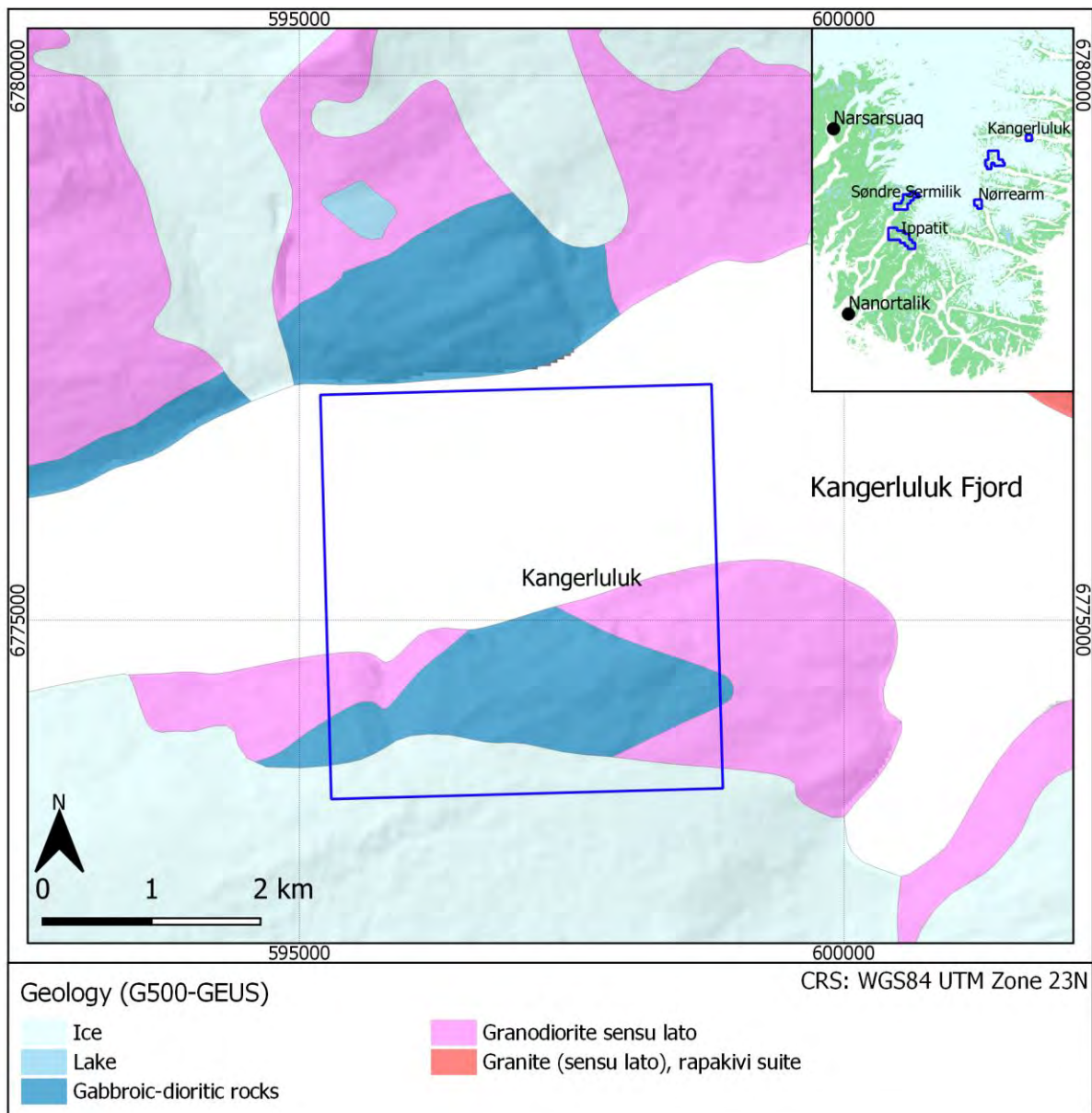


Figure 8-1: Published geology for the Kangerluluk sub-area

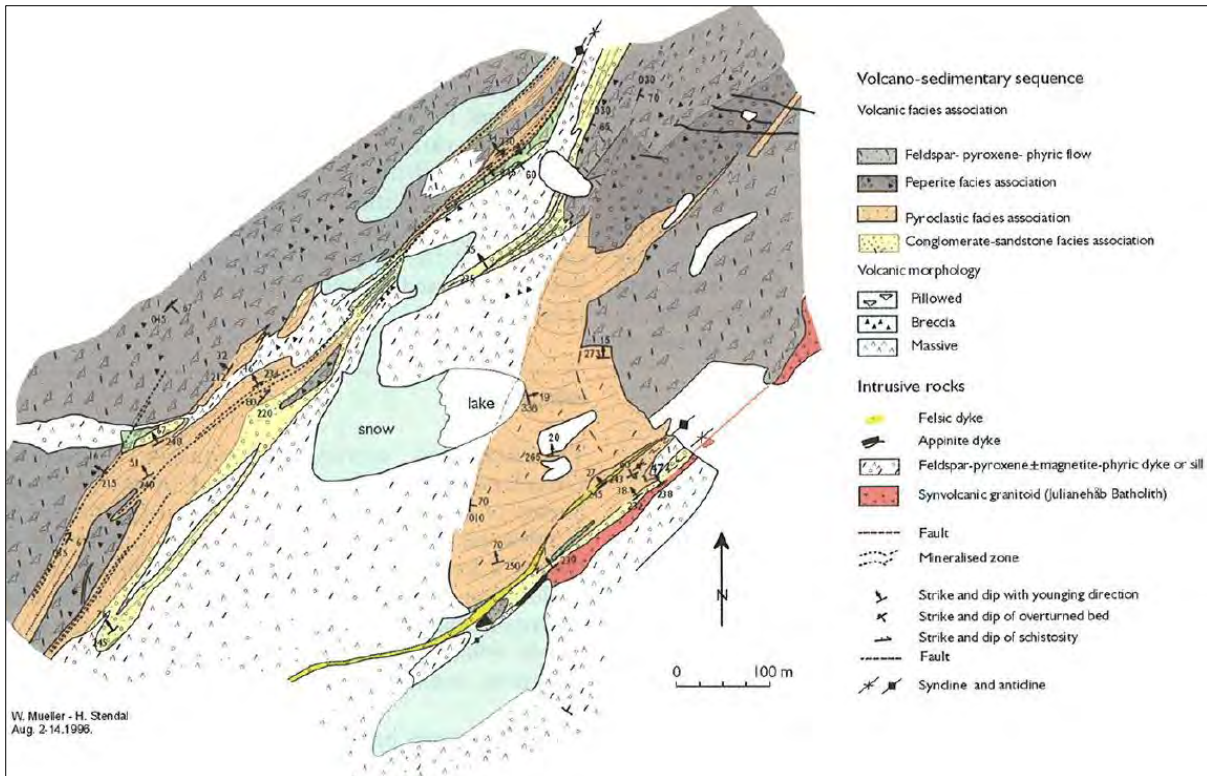


Figure 8-2: Geological map of the Kangerluluk property (Stendal et al., 1997)

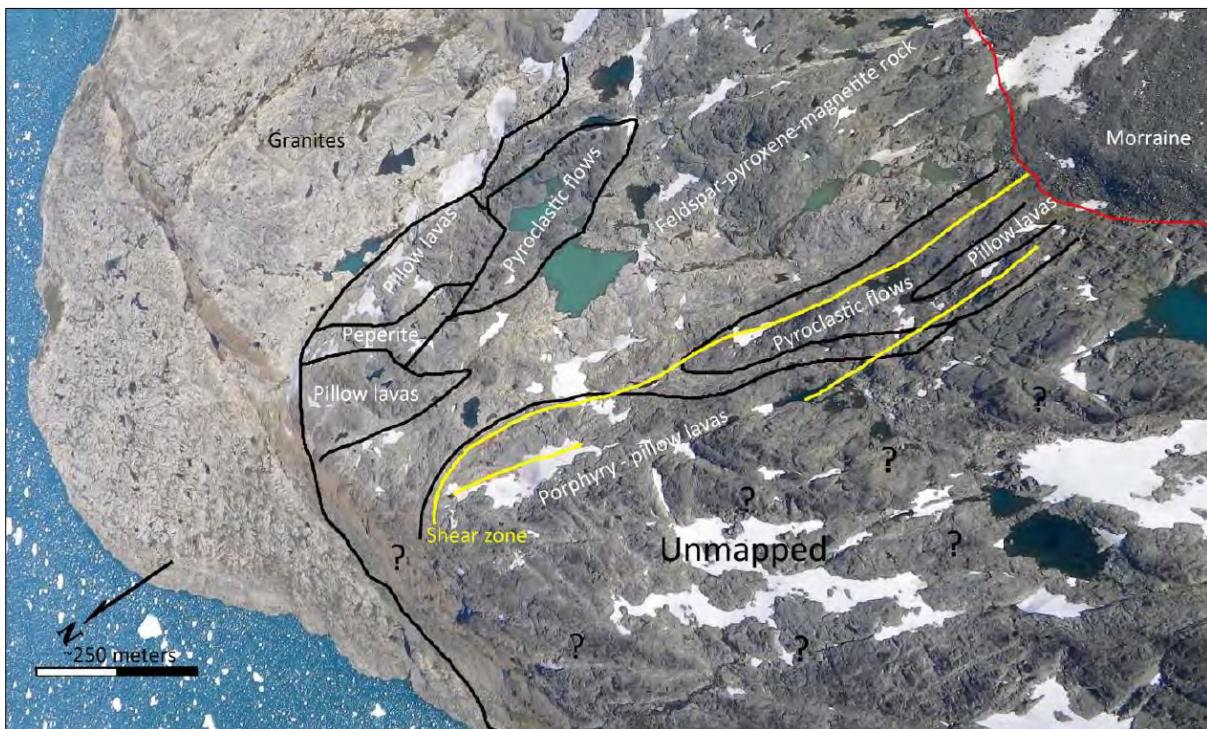


Figure 8-3: Aerial photo of the Kangerluluk occurrence with geology superimposed (Pedersen, 2010)

The general geology (black) and the location of the shear zones (yellow) are outlined. In the southern end the shear zone is covered by Holocene moraine deposits



Figure 8-4: Epidote-altered basaltic pillow lavas at Kangerluluk (Hughes et al., 2014)

Photographed during NunaMinerals' exploration in 2010

8.2 Mineralisation

Gold has been reported in samples from the Kangerluluk property that are closely related to NNE-striking, steeply dipping quartz-bearing shear zones in the supracrustal sequence (Stendal et al., 1997). An alteration halo characterised by silicification and epidotisation is found along these zones. The most prominent shear zone is over 1 km long and up to 20 m wide, cutting across the western side of the mapped area (Figure 8-2 and Figure 8-3). Gold is associated with copper and only occurs in quartz and zones of hydrothermal alteration that are 2-5 m wide.

Stendal et al. (1997) described three groups of alteration types, each with associated mineralisation:

Group I: syn-volcanic alteration

Alteration is dominated by epidote and relates to extensive, pervasive hydrothermal interaction of seawater with basalts during or shortly after solidification. It is not structurally controlled. Pyrite-pyrrhotite associations formed at this stage, with sulphides disseminated throughout the rock mass. Gold and copper concentrations are low at 20-31 ppb and 35-463 g/t

Group II: early-stage, post-volcanic alteration

Gold mineralisation in this type of alteration is spatially associated with larger faults and shear zones that cut the supracrustal rocks (Figure 8-5 and Figure 8-6) and varies according to the host rock type: quartz veins occur in sedimentary rocks (quartz-association) whilst epidote alteration occurs in mafic volcanic rocks (epidote-association).

Quartz-association gold mineralisation contains pyrrhotite and pyrite, locally with massive pyrrhotite layers up to 5 cm thick at the contacts of quartz veins. Silicified alteration halos up to 40 cm wide are found along the veins and can contain very high gold grades (e.g. 118 g/t Au in

a grab sample; Figure 8-5). This type of mineralisation is also found in NE-striking shear zones as *en echelon* sets of quartz veins, 1-2 m wide, 3-10 m long, and containing iron sulphides and grades up to 1.15 g/t Au. Stendal et al. (1997) report grades of 7.5 g/t Au over 5 m from chip sampling across one such quartz-rich shear zone.

Epidote-association gold mineralisation is found with pyrite and chalcopyrite mineralisation along ESE- and NNE-trending faults. Grades of 1.1 g/t gold and 1.6% copper over 0.5 m, and 3.3 g/t gold and 1.6% copper have been reported from chip sampling (Stendal et al. 1997).



Figure 8-5: The northern part of the central shear zone looking north (Pedersen, 2010)

The rusty coloured areas contain massive quartz veining with pronounced sulphide mineralisation surrounded by epidote altered pillow lava. The location of the 118 g/t Au sample is marked with a red dot.

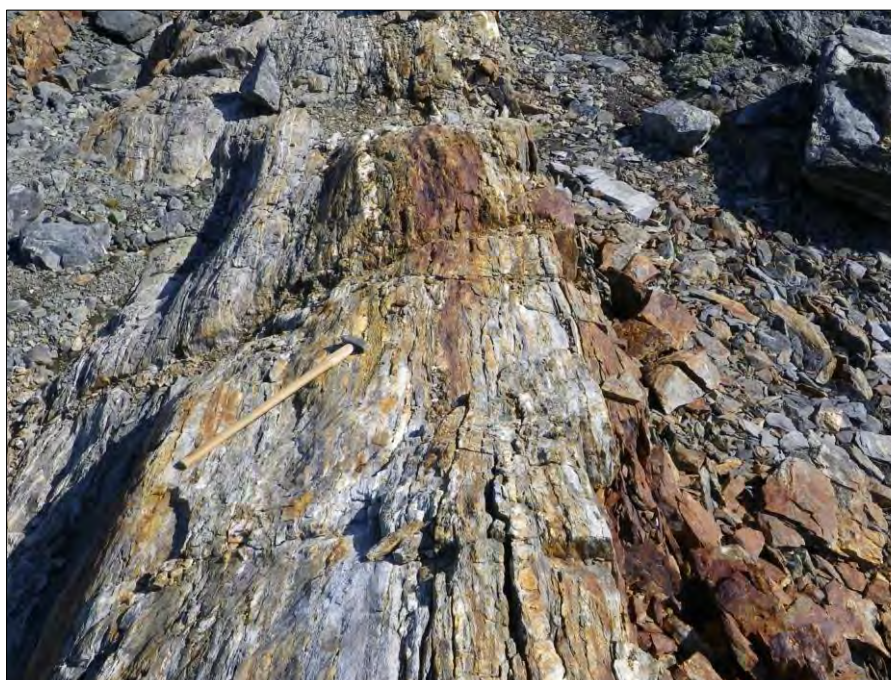


Figure 8-6: Gold-bearing quartz veins in the main shear zone at Kangerluluk (Hughes et al., 2014)

Photographed during NunaMinerals' exploration in 2010.

Group III: late-stage, post-volcanic alteration

The final phase of alteration can be observed as several different types:

1. "Bleaching" due to sericitisation of host rocks along ESE- and NNE-trending faults with hairline veinlets of quartz and opaque minerals;
2. Calc-silicate alteration comprising garnet, epidote, and amphibole recrystallised in former epidote veins of group II alteration. Ore minerals and quartz occur interstitially;
3. Copper-gold mineralisation in veinlets, breccias, and faults/shears. In pillowed sequences, crosscutting veinlets contain chalcopyrite, bornite, and minor chalcocite, and most copper-bearing samples grade 0.1-1.0 g/t Au (and one sample of 6.2 g/t Au). Some aplites in the batholith have also been altered and contain up to 5 vol% pyrrhotite with associated gold (up to 1.39 g/t Au);
4. Late carbonatization in brittle faults in both supracrustal rocks and the batholith. Haematite, iron and copper sulphides, galena, and sphalerite may be found, but this alteration type does not contain gold.

Stendal et al. (1997) propose that gold mineralisation occurred at about 1,800 Ma, around the same times as late phases of emplacement of the Julianehåb Batholith and just after the deposition of the supracrustal volcano-sedimentary sequence. Gold was then concentrated into brittle structures during subsequent deformation, becoming associated with copper sulphides in mafic rocks, and found as native gold with iron sulphides in quartz veins. This remobilisation of gold in the supracrustal rocks may have been aided by heat from emplacement of Rapakivi granites at about 1,740 Ma.

8.3 Historical Exploration

Prospective supracrustal rocks were identified at Kangerluluk in 1992 during the SUPRASYPD project. SUPRASYPD took place between 1992 and 1996; it was Government-funded and aimed to assess the economic potential of the Ketilidian Mobile Belt via a series of geological, geophysical, and geochemical work programmes. Mapping and sampling by GEUS in 1995 and 1996 identified gold mineralisation, reporting grades in grab samples of up to 118 g/t Au, and 12 of 74 grab samples graded over 1 g/t Au (Stendal et al. 1997). These results were announced by GEUS in April 1997 and an exploration licence was granted to Goldcorp Inc. in July of the same year after several competing applications were considered (Sannes, 1998).

Goldcorp Inc. immediately undertook a short programme of reconnaissance, mapping, and sampling in August 1997. They collected 112 rock samples of which 105 were from the main mineralised NE-trending shear structure identified by GEUS, including 82 channel samples taken with a diamond rock saw. Their working area is shown in Figure 8-7 and channel sampling locations are shown in Figure 8-10 and Figure 8-11.

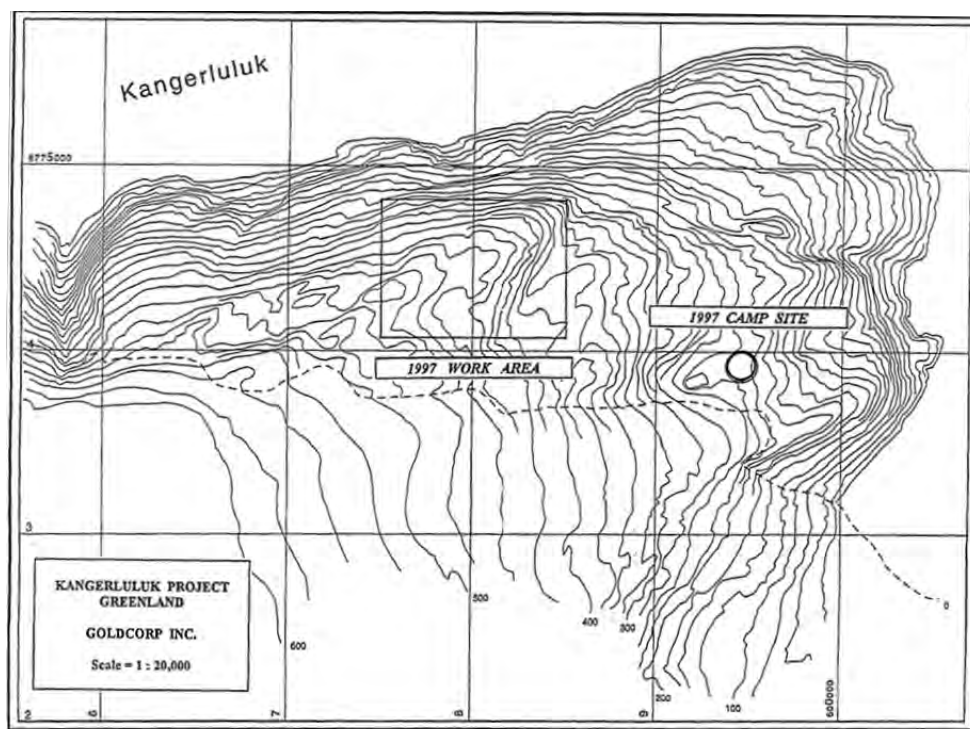


Figure 8-7: Map of the Kangerluluk project area showing Goldcorp Inc.'s working area in 1997 (Sannes, 1998)

Coordinates in WGS84 UTM Zone 23N. The main prospective shear structure runs through the working area from SW to NE.

It was reported that, in the north-eastern third of the shear structure, quartz veins were discontinuous and averaged less than 1 m thick (locally up to 2 m). In some places the veins are folded and have extensive dip slope exposures that make them appear much larger than they really are. Widespread rust staining from the weathering of sulphides in the veins and the wallrock also gives a misleading impression of the extent of mineralisation.

The remainder of the shear structure to the southwest reportedly contains much less quartz, occurring as thin sheeted veins or, rarely, as larger veins and pods of up to 1 m thick. Locally, however, more favourable veining can be found but with very erratic gold grades. Thicker veining, up to 1.5 m, was found in the final 100 m of the shear before it disappeared beneath moraine at the edge of the icecap although grab samples contained no gold.

As may be expected of this style of gold mineralisation, Goldcorp's sample results include very erratic gold grades (high nugget effect). About a third of their samples were below the detection limit for gold, whilst the average grade for 100 channel and chip samples was about 2 g/t Au (max. 110 g/t Au over 80 cm true thickness in one channel sample). If the five highest grade samples were eliminated, the average would be 0.23 g/t Au.

Goldcorp considered the prospect to be intriguing on account of its strong structural setting and acknowledged that the extent of mineralisation at depth and below the icecap was unknown, and that there was potential to improve continuity along strike. However, given the highly erratic nature of mineralisation, the remote location, and high cost of further exploration, they decided not to proceed and concentrated on other gold prospects in South Greenland. It is not known when they relinquished the licence area.

In 2010, the Kangerluluk prospect was included in a new exploration licence (number 2010/39)

owned by NunaMinerals A/S. They undertook a very short (four day) field programme in August of that year, aiming to follow up and expand on Goldcorp's work. In order to improve the geochemical understanding of the area they undertook rock sampling of the shear and fault zones as well as material beyond these. NunaMinerals took 63 rock samples, 10 of which graded more than 1 g/t Au from a rusty shear zone with massive quartz veins (Figure 8-8) and reported that the mineralised zone was some 20 m wide and more than 700 m long. NunaMinerals also noted that low gold grades (less than 0.2 g/t Au) were found in pillow lavas along the shear zone, possibly indicating potential to expand the width of prospective material (Pedersen, 2010). They recommended further sampling and structural assessment to increase the understanding of grade continuity and controls on mineralisation.

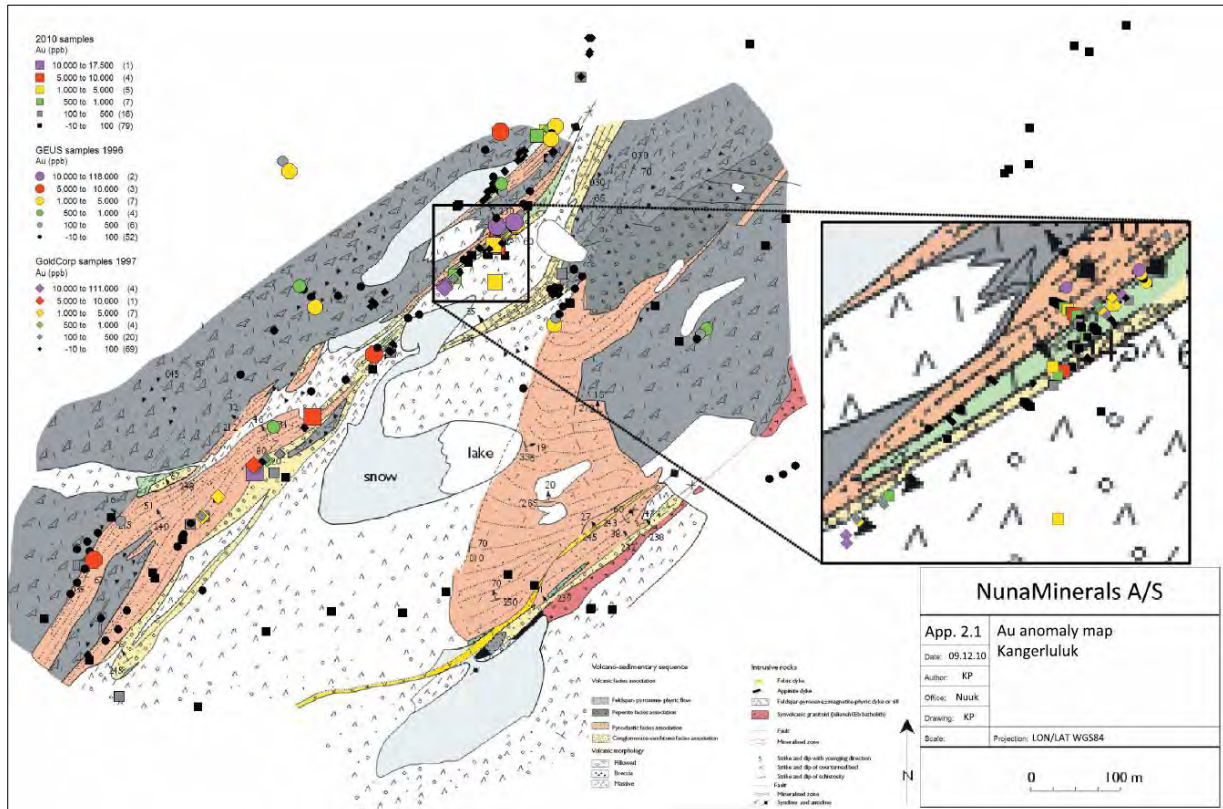


Figure 8-8: Compiled rock sampling locations and gold grades (Pedersen, 2010)

Includes sample locations and results from programmes by GEUS (1996), Goldcorp (1997), and NunaMinerals (2010).

8.4 AEX Exploration

AEX has not yet carried any of their own exploration on the Kangerluluk prospect.

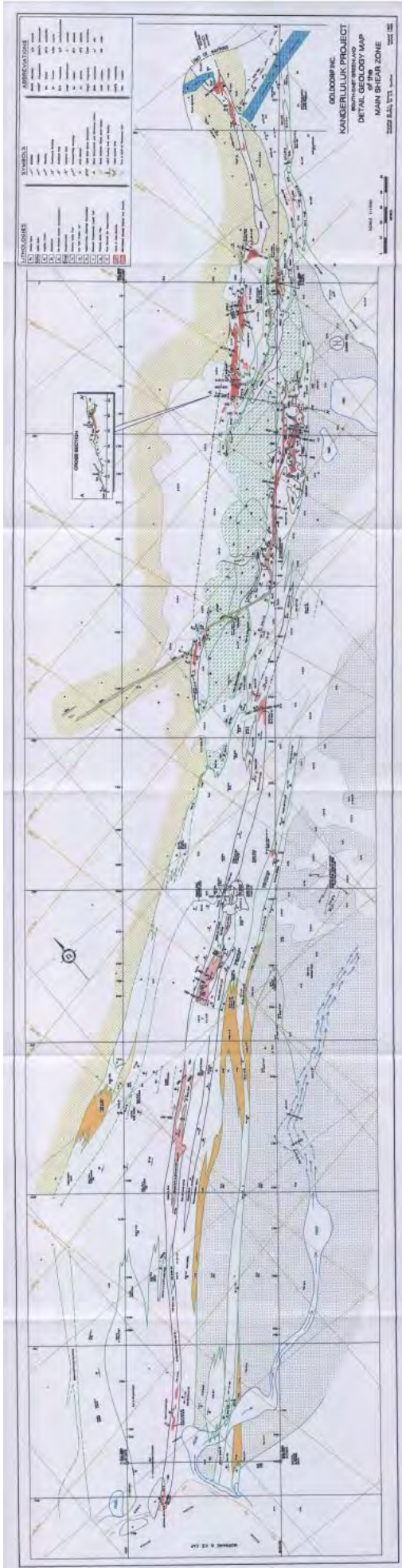


Figure 8-9: Detailed geological map of the main shear zone, Kangerluluk (Sannes, 1998)

9 IPPATIT

9.1 Property Geology

The Ippatit project area is covered by the largest sub-area of AEX's exploration licence number 2019-113. The licence boundary covers mountainous terrain on the southern side of the Ippatit Kua valley that runs in a south-easterly direction between the large fjords of Søndre Sermilik Tasermit. A major feature of the area and a focus of much historical exploration is the 1,775 m high Ippatit mountain which is in the western part of the licence.

The area's geology has been described by Petersen and Olsen (1995) and, broadly speaking, represents an enclave of Paleoproterozoic amphibolites overlying the meta-arkose sediments that are extensive on the central Nanortalik peninsula (Figure 9-3). Along the Ippatit Kua valley, granodiorite of the Julianehåb Batholith is found between the amphibolites and the underlying meta-arkose rocks, increasing in thickness towards the east.

The amphibolites are considered to be the main gold-prospective target in the area, and Petersen and Olsen (1995) state that there are three varieties of them:

1. Thick piles of **pyroclastic amphibolites** form most of the metabasic rocks in the area. These are very variable in terms of clast size, deformation, and texture, but typically contain cm- to dm- size andesitic clasts with light green colour and flattened forms. These deposits dominate the southern outcrops of the amphibolites;
2. **Fine-grained amphibolites** are found as more massive basic rocks, especially along the northern side of the amphibolite outcrop. These rocks are quite homogenous and black in colour with pronounced, sometimes schistose, foliation due to deformation, leaving little evidence of primary structures. They have been interpreted as metabasalts grading into andesites.

Calc-silicate alteration may be found although is patchy and confined to specific 2-5 m wide horizons that can be traced for several hundred metres, usually parallel to the foliation. Silicification is limited, but ankerite alteration and veinlets are locally abundant; and

3. **Metadolerites** occur near the summit of the Ippatit mountain and along the northwest border of the amphibolite occurrence. The authors confidently interpreted these as being intrusive metagabbroic rocks; their appearance parallel to foliation and their conformable borders suggest an origin as dolerite sills. Similar amphibolitic sills occur in the surrounding meta-arkose rocks and may be of the same generation.

Underlying metasediments consist of two types:

- Thinly laminated **meta-pelitic and meta-psammitic biotite schists** often with rusty, stratiform sulphide- (pyrrhotite) and graphite-bearing horizons. These rocks are particularly abundant in the northwest part of Ippatit Kua.

The contact between the amphibolites and the meta-psammites is marked by a thick, continuous, very rusty horizon. This contains strongly folded graphite-pyrrhotite schists and several 0.5-1 m thick chert beds separated by micaceous and graphitic schists. The contact dips gently to the south and is proposed by Petersen and Olsen (1995) to be tectonically modified or even purely tectonic;

- A thick pile of homogenous, coarsely-bedded **meta-arkose** rocks (sandstones) with abundant primary sedimentary features, including regular sub-horizontal layering, despite having been deformed and metamorphosed to a grey biotite gneiss. These rocks are found along the southern border of the amphibolites.

The contact between the meta-arkose and the amphibolites is steeply dipping (Figure 9-1) and very sheared, and a higher degree of migmatitisation and recrystallisation has occurred along it. It is a high-angle fault contact. In places, amphibolite has been detached to form enclaves within the meta-arkose (Figure 9-2). The steep dip of foliation gradually flattens away from the contact, becoming sub-horizontal in the south. In the central Ippatit area, an unusual conglomerate (or possibly a felsic agglomerate) occupies the contact between the meta-arkose and the amphibolite.

Subconcordant aplite veins, 0.3-2 m thick, are found in the meta-pelites. They are parallel to low angle thrust contacts and have clearly exploited these zones of weakness. Aplites may also be found in the amphibolites where they are again sub-concordant or form en echelon veins in sheared parts of the pyroclastic amphibolites. Dolerite dykes are also found; these strike northwest and represent late magmatic events.

Structurally, the principal features of the area are (in order of formation) sedimentary lamination/foliation, folding, low-angle thrusting, and high-angle faulting.



Figure 9-1: View towards the WSW along the southern flanks of Ippatit mountain (AEX field photographs, 2019)

Ippatit mountain is on the right of the photograph. The steep contact between meta-arkoses and overlying amphibolites is seen at the very top-right of the photograph as the change from lighter to darker coloured rocks. A gold occurrence is reported by GEUS in the high ground to the right.

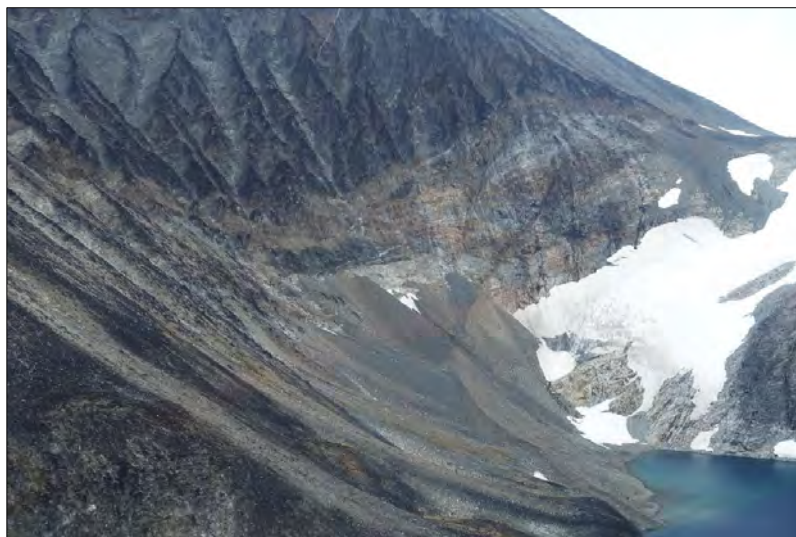


Figure 9-2: View towards the ENE along the southern flanks of Ippatit mountain (AEX field photographs, 2019)

The contact between meta-arkoses and overlying amphibolites is seen as the change from lighter to darker coloured rocks. Note possible sheared-off enclaves of amphibolite within the meta-arkoses. A gold occurrence is reported by GEUS in the amphibolites here.

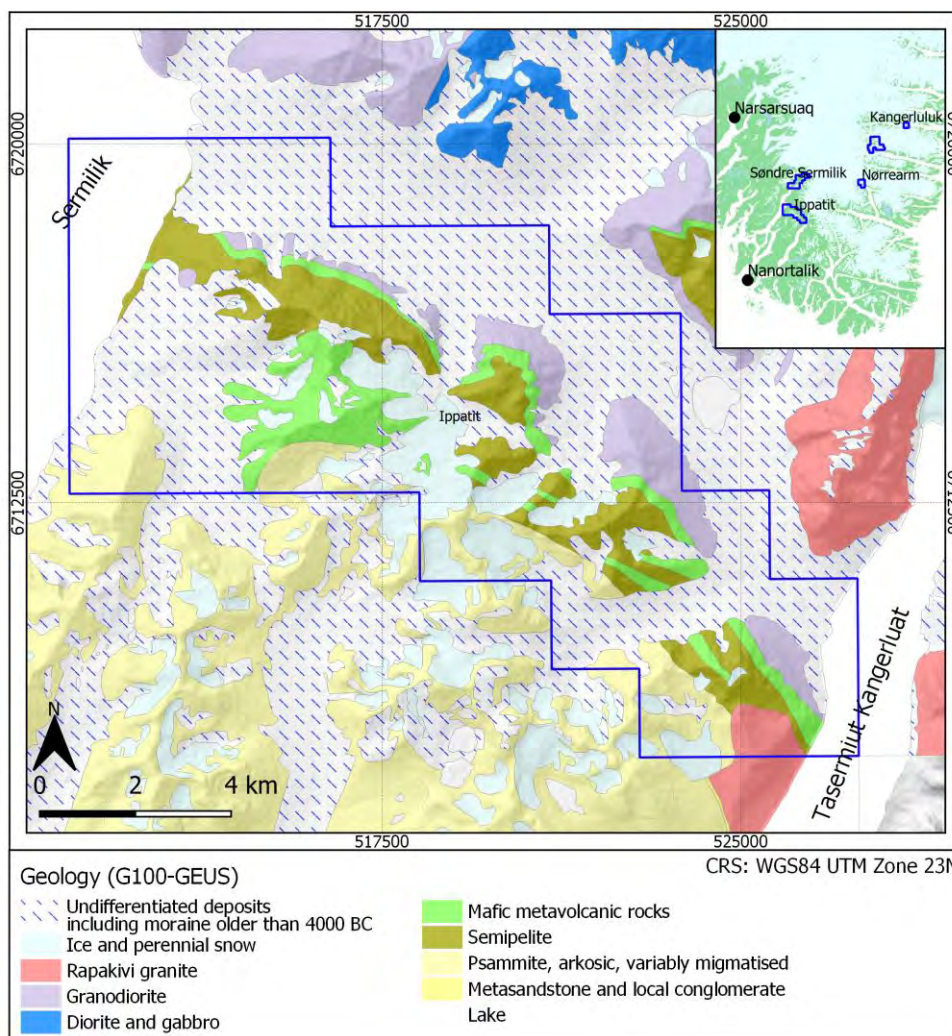


Figure 9-3: Published geology for the Ippatit sub-area

9.2 Mineralisation

Petersen and Olsen (1995) describe three types of mineralisation in the Ippatit area to which gold mineralisation could potentially be associated:

1. Stratiform iron sulphides occur at a few stratigraphic horizons, particularly the contact of the meta-pelites and the amphibolites where they are found within a very rusty and strongly folded sequence together with chert and graphitic schists. This is 0.5-3 m thick, but locally can reach more than 50 m due to deformation. It is a similar feature, if not the same, as that which contains abundant iron sulphides between amphibolites and underlying meta-arkoses in the Nalunaq area.

Thinner sulphide horizons can be found in the amphibolite sequence. Sulphides occur as layers or lenses of massive pyrrhotite with disseminated pyrite, often accompanied by abundant graphite. These layers show consistently low gold grades of 5-10 ppb and are not thought to be important targets;

Near the summit of Ippatit mountain, there is a similar rusty section of chert and graphitic schists. This is 40 m wide and overlain to the south by thick sericite schists. In places, strong silicification has occurred to form zones 20 m thick and 200-300 m long. It contains sparse disseminations of arsenopyrite and may be of more interest; grades of 20-120 ppb gold and 500-2,000 g/t arsenic have been reported.

2. Several quartz veins are found in the area, many of which are single fracture fillings in the amphibolites or along sheared margins of the meta-arkose rocks. Some veins occur in *en echelon* fracture features and a 2 m wide example with a well-developed sheeted structure has been reported on the northern side of Ippatit mountain summit. Gold grades in this, however, were very low (9-12 ppb) and the same is true for other amphibolite-hosted quartz veins in the area.

One location with more a promising gold grade of 832 ppb was reported from a vein in meta-pelites in Ippatit Kua. This was found as part of a series of minor discontinuous veins, 0.3 x 3 m in size, immediately above a rusty chert horizon. Samples from other veins did not contain gold. The possibility of more widely occurring minor gold-bearing veins in the meta-pelites may provide some explanation for gold anomalies in heavy mineral concentrates in this area.

Blomsterberg (2005) reported several occurrences of quartz veining in amphibolites in areas east of Ippatit mountain, describing one area as a swarm of veins. The veins were reported to have limited strike length and usually less than 0.5 m thick. Notably, it was proposed that they are found along a structure that shows continuity for several kilometres. The highest grade reported from this type of mineralisation was one grab sample from a quartz vein with epidote, garnet, and sulphides graded 1.14 g/t Au. More information is provided in Section 9.3.

3. Localised sulphide mineralisation with some silicification and ankerite was found along the steeply dipping southern contact between the amphibolites/pyroclastics and the meta-arkose rocks. Gold grades in these features are slightly elevated at 26-37 ppb.

9.3 Historical Exploration

The Ippatit area has been subject to several short exploration programmes and included in regional geochemical sampling. Figure 9-4 shows a compilation of historical sampling results (Steenfelt, 2001) overlain onto the 1:100,000 geological map and includes anomalies for alteration minerals (jarosite and haematite) derived from Sentinel satellite data (SRK ES, 2019).

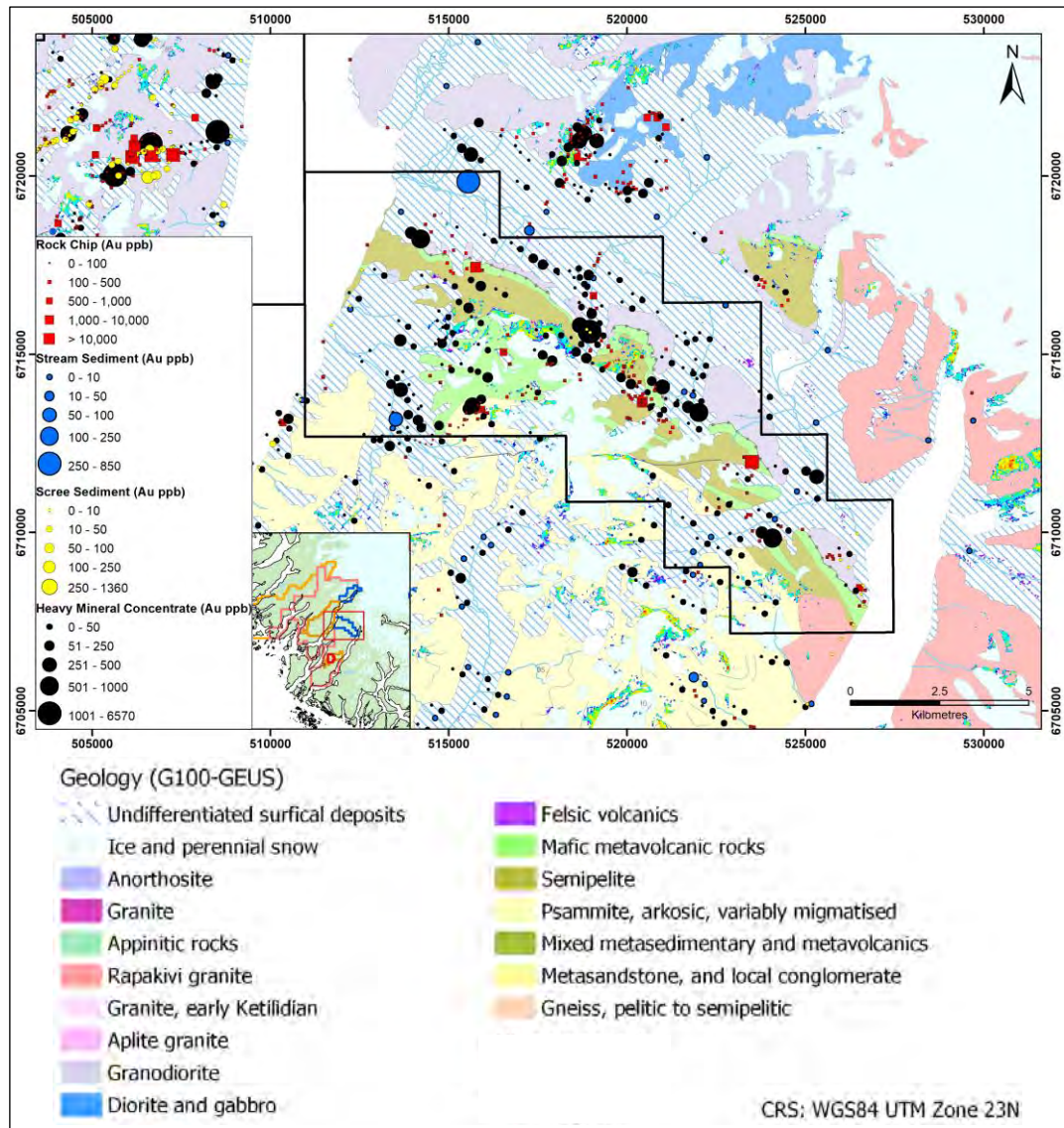


Figure 9-4: Compiled sampling results from historical sampling in the Ippatit area (AEX, 2020)

In 1991, the Ippatit area was included in regional geochemical sampling and geological prospecting carried out by NunaOil. This programme included the collection of 1,691 samples of heavy mineral concentrate (HMC) samples from stream sediments and scree cones within a 5,000 km² area. In the Ippatit area, 76 HMC samples were collected, 16 of which contained gold grades of more than 100 ppb and three graded more than 1 g/t Au (Olsen, 1992). This area was also anomalous for Ag, As, Sb, and W. The strongest gold anomalies were found in northern and southwestern areas, especially south of the Ippatit mountain.

Geological reconnaissance and prospecting were carried out by a small team from NunaOil over nine days in August 1994. This focused on the amphibolites around the 1,775 m high Ippatit mountain and aimed to determine structural relationships between lithological units and mineralised veins. Petersen and Olsen (1995) report descriptions and results of 37 rock grab samples that were taken in areas that appeared to be mineralised. Only two of these contained gold grades over 100 ppb: 832 ppb in a quartz vein in meta-pelites, and 120 ppb in silicified sericite schists with arsenopyrite. It was their opinion that gold-in-HMC anomalies in the area could, in part, relate to minor gold-bearing veins in the meta-pelite, and that the stratiform iron-

sulphide horizons in the amphibolites were too low grade to be the source. NunaOil considered the area to have low potential for significant gold deposits and no further work was recommended, although it was acknowledged that consistently gold-mineralised rocks may not have been properly identified.

Despite this recommendation, NunaOil returned to Ippatit in 1995 and undertook further rock sampling and some Bulk Leach Extractable Gold (BLEG) analysis. The best result from this was 495 ppb Au in a grab sample of a quartz vein in a tributary valley that drops into Ippatit Kua northeast of Ippatit mountain (Wulff, 1995). Again, it was recommended that any further work should be a low priority.

Crew Gold were the next to explore Ippatit. The prospect was included in one of the company's exploration licences in the region and they conducted a short programme in 2004. Work focused on two areas about 3 km and 6 km southeast of Ippatit mountain, respectively referred to as Locality 1 and 2 (Figure 9-5). These were locations that Crew Gold believed had not been investigated before (Blomsterberg, 2005).

The geology at Locality 1 comprises amphibolites thrust over meta-pelites, separated by the major rust zone that marks this contact throughout the region. Two generations of quartz veins were described in the amphibolites: veins that have been folded and sheared with the amphibolites (100-120/30S) and veins that cut the foliation at an angle of 35° (145-155/30-40SW). Their thickness is on average 20-30 cm, 80 cm in one case, and they have limited strike length, typically 5-10 m and up to 60 m.

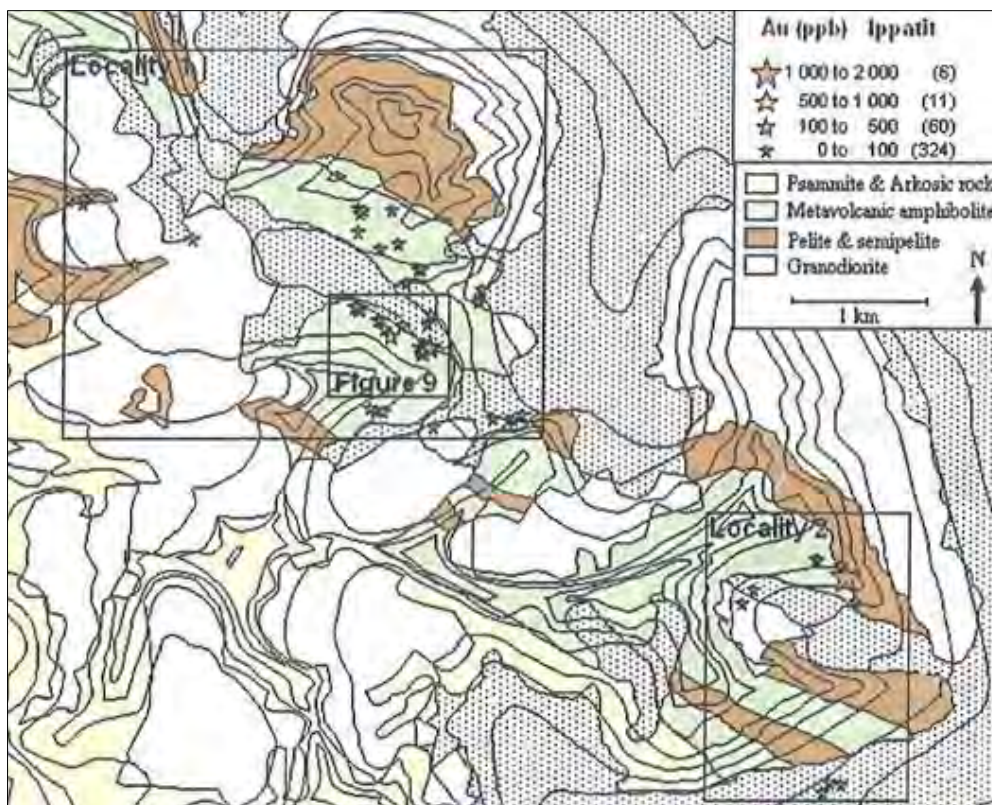


Figure 9-5: Locations of samples taken by Crew Gold in 2004

Note that Crew Gold modified the original digitised geological map for this area, produced by Schjøth et al. (2000). Blomsterberg (2005) believed that metavolcanic and pelite units had been switched for one another in the original mapping. The current online geological map shows the original version. Small outlined area in Locality 1 is shown in detail in Figure 9-6.

Blomsterberg (2005) reported that quartz vein grab samples from the southeast part of Locality 1 (Figure 9-6) seemed to contain more gold than those from the northwest part. Nine of the 13 samples from the southeast graded more than 100 ppb Au, whilst only one of nine samples from the northwest graded over 100 ppb Au. South-eastern quartz veins were reported to have a distinct mineralogy, containing tourmaline, malachite, and “bright yellow, dodecahedron-shaped crystals”. Calc-silicate alteration is found within the veins but it appears that no relationship has been established between the intensity of alteration and gold grade.

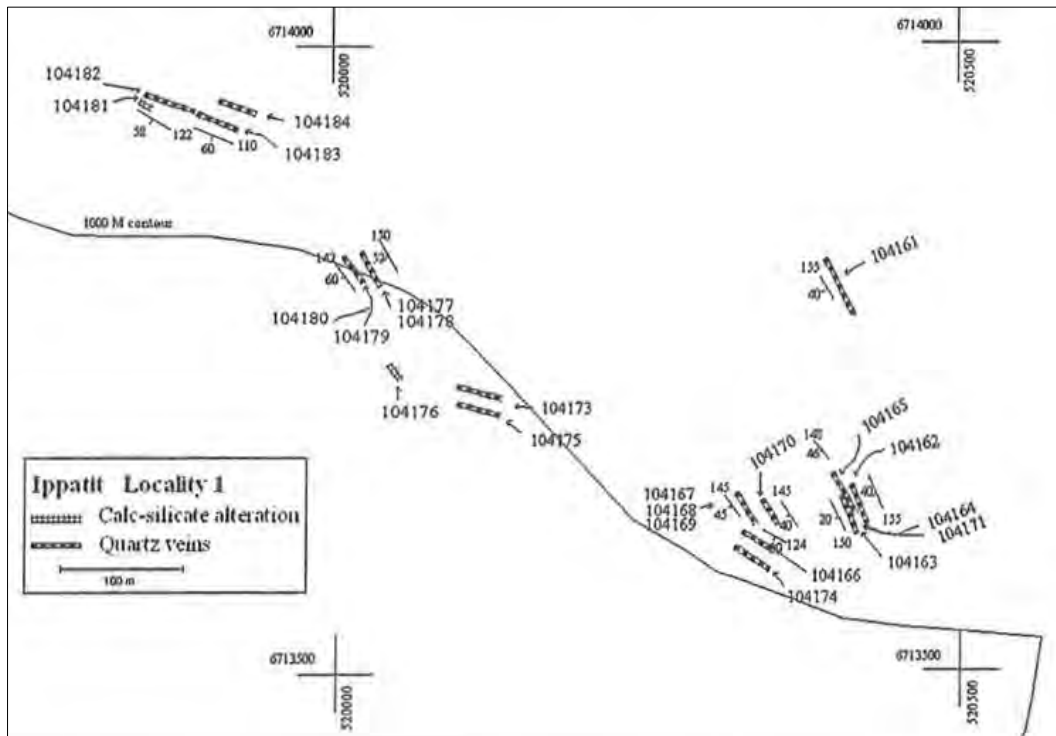


Figure 9-6: Map of a swarm of quartz veins in the southeast part of Locality 1, Ippatit (Blomsterberg, 2005)

Several quartz veins were found in the northern part of Locality 2. These had the same mineralogy as those in Locality 1 and also the same strike (although a steeper dip), and it was suggested that there could be continuity of vein-hosting structures between the two. One grab sample from a quartz vein with epidote, garnet, and sulphides graded 1.14 g/t Au.

Highlights from Crew Gold’s sampling are shown in Table 9-1.

Table 9-1: Highlights of Crew Gold’s 2004 rock sampling at Ippatit (Blomsterberg, 2005)

Sample	Year	Type	Northing	Easting	Loc.	Description	Au	Ag ppm	Cu ppm
104161	2004	RCO	6 713 817	520 409	IPP 1	Chip over 1m, py and calc-silicate alteration	30	27	130
104163	2004	RCO	6 713 649	520 424	IPP 1	Chip over 2m along strike, py in calc-silicate altered rock, thickness 10-25cm, strike length 7m	390	<0.3	<1
104164	2004	RCO	6 713 649	520 424	IPP 1	Local zone in Qz vein with py,cpy,malachite	830	10.3	3295
104171	2004	RCO	6 713 646	520 425	IPP 1	Intensely calc-silicate altered zone with malachite, no Qz	330	3.5	3237
104235	2004	RCO	6 711 989	523 501	IPP 2	Qz veins with epi, gt and a few sulphides	1140	<0.3	77
104240	2004	RTR	6 711 894	522 809	IPP 2	20cm Qz vein with 8cm py and po	60	2	2578

9.4 AEX Exploration

AEX paid a very short visit to Ippatit mountain in 2019 to familiarise themselves with the terrain and geology. No sampling or mapping was carried out.

10 JOKUM’S SHEAR & SORTE NUNATAK

10.1 Property Geology

10.1.1 Jokum’s Shear

Jokum’s Shear lies 2-3 km inland from the head of Danell Fjord in very steep terrain on the northern side of a large tidewater glacier.

The geology of the Jokum's Shear area comprises granodiorite of the Julianehåb Batholith, pelite and semi-pelite, gabbroic-dioritic amphibolites, and granite (Figure 10-1). These are of Paleoproterozoic age and relate to events of the Ketilidian orogen, and the granites are interpreted to be the result of melting of metasediments (Schlatter and Hughes, 2012; Garde et al., 1998). Other rocks include monzo- to syeno-gabbro, which appear to be the host to mineralisation (Schlatter and Hughes, 2012), and Paatusoq syenite which form part of the Mesoproterozoic Gardar Alkaline Igneous Province (Garde et al., 1998).

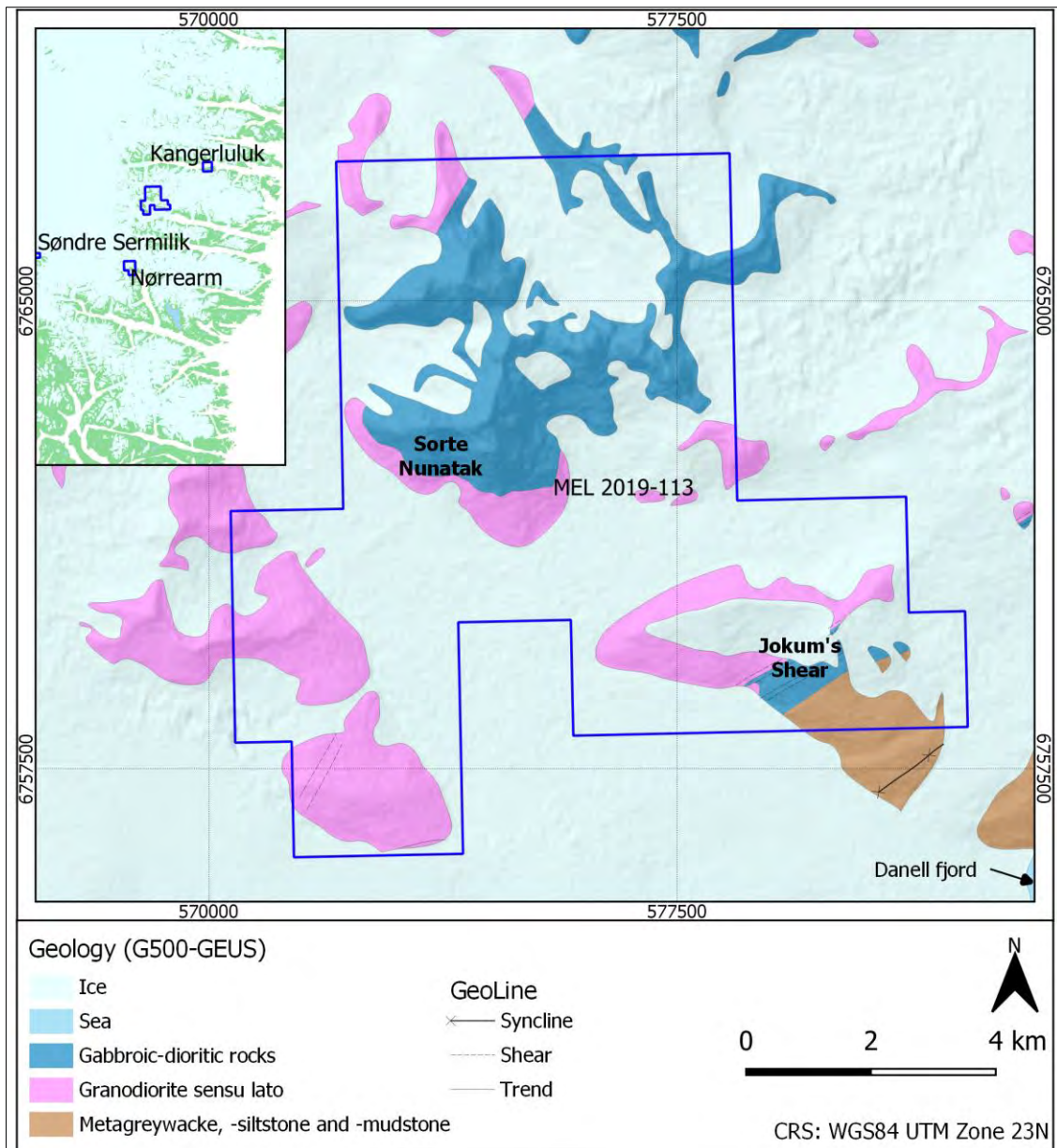


Figure 10-1: Geological map and historical sampling results for the Jokum’s Shear and Sorte Nunatak targets

10.1.2 Sorte Nunatak

Sorte Nunatak is found a further 6 km inland to the northwest of Jokum’s Shear. The target is on a very steep mountain which is surrounded by glaciers (Figure 10-3). Geological descriptions of Sorte Nunatak are limited due to its inaccessibility and severe terrain; a detailed stratigraphy has not yet been established. The GEUS mineral occurrence datasheet for the locality (GEUS Occurrence id: 370) states that the prospective geology comprises a c. 500 m thick supracrustal sequence of basalts, andesites, ignimbrites, and volcanogenic sediments. Petrographic descriptions have been derived from samples collected from scree and on the glacier south and east of the nunatak (Chadwick and Garde, 1996; Stendal et al., 1997; Swager et al., 1995). On the south face of Sorte Nunatak and on nunataks to the north, the meta-volcanic sequence rests on a thick polymict conglomerate that, in turn, rests unconformably on the Julianehåb Batholith basement. A sketch of the geological sequence by Garde et al. (2002) is shown in Figure 10-2.

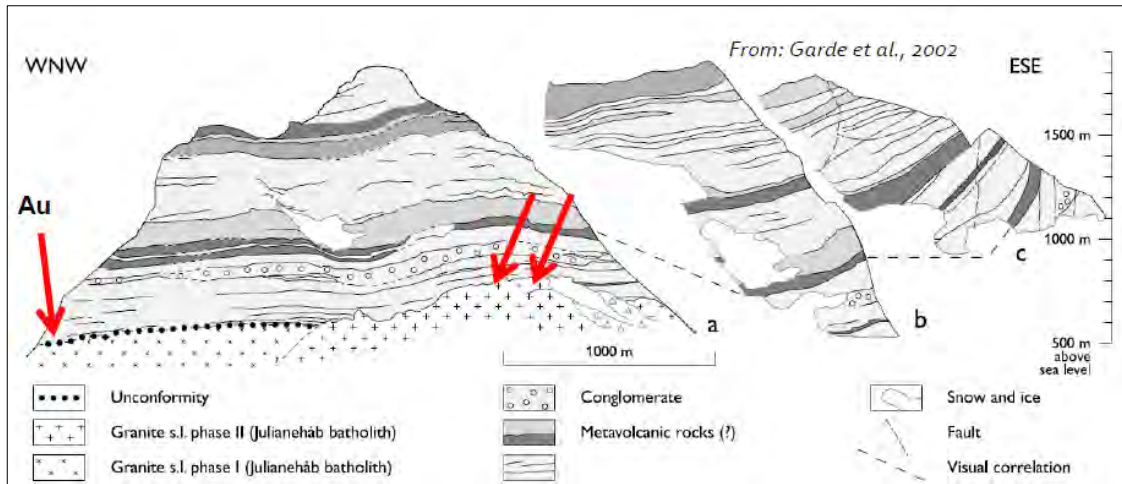


Figure 10-2: Sketch of the geology at Sorte Nunatak looking northwards (Garde et al., 2002, modified by Hughes et al., 2014)

Red arrows show the locations of samples taken by NunaMinerals in 2013. The arrow labelled 'Au' shows a sample that assayed at 5 g/t Au.



Figure 10-3: View of Sorte Nunatak looking northwards from helicopter (Hughes et al., 2014)

Photograph taken in 2013. Red arrows show the locations of samples taken by NunaMinerals in 2013. The arrow labelled 'Au' shows a sample that assayed at 5 g/t Au.

10.2 Mineralisation

10.2.1 Jokum's Shear

At Jokum's Shear, gold mineralisation is found in a northeast-trending shear zone system is described by Swiatecki (1997) as being 1,000 m wide (although mineralised zones may be narrower) and has a strike length of about 2 km between approximately 250 m and 1,150 m elevation. It is possible that the strike length could be considerably longer; extensions of it to the northeast have been exposed by retreating ice and it has even been proposed that the structure continues for about 25 km and hosts gold mineralisation at the Kangerluluk prospect

(Schlatter and Hughes, 2012; see Section 8).

The mineralised material is found in strongly altered, sheared, and sulphidised rocks of gabbroic composition. These gabbros are not shown on the regional GEUS geological map for the area. Rust staining is common (Figure 10-4) and the gabbro shows variable degrees of hydrothermal alteration in the form of silicification, biotite-chlorite alteration, traces of chalcopyrite, and pyrrhotite (Schlatter and Hughes, 2012).

Hughes et al. (2014) suggest that secondary structures to the main shear zone may be the main host of gold mineralisation, and that the primary shear itself is barren.

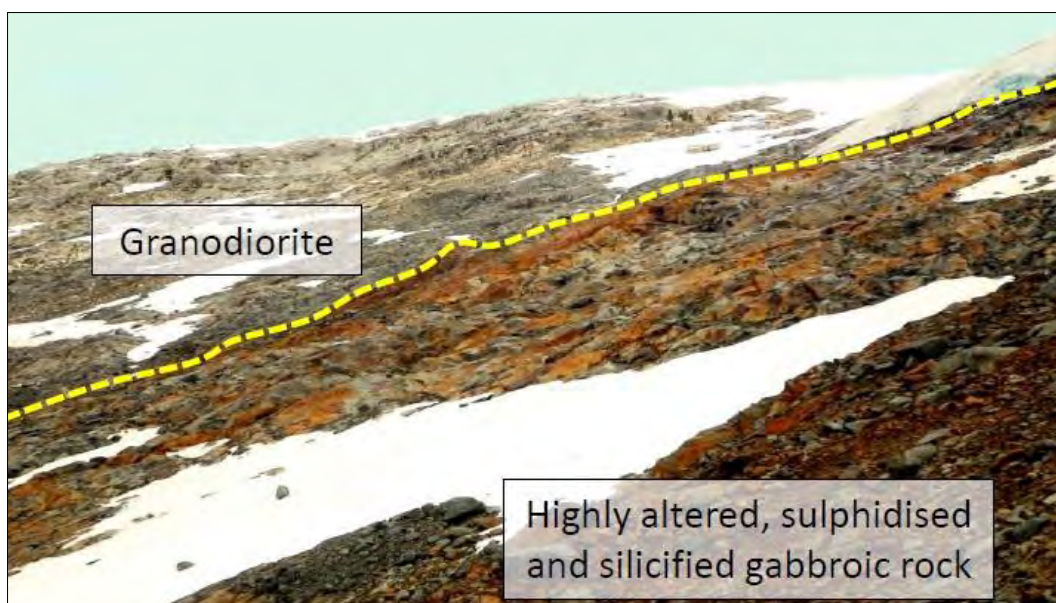


Figure 10-4: View of the contact between altered gabbroic rock and granodiorite at Jokum’s Shear (Hughes et al., 2014)

Swiatecki (1997) states that pyrrhotite and minor chalcopyrite is found as disseminations in the gabbroic rocks, and float of up to 20 x 20 cm of semi-massive pyrrhotite have been found. Rust-stained zones, 10-20 m wide and trending ENE-WSW contain small veins and fractures mineralised with pyrrhotite and chalcopyrite. In places there is extensive epidote (low temperature) alteration in the shear.

Previous workers make little mention of quartz veining in the area, apart from a few cm-wide veins with molybdenite mineralisation (Swiatecki, 1997). By contrast, Schlatter and Hughes (2012) describe quartz veining 10-50 cm wide in the gabbro, sometimes with sheeted quartz veins forming zones up to 20 m wide. The length of these is not reported, and they have not yet been found to contain gold.

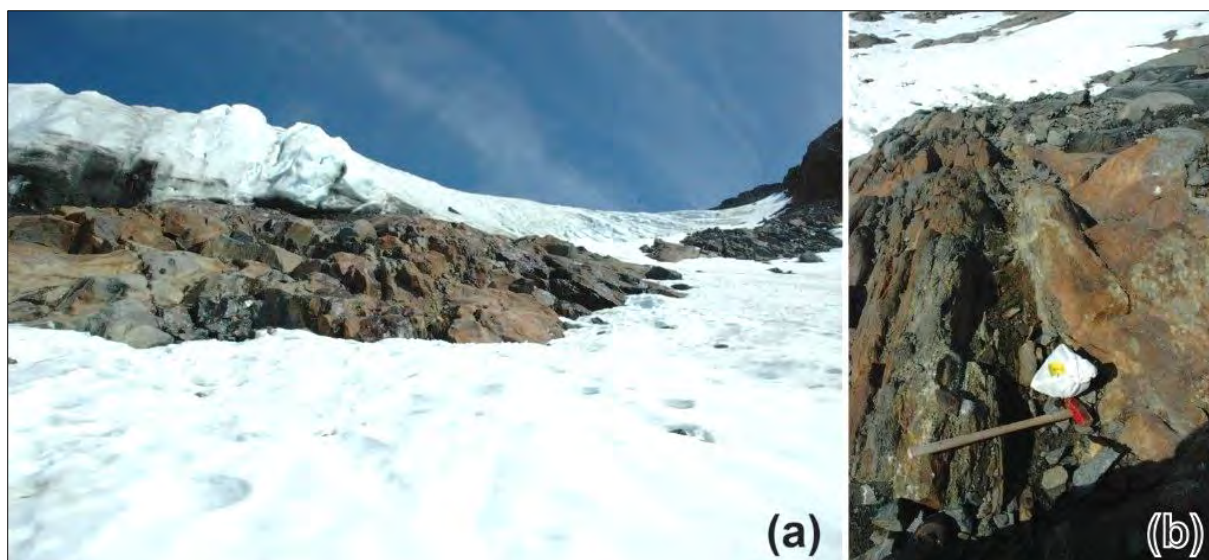


Figure 10-5: Outcrop of a location on the shear zone where a sample graded 4 g/t Au in gabbroic rocks (Schlatter and Hughes, 2012)

Hydrothermal alteration is expressed by strong silicification and sulphidation. Photograph (a) is looking northeast and shows the spectacular retreat of a small glacier, photograph (b) is looking southwest.

10.2.2 Sorte Nunatak

At Sorte Nunatak, gold mineralisation has been found in slightly deformed and variably epidotised, carbonatised, and veined volcanics and volcanogenic sediments, sampled as boulders in surface moraines at the base of the nunatak. On the western side of the nunatak, and to a lesser extent its south and east sides, the lower 100 m of the volcanic succession has been described from aerial observations as being pervasively epidotised and veined. The gold-copper type mineralisation appears to be of similar type as the Kangerluluk gold occurrence discussed in Section 8 (Stendal, 1997; Stendal and Schönwandt, 1997).

10.3 Historical Exploration

10.3.1 Jokum’s Shear

Slightly anomalous gold grades, with one sample up to 239 ppb Au, were recorded from rock samples collected during the SUPRASYS programme from the northeast part of the shear zone where there is extensive low temperature alteration at about 1,000 m.a.s.l. (Swager et al., 1995).

These observations were followed up in 1997 by Softrock Petroleums Ltd. who completed less than one day’s work in the western part of the shear zone, taking 16 grab samples. Six of these samples were described as being anomalous for gold, with grades of between 0.24 g/t Au and 3.22 g/t Au (Swiatecki, 1997). Some correlation between Au, Cu, Mo, and Bi was noted, thus sharing some similarity with Au-Bi-W-Cu-(Mo-Sn) associations seen in other gold-bearing regional shears along the southeast margin of the Julianhab Batholith (Swager et al., 1995; Garde and Schönwandt, 1994 and 1995), although the presence of significant quartz veining is notably absent from reports.



Figure 10-6: Oblique aerial photo of Jokum’s Shear showing the upper part of the shear zone and locations of gold-anomalous grab samples (Swiatecki, 1997)

There are no records of further exploration work having taken place on the prospect until 2010 when it was included in NunaMinerals’ exploration licence number 2010/39. NunaMinerals spent one day on Jokum’s Shear that year and collected 61 rock grab samples. These were located along traverses that were orientated across a rust-stained alteration zone that included anomalous gold grades reported by previous exploration. Of these samples, eight graded more than 0.5 g/t Au, with a maximum grade of 2.45 g/t Au. NunaMinerals also reported that the gold was found in sulphide-mineralised granodiorite, the main sulphides being pyrrhotite and pyrite, and appeared not to be related to quartz veining (Pedersen, 2010).

NunaMinerals completed a further four days of sampling at Jokum’s Shear in 2012, taking 36 rock chip samples on the shear zone in an area between 650 and 1,150 m.a.s.l. These provided further evidence of gold mineralisation, and identified new occurrences to the northeast, on the same structure but in an area that was newly exposed by a retreating glacier. Highlights from the 2012 sampling were as follows (Schlatter and Hughes, 2012):

- 3.1 m at 9.3 g/t Au;
- 2.0 m at 3.7 g/t Au;
- 2.7 m at 3.4 g/t Au;
- 3.0 m at 2.1 g/t Au.

Schlatter and Hughes (2012) recommended that further work at Jokum’s Shear should be carried out, including channel sampling to better understand the extent and grade continuity of gold mineralisation. They suggested that large portions of the rock along the shear could be mineralised, and that gold mineralisation remains open in all directions.

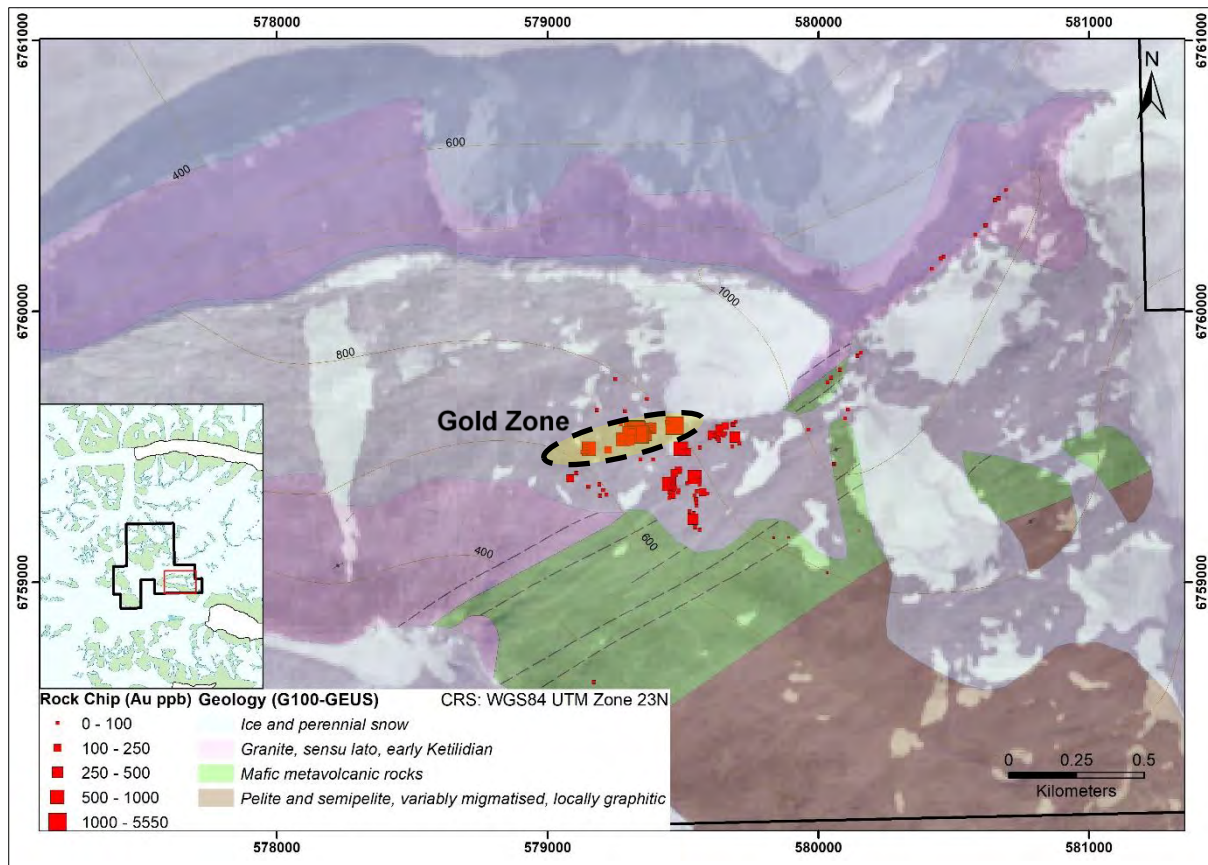


Figure 10-7: Geological map of the Jokum's Shear "Gold Zone" target and the locations and gold grades of rock samples taken in 2010 and in 2012 by NunaMinerals

10.3.2 Sorte Nunatak

The locality was first noted during the SUPRASYPD programme that took place between 1992 and 1996 (Garde and Schønwandt, 1994; Garde and Schønwandt, 1995; Nielsen et al., 1993; Stendal and Schønwandt, 1997). Boulder sampling has produced anomalous grades of up to 9 g/t Au and 4% copper, hosted by narrow quartz and/or carbonate veins in weakly deformed metabasalts (Swager et al., 1995).

NunaMinerals visited the location very briefly (for two hours) in 2013 and managed to obtain a sample of in-situ mineralised rock containing gold in quartz veins with carbonate alteration. The sample was taken near the unconformable contact between Julianehåb granites and the overlying metavolcanics and assayed at 5 g/t Au. It was suggested that gold mineralisation was associated with the unconformity.

10.3.3 Geophysical Surveys

Jokum's Shear and Sorte Nunatak were included in a DIGHEM^V airborne geophysical survey in 1997, performed on behalf of Softrock Petroleum Ltd. as part of a kimberlite exploration programme. DIGHEM^V was a multi-coil, multi-frequency electromagnetic system supplemented by a caesium magnetometer, allowing maps to be produced of the areas' magnetic and conductivity properties. The parameters and outcomes of this survey are described by Smith (1997) and summarised below.

At Sorte Nunatak, the electromagnetic data did not show anything of interest or use, probably on account on the severe terrain. The magnetic data was described as showing several linear, accurate, and elongate highs and lows, reflecting complex underlying geology and representing

structural breaks that may have some control on mineralisation.

At Jokum's Shear, both the magnetic and electromagnetic data show distinct northeast-trending linear features that probably reflect the general grain of the geology and, more importantly, the shear zone that hosts gold mineralisation. Further examination of this data may be useful to identify any localised structural controls on mineralisation.

11 NØRREARM

11.1 Property Geology

The prospect is located on steep terrain at the head of Nørrearm Fjord at about 500 m.a.s.l. Published geological maps for this area (Figure 11-1) show fairly conflicting information with respect to the stratigraphy. However, satellite imagery, observations by AEX, and reporting from earlier work (Garde et al., 2002) suggest that the principal units include granodiorite (possibly of the Julianehåb Batholith) overlain by migmatized metasediments of the Psammite Zone that are intruded by some unaltered mafic dykes. The contact between the granodiorite and the metasediments appears to be a large, regional scale thrust that strikes northeast and dips about 45° to the northwest.

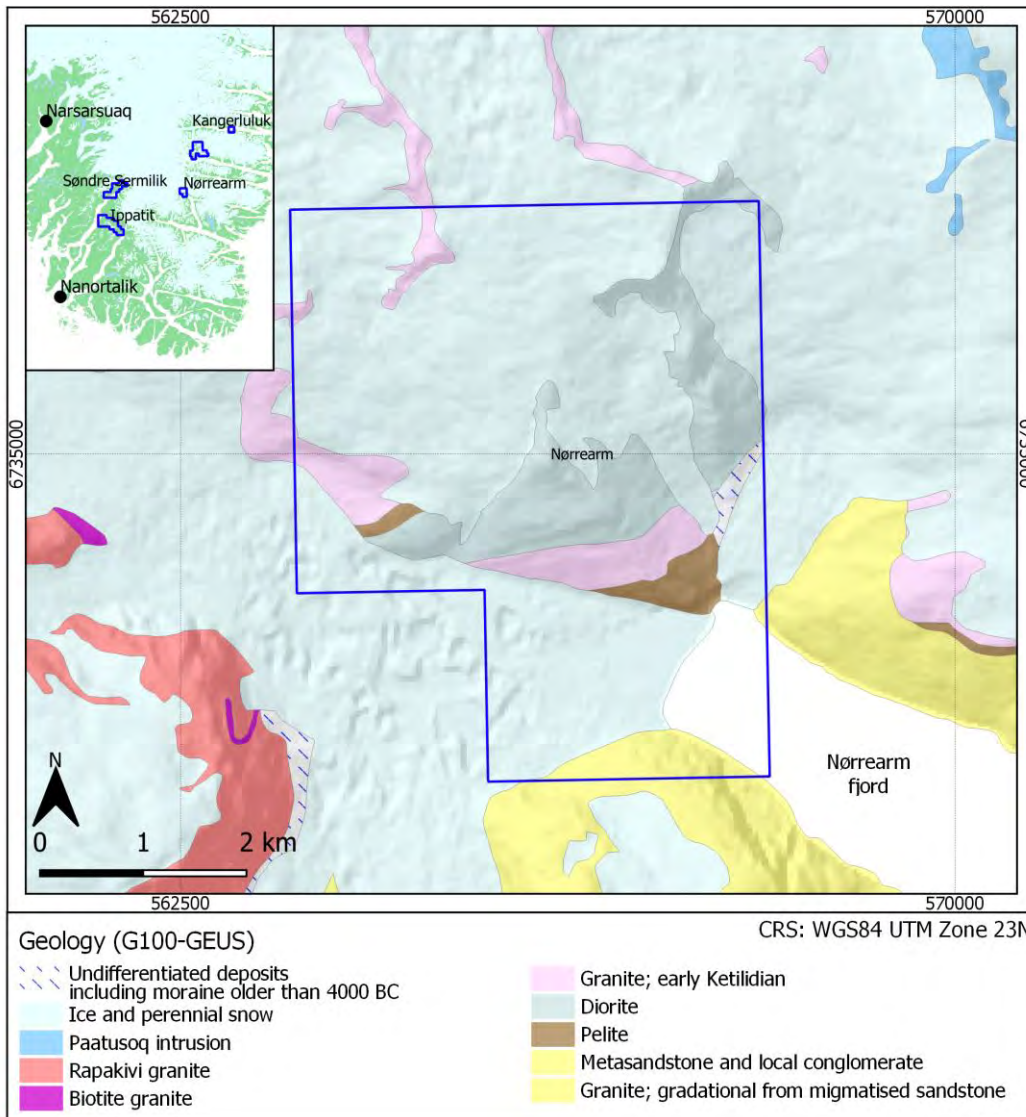


Figure 11-1: Published geology of the Nørrearm sub area

11.2 Mineralisation

The feature of interest is a large and distinctive zone of rust staining that is visible in satellite imagery and defines a horizon at the thrust contact between the granodiorite and the metasediments above the northern shores of Danell Fjord (Figure 11-2), and also visible 2 km to the east before it disappears below an icecap (Figure 11-3). Massive iron sulphides are found at the base of this horizon with thicknesses of 1-5 m. Minor copper staining has been observed in some rock samples and up to 50% flake graphite in others (AEX 2019 exploration notes; Gray, pers. comm., 2020). There are also some rust-stained quartz lenses, but none have any lateral continuity.

This type of feature in this geological setting is quite commonly seen in South Greenland, and AEX believe that the Nørrearm occurrence could be one of the larger examples. It may be the regional thrust that forms a distinctive marker horizon between amphibolites and underlying lithologies in many places in the Psammite Zone close to its border with the Julianehåb Batholith.



Figure 11-2: Rust-stained horizon at Nørrearm at the contact between granodiorites (below) and metasediments (above). Massive sulphides found at the base of the horizon (AEX field photographs, 2019)

Photograph taken by drone. View is towards the southwest. White helicopter circled in yellow provides scale.



Figure 11-3: The same structure as that shown in Figure 11-2 but seen 2 km to the east (AEX field photographs, 2019)

Photograph taken by drone. View is towards the east.

11.3 Historical Exploration

SRK ES has found no reports of exploration having been undertaken on this prospect before AEX's tenure.

11.4 AEX Exploration

The prospect was visited by AEX for one day in 2019 when they conducted reconnaissance and rock chip sampling. Samples were analysed for gold by fire assay and multi-elements by ICP-MS. No elevated grades for gold or other metallic elements of economic interest were reported, suggesting that the massive sulphides are dominated by pyrite.

12 SAARLOQ

12.1 Property Geology

Licence 2020-31 is predominantly underlain by granites and granodiorites belonging to the Julianehåb Batholith (Figure 12-1). The oldest rocks are gneisses which are mainly granodioritic or quartz dioritic with biotite and hornblende and are located in the southwest and north-easterly areas of the licence. These units are enclosed within an early granite of the batholith. Elsewhere there are late-stage granites which are described as biotitic, biotitic foliates, biotitic-rich enclaves, hornblendic, hornblendic foliates and with amphibolitic enclaves. Throughout the licence are small areas of basic intrusives, diorites and appinitic rocks. Microsyenite and dolerite dykes of Gardar age are mapped, particularly in the western part of the licence.

Steep to vertical shear zones are an important feature of the Julianehåb Batholith in this area. Descriptions of them are given by Chadwick et. al., (1994) and Chadwick and Garde (1996). They have widths of a few centimetres up to more than one kilometre and trend towards the northeast, parallel to the schistosity of the granitoid rocks. The principal structure of interest here is the Saarloq Shear Zone which runs through the licence area in a north-easterly direction. This is the largest shear in the region (Chadwick et. al., 1994) and occupies a 1.5 km wide zone.

It can be traced for at least 50 km along strike and appears to link with intensely deformed rocks in the Saarloq area at the southwest end of the shear (Windley, 1966).

Deformation along the Saarloq Shear Zone appears to have been intense. Mineral textures indicate crystal-plastic solid-state deformation, and mineral lineations suggest transcurrent displacement probably relating to the subduction event in the area. Deformation has led to the formation of mylonites and ultramylonites derived from the granitic rocks adjacent to the shear zone. Partial melting may have been a result of localised shear heating. Within about 100 m of the shear zone the regional schistosity of the granites becomes more intense. Mylonitic rocks are not shown on the geological map for the area, possibly because their occurrences are too small to be included on the 1:1,000,000 scale geological maps.

The displacement along shear zones in this area is not known, but it was probably many kilometres in the case of the Saarloq Shear Zone, as suggested by its width and the intensity of the mylonitisation.

Some shear zones may have been reactivated as brittle faults in the Gardar period.

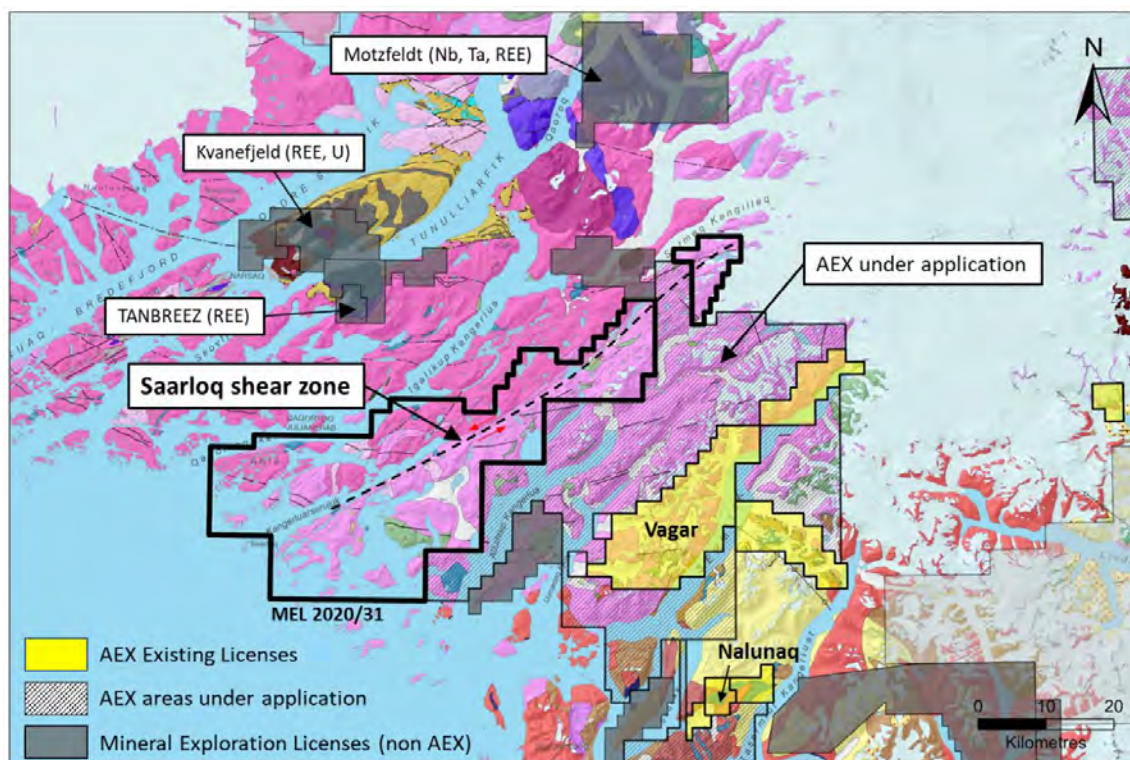


Figure 12-1: Geological map and licence boundary for the Saarloq area

The area labelled as “AEX under application” has now been granted and forms the Anoritooq licence (2020-36)

12.2 Mineralisation

According to Chadwick et. Al., 1994, the emplacement of the southern part of the Julianehåb Batholith in a sinistral transpressional regime not only led to intense plastic deformation along the shear zones but also to significant quartz veining, brecciation and hydrothermal alteration. Quartz veins can be 0.5 – 5 m wide and can be followed discontinuously for up to 200 m, although individual veins rarely exceed 10 m (Stendal and Frei, 2000). Hydrothermal alteration is characterised by bleaching, silicification, chloritisation, epidotisation and pyritisation. Locally, magnetite and arsenopyrite with associated gold may be found.

All three settings, particularly quartz veins and adjacent silicified rocks from shear zones, have

been shown to host slightly elevated gold contents. Analytical results from 128 chip and grab samples taken by GEUS from quartz veins in sheared areas in the north-eastern part of the main sub-area of the licence (Figure 12-2) had a grade range of <2 ppb to 1,000 ppb gold. The average was 37 ppb gold, but most samples had a gold content below the detection limit. This represents only minor elevations in gold content. This sample data is from the GEUS database (Geochemical Atlas of West and South Greenland); no further information on the source of these samples or detailed descriptions of the sampled lithologies has been found.

Stendal and Frei (2000) state that chemical associations with gold mineralisation in this setting are Au-Bi-(Ag-As-Cu-W-Mo). This type of gold mineralisation has been identified on the Niaqornaarsuk Peninsula (see Section 7).

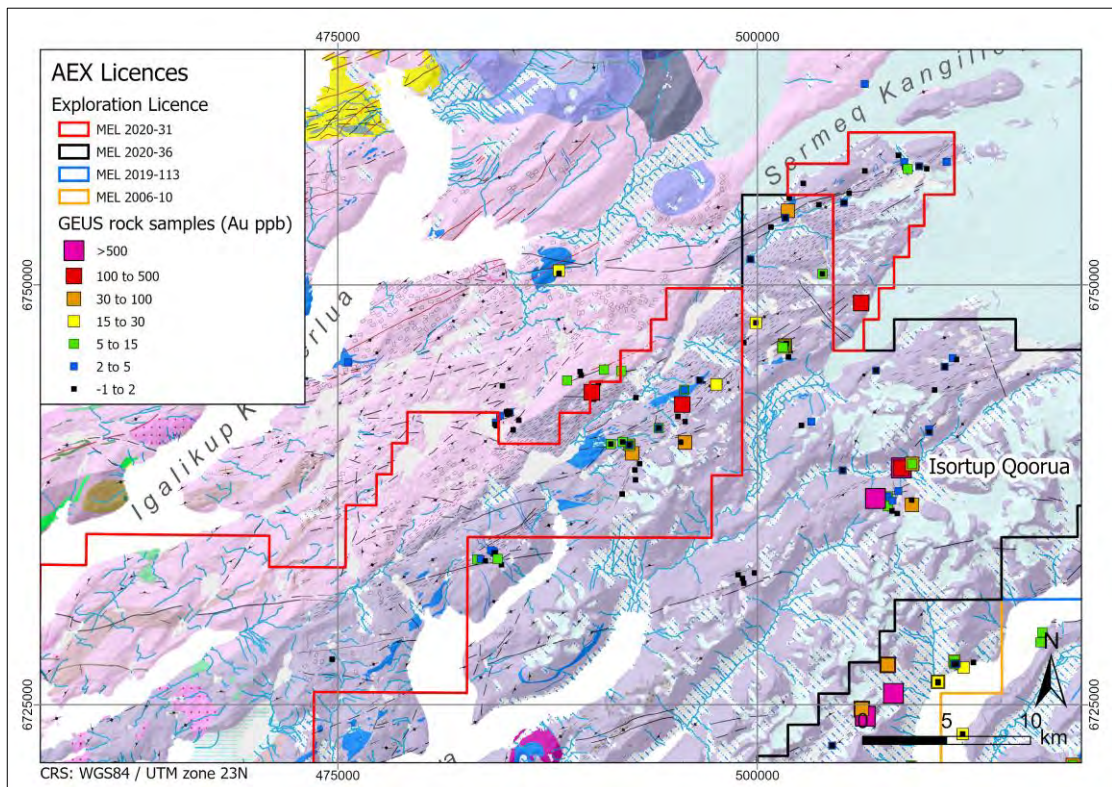


Figure 12-2: Plot of historical rock sampling results from the GEUS database

12.3 Historical Exploration

An exploration licence, number 2012-15, that covered part of AEX’s Saarloq licence was held by Rare Earth Minerals PLC (REM). This covered the part of AEX’s licence, and a comparison between the two areas is shown in Figure 12-3.

In 2012, REM commissioned SRK ES to carry out a data review and prospectivity assessment for rare earth elements and gold mineralisation in the area. This work included a detailed structural assessment using 3D photogrammetry, historical data review and a field visit to inspect areas of interest.

Several targets were selected based on their structural setting or on anomalies in historical geochemical data and these were explored by REM in 2014. These targets are shown in Figure 12-4 and the labelling indicates the various types of prospective feature identified by aerial photo interpretation. Licence 2020-31 is substantially larger than REM’s, but it is possible that similar features may be found elsewhere along the Saarloq Shear Zone in areas now covered by licence 2020-31.

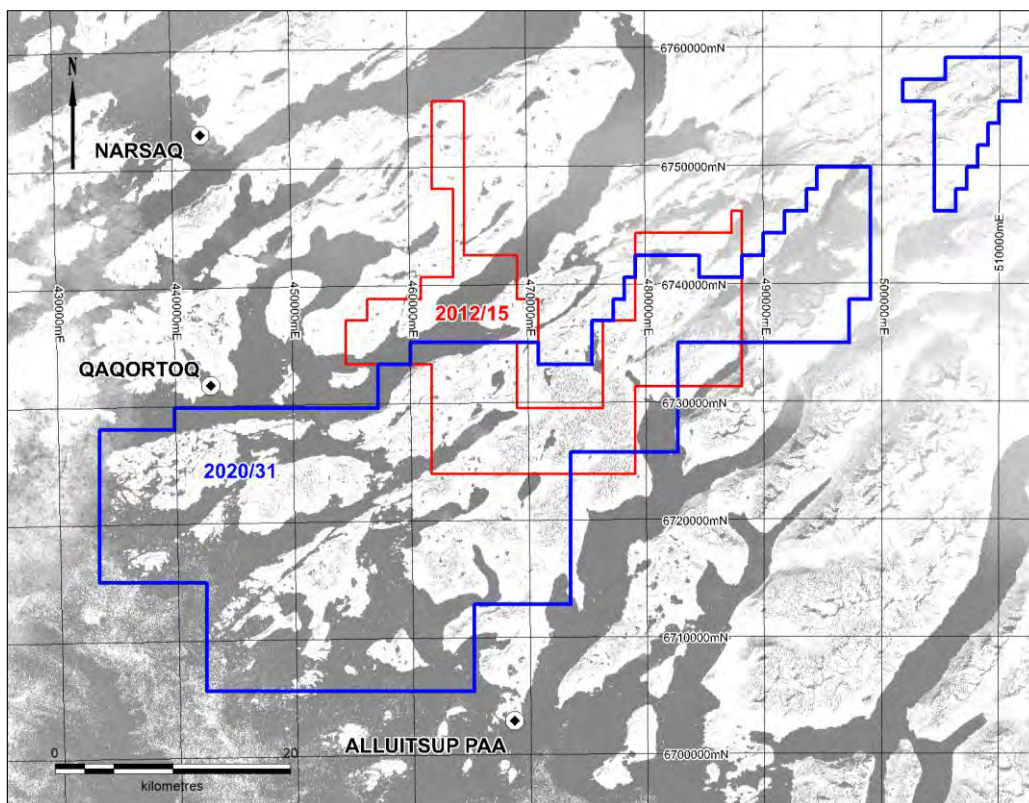


Figure 12-3: Comparison between REM's former licence 2012-15 (red) and AEX's licence 2020-31 (blue)

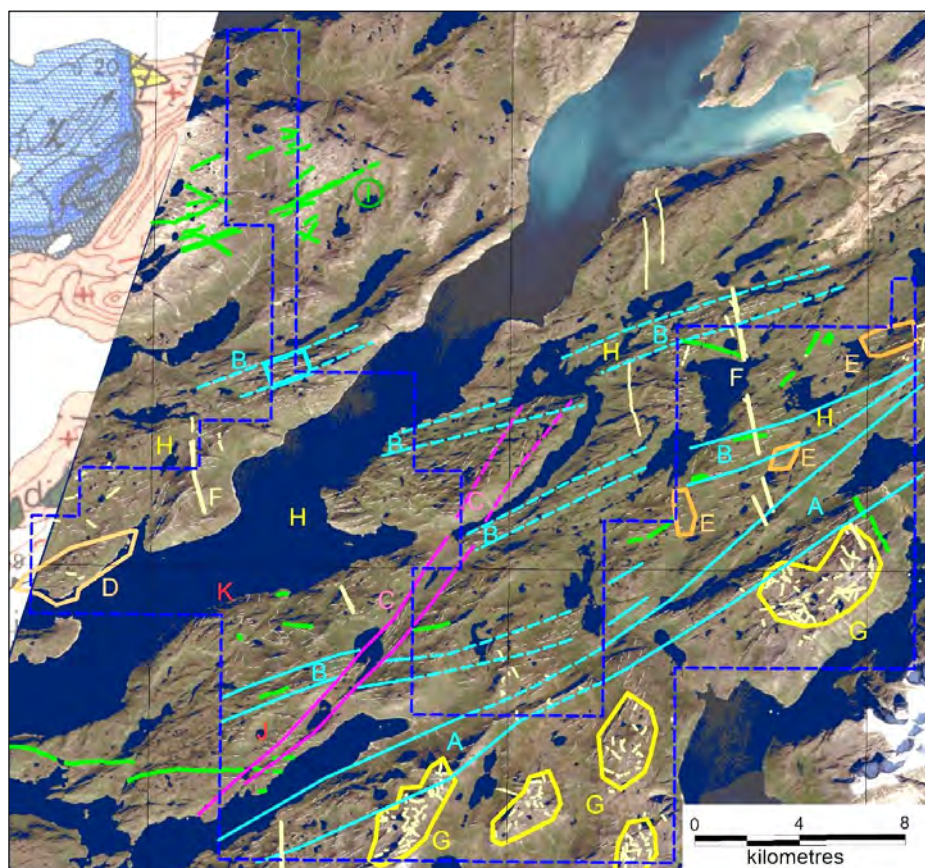


Figure 12-4: Exploration targets defined by REM from aerial photo structural interpretation

A – The Saarloq shear zone. Shear zones in general are considered targets for gold exploration. Along shear zones, dog-legs, dilatation sites, bends and splays may have enhanced gold potential due to such features permitting flow of mineralised fluids and sites for precipitation. The Saarloq shear zone has been reactivated as a brittle fault and the 1 km wide zone north of the fault is of particular interest, especially in the middle of the area where it becomes narrower;

B – Smaller shear zones/foliated zones in the area, striking 60-70°, both splays off the Saarloq shear zone and isolated zones further north form exploration targets. Shear zone related structures that are slightly off the main shear zone may be considered prospective for gold mineralisation, and four of such zones were recognised in this area.

C – The fault zone in the south-west of the area striking c. 045°. Formation of a new more brittle fabric in the rocks, associated with the abundant faults, may have allowed for hydrothermal fluid flow and is an exploration target. It is clearly distinct from the shear zones of target B, both in orientation and in character, being more brittle than these. The intersection of this with the foliated zone is considered a prime exploration target.

D – Area of conjugate brittle faults. This area is distinct in the way the rocks are cut by set of closely-spaced conjugate brittle faults, striking 70° and 130° respectively. The area is underlain by mafic rocks, but the faults are not restricted to the mafic rock type, and the mafic rocks extend outside the heavily faulted area.

E – Zones with a new brittle fabric. Several areas are cut by very intense fracturing, forming a new fabric. This is similar to the fabric in the fault zone described as target C, but less wide-spread and less continuous. Several other smaller areas of such intense fracturing exist.

F – Potential alteration zones along dykes. The long, slightly pale zones that strike about 170° and slightly protrude in the landscape may have undergone some type of alteration, potentially contact metamorphism. It could be that these zones have a slightly different mineralogy than the surrounding rocks. These zones could follow either thin dykes (not identified as such in the aerial photographs) or fracture zones, as was tentatively identified in a few of them. These zones are worth further investigation.

G – Bleached zones. The areas of higher elevation south of the main shear zone that show pale weathering colours along some of the faults should be investigated to determine whether this bleaching is a weathering effect or is due to mineralogical differences such as alteration.

H – Quartz lens zones. The zones in which white patches in the rocks were noted are of interest for their potential to be quartz lenses. Gold occurrences south of the licence area, such as the Vagar project and the Nalunaq gold mine, are associated with quartz veins. The most prospective areas would be where possible quartz veining occurs in strongly foliated or brecciated rocks. The location in the north-western corner of the eastern part of the licence area is of particular interest. Here, possible quartz veins occur in a foliated zone that is cut by faults with different orientations, and an area (albeit very local and slightly outside the zone) with a SSE-trending brittle fabric. The GEUS stream sediment geochemistry database shows a sample with a grade of 102 ppb Au in this area.

REM's 2014 programme included the collection of 160 stream sediments sample, 199 panned concentrate samples and 137 grab samples of rock, focussed on the types of target described above. The samples that were taken in what is now covered by the Nalunaq A/S exploration licence showed weak anomalies for gold in the southern part of licence 2012-15, appearing to surround a mountain (Figure 12-5). Further exploration in this area was recommended. REM's rock sampling did not show any elevated gold grades in the area now covered by licence 2020-31.

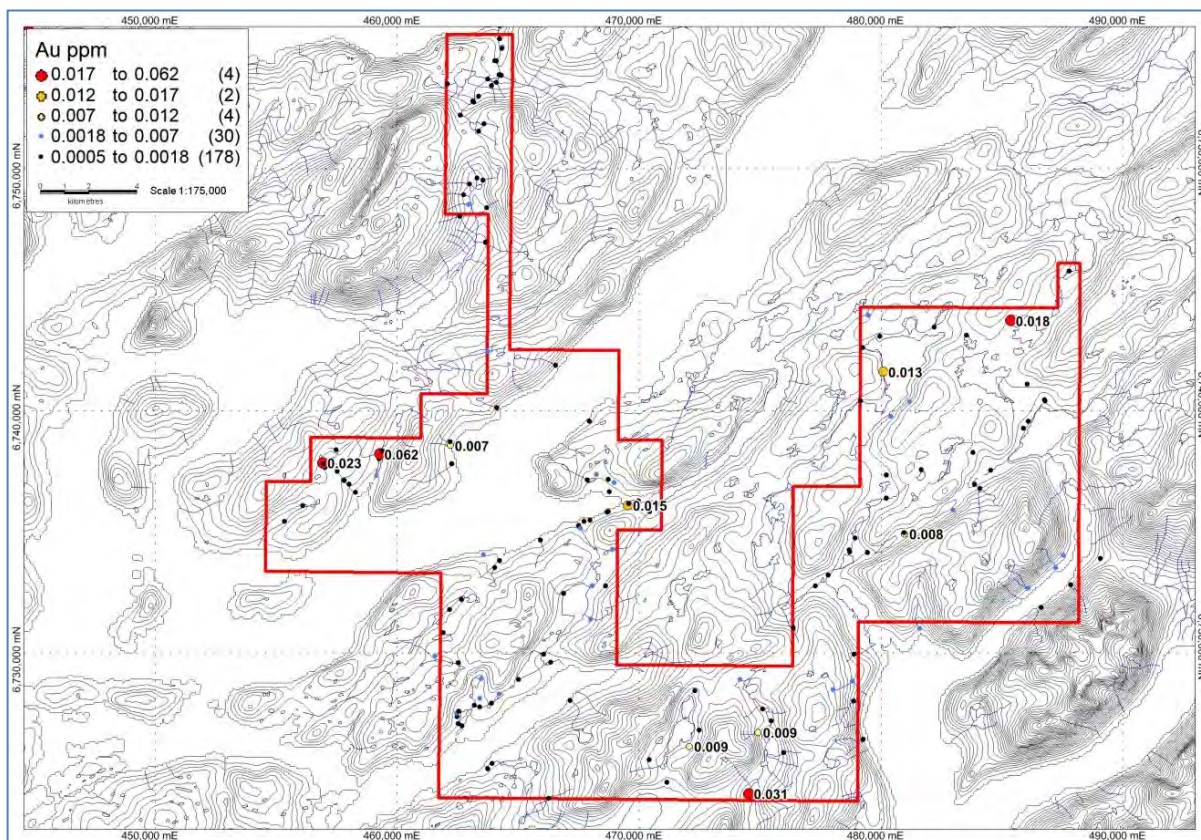


Figure 12-5: Stream sediment sampling results for gold from REM's 2014 exploration programme

Note the group of three anomalous samples in the southern part of REM's licence area that suggest the mountain between them may be of interest for further prospecting.

13 ANORITOOQ

The main sub-area of the Anoritooq licence area (number 2020-36) covers parts of the Niaqornaarsuk, Akuliaruseq and Nanortalik peninsulas in South Greenland (Figure 13-1). A smaller sub-area of this licence covers Kangerluluk fjord in Southeast Greenland. The most advanced gold exploration target in this licence is known as Lake 410, located on the Nanortalik Peninsula.

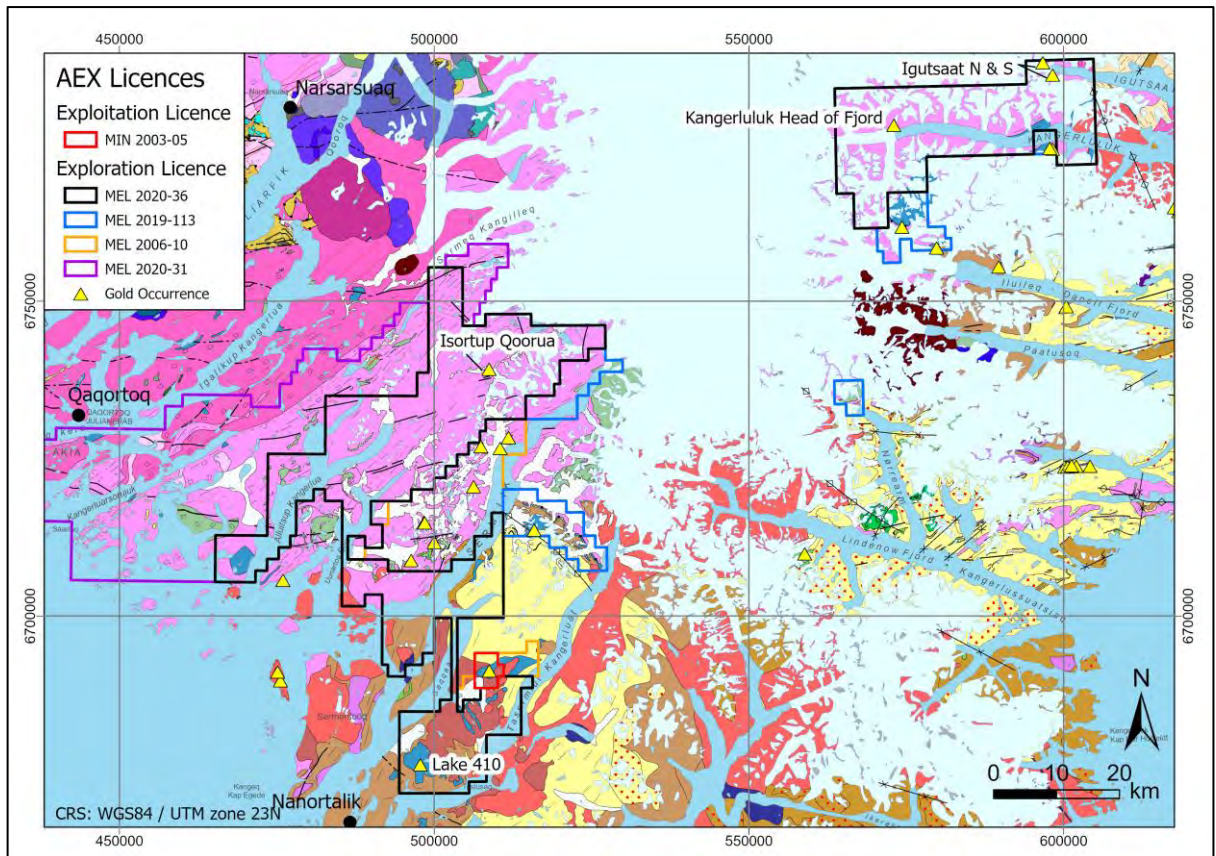


Figure 13-1: AEX mineral licences, with the Anoritoq licence 2020-36 shown in black

13.1 Property Geology

13.1.1 Lake 410

The Lake 410 prospect constitutes a large 5 km x 5 km enclave of mainly amphibolitic rocks occurring in the southwestern part of the Nanortalik Peninsula. The area’s geology has been described by Olsen and Petersen (1995); it shows many similarities to the Nalunaq area and can be considered part of the same sequence of metavolcanics rocks from which it has been separated and partly engulfed by younger Ilua Suite granites. Large internal thrust planes, often focused along graphitic sulphide horizons, cause local repetition of the stratigraphy and, towards the south, the amphibolites appear to have been deposited on a thick package of metapelitic and metapsammitic schists. The amphibolites are cut by numerous aplite veinlets and granite dykes.

The amphibolites are considered to be the main gold-prospective lithology in the area, with a fine-grained black amphibolite being the most common rock type. Relict pillow structures can be recognised in several locations confirming that the amphibolites are predominantly submarine volcanic rocks. The rocks are generally massive with a faint foliation, but locally appear more schistose. The general orientation is flat lying, but steeper orientations are present near the granite boundaries.

Calc-silicate alteration is abundant in certain horizons, usually with a large lateral extent. Intensely altered amphibolites are overlain by fresh-looking black amphibolites in places, and a 20-40 m wide medium-grained metadolerite can be seen at the contact. Calc-silicate alteration appears to follow thrust planes implying that fluids were emplaced after or during deformation. Several banded stratiform iron-sulphide horizons with chert beds and graphite form prominent

rust zones and are a characteristic feature of both the metapelitic and amphibolitic successions. These can often be traced for several kilometres and are presumed to be of exhalative origin. Similar iron-sulphide horizons are present at Nalunaq and Ippatit.

The amphibolites are underlain by meta-arkosic and metapelitic micaschists. In the southwestern part of the area the boundary is sharp and apparently not tectonised. Minor folding can be seen in the amphibolite but not in the underlying metasediments which consist of a sandy, meta-arkosic, slightly migmatized gneiss. The amphibolites show calc-silicate alteration along a 4-6 m wide zone at the contact. Below the meta-arkose is a thick (more than 500 m) pile of metapelites. The metapelites are only slightly migmatized but occasionally show complex folding.

A large intrusive mass of granite borders the amphibolites to the north and northeast. The granite is medium-grained with 2-5% biotite and locally appears porphyritic due to K-feldspar phenocrysts. The granite-amphibolite contact is generally flat-lying and gives the impression that the amphibolites are 'floating' in the granite substratum. The amphibolites are cut by numerous discordant aplite and granite dykes, which clearly post-date the amphibolites and their metamorphic fabric. The number of aplite dykes increases with proximity to the eastern granite contact.

Structures in the Lake 410 area are generally flat-lying planar features with dips of less than 30°. They consist of a faint foliation, lithological banding and layering and mildly discordant thrust planes which dip gently to the southeast. Steeper orientations can be found close to the granite contact.

13.1.2 Main Sub-Area

The licence area covers part of the Ketilidian orogenic belt. The northern half of the main sub-area is dominated by granites and granodiorites of the Julianehåb Batholith with subordinate diorites, gabbros, quartz diorites and felsic volcanic rocks. The southern part of the licence is more variable and includes supracrustal metavolcanic and metasedimentary rocks along with occurrence of granites of the Palaeoproterozoic Rapakivi Suite. These granites differ to those in the Julianehåb Batholith in that they were formed in an extensional, back-arc setting. The metavolcanic rocks at Lake 410, where there are known gold occurrence, are part of the Nanortalik Nappe which is exposed at Nalunaq and Ippatit. There are also minor occurrence of appinitic rocks at Alluitsup Paa and on Angmalortoq island.

13.1.3 Kangerluluk Sub-Area

The geology of this area is dominated by granitoid rocks of the Julianehåb Batholith. There are enclaves of mafic supracrustal rocks on the northern side of Kangerluluk Fjord which may have potential to host extensions of the Kangerluluk gold occurrence on the southern side of the fjord (see Section 8).

13.2 Mineralisation

13.2.1 Lake 410

Olsen and Petersen (1995) describe several types of mineralisation in the Lake 410 area:

1. A large number of stratiform semi-massive sulphide-chert horizons occur, comprising a bedded sequence of 0.1-2 m wide chert beds separated by graphitic schists with sulphide layers. They mainly consist of massive pyrrhotite with minor silicate inclusions, and sometimes disseminated pyrite and graphite. These horizons occur both within the amphibolite series and in the underlying mica-schists, are laterally

continuous for up to several km, and are undoubtedly syngenetic mineralisation, presumably of exhalative origin. Samples from one of the larger examples are weakly enriched in gold (5-64 ppb) but are not thought to be important targets.

2. Quartz veins containing minor disseminated sulphides, mainly arsenopyrite and chalcopyrite, have been found in several localities within the amphibolites. They are mainly sub-concordant sheeted veins with slight pinch and swell geometries.

One vein of note is located in the hill crest above and south of the waterfalls below Lake 410. At 2 m, this is the thickest vein that has been reported in the area (Crew, 2003 company report). Vein fragments that have been sampled in the scree have returned grades of up to 373 ppb gold and contain disseminated sulphides including arsenopyrite, chalcopyrite, chalcocite and pyrite. The vein has a well-developed sheeted structure, with a selvage of disseminated sulphides in the relatively unaltered footwall amphibolites. Intensive calc-silicate alteration is present c. 50 m stratigraphically below the vein and also 100 m above it. The vein is slightly discordant to foliation and bears some similarities to the Main Vein at Nalunaq, but it has low gold content of around 215 ppb gold and arsenic grades varying between 600 and 3,000 ppm.

Other minor quartz veins are reported to occur sporadically in the area, some of which can be traced for several hundred metres and are associated with calc-silicate alteration. None of these veins have returned significant gold grades and the locations of some of them are uncertain.

3. Copper mineralisation is present locally in the form of malachite staining in the amphibolites. It is not considered to be of economic significance although one strongly epidotised float sample collected in 1994 returned >2% copper and <5 ppb gold, but the source was not located in subsequent years.
4. An unusual 0.5 m thick magnetite sill is present in a minor stream west of Lake 210 but is not considered to be of economic significance. It has been interpreted as being of intrusive origin by Olsen and Petersen (1995) but was considered to be exhalative by Wulff (1995).

13.2.2 Main Sub-Area

Information for mineral occurrences in this licence area has been taken from the GEUS mineral occurrence descriptions (Gowen and Robyn 1992; Pedersen and Olsen 1992).

Mineralisation at Isortup Qoorua is associated with a structural lineament (shear zone) that is several kilometres long and strikes at 062° along a topographic depression in the central Niaqornaarsuk peninsula. The western part of the lineament is gold-bearing in a zone that is 5-8 m wide and traceable for 100 m along strike (Pedersen and Olsen, 1992). The zone is silicified, chloritised and contains a few dm-thick quartz veins. The host rock is epidotised granite. The tectonised granite and shear zone rocks contain disseminated pyrite and chalcopyrite in veinlets.

Chip sampling over the shear zone has reported grades of 0.1 ppm gold over 5.9 m. A composite sample of sulphide-mineralised quartz veins returned 1.7 ppm gold (Pedersen & Olsen 1992). The eastern part of the mineralised zone contains mineralisation that grades up to 1 ppm gold, 0.38% copper and 0.17% cobalt.

13.2.3 Kangerluluk Sub-Area

Information for mineral occurrences in this licence area has been taken from the GEUS mineral occurrence descriptions.

During fieldwork in 1994 for the SUPRASYS programme, a copper/gold-bearing sample (0.6 ppm gold and 0.4% copper) was collected at the head of Kangerluluk Fjord. Further analyses of grab and chip samples from the quartz vein show elevated tungsten, molybdenum and copper associated with gold, with grades of up to 1.2 % copper and 0.228 ppm gold (Stendal, 1997). Lead-zinc mineralisation can also be found in granodiorites, related to later shearing and carbonatisation. The carbonate zones contain grades (presumably from grab samples) of up to 2.2% lead, 4% zinc, 0.223 ppm gold and 114 ppm copper (unpublished; GEUS).

On the northern side of Igutsaat Fjord, at least four distinct east-west striking rust zones are exposed in the granodiorite. Iron sulphide is disseminated in the zone and occurs in hairline fractures and veinlets. The amount of sulphide does not exceed a few vol.%. Analysed samples have only shown traces of gold (Stendal 1997).

A major, east-west striking, 5-8 m thick rusty aplite sill is exposed on the southern side of Igutsaat Fjord. The sill strikes approximately 060° and dips 20° southeast. The aplite is enclosed in mafic sill rock, 0.5-1 m thick. Earlier mafic dykes are displaced several metres dextrally along the sill plane and the aplite appears to have been emplaced into a sub-horizontal shear zone in an earlier mafic sill. The rusty aplite contains 1-2 vol.% pyrite, both disseminated and in veinlets with grab samples returning grades of up to 1.39 ppm gold (Stendal 1997).

13.3 Exploration History

13.3.1 Lake 410

The first commercial exploration on the Lake 410 area was undertaken in 1986-1988 by Greenex A/S and Nanortalik Minerals with A/S Carl Nielsen as consultants. During that period, A/S Carl Nielsen collected 57 HMC samples on the Nanortalik Peninsula from first order streams. In 1988 a chip sampling programme was carried out by Greenex and Nanortalik Minerals in the Lake 410 area. This programme was focussed mainly on sampling rusty horizons and the different rock types in the area. Three chip samples from a total of 66 samples returned gold grades that were above the detection limit for gold, the highest being 27 ppb gold.

NunaOil A/S (later NunaMinerals A/S) and Cyprus Greenland Inc. acquired the Lake 410 concession under a joint venture agreement in 1993. One week was spent in the area that year, conducting reconnaissance prospecting and HMC sampling from second order streams and scree cones. A total of 54 HMC samples and 68 rock samples was collected. Three HMC samples contained >1 ppm gold, whilst scree sediment samples identified anomalous gold values of up to 3.43 g/t at the scree cones below one of the major thrust planes. Of the 68 rock samples, 10 samples returned values > 100 ppb gold with the maximum grade being 350 ppb. Samples with elevated grades were of rock types that included graphitic and sulphidic biotite schist, silicified rocks and amphibolites with disseminated sulphides, and chalcopyrite-bearing quartz veins.

In 1994, exploration focussed on locating the source of anomalous HMC samples identified in the previous year. One hundred and forty-six rock samples were collected in the Lake 410 area from a variety of types of mineralisation. Most samples returned low gold grades not exceeding 373 ppb. One chip sample returned 4.8 ppm gold, collected from a 2 m wide discordant mylonite shear zone with no visible sulphides on the north western face of the Tasiarsuup Qaqqaa mountain. Twenty-four Bulk Leach Extractable Gold (BLEG) samples and three HMC

samples were collected in the Lake 410 and 210 valleys. The best result from this was 2.6 ppm gold from a sample taken along the right side of the stream draining Lake 410.

NunaOil returned in 1995 and located two new gold-arsenic occurrences which are described by Wulff (1995) and subsequently referred to by Schlatter (1997) as the 'Lower Favourable Unit' (LFU) and 'Upper Favourable Unit' (UFU).

- The LFU is a thin (5 m) package of arsenopyrite-rich volcanic rocks overlain by a coarse-grained quartzite (later considered to be a recrystallised exhalate), silicified tuff and calc-silicate altered amphibolite. The LFU can be traced for at least 700 m along strike. Gold is elevated in the coarse-grained quartzite which itself varies in thickness from 0-1 m; rock chip samples from this unit returned grades of up to 2.47 ppm gold and 2.1% arsenic in 1995, although it was later reported that the sample locations are uncertain. Two profiles taken across the LFU in 1996 returned 1.9 ppm gold over 1.4 m and 1.2 ppm gold over 2.2 m. The arsenopyrite-rich volcanic unit in the footwall is also reported to be elevated in gold;
- The UFU consists of a succession of silica- and calc-silicate altered massive lava, red-stained fine-grained mica-rich tuff, and strongly carbonate altered calcareous pale tuff with a lower contact towards a silicified fine-grained tuff. The unit is reported to be continuous but gold grades in rock samples are below 155 ppb and it is not considered to be an important target.

A sediment sampling programme was conducted in 1995 where at each sample location two samples were collected, one larger sample for BLEG and an approximately 300 g sample of a fine fraction, sent for fire assay analyses. One sample returned 736 ppb gold, but no gold in bedrock could be located during follow up prospecting.

Nanortalik I/S held a licence over the Lake 410 area from 2002 as part of a joint venture agreement between Crew Development Corporation (Crew) and NunaMinerals. Exploration in 2002 aimed to traverse the area systematically and resample known structures to verify historical results, and ultimately define drill targets for follow up in 2003. Fifty-five rock samples were taken, only two of which returned values of over 100 ppb gold. The maximum value was 1.34 ppm in a rusty quartz vein with calc-silicate alteration and sulphides outcropping in steep terrain to the west of the Lake 410 stream. The exposed outcrop was very small (reportedly only 25 cm x 40 cm in Crew's 2003 company report) and steep terrain made sampling difficult.

Crew was encouraged by the newly discovered mineralisation and recommended that more work should be carried out to confirm its thickness and strike length. Resampling of the previously described LFU confirmed that it is only weakly mineralised on surface and is not sufficient to explain the anomalous sediment gold anomalies in the area. Drilling was therefore recommended from two platforms either side of the waterfall that drains Lake 410 at approximately 400 m elevation in order to test the LFU, and the newly discovered quartz veins.

The primary goal of Crew's 2003 campaign was to verify the aerial extent of the LFU and UFU by attempting to intersect these horizons in four drill holes from two different drill locations about 520 m apart; one in the area to the northeast of the Lake 410 waterfall and one to the southwest of the waterfall. In total, 931 m of drilling was carried out, from which 200 samples were taken. The best results were obtained from amphibolite in hole L410-001, which returned 2.12 ppm gold Au over 2 m. The first hole was sampled over its whole length, with an average sample length of around 2 m, whereas the remaining holes were sampled selectively. The LFU was renamed the Main Unit (MU) and was clearly identified in three of the four holes demonstrating

it is a fairly continuous structure. A second continuous quartz horizon was discovered approximately 1 km to the south of drill pad L410-002. This comprised quartz veining up to 2 m in thickness with graphite at its lower contact and arsenopyrite-rich amphibolite at the upper boundary. The average thickness of the quartz was estimated to be around 0.75 m. Sampling returned grades of only 53 ppb gold.

Minor prospecting was carried out in 2004 but failed to locate any significant mineralisation. A total of 41 grab samples were collected with only one sample returning >500 ppb gold. This sample graded 960 ppb gold and was taken from a 2 m long quartz vein with disseminated arsenopyrite located near the small lake south of Lake 410.

Further diamond drilling was carried out in 2005, totalling 1,310 m from five holes. Fifty-two samples were analysed for gold at the Nalunaq mine laboratory. The best result was obtained from a calc-silicate altered metabasalt with arsenopyrite and trace pyrrhotite, assaying 3.98 ppm over 0.5 m in hole L410-009, but this could not be readily correlated to MU intersections from the 2003 drilling. Other intersections of note included a 17 cm Nalunaq-style quartz vein in hole L410-007 which assayed 0.22 ppm. Re-logging of the 2003 cores resulted in the 'coarse grained quartzite' of the MU being reinterpreted as a recrystallised cherty exhalate.

As drilling failed to locate any high grade mineralisation, no further work was recommended at this location. Crew acknowledged that gold mineralisation would likely have a high nugget effect and that the wide spaced drilling may not have fully tested the structure, but the lack of any high grade rock chip samples or visible gold likely suggests any mineralised system is likely to be only weakly mineralised overall.

NunaMinerals acquired the Lake 410 area as part of their Vagar concession in 2006 (licence 2006/10) and carried out fieldwork in 2008 to investigate the potential for gold placer deposits, including at Lake 210 approximately 1.5 km southwest of Lake 410. Ground penetrating radar data and magnetic data were collected to estimate the depth to bedrock and the volume of sediment prior to sampling. A total of 108 sediment samples and 10 rock samples were collected across the concession. Of the 108 sediment samples, 67 were bulk samples weighing 300-500 kg each, of which 10 were collected from Lake 210. Assay results have not been located. Reverse circulation (RC) drilling was carried out in 2009, with 9 holes drilled at Lake 210 resulting in a total of 9 gold grains. It was recommended that no further exploration should be carried out for placer gold in this area.

Scree sediment sampling by NunaMinerals in 2008 from the western side of Lake 410 returned grades of up to 1.06 ppm gold and led to follow up prospecting and channel sampling in the 2009 field season. A total of 43.4 m of channel sampling was carried out but the best result was only 112 ppb gold from a calc-silicate banded amphibolite (sample length not recorded). It was recommended to make a detailed structural map of the area to advance the project, but it is not known if this was ever carried out.

13.3.2 Other Areas

Exploration for most of the licence area apart from the Lake 410 prospect has been limited to regional-scale geochemical sampling programmes and prospecting. A brief history of previous work is as follows:

- Sediment samples were collected for uranium exploration as part of the regional SYDURAN programme in the early 1980s. A minor amount of these samples were analysed by Platinova Resources (1987 – GGU open file report) for PGE

mineralisation, and all samples were analysed by NunaOil for gold and associated pathfinder elements in 1989 (Steenfelt, 1990).

- Platinova carried out exploration in the area between 1986 and 1988, targeting the appinite suite for PGEs. No significant mineralisation was discovered, but rock samples of altered gabbro and norite from near Alluitsup Paa and Angmalortoq island collected in 1987 returned 440 ppb and 180 ppb gold respectively.
- NunaOil A/S carried out heavy mineral concentrate (HMC) sampling and grab sampling of rocks in the 1990s. This work returned several gold anomalies along the Henrik Lundin Qoorua and Isortup Qoorua valleys in the northern part of the AEX's main licence sub-area. This led to discovery of mineralisation at Isortup Qoorua; a grab sample grading 3.4 ppm gold sample was reported from a shear zone here in 1992 (Olsen, 1992).
- Crew Gold held part of the Anoritoq area in their Akuliaruseq licence (number 2005-02). Due to uncertain positioning of NunaOil's HMC samples, Crew decided to carry out a sediment/soil sampling program in 2005 covering all of the Akuliaruseq peninsula up to Isortup Qoorua near the inland ice. During the sediment/soil sampling programme, geological prospecting and grab sampling was carried out which included follow up of a 109 ppm gold grab sample that won the Ujarassiorit mineral hunt in 2001. This was from the southern part of Crew's licence area and is not covered by AEX's Anoritoq licence; it is currently within a licence held by Greenland Gold s.r.o.
 - A total of 241 samples were collected by Crew of which 121 were sediment samples, 13 were soil samples and 107 were rock samples. Only two samples returned gold grades of interest, both of which were sediment samples collected along the north-western coastline in the innermost part of Unartoq Fjord. These samples returned 743 ppb and 50 ppb gold and, together with an older anomaly in HMC samples from along the same ridge, they indicate an interesting area beneath a thrust zone with intense alteration.
 - The Isortup Qoorua shear zone was not resampled by Crew, but sampling was carried out on its easterly extension. None of the samples returned elevated gold values. A new shear zone was located 500 m further south of the Isortup Qoorua shear zone, and chip samples from this returned a best grade of 551 ppb gold. The shear zone is near-vertical and has a strike of 060°, and consists of silicified, rusty rocks with pyrite and minor chalcopyrite.

14 ADJACENT PROPERTIES

There are two adjacent properties to the current AEX South Greenland assets as shown below in Figure 14-1. SRK ES are aware of several pending applications within this area, however information regarding the applying company is currently not known.

14.1 Licence 2013-06 – Obsidian Mining Ltd.

Centred about 10 km west of Nalunaq, Obsidian Mining Ltd. holds a 146 km² exploration licence, although operations are run by Alba Mineral Resources Ltd. which owns 49% of the project. The licence holds potential for graphite mineralisation and a small graphite mine was operational on Amitsoq Island in the early 1900s. There are also small platinum-bearing ultramafic dykes that cross the island. SRK ES understands that recent exploration activities have included processing testwork for graphite flake products (Alba, 2019).

14.2 Licence 2016-13 – Greenland Gold s.r.o

There is currently no public data available for this property. It is currently held by the Czech Geological Research Group who are thought to be targeting gold mineralisation.

14.2.1 Licence 2019-11 – Northground Ltd.

Northground Ltd. holds a 121 km² exploration licence that adjoins the northern part of AEX’s Saarloq licence. Information on their activities or intentions in this area cannot be found. The licence includes the Klokken syenite intrusion but this has no records of economic mineralisation.

14.3 Small Scale Licences

There are currently nine active Small-Scale Exclusive Licences (“SSE”) located to the west of MEL 2006-10. These licences are held by individuals and are for the small-scale exploitation of minerals, predominantly gold.

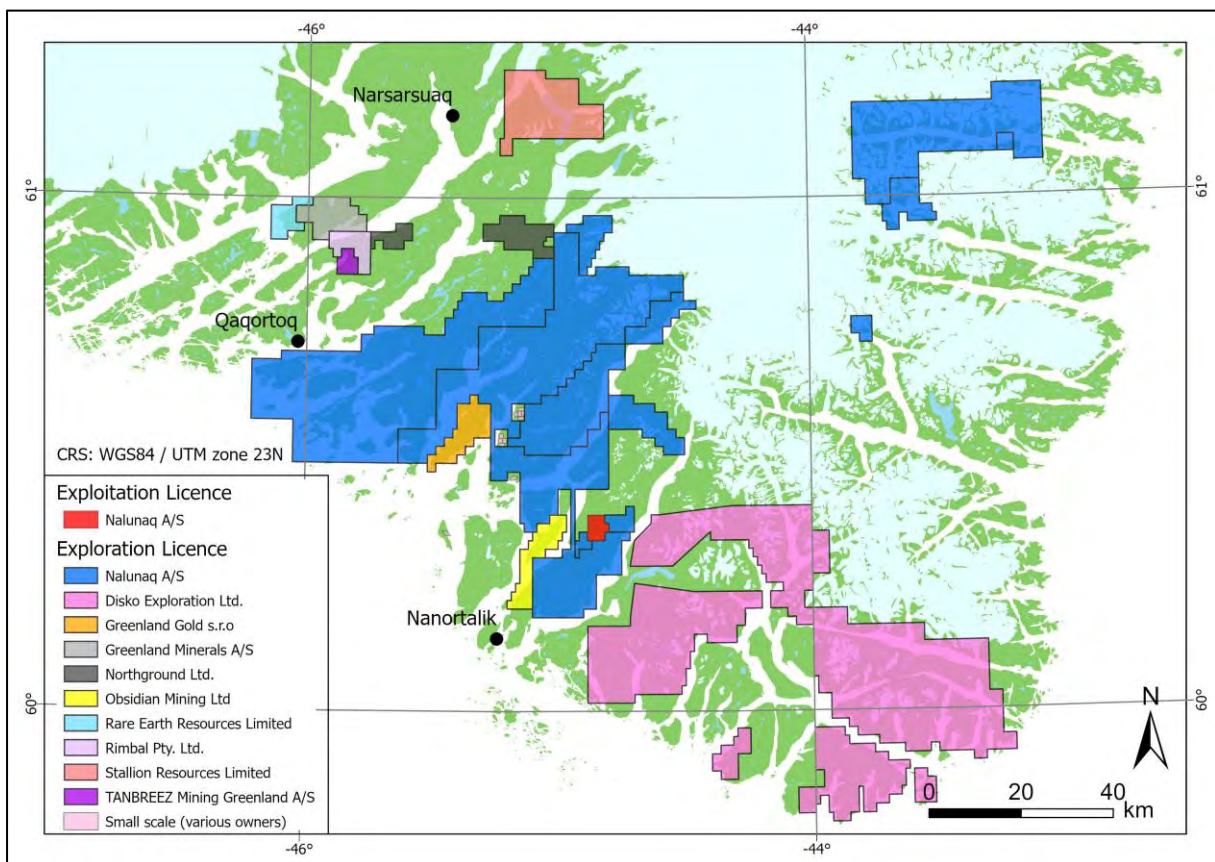


Figure 14-1: Map showing adjacent properties

15 ENVIRONMENT, PERMITTING, AND SOCIAL IMPACT

15.1 Environmental

15.1.1 Environmental Considerations

As far as SRK ES is aware, AEX is not subject to any current environmental liabilities.

Following closure of the mine in 2014, annual environmental monitoring has been carried out by DCE for EAMRA. It is understood that the costs for this monitoring are taken from the closure bond that became available when Angel Mining closed the mine. Any surplus left at the end of the monitoring period will be returned to Nalunaq A/S. The final environmental monitoring took place in 2019 and the final invoice and report related to this is expected to be received in July 2020.

All work programmes are reviewed by EAMRA and their approval is required before work can commence. Furthermore, exploration activities must adhere to the “Rules for Fieldwork and Reporting Regarding Mineral Resources” as published by the Government in 2000 which includes measures to protect the environment and wildlife.

AEX has informed SRK ES that they have engaged Orbicon A/S, a Danish consulting firm, to manage their Environmental Impact Assessment (EIA), the latest deadline for which is 31 December 2022. This must be submitted and approved before mining can recommence.

15.2 Permitting

15.2.1 Administrative Authorities

The administrative authorities within the Government of Greenland are referred to as the Greenland Minerals Authority (GMA), which have responsibility for all matters relating to mineral resources:

The Mineral Licence and Safety Authority (MLSA)

The MLSA is responsible for issuing mineral licences and for safety matters including supervision and inspections. Licensees and other parties covered by the Mineral Resources Act communicate with the MLSA and receive all notifications, documents, and decisions from the MLSA.

The Ministry of Industry and Mineral Resources (MIMR)

The MIMR is responsible for strategy-making, policy making, legal issues, and marketing of mineral resources in Greenland. The MMR deals with geological issues through the Department of Geology. It has the authority for issues concerning socio-economic aspects of mineral resources including Social Impact Assessments (SIAs) and Impact Beneficial Agreements (IBAs).

The Environmental Agency for Mineral Resource Activities (EAMRA)

EAMRA is the administrative authority for environmental matters relating to mineral resource activities, including protection of the environment and nature, environmental liability, and EIAs.

15.2.2 Prospecting Licence

These are intended for early stage mineral prospecting activities (excluding drilling) and are granted for periods of up to five years at a time. They do not confer any exclusive rights to exploration and a similar licence or other types of licence may be granted to others for the same area.

15.2.3 Exploration Licence

These provide exclusive rights for the licensee to undertake mineral exploration activities for all commodities (excluding hydrocarbons) within the licence area. They must have a minimum size of 5 km² and may consist of up to five separated sub-areas with no more than 100 km between areas.

Exploration licences are granted for an initial period of five years, after which the licensee is entitled to be granted a new period of five years for the same area. At expiry of the second licence period (years 6-10) the licensee may apply for further three-year periods for the same area up to a maximum of 22 years (years 11-13, 14-16, and 17-19 and 20-22)..

A fixed fee per square kilometre must be paid to the Government annually and this increases with the age of the licence. Additionally, the licensee is committed to a minimum exploration obligation per licence per year. This amount is defined by the Government and is the same for all exploration licences regardless of size, and it also increases with the age of the licence.

SRK ES understands that exploration licence fees and expenditure commitments have been suspended for 2020 as a result of the Covid-19 pandemic.

15.2.4 Exploitation Licence

An Exploitation Licence may be granted to an Exploration Licence holder who has discovered and delineated commercially exploitable Mineral Resources.

The licence conveys the owner exclusive rights to exploitation and exploration and is granted for a period of 30 years (unless a shorter period is stipulated as a condition) up to a maximum of 50 years. The licence is terminated when exploitation activities have ceased and a closure plan (agreed with the Government at the time of application for the Exploitation Licence) has been completed to the Government's satisfaction.

Suspension of exploitation activities with a view to their subsequent resumption is possible but subject to approval by the Government. Approval of suspension may be granted for up to two years at a time, and renewed approval of suspension may be granted on modified terms. If temporary suspension has lasted six years, the Government may order the licensee to implement the closure plan.

Project-specific conditions are usually appended to exploitation licences and subsequent changes to the licence terms may be described in an addendum. These need approval by the Government. This is the case for the specific conditions that relate to Nalunaq A/S' 2003-05 exploitation licence.

15.2.5 Permits and Authorisation

All exploration programmes in Greenland must be approved by the MLSA before they can commence. Work programme application forms must be submitted to the MLSA no later than 1 May in the year that the exploration is planned.

15.3 Social and Community

Greenland is actively encouraging trying to develop the mineral industry into one of the country's primary and principal business sectors (Naalakkersuisut, 2016). The Greenland government has a clear Social Impact Assessment (SIA) guideline with the main objective being: "*All mineral projects must be socially sustainable and meet high international standards with regard to financial planning, health, safety, the environment as well as social and cultural initiatives*" (Naalakkersuisut, 2016).

The Company have not started on the SIA work yet for their most advanced Nalunaq project. The deadline for a SIA to be submitted before mining can recommence is 21 December 2022, and AEX has informed SRK ES that they will be engaging Orbicon in 2020 to manage the SIA and are currently establishing the scope of work.

16 RECOMMENDATIONS

16.1 Exploitation Licence 2003-05: Nalunaq Mine

16.1.1 Surface Work

Since 2016, AEX has made positive progress in adding confidence to the continuity of the MV structure around South Block below the 300 Level. The structure below Level 300 is open at depth and along strike. It is proposed that further surface drilling is carried out to continue the validation and investigation of continuities to the MV at depth and obtain sufficient data to plan underground development. The target areas are shown in Figure 16-1. A total of 3,000 m of surface drilling has been included in AEX’s planning (20-30 holes of 100-150 m length each).

It is also recommended that the logging and sampling of core from AEX’s 2017 and 2018 drilling programmes is reviewed. The 2019 drill programme includes a very high-grade intersection that included alteration but no substantial quartz veining. The possibility that similar intersections may have been overlooked, including in the HW and FW of the MV, and were unsampled during the previous drill programmes cannot be ruled out, therefore the core should be examined again and resampled if it appears that similar intersections have been missed.

A new mineralogical study is also proposed, with the aim of identifying key differences between gold-bearing and barren quartz veins and whether specific controls on gold mineralisation can be identified. This information, if successful, can then be applied to exploration observations and target selection.

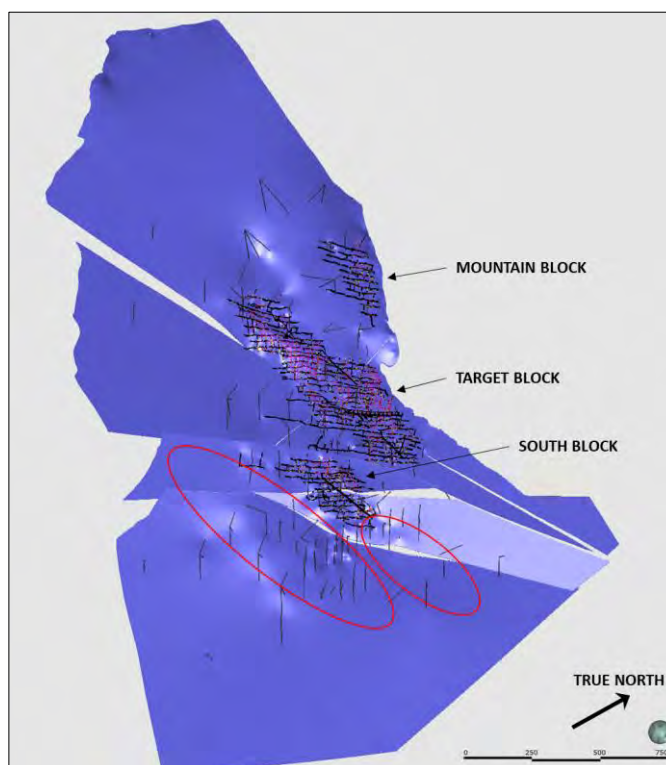


Figure 16-1: Oblique view of proposed areas to be targeted by surface drilling (AEX pers. comm., 2020)

16.1.2 Underground Work

AEX intends to commence new underground development. This underground development would be undertaken on the MV structure itself and would be designed to test continuity of the structure and develop towards mineralised intersections in adjacent drill holes, mainly in Upper Target Block and Lower South Block. A total of 2,000 m of development with drives of 3.0 x 3.5 m is planned, with the following priorities:

- Target Block west from Level 600 and above, for a total of about 1,400 m;
- South Block west towards the 2017-2018 drilling area towards Level 130. This drive would have a decline of 7-8% and would be about 500 m long; and/or
- Target Block east of Level 600 heading in the direction of Mountain Block and towards a MV intercept in historical underground drilling. The goal is to establish how far Target Block could develop in this direction within the envelope of the potential oreshoot. The drive may be relatively limited in length; AEX currently estimates about 100 m.

The focus on Target Block as the first priority is explained through the analysis of the geological model whereby development and mining by previous operators seemingly ended in an ore shoot. See Figure 16-2:

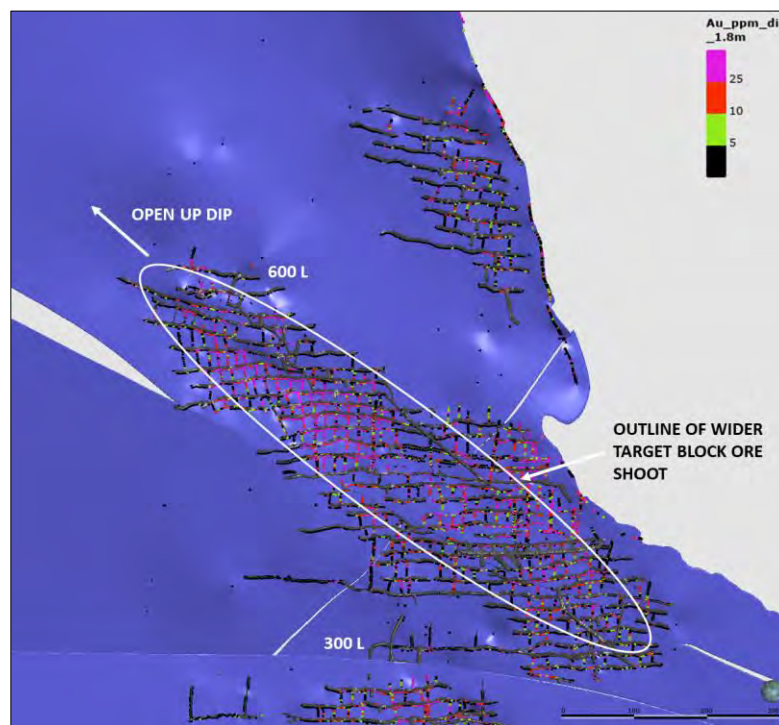


Figure 16-2: Outline of Target Block ore shoot with underground sample grades diluted to 1.8 m (AEX, 2020)

The next priority will be South Block. Given the results of the 2017, 2018 and 2019 drilling programmes and evidence that the MV may extend at depth and along strike, AEX plans to develop underground drifts from the existing 220 Level initially down to level 130, the level at which an intercept from 175.33 m depth in drillhole AEX1804 resulted in a fully diluted (to 1.8 m) assay result of 17.1 g/t gold.

Underground drilling is planned for identification of the MV structure in key prospective areas, such as the Upper Target Block. AEX suggests a total of 5,000 m in locations that are yet to be

decided. Where possible this drilling would make use of existing drives, ramps, or crosscuts, but AEX is planning for the development of new footwall crosscuts to create four drilling stations. These would be fairly short and developed from existing infrastructure such as the ramps.

Underground geological mapping must be continued. Some objectives may include furthering the understanding of lithological controls on mineralisation in the host rock and identifying structural offsets to the MV or other reasons why quartz veining abruptly ends along ore drives. AEX states that certain drives in Target Block will be resampled where possible to confirm historical grades and to acquire multielement geochemistry data which may be useful in understanding the geochemical signature of high vs. low gold grades. If a strong relationship can be found between certain trace elements and gold, then this could be used as an indicator for gold grade, thereby reducing uncertainty during future exploration.

AEX has suggested the use of portable XRF analysis of the wallrocks during mapping in order to acquire data on whole rock composition. This data would be used to investigate any litho-geochemical association or control to gold-mineralisation in the MV. The possibility of natural-gamma logging using a handheld device underground is also being considered. If this identifies characteristics that are particular to gold-mineralised parts of the MV and/or associated alteration, then the method could be useful as a mapping tool throughout the mine as well as in previous or future drill holes.

16.2 Exploration Licence 2006-10

16.2.1 Geochemical Database

AEX is in possession of a very extensive database of geochemical sampling that has been compiled from regional geochemical surveys as well as from various company's exploration work in the region. This is a highly useful asset for target generation and SRK is of the opinion that it has not been used to its full potential. It is not clear that area-specific statistical analysis has been used before, and this may refine existing anomalies or identify new areas of interest. However, its current state includes more than 40 different codes for probably only a handful of different sample types, meaning that a comprehensive overview and interpretation of certain types of data is difficult. AEX should invest time in reorganising this data and developing new interpretations before planning further field programmes.

16.2.2 Niaqornaarsuk Peninsula Sub-Area

AEX has made several of their own recommendations for further exploration in this area and SRK supports this approach. Proposed activities for the coming field seasons include:

- Acquisition of additional remote sensing data or performing hyperspectral surveys, on the assumption that these could be used to highlight extensions or new areas of alteration that may be associated with mineralisation. The wide zone of gold-bearing hydrothermal alteration in granodiorite at Femøren is a good example of this type of target, and this in itself could be investigated using ground-based hyperspectral imaging. Before further expenditure, however, it is recommended that rock samples from the area are submitted to a specialist in multi- or hyperspectral data so that effectiveness of this approach can be confirmed;
- A high resolution airborne and radiometric survey over the Niaqornaarsuk Peninsula in order to improve the understanding of the area's structure and geology. A key outcome of this will be to understand the structural setting of known gold occurrences and geochemical anomalies, how extensive these are and whether there are similar settings that could host new gold showings. It is recommended that, ideally in the same season,

the interpretation of the geophysical data is followed up with field mapping;

- Diamond drilling in the valley floors either side of Amphibolite Ridge. The objective of this is to establish whether the gold-mineralised veins that were drilled on the ridge by NunaMinerals extend along strike into areas of less extreme topography that are arguably more sensible for resource definition. Potential extensions of the altered, gold-mineralised structure in the granodiorites at Femøren could also be targeted. It is cautioned that the valley floors are likely to be covered by large thicknesses of scree or moraine and this will need to be accounted for when planning a drill programme;
- Collection of several larger samples (100-200 kg each) across high grade areas at Vein 2 and Femøren in order that they can be used for future gold deportment studies;
- Re-examination of historical geochemical data, especially NunaMinerals' scree sediment sampling results, alongside interpretations of new remote sensing or geophysics, if acquired;
- New scree sediment sampling should be extended into under-explored areas; and
- Grab sampling or channel sampling should always be undertaken if prospective features are encountered during any of the above work.

16.2.3 Nalunaq East Sub-Area

Several phases of prospecting have been undertaken in this area by AEX and historical workers. A few minor showings of gold have been reported but nothing that forms a coherent target as at Nalunaq. It is possible the gold-bearing structure is not exposed due to the difference in stratigraphic levels between here and Nalunaq.

The coverage of historical scree sediment sampling is limited in this area, and a new programme is recommended and may help identify target areas to follow up. The most effective approach for this follow-up, and for the most meaningful progress in general, should include systematic mapping and sampling of traverses. The aim being a thorough understanding of the location and extents of prospective structures and whether they are mineralised. The eastern side of the sub-area may benefit from more exploration coverage, being less explored than the areas closer to Nalunaq. The use of drones to acquire high-resolution imagery in areas of severe topography would be beneficial.

AEX's sampling on the north face of Ship Mountain is widely spaced, so there may be some merit in revisiting veins that gave elevated gold grades and following them with closer-spaced sampling. This will establish whether they show greater continuity than AEX's field observations from 2017 suggest, particularly whether there is continuity between gold-mineralised features. The extreme topography challenges the ability to undertake sufficiently detailed mapping or extensive sampling; all work must be performed by professional climbers.

16.3 Exploration Licence 2019-113

16.3.1 Geochemical Database

As discussed in Section 16.2.1, AEX should spend time reorganising and reinterpreting the large geochemical database that they have acquired before planning further fieldwork in this licence area.

16.3.2 Niaqornaarsuk Peninsula Sub-Area

The part of the peninsula that is covered by the sub-area of licence 2019-113 along the inner shores of Søndre Sermilik is unexplored. Reconnaissance exploration is required to generate

targets. Scree sediment and grab sampling are recommended as a first phase of work, with priority targets being contacts between the small amphibolite outcrops and the granodiorites, and the regional shear that parallels the fjord. This could be done from a boat, although much of the terrain is extremely steep which could hinder extensive sampling.

16.3.3 Ippatit Sub-Area

Despite having been subject to several previous exploration programmes, the principal sources of geochemical gold anomalies in the area have not yet been identified. It should be noted that these programmes were very short and never progressed beyond simple prospecting. SRK believes that the volume of prospective lithologies in the area and its structural setting is promising and there are several similarities to the Nalunaq project. Further exploration is therefore warranted, and the following activities are recommended:

- Target-specific processing and interpretation of multi-spectral satellite imagery that was previously used by AEX for prospectivity mapping. This may help in improving the geological mapping of the area and addressing some conflicting opinions or mapping errors that have been noted by previous works (Blomsterberg, 2005). It can also be used to highlight alteration zones that may relate to mineralised structures or marker horizons such as the large sulphide-bearing horizon at the base of the thrust nappe;
- Based on the above, a phase of geochemical sampling should be carried out. This should be planned after a more detailed review of historical geochemical data for the area to identify gaps in coverage and make a more informed judgement of how representative this data is. A new programme would most likely involve scree sampling and identification of gold (or pathfinder elements) anomalies that can be assigned to specific areas for further investigation; and
- Fieldwork thereafter may simply focus on prospecting and sampling in anomalous areas. If mineralisation is similar to that at Nalunaq, a new discovery is likely to be the result of systematic coverage of the ground on foot by teams of geologists over a fairly long period of time. The terrain in the area dictates that mountaineers may be needed to reach many of the target areas and drones will also be useful for reconnaissance of hard-to-reach places. The southern and (less-sampled) western slopes of Ippatit mountain may be a focus of this work, as might the locations to the east that were explored by Crew Gold and reported to host several occurrences of quartz veining. It is important to follow up on their interpretation that the structure hosting mineralised quartz veins may have continuity over several kilometres because this could be an attractive target (Blomsterberg, 2005).

16.3.4 Kangerluluk Sub-Area

The following recommendations are made for the next phases of work at the Kangerluluk project:

- Data compilation and processing to include digitising and (if possible) georeferencing the detailed geological maps and sample locations produced by Goldcorp;
- A period of fieldwork to include:
 - Structural mapping in the main prospective area, particularly along the gold-mineralised shear zone. This is required in order to understand the structural controls on mineralisation and the likelihood of there being a zone with greater continuity elsewhere or at depth;

- Reconnaissance in the southern part of the licence to find out whether the retreat of the icecap has possibly created any new exposure of the mineralised structure or veining;
- Rock sampling (channel sampling if possible) of the coastline where the terrain drops steeply into the fjord. Goldcorp reported that this was too steep for them to sample, but it may be possible with a team of mountaineers who are experienced in sampling;
- Close-spaced channel sampling in parts of the shear zone identified as being more prospective by historical work. This will provide more understanding of the nugget effect of gold mineralisation and its along-strike continuity. Sampling should also continue beyond the veining to follow up on the assertion by NunaMinerals that gold mineralisation may be found in the wallrocks and may increase the width of prospective material (Pedersen, 2010); and
- Collection of several larger samples (100-200 kg each) across high grade areas in order that they can be used for future gold deportment studies.

16.3.5 Jokum's Shear and Sorte Nunatak Sub-Area

These locations have interesting potential for gold deposits and have undergone very little exploration so far, limited to several days of sampling. Some of the grades reported by historical exploration are high, and the structures that host mineralisation are quite large, particularly at Jokum's Shear. The geological setting of Sorte Nunatak is somewhat similar to that of Nalunaq.

Further exploration in these areas must include sampling to establish the extent of mineralisation along strike and across the mineralised structures. This work could perhaps take place in conjunction with a programme at Kangerluluk in order to share logistical arrangements and costs. At Jokum's Shear, this would require long, continuous channel sampling like that used at AEX's Tartoq project in 2017, with the aim of establishing whether gold mineralisation is present in wide zones within the shear, or if it is restricted to very localised areas. Mountaineers may be needed in some places to aid access in steep areas. Ideally a similar approach would be used at Sorte Nunatak, but it may be difficult in the steep terrain, possibly limiting work to chip sampling or short channel sampling performed by mountaineers.

The location of both prospects in very severe, steep, and glaciated terrain presents substantial challenges to access and logistics that make it difficult to conduct more prolonged exploration and, it must be said, for the development of any future mine. Exploration targets will therefore need to demonstrate substantial grade and continuity to be able to justify more advanced exploration in these areas.

Jokum's Shear and Sorte Nunatak may have roles to play in furthering the understanding of the Nanortalik Gold Belt concept. Knowledge gained from these prospects could be applied elsewhere. At Jokum's Shear, for example, gold mineralisation within the gabbroic host rock itself is not recognised elsewhere; this style of mineralisation may therefore have been overlooked in some of AEX's other licences and is yet to be discovered.

16.3.6 Nørrearm Sub-Area

No further work is recommended at Nørrearm despite its relatively prospective geological setting. There is no indication of significant mineralisation here; the distinctive rusty horizon that lead, in part, to the selection of this area is most likely to be a sulphide-bearing zone along a regional-scale thrust contact and does not appear to contain minerals of economic interest.

16.4 Exploration Licence 2020-31

The next phase of exploration should include a detailed structural assessment of the licence area, as the Saarloq Shear Zone is likely to be the major controlling feature of any gold mineralisation. It will be particularly important to identify areas of brittle deformation as these will allow greater fluid flow and increase the potential for mineralisation.

AEX intends to conduct a programme of remote sensing analysis, prospecting and sampling and geophysical surveying over the next two years. Diamond drilling may be considered if suitable targets are defined.

As for licence 2019-113, it is strongly recommended that this area is included in a comprehensive and robust geochemical database for the area.

16.5 Exploration Licence 2020-36

A priority for fieldwork should be to visit areas of known gold showings to understand the various types of gold mineralisation throughout the area.

A comprehensive database should be compiled, particularly for the Lake 410 target which has seen the largest amount of exploration in this licence. This would benefit from 3D modelling and further structural assessment in order to predict continuity of structures identified by historical drilling. It is also recommended that several large samples are taken from outcrops of mineralised features at Lake 410; this prospect would benefit from mineralogical and gold deportment studies to understand whether the mineralised structures are genuinely low grade as suggested by drilling results, or whether there is a high nugget effect that resulted in low grades in sampling data.

In addition, AEX intends to conduct a programme of remote sensing analysis, prospecting and sampling and geophysical surveying over the next two years. Diamond drilling may be considered if suitable targets are defined.

16.6 Exploration Budget

To undertake the recommended work detailed above, the Company proposes the following exploration budget as detailed in Table 16-1 below for 2021 and 2022. Note that the Government of Greenland has waived exploration expenditure commitments for 2020 in light of the Covid-19 pandemic.

Table 16-1: AEX exploration budget for 2021-22

Licence/Area	Season	Activity	Budget (CAD)	Year Total (CAD)
MIN 2003-05	2021	Surface Drilling - 3,000m	600,000	600,000
	2022	Underground development - 2,000 m	11,500,000	11,500,000
Underground drilling - 5,000 m				
MEL 2006-10	2021	Surface Drilling - 5,000m ¹	2,600,000	3,000,000
		Remote Sensing Survey	150,000	
		Airborne Geophysical Survey	250,000	
	2022	Surface Drilling - 5,000 m ¹	2,600,000	3,000,000
		Remote Sensing Survey	150,000	
		Airborne Geophysical Survey	250,000	
MEL 2019-113	2021	Remote Sensing Survey	25,000	766,000
		Internal Studies + prospecting	24,000	
		Airborne Geophysical Survey	150,000	
	2022	Surface Drilling - 1,000 m ²	200,000	
		Internal Studies + prospecting	24,000	
MEL 2015-17/ MEL 2018-17	2021	Prospecting	55,000	130,000
		Remote Sensing Survey	25,000	
		Airborne Geophysical Survey	50,000	
	2022	Dependant on 2020 results	TBC	TBC
MEL 2020-31	2021 & 2022	Remote sensing	918,000	
		Prospecting and sampling		
		Geophysical surveys		
		Possible diamond drilling		
MEL 2020-36	2021 & 2022	Remote sensing	1,784,000	
		Prospecting and sampling		
		Geophysical surveys		
		Possible diamond drilling		

¹Drilling rates are higher than in MIN 2003-05 due to the need to set up exploration camp etc

²Dependant on results from 2020 – alternative surveys may be carried out if more appropriate

17 RISKS AND OPPORTUNITIES

17.1 Risks

All exploration projects carry inherent risk; risk factors specific to exploration in high nugget effect gold deposits such as Nalunaq are, amongst others, described in Table 17-1. These are risks that are relevant to the current exploration status of Nalunaq, rather than potential future mining operations.

Table 17-1: Project exploration risks

Factor	Comments
Resource Definition	The future of the project depends on the definition of sufficient new Mineral Resources. Whilst exploration potential has been defined for the project, there is no guarantee that further exploration, once applied, will result in this or parts of it being converted to Mineral Resources. The proportion of the exploration potential that could be converted to Mineral Resources, or the proportion of future resources that could be extracted by mining is currently unclear.
Geological Interpretation	New geological interpretations have been presented in this report that are relevant to the potential continuity of mineralisation. These have a degree of uncertainty at this stage and require further exploration. Should these interpretations prove to be inaccurate, then there is a risk that continuity of mineralisation may be less than interpreted.
Grade Estimation	There are inherent difficulties in estimating gold grade in high nugget effect deposits such as Nalunaq. Robust grade interpolation beyond localised areas can be problematic, thus Mineral Resource Estimates may remain at lower levels of confidence. Large samples such as those that may be produced by underground development on mineralised structures will be needed to obtain representative gold grades.
Exploration Sampling	Sampling, apart from large bulk sampling, in high nugget effect gold deposits is not likely to produce representative results. There appears to be a tendency for small samples (particularly drill core samples) at Nalunaq to under-report grade, although the opposite is also possible.
Project Location	The project is in a remote location in a global context, although not in a Greenlandic context apart from the sub-areas on the east coast. The costs of logistics and staffing are high in a global context although may be comparable to those in Nunavut, for example. The climatic conditions allow a relatively short period for surface exploration activities, although this should not affect underground exploration. Access by sea to the sub-areas on the east coast may be restricted due to a greater prevalence of pack ice.

Factor	Comments
Project Terrain	The former mine and areas of exploration potential lie within a steep mountain terrain. Regular surface diamond drilling for structure is impractical in many areas resulting in reduced surface exploration coverage. This can be mitigated in areas nearer the mine workings where underground drilling is possible via existing infrastructure or extensions of it.
Mineral Processing	AEX intends to rely on gravity separation (possibly with flotation of gravity concentration tailings) during initial production. There is a risk that gravity concentrates could contain high levels of contaminants (e.g. arsenic). This will require expert design, commissioning and operation of gravity separation equipment and include a calcining process ahead of smelting doré.
Permitting	The Nalunaq project is currently within an Exploitation Licence. Under the current terms of this licence, Nalunaq A/S is required to commence mine production by 01/01/2023, 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.

17.2 Opportunities

Table 17-2: Project opportunities

Factor	Comments
Resource Definition	<p>It is reasonable to interpret that new Mineral Resource areas will be defined at Nalunaq and AEX's exploration work is making progress in this respect. The project benefits from extensive existing underground infrastructure, some of which requires partial rehabilitation, from which new development can take place.</p> <p>Furthermore, it seems clear that drilling from surface at Nalunaq has under-called the in-situ grade in mining blocks. This means that low or moderate grades in drilling data should not be overlooked if they occur, broadly speaking, in areas where the mineralised structure could be expected. Underground development towards such intersections provides an opportunity to increase resources.</p>
Project History	A substantial amount of knowledge and experience has been gained from previous operations at Nalunaq with respect to, for example, mining methods, metallurgy, exploration approaches, and logistical requirements. This good understanding of project-specific variables and sensitivities allows a significant reduction of risk compared to earlier-stage projects.

Factor	Comments
Remnant Mining	There is gold-bearing material in easily accessed pillars, stopes, and sweepings at Nalunaq that was left behind by previous operators and is not reported as Mineral Resources. This could be recovered to provide some early revenue if mining resumes.
Improved Mining and Processing Methods	It may be the case that improvements in mining equipment and methods since the last phase of production at Nalunaq could lead to improved ore recovery and reductions in losses or dilution. Furthermore, the ore appears to be amenable to optical sorting which could reduce dilution in material fed to the processing plant.
Regional Exploration Potential	<p>AEX has an extensive licence holding that covers historically known gold occurrences and areas of prospective geology that may host new occurrences.</p> <p>The Company also benefits from owning a very extensive collection of data and reports from past exploration and operations. This has regional coverage and is a vital tool in AEX's decision making and prioritisation of exploration efforts. It will allow new phases of exploration to be relatively well-informed and well-targeted.</p>

18 CONCLUDING REMARKS

18.1 Nalunaq

The Nalunaq gold project exhibits typical characteristics of a high grade, high nugget effect, narrow-vein, orogenic gold deposit. The project benefits from a substantial quantity of exploration data, a history of mining and mineral recovery, and significant existing underground infrastructure which aids in accessing and understanding the mineralisation and the potential for additional resources.

The vast majority of (non-compliant) reserves defined by previous operators at Nalunaq have been mined out. Whilst there is a modest tonnage of material remaining in the mine that could provide revenue, the focus of future work should be on the exploration potential and the identification of additional resources. Based on historical exploration and the work undertaken by Nalunaq A/S from 2015 to 2019, SRK believes that there is potential for additional resources.

Whilst more drilling from easily accessed surface areas may help to define continuity of mineralised structures (such as around South Block; more drilling high on the mountain may not be cost-effective), the project now needs to enter a phase where there is more emphasis on underground exploration. For some time, there have been areas postulated as having high potential, and only new underground development and drilling into these areas will confirm these interpretations and progress towards Mineral Resource definition. For this reason, SRK ES supports the emphasis that AEX has placed on such work in their exploration plans for the future.

Looking ahead to future production following successful exploration, AEX intends to undertake mining and processing at a rate of 300 tons per day, initially with gold recovery by gravity

methods only (possibly with flotation on the concentrates) and production of doré on site. This approach allows up-front capital costs to be reduced and takes advantage of the known potential for good gold recovery to be achieved using gravity methods. Ore sorting may also be introduced which will increase the grade of feed material. The revenue from this gravity recovery plant would be used to refurbish the existing and permitted underground cyanide leach plant so that the leaching of gravity tailings can resume or, alternatively, implement a flotation circuit which would yield comparable gold recoveries. There may be some gold losses whilst gravity is the main recovery method (especially if contaminants such as arsenic are reduced to acceptable levels), but AEX would ensure that gravity tailings are stored in such a way that they could be recovered and reprocessed in the future once the cyanide plant is operational.

18.2 Regional Exploration

AEX has amassed a substantial licence holding in South Greenland, covering the best-known orogenic gold occurrences as well as areas that have potential for new occurrences. The licences are located on or close to the boundary between the Julianehåb Batholith and the Psammite Zone of the Ketilidian Mobile Belt, a tract that has been described as the Nanortalik Gold Belt.

Of the gold prospects within AEX's regional licences, Amphibolite Ridge on the Niaqornaarsuk Peninsula is the most advanced with drilled intersections of high-grade gold-quartz veins and alteration zones in granodiorites, but it is still at an early stage of exploration. There are several other well-sampled but less advanced targets on the Niaqornaarsuk Peninsula that have strong anomalies in geochemical data and could host similar mineralisation.

Second to this, the Kangerluluk prospect has a relatively well-defined mineralised shear zone with some promising gold grades. It has only been lightly explored to date and work must now focus on establishing the continuity of mineralisation along and across the structure. Jokum's Shear, 25 km to the southwest, may be a continuation of the same structure. It provides an interesting example that helps to understand regional-scale mineralised terranes but its location in severe terrain, surrounded by glaciers. This will present challenges to the development of this prospect, which will need to be justified by discovery of substantial grade and continuity. The same is true for Sorte Nunatak which shows some similarities to Nalunaq, but it is an even more isolated position. Nørrearm provides an example of a regional-scale marker horizon which helps in the geological understanding of the area, but the feature appears not to be mineralised and no further work is recommended.

The Nalunaq East area, including Ship Mountain, is also quite under-explored despite its proximity to the gold mine. Further exploration, including geochemical sampling and prospecting on foot will be worthwhile. The potential for the Nalunaq MV structure to be discovered in this area is less than originally thought on account of the stratigraphy appearing to be at a higher level compared to Nalunaq mountain.

The Saarloq licence includes a very large, crustal-scale shear zone that demonstrates several features that may be prospective for gold mineralisation if a suitable mineralising event has taken place. The shear zone has only been lightly explored so far and potential remains for new structurally controlled exploration targets to be developed.

The Lake 410 target in the Anoritoq licence area has seen a relatively large amount of exploration and shows significant similarities to Nalunaq although gold grades are much lower. It is worthy of further work but more needs to be done to understand the reasons for reduced grades here and whether they are likely to be elevated elsewhere. There are several other showings in this licence that require further investigation. The licence area is generally under-

explored.

Finally, the Ippatit prospect may have good potential. It has been subject to fairly little exploration to date and covers quite a large area. There is a relatively high volume of prospective lithologies, several similarities to Nalunaq's geological setting, and some gold anomalies in historical geochemical data. Several gold-in-quartz showings have been discovered by previous workers which, in themselves, are rather small but may be associated to larger structures—suggesting that greater continuity is possible. Exploration should aim to identify this continuity via more geochemical sampling and systematic prospecting traverses of the ground on foot. The mountainous and glaciated terrain in target areas is challenging but, on the other hand, the prospect is more accessible than those on the eastern coast. It has year-round coastal access and is close enough to Nalunaq and the Niaqornaarsuk Peninsula for logistics to be shared between projects.

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GLOSSARY AND UNITS

Glossary

Anomalous	Samples that differ significantly from all the others in a group or population.
Anticline	A '∩' shaped fold or structure in stratified rocks with the oldest rocks in the centre.
Banded iron formations	Sedimentary rocks that are typically bedded or laminated and composed of at least 25% iron and layers of chert, chalcedony, jasper or quartz.
Basin	A general region with an overall history of subsidence and thick sedimentary accumulation.
Channel sampling	A means of taking a sample from a rock face by collecting the cuttings from a small channel.
CIM C	The reporting standard adopted for the reporting of the Mineral resources is that defined by the terms and definitions given in the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral resources and Mineral Reserves (May 2014) as required by NI 43-101. The CIM Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee.
Clays	A term used to describe minerals that are typically less than 2 µm (micrometres) in diameter.
Closure plans	Procedures for site closure and rehabilitation once mining has ceased.
Concentrate	Metal ore once it has been through milling and concentration so that it is ready for chemical processing or smelting.
Concentrator	Processing facility which receives ore from the mine and separates out concentrate, the remaining material being tailings
Deposit	An anomalous occurrence of a specific mineral or minerals within the Earth's crust.
Diamond drilling	The act or process of drilling boreholes using bits inset with diamonds as the rock-cutting tool.
Drill core	A solid, cylindrical sample of rock produced by diamond drilling.
Environmental Impact Assessment	A multi-disciplinary study which evaluates the effect on the environment of large construction or development project.
Fault	A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles.
Folding	A bending or buckling in any pre-existing structure in a rock as result of deformation.
Fresh or Sulphide material	Material defined which has retained its original form unaltered by oxidation. Metal ore that are recorded as sulphides include copper, mercury and nickel.

Geological continuity	Geological features such as rock type, structures and mineralisation that can be demonstrated to be continuous between locations.
Geophysical data	Data from the branch of geology that studies the physics of the Earth, using the physical principles underlying such phenomena as seismic waves, heat flow, gravity, and magnetism.
Grab sampling	Samples collected from surface outcrops, mine dumps etc., Used in connection with examination of the characteristic minerals in the deposit rather than for valuation.
Grade	The proportion of a mineral within a rock or other material. For gold mineralisation, this is usually reported as grams of gold per tonne of rock (g/t)
Grass roots	Early stages of exploration including activities such as mapping and geochemical sampling
Indicated Mineral Resource	That part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	The part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
Intrusive	Rocks that while molten, penetrated into or between other rocks, but solidified before reaching the surface.
Iron ore	Rocks and minerals from which metallic iron can be extracted.
Joint	A fracture in a rock between the sides of which there is no observable relative movement.
JORC Code	The 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
Measured Mineral Resource	A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Metamorphosed	Rocks which are changed by a process of heat and pressure within the earth.
Mineral Reserve	A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Ore Reserve	The economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Orebody	A continuous mass of mineralisation estimated to be economically mineable. The volume of rock containing the mineral resource.
Oxide Material	Zone of defined material which has been altered through to result in minerals bearing at least one oxygen atom and one other element in its chemical formula. Found near surface this material is usually resulting from exposure to the water table where oxygen is prevalent
Pellet plants	Processing facility that takes as its input iron concentrate and produces iron ore pellets
Precambrian sediments	From the period of time from the formation of the Earth (4,500Ma) to about 590Ma.
Pre-feasibility Study	A geological, technical and economic study to determine whether a deposit can be exploited.
Probable Ore Reserve	The economically mineable part of an Indicated, and in some cases Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified;

Proved Ore Reserves	The economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.
Scoping Study	An early stage review of a project to assess the viability of different options.
Sedimentary	Rock formed at the earth's surface from solid particles, whether mineral or organic, which have been moved from their position of origin and re-deposited.
Strata	Layer of rock.
Stratigraphy	The sequence or layers of rocks
Stripping ratio	The unit amount of overburden/waste that must be removed to gain access to a unit amount of ore or mineral material.
Syncline	A U-shaped fold or structure in stratified rocks, with youngest rocks in the centre.
Synclinorium	A basin shaped fold system.
Trench	The excavation of a horizontally elongate pit (trench), typically up to 2 m deep and up to 1.5 m wide in order to access fresh or weathered bedrock and take channel samples across a mineralised structure. The trench is normally orientated such that samples taken along the longest wall are perpendicular to the mineralised structure.

Units

a.s.l.	Above sea level
Ga	Billion years ago
g/t	Grams per tonne
mm	Millimetre
cm	Centimetre
m	Metre
km	Kilometre
Ma	Million years ago
Mt	Million metric tonnes
nT	nanotesla
ppb	Parts per billion
ppm	Parts per million

PART VII – HISTORICAL FINANCIAL INFORMATION ON THE GROUP

- A Unaudited condensed interim consolidated financial statements on the Group for the three-month period ended 31 March 2020**



AEX Gold Inc.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2020

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

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

	Notes	As at March 31, 2020 \$	As at December 31, 2019 \$
ASSETS			
Current assets			
Cash		4,366,773	1,515,406
Escrow account for environmental monitoring		189,027	174,864
Sales tax receivable		33,312	17,792
Prepaid expenses and others		14,616	94,883
Total current assets		4,603,728	1,802,945
Non-current assets			
Deferred share issuance costs	5	706,007	166,348
Escrow account for environmental monitoring		363,368	342,132
Mineral properties	3	49,293	41,945
Property and equipment	4	309,945	367,103
Total non-current assets		1,428,613	917,528
TOTAL ASSETS		6,032,341	2,720,473
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		955,411	471,069
Environmental monitoring provision		189,027	174,864
Total liabilities		1,144,438	645,933
Equity			
Capital stock		18,389,754	13,883,611
Warrants	6	733,261	1,459,604
Contributed surplus		1,535,400	1,535,400
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(15,733,740)	(14,767,303)
Total equity		4,887,903	2,074,540
TOTAL LIABILITIES AND EQUITY		6,032,341	2,720,473
Going concern	1		

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

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

	Notes	Three months ended March 31,	
		2020	2019
		\$	\$
Expenses			
Exploration and evaluation expenses	8	611,775	168,602
General and administrative	9	382,911	216,461
Foreign exchange gain		(25,397)	16,162
Operating loss		969,289	401,225
Other expenses (income)			
Interest income		(5,042)	(2,300)
Finance costs		2,190	2,480
Net loss and comprehensive loss		(966,437)	(401,405)

Weighted average number of common shares outstanding - basic and diluted	73,438,570	57,788,499
Basic and diluted loss per common share	(0.01)	(0.01)

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

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

	Notes	Number of common shares outstanding	Capital Stock \$	Warrants \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total Equity \$
Balance at January 1, 2019		57,788,499	10,058,355	321,788	956,800	(36,772)	(9,665,197)	1,634,974
Net loss and comprehensive loss		-	-	-	-	-	(401,405)	(401,405)
Balance at March 31, 2019		57,788,499	10,058,355	321,788	956,800	(36,772)	(10,066,602)	1,233,569
Balance at January 1, 2020		70,946,394	13,883,611	1,459,604	1,535,400	(36,772)	(14,767,303)	2,074,540
Net loss and comprehensive loss		-	-	-	-	-	(966,437)	(966,437)
Warrants exercised	6.1	8,399,556	4,506,143	(726,343)	-	-	-	3,779,800
Balance at March 31, 2020		79,345,950	18,389,754	733,261	1,535,400	(36,772)	(15,733,740)	4,887,903

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

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

	Notes	Three months ended March 31,	
		2020	2019
		\$	\$
Operating activities			
Net loss for the period		(966,437)	(401,405)
Adjustments for:			
Depreciation	4	57,158	41,286
Finance costs		2,190	2,480
Payment from cash held in escrow account for environmental monitoring		-	(28,846)
Escrow account for environmental monitoring		-	28,846
Foreign exchange loss (gain)		(25,246)	16,799
		(932,335)	(340,840)
Changes in non-cash working capital items:			
Sales tax receivable		(15,520)	(8,774)
Prepaid expenses and others		80,424	(13,337)
Trade and other payables		90,348	82,039
Payables to shareholders		-	11,701
		155,252	71,629
Cash flow used in operating activities		(777,083)	(269,211)
Investing activities			
Acquisition of mineral properties	3	(978)	-
Cash flow used in investing activities		(978)	-
Financing activities			
Exercise of warrants	6.1	3,779,800	-
Deferred share issuance costs	5	(153,423)	-
Cash flow from financing activities		3,626,377	-
Net change in cash before effects of exchange rate changes on cash during the period		2,848,316	(269,211)
Effects of exchange rate changes on cash		3,051	(2,873)
Net change in cash during the period		2,851,367	(272,084)
Cash, beginning of period		1,515,406	963,788
Cash, end of period		4,366,773	691,704
Supplemental cash flow information			
Interest received		5,042	2,300
Acquisition of mineral properties included in trade and other payables		6,370	-
Exercise of warrants credited to capital stock		726,343	-
Deferred share issuance costs included in trade and other payables		506,967	-

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

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

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

AEX Gold Inc. (the "Corporation") was incorporated on February 22, 2017 under the Canada Business Corporations Act. The Corporation's head office is situated at 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. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the AEX ticker.

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 ("Financial Statements") were approved by the Board of Directors on May 20, 2020.

1.1 Basis of presentation

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

The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year ended December 31, 2019.

1.2 Going concern

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

The Corporation recorded a loss of \$966,437 for the three months ended March 31, 2020 and has an accumulated deficit of \$15,733,740 as at March 31, 2020. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at March 31, 2020, the Corporation had a working capital of \$3,459,290. These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

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

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

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

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

During this first quarter, 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 at the date of completion of the Financial Statements. These events may cause in the future significant changes on the Corporation's ability to complete planned exploration and evaluation activities, meet its other obligations and existing commitments for the exploration and evaluation programs or our ability to obtain debt and equity financing. Following these events, the Corporation has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

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

In preparing the Financial Statements, the significant judgements made by Management in applying the Corporation accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation's audited annual financial statements for the year ended December 31, 2019. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. MINERAL PROPERTIES

	As at December 31, 2019	Additions	As at March 31, 2020
Nalunaq	\$ 1	\$ -	\$ 1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaaq	6,076	-	6,076
Genex	-	7,348	7,348
Total mineral properties	41,945	7,348	49,293

	As at December 31, 2018	Additions	As at December 31, 2019
Nalunaq	\$ 1	\$ -	\$ 1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaaq	-	6,076	6,076
Total mineral properties	35,869	6,076	41,945

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Exploration and evaluation			
	Field equipment and infrastructure	Vehicles and rolling stock	Equipment	Total
	\$	\$	\$	\$
Three months ended March 31, 2020				
Opening net book value	271,977	86,656	8,470	367,103
Additions	-	-	-	-
Depreciation	(32,277)	(24,005)	(876)	(57,158)
Closing net book value	239,700	62,651	7,594	309,945
As at March 31, 2020				
Cost	387,323	288,066	10,514	685,903
Accumulated depreciation	(147,623)	(225,415)	(2,920)	(375,958)
Closing net book value	239,700	62,651	7,594	309,945

Depreciation of property and equipment related to exploration and evaluation properties is being recorded in exploration and evaluation expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$57,158 was expensed as exploration and evaluation expenses during the three months ended March 31, 2020.

5. POTENTIAL AIM LISTING

The Corporation is in the preliminary stages of considering an additional listing on the AIM market of the London Stock Exchange plc ("AIM"), alongside its current listing on the Exchange. As at March 31, 2020, the Corporation has incurred in this process, deferred share issuance costs of \$706,007.

6. WARRANTS

6.1 Warrants

Changes in the Corporation's warrants are as follow:

	Three months ended March 31, 2020			2019		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
Balance, beginning	13,157,895	\$ 1,137,816	\$ 0.45	-	\$ -	\$ -
Issued	-	-	-	13,157,895	1,137,816	0.45
Exercised	(8,399,556)	(726,343)	0.45	-	-	-
Balance, end	4,758,339	411,473	0.45	13,157,895	1,137,816	0.45

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

6. WARRANTS (CONT'D)

Warrants outstanding and exercisable as at March 31, 2020 are as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
4,758,339	\$ 0.45	June 28, 2022 (accelerated expiry date April 20, 2020 ⁽¹⁾)

⁽¹⁾ The Corporation has accelerated the expiry of certain common share purchase warrants ("Warrants"), bearing an expiration date of June 28, 2022. The certificate evidencing the Warrants ("Warrant Certificate") provided for acceleration in certain circumstances, which circumstances have now been met. From the period February 6, 2020 to March 5, 2020, the daily volume weighted average price of the Corporation's common shares on the Exchange was equal to or greater than \$0.50, thus satisfying the acceleration requirements under the Warrants. Accordingly, Warrant holders have been provided with notification that any Warrants that are not exercised before April 20, 2020, being the 30th trading day following the occurrence of the acceleration event, will expire and be cancelled. After March 31, 2020, certain Warrant holders have exercised 2,872,715 Warrants, each entitling the holder to receive one common share of the Corporation, at an exercise price per warrant of \$0.45, representing gross proceeds of \$1,292,722.

6.2 Agent warrants

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

	Three months ended March 31, 2020			2019		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$	\$	\$	\$
Balance beginning, end	1,067,739	321,788	0.49	1,067,739	321,788	0.49

Agent and finders warrants outstanding and exercisable as at March 31, 2020 are as follows:

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

7. STOCK OPTIONS

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 5, 2019. 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.

AEX Gold Inc.

Condensed Notes to the interim Consolidated Financial Statements

Three months ended March 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

7. STOCK OPTIONS (CONT'D)

Changes in stock options are as follow:

	Three months ended March 31, 2020		2019	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning	5,650,000	0.43	3,020,000	0.47
Granted	-	-	2,630,000	0.38
Balance, end	5,650,000	0.43	5,650,000	0.43

Stock options outstanding and exercisable as at March 31, 2020 are as follows:

Number of options outstanding and exercisable	Exercise price \$	Expiry date
1,360,000	0.50	July 13, 2022
1,660,000	0.45	August 22, 2023
2,630,000	0.38	December 31, 2025
5,650,000		

8. EXPLORATION AND EVALUATION EXPENSES

	Three months ended March 31,	
	2020	2019
	\$	\$
Geology	270,561	99,614
Underground works	22,807	-
Drilling	(635)	-
Analysis	23,863	2,492
Transport	60,733	-
Logistic support	78,487	18,950
Insurance	1,226	-
Maintenance infrastructure	84,854	-
Government fees	12,721	6,260
Depreciation	57,158	41,286
Exploration and evaluation expenses	611,775	168,602

AEX Gold Inc.**Condensed Notes to the interim Consolidated Financial Statements**

Three months ended March 31, 2020 and 2019

(Unaudited, in Canadian Dollars)

9. GENERAL AND ADMINISTRATION

	Three months ended March 31,	
	2020	2019
	\$	\$
Management and consulting fees	116,072	69,373
Director's fees	25,000	-
Professional fees	123,755	82,300
Marketing and industry involvement	86,375	28,318
Insurance	10,561	10,092
Travel and other expenses	14,574	17,425
Regulatory fees	6,574	8,953
General and administration	382,911	216,461

B Audited consolidated historical financial statements on the Group for the years ended 31 December 2018 and 2019 and 31 December 2017 and 2018



AEX Gold Inc.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018



Independent auditor's report

To the Shareholders of AEX Gold Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of AEX Gold Inc. and its subsidiaries (together, the Corporation) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502

PwC refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Marc Stéphane Pennee.

PricewaterhouseCoopers LLP¹

Montréal, Quebec
February 26, 2020

¹ CPA auditor, CA, public accountancy permit No. A123642

AEX Gold Inc.
Consolidated Statements of Financial Position

As at December 31, 2019 and 2018
(In Canadian Dollars)

	Notes	As at December 31, 2019 \$	As at December 31, 2018 \$
ASSETS			
Current assets			
Cash		1,515,406	963,788
Escrow account for environmental monitoring	5	174,864	209,695
Sales tax receivable		17,792	9,285
Prepaid expenses and others		94,883	22,280
Total current assets		1,802,945	1,205,048
Non-current assets			
Deferred share issuance costs	10	166,348	-
Escrow account for environmental monitoring	5	342,132	373,091
Mineral properties	6	41,945	35,869
Property and equipment	7	367,103	348,813
Total non-current assets		917,528	757,773
TOTAL ASSETS		2,720,473	1,962,821
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		471,069	109,918
Payables to shareholders	8	-	8,234
Environmental monitoring provision	9	174,864	209,695
Total liabilities		645,933	327,847
Equity			
Capital stock	11	13,883,611	10,058,355
Warrants	12	1,459,604	321,788
Contributed surplus		1,535,400	956,800
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(14,767,303)	(9,665,197)
Total equity		2,074,540	1,634,974
TOTAL LIABILITIES AND EQUITY		2,720,473	1,962,821

Going concern 1

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

(s) Eldur Ólafsson
Eldur Ólafsson
Director

(s) George Fowlie
George Fowlie
Director

AEX Gold Inc.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2019 and 2018

(In Canadian Dollars)

	Notes	2019 \$	2018 \$
Expenses			
Exploration and evaluation expenses	16	3,557,662	2,185,493
General and administrative	17	950,946	1,085,630
Stock-based compensation	13	578,600	438,170
Short form prospectus expenses	18	-	322,701
Foreign exchange		38,365	(8,249)
Operating loss		5,125,573	4,023,745
Other expenses (income)			
Interest income		(30,337)	(10,640)
Finance costs	19	6,870	10,215
Net loss and comprehensive loss		(5,102,106)	(4,023,320)
Weighted average number of common shares outstanding - basic and diluted		64,529,667	53,734,961
Basic and diluted loss per common share	21	(0.08)	(0.08)

The accompanying notes are an integral part of these consolidated financial statements.

AEX Gold Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(In Canadian Dollars)

	Notes	Number of common shares outstanding	Capital stock	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance, January 1, 2018		49,592,500	6,696,759	273,889	518,630	(36,772)	(5,641,877)	1,810,629
Net loss and comprehensive loss		-	-	-	-	-	(4,023,320)	(4,023,320)
Shares issuance under private placements	11	8,195,999	3,503,990	-	-	-	-	3,503,990
Warrants issuance under a private placement	12	-	(47,899)	47,899	-	-	-	-
Share issuance costs	11	-	(94,495)	-	-	-	-	(94,495)
Stock-based compensation	13	-	-	-	438,170	-	-	438,170
Balance, December 31, 2018		57,788,499	10,058,355	321,788	956,800	(36,772)	(9,665,197)	1,634,974
Balance, January 1, 2019		57,788,499	10,058,355	321,788	956,800	(36,772)	(9,665,197)	1,634,974
Net loss and comprehensive loss		-	-	-	-	-	(5,102,106)	(5,102,106)
Shares and warrants issuance under private placements	11	13,157,895	3,853,718	1,146,282	-	-	-	5,000,000
Share issuance costs	11	-	(28,462)	(8,466)	-	-	-	(36,928)
Stock-based compensation	13	-	-	-	578,600	-	-	578,600
Balance, December 31, 2019		70,946,394	13,883,611	1,459,604	1,535,400	(36,772)	(14,767,303)	2,074,540

The accompanying notes are an integral part of these consolidated financial statements.

AEX Gold Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(In Canadian Dollars)

	Notes	2019	2018
		\$	\$
Operating activities			
Net loss		(5,102,106)	(4,023,320)
Adjustments for:			
Depreciation	7	172,186	114,593
Stock-based compensation	13	578,600	438,170
Finance costs	19	6,870	10,215
Payment from cash held in escrow account for environmental monitoring	5	(28,846)	(85,015)
Escrow account for environmental monitoring	9	28,846	85,015
Foreign exchange		33,839	(8,623)
		(4,310,611)	(3,468,965)
Changes in non-cash working capital items:			
Sales tax receivable		(8,507)	9,564
Prepaid expenses and others		(72,655)	29,611
Trade and other payables		241,951	(145,967)
Payables to shareholders		(8,234)	(8,222)
		152,555	(115,014)
Cash flow used in operating activities		(4,158,056)	(3,583,979)
Investing activities			
Acquisition of mineral properties	6	(6,076)	(6,334)
Acquisition of property and equipment	7	(190,476)	(303,298)
Cash flow used in investing activities		(196,552)	(309,632)
Financing activities			
Shares and warrants issuance	11	5,000,000	3,503,990
Share issuance costs	11	(36,928)	(110,743)
Deferred share issuance costs	10	(45,617)	-
Cash flow from financing activities		4,917,455	3,393,247
Net change in cash before effects of exchange rate changes on cash		562,847	(500,364)
Effects of exchange rate changes on cash		(11,229)	(1,125)
Net change in cash		551,618	(501,489)
Cash, beginning		963,788	1,465,277
Cash, ending		1,515,406	963,788
Supplemental cash flow information			
Interest received		30,337	10,640
Deferred share issuance costs included in trade and other payables		120,731	-

The accompanying notes are an integral part of these consolidated financial statements.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

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

AEX Gold Inc. (the "Corporation") was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's head office is situated at 123 Front Street West, suite 905, Toronto, Ontario, M5J 2M2, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It owns interests in properties located in Greenland. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the AEX ticker.

These consolidated financial statements ("Financial Statements") were reviewed and authorized for issue by the Board of Directors on February 26, 2020.

1.1 Basis of presentation and consolidation

The Financial Statements include the accounts of the Corporation and those of its subsidiary Nalunaq A/S, a corporation incorporated under the *Greenland Public Companies Act*, owned at 100%.

Control is defined by the authority to direct the financial and operating policies of a business in order to obtain benefits from its activities. The amounts presented in the consolidated financial statements of subsidiary have been adjusted, if necessary, so that they meet the accounting policies adopted by the Corporation.

Profit or loss or other comprehensive loss of subsidiary set up, acquired or sold during the year are recorded from the actual date of acquisition or until the effective date of the sale, if any. All intercompany transactions, balances, income and expenses are eliminated at consolidation.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

1.2 Going concern

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

The Corporation recorded a loss of \$5,102,106 for 2019 (\$4,023,320 for 2018) and has an accumulated deficit of \$14,767,303 as at December 31, 2019 (\$9,665,197 as at December 31, 2018). 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 Tartoq Licence, Naalagaaffiup Portornga Licence, Vagar Licence, Nuna Nutaaq Licence discussed in Note 6 and pay general and administration costs. As at December 31, 2019, the Corporation had a working capital of \$1,157,012 (\$877,201 as at December 31, 2018). These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

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

The Corporation' ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. The completion of the private placements in June 2019, contributed to such financing. While Management has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these Financial Statements and this could have a significant impact on the financial position of the Corporation, its financial performance and its cash flows.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of measurement

The Financial Statements have been prepared on the historical cost basis.

2.2 Functional and presentation currency – Foreign currency transactions

The functional and presentation currency is Canadian dollars ("CAD"). The functional currency of Nalunaq A/S is CAD. The functional currency of Nalunaq A/S is determined using the currency of the primary economic environment in which the entity evolves and using the currency which is more representative of the economic effect of the underlying financings, transactions, events and conditions.

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the net profit or loss.

When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive loss as part of the gain or loss on sale.

2.3 Mineral properties and exploration and evaluation expenses

Mineral properties include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

All costs incurred prior to obtaining the legal rights to undertake exploration and evaluation on an area of interest are expensed as incurred.

Mining rights are recorded at acquisition cost or at its recoverable amount in the case of a devaluation caused by an impairment of value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production. Proceeds from the sale of mineral properties are applied as a reduction of the related carrying costs and any excess or shortfall is recorded as a gain or loss in the consolidated statement of comprehensive loss.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exploration and evaluation expenses ("E&E expenses") also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Generally, expenditures relating to exploration and evaluation activities are expensed as incurred. Capitalization of E&E expenses commences when a mineral resource estimate has been obtained for an area of interest.

E&E expenses include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for Corporation' mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a mine project moves into the development phase, E&E expenses are capitalized to mine development costs. An impairment test is performed before reclassification and any impairment loss is recognized in the consolidated statement of comprehensive loss.

E&E include overhead expenses directly attributable to the related activities.

The Corporation has taken steps to verify the validity of title to mineral properties on which it is conducting exploration activities and is acquiring interests in accordance with industry standards that apply to the current stage of exploration and evaluation of such property. However, these procedures do not guarantee the Corporation' title, as property title may be subject to unregistered prior agreements, aboriginal claims or noncompliance with regulatory requirements.

2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Field equipment and infrastructure related to exploration and evaluation activities	3 years
Vehicles and rolling stock	3 years
Equipment	3 years

Depreciation of property and equipment, if related to exploration activities, is expensed consistently with the policy for exploration and evaluation expenses. For those which are not related to exploration and evaluation activities, depreciation expense is recognized directly in the consolidated statement of comprehensive loss.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the consolidated statement of comprehensive loss.

2.5 Impairment of non-financial assets

Mineral properties and property and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Mineral properties and property and equipment are reviewed by area of interest. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.6 Environmental monitoring provision

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Corporation is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials and environmental monitoring. The Corporation may be found to be responsible for damage caused by prior owners and operators of its unproven mineral interests and in relation to interests previously held by the Corporation.

On initial recognition, the estimated net present value of a provision is recorded as a liability and a corresponding amount is added to the capitalized cost of the related non-financial asset or charged to consolidated statement of comprehensive loss if the property has been written off. Discount rates using a pre-tax rate that reflects the time value of money and the risk associated with the liability are used to calculate the net present value. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation.

2.7 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the date of the consolidated statement of financial position.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the consolidated statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.8 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker warrants relating to financing. Options represents the charges related to stock options until they are exercised. Contributed surplus includes charges related to stock options and the warrants that are expired and not yet exercised. Contributed surplus also includes contributions from shareholders. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the year in which the shares and warrants are issued.

AEX Gold Inc.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate to, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

2.9 Interest income

Interest income from financial assets is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.10 Stock-based compensation

Employees and consultants of the Corporation may receive a portion of their compensation in the form of share-based payment transactions, whereby employees or consultants render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at fair value of the share-based payment. The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Corporation's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2.11 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. During 2019 and 2018, all the outstanding common share equivalents were anti-dilutive.

2.12 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques.

2.12.1 Financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Amortized cost:

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and escrow account for environmental monitoring are classified within this category.

Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement comprehensive loss.

2.12.2 Financial liabilities

A financial liability is derecognized when extinguished, discharged, terminated, cancelled or expired.

Financial liabilities measured at amortized cost

Trade and other payables and payables to shareholders are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

2.12.3 Impairment of financial assets

Amortized cost:

At each reporting date, the Corporation assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Segment disclosures

The Corporation operates in one industry segment, being the acquisition, exploration and evaluation of mineral properties. All of the Corporation's activities are conducted in Greenland.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Accounting standards issued but not yet effective

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date of later than January 1, 2020. All of these updates are not relevant to the Corporation and are therefore not discussed herein.

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of these 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 exercised in applying accounting policies with the most significant effect on the amounts recognized in the Financial Statements are described below.

JUDGMENTS

4.1 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future cash flows from operations and events that are believed to be reasonable under the circumstances.

4.2 Impairment of mineral properties

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral properties requires Management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the mineral properties is unlikely to be recovered in full from successful development or by sale.

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4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, Management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

4.3 Recognition of deferred income tax assets and the measurement of income tax expense

Periodically, the Corporation evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of the deferred tax assets will fail to be realized, the Corporation records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires Management to make significant judgment.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain.

4.4 Determination of functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", Management determined that the functional currency of the Corporation and its subsidiary is the Canadian dollar.

ESTIMATES AND ASSUMPTIONS

4.5 Environmental monitoring costs

The provisions for environmental monitoring costs are based on estimated future costs using information available at the financial reporting date. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of reparation and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the provision. At the date of the consolidated statement of financial position, environmental monitoring costs represent Management's best estimate of the charge that will result when the actual obligation is terminated.

5. ESCROW ACCOUNT FOR ENVIRONMENTAL MONITORING

On behalf of Nalunaq's licence holder, an escrow account has been set up with the holder of the licence as holder of the account and the Government of Greenland as beneficiary. The funds in the escrow account have been provided in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq mine.

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5. ESCROW ACCOUNT FOR ENVIRONMENTAL MONITORING (CONT'D)

	2019	2018
	\$	\$
Balance beginning	582,786	643,517
Effect of translation	(36,944)	24,284
Payment for environmental monitoring work	(28,846)	(85,015)
Balance ending	516,996	582,786
Non-current portion – escrow account for environmental monitoring	(342,132)	(373,091)
Current portion – escrow account for environmental monitoring	174,864	209,695

6. MINERAL PROPERTIES

	As at December 31, 2018	Additions	As at December 31, 2019
	\$	\$	\$
Nalunaq	1	-	1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaag	-	6,076	6,076
Total mineral properties	35,869	6,076	41,945

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

6.1 Nalunaq

Nalunaq A/S holds the gold exploitation licence number 2003/05 on the Nalunaq property (the “Nalunaq Licence”) located in South West Greenland. The licence expires in April 2033 with an extension possible up to 20 years.

6.1.1 Collaboration agreement and project schedule

Cyrus Capital Partners LP was the main creditor of Angel Mining PLC, the parent company of Angel Mining (Gold) A/S. Angel Mining PLC went into administration in February 2013 and as part of the Administrator’s restructuring process, FBC Mining (Holdings) Ltd. (“FBC Mining”) and Arctic Resources Capital S.à r.l. (“ARC”) agreed to enter into a collaboration agreement (“Collaboration Agreement”) (signed July 15, 2015) to progress the Nalunaq exploration project. FBC Mining is a 100% subsidiary of FBC Holdings S.à r.l which is managed by Cyrus Capital Partners LP.

In addition, ARC, FBC Mining and AEX Gold Limited (previously known as FBC Mining (Nalunaq) Limited) (a 100% subsidiary of FBC Mining) signed on July 17, 2015 the Nalunaq project schedule (“2015 Project Schedule”) which was continued following the signature with Nalunaq A/S on March 31, 2017 of the 2016-2017 Nalunaq Project Schedule (“2016-2017 Project Schedule”), (collectively “Project Schedules”). Under the Project Schedules, the following collaboration conditions are defined:

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6. MINERAL PROPERTIES (CONT'D)

- 1) ARC shall undertake an exploration program in the summer of 2015.
- 2) The activities will consist of progressing the work programs approved by the Mineral Licence and Safety Authority in Greenland ("MLSA") in respect of the Nalunaq Licence in 2015 and 2016, providing assistance as may be required in connection with the IPO and manage Nalunaq A/S.
- 3) The Project Schedules are in effect up to the earliest of i) the completion of the IPO, ii) June 30, 2017 and iii) the date on which the 2016-2017 Project Schedule is terminated in accordance with the Collaboration Agreement.

In preparation for the Pre-IPO Reorganization, an agreement was signed on May 30, 2017 between ARC, AEX Gold Limited, FBC Mining and Nalunaq A/S whereby the 2016-2017 Project Schedule effective date was extended up to July 31, 2017.

Finally, the conditions relating to a processing plant located on the Nalunaq Licence ("Processing Plant") and a royalty payment were outlined in the 2015 Project Schedule and formalized in the processing plant and royalty agreement ("Processing Plant and Royalty Agreement") signed on March 31, 2017 and the conditions are as follows:

- a) AEX Gold Limited transfers the Processing Plant to Nalunaq A/S under the following conditions:
 - i) An initial purchase price of US\$1;
 - ii) A deferred consideration of US\$1,999,999 ("Deferred Consideration") on a pay as you go basis until the Deferred Consideration is paid in full. If only part of the Processing Plant is used, then the Deferred Consideration payable shall be reduced by an amount to be agreed by the parties to reflect the value of the part of the Processing Plant used.
 - iii) The Deferred Consideration may be reduced to the extent that the Processing Plant or any part which is being used requires repairs, is not in good working condition or will not be capable of doing the work for which it was designed.
 - iv) Nalunaq A/S may dispose or otherwise deal with the Processing Plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received, that disposal proceeds shall be paid to AEX Gold Limited and such amount shall be deemed to be Deferred Consideration. If there are any disposal proceeds remaining after the Deferred Consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.
- b) Nalunaq A/S shall pay to AEX Gold Limited a 1% royalty on Nalunaq A/S' net revenue generated on the Nalunaq Licence (total revenue minus production, transportation and refining costs), provided that in respect to the last completed calendar year, the operating profit per ounce of gold exceeded US\$500. The cumulative royalty payments over the life of mine are capped at a maximum of US\$1,000,000.

6.1.2 Government of Greenland royalty

The Nalunaq Licence and subsequent Addendums does not have a royalty clause. However, according to the Addendum 3 of the *Mineral Resources Act* enacted on July 1, 2014, the Greenland Government may set terms on the licensee's payment of royalty or consideration, if the Greenland Government and the licensee agree, since the Nalunaq Licence was granted before July 1, 2014. Nalunaq A/S may have to pay to the Government of Greenland a sales royalty of up to 2.5% of the value of the minerals. Nalunaq A/S may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against the sales royalty to be paid.

6.1.3 Exploration commitments and exploitation milestones

Under Addendum No. 2 of the Nalunaq Licence dated March 2016 and as subsequently amended with Addendum No. 3 dated May 2016, Nalunaq A/S is committed to perform exploration activities for an estimated amount of US\$1,750,000 in 2016 and US\$9,600,000 from January 1, 2017 to December 31, 2018, for a total of US\$11,350,000.

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6. MINERAL PROPERTIES (CONT'D)

On March 27, 2017, the MLSA confirmed that the Government of Greenland had approved that the outstanding exploration obligation initially scheduled to be incurred by December 31, 2016 (sub period 2) be carried forward to the ensuing licence period. As a result, Nalunaq A/S is committed to perform specific exploration activities stated in Addendum No. 3 and as subsequently confirmed with Addendum No. 4 (dated June 2017 which was signed by the Government of Greenland and therefore became effective on December 5, 2017) totaling an estimated amount of US\$10,259,000 by no later than December 31, 2018 (sub period 3). This US\$10,259,000 takes into account the Addendum No. 3 obligation totaling an estimated amount of US\$11,350,000 less the US\$1,091,000 expenditures of 2016 calculated in line with the MLSA guidelines. For the purpose of crediting expenditures for MLSA purposes, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made.

Nalunaq A/S has submitted its statements of expenses in the amount of US\$6,216,606 for the Nalunaq Licence for the 2017 and 2018 years to the MLSA. After review, the MLSA has approved Nalunaq A/S' transition to the subsequent period (sub period 4) without a rollover of the unspent amount of US\$4,042,394.

Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice.

The MLSA has forwarded a recommendation to the Government of Greenland to approve to extend the requirement dates to perform the following tasks. No later than December 31, 2022, the licensee shall submit a report on a bankable feasibility study, prepare an environmental impact assessment, make a social impact assessment and perform an impact benefit agreement. The time limit for commencement of exploitation is January 1, 2023.

6.2 Tartog

6.2.1 Purchase of the Tartog Licence

Nalunaq A/S signed on July 6, 2016 a sale and purchase agreement, to purchase from Nanoq Resources Ltd. the Tartog exploration licence number 2015/17 located in Southwest Greenland, for a total consideration of \$7,221. The licence expires December 31, 2019 with a possible 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 shall be effective from the date when it is signed by the Government of Greenland.

6.2.2 Exploration commitments

Under the exploration licence, Nalunaq A/S shall complete DKK 967,600 of exploration activities in 2019, adding the non-fulfilled exploration obligation 2018 of DKK 972,720 and the credit from 2017 of DKK 509,813, for a total of DKK 1,430,507 (\$279,451 using the exchange rate as at December 31, 2019) exploration obligation in 2019 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Tartog Licence, 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 must submit its statements of expenses for the Tartog exploration licence for the 2019 year to the MLSA by April 1, 2020.

6.3 Naalagaaffiup Portornga (Land Adjacent to Existing Tartog Licence)

6.3.1 Purchase of the Naalagaaffiup Portornga Licence

The Corporation has acquired the right to conduct exploration activities on approximately 170km² of land in an area adjacent to the Tartog 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 Greenland authorities.

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6. MINERAL PROPERTIES (CONT'D)

6.3.2 Exploration commitments

Under the exploration licence, Nalunaq A/S shall complete DKK 442,800 of exploration activities in 2019, adding the non-fulfilled exploration obligation 2018 of DKK 445,500, for a total of DKK 888,300 (\$173,530 using the exchange rate as at December 31, 2019) exploration obligation in 2019 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Naalagaaffiup Portornga Licence, 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 must submit its statements of expenses for the Naalagaaffiup Portornga exploration licence for the 2019 year to the MLSA by April 1, 2020.

6.4 Vagar

6.4.1 Purchase of the 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). Upon the approval of the Greenland authorities received 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. The licence expires December 31, 2021 with a possible 6 year extension.

6.4.2 Exploration commitments

For the Vagar Licence the exploration commitment for 2018 is nil as confirmed in Addendum No. 7 to the Vagar Licence signed by the Corporation on January 22, 2018 which became effective upon the Greenland authorities executing the document on February 19, 2018.

Nalunaq A/S asked in December 2019 for a reduction of the size of the area covered by the licence to 292km². This reduction of the size of the area has been confirmed with Addendum No. 9 dated January 2020 which was signed by Nalunaq A/S in January 23, 2020 and shall be effective from the date when it is signed by the Government of Greenland.

Under the exploration licence and the new size of the area covered by the licence, Nalunaq A/S shall complete DKK 21,840,800 of exploration activities in 2019, reducing by the credits from 2012, 2013, 2014 and 2018 of DKK 21,193,355, for a total of DKK 647,445 (\$126,479 using the exchange rate as at December 31, 2019) exploration obligation in 2019. For the purpose of crediting expenditures against the amounts set forth in the Vagar Licence, 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 must submit its statements of expenses for the Vagar exploration licence for the 2019 year to the MLSA by April 1, 2020.

6.5 Nuna Nutaaq

6.5.1 Purchase of the Nuna Nutaaq Licence

The Corporation has acquired the right to conduct exploration activities on approximately 266km² 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 License 2019/113 Nuna Nutaaq. The license application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the license became effective on September 26, 2019 when it was signed by the Government of Greenland.

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6. MINERAL PROPERTIES (CONT'D)

6.5.2 Exploration commitments

The exploration commitments for this new exploration Licence is DKK 600,240 (\$117,257 using the exchange rate as at December 31, 2019) in 2019. For the purpose of crediting expenditures against the amounts set forth in the Nuna Nutaaq Licence, 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 must submit its statements of expenses for the Nuna Nutaaq exploration licence for the 2019 year to the MLSA by April 1, 2020.

6.6 Genex

On October 16, 2017, Nalunaq A/S was awarded a prospecting licence number 2017/45 covering West Greenland, in this context defined as areas south of 78°N and west of 44°W. 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.

On September 26, 2019, Nalunaq A/S was granted a prospecting licence number 2019/146 covering East Greenland, in this context defined as areas south of 75°N and east of 44°W. It is valid for a term of five years until December 31, 2023. Nalunaq A/S is not obligated to spend exploration expenses regarding this licence area during this period.

7. PROPERTY AND EQUIPMENT

	Exploration and evaluation			
	Field equipment and infrastructure	Vehicles and rolling stock	Equipment	Total
	\$	\$	\$	\$
2018				
Opening net book value	16,667	143,441	-	160,108
Additions	187,361	115,937	-	303,298
Depreciation	(37,894)	(76,699)	-	(114,593)
Closing net book value	166,134	182,679	-	348,813
As at December 31, 2018				
Cost	207,361	288,066	-	495,427
Accumulated depreciation	(41,227)	(105,387)	-	(146,614)
Closing net book value	166,134	182,679	-	348,813
2019				
Opening net book value	166,134	182,679	-	348,813
Additions	179,962	-	10,514	190,476
Depreciation	(74,119)	(96,023)	(2,044)	(172,186)
Closing net book value	271,977	86,656	8,470	367,103
As at December 31, 2019				
Cost	387,323	288,066	10,514	685,903
Accumulated depreciation	(115,346)	(201,410)	(2,044)	(318,800)
Closing net book value	271,977	86,656	8,470	367,103

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7. PROPERTY AND EQUIPMENT (CONT'D)

Depreciation of property and equipment related to exploration and evaluation properties is being recorded in exploration and evaluation expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$172,186 (\$114,593 – 2018) was expensed as exploration and evaluation expenses in 2019.

8. PAYABLES TO SHAREHOLDERS

Amounts payable to shareholders for cost recoveries related to management and professional services are detailed as follow:

	As at December 31, 2019	As at December 31, 2018
	\$	\$
Shareholders payables		
FBC Mining (BA) Ltd.	-	8,234
	-	8,234

FBC Mining BA Ltd. ("FBC BA") is a subsidiary of FBC Mining (75%) and ARC (25%). Amounts due to shareholders are unsecured, non-interest bearing.

9. ENVIRONMENTAL MONITORING PROVISION

	2019	2018
	\$	\$
Balance beginning	209,695	273,073
Effect of translation	(12,855)	11,422
Payment from cash held in escrow account for environmental monitoring	(28,846)	(85,015)
Accretion expense	8,980	10,882
Change in estimates	(2,110)	(667)
Balance ending	174,864	209,695
Non-current portion – environmental monitoring provision	-	-
Current portion – environmental monitoring provision	174,864	209,695

The estimated undiscounted cash flows required to settle the environmental monitoring obligations attached to the Nalunaq Licence are DKK 905,618 (\$176,913) as at December 31, 2019. Nalunaq A/S is reviewing, at each period, the amount and the expected timing of payment of the cash flows required to settle the obligations and adjusts the environmental monitoring provision accordingly. The key assumptions applied to determine the environmental monitoring provision is a discount rate of 4.69% (4.99% as at December 31, 2018) and the calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2020, half year later than as estimated in the environmental monitoring program produced for the Ministry of Environment and Nature of the Government of Greenland.

10. POTENTIAL AIM LISTING

The Corporation is in the preliminary stages of considering an additional listing on the AIM market of the London Stock Exchange plc ("AIM"), alongside its current listing on the Exchange. As at December 31, 2019, the Corporation has incurred in this process, deferred share issuance costs of \$166,348.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

11. SHARE CAPITAL

11.1 Share Capital

The Corporation is authorized to issue an unlimited number of common voting shares and an unlimited number of preferred shares issuable in series, all without par value.

11.2 Private placements

a) May 2018

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 (note 22).

The Corporation incurred total issuance costs of \$136,644 of which \$88,745 was incurred in cash and \$47,899 was incurred through the issuance of the 184,227 non-transferable finders warrants. The fair value of the finders warrants of \$0.26 per finder warrant was determined using the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 1.99%, an expected stock price volatility of 100%, and an expected life of 2 years. The expected volatility was estimated by benchmarking comparable situations for companies that are similar to the Corporation.

b) October 2018

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. Share issue costs amounted to \$5,750. Insiders of the Corporation purchased an aggregate of 759,905 common shares for \$288,764 (note 22).

c) June 2019

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 to the Corporation of \$5,000,000.

Each unit was comprised one common share and one common share purchase warrant, with each warrant being exercisable into one additional common share for 36 months from the closing date of the private placement at an exercise price of \$0.45 per common share. The Corporation can accelerate the expiry of the warrants if the daily volume-weighted average trading price of the common share on the Exchange exceeds \$0.50 for 20 consecutive trading days at any time following 120 days after closing of the private placement.

From the total proceeds received from the units of \$5,000,000, \$1,146,282 has been allocated to warrants and \$3,853,718 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, a risk-free interest rate of 1.41%, an expected stock price volatility of 62.01%, and an expected life of the warrants of 3 years. The expected volatility was estimated by benchmarking comparable situations for companies that are similar to the Corporation.

The corporation incurred total issuance costs of \$36,928 of which \$28,462 was allocated to capital stock and \$8,466 to warrants.

Insiders of the Corporation purchased an aggregate of 1,337,173 units for \$508,126 (note 22).

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

12. WARRANTS

12.1 Warrants

Changes in the Corporation's warrants are as follow:

	2019		
	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$
Balance, beginning	-	-	-
Issued (note 11)	13,157,895	1,137,816	0.45
Balance, end	13,157,895	1,137,816	0.45

Warrants outstanding and exercisable as at December 31, 2019 are as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
	\$	
13,157,895	0.45	June 28, 2022

12.2 Agent warrants

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

	2019			2018		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$	\$	\$	\$
Balance, beginning	1,067,739	321,788	0.49	883,512	273,889	0.50
Issued (note 11)	-	-	-	184,227	47,899	0.45
Balance, end	1,067,739	321,788	0.49	1,067,739	321,788	0.49

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

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

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

13. STOCK OPTIONS

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 5, 2019. 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.

On August 22, 2018, the Corporation granted to its directors, officers and consultants 1,660,000 stock options exercisable at an exercise price of \$0.45, valid for 5 years. The stock options vest 100% at the grant date. Those options were granted at an exercise price over to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$431,600 for an estimated fair value of \$0.26 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 89.12% expected volatility, 2.18% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

On July 9, 2019, the Corporation granted to its directors, officers and consultants 2,630,000 stock options exercisable at an exercise price of \$0.38, with an expiry date of December 31, 2025. The stock options vest 100% at the grant date. Those options were granted at an exercise price over the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$578,600 for an estimated fair value of \$0.22 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 75.05% expected volatility, 1.57% risk-free interest rate and 6.5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

Changes in stock options are as follow:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	3,020,000	\$ 0.47	1,410,000	\$ 0.50
Granted	2,630,000	0.38	1,660,000	0.45
Expired	-	-	(50,000)	0.59
Balance, end	5,650,000	0.43	3,020,000	0.47

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

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
1,360,000	0.50	July 13, 2022
1,660,000	0.45	August 22, 2023
2,630,000	0.38	December 31, 2025
5,650,000		

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

14. CAPITAL MANAGEMENT

The capital of the Corporation consists of the items included in equity and balances thereof and changes therein are depicted in the consolidated statement of changes in equity. Refer to consolidated statement of changes in equity for explanations regarding changes to capital between December 31, 2019 and 2018.

The Corporation' objectives are to safeguard the Corporation' ability to continue as a going concern in order to pursue its acquisition, exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. As the Corporation does not have cash flow from operations, to maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts and to continue operations, the Corporation does not pay out dividends.

The Corporation is not subject to externally imposed restrictions on capital.

15. EMPLOYEE REMUNERATION

Salaries

	2019	2018
	\$	\$
Salaries	642,421	255,894
Director's fees	56,250	18,750
Benefits	83,745	26,188
	782,416	300,832
Less : salaries and benefits presented in E&E expenses	(726,166)	(282,082)
Salaries disclosed in general and administrative expenses	56,250	18,750

16. EXPLORATION AND EVALUATION EXPENSES

2019	Nalunaq	Vagar	Tartoq	Naalagaaffiup Portornga	Nuna Nutaq	Genex	Total
	\$	\$	\$	\$	\$	\$	\$
Geology	822,113	118,858	70,763	71,382	9,626	8,896	1,101,638
Lodging and on-site support	308,754	-	-	-	-	-	308,754
Underground works	12,500	-	-	-	-	-	12,500
Drilling	229,473	-	-	-	-	-	229,473
Safety and environment	29,900	-	-	-	-	-	29,900
Analysis	45,558	-	-	-	-	-	45,558
Transport	312,513	-	-	-	-	-	312,513
Helicopter Charter	-	18,768	-	-	9,130	-	27,898
Logistic support	182,430	26,086	20,487	15,801	2,000	-	246,804
Insurance	38,512	-	-	-	-	-	38,512
Maintenance infrastructure	992,539	-	-	-	-	-	992,539
Government fees	17,963	14,651	980	-	-	5,793	39,387
Depreciation	172,186	-	-	-	-	-	172,186
Exploration and evaluation expenses	3,164,441	178,363	92,230	87,183	20,756	14,689	3,557,662

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

16. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

2018	Nalunaq	Vagar	Total
	\$	\$	\$
Geology	408,419	-	408,419
Lodging and on-site support	556,922	-	556,922
Drilling	455,663	-	455,663
Analysis	55,798	3,709	59,507
Transport	423,877	5,235	429,112
Logistic support	144,217	-	144,217
Government fees	7,699	9,361	17,060
Depreciation	114,593	-	114,593
Exploration and evaluation expenses	2,167,188	18,305	2,185,493

17. GENERAL AND ADMINISTRATIVE

	2019	2018
	\$	\$
Management and consulting fees	298,885	370,318
Director's fees	56,250	18,750
Professional fees	300,017	354,636
Marketing and industry involvement	160,199	153,331
Insurance	40,029	63,902
Travel and other expenses	71,674	98,181
Regulatory fees	23,892	26,512
General and administrative	950,946	1,085,630

18. SHORT FORM PROSPECTUS EXPENSES

A preliminary short form prospectus was filed on February 14, 2018 pursuant to which the Corporation proposed to complete, on a best efforts basis, a public offering of common shares upon terms to be determined in the context of the market. On April 12, 2018, the Corporation announced that it withdrew the preliminary prospectus. For 2018, the Corporation incurred professional fees and expenses related to this short form prospectus for an amount of \$322,701.

19. FINANCE COSTS

	2019	2018
	\$	\$
Accretion expense - environmental monitoring provision	8,980	10,882
Change in estimates - environmental monitoring provision	(2,110)	(667)
Finance costs	6,870	10,215

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

20. INCOME TAXES

Tax expense differs from the amount computed by applying the combined Canadian Statutory and Greenlandic income tax rates, applicable to the Corporation, to the loss before income taxes due to the following:

	2019	2018
	\$	\$
Net loss before income taxes	(5,102,105)	(4,023,320)
Income tax rates	26.5%	26.5%
Income tax recovery based on Canadian statutory and Greenlandic income tax rates	(1,352,058)	(1,066,180)
Increase (decrease) attributable to:		
Non deductible expenses	154,345	117,175
Difference in statutory tax rate	(132,014)	(84,278)
Changes in unrecognized deferred tax assets	1,329,727	1,033,283
Tax recovery	-	-

The analysis of the Corporation's deferred tax assets and liabilities as at December 31, 2019 and 2018 is as follows:

	2019	2018
	\$	\$
Deferred tax assets (liabilities):		
Deferred share issuance costs	(8,816)	-
Property and equipment	(11,765)	(20,193)
Non-capital losses	20,581	20,193
	-	-

The Corporation has recorded deferred income tax assets to the extent that it is probable that sufficient taxable income will be realized during the carry-forward period to utilize these net future tax assets.

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the consolidated statement of financial position as at December 31, 2019 are as follows:

	As at December 31, 2019
Greenland	\$
Non-capital losses carry forwards	10,640,242

As the Corporation is a mineral licence holder, the non-capital losses in Greenland have no expiration dates.

	As at December 31, 2019
Canada	\$
Non-capital losses carry forwards expiring in 2038	931,764
Non-capital losses carry forwards expiring in 2039	1,272,338
Non-capital losses carry forwards expiring in 2040	1,210,346

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

21. NET LOSS PER SHARE

The calculation of basic and diluted net loss per share for the year ended December 31, 2019, was based on the net loss attributable to shareholders of \$5,102,106 (\$4,023,320 for the year ended December 31, 2018) and the weighted average number of common shares outstanding for the year ended December 31, 2019 of 64,529,667 (53,734,961 for the year ended December 31, 2018). As a result of the net loss for the years ended December 31, 2019 and 2018, all potentially dilutive common shares are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

22. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Corporation's key management are the members of the board of directors, the President and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Vice-President Exploration, the Vice-President Operations and Logistic and the Corporate Secretary. Key management compensation is as follows:

	2019	2018
	\$	\$
Short-term benefits		
Management and consulting fees	298,885	370,318
Professional fees included in the deferred share issuance costs	9,638	-
Professional fees	59,783	41,963
Professional fees included in the short form prospectus expenses	-	12,712
Professional fees included in the E&E expenses	76,680	48,683
Salaries and benefits included in E&E expenses	-	10,891
Director's fees	56,250	18,750
Long-term benefits		
Stock-based compensation (note 13)	572,000	429,000
Total compensation	1,073,236	932,317

The compensation of the Corporate Secretary is charged through FBC BA for \$50,099 for 2019 (\$45,353 for 2018).

In addition to the amounts listed above in the compensation to key management, following are the related party transactions, in the normal course of operations:

- A company in which the President and Chief Executive Officer holds shares charged exploration work and equipment amounting to \$19,666 (\$99,079 in 2018);
- A firm in which a director is a partner charged legal professional fees for \$15,350 (\$10,121 in 2018);
- A company controlled by an officer charged accounting professional fees of \$127,180 (\$113,518 in 2018) for her staff;
- A company controlled by an officer (appointed July 9, 2019) charged engineering professional fees of \$186,720 for his staff (nil in 2018). The officer is the son of a director;
- Two engineering consultants (both the sons of a director and the brothers of an officer), have been paid \$77,365 (nil in 2018).
- A company controlled by a director charged engineering professional fees of \$62,213 (nil in 2018);
- The Vice-President Operations and Logistic ceased to be a member of management on January 1, 2019 and has signed a consulting agreement on the same date. No charges were invoiced in 2019 (\$91,293 in 2018);
- As at December 31, 2019, the balance due to those related parties listed above and in the compensation to key management amounted to \$144,063 (\$40,972 as at December 31, 2018).

Following are the related party transactions, outside of the normal course of operations:

- Directors and officers of the Corporation participated in the June 28, 2019 private placement for \$508,126 (\$182,514 in 2018) while AEX Gold Limited participated for nil (\$550,000 in 2018). The directors and officers as well as AEX Gold Limited subscribed to the private placements in 2019 and 2018 under the same terms and conditions set forth all subscribers.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

22. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'D)

- Key management are subject to employment or consulting agreements which provide for payments on termination, without cause or following a change of control, providing for payments up to twice base salary or consulting fees.

23. FINANCIAL INSTRUMENTS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments, for speculative purposes. The Corporation's main financial risks exposure and its financial policies are described below.

23.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and escrow account for environmental monitoring are exposed to credit risk. Management believes the credit risk on cash and escrow account for environmental monitoring is small because the counterparties are chartered Canadian and Greenlandic banks.

23.2 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its exploration and operating obligations and cash on hand. The Corporation anticipates seeking additional financing in order to fund general and administrative costs and exploration and evaluation costs. The Corporation' options to enhance liquidity include the issuance of new equity instruments or debt (refer to note 1 for going concern discussion).

The following table summarizes the carrying amounts and contractual maturities of financial liabilities:

	As at December 31, 2019	As at December 31, 2018	
	Trade and other payables	Trade and other payables	Payables to shareholders
	\$	\$	\$
Within 1 year	471,069	109,918	8,234
1 to 5 years	-	-	-
Total	471,069	109,918	8,234

23.3 Currency risk

As at December 31, 2019, a portion of the Corporation's transactions are denominated in DKK, Euros, US\$ and British Pounds (GBP) to the extent such currencies are different from the relevant group entities' functional currency.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(In Canadian Dollars, except as otherwise noted)

23. FINANCIAL INSTRUMENTS (CONT'D)

The Corporation had the following balances in currencies:

As at December 31, 2019	In DKK	In Euros	In US\$	In GBP
Cash	272,320	209	752	-
Escrow account for environmental monitoring	2,646,497	-	-	-
Prepaid expenses and others	257,592	-	-	-
Trade and other payables	(726,684)	-	-	(49,223)
Payables to shareholders	-	-	-	-
Environmental monitoring provision ⁽¹⁾	(895,125)	-	-	-
	1,554,600	209	752	(49,223)
Exchange rate	0.1954	1.4597	1.3016	1.7161
Equivalent to CAD	303,769	305	979	(84,472)

⁽¹⁾ The provision is not a financial instrument but is considered a DKK exposure for currency risk management purposes.

Based on the above net exposures as at December 31, 2019, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the DKK, Euro, US\$ and GBP by 10% would decrease/increase profit or loss by \$22,059.

As at December 31, 2018	In DKK	In Euros	In US\$	In GBP
Cash	240,818	6,953	8,634	-
Escrow account for environmental monitoring	2,789,997	-	-	-
Prepaid expenses and others	4,541	-	-	-
Trade and other payables	(147,677)	(4,373)	-	(12,387)
Payables to shareholders	-	-	(680)	(4,744)
Environmental monitoring provision ⁽¹⁾	(1,003,881)	-	-	-
	1,883,798	2,580	7,954	(17,131)
Exchange rate	0.2089	1.5598	1.3630	1.7357
Equivalent to CAD	393,525	4,024	10,841	(29,734)

⁽¹⁾ The provision is not a financial instrument but is considered a DKK exposure for currency risk management purposes.

Based on the above net exposures as at December 31, 2018, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the DKK, Euro, US\$ and GBP by 10% would decrease/increase profit or loss by \$37,866.

23.4 Fair value risk

Fair value estimates are made at the consolidated statement of financial position date, based on relevant market information and other information about financial instruments. As at December 31 2019, the Corporation' financial instruments are cash, escrow account for environmental monitoring and trade and other payables. For all the financial instruments, the amounts reflected in the consolidated statement of financial position are carrying amounts and approximate their fair values due to their short-term nature.



AEX Gold Inc.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017



Independent auditor's report

To the Shareholders of AEX Gold Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of AEX Gold Inc. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502

"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Marc-Stéphane Pennee.

PricewaterhouseCoopers LLP¹

Montréal, Quebec
April 17, 2019

¹ CPA auditor, CA, public accountancy permit No. A123642

AEX Gold Inc.
Consolidated Statements of Financial Position

As at December 31, 2018 and 2017
(In Canadian Dollars)

	Notes	As at December 31, 2018 \$	As at December 31, 2017 \$
ASSETS			
Current assets			
Cash		963,788	1,465,277
Escrow account for environmental monitoring	5	209,695	138,386
Sales tax receivable		9,285	18,849
Prepaid expenses and others		22,280	56,697
Total current assets		1,205,048	1,679,209
Non-current assets			
Escrow account for environmental monitoring	5	373,091	505,131
Mineral properties	6	35,869	29,535
Property and equipment	7	348,813	160,108
Total non-current assets		757,773	694,774
TOTAL ASSETS		1,962,821	2,373,983
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		109,918	273,825
Payables to shareholders	8	8,234	16,456
Current portion of environmental monitoring provision	9	209,695	138,386
Total current liabilities		327,847	428,667
Non-current liabilities			
Environmental monitoring provision	9	-	134,687
Total non-current liabilities		-	134,687
Total liabilities		327,847	563,354
Equity			
Capital stock	11	10,058,355	6,696,759
Warrants	12	321,788	273,889
Contributed surplus		956,800	518,630
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(9,665,197)	(5,641,877)
Total equity		1,634,974	1,810,629
TOTAL LIABILITIES AND EQUITY		1,962,821	2,373,983

Going concern 1

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

(s) Eldur Ólafsson

Eldur Ólafsson
Director

(s) George Fowlie

George Fowlie
Director

AEX Gold Inc.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2018 and 2017

(In Canadian Dollars)

	Notes	2018	2017
		\$	\$
Expenses			
Exploration and evaluation expenses	16	2,185,493	2,808,517
General and administrative	17	1,085,630	1,212,237
Stock-based compensation	13	438,170	518,630
Short form prospectus expenses	18	322,701	-
Foreign exchange gain		(8,249)	(52,958)
Operating loss		4,023,745	4,486,426
Other expenses (income)			
Interest income		(10,640)	(3,629)
Finance costs	19	10,215	7,152
Net loss		(4,023,320)	(4,489,949)

Other comprehensive loss that may not be reclassified subsequently to net loss:

Exchange rate differences on translation from functional to presentation currency		-	(2,823)
Other comprehensive loss		-	(2,823)
Comprehensive loss		(4,023,320)	(4,492,772)

Weighted average number of common shares outstanding - basic and diluted		53,734,961	43,333,821
Basic and diluted loss per common share	21	(0.08)	(0.10)

The accompanying notes are an integral part of these consolidated financial statements.

AEX Gold Inc.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(In Canadian Dollars)

	Notes	Number of common shares outstanding	Capital stock	Warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance, January 1, 2017	1.1	35,657,869	1,088,160	-	224,562	27,145	(1,151,928)	187,939
Net loss		-	-	-	-	-	(4,489,949)	(4,489,949)
Other comprehensive loss		-	50,756	-	10,338	(63,917)	-	(2,823)
Comprehensive loss		-	-	-	-	-	-	(4,492,772)
Share issuance in consideration of cash		1	1	-	-	-	-	1
Share issuance in consideration of conversion of debt	10	342,130	171,065	-	-	-	-	171,065
Share issuance in initial public offering ("IPO")	10	13,592,500	6,796,250	-	-	-	-	6,796,250
Pre-IPO Reorganization	10	-	234,600	-	(234,600)	-	-	-
Warrants issuance in IPO	12	-	(273,889)	273,889	-	-	-	-
Stock-based compensation	13	-	-	-	518,330	-	-	518,330
Share issuance costs		-	(1,370,184)	-	-	-	-	(1,370,184)
Balance, December 31, 2017		49,592,500	6,696,759	273,889	518,630	(36,772)	(5,641,877)	1,810,629
Balance, January 1, 2018		49,592,500	6,696,759	273,889	518,630	(36,772)	(5,641,877)	1,810,629
Net and comprehensive loss		-	-	-	-	-	(4,023,320)	(4,023,320)
Share issuance under private placements	11	8,195,999	3,503,990	-	-	-	-	3,503,990
Warrants issuance under a private placement	12	-	(47,899)	47,899	-	-	-	-
Share issuance costs	12	-	(94,495)	-	-	-	-	(94,495)
Stock-based compensation	13	-	-	-	438,170	-	-	438,170
Balance, December 31, 2018		57,788,499	10,058,355	321,788	956,800	(36,772)	(9,665,197)	1,634,974

The accompanying notes are an integral part of these consolidated financial statements.

AEX Gold Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017
(In Canadian Dollars)

	Notes	2018 \$	2017 \$
Operating activities			
Net loss		(4,023,320)	(4,489,949)
Adjustments for:			
Depreciation	7	114,593	32,021
Stock-based compensation	13	438,170	518,330
Finance costs	19	10,215	7,152
Payment from cash held in escrow account for environmental monitoring	5	(85,015)	(10,036)
Escrow account for environmental monitoring	9	85,015	10,036
Foreign exchange gain		(8,623)	(32,654)
		(3,468,965)	(3,965,100)
Changes in non-cash working capital items:			
Sales tax receivable		9,564	(18,849)
Prepaid expenses and others		29,611	(51,217)
Trade and other payables		(145,967)	141,326
Payables to shareholders		(8,222)	5,119
		(115,014)	76,379
Cash flow used in operating activities		(3,583,979)	(3,888,721)
Investing activities			
Acquisition of mineral properties	6	(6,334)	(27,768)
Acquisition of property and equipment	7	(303,298)	(192,129)
Cash flow used in investing activities		(309,632)	(219,897)
Financing activities			
Share issuance	11	3,503,990	6,796,251
Share issuance costs		(110,743)	(1,353,936)
Loans from shareholders	8	-	254,233
Reimbursement of loans from shareholders	8	-	(254,233)
Cash flow from financing activities		3,393,247	5,442,315
Net change in cash before effects of exchange rate changes on cash		(500,364)	1,333,697
Effects of exchange rate changes on cash		(1,125)	(5,742)
Net change in cash		(501,489)	1,327,955
Cash, beginning		1,465,277	137,322
Cash, ending		963,788	1,465,277
Supplemental cash flow information			
Interest received		10,640	3,629
Net decrease in investing activities including in trade and other payables		-	16,665
Share issuance costs included in trade and other payables		-	21,048
Share issuance costs included in prepaid expenses and others		-	4,800
Share issued in payment of payables and loans to shareholders		-	171,065

The accompanying notes are an integral part of these consolidated financial statements.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

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

AEX Gold Inc. (the "Corporation") (previously known as Alopex Gold Inc.) was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's head office is situated at 123 Front Street West, suite 905, Toronto, Ontario, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It owns interests in properties located in Greenland. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the AEX ticker.

These consolidated financial statements ("Financial Statements") were reviewed and authorized for issue by the Board of Directors on April 17, 2019.

1.1 Basis of presentation and consolidation

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 IPO of the Corporation on the Exchange completed on July 13, 2017 (Note 10). 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. These Financial Statements 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.

Control is defined by the authority to direct the financial and operating policies of a business in order to obtain benefits from its activities. The amounts presented in the consolidated financial statements of subsidiary have been adjusted, if necessary, so that they meet the accounting policies adopted by the Corporation.

Profit or loss or other comprehensive loss of subsidiary set up, acquired or sold during the year are recorded from the actual date of acquisition or until the effective date of the sale, if any. All intercompany transactions, balances, income and expenses are eliminated at consolidation.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

1.2 Going concern

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

The Corporation recorded a loss of \$4,023,320 for 2018 (\$4,489,949 for 2017) and has an accumulated deficit of \$9,665,197 as at December 31, 2018 (\$5,641,877 as at December 31, 2017). 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 discussed in Note 6 and pay general and administration costs. As at December 31, 2018, the Corporation had a working capital of \$877,201 (\$1,250,542 as at December 31, 2017). These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

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

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. The completion in 2017 of the IPO of the Corporation discussed in Note 10 and of the private placements in May and October 2018, contributed to such financing. While Management has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these Financial Statements and this could have a significant impact on the financial position of the Corporation, its financial performance and its cash flows.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of measurement

The Financial Statements have been prepared on the historical cost basis.

2.2 Functional and presentation currency – Foreign currency transactions

The functional and presentation currency is Canadian dollars ("CAD"). The functional currency of Nalunaq A/S was Danish Krone ("DKK") up until June 30, 2017 and it was changed thereafter to CAD. The functional currency of Nalunaq A/S is determined using the currency of the primary economic environment in which the entity evolves and using the currency which is more representative of the economic effect of the underlying financings, transactions, events and conditions.

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the net profit or loss.

Until June 30, 2017, for presentation purposes, the results of operations are translated to CAD at an appropriate average rate of exchange during the year and are included in net profit or loss. The assets, liabilities, capital stock and contributed surplus are translated to CAD at rates of exchange in effect at the end of the period. Gains or losses arising on translation to the presentation currency for assets, liabilities, capital stock and contributed surplus to CAD at period end are recognized in other comprehensive loss as a foreign currency translation adjustment.

When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive loss as part of the gain or loss on sale.

2.3 Mineral properties and exploration and evaluation expenses

Mineral properties include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

All costs incurred prior to obtaining the legal rights to undertake exploration and evaluation on an area of interest are expensed as incurred.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Mining rights are recorded at acquisition cost or at its recoverable amount in the case of a devaluation caused by an impairment of value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production. Proceeds from the sale of mineral properties are applied as a reduction of the related carrying costs and any excess or shortfall is recorded as a gain or loss in the consolidated statement of comprehensive loss.

Exploration and evaluation expenses ("E&E expenses") also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Generally, expenditures relating to exploration and evaluation activities are expensed as incurred. Capitalization of E&E expenses commences when a mineral resource estimate has been obtained for an area of interest.

E&E expenses include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for Corporation' mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a mine project moves into the development phase, E&E expenses are capitalized to mine development costs. An impairment test is performed before reclassification and any impairment loss is recognized in the consolidated statement of comprehensive loss.

E&E include overhead expenses directly attributable to the related activities.

The Corporation has taken steps to verify the validity of title to mineral properties on which it is conducting exploration activities and is acquiring interests in accordance with industry standards that apply to the current stage of exploration and evaluation of such property. However, these procedures do not guarantee the Corporation' title, as property title may be subject to unregistered prior agreements, aboriginal claims or noncompliance with regulatory requirements.

2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Vehicles and rolling stock	3 years
Field equipment and base camp related to exploration and evaluation activities	3 years

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation of property and equipment, if related to exploration activities, is expensed consistently with the policy for exploration and evaluation expenses. For those which are not related to exploration and evaluation activities, depreciation expense is recognized directly in the consolidated statement of comprehensive loss.

Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the consolidated statement of comprehensive loss.

2.5 Impairment of non-financial assets

Mineral properties and property and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Mineral properties and property and equipment are reviewed by area of interest. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.6 Environmental monitoring provision

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Corporation is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials and environmental monitoring. The Corporation may be found to be responsible for damage caused by prior owners and operators of its unproven mineral interests and in relation to interests previously held by the Corporation.

On initial recognition, the estimated net present value of a provision is recorded as a liability and a corresponding amount is added to the capitalized cost of the related non-financial asset or charged to consolidated statement of comprehensive loss if the property has been written off. Discount rates using a pre-tax rate that reflects the time value of money and the risk associated with the liability are used to calculate the net present value. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation.

2.7 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the date of the consolidated statement of financial position.

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the consolidated statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.8 Equity

Capital stock represents the amount received on the issue of shares. Options represents the charges related to stock options until they are exercised. Contributed surplus includes charges related to stock options that are expired and not exercised. Contributed surplus also includes contributions from shareholders. Deficit includes all current and prior period retained profits or losses and share issue expenses.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

2.9 Interest income

Interest income from financial assets is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.10 Stock-based compensation

Employees and consultants of the Corporation may receive a portion of their compensation in the form of share-based payment transactions, whereby employees or consultants render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at fair value of the share-based payment. The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Corporation's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2.11 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. During 2018 and 2017, all the outstanding common share equivalents were anti-dilutive.

2.12 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques.

2.12.1 Financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Amortized cost:

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and escrow account for environmental monitoring are classified within this category.

Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement comprehensive loss.

2.12.2 Financial liabilities

A financial liability is derecognized when extinguished, discharged, terminated, cancelled or expired.

Financial liabilities measured at amortized cost

Trade and other payables and payables to shareholders are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

2.12.3 Impairment of financial assets

Amortized cost:

At each reporting date, the Corporation assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Segment disclosures

The Corporation operates in one industry segment, being the acquisition, exploration and evaluation of mineral properties. All of the Corporation's activities are conducted in Greenland.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Accounting standards issued but not yet effective

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date of later than January 1, 2019. All of these updates are not relevant to the Corporation and are therefore not discussed herein.

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of these 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 exercised in applying accounting policies with the most significant effect on the amounts recognized in the Financial Statements are described below.

JUDGMENTS

4.1 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future cash flows from operations and events that are believed to be reasonable under the circumstances.

4.2 Impairment of mineral properties

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral properties requires Management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the mineral properties is unlikely to be recovered in full from successful development or by sale.

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4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, Management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

4.3 Recognition of deferred income tax assets and the measurement of income tax expense

Periodically, the Corporation evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of the deferred tax assets will fail to be realized, the Corporation records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires Management to make significant judgment.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain.

4.4 Determination of functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", Management determined that the functional currency of the Corporation and its subsidiary is the Canadian dollar.

ESTIMATES AND ASSUMPTIONS

4.5 Environmental monitoring costs

The provisions for environmental monitoring costs are based on estimated future costs using information available at the financial reporting date. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of reparation and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the provision. At the date of the consolidated statement of financial position, environmental monitoring costs represent Management's best estimate of the charge that will result when the actual obligation is terminated.

5. ESCROW ACCOUNT FOR ENVIRONMENTAL MONITORING

On behalf of Nalunaq's licence holder, an escrow account has been set up with the holder of the licence as holder of the account and the Government of Greenland as beneficiary. The funds in the escrow account have been provided in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq mine.

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5. ESCROW ACCOUNT FOR ENVIRONMENTAL MONITORING (CONT'D)

	2018	2017
	\$	\$
Balance beginning	643,517	617,213
Effect of translation	24,284	36,340
Payment for environmental monitoring work	(85,015)	(10,036)
Balance ending	582,786	643,517
Non-current portion – escrow account for environmental monitoring	(373,091)	(505,131)
Current portion – escrow account for environmental monitoring	209,695	138,386

6. MINERAL PROPERTIES

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

	As at December 31, 2016	Effect of translation	Additions	As at December 31, 2017
	\$	\$	\$	\$
Nalunaq	1	-	-	1
Tartoq	17,617	814	-	18,431
Vagar	-	-	11,103	11,103
Total mineral properties	17,618	814	11,103	29,535

6.1 Nalunaq

Nalunaq A/S holds the gold exploitation licence number 2003/05 on the Nalunaq property (the “Nalunaq Licence”) located in South West Greenland. The licence expires in April 2033 with an extension possible up to 50 years.

6.1.1 Collaboration agreement and project schedule

Cyrus Capital Partners LP was the main creditor of Angel Mining PLC, the parent company of Angel Mining (Gold) A/S. Angel Mining PLC went into administration in February 2013 and as part of the Administrator’s restructuring process, FBC Mining (Holdings) Ltd. (“FBC Mining”) and Arctic Resources Capital S.à r.l. (“ARC”) agreed to enter into a collaboration agreement (“Collaboration Agreement”) (signed July 15, 2015) to progress the Nalunaq exploration project. FBC Mining is a 100% subsidiary of FBC Holdings S.à r.l. which is managed by Cyrus Capital Partners LP.

In addition, ARC, FBC Mining and AEX Gold Limited (previously known as FBC Mining (Nalunaq) Limited) (a 100% subsidiary of FBC Mining) signed on July 17, 2015 the Nalunaq project schedule (“2015 Project Schedule”) which was continued following the signature with Nalunaq A/S on March 31, 2017 of the 2016-2017 Nalunaq Project Schedule (“2016-2017 Project Schedule”), (collectively “Project Schedules”). Under the Project Schedules, the following collaboration conditions are defined:

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6. MINERAL PROPERTIES (CONT'D)

- a) ARC shall undertake an exploration program in the summer of 2015.
- b) The activities will consist of progressing the work programs approved by the Mineral Licence and Safety Authority in Greenland ("MLSA") in respect of the Nalunaq Licence in 2015 and 2016, providing assistance as may be required in connection with the IPO and manage Nalunaq A/S.
- c) The Project Schedules are in effect up to the earliest of i) the completion of the IPO, ii) June 30, 2017 and iii) the date on which the 2016-2017 Project Schedule is terminated in accordance with the Collaboration Agreement.

In preparation for the Pre-IPO Reorganization, an agreement was signed on May 30, 2017 between ARC, AEX Gold Limited, FBC Mining and Nalunaq A/S whereby the 2016-2017 Project Schedule effective date was extended up to July 31, 2017.

Finally, the conditions relating to a processing plant located on the Nalunaq Licence ("Processing Plant") and a royalty payment were outlined in the 2015 Project Schedule and formalized in the processing plant and royalty agreement ("Processing Plant and Royalty Agreement") signed on March 31, 2017 and the conditions are as follows:

- a) AEX Gold Limited transfers the Processing Plant to Nalunaq A/S under the following conditions:
 - i) An initial purchase price of US\$1;
 - ii) A deferred consideration of US\$1,999,999 ("Deferred Consideration") on a pay as you go basis until the Deferred Consideration is paid in full. If only part of the Processing Plant is used, then the Deferred Consideration payable shall be reduced by an amount to be agreed by the parties to reflect the value of the part of the Processing Plant used.
 - iii) The Deferred Consideration may be reduced to the extent that the Processing Plant or any part which is being used requires repairs, is not in good working conditions or will not be capable of doing the work for which it was designed.
 - iv) Nalunaq A/S may dispose or otherwise deal with the Processing Plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received, that disposal proceeds shall be paid to AEX Gold Limited and such amount shall be deemed to be Deferred Consideration. If there are any disposal proceeds remaining after the Deferred Consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.
- b) Nalunaq A/S shall pay to AEX Gold Limited a 1% royalty on Nalunaq A/S' net revenue generated on the Nalunaq Licence (total revenue minus production, transportation and refining costs), provided that in respect to the last completed calendar year, the operating profit per ounce of gold exceeded US\$500. The cumulative royalty payments over the life of mine are capped at a maximum of US\$1,000,000.

6.1.2 Government of Greenland royalty

The Nalunaq Licence and subsequent Addendums does not have a royalty clause. However, according to the Addendum 3 of the *Mineral Resources Act* enacted on July 1, 2014, the Greenland Government may set terms on the licensee's payment of royalty or consideration, if the Greenland Government and the licensee agree, since the Nalunaq Licence was granted before July 1, 2014. Nalunaq A/S may have to pay to the Government of Greenland a sales royalty of up to 2.5% of the value of the minerals. Nalunaq A/S may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against the sales royalty to be paid.

6.1.3 Exploration commitments and exploitation milestones

Under Addendum No. 2 of the Nalunaq Licence dated March 2016 and as subsequently amended with Addendum No. 3 dated May 2016, Nalunaq A/S is committed to perform exploration activities for an estimated amount of US\$1,750,000 in 2016 and US\$9,600,000 from January 1, 2017 to December 31, 2018, for a total of US\$11,350,000.

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6. MINERAL PROPERTIES (CONT'D)

On March 27, 2017, the MLSA confirmed that the Government of Greenland had approved that the outstanding exploration obligation initially scheduled to be incurred by December 31, 2016 (sub period 2) be carried forward to the ensuing licence period. As a result, Nalunaq A/S is committed to perform specific exploration activities stated in Addendum No. 3 and as subsequently confirmed with Addendum No. 4 (dated June 2017 which was signed by the Government of Greenland and therefore became effective on December 5, 2017) totaling an estimated amount of US\$10,259,000 by no later than December 31, 2018 (sub period 3). This US\$10,259,000 takes into account the Addendum No. 3 obligation totaling an estimated amount of US\$11,350,000 less the US\$1,091,000 expenditures of 2016 calculated in line with the MLSA guidelines. For the purpose of crediting expenditures for MLSA purposes, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. In the event the additional exploration expenditures totaling an estimated amount of US\$10,259,000 are not made by December 31, 2018, Nalunaq A/S would request a rollover of any unspent amount to the next period (sub period 4), subject to approval from the MLSA. 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. Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice.

No later than December 31, 2019, the licensee shall submit a report on a bankable feasibility study, prepare an environmental impact assessment and social impact assessment and by December 31, 2020, perform an impact benefit agreement. The time limit for commencement of exploitation is January 1, 2021.

6.2 Tartoq

6.2.1 Purchase of the Tartoq Licence

Nalunaq A/S signed on July 6, 2016 a sale and purchase agreement, to purchase from Nanoq Resources Ltd. the Tartoq exploration licence number 2015/17 located in Southwest Greenland, for a total consideration of \$7,221. The licence expires December 31, 2019 with a possible 5 year extension.

6.2.2 Exploration commitments

Under the exploration licence, Nalunaq A/S shall complete DKK 959,340 of exploration activities in 2017, adding the non-fulfilled exploration obligation 2016 of DKK 105,587, for a total of DKK 1,064,927 (\$222,446 using the exchange rate as at December 31, 2018) exploration obligation in 2017. For the purpose of crediting expenditures against the amounts set forth in the Tartoq Licence, 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. Based on the December 31, 2017 expense report submitted to the MLSA for their approval, Nalunaq A/S estimates it has met the 2016 and 2017 exploration obligation. For 2018, Nalunaq A/S is required to expense a total of DKK 972,720 (\$203,186 using the exchange rate as at December 31 2018) on exploration activities. Nalunaq A/S has submitted its statements of expenses for the Tartoq exploration licence for the 2018 year to the MLSA and is now awaiting confirmation from the MLSA regarding a rollover of the exploration commitment to the subsequent period.

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6. MINERAL PROPERTIES (CONT'D)

6.3 Naalagaaffiup Portornga (Land Adjacent to Existing Tartoq Licence)

6.3.1 Purchase of the Naalagaaffiup Portornga Licence

The Corporation has acquired 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 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 Greenland authorities.

6.3.2 Exploration commitments

The exploration commitment for this new exploration Licence is DKK 445,500 (\$93,058 using the exchange rate as at December 31, 2018) in 2018. For the purpose of crediting expenditures against the amounts set forth in the Naalagaaffiup Portornga Licence, 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 has submitted its statements of expenses for the Naalagaaffiup Portornga exploration licence for the 2018 year to the MLSA and is now awaiting confirmation from the MLSA regarding a rollover of the exploration commitment to the subsequent period.

6.4 Vagar

6.4.1 Purchase of the 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). Upon the approval of the Greenland authorities received 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. The licence expires December 31, 2021.

6.4.2 Exploration commitments

For the Vagar Licence the exploration commitment for 2018 is nil as confirmed in Addendum No. 7 to the Vagar Licence signed by the Corporation on January 22, 2018 which became effective upon the Greenland authorities executing the document on February 19, 2018.

6.5 Genex

On October 16, 2017, Nalunaq A/S was awarded a prospecting licence number 2017/45 covering West Greenland, in this context defined as areas south of 78°N and west of 44°W. 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.

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7. PROPERTY AND EQUIPMENT

	Exploration and evaluation		Total
	Field equipment and base camp	Vehicles and rolling stock	
	\$	\$	\$
2017			
Opening net book value	-	-	-
Additions	20,000	172,129	192,129
Depreciation	(3,333)	(28,688)	(32,021)
Closing net book value	16,667	143,441	160,108
As at December 31, 2017			
Cost	20,000	172,129	192,129
Accumulated depreciation	(3,333)	(28,688)	(32,021)
Closing net book value	16,667	143,441	160,108
2018			
Opening net book value	16,667	143,441	160,108
Additions	187,361	115,937	303,298
Depreciation	(37,894)	(76,699)	(114,593)
Closing net book value	166,134	182,679	348,813
As at December 31, 2018			
Cost	207,361	288,066	495,427
Accumulated depreciation	(41,227)	(105,387)	(146,614)
Closing net book value	166,134	182,679	348,813

Depreciation of property and equipment related to exploration and evaluation properties is being recorded in exploration and evaluation expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$114,593 (\$32,021 – 2017) was expensed as exploration and evaluation expenses in 2018.

8. PAYABLES TO SHAREHOLDERS

Amounts payable to shareholders for cost recoveries related to management and professional services are detailed as follow:

	As at December 31, 2018	As at December 31, 2017
	\$	\$
Shareholders payables		
FBC Mining (BA) Ltd.	8,234	16,456
	8,234	16,456

FBC Mining BA Ltd. ("FBC BA") is a subsidiary of FBC Mining (75%) and ARC (25%). Amounts due to shareholders are unsecured, non-interest bearing.

On March 1, 2017, March 30, 2017, April 10, 2017 and April 19, 2017, Nalunaq A/S signed loan agreements with ARC and FBC BA whereby ARC and FBC BA agreed to make available US\$80,000 (\$103,849) and US\$106,707 (\$138,518) respectively to Nalunaq A/S. The loans bore no interest and were payable in one installment upon request when Nalunaq A/S has sufficient cash reserves. Nalunaq A/S reimbursed all shareholders loans in the month of August 2017.

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9. ENVIRONMENTAL MONITORING PROVISION

	2018	2017
	\$	\$
Balance beginning	273,073	260,484
Effect of translation	11,422	15,473
Payment from cash held in escrow account for environmental monitoring	(85,015)	(10,036)
Accretion expense	10,882	11,350
Change in estimates	(667)	(4,198)
Balance ending	209,695	273,073
Non-current portion – environmental monitoring provision	-	(134,687)
Current portion – environmental monitoring provision	209,695	138,386

The estimated undiscounted cash flows required to settle the environmental monitoring obligations attached to the Nalunaq Licence are DKK 1,038,303 (\$216,885) as at December 31, 2018. Nalunaq A/S is reviewing, at each period, the amount and the expected timing of payment of the cash flows required to settle the obligations and adjusts the environmental monitoring provision accordingly. The key assumptions applied to determine the environmental monitoring provision is a discount rate of 4.99% (4.87% as at December 31, 2017) and the calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2019, the year as estimated in the environmental monitoring program produced for the Ministry of Environment and Nature of the Government of Greenland.

10. TRANSACTIONS EXECUTED, PRE-IPO REORGANIZATION AND INITIAL PUBLIC OFFERING

On June 26, 2017, ARC, AEX Gold Limited and the Corporation completed the Pre-IPO Reorganization. Pursuant to the Pre-IPO Reorganization, ARC transferred the shares of Nalunaq A/S held by ARC to its shareholders by way of a distribution in kind. Upon completion of such distribution, Nalunaq A/S issued 2 shares to ARC and 1 share to AEX Gold Limited in settlement of outstanding debt obligations in the aggregate amount of \$171,065 which was owed to them for advances made to fund the operations of Nalunaq A/S, and contemporaneously therewith, each of ARC, ARC's shareholders and AEX Gold Limited transferred all of their respective shares of Nalunaq A/S to the Corporation in exchange for an aggregate of 35,999,999 Shares of the Corporation. Nalunaq A/S thereby became a wholly-owned subsidiary of the Corporation. As of June 26, 2017 (without giving effect to the prospectus offering), ARC and its shareholders and AEX Gold Limited held 66.67% and 33.33%, respectively, of the issued and outstanding shares of the Corporation.

The final prospectus was filed on June 29, 2017 by the Corporation to qualify the IPO of a minimum of 10,000,000 common shares in the share capital of the Corporation (the "Shares"), for total gross proceeds to the Corporation of \$5,000,000, and a maximum of 20,000,000 Shares, for total gross proceeds to the Corporation of \$10,000,000, at a price of \$0.50 per share.

The IPO was made pursuant to the terms of an agency agreement dated June 29, 2017 (the "Agency Agreement") between the Corporation and Paradigm Capital Inc., acting as lead agent (the "Lead Agent") and Canaccord Genuity Corp. (together with the Lead Agent, the "Agents"). The Corporation has also agreed to pay the Lead Agent a work fee of \$15,000 per month for up to four months, commencing January 1, 2017 (the "Work Fee"). Any Work Fee payable shall be creditable against any Commission that becomes payable.

On July 13, 2017, the Corporation completed its IPO of 13,592,500 common shares at a price of \$0.50 per share (the "IPO share price") for aggregate gross proceeds of \$6,796,250.

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10. TRANSACTIONS EXECUTED, PRE-IPO REORGANIZATION AND INITIAL PUBLIC OFFERING (CONT'D)

The Agents received a commission of \$441,756 which represents 6.5% of the gross amount raised in the IPO. In addition, the Corporation issued 883,512 compensation, non-transferable share purchase warrants (each an "Agent Warrant") which represents 6.5% of the shares sold during the IPO. The Agent Warrants are exercisable at \$0.50 (the IPO share price) on or before July 13, 2020. The total cost of the Agent Warrant is \$273,889 which was recorded under warrants. The fair value of the Agent Warrants was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.38% risk-free interest rate and 3 years Agent Warrant expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

11. SHARE CAPITAL

11.1 Share Capital

The Corporation is authorized to issue an unlimited number of common voting shares and an unlimited number of preferred shares issuable in series, all without par value.

11.2 Private placements

a) May 2018

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 (note 22).

The Corporation incurred total issuance costs of \$136,644 of which \$88,745 was incurred in cash and \$47,899 was incurred through the issuance of the 184,227 non-transferable finders warrants. The fair value of the finders warrants of \$0.26 per finder warrant was determined using the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 1.99%, an expected stock price volatility of 100%, and an expected life of 2 years. The expected volatility was estimated by benchmarking comparable situations for companies that are similar to the Corporation.

b) October 2018

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. Share issue costs amounted to \$5,750. Insiders of the Corporation purchased an aggregate of 759,905 common shares for \$288,764 (note 22).

12. AGENT WARRANTS

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

	2018			2017		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
Balance, beginning	883,512	\$ 273,889	\$ 0.50	\$ -	\$ -	\$ -
Issued (notes 10&11)	184,227	47,899	0.45	883,512	273,889	0.50
Balance, end	1,067,739	321,788	0.49	883,512	273,889	0.50

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12. AGENT WARRANTS (CONT'D)

Agent and finders warrants outstanding and exercisable as at December 31, 2018 are as follows:

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

13. STOCK OPTIONS

Changes in stock options are as follow:

	2018		2017	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning	1,410,000	0.50	165	0.19
Granted	1,660,000	0.45	1,410,000	0.50
Expired	(50,000)	0.59	-	-
Exercised	-	-	(165)	0.19
Balance, end	3,020,000	0.47	1,410,000	0.50
Balance, end exercisable	3,020,000	0.47	1,372,500	0.50

Stock options outstanding and exercisable as at December 31, 2018 are as follows:

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

On July 6, 2016, Nalunaq A/S signed a service agreement with a consultant complemented with a share option agreement whereby Nalunaq A/S granted 165 share options at an exercise price of \$0.19 (DKK 1) per share option, with an expiry date of August 30, 2018. Notwithstanding, Nalunaq A/S is entitled to, instead of issuing shares, make a cash payment of \$77.87 (US\$ 59.88) per share option. As per an agreement signed on February 12, 2017, Nalunaq A/S paid in August 2017 \$12,728 (US\$9,735) to a consultant in lieu of issuing shares according to the consultant's July 6, 2016 share option agreement.

On July 13, 2017, the Corporation granted to its directors, officers and consultants 1,360,000 options exercisable at an exercise price of \$0.50, valid for 5 years. The options vest 100% at the grant date. Those options were granted at an exercise price equal to the shares issued as part of concurring IPO. Total stock-based compensation costs amount to \$503,200 for an estimated fair value of \$0.37 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.57% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

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13. STOCK OPTIONS (CONT'D)

On August 9, 2017, the Corporation granted to an investor relation firm 50,000 options exercisable at an exercise price of \$0.59, valid for 5 years. The options vest 25% every quarter from the grant date. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$22,000 for an estimated fair value of \$0.44 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.68% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

On August 22, 2018, the Corporation granted to its directors, officers and consultants 1,660,000 stock options exercisable at an exercise price of \$0.45, valid for 5 years. The stock options vest 100% at the grant date. Those options were granted at an exercise price over to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$431,600 for an estimated fair value of \$0.26 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 89.12% expected volatility, 2.18% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

14. CAPITAL MANAGEMENT

The capital of the Corporation consists of the items included in equity and balances thereof and changes therein are depicted in the consolidated statement of changes in equity. Refer to consolidated statement of changes in equity for explanations regarding changes to capital between December 31, 2018 and 2017.

The Corporation' objectives are to safeguard the Corporation' ability to continue as a going concern in order to pursue its acquisition, exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. As the Corporation does not have cash flow from operations, to maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts and to continue operations, the Corporation does not pay out dividends.

The Corporation is not subject to externally imposed restrictions on capital.

15. EMPLOYEE REMUNERATION

Salaries

	2018	2017
	\$	\$
Salaries	255,894	23,986
Director's fees	18,750	50,001
Benefits	26,188	216
	300,832	74,203
Less : salaries and benefits presented in E&E expenses	(282,082)	(24,202)
Salaries disclosed on the consolidated statement of comprehensive loss	18,750	50,001

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

16. EXPLORATION AND EVALUATION EXPENSES

2018	Nalunaq	Vagar	Total
	\$	\$	\$
Geology	408,419	-	408,419
Lodging and on-site support	556,922	-	556,922
Drilling	455,663	-	455,663
Analysis	55,798	3,709	59,507
Transport	423,877	5,235	429,112
Logistic support	144,217	-	144,217
Government fees	7,699	9,361	17,060
Depreciation	114,593	-	114,593
Exploration and evaluation expenses	2,167,188	18,305	2,185,493

2017	Nalunaq	Tartoq	Vagar	Genex	Total
	\$	\$	\$	\$	\$
Geology	423,623	111,957	-	-	535,580
Lodging and on-site support	340,518	17,099	-	-	357,617
Drilling	673,205	-	-	-	673,205
Analysis	56,952	7,968	458	-	65,378
Transport	391,979	53,647	-	-	445,626
Helicopter Charter	387,525	40	-	-	387,565
Logistic support	215,579	-	-	-	215,579
Supplies and equipment	46,100	1,606	-	-	47,706
Government fees	9,477	4,011	29,000	5,752	48,240
Depreciation	32,021	-	-	-	32,021
Exploration and evaluation expenses	2,576,979	196,328	29,458	5,752	2,808,517

17. GENERAL AND ADMINISTRATIVE

	2018	2017
	\$	\$
Management and consulting fees	370,318	378,751
Director's fees	18,750	50,001
Professional fees	354,636	344,544
Marketing and industry involvement	153,331	237,058
Insurance	63,902	61,469
Travel and other expenses	98,181	127,152
Regulatory fees	26,512	13,262
General and administrative	1,085,630	1,212,237

18. SHORT FORM PROSPECTUS EXPENSES

A preliminary short form prospectus was filed on February 14, 2018 pursuant to which the Corporation proposed to complete, on a best efforts basis, a public offering of common shares upon terms to be determined in the context of the market. On April 12, 2018, the Corporation announced that it withdrew the preliminary prospectus. For 2018, the Corporation incurred professional fees and expenses related to this short form prospectus for an amount of \$322,701.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

19. FINANCE COSTS

	2018	2017
	\$	\$
Accretion expense - environmental monitoring provision	10,882	11,350
Change in estimates - environmental monitoring provision	(667)	(4,198)
Finance costs	10,215	7,152

20. INCOME TAXES

Tax expense differs from the amount computed by applying the combined Canadian Statutory and Greenlandic income tax rates, applicable to the Corporation, to the loss before income taxes due to the following:

	2018	2017
	\$	\$
Net loss before income taxes	(4,023,320)	(4,489,949)
Income tax rates	27%	27%
Income tax recovery based on Canadian statutory and Greenlandic income tax rates	(1,066,180)	(1,189,836)
Increase (decrease) attributable to:		
Non deductible expenses	117,175	138,170
Difference in statutory tax rate	(84,278)	(114,992)
Changes in unrecognized deferred tax assets	1,033,283	1,166,658
Tax recovery	-	-

The Corporation has recorded deferred income tax assets to the extent that it is probable that sufficient taxable income will be realized during the carry-forward period to utilize these net future tax assets.

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the consolidated statement of financial position as at December 31, 2018 are as follows:

Greenland	As at December 31, 2018
	\$
Non-capital losses carry forwards	7,459,140

As the Corporation is a mineral licence holder, the non-capital losses in Greenland have no expiration dates.

Canada	As at December 31, 2018
	\$
Non-capital losses carry forwards expiring in 2038	965,032
Non-capital losses carry forwards expiring in 2039	1,530,498

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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21. NET LOSS PER SHARE

The calculation of basic and diluted net loss per share for the year ended December 31, 2018, was based on the net loss attributable to shareholders of \$4,023,320 (\$4,489,949 for the year ended December 31, 2017) and the weighted average number of common shares outstanding for the year ended December 31, 2018 of 53,734,961 (43,333,821 for the year ended December 31, 2017). As a result of the net loss for the years ended December 31, 2018 and 2017, all potentially dilutive common shares are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

22. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Corporation's key management are the members of the board of directors, the President and Chief Executive Officer, the Chief Financial Officer, the Vice-President Exploration, the Vice-President Operations and Logistic and the Corporate Secretary. Key management compensation is as follows:

	2018	2017
	\$	\$
Short-term benefits		
Management and consulting fees	370,318	377,955
Professional fees included in the share issuance costs	-	20,191
Professional fees	41,963	41,468
Professional fees included in the short form prospectus expenses	12,712	-
Professional fees included in the E&E expenses	48,683	123,008
Salaries and benefits included in E&E expenses	10,891	11,085
Director's fees	18,750	50,001
Long-term benefits		
Stock-based compensation (note 13)	429,000	499,500
Total compensation	932,317	1,123,208

The compensation of the Corporate Secretary is charged through FBC BA for \$45,353 for 2018 (\$69,967 for 2017).

From January 1, 2017 to April 30, 2017 (date of the termination of the agreement with ARC), ARC charged a fixed management fee of \$65,637 including management services from two directors and other services (nil in 2018).

In addition to the amounts listed above in the compensation to key management, following are the related party transactions, in the normal course of operations:

- A company in which the President and Chief Executive Officer (appointed April 28, 2017) holds shares charged exploration work and equipment amounting to \$99,079 (\$129,207 in 2017);
- A firm in which a director (appointed April 14, 2017) is a partner charged no legal professional fees through FBC BA in 2018 (\$11,761 in 2017) and directly to the Corporation for \$10,121 (\$5,169 in 2017);
- A company controlled by an officer (appointed on April 28, 2017) charged accounting professional fees of \$113,518 (\$85,553 in 2017) for her staff;
- As at December 31, 2018, the balance due to those related parties listed above and in the compensation to key management amounted to \$40,972 (\$45,173 as at December 31, 2017).

Following are the related party transactions, 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.
- Key management are subject to employment or consulting agreements which provide for payments on termination, without cause or following a change of control, providing for payments up to twice base salary or consulting fees.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

23. FINANCIAL INSTRUMENTS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments, for speculative purposes. The Corporation's main financial risks exposure and its financial policies are described below.

23.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and escrow account for environmental monitoring are exposed to credit risk. Management believes the credit risk on cash and escrow account for environmental monitoring is small because the counterparties are chartered Canadian and Greenlandic banks.

23.2 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its exploration and operating obligations and cash on hand. The Corporation anticipates seeking additional financing in order to fund general and administrative costs and exploration and evaluation costs. The Corporation's options to enhance liquidity include the issuance of new equity instruments or debt (refer to note 1 for going concern discussion).

The following table summarizes the carrying amounts and contractual maturities of financial liabilities:

	As at December 31, 2018		As at December 31, 2017	
	Trade and other payables	Payables to shareholders	Trade and other payables	Payables to shareholders
	\$	\$	\$	\$
Within 1 year	109,918	8,234	273,825	16,456
1 to 5 years	-	-	-	-
Total	109,918	8,234	263,747	16,456

23.3 Currency risk

As at December 31, 2018, a portion of the Corporation's transactions are denominated in DKK, Euros, US\$ and British Pounds (GBP) to the extent such currencies are different from the relevant group entities' functional currency.

The Corporation had the following balances in currencies:

As at December 31, 2018	In DKK	In Euros	In US\$	In GBP
Cash	240,818	6,953	8,634	-
Escrow account for environmental monitoring	2,789,997	-	-	-
Prepaid expenses and others	4,541	-	-	-
Trade and other payables	(147,677)	(4,373)	-	(12,387)
Payables to shareholders	-	-	(680)	(4,744)
Environmental monitoring provision ⁽¹⁾	(1,003,881)	-	-	-
	1,883,798	2,580	7,954	(17,131)
Exchange rate	0.2089	1.5598	1.3630	1.7357
Equivalent to CAD	393,525	4,024	10,841	(29,734)

⁽¹⁾ The provision is not a financial instrument but is considered a DKK exposure for currency risk management purposes.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(In Canadian Dollars, except as otherwise noted)

23. FINANCIAL INSTRUMENTS (CONT'D)

Based on the above net exposures as at December 31, 2018, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the DKK, Euro, US\$ and GBP by 10% would decrease/increase profit or loss by \$37,866.

As at December 31, 2017	In DKK	In Euros	In US\$	In GBP
Cash	303,129	1,415	(7)	-
Escrow account for environmental monitoring	3,187,667	-	-	-
Trade and other payables	(182,502)	(18,186)	(61,563)	(35,929)
Payables to shareholders	-	-	(13,112)	-
Environmental monitoring provision ⁽¹⁾	(1,352,670)	-	-	-
	1,955,624	(16,771)	(74,682)	(35,929)
Exchange rate	0.2019	1.5034	1.2551	1.6932
Equivalent to CAD	394,840	(25,214)	(93,733)	(60,835)

⁽¹⁾ The provision is not a financial instrument but is considered a DKK exposure for currency risk management purposes.

Based on the above net exposures as at December 31, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the DKK, Euro, US\$ and GBP by 10% would decrease/increase profit or loss by \$21,507.

23.4 Fair value risk

Fair value estimates are made at the consolidated statement of financial position date, based on relevant market information and other information about financial instruments. As at December 31 2018, the Corporation' financial instruments are cash, escrow account for environmental monitoring, trade and other payables and payables to shareholders. For all the financial instruments, the amounts reflected in the consolidated statement of financial position are carrying amounts and approximate their fair values due to their short-term nature.

PART VIII – TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR INVITED PLACEEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE TERMS AND CONDITIONS SET OUT AND REFERRED TO HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS WHO ARE (A) PERSONS IN THE UK OR IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE “QUALIFIED INVESTORS”, WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION 2017/1129/EU (THE “**PROSPECTUS REGULATION**”) AND (B) IF IN THE UK, PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN THE DEFINITION OF “INVESTMENT PROFESSIONALS” IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 AS AMENDED (THE “**ORDER**”) OR ARE PERSONS WHO FALL WITHIN THE DEFINITION OF “HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC” FALLING IN ARTICLE 49(2)(A) TO (D) OF THE ORDER AND (II) ARE “QUALIFIED INVESTORS” AS DEFINED IN SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“**FSMA**”) OR (C) PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS.

DISTRIBUTION OF THIS DOCUMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED OR PROHIBITED BY LAW. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO.

THESE TERMS AND CONDITIONS DO NOT THEMSELVES CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

The Placing Shares (which shall include any Placing Shares as represented by Depositary Interests) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offering of the Placing Shares is being made in the United States. Persons receiving this document (including custodians, nominees and trustees) must not forward, distribute, mail or otherwise transmit it in or into the United States.

THE PLACING SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE PLACING OR THE ACCURACY OF THIS DOCUMENT (INCLUDING THIS PART VIII). ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This document may only be distributed to, and is only addressed to and directed at, persons in Canada who are: (a) an “accredited investor” within the meaning of Section 1.1 of National Instrument 45-106 – Prospectus Exemptions (“**NI 45-106**”) of the Canadian Securities Administrators or subsection 73.3(1) of the Canadian Securities Act (Ontario) (“**OSA**”), as applicable, and is either purchasing the Placing Shares as principal for its own account, or is deemed to be purchasing the Placing Shares as principal for its own account in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (b) such person was not created or used solely to purchase or hold the Placing Shares as an accredited investor under NI 45-106; (c) entitled under applicable Canadian securities laws to purchase the Placing Shares without the benefit of a prospectus under such securities laws; and (d) if required by applicable Canadian securities laws, it will execute, deliver and file or assist the Company in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Placing Shares by it as may be required by any Canadian securities commission or other regulatory authority.

The offer and sale of the Placing Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws. Any resale of the Placing Shares into Canada must be made

in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Placing Shares outside of Canada.

There will be no public offering of the Placing Shares in Canada. This document does not contain all of the information that would normally appear in a prospectus under applicable Canadian securities laws. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Placing Shares. Any representation to the contrary is an offense. This document is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Placing Shares in Canada.

The Placing Shares will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Placing Shares or the Placing has been or will be issued, or has been or will be in the possession of any person for the purpose of the issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong). No person allotted Placing Shares in the Placing may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Placing Shares and the Placing. If you are in doubt about any contents of this document, you should obtain independent professional advice.

This document (including this Part VIII) does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not to be forwarded, distributed, mailed or otherwise transmitted in or into the United States, its territories or possessions, subject to certain limited exceptions. This document is not to be forwarded, distributed, mailed or otherwise transmitted in or into Australia, Japan, the Republic of South Africa and their respective territories and possessions (together, the “**Prohibited Territory**”) or to any national, resident or citizen of the Prohibited Territory or to any corporation, partnership or other entity created or organised under the laws thereof, or to any persons in any other country outside the UK, where such distribution, forwarding or transmission may lead to a breach of any legal or regulatory requirement. No action has been taken by Stifel Nicolaus Europe Limited (the “**Bookrunner**”), Cormark Securities Inc. (“**Cormark**”) or Paradigm Capital Inc. (“**Paradigm**”, together with Cormark, the “**Co-Managers**”), the Company nor any of their respective Affiliates that would permit an offer of the Placing Shares or possession or distribution of this document (including this Part VIII) or any other publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons receiving this document are required to inform themselves about and to observe any such restrictions.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this document (including this Part VIII) should seek appropriate advice before taking any action.

Any indication in this document of the price at which the Common Shares have been bought or sold in the past cannot be relied upon as a guide to future performance. Persons needing advice should consult an independent financial adviser. No statement in this document is intended to be a profit forecast and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

Stifel, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“**FCA**”), is acting for the Company and for no one else in connection with the Placing and will not

be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel or for affording advice in relation to the Placing, or any other matters referred to herein. Any offer or sale of securities in the United States, will be made by a U.S. SEC registered broker dealer (which may be an Affiliate of Stifel) or otherwise as permitted by applicable law. Any offer or sale of securities in Canada will be made by a person that is registered under applicable Canadian securities laws (which may be an Affiliate of Stifel).

Cormark, which is regulated by the IIROC in Canada, is acting exclusively for the Company and no one else in connection with any investment in the Placing Shares, and will not regard any other person (whether or not a recipient of this document) as their client in relation to any investment in the Placing Shares and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to any investment in the Placing Shares or any transaction or arrangement referred to in this document.

Paradigm, which is regulated by the IIROC in Canada, is acting exclusively for the Company and no one else in connection with any investment in the Placing Shares, and will not regard any other person (whether or not a recipient of this document) as their client in relation to any investment in the Placing Shares and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to any investment in the Placing Shares or any transaction or arrangement referred to in this document.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing by making or accepting an oral or written offer to take up Placing Shares, including any individuals, funds or others on whose behalf a commitment to take up Placing Shares is given (a “**Placee**”), is deemed to have read and understood this document in its entirety and to be making or accepting such offer on the terms and conditions, and to be providing (and shall only be permitted to participate in the Placing on the basis that they have provided) the representations, warranties, undertakings, agreements and acknowledgements contained in this Part VIII.

All times and dates in this Part VIII are reference to times and dates in London (United Kingdom).

Save for any terms expressly defined in this Part VIII, all capitalised and defined terms contained in this Part VIII shall have the same meaning as set out in the document.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, REGULATORY, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING SHARES.

Details of the Placing Agreement and the Placing Shares

The Company and the Directors have entered into a placing agreement (the “**Placing Agreement**”) with the Bookrunner and the Co-Managers. Pursuant to the Placing Agreement, the Bookrunner and the Co-Managers have each, subject to the terms set out in such agreement, agreed to use their respective reasonable endeavours, as agents of the Company, to procure Placees for the Placing Shares.

The Placing Shares will, when issued, be subject to the articles of association of the Company, be credited as fully paid and will rank *pari passu* in all respects with each other and with the Existing Common Shares in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of the Common Shares after the date of issue of the Placing Shares. The Placing Shares will be issued free of any encumbrance, lien or other security interest.

Application for listing and admission to trading

Application will be made to the London Stock Exchange plc (the “**London Stock Exchange**”) for admission to trading of the Placing Shares on AIM (“**Admission**”). It is expected that Admission will become effective on or around 8.00 a.m. on 31 July 2020 (or such later time as the Bookrunner may agree in writing with the Company, being not later than 8.00 a.m. on 14 August 2020) and that dealings in the Placing Shares will commence at that time.

The Company will apply for conditional approval of the TSX Venture Exchange (the “**TSX-V**”), with respect to the Placing Shares, subject only to the satisfaction by the Company of customary post-closing conditions imposed by the TSX-V in similar circumstances. It is expected that admission of the Placing Shares on the TSX-V will become effective on or around 9.00 am (EST) on 31 July 2020 (or such other date as the Bookrunner may agree).

Bookbuild

The Bookrunner has conducted a bookbuilding process in respect of the Placing (the “**Bookbuild**”) to determine demand for participation in the Placing by Placees. This Part VIII gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Bookrunner and the Co-Managers shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may determine.

Participation in, and principal terms of, the Bookbuild

Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Bookrunner or the Co-Managers. The Bookrunner, the Co-Managers and their respective Affiliates (as defined below) are entitled to participate as a Placee in the Bookbuild.

The Bookbuild established the number of Placing Shares to be placed at the Issue Price to Placees whose bids are successful. The number of Placing Shares to be issued was agreed between the Bookrunner, the Co-Managers and the Company following completion of the Bookbuild.

The Bookrunner may (following consultation with the Company and the Co-Managers) accept bids that are received after the Bookbuild has closed.

A bid in the Bookbuild will be made on the terms and conditions in this Part VIII and will be legally binding on the Placee by which, or on behalf of which, it is made, and except with the consent of the Bookrunner and the Company will not be capable of variation or revocation after the close of the Bookbuild.

A person who wishes to participate in the Bookbuild should communicate its bid by telephone to its usual sales contact at one of the Bookrunner or the Co-Managers. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for at the Issue Price.

If successful, the Bookrunner or one of the Co-Managers will re-contact and confirm orally to prospective Placees following the close of the Bookbuild the size of their respective allocations and a trade confirmation will be dispatched as soon as possible thereafter. The Bookrunner’s or the relevant Co-Managers’ oral confirmation of the size of allocations and each prospective Placee’s oral commitments to accept the same will constitute an irrevocable legally binding agreement in favour of the Company and either the Bookrunner or the relevant Co-Manager pursuant to which each such Placee will be required to accept the number of Placing Shares allocated to the Placee at the Issue Price and otherwise on the terms and subject to the conditions set out in this Part VIII and in accordance with the Company’s articles of association. Each Placee’s allocation and commitment will be evidenced by a trade confirmation issued to such Placee by either the Bookrunner or the relevant Co-Manager. The terms of this Part VIII will be deemed incorporated in that trade confirmation. Each such Placee will have an immediate, separate, irrevocable and binding obligation, owed to either the Bookrunner or the relevant Co-Manager, to pay it or (as it may direct) one of its Affiliates in cleared funds in pounds sterling an amount equal to the product of the Issue Price and the number of Placing Shares allocated to such Placee on the basis explained below under “*Registration and Settlement*”.

Placees in certain jurisdictions will also be required to execute subscription agreements, representation letters and/or other confirmations required by the Bookrunner, the Co-Managers and/or the Company (“**Investor Confirmations**”) in the form provided to them by the Bookrunner or one of the Co-Managers and to return those executed Investor Confirmations to either the Bookrunner or one of the Co-Managers by no later than 5:00 pm on 27 July 2020 failing which their allocation may be cancelled.

The Bookrunner reserves the right to scale back the number of Placing Shares to be subscribed for by any Placee. The Bookrunner also reserves the right not to accept offers to subscribe for Placing Shares or to accept such offers in part rather than in whole. The acceptance of offers shall be at the absolute discretion of the Bookrunner (following consultation with the Company and the Co-Managers). The Company reserves the right (upon agreement with the Bookrunner and the Co-Managers) to reduce or seek to increase the amount to be raised pursuant to the Placing.

To the fullest extent permissible by law, none of the Bookrunner, the Co-Managers, any holding company thereof, any subsidiary thereof, any subsidiary of any such holding company, any branch,

affiliate or associated undertaking of any such company nor any of their respective directors, officers and employees (each an “**Affiliate**”) nor any person acting on their behalf shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Bookrunner, the Co-Managers, their respective Affiliates or any person acting on their behalf shall have any liability (including, to the extent legally permissible, any fiduciary duties), in respect of its conduct of the Bookbuild or of such alternative method of effecting the Placing as the Bookrunner, the Co-Managers and the Company may determine.

Each Placee’s obligations will be owed to the Company, to the Bookrunner and to the Co-Managers. Following the oral confirmation referred to above, each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the Company and either the Bookrunner or the relevant Co-Manager as agent of the Company, to pay to either the Bookrunner (or as the Bookrunner may direct) or the relevant Co-Manager (or as such Co-Manager may direct) in cleared funds an amount equal to the product of the Issue Price and the number of Placing Shares such Placee has agreed to subscribe for on the basis explained below under “*Registration and Settlement*”.

Irrespective of the time at which a Placee’s allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be subscribed for pursuant to the Placing will be required to be made at the relevant time, on the basis explained below under “*Registration and Settlement*”.

All obligations of the Bookrunner or the Co-Managers under the Placing will be subject to fulfilment of the conditions referred to below under “*Conditions of the Placing*” and to the Placing not being terminated on the basis referred to below in the section entitled “*Right to terminate under the Placing Agreement*”.

By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

The Placing Shares will be issued subject to the terms and conditions of this Part VIII and each Placee’s commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and Placees will have no right to be consulted or require that their consent be obtained with respect to the Company’s, the Bookrunner’s or the Co-Managers’ conduct of the Placing.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of the Bookrunner and the Co-Managers under the Placing Agreement are conditional, *inter alia*, on:

- (a) the New Common Shares having been allotted, conditional only on Admission;
- (b) the Company have fully performed its obligations under the Placing Agreement in all respects to the extent that the same fall to be performed prior to Admission;
- (c) the warranties to be given by the Company and the Directors pursuant to the Placing Agreement being true and accurate and, in all material respects, not misleading as of the date of the Placing Agreement and at all times up to and immediately prior to Admission, as though they had been given and made on such dates by reference to the facts and circumstances then subsisting;
- (d) the obligations of the Bookrunner or the Co-Managers under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement;
- (e) no matter having arisen prior to Admission which might reasonably be expected to give rise to a claim under the indemnities given by the Company for the benefit of the Bookrunner and the Co-Managers under the Placing Agreement;
- (f) in the reasonable opinion of the Bookrunner, there having been since the date of the Placing Agreement, no material change in, or any event or circumstance that might reasonably result in such a material adverse change in, or affecting, the business, management, operations,

assets, liabilities, solvency, credit rating, position or prospects (financial trading or otherwise) or profit of the Company or the Group (as the case may be) whether or not arising in the ordinary course of business (a “**Material Adverse Change**”);

- (g) approval by the TSX-V; and
- (h) Admission taking place not later than 8.00 am on 31 July 2020 or such later date as is agreed in writing between the Company and the Bookrunner, but in any event not later than 8.00 am on 14 August 2020.

If (i) any of the conditions are not fulfilled (or to the extent permitted under the Placing Agreement, waived by the Bookrunner) or become incapable of fulfilment by the relevant time or date specified in the Placing Agreement; or (ii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and each Placee’s rights and obligations hereunder shall cease and determine at such time and no claim may be made by a Placee in respect thereof. None of the Bookrunner, the Co-Managers, the Company, or any of their respective Affiliates shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition in the Placing Agreement or in respect of the Placing generally.

The Bookrunner may, in its absolute discretion, waive or extend the time for fulfilment of all or any part of the conditions in the Placing Agreement save for the above condition relating to the occurrence of Admission may not be extended to later than 8.00 am on 14 August 2020. Any such extension or waiver will not affect Placees’ commitments as set out in this document (including in this Part VIII).

The Placing is not conditional upon the admission of the Placing Shares to the TSX-V.

Right to terminate under the Placing Agreement

If at any time before Admission, the Bookrunner becomes aware that:

- (a) the Company has failed to comply with its obligation under the Placing Agreement;
- (b) any statement contained in this document is incorrect or has become or been discovered to be untrue or inaccurate in any material respect or misleading or that there has been a material omission therefrom;
- (c) any of the warranties given by the Company or the Directors under the Placing Agreement was, when given, untrue or inaccurate or, in any material respect, misleading;
- (d) any of the warranties given by the Company or the Directors under the Placing Agreement is not, or has ceased to be, true, accurate or not misleading in any material respect (or would not be true, accurate or not misleading in any material respect if then repeated) by reference to the facts subsisting at the time;
- (e) there has occurred a suspension or cancellation by the TSX-V of trading in the Company’s securities;
- (f) there are any facts, matters or circumstances which give rise to, or are reasonably likely to give rise to (in the opinion of the Bookrunner acting in good faith) a claim under the indemnities given by the Company for the benefit of the Bookrunner or the Co-Managers under the Placing Agreement;
- (g) any party to a Subscription Agreement has become entitled to terminate or rescind, or has terminated or rescinded, any of the Subscription Agreements;
- (h) there shall have occurred any significant new factor, mistake or inaccuracy in the information in this document requiring in the opinion of the Bookrunner acting in good faith, a supplementary admission document to be published by or on behalf of the Company;
- (i) there has occurred, in the opinion of the Bookrunner, acting in good faith, a Material Adverse Change;
- (j) an event or other matter (including, without limitation, any change or development in economic, financial, political, diplomatic or other market conditions or any change in any government regulation) has occurred or is likely to occur which, in the opinion of the Bookrunner (acting in

good faith) would or would be likely to prejudice materially the Company or the Placing, or makes the success of the Placing doubtful or makes it impracticable or inadvisable to proceed with the Placing, or render the creation of a market in the common share capital of the Company temporarily or permanently impracticable,

then the Bookrunner may, in its absolute discretion, by notice in writing to the Company (or by orally communicating the same to the Company), terminate the Placing Agreement with immediate effect.

Upon such notice being given, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement, subject to limited exceptions.

By participating in the Placing, each Placee agrees with the Bookrunner that the exercise by the Bookrunner of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Bookrunner and that the Bookrunner need not make any reference to the Placees in this regard and that, to the fullest extent permitted by law, the Bookrunner shall not have any liability whatsoever to the Placees in connection with any such exercise or failure so to exercise.

No prospectus

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares. Placees' commitments will be made solely on the basis of their own assessment of the Company, the Placing Shares and the Placing based on the information contained in this document (including this Part VIII), and subject to any further terms set forth in the form of confirmation to be sent to individual Placees. Each Placee, by accepting a participation in the Placing, agrees that the content of this document (including this Part VIII) is exclusively the responsibility of the Company and confirms to each of the Bookrunner, the Co-Managers and the Company that it has neither received nor relied on any information (other than this document and any supplementary admission document published by the Company subsequent to the date of this document), representation, warranty or statement made by or on behalf of the Company or the Bookrunner or either of the Co-Managers (other than the amount of the relevant Placing participation in the oral confirmation given to Placees and the trade confirmation referred to below), or any of their respective Affiliates, any persons acting on their behalf and/or on the Company's behalf and none of the Bookrunner, the Co-Managers, any of their respective Affiliates, any persons acting on their or their respective Affiliates' behalf, or the Company, will be liable for the decision of any Placee to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons).

By participating in the Placing, each Placee acknowledges to and agrees with the Bookrunner and the Co-Managers for themselves and as agents for the Company that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation by that person.

Registration and settlement

Settlement of transactions in the Placing Shares (ISIN: CA00108V1022) following Admission will take place within the CREST system administered by Euroclear UK and Ireland Limited ("**CREST**"), on a delivery versus payment basis with Placing Shares allocated to Placees being allotted and issued to Computershare Investor Services PLC (the "**Depository**") and the Company procuring that dematerialised depository interests ("**Depository Interests**") representing those shares are so delivered, subject to limited exceptions.

The Bookrunner and the Co-Managers reserve the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary, if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this document or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Bookbuild, each Placee allocated Placing Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with either the Bookrunner or the relevant Co-Manager stating the number of Placing Shares allocated to it, the

Issue Price, the aggregate amount owed by such Placee to either the Bookrunner or the relevant Co-Manager and settlement instructions.

Settlement of transactions in CREST will take place by the crediting of Depositary Interests to CREST accounts operated by either the Bookrunner or the relevant Co-Manager for the Company and either the Bookrunner or the relevant Co-Manager will enter their delivery instructions into the CREST system. The input to CREST by each Placee of a matching or acceptance instruction will then allow delivery of the relevant Depositary Interests to that Placee against payment of the Issue Price. Placees procured by the Bookrunner should settle against CREST ID: 601 with Member ID account: WDCLT. Placees procured by Cormark should settle against CREST ID: BA01F, Designation 14649, CREST account code FGN. Placees procured by Paradigm should settle against CREST ID and Member ID account notified to them by Paradigm. It is expected that such trade confirmation will be dispatched by 5.00 p.m. on 27 July 2020 and that this will also be the trade date. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which it has in place with Stifel.

It is expected that settlement will be on 31 July 2020 on a delivery versus payment basis in accordance with the instructions set out in the trade confirmation unless otherwise notified by the Bookrunner.

It is anticipated that settlement for any Placees in Canada who are not eligible for settlement in accordance with the procedures described above within CREST will occur in certificated form or by direct registration statement (DRS). Settlement may occur through the Canadian electronic system CDS Clearing and Depositary Services Inc. only if available and agreed upon by the Company.

Interest will be chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above and at an interest rate of two per cent. above LIBOR.

Each Placee is deemed to agree that if it does not comply with these obligations: (i) the Company may release itself (if it decides in its absolute discretion to do so) and will be released from all obligations it may have to issue any such Placing Shares to such Placee or at its direction which are then unissued; (ii) the Company may exercise all rights of lien, forfeiture and set-off over and in respect of any such Placing Shares to the fullest extent permitted under its articles of association or otherwise by law and to the extent that such Placee then has any interest in or rights in respect of any such Placing Shares; (iii) the Company, the Bookrunner or the Co-Managers may sell (and each of them is irrevocably authorised by such Placee to do so) all or any of such Placing Shares on such Placee's behalf and then retain from the proceeds, for the account and benefit of the Company or, where applicable, the Bookrunner or the Co-Managers (a) any amount up to the total amount due to it as, or in respect of, subscription monies, or as interest on such monies, for any Placing Shares; (b) any amount required to cover any stamp duty or stamp duty reserve tax (together with any interest or penalties) arising on the sale of such Placing Shares on such Placee's behalf; and (c) any amount required to cover dealing costs and/or commissions necessarily or reasonably incurred by it in respect of such sale; and (iv) such Placee shall remain liable to the Company and to the Bookrunner and to the Co-Managers (as applicable) for the full amount of any losses and of any costs which any of them may suffer or incur as a result of it (a) not receiving payment in full for such Placing Shares by the required time; and/or (b) the sale of any such Placing Shares to any other person at whatever price and on whatever terms are actually obtained for such sale by or for it.

If Placing Shares are to be delivered to a custodian or settlement agent, the Placee should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in the Placee's name or that of its nominee or in the name of any person for whom the Placee is contracting as agent or that of a nominee for such person, such Placing Shares will, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax (including any interest and penalties relating thereto) is payable in respect of the allocation, allotment, issue or delivery of the Placing Shares (or for the avoidance of doubt if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer Placing Shares), neither the Bookrunner, the Co-Managers nor

the Company shall be responsible for the payment thereof. Placees (or any nominee or other agent acting on behalf of a Placee) will not be entitled to receive any fee or commission in connection with the Placing.

Further Terms, Representations, Confirmations and Warranties

By submitting a bid and/or participating in the Bookbuild and Placing, each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Company, the Bookrunner (in its capacity as bookrunner and agent for the Company) and the Co-Managers (in their respective capacities as Co-Manager and agent for the Company, in each case as a fundamental term of its application for Placing Shares) that:

1. it has read and understood this document in its entirety (including this Part VIII) and that its participation in the Bookbuild and the Placing and its subscription for Placing Shares will be governed by, and subject to, all the terms, conditions, representations, warranties, acknowledgments, agreements and undertakings and other information contained in this document (including this Part VIII);
2. it indemnifies on an after-tax basis and holds harmless each of the Company, the Bookrunner, the Co-Managers, their respective Affiliates and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this document including this Part VIII and further agrees that the provisions of this document (including this Part VIII) shall survive after completion of the Placing;
3. none of the Bookrunner, the Co-Managers, the Company nor any of their respective Affiliates nor any person acting on their behalf has provided it, and will not provide it, with any material or information regarding the Placing Shares or the Company other than the information included in this document (including this Part VIII), nor has it requested the Bookrunner, the Co-Managers, the Company nor any of their respective Affiliates or any person acting on their behalf to provide it with any such material or information;
4. the content of this document (including this Part VIII) is exclusively the responsibility of the Directors and the Company and that neither the Bookrunner, the Co-Managers nor any of their respective Affiliates nor any person acting on their behalf will be responsible for or has or shall have any liability for any information, representation or statement contained in this document including this Part VIII or any information previously or concurrently published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this document including this Part VIII or otherwise;
5. the only information on which it is entitled to rely and on which such Placee has relied in committing to subscribe for the Placing Shares is contained in this document (including this Part VIII), such information being all that it deems necessary to make an investment decision in respect of the Placing Shares, and that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing and acknowledges that it has neither received nor relied on any other information given, investigation made or representations, warranties or statements made by the Bookrunner, the Co-Managers or the Company nor any of their respective Affiliates or any person acting on their behalf and neither the Bookrunner, the Co-Managers nor the Company nor any of their respective Affiliates or any person acting on their behalf will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement;
6. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further confirms that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss of any investment in connection with the Placing. It further confirms that it has had sufficient time to consider and conduct its own investigation with respect to the offer and subscription for the Placing Shares, including relevant tax, legal and other economic

considerations and has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved, and not upon any view expressed or information provided by or on behalf of the Bookrunner and/or each of the Co-Managers;

7. if it is a pension fund or investment company, its acquisition of Placing Shares is in full compliance with applicable laws and regulations;
8. either (i) it has neither received nor relied on any “inside information” as defined in MAR, including any confidential price sensitive information concerning the Company, in accepting this invitation to participate in the Placing; or (ii) if it has received any confidential price sensitive information about the Company in advance of the Placing, it warrants that it has received such information within the market soundings regime provided for in Article 11 of the MAR and associated delegated regulations and has not (a) dealt (or attempted to deal) in the securities of the Company; (b) encouraged, recommended or induced another person to deal in the securities of the Company; or (c) disclosed such information to any person, prior to the information being made publicly available;
9. it has not relied on any information relating to the Company contained in any research reports prepared by the Bookrunner, the Co-Managers or any of their respective Affiliates or any person acting on any of their or any of their respective Affiliates’ behalf and understands that (i) neither, the Bookrunner, each of the Co-Managers nor any of their respective Affiliates nor any person acting on any of their or their respective Affiliates’ behalf has or shall have any liability for public information or any representation; (ii) neither the Bookrunner, the Co-Managers nor any of their respective Affiliates, or any person acting on their or their respective Affiliates’ behalf has or shall have any liability for any additional information that has otherwise been made available to such Placee, whether at the date of publication, the date of this document or otherwise; and that (iii) neither of the Bookrunner, each of the Co-Managers nor any of their respective Affiliates, or any person acting on any of their or their respective Affiliates’ behalf makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information, whether at the date of publication, the date of this document or otherwise;
10. neither it, nor the person specified by it for registration as holder of Placing Shares is, or is acting as nominee or agent for, and the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act of 1986 (depository receipts and clearance services) and the Placing Shares are not being subscribed for in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance system;
11. it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so and has full power to make the acknowledgments, confirmations, undertakings, representations, warranties and agreements herein on behalf of each such person; and (ii) it is and will remain liable to the Company, the Bookrunner and/or the Co-Managers for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person). Each Placee agrees that the provisions of this paragraph 15 shall survive the resale of the Placing Shares by or on behalf of any person for whom it is acting;
12. (i) it (and any person acting on its behalf) is entitled to subscribe for the Placing Shares under the laws and regulations of all relevant jurisdictions which apply to it; (ii) it has fully observed such laws and regulations and obtained all such governmental and other guarantees and other consents and authorities which may be required thereunder (including, without limitation, in the case of any person on whose behalf it is acting, all guarantees, consents and authorities to agree to the terms set out or referred to in this document (including this Part VIII)) and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto; (iii) (if a company) it is a valid and subsisting company and has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms referred to in this document (including this Part VIII) and will honour such obligations; (iv) it has paid any

- issue, transfer or other taxes due in connection with its participation in any territory; and (v) it has not taken any action which will or may result in the Company, the Bookrunner, the Co-Managers, any of their respective Affiliates or any person acting on their behalf being in breach of the legal and/or regulatory requirements of any territory in connection with the Placing;
13. it understands, and each account which it represents has been advised, that (i) the Placing Shares have not been and will not be registered under the Securities Act or under the applicable securities laws of any state or other jurisdiction of the United States; (ii) the New Placing Shares will be subscribed for (a) outside the United States in an “offshore transaction” within the meaning of Regulation S; (b) inside the United States in a transaction that is otherwise exempt from, or not subject to, the registration requirements of the Securities Act, and if inside the United States, it has executed or will execute (1) a US representation letter substantially in the form provided to it by Stifel and/or a Co-Manager (the “**US Investor Letter**”) by persons who are QIBs and from whom a US Investor Letter has been provided or (2) a subscription agreement substantially in the form provided to it by the Company (a “**US Subscription Agreement**”) by persons who are reasonably believed to be “accredited investors” (as such term is defined in Rule 501 of Regulation D) and for whom a US Subscription Agreement has been provided; or (c) in a transaction that is otherwise exempt from, or not subject to, the registration requirements of the Securities Act; and (iii) no representation has been made as to the availability of any exemption under the Securities Act or any relevant state or other jurisdiction’s securities laws for the reoffer, resale, pledge or transfer of the Placing Shares;
 14. (i) it is not subscribing for any of the Placing Shares as a result of any form of “directed selling efforts” within the meaning of Regulation S; (ii) the Placing Shares were not offered to it through any form of general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D under the Securities Act); and (iii) it is acquiring the Placing Shares with investment intent and it is not acquiring the Placing Shares with a view to reselling or distributing any such Placing Shares within the meaning of the Securities Act;
 15. it (i) will not reoffer or resell, directly or indirectly, any of the Placing Shares except in accordance with Regulation S under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (ii) understands that upon the initial issuance of, and until such time as the same is no longer required under the Securities Act or applicable securities laws of any state or other jurisdiction of the United States, any certificates representing the Placing Shares (to the extent such Placing Shares are in certificated form), and all certificates issued in exchange therefore or in substitution thereof, shall bear a legend setting out the restrictions relating to the transfer of the certified security including with respect to the restrictions relating to the United States federal securities law;
 16. it will not distribute, forward, transfer, mail or otherwise transmit by any means or media, directly or indirectly, in whole or in part, this document (including this Part VIII) or any other materials concerning the Placing (including any electronic copies thereof), in or into the United States or to any US Person (as such term is defined in Regulation S);
 17. it is either (i) not a US Person (as such term is defined in Regulation S) or (ii) a QIB, in which case it has executed or will execute a US Investor Letter or (iii) an “accredited investor” (as such term is defined in Regulation D), in which case it has executed or will execute a US Subscription Agreement”;
 18. any offer and sale of the Placing Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws;
 19. any resale of the Placing Shares into Canada must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus

requirements granted by the applicable local Canadian securities regulatory authority and that these resale restrictions may under certain circumstances apply to resales of the Placing Shares outside of Canada;

20. the Placing Shares cannot be sold to or for the benefit of a resident of Canada for a period of four months and a day from the date of issuance of such Placing Shares unless an exemption is available under applicable Canadian securities laws;
21. if a resident of Canada, the Placee acknowledges that if it were to receive a physical share certificate representing the Placing Shares, such physical share certificate would contain the following legends: "UNLESS PERMITTED UNDER SECURITIES LEGISLATION THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE 1 DECEMBER 2020" AND "WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX-V AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX-V OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL 1 DECEMBER 2020";
22. if it is resident in Canada, it is (a) an "accredited investor" within the meaning of NI 45-106 or subsection 73.3(1) of the OSA, as applicable, and is either purchasing the Placing Shares as principal for its own account, or is deemed to be purchasing the Placing Shares as principal for its own account in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (b) such person was not created or used solely to purchase or hold the Placing Shares as an accredited investor under NI 45-106; (c) entitled under applicable Canadian securities laws to purchase the Placing Shares without the benefit of a prospectus under such securities laws; and (d) if required by applicable Canadian securities laws, it will execute, deliver and file or assist the Company in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Placing Shares by it as may be required by any Canadian securities commission or other regulatory authority, including a Canadian certificate of Accredited Investor in the form provided by the Bookrunner and/or the Co-Managers;
23. it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Placing Shares; (ii) there is no government or other insurance covering the Placing Shares; (iii) there are risks associated with the purchase of the Placing Shares and it is aware of the risks and other characteristics of the Placing Shares; and (iv) there are restrictions on its ability to resell the Placing Shares and it is its responsibility to find out what those restrictions are and to comply with them before selling the Placing Shares;
24. if it is in Canada, the funds representing the Issue Price in respect of the Placing Shares which will be advanced by or on behalf of the Placee to the Company hereunder will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the "**PCMLTF Act**") and the Placee acknowledges that the Company may in the future be required by law to disclose the Placee's name and other information relating to the Placing and the Placee, on a confidential basis, pursuant to the PCMLTF Act;
25. to the best of its knowledge, none of the subscription funds to be provided hereunder: (i) have been or will be obtained or derived, directly or indirectly, from or related to any activity that is deemed illegal under the laws of Canada or the United States or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to it; it shall promptly notify the Company, the Bookrunner and the Co-Managers with whom the Placee is dealing if it discovers that any such representation ceases to be true, and shall provide the Company, the Bookrunner and the Co-Managers with appropriate information in connection therewith;
26. if it is in Australia it is a "wholesale investor" being a sophisticated or experienced investor meeting the criteria in sections 708(8) or (10) of the Corporations Act 2001 (the "**Corporations Act**") or a "professional investor" (in each case as defined in the Corporations Act) or does not otherwise require disclosure pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Placing Shares without disclosure to investors under Chapter 6D of the Corporations Act;

27. it is not acquiring the Placing Shares for the purposes of selling or transferring them, or granting, issuing or transferring interests in, or options or warrants over, them, within Australia within the period of 12 months after the date of allotment except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act;
28. if it is in Hong Kong, it is a “professional investor” (as defined in the Securities and Futures Ordinance (Cap.571) of the laws of Hong Kong and any rules made under that ordinance);
29. it acknowledges that the Company may complete additional financings in the future to develop the proposed business of the Company and to fund its ongoing development. There is no assurance that such financings will be completed or available and if available, that they will be on reasonable terms. Any such future financings may have a dilutive effect on Shareholders at such time, including the Placee, and that if such future financings are not available, the Company may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business venture;
30. if it is a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, the Placing Shares subscribed for by it in the Placing will not be subscribed for on a non-discretionary basis on behalf of, nor will they be subscribed for with a view to their offer or resale to, persons in the UK or in a member state of the European Economic Area which has implemented the Prospectus Regulation other than “qualified investors” as defined in Article 2(E) of the Prospectus Regulation, or in circumstances in which the prior consent of the Bookrunner has been given to the offer or resale;
31. it has not offered or sold and will not offer or sell any Placing Shares to the public in the UK or in any member state of the European Economic Area except in circumstances falling within Article 3(2) of the Prospectus Regulation which do not result in any requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation;
32. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA and it acknowledges and agrees that this document has not been approved by the Bookrunner in its capacity as an authorised person under section 21 of FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as financial promotion by an authorised person;
33. it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
34. it (i) has complied with its obligations under MAR and the Criminal Justice Act 1993 and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006, the Anti-terrorism Crime and Security Act 2001 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (each as amended) and any related or similar rules, regulations or guidelines issued, administered or enforced by any government agency having jurisdiction in respect thereof; and (ii) is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations ((i) and (ii), together, the “**Regulations**”) and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

35. if it is in the United Kingdom, it and any person acting on its behalf is a person (i) falling within Article 19(5) of the Order; (ii) falling within Article 49(2)(A) to (D) of the Order; or (iii) to whom this document may otherwise be lawfully communicated and undertakes that it will subscribe for, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business only;
36. if it is in the UK or a member state of the European Economic Area, it is a “qualified investor” within the meaning of the Prospectus Regulation;
37. no action has been or will be taken by the Company, the Bookrunner, the Co-Managers nor any of their Affiliates or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
38. it (and any person acting on its behalf) will pay for the Placing Shares allocated to it in accordance with the terms and conditions of this Part VIII on the due time and date set out herein against delivery of such Placing Shares to it, failing which the relevant Placing Shares may be placed with other Placees or sold as the Bookrunner or the Co-Managers may, in their absolute discretion, determine and it will remain liable for any amount by which the net proceeds of such sale falls short of the product of the Issue Price and the number of Placing Shares allocated to it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this document) which may arise upon the sale of such Placee’s Placing Shares on its behalf;
39. neither the Bookrunner, the Co-Managers nor any of their Affiliates or any person acting on their or their Affiliates’ behalf is making any recommendations to it or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Placing and that its participation in the Placing is on the basis that it is not and will not be a client of the Bookrunner, the Co-Managers and neither of the Bookrunner, nor either of the Co-Managers or any of their respective Affiliates or any person acting on their behalf has any fiduciary or other duties or responsibilities to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing or in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of the Bookrunner’s or the Co-Managers’ rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
40. it has the funds available to pay for the Placing Shares for which it has agreed to subscribe and (i) (a) the person whom it specifies for registration as holder of the Placing Shares will be itself; or (b) its nominee, as the case may be; (ii) neither the Bookrunner, the Co-Managers nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement; and (iii) the Placee and any person acting on its behalf agrees to subscribe for the Placing Shares and agrees to indemnify on an after tax basis and hold harmless the Company, the Bookrunner, the Co-Managers and their respective Affiliates in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock account of the Bookrunner or the relevant Co-Manager which will hold them as settlement agent as nominee for the Placee until settlement in accordance with its standing settlement instructions with payment for the Placing Shares being made simultaneously upon receipt of the Placing Shares in the Placee’s stock account on a delivery versus payment basis;
41. these terms and conditions and any agreements entered into by it pursuant to these terms and conditions (including any non-contractual obligations arising out of or in connection with such agreements), except to the extent expressly specified in such agreement, shall be governed by and construed in accordance with the laws of England and Wales and it irrevocably submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Bookrunner or the Co-Managers in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

42. it irrevocably appoints any director, officer or employee of the Bookrunner or the Co-Managers as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing;
43. subject to limited exceptions where permissible under applicable law, it is not a resident of any Prohibited Territory and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be cleared in respect of the Placing Shares under the securities legislation of any Prohibited Territory and, subject to limited exceptions, may not be offered, sold, taken up, renounced, delivered or transferred, directly or indirectly, within any Prohibited Territory;
44. any person who confirms to the Bookrunner and/or the Co-Managers on behalf of a Placee an agreement to subscribe for Placing Shares and/or who authorises the Bookrunner and/or Co-Managers to notify the Placee's name to the Company's registrar, has authority to do so on behalf of the Placee;
45. the agreement to settle each Placee's subscription for Placing Shares (and/or the subscription by a person for whom it is contracting as agent) free of UK stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company of the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor the Bookrunner nor the Co-Managers will be responsible. If this is the case, the Placee should take its own advice and notify the Bookrunner and the Co-Managers accordingly and agrees to indemnify on an after-tax basis and to hold harmless the Company and the Bookrunner and the Co-Managers in the event that any of the Company and/or the Bookrunner and/or the Co-Managers have incurred any such liability to stamp duty or stamp duty reserve tax;
46. the Placing Shares will be issued and/or transferred subject to the terms and conditions set out in this Part VIII;
47. when a Placee or any person acting on behalf of the Placee is dealing with the Bookrunner or the Co-Managers, any money held in an account with the Bookrunner or the Co-Managers on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Bookrunner's or the Co-Managers' money in accordance with the client money rules and will be used by the Bookrunner or the Co-Managers in the course of their respective business; and the Placee will rank only as a general creditor of the Bookrunner or the Co-Managers (as the case may be);
48. following Admission, it will make notifications to the Company without delay of all information that it would be requested to notify as a shareholder in a company to which the Disclosure Guidance and Transparency Rules published by the FCA applied as if the Company were a UK issuer;
49. in order to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Bookrunner and/or the Co-Managers (for themselves and as agents on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to the Bookrunner and/or the Co-Managers or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at the Bookrunner's and/or the Co-Managers' absolute discretion (as applicable) or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at the Bookrunner's or the Co-Managers' or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity the Bookrunner and/or the Co-Managers (for themselves and as agents on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, the Bookrunner, the Co-Managers and/or the Company may, at their absolute discretion, terminate their commitment in

- respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
50. the basis of allocation will be determined by the Bookrunner (following consultation with the Company and the Co-Managers) at their absolute discretion. The right is reserved to reject in whole or in part and/or scale back any participation in the Placing;
 51. it acknowledges and agrees that any Placing Shares that it is allocated in the Placing delivered through CREST will be allotted and issued to the Depositary, and that the Company shall procure that the Depositary shall issue Depositary Interests representing the Placing Shares allocated to it in accordance with the procedures set out under '*Registration and settlement*' herein, and that the Bookrunner and the Co-Managers shall have no responsibility or liability in respect of the acts of, or failure to act by, the Depositary;
 52. it irrevocably authorises the Company, the Bookrunner, the Co-Managers and any of their respective Affiliates to produce this document pursuant to, in connection with, or as maybe required by any applicable law or regulation, administrative or legal or regulatory proceedings or official inquiry with respect to the matters set forth herein;
 53. its commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's, the Bookrunner's or the Co-Managers' conduct of the Placing;
 54. it shall not make any claim against the Company, the Bookrunner, the Co-Managers, their respective Affiliates or any other person acting on behalf of any of such persons by a Placee to recover any damage, cost, charge or expense which it may suffer or incur by reason of or arising from the carrying out by it of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing;
 55. it will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable in or outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares;
 56. in connection with the Placing, the Bookrunner, the Co-Managers or any of their respective Affiliates acting as an investor for their own account may subscribe for Placing Shares in the Company and in that capacity may subscribe for, retain, purchase or sell for their own account such common shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. The Bookrunner and Co-Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so;
 57. the rights and remedies of the Bookrunner, the Co-Managers and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise or partial exercise of one will not prevent the exercise of others;
 58. it may be asked to disclose in writing or orally to the Bookrunner and/or the Co-Managers (i) if he or she is an individual, his or her nationality; or (ii) if he or she is a discretionary fund manager, the jurisdiction in which the funds are managed or owned;
 59. neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this document (including this Part VIII); and
 60. the foregoing acknowledgements, agreements, undertakings, representations and warranties referred to above are given for the benefit of each of the Company, the Bookrunner and the Co-Managers (for their own benefit and, where relevant, the benefit of their respective Affiliates and any person acting on their behalf) and are irrevocable. The Company, the Bookrunner, the Co-Managers and their respective Affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and it agrees

that if any of the acknowledgements, representations, warranties and agreements made in connection with its acquiring of Placing Shares is no longer accurate, it shall promptly notify the Company, the Bookrunner and the Co-Managers.

Each Placee, and any person acting on behalf of each Placee, acknowledges and agrees that the each of the Bookrunner, the Co-Managers and/or any of their respective Affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

All times and dates in this Part VIII may be subject to amendment. The Bookrunner and/or the Co-Managers shall notify the Placees and any person acting on behalf of the Placees of any such changes.

Pursuant to the General Data Protection Regulation as implemented in the UK by the Data Protection Act 2018 (“**GDPR**”), the Company, the Bookrunner and the Co-Managers, may hold personal data (as defined in the GDPR) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used. The Company, the Bookrunner and/or the Co-Managers will only process such information for the purposes set out below (collectively, the “**Purposes**”), being to: (a) process its personal data to the extent and in such manner as is necessary for the performance of their obligations under the contractual arrangements between them, including as required by or in connection with its holding of Common Shares, including processing personal data in connection with credit and money laundering checks on it; (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Common Shares; (c) provide personal data to such third parties as the Company, the Bookrunner and/or the Co-Managers may consider necessary in connection with its affairs and generally in connection with its holding of Common Shares or as the GDPR may require, including to third parties outside the EEA; and (d) without limitation, provide such personal data to their respective affiliates for processing, notwithstanding that any such party may be outside the EEA; and (e) process its personal data for the Company’s, the Bookrunner’s and/or the Co-Managers’ internal administration.

BY BECOMING REGISTERED AS A HOLDER OF PLACING SHARES, EACH PLACEE ACKNOWLEDGES AND AGREES THAT THE PROCESSING BY THE COMPANY, THE BOOKRUNNER AND/OR THE CO-MANAGERS OF ANY PERSONAL DATA RELATING TO IT IN THE MANNER DESCRIBED ABOVE IS UNDERTAKEN FOR THE PURPOSES OF: (A) PERFORMANCE OF THE CONTRACTUAL ARRANGEMENTS BETWEEN THEM; AND (B) TO COMPLY WITH APPLICABLE LEGAL OBLIGATIONS. IN PROVIDING THE COMPANY, THE BOOKRUNNER AND/OR THE CO-MANAGERS WITH INFORMATION, IT HEREBY REPRESENTS AND WARRANTS TO EACH OF THEM THAT IT HAS NOTIFIED ANY DATA SUBJECT OF THE PROCESSING OF THEIR PERSONAL DATA (INCLUDING THE DETAILS SET OUT ABOVE) BY THE COMPANY, THE BOOKRUNNER AND/OR THE CO-MANAGERS AND THEIR RESPECTIVE AFFILIATES AND GROUP COMPANIES, IN RELATION TO THE HOLDING OF, AND USING, THEIR PERSONAL DATA FOR THE PLACING. ANY INDIVIDUAL WHOSE PERSONAL INFORMATION IS HELD OR PROCESSED BY A DATA CONTROLLER: (A) HAS THE RIGHT TO ASK FOR A COPY OF THEIR PERSONAL INFORMATION HELD; (B) TO ASK FOR ANY INACCURACIES TO BE CORRECTED OR FOR THEIR PERSONAL INFORMATION TO BE ERASED; (C) OBJECT TO THE WAYS IN WHICH THEIR INFORMATION IS USED, AND ASK FOR THEIR INFORMATION TO STOP BEING USED OR OTHERWISE RESTRICTED; AND (D) ASK FOR THEIR PERSONAL INFORMATION TO BE SENT TO THEM OR TO A THIRD PARTY (AS PERMITTED BY LAW). A DATA SUBJECT SEEKING TO ENFORCE THESE RIGHTS SHOULD CONTACT THE RELEVANT DATA CONTROLLER. INDIVIDUALS ALSO HAVE THE RIGHT TO COMPLAIN TO THE UK INFORMATION COMMISSIONER’S OFFICE ABOUT HOW THEIR PERSONAL INFORMATION HAS BEEN HANDLED.

PART IX – ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors, whose names and functions are set out on page 11 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 SRK, the Competent Person, accepts responsibility for its report set out in Part VI of this document and for any information sourced from such report in this document. To the best of the knowledge and belief of SRK (which has taken all reasonable care to ensure that such is the case), the information contained therein is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in Ontario, Canada on 22 February 2017. The Company was incorporated with the name Alopex Gold Inc. and changed its name to AEX Gold Inc. on 6 June 2018. The Company was admitted to trading on the TSX-V under the symbol AEX on 13 July 2017.
- 2.2 The registered office and principal place of business of the Company is c/o Bennett Jones LLP, 3400 One First Canadian Place, PO Box 130, Toronto, Ontario, M5X 1A4, Canada. Its telephone number is 1-416-587-9801. The address of the Company's website on which the information required by Rule 26 of the AIM Rules is available is www.aexgold.com. The information included on the website does not form part of this document.
- 2.3 The Company is domiciled in Ontario, Canada. The Company was incorporated pursuant to the CBCA. The Company is extra-provincially registered to carry on business in Ontario.
- 2.4 The principal activity of the Company is that of a holding company. The principal activity of the Group is that of an exploration company.

3. The Group

- 3.1 The Company is the ultimate holding company of the Group and has the following subsidiary undertaking:

Name	Country of incorporation	Principal activity	Percentage owned
Nalunaq A/S	Greenland	Mining	100

- 3.2 Save as disclosed in paragraph 3.1 above, there are no undertakings in which the Company holds a proportion of the capital that is likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

4. Share capital

4.1 The history of the Company's share capital since its incorporation on 22 February 2017 is as follows:

Date of issue	Transaction type	No. of Common Shares Issued	Issue price per Common Shares
26 June 2017 ⁽¹⁾	Share for share exchange	35,999,999	N/A
13 July 2017 ⁽²⁾	IPO	13,592,500	C\$0.50
14 May 2018	Non-brokered private placement	5,564,422	C\$0.45
9 October 2018	Non-brokered private placement	2,631,577	C\$0.38
28 June 2019 ⁽³⁾	Non-brokered private placement	13,157,895	C\$0.38
5 March 2020	Warrants exercised	8,399,556	C\$0.45
5 May 2020	Warrants exercised	2,872,715	C\$0.45
14 May 2020	Warrants exercised	2,000	C\$0.45
15 May 2020	Warrants exercised	12,500	C\$0.50
1 June 2020	Warrants exercised	41,600	C\$0.50
28 June 2020	Options exercised	100,000	C\$0.38
28 June 2020	Warrants exercised	35,472	C\$0.50
30 June 2020	Warrants exercised	23,783	C\$0.50
10 July 2020	Warrants exercised	220,272	C\$0.50

- Each of ARC, ARC's shareholders and AEX Gold Limited transferred all of their respective shares of Nalunaq A/S to the Company in exchange for an aggregate of 35,999,999 Common Shares of the Company.
- The Company also issued 888,512 compensation, non-transferable share purchase warrants, exercisable at \$0.50 on or before 13 July 2020.
- The Company also issued 13,157,895 warrants, with each warrant being exercisable into one additional Common Share for 36 months from the closing date of the private placement at an exercise price of \$0.45 per Common Share.

4.2 Subject to the CBCA, the Articles, any unanimous shareholder agreement and the Stock Option Plan, the Board may issue or grant options to purchase Common Shares at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued unless fully paid and non-assessable as provided by the CBCA. Pursuant to the Stock Option Plan, the aggregate number of Common Shares issuable shall not in the aggregate exceed 10 per cent. of the number of issued and outstanding Common Shares at the time of each grant of options, subject to the rules of the TSX-V.

4.3 The issued and fully paid share capital of the Company as at the Latest Practicable Date and as it is expected to be immediately following Admission is as follows:

Common Shares (of no par value)	Number
As at the Latest Practicable Date	82,654,292
Immediately following Admission	177,098,737

4.4 As at the Latest Practicable Date, the Company does not have any outstanding warrants.

4.5 The Company is authorised to issue an unlimited number of Common Shares and preferred shares issuable in series.

4.6 A total of 94,444,445 New Common Shares will be issued pursuant to the Fundraising. This will result in an increase of 114.3 per cent. to the existing issued share capital of the Company and a dilution to the interests in the Company of the holders of Existing Common Shares of 53.3 per cent.

4.7 The New Common Shares will, on Admission, rank *pari passu* in all respects with the Existing Common Shares including the right to receive all dividends or other distributions declared, made or paid on the Common Shares after Admission.

4.8 The Common Shares in issue on Admission will be in registered form and, following Admission, may be held either in certificated form or in uncertificated form. The records in

respect of Common Shares held in uncertificated form will be maintained by Euroclear and the Company's registrars.

- 4.9** It is expected that, where appropriate, share certificates in respect of New Common Shares will be despatched by post within 14 days of the date of Admission. Temporary documents of title will not be issued. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.
- 4.10** None of the Common Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission.
- 4.11** The Common Shares are governed in accordance with the CBCA.
- 4.12** The Common Shares have no par value.
- 4.13** The International Securities Identification Number or ISIN for the Common Shares is CA00108V1022. The ISIN Code for restricted Common Shares is CA00108V2012. At Admission, 955,359 of the New Common Shares will have this separate ISIN in accordance with Canadian securities laws. The ISIN for such New Common Shares will change to CA00108V1022 after the expiry of the hold period, on 1 December 2020.
- 4.14** The Common Shares are not redeemable. However, the Company may purchase any of the Common Shares subject to the requirements and limitations imposed under Canadian securities Laws.
- 4.15** Save as disclosed in this paragraph 4 or in paragraphs 7 and 10 of this Part IX:
- (a) no shares in the capital of the Company have been issued otherwise than as fully paid;
 - (b) the Company does not have in issue any shares not representing capital;
 - (c) the Company does not hold any treasury shares and no shares in the capital of the Company are held by or on behalf of any member of the Group;
 - (d) the Company does not have in issue any convertible securities, exchangeable securities or securities with warrants;
 - (e) there are no acquisition rights and/or obligations over any unissued shares in the capital of the Company and no undertaking has been given by the Company to increase its issued share capital; and
 - (f) no share or loan capital of any member of the Group is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 4.16** No shares in the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

5. Articles of Incorporation and By-laws

The following is a summary of certain aspects of the CBCA and the Company's Articles and By-laws.

Under the laws of Canada and the Company's Articles and By-laws (the "**Constating Documents**"), the Company is authorised to issue an unlimited number of Common Shares. Under the Constating Documents, there are no pre-emptive rights provided to Shareholders of the Company. Prior to the issuance of any new share capital, the Company's Board must approve the share issuance by resolution and must determine the price for which the new shares are to be issued. Common Shares issued by the Company must be fully paid and non-assessable. If Common Shares are to be issued for consideration other than cash, the Board must determine that the value of the new Common Shares to be issued does not exceed the value of the consideration received by the Company

The Board may determine to issue Common Shares at a reasonable discount to market price, provided, however, that under the rules of the TSX-V, the Company may only issue Common Shares at a maximum discount of 25 per cent. to the current market price at the time of the announcement of the proposed share issuance if the Company's current market

price is at or lower than C\$0.50, a 20 per cent. discount if greater than C\$0.50 but equal to or lower than C\$2.00 and a 15 per cent. discount if the market price is greater than C\$2.00.

5.1 Unrestricted objects

The Constatng Documents place no restriction on the business the Company may carry on.

5.2 Issuance of Shares

The Company is authorised to issue an unlimited number of Common Shares. Other than as provided by the CBCA, no Common Share may be issued by the Company unless fully paid and non-assessable. A Common Share is fully paid when consideration is provided to the Company for the issue of the Common Share by one or more of the following: (a) past services performed for the Company; (b) property; and (c) money. The Board must, in their discretion, have determined that the value of the consideration received by the Company for such Common Share is equal to or greater than the issue price set for the Common Share.

Subject to the CBCA, the Company may also issue share purchase warrants, options, convertible debentures and rights upon such terms and conditions as the Board determine. Such share purchase warrants, options, convertible debentures and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

5.3 Purchase of Shares by the Company

Under the CBCA, the Company may purchase or otherwise acquire Common Shares subject to certain solvency limitations. As a public company, Canadian provincial securities legislation further restricts the Company's ability to acquire Common Shares.

5.4 Common Shares

(a) Voting rights

The holders of Common Shares shall be entitled to receive notice of and to attend all meetings of Shareholders of the Company, except meetings at which only holders of a specified class or series of shares are entitled to vote, and to vote thereat on the basis of one vote per Common Share held

(b) Directors' Authority to Issue

Subject to the CBCA, the Constatng Documents and any unanimous shareholder agreement, the Board may issue or grant options to purchase the whole or any part of the authorised and unissued shares of the Company at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid and non-assessable as provided by the CBCA.

(c) Dividends

Subject to the CBCA, the holders of Common Shares shall, in each financial year of the Company, in the discretion of the Board, be entitled to receive, subject to the rights of the holders of any other class of shares, any non-cumulative dividend declared by the Company.

(d) Transfer of shares

Subject to the CBCA, no transfer of a share (including a Common Share) of the Company shall be registered in a securities register except upon compliance with the reasonable requirements of the Company and with such restrictions on issues, transfer or ownership as are authorised by the Constatng Documents or any unanimous shareholder agreement.

(e) Distribution of assets on liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its Shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall be entitled to receive, subject to the rights of the holders of any other class of shares, the remaining property of the Company.

5.5 Shareholder meetings

(a) Annual general meetings

Subject to the CBCA, the Board shall call an annual meeting of Shareholders (a) not later than 18 months after the Company comes into existence, and (b) subsequently, not later than 15 months after holding the last preceding annual meeting but no later than six months after the end of the Company's preceding financial year. The annual meeting of Shareholders shall be held for the purpose of considering the financial statements and reports required by the CBCA to be placed before the annual meeting of Shareholders, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the annual meeting of Shareholders.

(b) Notice of general meetings

Subject to the CBCA, notice of the time and place of each meeting of Shareholders shall be given (a) if delivered personally to the person to whom it is to be given; (b) if mailed to such person at the person's recorded address by prepaid mail; or (c) if transmitted by electronic means in accordance with the CBCA. A notice so delivered shall be deemed to have been given and received when it is delivered personally or to the recorded address; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and deemed received at the time it would be delivered in the ordinary course of mail; and a notice so sent by any means of transmitted or recorded communication shall be considered given and received at the times prescribed by the CBCA. The secretary may change or cause to be changed the recorded address of any Shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by the secretary to be reliable. Notice shall be not less than 10 nor more than 50 days before the date of the meeting of Shareholders to each director, to the auditor, and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting of Shareholders. Notice of a meeting of Shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgement thereon and shall state the text of any special resolution to be submitted to the meeting of Shareholders.

(c) Quorum

Subject to the CBCA in respect of a majority Shareholder, a quorum for the transaction of business at any meeting of Shareholders shall be two persons present in person, each being a Shareholder entitled to vote at the meeting of Shareholders or a duly appointed proxyholder or representative for a Shareholder so entitled, where holders of shares carrying not less than ten per cent. (10 per cent.) of the total number of votes attached to all the shares that carry the right to vote at such meeting of Shareholders are present in person or by proxy. If a quorum is present at the opening of any meeting of Shareholders, the Shareholders present or represented may proceed with the business of the meeting of Shareholders notwithstanding that a quorum is not present throughout the meeting of Shareholders. If a quorum is not present at the opening of any meeting of Shareholders, the Shareholders present or represented may adjourn the meeting of Shareholders to a fixed time and place but may not transact any other business.

If the Company has only one Shareholder, or only one holder of any class or series of shares, the Shareholder present in person or duly represented constitutes a meeting of Shareholders.

(d) Method of voting

At any meeting of the Shareholders, every question shall, unless otherwise required by the Constatting Documents, the By-Laws or any unanimous shareholder agreement, be determined by a majority of the votes cast on the question. Subject to any unanimous shareholder agreement, in case of an equality of votes, either upon a show of hands or upon a poll, the chair of the meeting of Shareholders shall not be entitled to a second or casting vote.

Subject to the CBCA, any question at a meeting of Shareholders shall be decided by a show of hands, unless a ballot is required or demanded for such question as provided in the By-Laws, and upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot is required or demanded for such question, a declaration by the chair of the meeting of Shareholders that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting of Shareholders shall be prima facie evidence of the CBCA without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of such question, and the result of the vote so taken shall be the decision of the shareholders upon such question. Any vote referred to in this section may be held, in accordance with the CBCA, partly or entirely by means of a telephonic, electronic or other communication facility, if the Company makes available such a communication facility. Any person participating in a meeting of Shareholders and entitled to vote at that meeting of Shareholders may vote by means of the telephonic, electronic or other communication facility that the Company has made available for that purpose.

On any question proposed for consideration at a meeting of Shareholders, and whether or not a show of hands has been taken upon such question, the chair may require a ballot or any person who is present and entitled to vote on such question at the meeting of Shareholders may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting of Shareholders upon the question, to that number of votes provided by the CBCA or the Constatting Documents, and the result of the ballot so taken shall be the decision of the Shareholders upon such question.

5.6 Directors

(a) Number and appointment of Directors

The directors may, within the maximum number permitted by the Constatting Documents, currently 10, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of the Shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of Shareholders.

The election of directors shall take place at each annual meeting of Shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for reelection. The number of directors to be elected at any such meeting of Shareholders shall be the number of directors then in office unless the directors otherwise determine. If the Shareholders adopt an amendment to the Constatting Documents to increase the number or maximum number of directors, the Shareholders may, at the meeting of Shareholders at which they adopt the amendment, elect the additional number of directors authorised by the amendment. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

(b) Board Meetings

Meetings of the Board shall be held from time to time at such time and at such place as the Board, the chair of the Board, the president or any two directors may determine.

The quorum for the transaction of business at any meeting of the Board shall consist of two directors or such number of directors as the Board may from time to time determine. Notwithstanding the foregoing, if only one director is elected at any given time, the quorum for the transaction of business at any meeting of the Board shall than consist of one director.

Notice of the time and place of each meeting of the Board shall be given to each director (a) not less than seven days before the time when the meeting is to be held if the notice is mailed, or (b) not less than 48 hours before the time the meeting is to be held if the notice is given personally, or is delivered or is communicated by any means of transmitted or recorded communication. A notice of a meeting of the Board need not specify the purpose of

or the business to be transacted at the meeting except where the CBCA requires such purpose or business to be specified.

The chair of any meeting of the Board shall be the first mentioned of the following officers as have been appointed and who is a director and is present at the meeting: chair of the Board or president. If no such officer is present, the directors present shall choose one of their number to be chair.

At all meetings of the Board every question shall be decided by a majority of the votes cast on the question. Subject to any unanimous shareholder agreement, in case of an equality of votes the chair of the meeting shall be entitled to a second or casting vote.

Meetings of the Board may be held at any place in or outside Canada.

(c) *Removal of a Director by resolution of the Company*

Subject to the CBCA, the Shareholders may by resolution passed at a meeting of Shareholders specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at such meeting of Shareholders, failing which it may be filled by the Board.

(d) *Vacation of office*

A director ceases to hold office on death, on removal from office by the Shareholders, on ceasing to be qualified for election as a director, on receipt by the Company of a written resignation of such director, or, if a time is specified in such resignation, at the time so specified, whichever is later. Subject to the CBCA, a quorum of the Board may appoint a qualified individual to fill a vacancy in the Board.

(e) *Additional directors*

If the Constatting Documents of the Company so provide, the directors may, within the maximum number permitted by the Constatting Documents, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of the Shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of Shareholders.

(f) *Directors' remuneration and expenses*

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee of the Board. Nothing in the By-Laws shall preclude any director from serving the Company in any other capacity and receiving remuneration therefor.

(g) *Borrowing powers*

The banking business of the Company including, without limitation, the borrowing of money and the giving of security for it, shall be transacted with such banks, trust companies or other bodies corporate or organisations as may from time to time be designated by or under the authority of the Board. Such banking business or any part of it shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe.

(h) *Proceedings and Indemnification of the Directors*

Subject to the CBCA and below, the Company shall indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Company's request as a director or officer (or any individual acting in a similar capacity) of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by such individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of his/her association with the Company or such other entity.

The Company shall advance money to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to above. The individual shall repay the money if the individual does not fulfil the conditions below.

The Company shall not indemnify an individual unless the individual:

- (a) acted honestly and in good faith with a view to the best interests of the Company, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer (or in a similar capacity) at the Company's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the individual's conduct was lawful.

(i) *Directors' conflicts of interest*

A director shall disclose to the Company, in the manner and to the extent provided by the CBCA, any interest that such director has in a material contract or transaction, whether made or proposed, with the Company, if such director (a) is a party to the contract or transaction, (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction, or (c) has a material interest in a party to the contract or transaction. Such a director shall not vote on any resolution to approve the same except as provided by the CBCA.

The above is a summary only of certain provisions of the Articles and By-laws. The full provisions of the Articles are available on the Company's website at www.aexgold.com.

(j) *Anticipated changes to the By-laws*

The Company has agreed with Stifel that it will put a resolution to its Shareholders at the next general meeting or annual general meeting (anticipated to be held in June 2021) to change the Company's By-laws and require that Shareholders holding three per cent. or more of the Company's Common Shares notify the Company thereof and of subsequent changes thereto.

In the interim, Placees have undertaken to, and Shareholders are requested, to notify the Company in accordance with Rule 17 of the AIM Rules and make notifications to the Company without delay of all information that would be required to be notified by them as a shareholder in a company to which the Disclosure Guidance and Transparency Rules published by the FCA applied and the Company was a UK issuer.

6. **Other Relevant Laws and Regulations**

Please refer to paragraph 18 of Part I of this document, which provides a summary of Canadian takeover laws applicable to the Company.

7. **Stock Option Plan**

- 7.1 The Company operates the Stock Option Plan under which options over Common Shares have been granted to directors and employees of members of the Group ("**Optionholders**"). A summary of the rules of the Stock Option Plan is set out in paragraphs 7.3 to 7.10 below. No further options will be granted to non-executive directors under the Stock Option Plan following Admission.

7.2 As at the Latest Practicable Date, the following options granted under the Stock Option Plan remain outstanding:

Optionholder	Number of options	Date of grant	Exercise price (per share) (C\$)	Exercise period
George Fowlie	200,000	13-Jul-17	0.50	13-Jul-22
Eldur Ólafsson	500,000	13-Jul-17	0.50	13-Jul-22
Robert Ménard	100,000	13-Jul-17	0.50	13-Jul-22
Georgia Quenby	100,000	13-Jul-17	0.50	13-Jul-22
Graham Stewart	100,000	13-Jul-17	0.50	13-Jul-22
Ingrid Martin	100,000	13-Jul-17	0.50	13-Jul-22
Justinas Matusevicius	150,000	13-Jul-17	0.50	13-Jul-22
Joan Plant	100,000	13-Jul-17	0.50	13-Jul-22
Yvon Robert	10,000	13-Jul-17	0.50	13-Jul-22
Oak Hill Advisors Inc.	0	9-Aug-17	0.59	9-Aug-22
George Fowlie	250,000	22-Aug-18	0.45	22-Aug-23
Eldur Ólafsson	550,000	22-Aug-18	0.45	22-Aug-23
Robert Ménard	150,000	22-Aug-18	0.45	22-Aug-23
Georgia Quenby	150,000	22-Aug-18	0.45	22-Aug-23
Graham Stewart	150,000	22-Aug-18	0.45	22-Aug-23
Ingrid Martin	100,000	22-Aug-18	0.45	22-Aug-23
Justinas Matusevicius	200,000	22-Aug-18	0.45	22-Aug-23
Joan Plant	100,000	22-Aug-18	0.45	22-Aug-23
Yvon Robert	10,000	22-Aug-18	0.45	22-Aug-23
George Fowlie	150,000	9-Jul-19	0.38	31-Dec-25
Eldur Ólafsson	1,500,000	9-Jul-19	0.38	31-Dec-25
Robert Ménard	100,000	9-Jul-19	0.38	31-Dec-25
Georgia Quenby	100,000	9-Jul-19	0.38	31-Dec-25
Graham Stewart	100,000	9-Jul-19	0.38	31-Dec-25
Martin Ménard	500,000	9-Jul-19	0.38	31-Dec-25
Joan Plant	50,000	9-Jul-19	0.38	31-Dec-25
Yvon Robert	10,000	9-Jul-19	0.38	31-Dec-25
William Gray	10,000	9-Jul-19	0.38	31-Dec-25
Iain Graham	10,000	9-Jul-19	0.38	31-Dec-25
George Fowlie	250,000	18-Jun-20	0.70	31-Dec-26
Eldur Ólafsson	450,000	18-Jun-20	0.70	31-Dec-26
Robert Ménard	100,000	18-Jun-20	0.70	31-Dec-26
Georgia Quenby	100,000	17-Jun-20	0.70	31-Dec-26
Graham Stewart	400,000	17-Jun-20	0.70	31-Dec-26
Martin Ménard	500,000	18-Jun-20	0.70	31-Dec-26
Joan Plant	150,000	17-Jun-20	0.70	31-Dec-26
Yvon Robert	45,000	17-Jun-20	0.70	31-Dec-26
William Gray	50,000	17-Jun-20	0.70	31-Dec-26
Edward Wywill	150,000	17-Jun-20	0.70	31-Dec-26

Note: each of the options referred to above vested immediately on the grant date.

7.3 The Stock Option Plan contains a number of limitations on grants of options. These limitations are summarised below:

- (a) the aggregate number of Common Shares issuable pursuant to the options granted pursuant to the Stock Option Plan shall not in the aggregate exceed 10 per cent. of the number of issued and outstanding Common Shares at the time of each grant of options;
- (b) the aggregate number of Common Shares reserved for issuance pursuant to options granted under the Stock Option Plan or pursuant to any other share compensation arrangement to any one Optionholder within a one-year period shall not exceed 5 per cent. of the number of Common Shares outstanding at the time of the grant, unless

the Company obtains the requisite disinterested shareholder approval pursuant to the exchange policies;

- (c) the aggregate number of Common Shares reserved for issuance pursuant to options granted under the Stock Option Plan or pursuant to any other share compensation arrangement to any one consultant within a one-year period shall not exceed two per cent. of the number of Common Shares outstanding at the time of the grant;
 - (d) the aggregate number of Common Shares reserved for issuance pursuant to the options granted under the Stock Option Plan or pursuant to any other share compensation arrangement to an employee retained to provide investor relations activities within a one-year period shall not exceed two per cent. of the number of Common Shares outstanding at the time of the grant;
 - (e) the aggregate number of Common Shares reserved for issuance pursuant to the options granted under the Stock Option Plan or pursuant to any other share compensation arrangement to insiders, as a group, shall not exceed 10 per cent. of the number of Common Shares outstanding from time to time; and
 - (f) the aggregate number of Common Shares reserved for issuance pursuant to the options granted under the Stock Option Plan or pursuant to any other share compensation arrangement to insiders, as a group, within a one-year period shall not exceed 10 per cent. of the number of Common Shares outstanding at the time of the relevant grant.
- 7.4** Each option entitles the holder to receive, upon vesting and exercise, one Common Share from treasury. The Stock Option Plan provides that the Board may determine, in its sole discretion, the time period during which options will vest and the method of vesting, except options granted to consultants providing investor relations activities, which vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any three-month period. The Board also has the ability to exercise its discretion to delegate all or a portion of its powers under the Stock Option Plan to one or more committees of the Board either indefinitely or for such period of time as it may specify. The Board may also, in its sole discretion, amend the Stock Option Plan (except for previously granted and outstanding options) to reduce the benefits that may be granted to eligible persons subject to the other terms in the Stock Option Plan.
- 7.5** The exercise price of options granted pursuant to the Stock Option Plan is fixed by the Board when such options are issued. However, the Stock Option Plan provides that the exercise price of any options shall not be less than the closing trading price of the Common Shares on the last trading day immediately preceding the award date. The Stock Option Plan further provides that each grant shall be evidenced by a written option commitment agreement between AEX and the grantee.
- 7.6** In the event that an Optionholder should die while he or she is a director, officer, employee or consultant (other than a consultant corporation), as applicable, the expiry date for any vested portion or portions of the option shall be the date that is 12 months after the date of the Optionholder's death. The expiry date for any unvested portion of the option shall be the date of the Optionholder's death.
- 7.7** In the event that the Optionholder should cease to be a director, officer, employee or consultant (other than a consultant corporation) as a result of a permanent disability, the expiry date for any vested portion or portions of the option shall be the date that is three months after the date that the Optionholder ceases to be a director, officer, employee or consultant, as the case may be. The expiry date for any unvested portion of the option shall be the date that the Optionholder ceases to be a director, officer, employee or consultant, as the case may be.
- 7.8** The term "change of control" is defined under the Stock Option Plan as:
- (a) the acceptance of an offer by a sufficient number of holders of voting securities in the capital of the Company so that the offeror, together with persons acting jointly or in concert with the offeror, becomes entitled, directly or indirectly, to exercise more than 50 per cent. of the voting rights attaching to the outstanding voting securities in the

capital of the Company (provided that prior to the offer, the offeror was not entitled to exercise more than 50 per cent. of the voting rights attaching to the outstanding voting securities in the capital of the Company);

- (b) the completion of a plan of arrangement, consolidation, reorganisation, merger or amalgamation of the Company with or into any other entity, or otherwise resulting in the exchange of the outstanding securities of the Company for securities or other consideration issued or caused to be issued by the acquiring entity or its subsidiaries; or
- (c) the completion of a sale, lease, transfer or other disposition, in a single transaction or series of related transactions, whereby all or substantially all of the undertakings and assets of the Company and its subsidiaries, on a consolidated basis, become the property of any entity which is not a subsidiary of the Company,

and explicitly excludes any initial public offering of the Common Shares. The change of control provisions will therefore not be effected by Admission.

7.9 Upon a change of control, the Board, subject to any required regulatory approvals, may accelerate any unexercised options without the consent of the Optionholder. Any options not exercised prior to the consummation of the change of control shall terminate upon consummation. If the change of control is not completed, any conditional exercise of options shall be void and of no effect and any Common Shares or options shall be returned to the Optionholder or the Company without interest or deduction. If the Board elects to accelerate the options upon a change of control, the Company shall use commercially reasonable efforts to give written notice at least 10 days prior to the effective date of the change of control.

7.10 The Board may suspend, terminate or discontinue the Stock Option Plan at any time, subject to approval of Shareholders or the exchange if required. Any amendments may not alter or impair options previously issued pursuant to the Stock Option Plan without the consent of the Optionholders.

8. Directors

8.1 Details of the Directors and their functions in the Company are set out on page 33 of this document under the heading "Directors and "Senior Management Team". Each of the Directors can be contacted at the registered office of the Company at c/o Bennett Jones LLP, 3400 One First Canadian Place, PO Box 130, Toronto, Ontario, M5X 1A4, Canada.

8.2 In addition to their directorships of the Company, the Directors are currently or have within the five years prior to the date of this document been directors or partners of the following companies and partnerships:

Name	Current directorships and partnerships	Previous directorships and partnerships
Eldur Ólafsson	Vatnar Hf FBC Mining (BA) Limited Nalunaq A/S AEX Gold Limited (formerly FBC Mining (Nalunaq) Limited) Bamas ehf Black Angel Mining A/S Dreki Holding ehf. Fafnisbani ehf. Gudrun ehf. ARC ehf.	Orka Energy Artic Resources and Iceland Petroleum Modum Energy Jarn Verktaker ehf
George Fowlie	Brunico Communications Limited Melford International Terminals Inc. CFCF Inc. Telular Inc. PC Docs Inc. Xenos Group Inc.	Maudore Minerals Ltd Crown Capital Partners Inc. March Entertainment Inc. Aurbec Mines Inc.
Graham Stewart	Longboat Energy plc	DNO North Sea PLC (previously Faroe Petroleum plc) DNO North Sea (Energy) Limited (previously Faroe Petroleum (Energy) Limited) DNO North Sea (U.K.) Limited (previously Faroe Petroleum (U.K.) Limited) DNO North Sea SIP Employee Benefit Trust Limited (previously Faroe Petroleum SIP Employee Benefit Trust Limited) DNO North Sea (ROGB) Limited (previously Faroe Petroleum (ROGB) Limited) DNO Norge AS Foroya Kolvetni p/f
Robert Ménard	Robert Ménard Consultants Inc. Eco Niobium Mining	Integra Project Management Inc.
Georgia Quenby	Morgan Lewis & Bockius UK LLP	Reed Smith LLP
Sigurbjorn Thorkelsson	Asmundarsalur ehf Cirravia Ltd Deepair Solutions Ltd Fossar ehf Fossar Holdings Limited Fossar Limited Fossar Markets Holding ehf GCW Global Customised Wealth LLP Keilir Partners ehf GCW Professionals LLP GCW Partners Ltd. Papey ehf Valka ehf	None

- 8.3** George Fowlie was acting as chairman of the board, Interim Chief Executive Officer and Interim Chief Financial Officer of Maudore Minerals Ltd. (“**Maudore**”) when Maudore made, under the Bankruptcy and Insolvency Act (Canada) (the “**BIA**”), an assignment of its property to a trustee for the benefit of its creditors generally. Deloitte Restructuring Inc., which was acting as the monitor of the proceedings under the Companies’ Creditors Arrangement Act (Canada) in respect of Maudore, agreed to act as bankruptcy trustee. At a meeting of the board of directors of Maudore held on 16 May 2016, the directors of Maudore passed a resolution to cause Maudore to make an assignment under the BIA in light of the fact that the company had no access to funds to continue operations. Following that meeting, Maudore made an assignment under the BIA and was bankrupt effective as of 16 May 2016. Maudore’s notice of bankruptcy and first meeting of creditors was dated 18 May 2016.
- 8.4** In addition, Maudore’s subsidiary Aurbec Mines Inc. (“**Aurbec**”) was placed into receivership on 17 December 2014 and declared bankruptcy on 7 January 2015 under the BIA while Mr. Fowlie was a director and officer. Aurbec’s notice of bankruptcy and first meeting of creditors was dated 9 January 2015.
- 8.5** Mr. Fowlie was a director of March Entertainment Inc. (“**March**”), which was voluntarily placed into bankruptcy on 15 July 2013. March’s notice of bankruptcy and first meeting of creditors was dated 19 July 2013.
- 8.6** Mr. Robert Ménard was acting as partner of LTI (Leo Tremblay Inc.) Private CIE (“**LTI**”), which entered into a bond insurance finish contract with Hydro Quebec with no personal guaranties to suppliers or banks on margins. LTI entered into liquidation and was closed in 1994. The liquidation covered partially remaining salaries and government benefits which could have been personal.
- 8.7** Mr. Robert Ménard was subject to a personal insolvency bankruptcy in 1994 under the Quebec Provincial Court, Amos Quebec. This was fully discharged upon payment of C\$3,600.
- 8.8** Save as disclosed in paragraph 8.3 – 8.7 above, as at the date of this document, no Director:
- (a) has any unspent convictions in relation to indictable offences;
 - (b) has been declared bankrupt or been subject to any individual voluntary arrangement;
 - (c) has been a director of a company which has been placed in receivership, compulsory liquidation, creditors’ voluntary liquidation or administration or which has entered into a company voluntary arrangement or a composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - (d) has been a partner in any partnership which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (e) has had any asset belonging to him placed in receivership or has been a partner in any partnership which had an asset placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (f) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body); or
 - (g) has been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

9. Directors' service agreements and letters of appointment

9.1 The following agreements have been entered into between the Directors and the Company:

(a) Eldur Ólafsson

Eldur Ólafsson was appointed as a director of the Company on 14 April 2017. He has entered into a service agreement with the Company dated 27 July 2020 setting out the terms of his appointment as chief executive officer. The service agreement is conditional on Admission. The agreement provides for the payment by the Company to Eldur Ólafsson of a salary of C\$345,000 per annum, with effect from 1 January 2020, and, at the discretion of the Company's compensation committee, an annual bonus of up to 100 per cent. of his base salary, which may be payable in cash or stock or any other grants as the Company may see fit. The Company will pay an amount equal to 11.5 per cent. of his total salary into a pension fund selected by Eldur Ólafsson and he will contribute an amount equal to a minimum of four per cent. of his salary to the pension fund (this is a mandatory requirement in Iceland). Under the agreement, Eldur Ólafsson is also entitled to participate in the Company's Stock Option Plan and Value Creation Plan (once established) and general senior employee benefit plans, to claim reasonable expenses and to 24 days holiday per annum. He may be entitled to claim car/housing benefits and specific electronic devices required to perform his duties. The Company may terminate the agreement at any time for cause, or at any other time on 12 months' notice and Eldur Ólafsson may terminate the agreement at any time on three months' notice. The agreement imposes certain restrictions on Eldur Ólafsson as regards the use of confidential information and intellectual property. In addition, Eldur Ólafsson will be subject to certain restrictive covenants following the termination of the agreement.

Eldur Ólafsson also entered into a letter of appointment with Nalunaq A/S dated 30 October 2015 setting out the terms of his appointment as a director of Nalunaq A/S. Under the letter of appointment, Eldur Ólafsson is not entitled to any additional remuneration, but he is entitled to reimbursement of reasonable expenses. The appointment was for a fixed term of 12 months, which was extended and now expires on either party giving one month's notice. The letter imposes certain restrictions on Eldur Ólafsson as regards the use of confidential information.

(b) George Fowlie

George Fowlie was appointed as a director of the Company on 22 February 2017 and as chief financial officer of the Company on 16 December 2019. He has entered into a service agreement with the Company dated 27 July 2020 setting out the terms of his appointment as chief financial officer and director. The service agreement is conditional on Admission. The agreement provides for the payment by the Company to George Fowlie of a salary of C\$250,000 per annum, with effect from 1 January 2020, and, at the discretion of the Company's compensation committee, an annual bonus of up to 75 per cent. of his base salary, which may be payable in cash or stock or any other grants as the Company may see fit. Under the agreement, George Fowlie is entitled to participate in the Company's Stock Option Plan and general senior employee benefit plans, to claim reasonable expenses and to 20 days holiday per annum. He may be entitled to claim car/housing benefits and specific electronic devices required to perform his duties. The Company may terminate the agreement at any time for cause, or at any other time on 12 months' notice and George Fowlie may terminate the agreement at any time on three months' notice. The agreement imposes certain restrictions on George Fowlie as regards the use of confidential information and intellectual property. In addition, George Fowlie will be subject to certain restrictive covenants following the termination of the agreement.

(c) Graham Stewart

Graham Stewart was appointed as a director of the Company on 14 April 2017 and as Chairman of the Company on 13 November 2019. He has entered into a letter of appointment with the Company dated 27 July 2020 setting out the terms of his appointment as chairman. The letter of appointment is conditional on Admission. Under the letter of appointment, Graham Stewart is entitled to an annual fee of C\$155,000

plus C\$13,000 for each committee of which he is a member and reimbursement of reasonable expenses but no other remuneration. The annual fees will accrue from day to day and be paid in arrears in equal quarterly instalments after deduction of income tax and other statutory deductions. The appointment may be terminated at any time by Graham Stewart giving 30 days' notice. Graham Stewart will also be deemed to have voluntarily resigned in certain circumstances, including if he (a) is found guilty of fraud or dishonesty; (b) is convicted of an arrestable criminal offence; (c) is declared bankrupt or makes an arrangement with or for the benefit of his creditors; (d) is disqualified from acting as a director; (e) has not complied with the letter of appointment or the Company's policies; (f) commits any serious or repeated breach of his obligations to the Company; or (g) is otherwise required to do so by the Board. The agreement imposes certain restrictions on Graham Stewart as regards the use of confidential information.

(d) Robert Ménard

Robert Ménard was appointed as director of the Company on 14 April 2017. He has entered into a letter of appointment with the Company dated 27 July 2020 setting out the terms of his appointment as a non-executive director. The letter of appointment is conditional on Admission. Under the letter of appointment, Robert Ménard is entitled to an annual fee of C\$60,000 plus C\$13,000 for each committee of which he is a member and reimbursement of reasonable expenses but no other remuneration. The annual fees will accrue from day to day and be paid in arrears in equal quarterly instalments after deduction of income tax and other statutory deductions. The appointment may be terminated at any time by Robert Ménard giving 30 days' notice. Robert Ménard will also be deemed to have voluntarily resigned in certain circumstances, including if he (a) is found guilty of fraud or dishonesty; (b) is convicted of an arrestable criminal offence; (c) is declared bankrupt or makes an arrangement with or for the benefit of his creditors; (d) is disqualified from acting as a director; (e) has not complied with the letter of appointment or the Company's policies; (f) commits any serious or repeated breach of his obligations to the Company; or (g) is otherwise required to do so by the Board. The agreement imposes certain restrictions on Robert Ménard as regards the use of confidential information.

(e) Georgia Quenby

Georgia Quenby was appointed as director of the Company on 14 April 2017. She has entered into a letter of appointment with the Company dated 27 July 2020 setting out the terms of her appointment as a non-executive director. The letter of appointment is conditional on Admission. Under the letter of appointment, Georgia Quenby is entitled to an annual fee of C\$60,000 plus C\$13,000 for each committee of which she is a member and reimbursement of reasonable expenses but no other remuneration. The annual fees will accrue from day to day and be paid in arrears in equal quarterly instalments after deduction of income tax and other statutory deductions. The appointment may be terminated at any time by Georgia Quenby giving 30 days' notice. Georgia Quenby will also be deemed to have voluntarily resigned in certain circumstances, including if she (a) is found guilty of fraud or dishonesty; (b) is convicted of an arrestable criminal offence; (c) is declared bankrupt or makes an arrangement with or for the benefit of his creditors; (d) is disqualified from acting as a director; (e) has not complied with the letter of appointment or the Company's policies; (f) commits any serious or repeated breach of his obligations to the Company; or (g) is otherwise required to do so by the Board. The agreement imposes certain restrictions on Georgia Quenby as regards the use of confidential information.

(f) Sigurbjorn Thorkelsson

Sigurbjorn Thorkelsson was appointed as director of the Company on 27 July 2020. He has entered into a letter of appointment with the Company dated 27 July 2020 setting out the terms of his appointment as a non-executive director. The letter of appointment is conditional on Admission. Under the letter of appointment, Sigurbjorn Thorkelsson is entitled to an annual fee of C\$60,000 plus C\$13,000 for each committee of which he is a member and reimbursement of reasonable expenses but no other remuneration. The annual fees will accrue from day to day and be paid in

arrears in equal quarterly instalments after deduction of income tax and other statutory deductions. The appointment may be terminated at any time by Sigurbjorn Thorkelsson giving 30 days' notice. Sigurbjorn Thorkelsson will also be deemed to have voluntarily resigned in certain circumstances, including if he (a) is found guilty of fraud or dishonesty; (b) is convicted of an arrestable criminal offence; (c) is declared bankrupt or makes an arrangement with or for the benefit of his creditors; (d) is disqualified from acting as a director; (e) has not complied with the letter of appointment or the Company's policies; (f) commits any serious or repeated breach of his obligations to the Company; or (g) is otherwise required to do so by the Board. The agreement imposes certain restrictions on Sigurbjorn Thorkelsson as regards the use of confidential information.

As noted in paragraph 10 of Part I of this document, the Board intends to appoint an additional, independent non-executive director, with significant experience in developing mines into production, following Admission. The Board intends that the new non-executive director will be appointed on terms that reflect those which apply to the existing non-executive Directors of the Company.

- 9.2** On 27 July 2020, each of the Directors and the Company entered into deeds of indemnity giving effect to the provisions of section 6.2 of the By-laws entitling each director of the Company to an indemnity against certain risks arising out of service to, and activities on behalf of, the Company on the same terms as that article. Pursuant to the deeds of indemnity the Company has agreed to indemnify the Directors out of the Company's assets from and against, any civil, criminal, administrative, investigative or other proceeding, including a claim, demand, suit, proceeding, inquiry, hearing, discovery or investigation, of whatever nature or kind, whether threatened, reasonably anticipated, pending, commenced, continuing or completed, and any appeal, and whether or not brought by the Company, which relate to any act, matter, deed or thing whatsoever made, done, committed, permitted, omitted or acquiesced by him as a director, officer or employee of the Company or any other liability incurred by the Director as an officer of the Company or an associated company. The Company will indemnify and save harmless the director to the fullest extent permitted by applicable law, provided that the director acted honestly and in good faith with a view to the best interests of the Company or other entity. If prior court approval is required under applicable law in connection with any indemnification obligations of the Company under the deed of indemnity the Company will use all reasonable efforts to obtain that approval as soon as reasonably possible and do so at its own expense, and the Company will also pay the expenses of the director, to the extent permitted by applicable law, in connection with any such approval process.
- 9.3** Save as set out in this paragraph 9, there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors and any member of the Group.
- 9.4** There are no arrangements under which any Director has agreed to waive future emoluments nor have there been any waivers of such emoluments during the financial year immediately preceding the date of this document.
- 9.5** The aggregate remuneration paid and benefits in kind granted to the Directors in the financial year ended 31 December 2019 was approximately C\$734,036. It is estimated that, under the agreements in force at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors in the financial year ending 31 December 2020 will be approximately C\$945,000.

10. Shareholdings and other interests of Directors and Senior Management

10.1 The interests (all of which are beneficial, unless otherwise stated) of the Directors (including, so far as is known to the Directors and Senior Management having made appropriate enquiries, the interests of any persons connected with the Directors and Senior Management within the meaning of section 252 of the Companies Act) in the issued share capital of the Company as at the Latest Practicable Date and as they will be immediately following Admission are as follows:

<i>At the Latest Practicable Date</i>		
Director / Senior Management	Number of Common Shares	Percentage of current issued share capital
Eldur Ólafsson (through Vatnar Sarl / Vatnar ehf)	7,684,163	9.30
George Fowlie (through own name and GRF Capital)	144,000	0.17
Graham Stewart	1,620,836	1.96
Robert Ménard (through Robert Ménard Consultants Inc.)	166,578	0.20
Georgia Quenby	50,000	0.06
Sigurbjorn Thorkelsson (through Fossar Ltd and Fossar ehf)	6,183,390	7.48
Martin Ménard (through Gestion Martin Ménard Inc.)	52,000	0.06
Joan Plant	0.00	0.00

<i>At Admission</i>		
Director / Senior Management	Number of Common Shares	Percentage of Enlarged Share Capital
Eldur Ólafsson (through Vatnar Sarl / Vatnar ehf)	7,906,385	4.46
George Fowlie (through own name and GRF Capital)	244,000	0.14
Graham Stewart	1,843,058	1.04
Robert Ménard (through Robert Ménard Consultants Inc.)	264,178	0.15
Georgia Quenby	50,000	0.03
Sigurbjorn Thorkelsson (through Fossar Ltd and Fossar ehf)	6,627,834	3.74
Martin Ménard (through Gestion Martin Ménard Inc.)	143,093	0.08
Joan Plant	0.00	0.00

10.2 Immediately following Admission, the Directors and Senior Management will have the following options over Common Shares:

Name	Number of Common Shares under option	Date of grant	Exercise price (per share) (C\$)	Exercise period
Eldur Ólafsson	500,000	13-Jul-17	0.50	13-Jul-22
Eldur Ólafsson	550,000	22-Aug-18	0.45	22-Aug-23
Eldur Ólafsson	1,500,000	9-Jul-19	0.38	31-Dec-25
Eldur Ólafsson	450,000	18-Jun-20	0.70	31-Dec-26
George Fowlie	200,000	13-Jul-17	0.50	13-Jul-22
George Fowlie	250,000	22-Aug-18	0.45	22-Aug-23
George Fowlie	150,000	9-Jul-19	0.38	31-Dec-25
George Fowlie	250,000	18-Jun-20	0.70	31-Dec-26
Graham Stewart	100,000	13-Jul-17	0.50	13-Jul-22
Graham Stewart	150,000	22-Aug-18	0.45	22-Aug-23
Graham Stewart	100,000	9-Jul-19	0.38	31-Dec-25
Graham Stewart	400,000	17-Jun-20	0.70	31-Dec-26
Robert Ménard	100,000	13-Jul-17	0.50	13-Jul-22
Robert Ménard	150,000	22-Aug-18	0.45	22-Aug-23
Robert Ménard	100,000	9-Jul-19	0.38	31-Dec-25
Robert Ménard	100,000	18-Jun-20	0.70	31-Dec-26
Georgia Quenby	100,000	13-Jul-17	0.50	13-Jul-22
Georgia Quenby	150,000	22-Aug-18	0.45	22-Aug-23
Georgia Quenby	100,000	9-Jul-19	0.38	31-Dec-25
Georgia Quenby	100,000	17-Jun-20	0.70	31-Dec-26
Martin Ménard	500,000	9-Jul-19	0.38	31-Dec-25
Martin Ménard	500,000	18-Jun-20	0.70	31-Dec-26
Joan Plant	100,000	13-Jul-17	0.50	13-Jul-22
Joan Plant	100,000	22-Aug-18	0.45	22-Aug-23
Joan Plant	50,000	9-Jul-19	0.38	31-Dec-25
Joan Plant	150,000	17-Jun-20	0.70	31-Dec-26

10.3 Save as disclosed in this paragraph 10, no Director has any interest (whether beneficial or non-beneficial) in the share or loan capital of the Company or any other member of the Group nor (so far as is known to the Directors having made appropriate enquiries) does any person connected with any of the Directors within the meaning of section 252 of the Companies Act have any such interest (whether beneficial or non-beneficial).

10.4 None of the Directors nor (so far as is known to the Directors having made appropriate enquiries) any person connected with any of the Directors within the meaning of section 252 of the Companies Act holds a related financial product (as defined in the AIM Rules) referenced to the Common Shares.

10.5 No Director with an interest in the Company's issued share capital or voting rights has voting rights which are different from other Shareholders

- 10.6** There are no outstanding loans or guarantees granted or provided by the Company or any other member of the Group to or for the benefit of any of the Directors.
- 10.7** Save as disclosed in this document, no Director has or has had any interest, whether direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- 10.8** Save as disclosed in this document, no Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by the Company or any other member of the Group during the current or immediately preceding financial year or which was effected by the Company or any other member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.
- 10.9** No Director has any conflict of interest (or potential conflict of interest) between any of the duties owed by him to the Company and his private interests or any duties owed by him to third parties.
- 10.10** Details of any restrictions agreed by the Directors with regard to the disposal of their holdings in the Company's securities are set out in paragraph 12.5 of this Part IX.

11. Major Shareholders

- 11.1** In addition to the interests of the Directors disclosed in paragraph 10 above, the Directors are aware of the following persons who are at the Latest Practicable Date, or will immediately following Admission be, directly or indirectly interested in 3 per cent. or more of the Company's issued share capital or voting rights:

<i>As at the Latest Practicable Date</i>		
Shareholder	Number of Common Shares	Percentage of current issued share capital
FBC Holdings Sarl ⁽¹⁾	14,224,562	17.21
Eldur Ólafsson ⁽²⁾	7,684,163	9.30
Fossar Holdings Ltd ⁽³⁾	6,183,390	7.48
Crossroads Holdings Sarl	5,887,204	7.12
SISA ⁽⁴⁾	5,263,159	6.37
Greenland Venture A/S	5,263,159	6.37
Vaekstfonden	5,263,159	6.37
Umbra ehf	3,049,631	3.69
P126 hf	2,363,623	3.19

(1) FBC Holdings Sarl is an entity controlled by Cyrus Capital Partners LP.

(2) His holding is held through Vatnar Sarl (6,260,858 Common Shares) and Vatnar EHF (1,423,305 Common Shares).

(3) Fossar Holdings Ltd is a company that is jointly owned by Sigurbjorn Thorkelsson and his wife. It is the holding company for Fossar Ltd (which owns 3,382,732 of such Common Shares) and Fossar ehf (which owns 2,800,658 of such Common Shares, of which 966,750 are held on its behalf by Roytor & Co.).

(4) The transfer of legal title to such Common Shares is in the process of being finalised.

Note: According to the registered list of shareholders of the Company as at 25 June 2020, CDS & Co. holds 30,084,789 existing Common Shares. CDS & Co. is the recognised depository through which uncertified shares are held in Canada. Accordingly, some of the Common Shares in the table above are included with amounts held by CDS & Co.

At Admission		
Shareholder	Number of Common Shares	Percentage of Enlarged Share Capital
FBC Holdings Sarl ⁽¹⁾	14,224,562	8.03
Amati Global Investors	12,222,222	6.90
Livermore Partners	9,415,800	5.31
Chelverton Asset Management	8,333,333	4.70
Eldur Ólafsson ⁽²⁾	7,906,385	4.46
Regal Funds Management	6,666,666	3.76
Libra Advisors	6,666,666	3.76
Fossar Holdings Ltd ⁽³⁾	6,627,834	3.74
JCAM Investments	6,102,833	3.44
Greenland Venture A/S	6,003,900	3.39
Vaekstfonden	6,003,900	3.39
SISA ⁽⁴⁾	6,003,899	3.39
Crossroads Holdings Sarl	5,887,204	3.32

(1) FBC Holdings Sarl is an entity controlled by Cyrus Capital Partners LP.

(2) His holding is held through Vatnar Sarl (which, at Admission, will own 6,483,080 Common Shares) and Vatnar EHF (which, at Admission, will own 1,423,305 Common Shares).

(3) Fossar Holdings Ltd is a company that is jointly owned by Sigurbjorn Thorkelsson and his wife. It is the holding company for Fossar Ltd (which, at Admission, will own 3,382,732 of such Common Shares) and Fossar ehf (which, at Admission, will own 3,245,102 of such Common Shares, of which 1,411,194 will be held on its behalf by Roytor & Co.).

(4) The transfer of legal title to such Common Shares is in the process of being finalised.

Note: According to the registered list of shareholders of the Company as at 25 June 2020, CDS & Co. holds 30,084,789 existing Common Shares. CDS & Co. is the recognised depository through which uncertified shares are held in Canada. Accordingly, some of the Common Shares in the table above are included with amounts held by CDS & Co.

- 11.2** The Company may not have accurate information regarding beneficial Shareholders of the Company as it is not entitled to such information and cannot access such information under Canadian securities laws. Further, under the securities laws of Canada the threshold for the disclosure of interests in the share capital of the Company is 10 per cent. Accordingly, the Company cannot necessarily be aware of interests below this figure.
- 11.3** None of the persons interested, directly or indirectly, in three per cent. or more of the Company's issued share capital or voting rights has voting rights which are different from other Shareholders.
- 11.4** Save as disclosed in this paragraph 11, the Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 11.5** So far as the Directors are aware, there are no arrangements in place, the operation of which may at a later date result in a change of control of the Company.

12. Material contracts

12.1 Introduction

This paragraph 12 contains summaries of:

- (a) all material subsisting agreements which are included within, or which relate to, the assets and liabilities of the Company; and
- (b) any contracts (not being contracts entered into in the ordinary course of business):
 - (i) which have been entered into by any member of the Group in the two years immediately preceding the date of this document and are or may be material; or

- (ii) which have been entered into by any member of the Group and contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

12.2 Nominated adviser and broker agreement

On 27 July 2020 the Company entered into an agreement with Stifel pursuant to which the Company appointed Stifel to act as nominated adviser and broker to the Company with effect from Admission. The agreement is for a minimum period of 12 months from the date of Admission and continues thereafter until terminated by either party giving not less than 30 days' notice. Under the agreement, the Company has agreed to pay Stifel an annual fee for its services.

12.3 Placing Agreement

On 27 July 2020 the Company and each of the Directors entered into the Placing Agreement with Stifel and the Co-Managers pursuant to which Stifel and each of the Co-Managers have agreed, subject to certain conditions, as agents for the Company, to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement is conditional, amongst other things, on Admission taking place on or before 31 July 2020 (or such later date as Stifel and the Company may agree, but in any event not later than 14 August 2020).

The Placing Agreement contains certain warranties by the Company and the Directors in favour of Stifel and each of the Co-Managers, including as to the accuracy of the information contained in this document, certain financial information and other matters relating to the Group and its businesses. In addition, the Company has agreed to indemnify Stifel and each of the Co-Managers in respect of any losses, damages and liabilities incurred by each of them resulting from the carrying out by each of them of their respective obligations or services under the Placing Agreement or otherwise in connection with the Placing and Admission.

Stifel is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission, principally in the event of a material breach of the Placing Agreement, a material breach of any of the warranties contained in the Placing Agreement, the occurrence of a material adverse change in the financial position or prospects of the Group or the occurrence of other circumstances materially prejudicial to the successful outcome of the Placing.

The Placing Agreement provides for the payment by the Company to Stifel and each of the Co-Managers of a corporate finance fee or work fee (as applicable) and to Stifel and each of the Co-Managers a commission on the value of the Placing Shares placed by them at the Issue Price together in each case with any applicable VAT. The Placing Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Placing and Admission including all accountancy, legal and other professional fees and expenses.

12.4 Subscription agreements

Between 26 and 27 July 2020, each of Eldur Ólafsson, Graham Stewart, George Fowle, Robert Ménard, Sigurbjorn Thorkelsson, Martin Ménard and certain investors agreed to subscribe for, in aggregate, 11,378,031 Subscription Shares in connect with the Subscription at the Issue Price.

12.5 Lock-in and orderly market agreements

On 27 July 2020, the Company and Stifel entered into lock-in deeds with the Directors and Joan Plant and Martin Ménard (the "**Locked-in Parties**") pursuant to which each Locked-in Party has undertaken to the Company and Stifel that, in accordance with Rule 7 of the AIM Rules for Companies, subject to limited exceptions, he will not dispose of any interest in Common Shares during the period of 12 months from Admission. The limited exceptions include the acceptance of a takeover offer for the Company, the execution of an irrevocable commitment to accept such an offer, a disposal following the death of a Locked-in Party to

his personal representatives or to the beneficiaries of his estate and a disposal pursuant to a court order.

Each Locked-in Party has also undertaken that, during the period of 12 months from the first anniversary of the date of Admission, he will not dispose of any Common Shares unless such disposal is made on an orderly market basis through the Company's broker from time to time.

12.6 Depositary agreement and deed poll

Please refer to paragraph 16 of this Part IX for a summary of the depositary agreement between (1) the Company and (2) the Depositary, dated 27 July 2020, pursuant to which the Depositary will agree to provide depositary services to the Company, and the related deed poll.

12.7 Shared costs agreement (as amended by a supplemental schedule)

On 31 March 2017, Nalunaq A/S and FBC Mining (BA) Limited entered into a shared costs agreement (the "**Shared Costs Agreement**") for the purposes of sharing certain costs and corporate expenses in connection with the mine at the Nalunaq Property operated by Nalunaq A/S and the Maarmorilik mine in Greenland operated by FBC Mining (BA) Limited. The shared costs incurred by either party are not to exceed C\$20,000 per calendar month, unless agreed by the parties. The costs that are currently allocated pursuant to this agreement are limited to certain office overhead and staff costs.

Under the Shared Costs Agreement, 50 per cent. of the costs were borne by each party in 2017. If the parties do not execute a relevant percentage schedule, the percentage of costs borne by each party will be the same as the previous calendar year. The parties did not execute a relevant percentage schedule for the calendar years 2018 and 2019, therefore 50 per cent. of the costs were borne by each party.

On 16 December 2019, the parties entered into a supplemental schedule relating to the shared costs for the calendar year 2020. Pursuant to the supplemental schedule, Nalunaq A/S will be responsible for 100 per cent. of the shared costs which are estimated to be approximately £78,000.

The Shared Costs Agreement can be terminated by either party giving one month's notice. Assignment is not prohibited, however any amendment must be made in writing. If a disagreement arises in respect the shared costs, the parties shall attempt to settle the disagreement by mediation in accordance with the Centre for Effective Dispute Resolution. All other disputes shall be governed by the courts of England and Wales, other than to the extent there is a Greenlandic law of mandatory application in which case the courts of Greenland shall have jurisdiction to settle that matter.

12.8 Processing plant and royalty agreement

On 31 March 2017, Nalunaq A/S and AEX Gold Limited (formerly FBC Mining (Nalunaq) Limited) entered into a processing plant and royalty agreement (the "**Royalty Agreement**") in respect of the processing plant located at the Nalunaq Property (including all associated plant, machinery, equipment, vehicles, tools and furniture) (the "**Processing Plant**") for the purposes of transferring the Processing Plant from AEX Gold Limited (formerly FBC Mining (Nalunaq) Limited) to Nalunaq A/S.

An initial purchase price of US\$1.00 was paid by Nalunaq A/S on 31 March 2017. Nalunaq A/S must also pay a royalty fee of one per cent. of its net revenue (being equal to the total revenue of Nalunaq A/S minus production, transportation and refining costs), in the year immediately succeeding any year where the operating profit per ounce of gold exceeds US\$500, up to a maximum aggregate cap over the life of the mine of US\$1,000,000.

Deferred consideration may be payable by Nalunaq A/S if the Processing Plant (or any part of it) is used in connection with the mining opportunity at the Nalunaq Property or if it (or any part of it) is disposed, subject to a cap of US\$1,999,999. The parties may agree to reduce the deferred consideration if the Processing Plant (or any part of it) requires repairs or is not capable of doing the work for which it was designed. In 2019, Nalunaq A/S carried out a

mechanical audit on the Processing Plant and concluded that several parts will require extensive refurbishment. The parties have not yet negotiated a reduction of the deferred consideration.

Any amendment to the Royalty Agreement must be made in writing between the parties. If a disagreement arises in respect the deferred consideration, the parties shall attempt to settle the disagreement by expert determination. All other disputes shall be governed by the courts of England and Wales, other than to the extent there is a Greenlandic law of mandatory application in which case the courts of Greenland shall have jurisdiction to settle that matter.

12.9 Acquisition Agreements in respect of certain Properties

(a) *Nalunaq Sale and Purchase Agreement*

On 15 October 2015 Nalunaq A/S entered into a sale and purchase agreement with Angel Mining (Gold) A/S (“**AMGAS**”), pursuant to which Nalunaq A/S acquired the Nalunaq Licence from AMGAS on 7 March 2016 (the “**Nalunaq Transfer Date**”). In addition to the undivided legal and beneficial right, title and interest of AMGAS in the Nalunaq Licence, Nalunaq A/S also acquired the following assets (the “**Nalunaq Assets**”):

- (i) all assets in the area of the Nalunaq Licence held by AMGAS;
- (ii) all mineral exploration and mining-related data, maps and reports pertaining to the Nalunaq Licence;
- (iii) any and all knowledge gained by AMGAS in connection with the Nalunaq Licence (including any relevant documents);
- (iv) all the assets in the licence area owned by AMGAS which had not been removed; and
- (v) the amounts deposited in the escrow account (no. 6471 1019020) as security to the Government of Greenland/ the MLSA for environmental monitoring.

The purchase price of DKK 250,000 for the acquisition of the Nalunaq Licence and the Nalunaq Assets was satisfied in cash on the Nalunaq Transfer Date. AMGAS gave limited representations and warranties in relation to its title to the Nalunaq Licence and the Nalunaq Assets. On the basis that it was intended that AMGAS would enter into insolvency proceedings shortly thereafter, Nalunaq A/S agreed to indemnify the directors of AMGAS and any receiver of AMGAS’s bankruptcy estate in respect of (i) any costs reasonably and properly incurred in connection with the transfer of the Nalunaq Licence and the Nalunaq Assets; and (ii) any claims against AMGAS as a result of any activities carried out by Nalunaq A/S or third parties pursuant to the Nalunaq Licence.

The agreement is governed by the laws of Greenland and subject to the jurisdiction of the courts of Greenland.

(b) *Vagar Sale and Purchase Agreement*

On 6 February 2017 Nalunaq A/S entered into a sale and purchase agreement with Nuna Minerals A/S in bankruptcy (“**Nuna Minerals**”), pursuant to which Nalunaq A/S acquired the Vagar Licence from Nuna Minerals on 18 January 2018 (the “**Vagar Transfer Date**”). In addition to the undivided legal and beneficial right, title and interest of Nuna Minerals in the Vagar Licence, Nalunaq A/S also acquired the following assets (the “**Vagar Assets**”):

- (i) all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence; and
- (ii) any and all knowledge gained by Nuna Minerals in connection with the Vagar Licence (including any relevant documents).

The purchase price of DKK 50,000 for the acquisition of the Vagar Licence and the Vagar Assets was satisfied in cash on the Vagar Transfer Date. Nuna Minerals gave limited representations and warranties in relation to its title to the Vagar Licence and

the Vagar Assets. On the basis that Nuna Minerals was in bankruptcy proceedings, Nalunaq A/S agreed to waive any claims against the bankruptcy trustee and the bankruptcy estate of Nuna Minerals or against the bankruptcy court; and to limit its rights for a breach of representations and warranties to the ability to declare the agreement void and reclaim the purchase price.

The agreement was governed by the laws of Greenland and subject to the jurisdiction of the courts of Greenland in Nuuk.

(c) *Tartoq Sale and Purchase Agreement*

On 6 July 2016 Nalunaq A/S entered into a sale and purchase agreement with Nanoq Resources Ltd. ("**Nanoq**"), pursuant to which Nalunaq A/S acquired the Tartoq Licence from Nanoq on 18 January 2018 (the "**Tartoq Transfer Date**"). In addition to the undivided legal and beneficial right, title and interest of Nanoq in the Tartoq Licence, Nalunaq A/S also acquired the following assets (the "**Tartoq Assets**"):

- (i) all assets in the area of the Tartoq Licence held by Nanoq;
- (ii) all mineral exploration and mining-related data, maps and reports pertaining to the Tartoq Licence;
- (iii) any and all knowledge gained by Nanoq in connection with the Tartoq Licence (including any relevant documents); and
- (iv) all plant, machinery, tools and equipment used by Nanoq in performing its work under the Tartoq Licence.

The purchase price of £4,298 for the acquisition of the Tartoq Licence and the Tartoq Assets was satisfied in cash on the Tartoq Transfer Date. Customary representations and warranties were given by Nanoq to Nalunaq A/S under the terms of the agreement.

The agreement and any dispute arising out of or in connection with it shall be governed by the laws of England and Wales and the courts of England and Wales shall have exclusive jurisdiction to settle any such dispute.

12.10 Memorandum of Understanding

Nalunaq A/S has entered into a memorandum of understanding dated 11 May 2020 (the "**MOU**") with the municipality Kujalleq (the local municipality in Greenland where the Nalunaq Licence is situated) and Innovation South Greenland A/S (a company wholly-owned by the municipality which has been established for the purpose of local business development).

The objective of the MOU is to encourage community participation and to negotiate and develop an agreement that builds good relations between the parties and for the benefit of all parties. The agreement aims to ensure that project benefits be shared, including jobs, services and infrastructure. This includes, among other things, focus on capacity development, as training and skills development and funding thereof is needed in the area. The proposed participation agreement will not substitute the Impact Benefit Agreement (socio-economic agreement) which the Company is obliged to enter into with the local municipality and the Government of Greenland in relation to the exploitation licence in accordance with the Mineral Resources Act.

The MOU has a duration of two years and may be terminated with six months' notice. The MOU does not create any legally binding rights or obligations.

12.11 Licences in respect of the Properties

(a) Nalunaq Licence

Licence No.	2003/05 (“Nalunaq A/S”)
Type	Mining exploitation licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	Napasorsuaq by Nanortalik in South Greenland (22.21 sq. kms)
Registered holder/owner	Nalunaq A/S (as from 7 March 2016)
Date of grant	24 April 2003
Start date	24 April 2003
Current period	Subperiod 4: 1 January 2019 -31 December 2022 Subperiod 5: 1 January 2023 -24 April 2033
Expiry date	24 April 2033
Renewal rights	At the expiration of the current licence period, the licence period may be extended up to a maximum total licence period of 50 years.
Annual Licence Fee	N/A
Minimum exploration obligation	N/A
Milestones	<p>The Nalunaq A/S gold mine stopped production in 2013 and has since been closed down according to the approved closure plan for the licence.</p> <p>No later than 31 December 2022, Nalunaq A/S shall:</p> <ul style="list-style-type: none"> • prepare an Environmental Impact Assessment and submit report on it to the MLSA; • prepare a Social Impact Assessment and submit report on it to the MLSA; and • negotiate, conclude and perform an Impact Benefit Agreement. <p>No later than on 1 January 2023, Nalunaq A/S shall commence production.</p>
Royalty payment	In the licence and addenda thereto, no royalty clause is stipulated. However, according to Addendum No. 3 of 1 July 2014 to the Greenland Exploration Standard Terms the Government of Greenland may set terms on the licensee's payment of royalty or consideration, if the Government of Greenland and the licensee agree so (the licence was granted before 1 July 2014). Although there is no legal obligation on Nalunaq A/S to agree to such a change, if such agreement is made, Nalunaq A/S shall pay to the Government of Greenland a sales royalty of up to 2.5% of the value of the minerals, provided always that Nalunaq A/S may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against the sales royalty to be paid.
Application for Field Activities	Nalunaq A/S has submitted its application form for the proposed exploration work programme, which has been approved by the MLSA.

(b) *Vagar Licence*

Licence No.	2006/10 (“Vagar”)
Type	Mining exploration licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	Vagar in Southwest Greenland (292 sq. kms.)
Registered holder/owner	Nalunaq A/S
Date of grant	1 August 2006
Start date	1 January 2006 (from the date when it is signed by the Government of Greenland)
Current period	2018/19 – 2021 (years 14-16) (December 2018 and 2019 is deemed year 14)
Expiry date	31 December 2021
Renewal rights	At expiration of the current licence period (years 14-16) the licensee may be granted new three year licences for years 17-19 and 20-22 upon application, provided the licence terms and conditions are complied with. However, the licensee is not entitled to have such licences granted. An extension may be subject to modified terms.
Annual Licence Fee 2020 (year 15)	DKK 41,500
Minimum exploration commitments 2020 (year 15)	<p>Per licence per calendar year: DKK 2,660,000 (reduced to DKK 0 in 2020)</p> <p><i>Plus</i></p> <p>Per sq. kms per calendar year (292 x 66,500): DKK 19,418,000 (reduced to DKK 0 in 2020)</p> <p>Pursuant to letter of 2 April 2020 from the MLSA, the minimum exploration obligations for calendar year 2020 have been reduced to DKK 0.</p> <p>The surplus exploration expenditures for 2019 totals DKK 709,960 (credit).</p> <p>If the exploration expenses in a year exceed the minimum expense, the difference may be credited to a later year for the same licence or a new licence in continuation of this licence. However, such difference cannot be carried forward for credit more than three years and cannot be carried back for more than one year.</p> <p>Also, special rights to carry forward/back apply for years for years 2012-2017 pursuant to addenda 6 and 7.</p>
Application for Field Activities	Nalunaq A/S has submitted its application form for the proposed exploration work programme, which has been approved by the MLSA.

(c) *Tartoq Licence*

Licence No.	2015/17 (“Tartoq”)
Type	Mineral Exploration licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	Approx. 75 kilometres southeast from Paamiut and approx. 45 kilometres north-northwest from Arsuk in West Greenland (78 square kilometres (originally 248 square kilometres, reduced as per 16 January 2017))
Registered holder/owner	Nalunaq A/S
Date of grant	4 May 2015
Start date	4 May 2015
Current period	2020 – 2024 (years 6-10)
Expiry date	31 December 2024
Renewal rights	Upon expiry of the second licence period (years 6-10), the licensee may be granted new three year licences for the same area and mineral resources for years 11-13, 14-16, 17-19 and 20-22 upon application, provided the licence terms and conditions are complied with. However, the licensee is not entitled to have such licences granted. An extension may be subject to modified terms.
Annual Licence Fee 2020 (year 6)	DKK 41,500
Minimum exploration commitments 2020 (year 6)	<p>Per licence per calendar year: DKK 665,000 (reduced to DKK 0 in 2020).</p> <p><i>plus</i></p> <p>Per square kilometres per calendar year (78 x DKK 16,600): DKK 1,294,800 (reduced to DKK 0 in 2020).</p> <p>Pursuant to letter of 2 April 2020 from the MLSA, the minimum exploration obligations for calendar year 2020 have been reduced to DKK 0.</p> <p>If the exploration expenses in a year exceed the minimum expense, the difference may be credited a later year for the same licence or a new licence in continuation of this licence. However, such difference cannot be carried forward for credit more than three years and cannot be carried back for more than one year.</p> <p>Non-fulfilled exploration obligation for 2019: DKK 743,217 (transferred to 2020).</p> <p>Section 615, sub-sections b-c, of the Greenland Exploration Standard Terms indicates two ways of handling a non-fulfilled exploration commitment:</p> <ol style="list-style-type: none"> 1. the licensee can pay 50per cent. of the non-fulfilled exploration obligation to MLSA as full compensation (section 615.b); or 2. the licensee can transfer the non-fulfilled exploration obligation from 2019 to the following year as an additional exploration obligation for 2020 (section 615.c). MLSA may in this case demand that the

Licence No.	2015/17 (“Tartog”)
	licensee provides security in the form of a bank guarantee or other type of security so that the 2019 non-fulfilled exploration obligation will be fulfilled during 2020.
Application for Field Activities	Nalunaq A/S has no immediate exploration plans for field work this year, but will be carrying out desktop studies.

(d) *Tartog NP Licence*

Licence No.	2018/17 (“Tartog NP”)
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements
Licence Area	Near Paamiut in Southwest Greenland (170 square kilometres)
Registered holder/owner	Nalunaq A/S
Date of grant	19 February 2018
Start date	19 February 2018
Current period	2018 – 2022 (years 1-5)
Expiry date	31 December 2022
Renewal rights	Upon expiry of the first licence period (years 1-5), the licensee is entitled to be granted a new five year licence upon application, provided the licence terms and conditions are complied with.
Annual Licence Fee (in years 1-5)	None
Minimum exploration commitments 2020 (year 3)	<p>Per licence per calendar year: DKK 332,000 (reduced to DKK 0 in 2020).</p> <p><i>plus</i></p> <p>Per square kilometres per calendar year (170 x DKK 8,310): DKK 1,412,700 (reduced to DKK 0 in 2020).</p> <p>Pursuant to letter of 2 April 2020 from the MLSA, the minimum exploration obligations for calendar year 2020 have been reduced to DKK 0.</p> <p>If the exploration expenses in a year exceed the minimum expense, the difference may be credited a later year for the same licence or a new licence in continuation of this licence. However, such difference cannot be carried forward for credit more than three years and cannot be carried back for more than one year.</p> <p>Non-fulfilled exploration obligation of 2019: DKK 231,634 (transferred to 2020).</p> <p>Section 615, sub-sections b-c, of the Green;and Exploration Standard Terms indicates two ways of handling a non-fulfilled exploration commitment:</p> <ol style="list-style-type: none"> 1. the licensee can pay 50 per cent. of the non-fulfilled exploration obligation to MLSA as full compensation (section 615.b); or 2. the licensee can transfer the non-fulfilled exploration obligation from 2019 to the following year as an

Licence No.	2018/17 (“Tartog NP”)
	additional exploration obligation for 2020 (section 615.c). MLSA may in this case demand that the licensee provides security in the form of a bank guarantee or other type of security so that the 2019 non-fulfilled exploration obligation will be fulfilled during 2020.
Application for Field Activities	Nalunaq A/S has no immediate exploration plans for field work this year, but will be carrying out desktop studies.

(e) *Nuna Nutaaq Licence*

Licence No.	2019/113 (“Nuna Nutaaq”)
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	Itillersuaq near Narsaq in South Greenland (266 square kilometres.)
Registered holder/owner	Nalunaq A/S
Date of grant	26 September 2019
Start date	26 September 2019
Current period	2019 – 2023 (years 1-5)
Expiry date	31 December 2023
Renewal rights	Upon expiry of the first licence period (years 1-5), the licensee is entitled to be granted a new five year licence upon application, provided the licence terms and conditions are complied with.
Annual Licence Fee (in years 1-5)	None
Minimum exploration commitments 2020 (year 2)	<p>Per licence per calendar year: DKK 166,000 (reduced to DKK 0 in 2020).</p> <p>plus</p> <p>Per square kilometre per calendar year (266 x DKK 1,660): DKK 441,560 (reduced to DKK 0 in 2020).</p> <p>Pursuant to letter of 2 April 2020 from the MLSA, the minimum exploration obligations for calendar year 2020 have been reduced to DKK 0.</p> <p>If the exploration expenses in a year exceed the minimum expense, the difference may be credited a later year for the same licence or a new licence in continuation of this licence. However, such difference cannot be carried forward for credit more than three years and cannot be carried back for more than one year.</p> <p>Non-fulfilled exploration obligation of 2019: DKK 440,502 (transferred to 2020).</p> <p>Section 615, sub-sections b-c, of the Greenland Exploration Standard Terms indicates two ways of handling a non-fulfilled exploration commitment:</p> <ol style="list-style-type: none"> 1. the licensee can pay 50 per cent. of the non-fulfilled exploration obligation to MLSA as full compensation

Licence No.	2019/113 (“Nuna Nutaaq”)
	(section 615.b) which in this case means an amount of DKK 220,251; or 2. the licensee can transfer the non-fulfilled exploration obligation from 2019 to the following year as an additional exploration obligation for 2020 (section 615.c). MLSA may in this case demand that the licensee provides security in the form of a bank guarantee or other type of security so that the 2019 non-fulfilled exploration obligation will be fulfilled during 2020.
Application for Field Activities	Nalunaq A/S has submitted its application form for the proposed exploration work programme, which has been approved by the MLSA.

(f) *Saarloq Licence*

Licence No.	2020/31 (“Quassugaarsuk”)
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	Quassugaarsuk and Sermeq Kangilleq in South Greenland (818 square kilometres.)
Registered holder/owner	Nalunaq A/S
Date of grant	28 May 2020
Start date	28 May 2020 (from the date when it is signed by the Government of Greenland)
Current period	2020 – 2024 (years 1-5)
Expiry date	31 December 2024
Renewal rights	Upon expiry of the first licence period (years 1-5), the licensee is entitled to be granted a new five year licence upon application, provided the licence terms and conditions are complied with.
Annual Licence Fee (in years 1-5)	None
Minimum exploration commitments 2020 (year 1)	Per licence per calendar year: DKK 166,000 (reduced to DKK 0 in 2020). <i>plus</i> Per square kilometre per calendar year (818 x DKK 1,660): DKK 1,357,880 (reduced to DKK 0 in 2020). If the exploration expenses in a year exceed the minimum expense, the difference may be credited a later year for the same licence or a new licence in continuation of this licence. However, such difference cannot be carried forward for credit more than three years and cannot be carried back for more than one year. Pursuant to letter of 2 April 2020 from the MLSA, the minimum exploration obligations for calendar year 2020 have been reduced to DKK 0. Any expense held during the calendar year 2020, can either be forwarded for three calendar years, or if the licensee have

Licence No.	2020/31 (“Quassugaarsuk”)
	obtained a deficit in exploration obligations from previous years, the expenses held during 2020 will be deducted from the deficit.
Application for Field Activities	Nalunaq A/S has no immediate exploration plans for field work this year, but will be carrying out desktop studies.

(g) *Anoritooq Licence*

Licence No.	2020/36 (“Anoritooq”)
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	Anoritooq and Kangerluluk in Sout Greenland (1,710 square kilometres.)
Registered holder/owner	Nalunaq A/S
Date of grant	24 June 2020
Start date	24 June 2020
Current period	2020 – 2024 (years 1-5)
Expiry date	31 December 2024
Renewal rights	Upon expiry of the first licence period (years 1-5), the licensee is entitled to be granted a new five year licence upon application, provided the licence terms and conditions are complied with.
Annual Licence Fee (in years 1-5)	None
Minimum exploration commitments 2020 (year 1)	<p>Per licence per calendar year: DKK 166,000 (reduced to DKK 0 in 2020).</p> <p><i>plus</i></p> <p>Per square kilometre per calendar year (1,710 x DKK 1,660): DKK 2,838,600 (reduced to DKK 0 in 2020).</p> <p>If the exploration expenses in a year exceed the minimum expense, the difference may be credited a later year for the same licence or a new licence in continuation of this licence. However, such difference cannot be carried forward for credit more than three years and cannot be carried back for more than one year.</p> <p>Pursuant to letter of 2 April 2020 from the MLSA, the minimum exploration obligations for calendar year 2020 have been reduced to DKK 0.</p> <p>Any expense held during the calendar year 2020, can either be forwarded for three calendar years, or if the licensee have obtained a deficit in exploration obligations from previous years, the expenses held during 2020 will be deducted from the deficit.</p>
Application for Field Activities	Nalunaq A/S has submitted its application form for the proposed exploration work programme, which has been approved by the MLSA.

(h) *Mineral Prospecting Licence 2017/45*

Licence No.	2017/45
Type	Mineral Prospecting Licence (non-exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements
Licence Area	West Greenland defined as areas south of 78°N and west of 44°W
Registered holder/owner	Nalunaq A/S
Date of grant	16 October 2017
Start date	16 October 2017
Expiry date	31 December 2021
Current period	2017-2021 (years 1-5)
Renewal rights	Not renewable. However, upon expiry a new prospecting licence may be applied for and granted.
Annual Licence Fee (in years 1-5)	None
Minimum exploration commitments	The licensee has no exploration commitments under prospecting licences. Expenses spent under a prospecting licence may within three years from the calendar year in which the expenses have been spent qualify as fulfilment of the exploration obligations for one or more exploration licences according to certain conditions specified in the Greenland Exploration Standard Terms.
Application for Field Activities	Nalunaq A/S has no immediate exploration plans for field work this year, but will be carrying out desktop studies.

(i) *Mineral Prospecting Licence 2019/146*

Licence No.	2019/146
Type	Mineral Prospecting Licence (non-exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	West Greenland defined as areas south of 75°N and west of 44°W
Registered holder/owner	Nalunaq A/S
Date of grant	26 September 2019
Start date	26 September 2019 (from the date when it is signed by the Government of Greenland)
Expiry date	31 December 2023
Current period	2019-2023 (years 1-5)
Renewal rights	Not renewable. However, upon expiry a new prospecting licence may be applied for and granted.
Annual Licence Fee (in years 1-5)	None
Minimum exploration commitments	The licensee has no exploration commitments under prospecting licences. Expenses spent under a prospecting licence may within three years from the calendar year in which the expenses have been spent qualify as fulfilment of the

Licence No.	2019/146
	exploration obligations for one or more exploration licences according to certain conditions specified in the Greenland Exploration Standard Terms.
Application for Field Activities	Nalunaq A/S has no immediate exploration plans for field work this year, but will be carrying out desktop studies.

13. Taxation

13.1 UK Taxation

The following paragraphs are intended as a general guide to certain UK tax considerations only for prospective Shareholders who are resident (and, in the case of individuals, resident and domiciled) in the United Kingdom for tax purposes, holding Common Shares as investments and not as securities to be realised in the course of a trade, and are based on current UK tax legislation and what is understood to be current published practice of HMRC (which may not be binding) as at the date of this document, both of which are subject to change, possibly with retroactive effect. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of any of the Common Shares.

Any person who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

Except where expressly stated otherwise, the paragraphs below are intended to apply only to Shareholders: (i) who are for UK tax purposes resident in (and only in) the UK (except in so far as express reference is made to the treatment of non-UK tax residents) and, if individuals, domiciled in the UK; (ii) to whom split-year treatment does not apply; (iii) who are the absolute beneficial owners of their Common Shares and any dividends paid in respect of them; (iv) who hold their Common Shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade; and (v) who hold less than 5 per cent. of the Common Shares.

The paragraphs below may not apply to certain Shareholders, such as dealers in securities, traders, brokers, dealers in securities, banks, financial institutions, insurance companies and collective investment schemes, trusts, pension schemes, persons who are otherwise exempt from UK taxation and persons who have (or are deemed to have) acquired their Common Shares by virtue of an office or employment or persons who are treated as holding their Common Shares as carried interest or trustees and beneficiaries as regards shares held in trust. Such Shareholders may be subject to special rules. Nor do the paragraphs below consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, or any person able to claim any inheritance tax relief or non-UK resident Shareholder holding Common Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Taxation on chargeable gains

Any gains on transfers or disposals of Common Shares (including a disposal on a winding-up of the Company) by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on their circumstances, give rise to a liability to UK tax on capital gains.

UK Tax Resident Individual Shareholders

UK tax resident individual Shareholders may be liable to UK taxation of chargeable gains on a disposal of the Common Shares, depending on their individual circumstances and subject to any available exemption or relief.

UK capital gains tax may be payable at a rate of 10 per cent. (for the tax year 2020/2021) to the extent that individuals are subject to income tax at the basic rate and any chargeable gain does not exceed the unused part of their basic rate income tax band. Where an

individual is subject to income tax at the basic rate but any chargeable gain exceeds the unused part of their basic rate income tax band, the rate of capital gains tax on the excess is 20 per cent. (for the tax year 2020/2021). The rate of capital gains tax for such individuals who are higher or additional rate taxpayers is 20 per cent. No indexation allowance is available to such Shareholders, but they may be entitled to an annual exemption from capital gains tax (this is £12,300 for the tax year 2020/2021).

For these purposes, the same thresholds apply for Scottish taxpayer Shareholders as in respect of other Shareholders resident in the United Kingdom. Scottish taxpayer Shareholders may wish to consult their own professional advisers if they are in any doubt as to their tax position in respect of disposals.

Non-UK Tax Resident Individual Shareholders

A Shareholder who is not resident for tax purposes in the UK will not generally be subject to capital gains tax on a disposal of Common Shares unless the Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency and the Common Shares disposed of are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency.

Such Shareholders may be subject to tax under any law to which they are subject to outside of the UK.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

UK Tax Resident Corporate Shareholders

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains arising on a disposal of Common Shares, depending on the circumstances and subject to any available exemption or relief. No indexation allowance will be available to reduce any chargeable gain arising on disposal of the Common Shares.

Corporation tax is charged on chargeable gains at the rate applicable to that company at the date of disposal. Subject to certain exemptions, the UK corporation tax rate applicable to taxable profits and chargeable gains is currently 19 per cent..

Taxation on Dividends

UK Tax Resident Individual Shareholders

UK tax resident individual Shareholders have the benefit of an annual dividend allowance of £2,000 for the tax year 2019/20. Dividends received by those individuals from the Company, to the extent that the total amount of dividend income received in the tax year (including the dividend from the Company) does not exceed the annual dividend allowance, will effectively be taxed at the rate of 0 per cent. Dividends within the allowance will still count as taxable income when determining how much of the basic rate band or higher rate band has been used.

Dividend income in excess of the £2,000 allowance will be taxable at the rate of 7.5 per cent. to the extent it falls within an individual's basic rate band, but below the threshold for the higher rate of income tax.

To the extent that such dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax, such an individual Shareholder will be subject to tax on that dividend income at the dividend upper rate of 32.5 per cent..

To the extent that such dividend income falls above the threshold for the additional rate of income tax, such an individual Shareholder will be subject to tax on that dividend income at the dividend additional rate of 38.1 per cent..

For these purposes, the same thresholds apply for Scottish taxpayer Shareholders as in respect of other Shareholders resident in the United Kingdom. Scottish taxpayer Shareholders may wish to consult their own professional advisers if they are in any doubt as to their tax position in respect of dividends.

UK Tax Resident Corporate Shareholders

Corporate Shareholders who are UK tax resident are potentially liable to corporation tax on dividends paid to them: most dividends paid on the Common Shares to UK tax resident corporate Shareholders are likely to fall within one or more of the classes of dividend qualifying for exemption from corporation tax (although the exemptions are not comprehensive and are also subject to anti-avoidance rules). Shareholders within the charge to UK corporation tax should consult their own professional advisers.

Non-UK Tax Resident Shareholders

A Shareholder resident or otherwise subject to tax outside the UK (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Other United Kingdom tax considerations

Controlled Foreign Companies

United Kingdom resident companies having an interest in the Company, such that broadly 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company's profits in accordance with the provisions of Part 9A of the Taxation (International and Other Provisions) Act 2010 relating to controlled foreign companies. These provisions only apply if the Company is controlled by United Kingdom resident persons (corporate and individuals).

13.2 Section 3 of the Taxation of Chargeable Gains Act 1992 (“Section 3”)

The attention of persons resident in the United Kingdom for taxation purposes is drawn to the provisions of Section 3. Section 3 applies to a “participator” or an “indirect participator” for UK taxation purposes (which includes a direct or indirect Shareholder) if at any time when a gain accrues to the Company which constitutes a chargeable gain for those purposes, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a “close” company for those purposes.

The provisions of Section 3 could, if applied, result in any such person who is a “participator” or an “indirect participator” in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company as a “participator” or an “indirect participator”. No liability under Section 3 could be incurred by such a person however, where the amount apportioned to such person and to persons connected with him does not exceed one quarter of the gain.

13.3 Transfer of Assets Abroad

The attention of individuals resident in the UK is drawn to sections 714 to 751 of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

13.4 Transactions in Securities

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

- 13.5** If any prospective investor is in doubt as to his taxation position, he is strongly recommended to consult an independent professional adviser without delay.

13.6 Stamp Duty and SDRT

No stamp duty or SDRT will generally be payable on the issue of New Common Shares or Depositary Interests by the Company pursuant to the Fundraising.

Transfers of the Common Shares will not be subject to stamp duty reserve tax as long as there is no register of the Common Shares kept in the United Kingdom on or behalf of the Company.

For as long as Depositary Interests represent interests in non-UK shares admitted to trading on a recognised stock exchange, no stamp duty or SDRT will arise on transfers or agreements to transfer the Depositary Interests by virtue of the exemption granted in the Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999 (SI 1999/2383 as amended).

The statements in this section apply to any holders of Common Shares irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries.

13.7 Canadian Taxation

The following is a summary of the principal Canadian federal income tax considerations generally relevant to an Investor who acquires as beneficial owner New Common Shares pursuant to the Fundraising and who, at all relevant times, for purposes of the *Income Tax Act* (Canada) the ("**Canadian Tax Act**"): (i) is not resident in Canada and is not deemed to be resident in Canada; (ii) does not use or hold, and is not deemed to use or hold, New Common Shares in connection with carrying on a business in Canada; and (iii) holds their New Common Shares as capital property.

Placees who meet all of the foregoing requirements are referred to in this summary as "**Non-Resident Shareholders**" and this summary applies only to such Non-Resident Shareholders. Special rules, which are not discussed in this summary, may apply to a Non-Resident Shareholder that is an insurer that carries on business in Canada and elsewhere or an "authorised foreign bank" as defined in the Canadian Tax Act.

This summary is based upon the current provisions of the Canadian Tax Act and the regulations thereunder, the current provisions of the *Canada-United Kingdom Income Tax Convention* (the "**UK Treaty**"), and the Company's counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available in writing prior to the date hereof. This summary also takes into account specific proposals to amend the Canadian Tax Act announced prior to the date hereof by or on behalf of the Minister of Finance (Canada) (the "**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted as proposed. No assurances can be given that the Proposed Amendments will become law.

This summary is not exhaustive of all possible Canadian federal income tax considerations and does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, governmental, administrative or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which may differ from the federal considerations.

This summary is of a general nature only and is not, and is not to be construed as, legal or income tax advice to any particular Non-Resident Shareholder. Each Non-Resident Shareholder is urged to obtain independent tax advice as to the Canadian income tax consequences of an investment in Common Shares applicable to the Non-Resident Shareholder's particular circumstances.

Taxation of Dividends

Any dividend on a New Common Share, including a stock dividend, that is paid or credited, or deemed to be paid or credited, by the Company to a Non-Resident Shareholder will be subject to Canadian withholding tax at the rate of 25 per cent. of the gross amount of the dividend. The rate of withholding tax may be reduced under the provisions of an applicable income tax convention between Canada and the country in which the Non-Resident Shareholder is resident for tax purposes. Pursuant to the UK Treaty, the rate of withholding

tax applicable to a dividend paid (or deemed to be paid) on a New Common Share to a Non-Resident Shareholder who is the beneficial owner of the dividend and is a resident of the United Kingdom for purposes of, and entitled to the full benefits under, the UK Treaty (a “**UK Shareholder**”) will generally be reduced to 15 per cent. of the gross amount of the dividend (or 5 per cent. in the case of a UK Shareholder that is a company that controls, directly or indirectly, at least 10 per cent. of the voting power of the Company). The Company will be required to withhold any such tax from the dividend paid or credited to the Non-Resident Shareholder and remit the tax directly to the Receiver General for Canada for the account of the Non-Resident Shareholder.

Taxation of Capital Gains

A Non-Resident Shareholder generally will not be subject to tax under the Canadian Tax Act on any capital gain realised by the Non-Resident Shareholder on a disposition (or deemed disposition) of a New Common Share unless the New Common Share constitutes “**taxable Canadian property**” to the Non-Resident Shareholder for purposes of the Canadian Tax Act.

Provided that the New Common Shares are listed on a “designated stock exchange” as defined in the Canadian Tax Act (which includes tiers 1 and 2 of the TSX-V), the New Common Shares generally will not constitute taxable Canadian property to the Non-Resident Shareholder unless at any time during the 60 month period immediately preceding the disposition: (i) the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm’s length, partnerships in which the Non-Resident Shareholder or a person with whom the Non-Resident Shareholder did not deal at arm’s length holds a membership interest directly or indirectly through one or more partnerships, or the Non-Resident Shareholder together with all such persons, owned 25 per cent. or more of the issued shares of any class of the capital stock of the Company; and (ii) more than 50 per cent. of the fair market value of the New Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Canadian Tax Act), “timber resource properties” (as defined in the Canadian Tax Act) or options in respect of, or interests in, or for civil law rights in, such property whether or not such property exists. Further, New Common Shares may be deemed to be taxable Canadian property to a Non-Resident Shareholder for purposes of the Canadian Tax Act in certain circumstances.

If the New Common Shares are considered taxable Canadian property to the Non-Resident Shareholder, then upon a disposition or a deemed disposition of such New Common Shares (other than a disposition to the Company that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market), the Non-Resident Shareholder will realise a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the New Common Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the New Common Shares to the Non-Resident Shareholder.

One half of any such capital gain (a “**taxable capital gain**”) realised by a Non-Resident Shareholder in a taxation year will be required to be included in computing the Non-Resident Shareholder’s income for that year, and one half of any such capital loss (an “**allowable capital loss**”) realised by a Non-Resident Shareholder in a taxation year must generally be deducted against taxable capital gains realised by the Non-Resident Shareholder in that year from dispositions of taxable Canadian property. Allowable capital losses from dispositions of taxable Canadian property not deductible in the taxation year in which they are realised may ordinarily be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains realised in such years from dispositions of taxable Canadian property, subject to the detailed rules contained in the Canadian Tax Act in this regard.

Any Non-Resident Shareholder that would otherwise be subject to Canadian income tax on a capital gain realised on a disposition of a New Common Share that constitutes taxable Canadian property to the Non-Resident Shareholder may be eligible for relief pursuant to an income tax convention between Canada and the country in which the Non-Resident Shareholder is resident for tax purposes.

Non-Resident Shareholders who may hold New Common Shares as “taxable Canadian property” should consult their own tax advisors.

Any Non-Resident Shareholder who is in any doubt as to their tax position or who is subject to tax in a jurisdiction other than the UK should consult their own professional adviser without delay.

14 Employees

14.1 Set out below is a table showing the number of employees employed by the Group, broken down by country, as at the end of each financial year covered by the historical financial information.

	<u>31 December 2017</u>	<u>31 December 2018</u>	<u>31 December 2019</u>
Canada	8	14	15
Greenland	7	6	17
Denmark	1	2	2
Iceland	5	5	3
United Kingdom	7	5	5
Australia	4	0	0
Total	<u>32</u>	<u>32</u>	<u>42</u>

14.2 For all periods shown above, employee numbers include temporary staff on employed fixed term contracts or contracted via agencies, part-time staff and non-executive directors.

14.3 The Company has no record of any industrial action at its main sites and considers its relations with employees to be good.

15. Related party transactions

15.1 The related party transactions being transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Group during the period commencing on the period covered by historical financial information and up-to-date of this document and terminating immediately prior to the date of this document are set out in/are as follows:

- (a) note 22 of the AEX Gold, Inc. audited consolidated financial statements for the years ended 31 December 2019 and 31 December 2018;
- (b) note 22 of the AEX Gold, Inc. audited consolidated financial statements for the years ended 31 December 2018 and 31 December 2017;
- (c) payments, or amounts payable, to George Fowlie (or entities controlled by George Fowlie), in connection with the services provided by him as Chief Financial Officer, totalling C\$104,000;
- (d) payments, or amounts payable, to Vatnar hf. (an entity controlled by Eldur Ólafsson), in connection with the services provided by Eldur Ólafsson as Chief Executive Officer, totalling C\$155,069;
- (e) payments, or amounts payable, to Martin Ménard Consultant Inc. (an entity controlled by Martin Ménard), in connection with the services provided by Martin Ménard as Chief Operating Officer, totalling C\$108,095, with a further C\$448,403 paid to his staff;
- (f) payments, or amounts payable, to Nicolas Ménard, engineering consultants, (the son of Robert Ménard, Director and the brother of Martin Ménard, Chief Operating Officer), totalling C\$64,845;
- (g) payments, or amounts payable, to a firm in which Georgia Quenby (Director) is a partner, totalling C\$141,950;

- (h) payments, or amounts payable, to FBC Mining (BA) Ltd, in connection with the shared costs agreement described in paragraph 12.7 of this Part IX, totalling C\$71,564;
- (i) the options granted to directors and officers by the Company on 17 June 2020, as set out in paragraph 7.2 of this Part IX;
- (j) the service agreements and deeds of indemnity entered into by the Company that are described in paragraphs 9.1 and 9.2 of this Part IX; and
- (k) the letters of appointment that are described in paragraph 9.1 of this Part IX.

All of such transactions were entered into on an arm's length basis.

15.2 Save as set out or referred to in paragraph 15.1 above, no member of the Group has entered into a related party transaction during the period covered by the historical financial information set out in Part VII of this document and up to the date of this document.

16. Depositary Interests

16.1 A depositary agreement between (1) the Company and (2) the Depositary, pursuant to which the Depositary will agree to provide depositary services to the Company, was entered into on 27 July 2020. In connection with the provision of these services the Depositary entered into a deed poll, details of which are set out below.

16.2 The Depositary Interests were created pursuant to and issued on the terms of a deed poll executed by the Depositary on 8 July 2020 in favour of the holders of the Depositary Interests from time to time (the "**Deed Poll**"). Prospective holders of Depositary Interests should note that they will have no rights in respect of the underlying Common Shares or the Depositary Interests representing them against Euroclear, or its subsidiaries.

16.3 Common Shares will be transferred to an account of the Depositary or its nominated custodian (a "**Custodian**") and the Depositary will issue Depositary Interests to participating members.

16.4 Each Depositary Interest will be treated as one Common Share for the purposes of determining, for example, eligibility for any dividends, and the Depositary will pass on to the holders of Depositary Interests any stock or cash benefits received by it as holder of Common Shares on trust for such Depositary Interest holder.

16.5 Depositary Interest holders will also be able to receive notices of meetings of holders of Common Shares and other notices issued by the Company to its Shareholders.

16.6 The Depositary Interests will have the same security code (ISIN) as the underlying Common Shares and will not be required to be admitted separately to trading on the London Stock Exchange.

16.7 In summary, the Deed Poll will contain the following provisions:

- (a) the Depositary will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests;
- (b) holders of Depositary Interests warrant, *inter alia*, that the securities in the Company transferred or issued to the Custodian on behalf of the Depositary are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, law, or regulation;
- (c) the Depositary and any Custodian shall pass on to the Depositary Interest holders and, so far as they are reasonably able, exercise on behalf of the Depositary Interest holders all rights and entitlements received or to which they are entitled in respect of the underlying securities which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at general meetings and any class meetings shall, subject to the Deed Poll, be passed on, in the form in which they are received,

- together with amendments and additional documentation necessary to effect such passing-on, or, as the case may be, exercised in accordance with the Deed Poll;
- (d) the Depositary will be entitled to cancel Depositary Interests and withdraw the underlying securities in certain circumstances including where a Depositary Interest holder has failed to perform any obligation under the Deed Poll or any other agreement or instrument with respect to the Depositary Interests;
 - (e) the Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Furthermore, the Depositary's liability to a holder of Depositary Interests will be limited to the lesser of:
 - (i) the value of the shares and other deposited property properly attributable to the Depositary Interests to which the liability relates; and
 - (ii) that proportion of £5 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the Depositary Interest holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay all such holders in respect of the same act, omission or event or, if there are no such amounts, £5 million;
 - (f) the Depositary is entitled to charge holders fees and expenses for the provision of its services under the Deed Poll;
 - (g) each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees), and hold each of them harmless from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depositary Interests held by that holder, other than those resulting from the wilful default, negligence or fraud of (i) the Depositary, or (ii) the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent;
 - (h) the Depositary may terminate the Deed Poll by giving not less than 30 days' notice. During such notice period, Depositary Interest holders must cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable, and amongst other things:
 - (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holder;
 - (ii) at the Depositary's discretion, it may substitute CREST Depositary interests for the Depositary Interests or sell all or part of such deposited property.
 - (i) It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll *pro rata* to the Depositary Interest holders in respect of their Depositary Interests;
 - (j) the Depositary or the Custodian may require from any holder information as to the capacity in which Depositary Interests are owned or held by such holders and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying securities in the Company and holders are bound to provide such information requested. Furthermore, to the extent that, *inter alia*, the Company's constitutional documents require the Depositary's disclosure to the Company of, or

limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever in the Company's securities, the Depositary Interest holders are to comply with such provisions and with the Company's instructions with respect thereto.

- 16.8** It should also be noted that holders of the Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Common Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of the Depositary Interests to give prompt instructions to the Depositary or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying Common Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of the Depositary Interests to vote such Common Shares as a proxy of the Depositary or its Custodian.

17. Investments

The Company confirms that:

- (a) no material investments have been made by the Group during the period covered by the historical financial information set out in Part VII of this document and up to the date of this document;
- (b) no material investments by the Group are in progress;
- (c) there are no joint ventures or undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses; and
- (d) there are no environmental issues that may affect the Company's utilisation of the tangible fixed assets.

18. Intellectual property rights

There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to the Group's business or profitability.

19. Working capital

The Directors are of the opinion having made due and careful enquiry that, taking into account the estimated net proceeds of the Fundraising, the working capital available to the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

20. Litigation

No member of the Group is or has during the 12 months preceding the date of this document been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company or the Group.

21. No significant change

Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 31 December 2019, the date to which the historical financial information set out in Part VII of this document was prepared.

22. Accounting matters

- 22.1** PricewaterhouseCoopers LLP are the auditors of the Company and audited the financial statements of the Company for each of the financial years covered by the historical financial information set out in Part VII of this document. PricewaterhouseCoopers LLP are a member of the Chartered Professional Accountants of Canada.

- 22.2** The accounting reference date of the Company is 31 December in each year.

23. Sources of information

The Directors confirm that, where information in this document has been sourced from a third party, this information has been accurately reproduced and that, so far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

24. Consents

- 24.1** Stifel has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 24.2** Cormark has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 24.3** Paradigm has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 24.4** SRK has given and not withdrawn its written consent to the inclusion in this document of its report set out in Part VI of this document and the references to it and to its name in the form and context in which they appear.

25. General

- 25.1** The total costs and expenses payable by the Company in connection with or incidental to the Fundraising and Admission are estimated to be approximately £3.3 million (exclusive of VAT). The gross proceeds of the Fundraising are estimated to be approximately £42.5 million and the net proceeds of the Fundraising are estimated to be approximately £39.2 million.
- 25.2** Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's activities.
- 25.3** Save as disclosed in this document, so far as the Directors are aware, there have not, in relation to any member of the Group, been:
- (a) any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or
 - (b) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year.
- 25.4** Save as disclosed in this document, the Directors are not aware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 25.5** Save as set out in paragraph 25.6 below, no government, regulatory authority or similar body, company or person (excluding the Company's professional advisers otherwise disclosed in this document and trade suppliers) has:
- (a) received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or
 - (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission,
- any of the following:
- (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Issue Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 25.6** Save as set out in this paragraph 25.6, there have been no payments in excess of £10,000 made by or on behalf of the Company to any government or regulatory body with regard to the acquisition or maintenance of any of the Company's assets, in the 12 months preceding the Latest Practicable Date:

- (a) C\$19,814 in aggregate to the Ministry of Mineral Resources for the acquisition of licences; and
- (b) C\$49,608 in aggregate to the MLSA for renewal and other fees for licences.

25.7 There have been no takeover bids by third parties in respect of the Company's equity which have occurred during the last financial year or the current financial year.

25.8 CPR No Material Change

No material changes have occurred since the effective date of the CPR and up to the date of this document the omission of which would make the CPR misleading.

25.9 Availability of this document

Copies of this document will be available to the public free of charge at the offices of K&L Gates LLP at One New Change, London EC4M 9AF during normal business hours on any day (except Saturdays, Sundays and public holidays) for a period of one month from the date of Admission. This document will also be available for download from the Company's website at www.aexgold.com.

27 July 2020

