



# **AEX Gold Inc.**

## **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2021

*The attached financial statements have been prepared by Management of  
AEX Gold Inc. and have not been reviewed by the Corporation's auditor*

**AEX Gold Inc.**  
**Consolidated Statements of Financial Position**  
(Unaudited, in Canadian Dollars)

	Notes	As at June 30, 2021 \$	As at December 31, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		49,593,636	61,874,999
Sales tax receivable		64,482	62,750
Prepaid expenses and others		90,722	371,258
<b>Total current assets</b>		<b>49,748,840</b>	<b>62,309,007</b>
<b>Non-current assets</b>			
Deposit on order	4	5,186,000	1,711,970
Escrow account for environmental monitoring		434,159	460,447
Mineral properties	3	62,244	62,244
Capital assets	4	3,341,452	1,401,014
<b>Total non-current assets</b>		<b>9,023,855</b>	<b>3,635,675</b>
<b>TOTAL ASSETS</b>		<b>58,772,695</b>	<b>65,944,682</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		1,198,466	831,899
Lease liabilities – current portion	5	49,582	65,900
<b>Total current liabilities</b>		<b>1,248,048</b>	<b>897,799</b>
<b>Non-current liabilities</b>			
Lease liabilities	5	747,692	763,913
<b>Total non-current liabilities</b>		<b>747,692</b>	<b>763,913</b>
<b>Total liabilities</b>		<b>1,995,740</b>	<b>1,661,712</b>
<b>Equity</b>			
Capital stock		88,500,205	88,500,205
Contributed surplus		3,285,952	2,925,952
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(34,972,430)	(27,106,415)
<b>Total equity</b>		<b>56,776,955</b>	<b>64,282,970</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>58,772,695</b>	<b>65,944,682</b>

*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 June 30,		Six months ended June 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Expenses</b>					
Exploration and evaluation expenses	7	1,998,049	912,676	3,245,196	1,524,451
General and administrative	8	2,093,578	498,639	3,678,649	881,550
Stock-based compensation	6	360,000	1,031,650	360,000	1,031,650
Foreign exchange loss (gain)		157,092	3,830	647,691	(21,567)
Operating loss		4,608,719	2,446,795	7,931,536	3,416,084
<b>Other expenses (income)</b>					
Interest income		(41,859)	(4,873)	(85,929)	(9,915)
Finance costs		10,103	210	20,408	2,400
<b>Net loss and comprehensive loss</b>		<b>(4,576,963)</b>	<b>(2,442,132)</b>	<b>(7,866,015)</b>	<b>(3,408,569)</b>

Weighted average number of common shares outstanding – basic and diluted	177,098,737	81,176,725	177,098,737	77,307,646
Basic and diluted loss per common share	(0.03)	(0.03)	(0.04)	(0.04)

*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 \$
<b>Balance at January 1, 2020</b>		<b>70,946,394</b>	<b>13,883,611</b>	<b>1,459,604</b>	<b>1,535,400</b>	<b>(36,772)</b>	<b>(14,767,303)</b>	<b>2,074,540</b>
Net loss and comprehensive loss		-	-	-	-	-	(3,408,569)	(3,408,569)
Warrants exercised		11,387,626	6,140,518	(1,010,418)	-	-	-	5,130,100
Warrants expired		-	-	(210,437)	210,437	-	-	-
Options exercised		100,000	60,000	-	(22,000)	-	-	38,000
Stock-based compensation		-	-	-	1,031,650	-	-	1,031,650
<b>Balance at June 30, 2020</b>		<b>82,434,020</b>	<b>20,084,129</b>	<b>238,749</b>	<b>2,755,487</b>	<b>(36,772)</b>	<b>(18,175,872)</b>	<b>4,865,721</b>
<b>Balance at January 1, 2021</b>		<b>177,098,737</b>	<b>88,500,205</b>	<b>-</b>	<b>2,925,952</b>	<b>(36,772)</b>	<b>(27,106,415)</b>	<b>64,282,970</b>
Net loss and comprehensive loss		-	-	-	-	-	(7,866,015)	(7,866,015)
Stock-based compensation	6	-	-	-	360,000	-	-	360,000
<b>Balance at June 30, 2021</b>		<b>177,098,737</b>	<b>88,500,205</b>	<b>-</b>	<b>3,285,952</b>	<b>(36,772)</b>	<b>(34,972,430)</b>	<b>56,776,955</b>

*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	Six months ended June 30,	
		2021	2020
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(7,866,015)	(3,408,569)
Adjustments for:			
Depreciation	4	143,723	114,317
Stock-based compensation	6	360,000	1,031,650
Finance costs		-	2,400
Foreign exchange loss (gain)		644,430	(19,112)
		(6,717,862)	(2,279,314)
Changes in non-cash working capital items:			
Sales tax receivable		(1,732)	(14,067)
Prepaid expenses and others		280,536	93,561
Trade and other payables		231,188	293,916
		509,992	373,410
<b>Cash flow used in operating activities</b>		<b>(6,207,870)</b>	<b>(1,905,904)</b>
<b>Investing activities</b>			
Acquisition of mineral properties	3	-	(13,737)
Acquisition of capital assets	4	(2,084,161)	-
Deposit on order	4	(3,474,030)	-
<b>Cash flow used in investing activities</b>		<b>(5,558,191)</b>	<b>(13,737)</b>
<b>Financing activities</b>			
Principal repayment – lease liabilities	5	(32,539)	-
Exercise of warrants		-	5,130,100
Exercise of stock options		-	38,000
Deferred share issuance costs		-	(324,293)
<b>Cash flow from (used in) financing activities</b>		<b>(32,539)</b>	<b>4,843,807</b>
Net change in cash before effects of exchange rate changes on cash during the period		(11,798,600)	2,924,166
Effects of exchange rate changes on cash		(482,763)	1,517
Net change in cash during the period		(12,281,363)	2,925,683
Cash, beginning of period		61,874,999	1,515,406
<b>Cash, end of period</b>		<b>49,593,636</b>	<b>4,441,089</b>
<b>Supplemental cash flow information</b>			
Interest received		85,929	9,915
Exercise of warrants credited to capital stock		-	1,010,418
Exercise of stock options credited to capital stock		-	22,000
Deferred share issuance costs included in trade and other payables		-	851,228

*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 and six months ended June 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

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### **1. NATURE OF OPERATIONS, BASIS OF PRESENTATION**

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 "TSX-V") under the AEX ticker and since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") under the AEXG ticker.

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021 ("Financial Statements") were approved by the Board of Directors on August 26, 2021.

#### **1.1 Basis of presentation**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") 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, 2020 which have been prepared in accordance with IFRS. 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, 2020.

### **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, 2020. 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.

# AEX Gold Inc.

## Condensed Notes to the interim Consolidated Financial Statements

Three and six months ended June 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

### 3. MINERAL PROPERTIES

	As at December 31, 2020	Additions	As at June 30, 2021
	\$	\$	\$
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
Saarloq	7,348	-	7,348
Anoritooq	6,389	-	6,389
Sava (previously called Kangerluarsuk)	6,562	-	6,562
<b>Total mineral properties</b>	<b>62,244</b>	<b>-</b>	<b>62,244</b>

	As at December 31, 2019	Additions	As at December 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
Saarloq	-	7,348	7,348
Anoritooq	-	6,389	6,389
Sava (previously called Kangerluarsuk)	-	6,562	6,562
<b>Total mineral properties</b>	<b>41,945</b>	<b>20,299</b>	<b>62,244</b>

### 4. CAPITAL ASSETS

	Field equipment and infrastruc- ture	Vehicles and rolling stock	Equipment (including intangible)	Construc- tion In Progress	Right-of- use assets	Total
	\$	\$	\$	\$	\$	\$
<b>Six months ended</b>						
<b>June 30, 2021</b>						
Opening net book value	146,203	256,865	177,052	-	820,894	1,401,014
Additions	-	-	-	2,084,161	-	2,084,161
Depreciation	(61,220)	(31,610)	(10,521)	-	(40,372)	(143,723)
Closing net book value	84,983	225,255	166,531	2,084,161	780,522	3,341,452
<b>As at June 30, 2021</b>						
<b>Cost</b>	<b>387,323</b>	<b>533,800</b>	<b>185,878</b>	<b>2,084,161</b>	<b>841,080</b>	<b>4,032,242</b>
<b>Accumulated depreciation</b>	<b>(302,340)</b>	<b>(308,545)</b>	<b>(19,347)</b>	<b>-</b>	<b>(60,558)</b>	<b>(690,790)</b>
<b>Closing net book value</b>	<b>84,983</b>	<b>225,255</b>	<b>166,531</b>	<b>2,084,161</b>	<b>780,522</b>	<b>3,341,452</b>

## AEX Gold Inc.

### Condensed Notes to the interim Consolidated Financial Statements

Three and six months ended June 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

#### 4. CAPITAL ASSETS (CONT'D)

Depreciation of capital assets 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 \$98,632 (\$114,317 for the six months ended June 30, 2020) was expensed as exploration and evaluation expenses during the six months ended June 30, 2021.

As at June 30, 2021, the Corporation had capital asset purchase commitments, net of deposit on order, of \$6,030,167. These commitments relate to purchases of equipment, infrastructure and vehicles.

#### 5. LEASE LIABILITIES

	As at June 30, 2021
	\$
Balance beginning	829,813
Principal repayment	(32,539)
Balance ending	797,274
Non-current portion – lease liabilities	(747,692)
<b>Current portion – lease liabilities</b>	<b>49,582</b>

#### 6. STOCK OPTIONS

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 9, 2021. 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 June 9, 2021, the Corporation granted to the CFO 900,000 stock options exercisable at an exercise price of \$0.59, with an expiry date of December 31, 2027. The stock options vested 100% at the grant date. Those options were granted at an exercise price equal the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$360,000 for an estimated fair value of \$0.40 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 75.85% expected volatility, 1.07% risk-free interest rate and 6.6 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

# AEX Gold Inc.

## Condensed Notes to the interim Consolidated Financial Statements

Three and six months ended June 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

### 6. STOCK OPTIONS (CONT'D)

Changes in stock options are as follows:

	Six months ended June 30, 2021		Year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	7,745,000	\$ 0.51	5,650,000	\$ 0.43
Granted	900,000	0.59	2,195,000	0.70
Exercised	-	-	(100,000)	0.38
Expired	(10,000)	0.38	-	-
<b>Balance, end</b>	<b>8,635,000</b>	<b>0.52</b>	<b>7,745,000</b>	<b>0.51</b>

Stock options outstanding and exercisable as at June 30, 2021 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
2,520,000	0.38	December 31, 2025
2,195,000	0.70	December 31, 2026
900,000	0.59	December 31, 2027
<b>8,635,000</b>		

### 7. EXPLORATION AND EVALUATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Geology	562,416	524,863	705,954	795,423
Lodging and on-site support	64,523	3,663	64,523	3,663
Underground work	18,588	23,040	18,589	45,847
Drilling	287,760	33,950	287,760	33,315
Safety and environment	-	6,568	-	6,568
Analysis	5,362	43,205	84,581	67,068
Transport	21,455	9,923	22,413	70,656
Helicopter charter	109,024	-	109,024	-
Logistic support	64,913	84,223	86,114	162,710
Insurance	45	3,287	8,707	4,513
Project Engineering costs	804,267	102,442	1,736,133	187,297
Government fees	10,380	20,353	22,766	33,074
Depreciation	49,316	57,159	98,632	114,317
<b>Exploration and evaluation expenses</b>	<b>1,998,049</b>	<b>912,676</b>	<b>3,245,196</b>	<b>1,524,451</b>

## AEX Gold Inc.

### Condensed Notes to the interim Consolidated Financial Statements

Three and six months ended June 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

#### 8. GENERAL AND ADMINISTRATION

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries and benefits	667,453	-	1,054,961	-
Management and consulting fees	-	166,369	-	282,441
Director's fees	116,879	25,000	236,379	50,000
Professional fees	690,594	194,349	1,246,949	318,104
Marketing and industry involvement	190,609	60,606	356,332	146,981
Insurance	148,377	10,561	266,342	21,122
Travel and other expenses	172,156	16,606	302,365	31,180
Regulatory fees	84,965	25,148	170,230	31,722
Depreciation	22,545	-	45,091	-
<b>General and administration</b>	<b>2,093,578</b>	<b>498,639</b>	<b>3,678,649</b>	<b>881,550</b>