



# **AEX Gold Inc.**

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

For the three and nine months ended September 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 September 30, 2021 \$	As at December 31, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		37,852,228	61,874,999
Sales tax receivable		55,412	62,750
Prepaid expenses and others		402,233	371,258
<b>Total current assets</b>		<b>38,309,873</b>	<b>62,309,007</b>
<b>Non-current assets</b>			
Deposit on order	4	8,322,838	1,711,970
Escrow account for environmental monitoring		434,341	460,447
Mineral properties	3	62,244	62,244
Capital assets	4	7,178,272	1,401,014
<b>Total non-current assets</b>		<b>15,997,695</b>	<b>3,635,675</b>
<b>TOTAL ASSETS</b>		<b>54,307,568</b>	<b>65,944,682</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		3,758,883	831,899
Lease liabilities – current portion	5	50,205	65,900
<b>Total current liabilities</b>		<b>3,809,088</b>	<b>897,799</b>
<b>Non-current liabilities</b>			
Lease liabilities	5	730,493	763,913
<b>Total non-current liabilities</b>		<b>730,493</b>	<b>763,913</b>
<b>Total liabilities</b>		<b>4,539,581</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		(41,981,398)	(27,106,415)
<b>Total equity</b>		<b>49,767,987</b>	<b>64,282,970</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>54,307,568</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 September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Expenses</b>					
Exploration and evaluation expenses	7	4,196,019	2,908,340	7,441,215	4,432,791
General and administrative	8	3,022,738	1,104,822	6,701,387	1,986,372
Stock-based compensation	6	-	-	360,000	1,031,650
Foreign exchange loss (gain)		(185,986)	717,577	461,705	696,010
Operating loss		7,032,771	4,730,739	14,964,307	8,146,823
<b>Other expenses (income)</b>					
Interest income		(33,700)	(25,960)	(119,629)	(35,875)
Finance costs (income)		9,897	(95,287)	30,305	(92,887)
<b>Net loss and comprehensive loss</b>		<b>(7,008,968)</b>	<b>(4,609,492)</b>	<b>(14,874,983)</b>	<b>(8,018,061)</b>

Weighted average number of common shares outstanding – basic and diluted	177,098,737	146,280,087	177,098,737	100,466,279
Basic and diluted loss per common share	(0.04)	(0.03)	(0.08)	(0.08)

*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		-	-	-	-	-	(8,018,061)	(8,018,061)
Share issuance under a fundraising		94,444,445	74,550,202	-	-	-	-	74,550,202
Share issuance costs			(6,312,546)	-	-	-	-	(6,312,546)
Warrants exercised		11,607,898	6,318,938	(1,078,702)	-	-	-	5,240,236
Warrants expired		-	-	(380,902)	380,902	-	-	-
Options exercised		100,000	60,000	-	(22,000)	-	-	38,000
Stock-based compensation		-	-	-	1,031,650	-	-	1,031,650
<b>Balance at September 30, 2020</b>		<b>177,098,737</b>	<b>88,500,205</b>	<b>-</b>	<b>2,925,952</b>	<b>(36,772)</b>	<b>(22,785,364)</b>	<b>68,604,021</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		-	-	-	-	-	(14,874,983)	(14,874,983)
Stock-based compensation	<b>6</b>	-	-	-	360,000	-	-	360,000
<b>Balance at September 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>(41,981,398)</b>	<b>49,767,987</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	Nine months ended September 30,	
		2021	2020
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(14,874,983)	(8,018,061)
Adjustments for:			
Depreciation	4	190,309	157,513
Stock-based compensation	6	360,000	1,031,650
Finance costs (income)		-	(92,887)
Payment from cash held in escrow account for environmental monitoring		-	(95,102)
Escrow account for environmental monitoring		-	95,102
Foreign exchange loss		403,826	685,401
		(13,920,848)	(6,236,384)
Changes in non-cash working capital items:			
Sales tax receivable		7,338	(80,557)
Prepaid expenses and others		(30,975)	(380,430)
Deposit		-	(27,944)
Trade and other payables		2,273,639	1,377,889
		2,250,002	888,958
<b>Cash flow used in operating activities</b>		<b>(11,670,846)</b>	<b>(5,347,426)</b>
<b>Investing activities</b>			
Acquisition of mineral properties	3	-	(13,737)
Acquisition of capital assets	4	(5,415,805)	(373,540)
Deposit on order	4	(6,610,868)	-
<b>Cash flow used in investing activities</b>		<b>(12,026,673)</b>	<b>(387,277)</b>
<b>Financing activities</b>			
Shares and warrants issuance		-	74,550,202
Share issuance costs		-	(6,140,329)
Principal repayment – lease liabilities	5	(49,115)	-
Exercise of warrants		-	5,240,236
Exercise of stock options		-	38,000
<b>Cash flow from (used in) financing activities</b>		<b>(49,115)</b>	<b>73,688,109</b>
Net change in cash before effects of exchange rate changes on cash during the period		(23,746,634)	67,953,406
Effects of exchange rate changes on cash		(276,137)	(726,428)
Net change in cash during the period		(24,022,771)	67,226,978
Cash, beginning of period		61,874,999	1,515,406
<b>Cash, end of period</b>		<b>37,852,228</b>	<b>68,742,384</b>
<b>Supplemental cash flow information</b>			
Interest received		119,629	35,875
Additions in capital assets included in trade and other payables		551,762	-
Share issuance costs included in trade and other payables		-	126,600
Exercise of warrants credited to capital stock		-	1,078,702
Exercise of stock options credited to capital stock		-	22,000

*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 nine months ended September 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 nine months ended September 30, 2021 ("Financial Statements") were approved by the Board of Directors on November 23, 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 nine months ended September 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

### 3. MINERAL PROPERTIES

	As at December 31, 2020	Additions	As at September 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>Nine months ended</b>						
<b>September 30, 2021</b>						
Opening net book value	146,203	256,865	177,052	-	820,894	1,401,014
Additions	-	-	-	5,967,567	-	5,967,567
Depreciation	(76,217)	(37,753)	(15,781)	-	(60,558)	(190,309)
Closing net book value	69,986	219,112	161,271	5,967,567	760,336	7,178,272
<b>As at</b>						
<b>September 30, 2021</b>						
<b>Cost</b>	<b>387,323</b>	<b>533,800</b>	<b>185,878</b>	<b>5,967,567</b>	<b>841,080</b>	<b>7,915,648</b>
<b>Accumulated depreciation</b>	<b>(317,337)</b>	<b>(314,688)</b>	<b>(24,607)</b>	<b>-</b>	<b>(80,744)</b>	<b>(737,376)</b>
<b>Closing net book value</b>	<b>69,986</b>	<b>219,112</b>	<b>161,271</b>	<b>5,967,567</b>	<b>760,336</b>	<b>7,178,272</b>

# AEX Gold Inc.

## Condensed Notes to the interim Consolidated Financial Statements

Three and nine months ended September 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 \$122,672 (\$157,513 for the nine months ended September 30, 2020) was expensed as exploration and evaluation expenses.

As at September 30, 2021, the Corporation had capital asset purchase commitments, net of deposit on order, of \$939,016. These commitments relate to purchases of equipment, infrastructure and vehicles. The deposit on order mainly related to purchases of surface mobile equipment as well as components of the process plant that was taken delivery of in October 2021.

### 5. LEASE LIABILITIES

	As at September 30, 2021
	\$
Balance beginning	829,813
Principal repayment	(49,115)
Balance ending	780,698
Non-current portion – lease liabilities	(730,493)
<b>Current portion – lease liabilities</b>	<b>50,205</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 the CFO with 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 nine months ended September 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

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

Changes in stock options are as follows:

	Nine months ended September 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	(1,910,000)	0.52	-	-
<b>Balance, end</b>	<b>6,735,000</b>	<b>0.51</b>	<b>7,745,000</b>	<b>0.51</b>

Stock options outstanding and exercisable as at September 30, 2021 are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
1,160,000	0.50	July 13, 2022
1,360,000	0.45	August 22, 2023
1,820,000	0.38	December 31, 2025
1,495,000	0.70	December 31, 2026
900,000	0.59	December 31, 2027
<b>6,735,000</b>		

#### 7. EXPLORATION AND EVALUATION EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Geochemistry	517,772	-	517,772	-
Geology	1,381,518	936,988	2,087,472	1,732,412
Lodging and on-site support	167,332	182,783	231,855	186,446
Underground work	29,929	19,440	48,518	65,287
Drilling	870,296	134,913	1,158,056	168,227
Safety and environment	-	14,045	-	20,613
Analysis	21,365	132,211	105,946	199,280
Transport	12,863	330,084	35,276	400,740
Supplies and equipment	1,997	-	1,997	-
Helicopter charter	602,189	70,167	711,214	70,167
Logistic support	477,654	215,281	563,769	377,991
Insurance	32,490	29,260	41,197	33,773
Project Engineering costs	56,573	790,631	1,792,705	977,928
Government fees	-	9,341	22,766	42,414
Depreciation	24,041	43,196	122,672	157,513
<b>Exploration and evaluation expenses</b>	<b>4,196,019</b>	<b>2,908,340</b>	<b>7,441,215</b>	<b>4,432,791</b>

## AEX Gold Inc.

### Condensed Notes to the interim Consolidated Financial Statements

Three and nine months ended September 30, 2021 and 2020

(Unaudited, in Canadian Dollars)

#### 8. GENERAL AND ADMINISTRATION

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries and benefits	700,186	62,380	1,755,147	64,832
Management and consulting fees	-	353,231	-	633,220
Director's fees	235,273	85,833	471,652	135,833
Professional fees	731,888	318,897	1,978,837	637,001
Marketing and Investor Relations	220,622	152,044	576,954	299,025
Insurance	169,437	51,402	435,779	72,524
Travel and other expenses	847,998	30,306	1,150,363	61,486
Regulatory fees	94,788	50,729	265,018	82,451
Depreciation	22,546	-	67,637	-
<b>General and administration</b>	<b>3,022,738</b>	<b>1,104,822</b>	<b>6,701,387</b>	<b>1,986,372</b>