



Amaroq Minerals

Company Description
In relation to a listing on First North Iceland
October 2022

This Company Description (hereafter referred to as the “Company Description”) has been prepared by Amaroq Minerals Ltd., Corporation number 10114685, address at 3400 One First Canadian Place, PO Box 130, Toronto, On, M5X 1A4, Canada, a Canadian public limited company (hereafter referred to as the “Company”, “Amaroq Minerals” or the “Issuer”) in relation to a proposed listing of Amaroq Mineral’s Depositary Receipts (hereafter referred to as the “Depositary Receipts” or “Icelandic Depositary Receipts” or “IDR”) on the Nasdaq First North Iceland market (hereafter referred to as “First North” or “First North Iceland”).

The Company Description has been drawn up under the responsibility of the Issuer, Amaroq Minerals, and has been reviewed by Nasdaq Iceland.

This Company Description does not constitute a prospectus under the Act on Prospectus for Securities When Offered to the Public Offering or Admitted to Trading on a Regulated Market no. 14/2020 or Regulation (EU) 2017/1129 of the European Parliament and of the Council.



Arion Bank hf.

Certified Adviser to Amaroq Minerals in relation to its listing on First North Iceland

Nasdaq First North Growth Market Disclaimer

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland, Iceland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with Shares admitted to trading on Nasdaq First North Growth Market have a certified adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

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1 GENERAL INFORMATION

1.1 The Company

This Company Description (hereafter referred to as the “Company Description”) has been prepared by Amaroq Minerals Ltd., reg. no. 600913-2550, address at 3400 One First Canadian Place, PO Box 130, Toronto, On, M5X 1A4, Canada, a Canadian public limited company (hereafter referred to as the “Company”, “Amaroq Minerals” or the “Issuer”) in relation to a proposed listing of Amaroq Minerals’ Depository Receipts (hereafter referred to as the “Depository Receipts” or “Icelandic Depository Receipts” or “DRs”) on the Nasdaq First North Iceland market (hereafter referred to as “First North” or “First North Iceland”).

1.2 Reasons for Trading on First North

The Company considers that a listing of the Company's Icelandic Depository Receipts is an important milestone for Amaroq Minerals and its operations. The aim of the listing is to support the operational ambitions of the Company by enabling new local investors to participate in Amaroq Mineral’s growth story and value creation. A First North listing is expected to contribute to an increased interest in the Icelandic Depository Receipts and the Company among investors, as well as among suppliers, media and other stakeholders. Additionally, a First North listing provides increased liquidity in the trading of the Icelandic Depository Receipts, which is advantageous for existing shareholders. Overall, Amaroq Minerals assesses that a First North listing of the Company's Icelandic Depository Receipts will benefit the Company's future development and it is on those grounds that the Company has applied for admission of trading of the Company's Icelandic Depository Receipts on First North Iceland.

1.3 Important Information for Investors

Prospective investors in the Company should carefully consider all information provided in the Company Description, particularly the *Risk Factors* in chapter 2, describing certain risks associated with an investment in Amaroq Minerals. The Company Description shall not in any way be viewed as a recommendation or solicitation to buy, hold or sell any security, including but not limited to the Company’s Icelandic Depository Receipts, or to take any investment decision. Prospective investors are solely responsible for any investment decision taken based on the information in the Company Description.

This Company Description is prepared solely in connection with the listing of the Company’s Icelandic Depository Receipts on First North Iceland and may not be used for any other purpose. Copyright of this Company Description and its contents is the property of the Company. No part of this Company Description may be reproduced, distributed or copied in any manner without the prior written approval of the Company. The prohibition to reproduce, distribute or copy applies regardless of the nature of the information at issue and the purpose of the reproduction, distribution or copy. Despite the aforementioned, the information in the Company Description may be copied for private and non-commercial purpose. Copies of this Company Description may not be distributed or sent, directly or indirectly, into the United States, the United Kingdom, Canada, Australia, South Africa, Japan or any jurisdiction where its distribution or publication would be unlawful.

1.3.1 Approximation of numbers

Quantitative values in this Company Description (e.g. monetary values, percentages etc.) are presented with such precision that is deemed by the Company to be sufficient to convey adequate and appropriate information on the relevant matter. Some quantitative values have been rounded up to the nearest reasonable decimal or integer value to avoid excessive detail. As a result, certain values presented as percentages do not necessarily add up to 100% because of approximation.

1.3.2 Information from third parties

The Company Description contains historical and future oriented information. In cases where the information has been obtained from third parties, the Company is responsible for ensuring that such information has been reproduced correctly. To the best of the Company’s knowledge, no information has been omitted in such a way that could make the information incorrect or misleading in relation to the original sources. However, the Company has not verified the figures, or other information that has been obtained from third parties. As a result, the Company’s Board of Directors does not accept any responsibility for the completeness or accuracy of such

information that is presented in the Company Description. This should be taken into consideration when reading such information.

1.3.3 Completeness of information

When it comes to evaluating Amaroq Minerals as an investment opportunity, the risk factors listed in this Company Description are the most important ones, in the opinion of the Board of Directors and management of the Company. However, other risk factors might influence the operations and financial results of the issuer. This should be taken into consideration when evaluating Amaroq Minerals as an investment opportunity.

1.4 Dating of Information and Updates

This Company Description is based on information available at 26 October 2022 unless otherwise stated. Financial information is based on information available in the Company's financial statements for the period 1 January 2020 to 31 December 2021 and interim statements for the six months ended 30 June 2022. Any relevant and significant changes from this time will be addressed and indicated where applicable. All statements other than statements of historical fact included in this Company Description, including without limitation statements regarding the future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. These forward-looking statements include, but are not limited to, statements with respect to pursuing successful production and exploration programs, and other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include, among others, risks related to the ability to raise additional capital, proposed expenditure for exploration work and general and administrative expenses, international operations, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of gold and other precious and non-precious metals. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company will update the information contained in this Company Description only to such extent, at such intervals and by such means as required by the applicable law or the Nasdaq First North Growth Market Rulebook for Issuers of Shares, dated 1 August 2022 (hereafter referred to as the "First North Rulebook") or considered necessary and appropriate in the Company's sole discretion.

1.5 First North Iceland and Certified Adviser

First North Iceland is an EU Growth Market operated by Nasdaq Iceland hf. It does not have the same legal status as a regulated market. Companies on First North Iceland are regulated by First North Growth Market's rules and relevant laws on securities transaction, but not by the same legal requirements set for companies admitted to trading on a regulated market. An investment in a company traded on First North Iceland generally involves more risk than an investment in a company on a regulated market. Nasdaq Iceland hf. approves applications regarding admission to trading. Nasdaq Iceland hf. is responsible for checking that both companies and Certified Advisers comply with First North Iceland's rules as well as monitoring the trading on First North Iceland. Arion Bank hf., reg. no. 581008-0150, Borgartún 19, 105 Reykjavík (hereafter referred to as the "Certified Adviser" or "Arion Bank"), which is a member of and has an agreement with Nasdaq Iceland hf., is the Certified Adviser for the Company in its application and listing process on the First North market. Arion Bank holds a full banking license under the Act on Financial Undertakings, no. 161/2002 and is regulated by the Icelandic Financial Supervisory Authority. The Issuer has chosen to be fully Exchange-monitored after the Icelandic Depositary Receipts have been admitted to trading.


1.6 Taxation Issues in Iceland

The Company's Icelandic Depositary Receipts might be subject to taxation in Iceland in accordance with effective tax legislation at any given time. Capital gains arising from the sale or disposal of Amaroq Mineral's Icelandic Depositary Receipts are generally subject to tax in Iceland. Furthermore, in the event that dividends are paid in respect of the Icelandic Depositary Receipts, the Company is obligated to withhold taxes on such payments.

Foreign parties should establish whether a double taxation treaty is in force between their country of residency and Iceland in order to determine their tax liability in Iceland. In addition, limited liability companies residing within the European Economic Area, EFTA and the Faroe Islands can apply to have withholding tax on dividends reimbursed by filing an Icelandic tax return for the year in which the withholding tax is incurred. Prospective investors are strongly advised to seek independent legal and tax advice regarding sale or purchase of Icelandic Depositary Receipts in the Company.

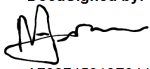
1.7 Liability Statement of the Board of Directors


We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of Board meetings, auditors' records and other internal documents is included in the Company Description.

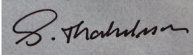
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Director and CEO

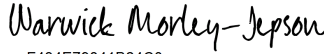
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Director and CFO

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David Neuhauser
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Liane Kelly
Senior Independent Director

1.8 Liability Statement of Arion Bank

Arion Bank as the Certified Adviser to Amaroq Minerals, expressly disclaims any liability based on the information contained in this Company Description or individual parts thereof and will not accept any responsibility for the correctness, completeness or import of such information. No information contained in this Company Description or disseminated by the Company may be construed to constitute a warranty or representation, whether express or implied, made to any third parties by any person other than the Company.

1.9 Potential Conflicts of Interest

For the purposes of preparing and issuing this Company Description, the Board of Directors has relied on the advice and expertise of the Company's management team and independent counsels.

Amaroq Mineral's board members and members of the management team own shares, Icelandic Depositary Receipts and/or stock options, as can be seen in Chapter 5.8 *Share ownership by stakeholders*. Several of these individuals have contributed to the preparation of this Company Description and the admission of Amaroq Mineral's Icelandic Depositary Receipts to trading on the First North market.

Arion Bank, the Certified Adviser in the process of seeking the admission of Amaroq Mineral's Icelandic Depositary Receipts to trading on the First North market and Joint Bookrunner of the fundraise prior to listing, , market making for the Company's Icelandic Depositary Receipts and is the issuer of the Company's Icelandic Depositary Receipts. As the issuer of the Company's Depositary Receipts, and as per the Depositary Agreement found in Appendix I, Arion Bank shall upon receiving cash distributions or dividends make reasonable efforts to convert the received cash into ISK according to the exchange rates applied by Arion Bank at the date of receipt, cf. Clauses 7, 9 and 12 of the Depositary Agreement.

It could be argued that conflicts of interest may arise in such situations, but, in accordance with the statement made by the Board of Directors in chapter 1.7 *Liability Statement of the Board of Directors*, the information in this Company Description is, to the best of the Board of Directors' knowledge, factual and contains no omission likely to affect its import.

The Board of Directors is not aware of any other potential conflicts of interest between the duties of the members of the Board of Directors or members of the Issuer's management team to the Issuer and their private interests or other duties.

1.10 Investor Examination and Analysis

By acquiring any Icelandic Depositary Receipts or otherwise engaging in transactions depending on the value of such Icelandic Depositary Receipts, investors agree that they are relying on their own examination and analysis of this Company Description (including the financial information that forms an indispensable part of this Company Description) and any information on the Company that is available in the public domain. They also acknowledge the risk factors that may affect the outcome of such transaction (as presented under "Risk Factors" below).

In the case of a dispute related to this Company Description, under certain circumstances, courts other than the Icelandic courts may have jurisdiction, and consequently a need may arise for the plaintiff to bear relevant state fees and translation costs in respect of this Company Description or other relevant documents.

1.11 Third-party information

In this Company Description, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company confirms that no statement or report attributed to a person as an expert is included in this Company Description.

2 RISK FACTORS

Prospective investors should be aware that an investment in Amaroq Minerals Ltd. 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.

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 carefully consider 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.

The risk factors below are not ranked in any specific order.

2.1 Risks related to operations

2.1.1 The company is an exploration stage company

The Company is an exploration stage mining company, which currently has no mines in production and needs to conduct exploration activities to discover and develop mineral reserves on its properties. It cannot give assurance that a commercially viable resource (a reserve) exists on any or all properties for which the Company currently has or may have (through potential future joint venture agreements or acquisitions) an exploration license.

While the Nalunaq Property has an operating history and Amaroq have established a defined Mineral Resource beyond that which was mined, the true value of the project is in the resource potential that has not as yet been sufficiently quantified, termed the "Exploration Target". This opportunity is relatively early stage and requires the Company to perform additional 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 and other minerals prospects, the Company will be required to conduct significant exploration activities in order to demonstrate the commercial viability of these mineral deposits. There can be no certainty that such exploration activities will result in resources and ultimately minable reserves.

Determination of the existence of a resource and subsequently a reserve, 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 and/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.

2.1.2 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 part of a prefeasibility 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 prefeasibility or a feasibility study level. Whether the Company 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.

2.1.3 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 Company's mineral licenses had no previous operations and there is no historical data from which an assessment of commercial viability can be made. While the Nalunaq Property has an operating history, the Exploration Target potential over and above the Inferred Mineral Resource, may represent the long-term future of the Nalunaq Property, it 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 Vagar and Nanoq licenses host several gold prospects. The exploration activities on both licenses are at an early stage of with no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs.

The Sava, Stendalen and Paatusoq licenses host strategic minerals and base metals. All properties are at an early stage of exploration and have no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs. The Company has entered into a non-binding agreement with ACAM LP ("ACAM"), a leading resource investor to jointly explore the three licenses over a three-year period. ACAM will provide the majority of funding required for the exploration activities which lowers the funding risk for the Company. See further in chapter 4.1.2 *History*.

2.1.4 Project development risks

There can be no assurance that the Company will be able to effectively manage the expansion of its operations or that the Company's personnel, systems, procedures and controls will be adequate to support the Company's future 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 Company's ability to commence, maintain or increase its annual production of ore in the future will be highly dependent on its ability to discover reserves and develop these licenses. Any failure of the Board to effectively manage the Company's growth and development could have a material adverse effect on its business, financial condition 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 licenses, which may differ significantly from the Company's current estimates. The development of the licenses may be subject to unexpected problems and delays.

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

The Company requires substantial funds to determine whether mineral reserves exist on its Properties beyond an Inferred Mineral Resource. Any potential development and production of the Company's Properties depends upon the results of exploration programmes and feasibility studies and the recommendations of duly qualified engineers and geologists. Such programmes and studies require substantial 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

2.1.6 The Company's liquidity and capital resources are uncertain

The Company has prepared cost estimates of GBP 45.6 million, including contingency, supporting the decision to raise the net proceeds of the Fundraising as discussed in Chapter 5.10 *Fundraising* in order to produce a Bulk

Sample from the Nalunaq Property, and to conduct exploration activities on the Nalunaq Licence and its other licences. However, there can be no certainty that these funds will be sufficient. Subsequent development of the Nalunaq Property, including future production and processing, and future exploration and development of the Company's other licences, will depend on the Company's ability to obtain financing through joint ventures, offerings of equity securities or offerings of debt securities, or by obtaining financing through a bank or other entity. The 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, 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 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.

2.1.7 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 nor does the Company plan to introduce such insurance.

2.1.8 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.

2.1.9 Dependence on third party services and contractors

The Company relies in part on products and services provided by third parties in the ordinary course of business. As part of its internal risk assessment, the Company conducts counterparty risk assessments to ensure that the third parties can supply the necessary services or products in a responsible manner that aligns with the Company values.

However, the Company cannot predict the risk of insolvency or other managerial failure by any third party in future. These events may provide interruption to services or products provided and the Company may be unable to find replacements on a timely basis.

The foregoing as well as substitution on similar terms, may have a material adverse effect on the annual work plan and subsequently the financial condition of the Company.

2.1.10 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

2.1.11 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 Icelandic companies. A Shareholder outside Canada 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 Iceland or countries other than those in which judgement is made. In addition, Canadian 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 Iceland or other countries.

2.1.12 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 and AIM 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.

2.1.13 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.

2.2 Risks related to the Industry

2.2.1 Mineral exploration and associated activities are speculative in nature

Mineral exploration 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, although 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 resources 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.

2.2.2 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.

2.2.3 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.

2.2.4 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.

2.2.5 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

2.2.6 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.

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

The Company has adequately insured the assets at the Nalunaq Property. However, exploration, development and production operations on mineral properties may 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.

2.2.8 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.

2.2.9 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.

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.

2.2.10 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 Reserves.

Many factors are involved in the determination of the economic viability of a mineral deposit including the achievement of satisfactory Mineral Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future commodity prices and exchange rates. 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 of its Properties 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 mine and Property.

2.2.11 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

2.2.12 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.

2.3 Risks relating to operating in Greenland

2.3.1 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. The Company has submitted an application to the Government to extend this and other milestone dates. It is not unusual for time limits to be changed as a project progresses and the Company is not aware of any reason why the extension would not be granted. Failure to satisfy any of the conditions set forth in addendums to the Nalunaq Licence 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 Amaroq Minerals 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.

2.3.2 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.

2.3.3 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 30 September 2022, the balance of the cash deposit was DKK 2,256,602. 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.

2.3.4 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, but not limited to, Canada, Iceland and the UK. The Company estimates that 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 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.

2.3.5 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 Ministry of Mineral Resources and Justice 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.

2.3.6 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.

2.4 Risks related to the Icelandic Depositary Receipts

2.4.1 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 Icelandic Depositary Receipts. 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 Icelandic Depositary Receipts or adversely affect the rights and powers of the holders of Icelandic Depositary Receipts. Issuances of preferred shares, or the perception that such issuances may occur, could cause the trading price of the Icelandic Depositary Receipts to drop. The preferred shares are not entitled to vote with the Common Shares, and they do not appoint the directors or auditors of the company on an annual basis, that is the prerogative of the common shareholders only. For further clarification, investors are advised to acquaint themselves with the CBCA.

2.4.2 There is no current Icelandic market for the Icelandic Depositary Receipts, notwithstanding the Company's intention to be admitted to trading on Nasdaq Iceland First North

There is no current Icelandic market for the Icelandic Depositary Receipts. Although the Company's current intention is that its securities will continue to trade on First North in Iceland, this may not always be the intention. If an active public market for the Icelandic Depositary Receipts does not develop, or is not maintained, investors may not be able to sell their Icelandic Depositary Receipts. However, market making agreements with Arion Bank and Landsbankinn are in place, see chapter 5.9 *Market Making*.

2.4.3 The Company will be listed in Canada, the UK and Iceland

The Common Shares will be listed on two separate stock markets and then Icelandic Depositary Receipts will be listed on one market 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 AIM. In addition, Icelandic Depositary Receipts will be traded in Iceland. While the Common Shares are traded on two markets and Icelandic Depositary Receipts on one market, price and volume levels could fluctuate significantly on each market, independent of the share price or trading volume on the other markets. Investors could seek to sell or buy Common Shares or Icelandic Depositary Receipts to take advantage of any price differences between the three markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both Common Share and Icelandic Depositary Receipts prices on each exchange and in the volumes of Common Shares and Icelandic Depositary Receipts available for trading on each market. In addition, holders of Common Shares and Icelandic Depositary Receipts in each 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 Icelandic Depositary Receipts.

2.4.4 The Icelandic Depositary Receipts may be subject to various factors which may make the share price volatile

The market price of publicly traded Icelandic Depositary Receipts 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 Icelandic Depositary Receipts 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 Icelandic Depositary Receipts

2.4.5 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.

2.4.6 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.

2.4.7 The shareholding of the Shareholders may be diluted

At the date of this Company Description, the Company has 177,358,737 Common Shares issued and outstanding. Upon completion of the Fundraising, prior to admission to trading, there will be an additional 85,714,285 New Common Shares issued where each Common Share represents one Icelandic Depositary Receipt. As such, the Company's share capital will consist of 263,073,022 Common Shares at the time of admission to trading. 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.

3 MARKET OVERVIEW

3.1 Gold industry

3.1.1 Gold: An introduction

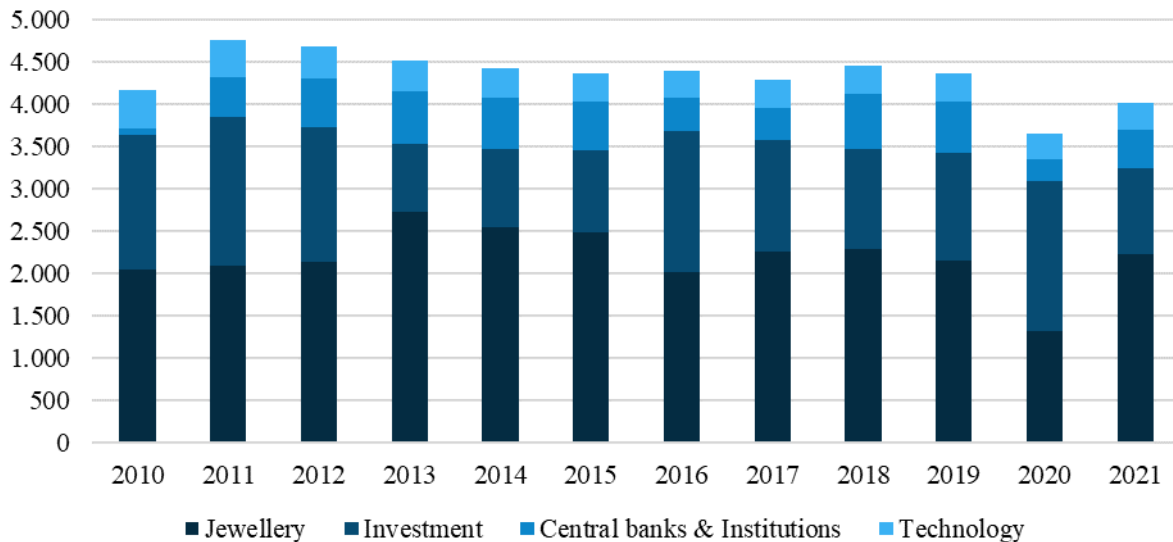
Gold, with its chemical symbol 'Au', is classified by scientists to be a noble metal as it does not oxidise under ordinary conditions. Pure gold is relatively soft and is the most malleable and ductile of the metals, with a specific gravity of 19.3, compared to 14.0 for mercury and 11.4 for lead. This 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.

3.1.2 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 2021), tonnes

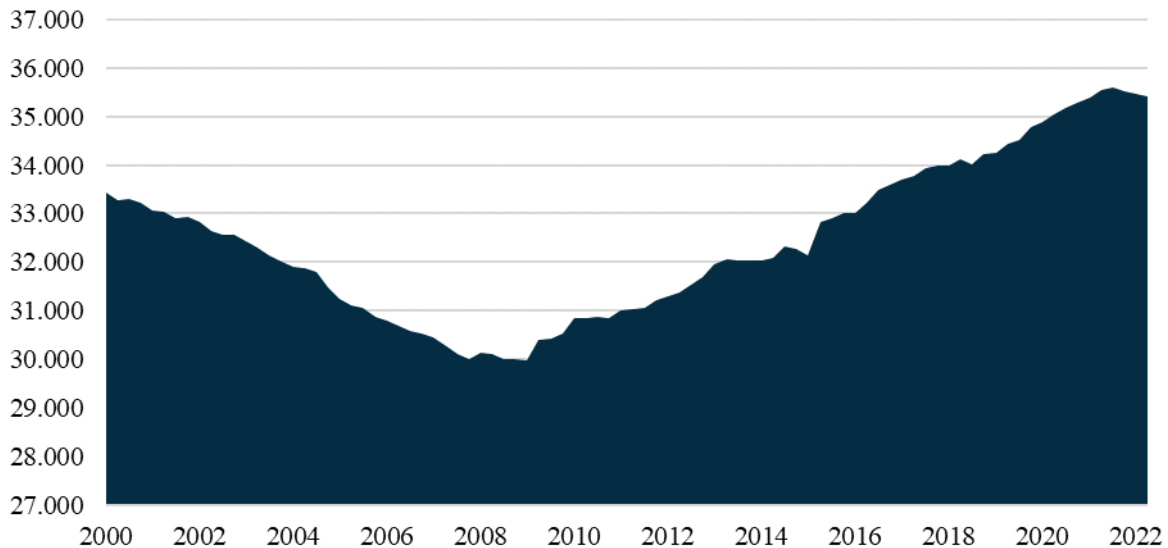


Source: World Gold Council

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 2.2 thousand tonnes between 2010 and 2021. 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 in 2021 accounted for approximately 450 tonnes. Following the financial crisis in 2008, emerging market governments have increased their purchasing of gold whilst European banks have essentially ceased sales.

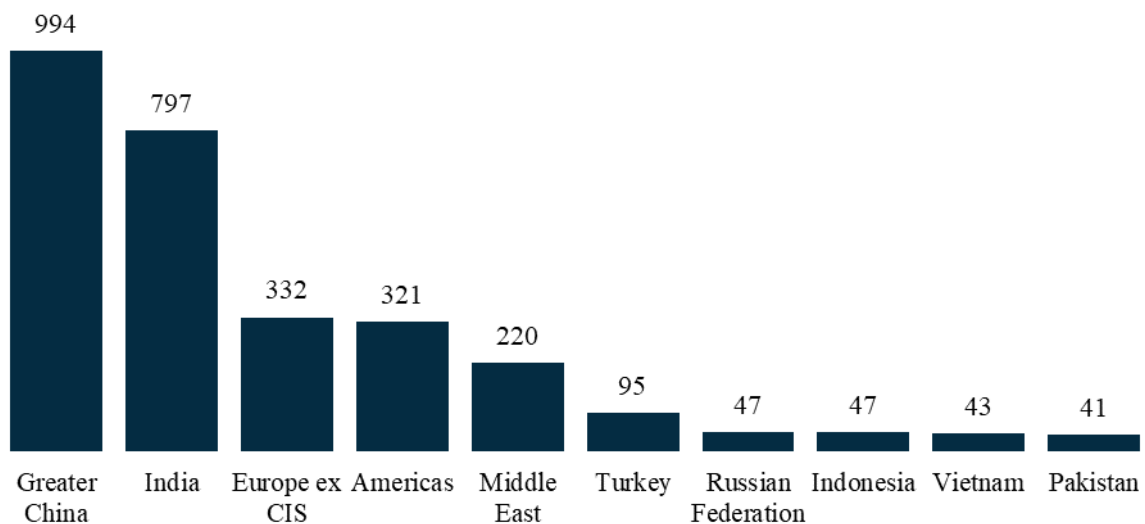
World Central Bank Official Gold Reserves since 2000, tonnes



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 350 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 2021, tonnes



Source: World Gold Council

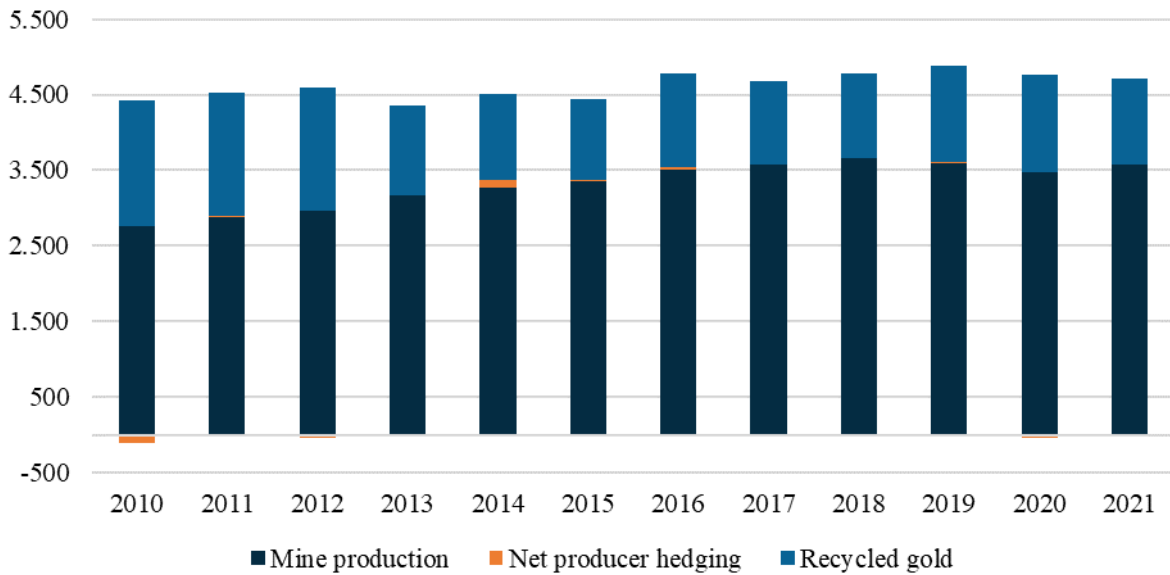
Gold demand has been shifting towards the east over the last decade, with India, Greater China (including mainland China, Hong Kong and Taiwan) and the Middle East, now dominating the market, accounting for approximately 65 per cent. of the 2021 global consumer demand for gold, and jewellery in particular, reflecting sociocultural influences and the economic growth of these countries.

3.1.3 Supply of Gold

It is estimated that approximately 205 kilo-tonnes of gold have 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.

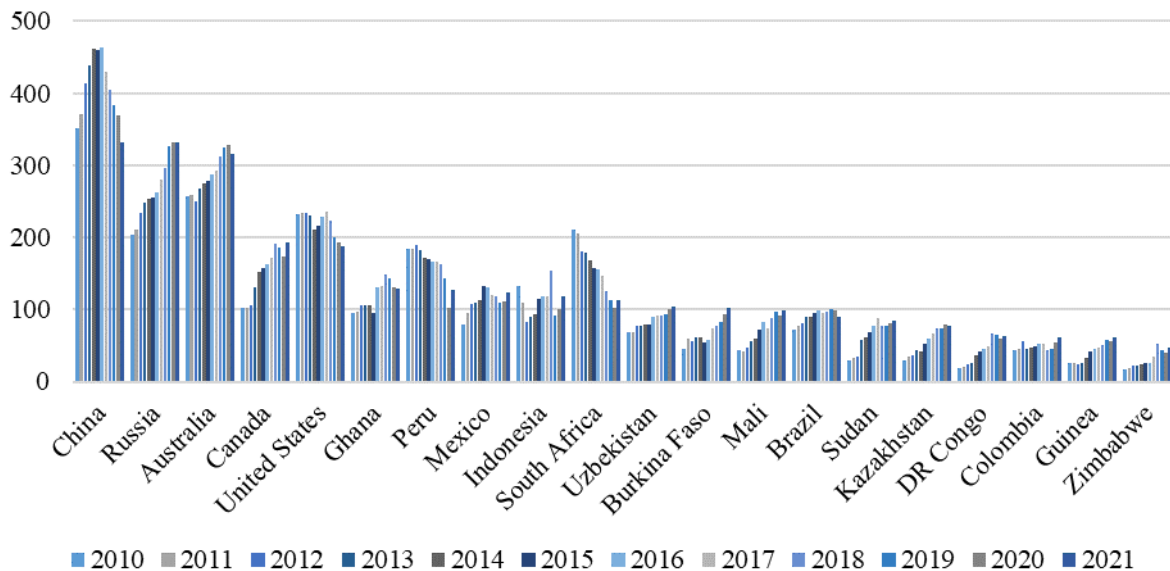
Sources of Global Gold Supply, tonnes



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 twelve years to 2021, with average production of 406 tonnes of gold over this period, accounting for 13 per cent. of global production, followed by Australia with average production of 287 tonnes, or nine per cent. of global production over the same period.

Top 20 Gold Producing Countries, tonnes per year



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.

3.1.4 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 has historically offered 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\$1,715.90 per troy ounce on 31 August 2022, a gain of roughly 500 per cent. over the period.

Gold Price since 2000, US\$



Source: World Gold Council

3.2 Strategic mineral overview

Strategic minerals or Strategic metals encompass both Critical minerals and metals or minerals required as part of the energy transition; sometimes defined as Green Metals.

3.2.1 Critical Minerals

Critical minerals are a wide set of important commodities required for many high-tech appliances such as electric vehicles, smartphones and wind turbines. These play a vital role in industrial sectors important to many economies such as automotive, aerospace and renewable energy technologies. Dependence on some of these is now so great that they are classified as critical and access to them is regarded as a strategic necessity. A material is classified as critical when it is of economic importance but is at risk of short supply. These materials are not necessarily considered critical due to them being scarce, other factors are also considered:

1. The economic importance associated with the products
2. The risk associated with the supply of the material, for example due to political unrest in the producing countries
3. Availability of viable substitutes, the materials possess unique properties

Not every country defines critical or strategic minerals the same way. Each country's definition, then, drives its mineral strategies. For example, the EU published a list of 27 critical raw materials in 2017, chosen from a group of 78 raw materials. The list is an update to an initial grouping of 14 critical raw materials identified in 2011, which was subsequently increased to 20 critical raw materials in 2014.

As the EU notes in 2020, the 30 critical raw materials were selected because "risks of supply shortage and their impacts on the economy are higher than those of most of the other raw materials." The list is designed to be used to "incentivize European production" of the selected materials through recycling and mining, and can also serve as a "supporting element when negotiating trade agreements, challenging trade-distortive measures, developing research and innovation actions."

The current EU critical raw materials list includes:

Antimony	Germanium	Platinum Group Metals
Baryte	Hafnium	Phosphate rock
Bauxite	Heavy Rare Earth Elements	Phosphorus
Beryllium	Indium	Scandium
Bismuth	Light Rare Earth Elements	Silicon metal
Borate	Lithium	Strontium
Cobalt	Magnesium	Tantalum
Coking Coal	Natural Graphite	Titanium
Fluorspar	Natural Rubber	Tungsten
Gallium	Niobium	Vanadium

3.2.2 Energy Transition Metals

The current global drive to energy transition requires substantial amounts of metals. Some of which are also classified as Critical or Strategic but the Energy Transition Metals group also include many base metals such as copper, nickel and cobalt that are likely to be required in increasing amounts as the world turns to green energy.

Energy Transition Metals are essential to an industrial process and for which there is no actual or commercially viable substitute. Major Energy Transition Metals could be defined as including:

Aluminium	Lead	Rhodium
Chromium	Manganese	Silicon
Cobalt	Molybdenum	Silver
Copper	Nickel	Tin
Graphite	Palladium	Titanium
Iron Ore	Platinum	Zinc

3.3 Greenland overview

3.3.1 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 2022, 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 southwest. This includes the capital Nuuk with around 19,000 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 2020 gross domestic product of approximately US\$ 3.1 billion, where the gross domestic product per capita amounts to US\$ 54,600.

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.

3.3.2 Mining in Greenland

3.3.2.1 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 September 2022, 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.

3.3.2.2 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 smallscale 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 Icelandic Depositary Receipts.

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).

3.3.2.3 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 and Justice, is responsible for issuing mineral licences and monitoring mineral resource activities 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 them.

The Ministry of Mineral Resources and Justice 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.

3.3.2.4 Mineral Licence Categorisation

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.

Exploration Licence

Exploration licences provide exclusive rights for the licensee to undertake mineral exploration activities for all commodities (except hydrocarbons, radioactive elements and hydropower, 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 2022 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 2022 will be reduced by 50% as part of the Government of Greenland's Covid-19 initiatives.

2022 Exploration Expense Obligations, as of 1 January 2022

<i>Exploration obligation per licence per calendar year</i>		
Year 1-2	DKK	169,000
Year 3-5	DKK	338,000
Year 6-10	DKK	675,000
Year 11-13 ⁽¹⁾	DKK	1,350,000
Year 14-16 ⁽²⁾	DKK	2,700,000
Year 17-19 ^(1,2)	DKK	5,400,000
<i>Exploration obligation per km² per calendar year</i>		
Year 1-2	DKK	1,690
Year 3-5	DKK	8,440
Year 6-10	DKK	16,900
Year 11-13 ⁽¹⁾	DKK	33,800
Year 14-16 ⁽²⁾	DKK	67,500
Year 17-19 ^(1,2)	DKK	135,000
<i>Exploration obligation for large areas in East and North Greenland</i>		
Exploration obligation per km ²	DKK	844

1. For licences in year 11 or older and still active 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 3-year renewal. The obligation for licences in year 20, 21 and 22 is therefore double of the rates for year 17-19. Licences in year 23, 24 and 25 the obligation is therefore double of the obligation in years 20-22

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. All work programme application forms must be submitted to the MLSA no later than 1 May in the year that the exploration is planned. This deadline was relaxed during 2021 due to the Coronavirus pandemic but was reinstated for 2022.

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.

3.3.2.5 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.

3.4 Competitive Situation

The global market for gold and strategic minerals is characterized by the presence of large and diversified international companies with highly vertically integrated operations throughout mineral exploration, processing, refining, transportation and marketing. The Company competes with other exploration and mining companies, many of which command greater financial resources, operational experience and technical capabilities than the Company. These companies may also appear as both buyers and sellers in different stages of the industry, which is characterized by high fixed costs and an overall scarcity of mineral resources, leading to a highly competitive market.

Significant players in mineral production may rely on the scale of their operations to reduce costs and enhance profitability. This allows them to spend increased time and resources for the research of potentially major discoveries or profitable development projects. As such, these companies may be able to absorb holding costs for large land positions, thus blocking access from other companies. The acquisition of licences for national resources may be a lengthy process due to the involvement of national governments, which generally grant said licences. This process may also involve various issues related to tax and environmental regulation.

4 BUSINESS DESCRIPTION

4.1 General Overview and History

4.1.1 Introduction

Amaroq Minerals is an independent mining company engaged in the identification, acquisition, exploration and development of gold and other mineral properties in Greenland. The Company's shares have been listed on the TSX-V since 13 July 2017 and on AIM since 31 July 2020. The Company's strategy is to leverage its first mover advantage in Greenland, underpinned by the previously producing Nalunaq Property, to build a multi-commodity mining company, delivering shareholder value with significant optionality in its land bank of high-impact exploration assets. The Company plans to generate revenue from the sale of the ore from the Nalunaq Bulk Sample in 2023 and 2024 with profitability expected post the completion of the full Nalunaq project which includes the construction of a process plant and associated infrastructure.

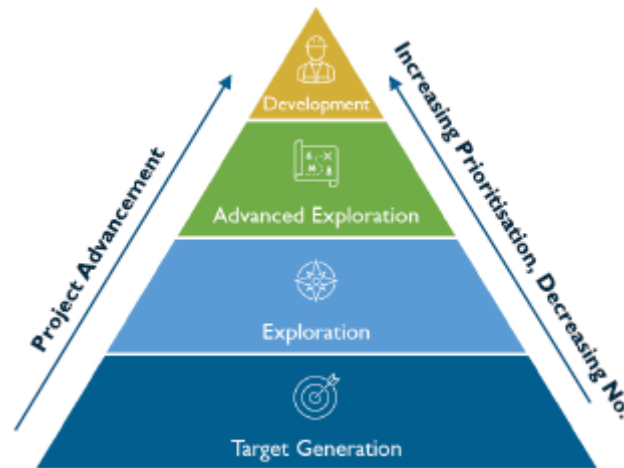
The Company, led by CEO Eldur Ólafsson, owns eleven licences in South Greenland covering an area of 7,866.85 square kilometres, which are highly prospective for gold and other strategic minerals.

The primary asset is the Nalunaq Property which 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.

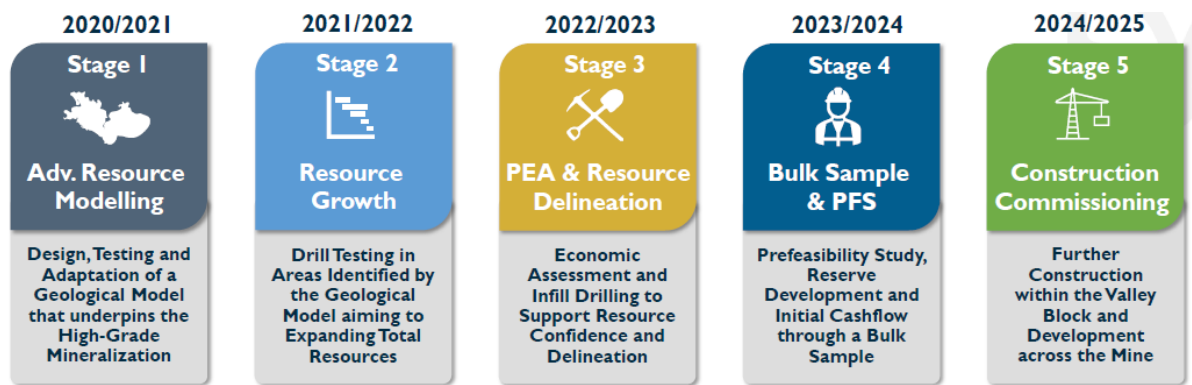
The gold deposit at the Nalunaq Property is high-grade and has previously demonstrated a low all-in sustaining cost, making it high margin at current gold prices. All-in sustaining cost estimates range between US\$725/oz to US\$910/oz. The Company has a current Inferred Mineral Resource of 320,000 oz. (355,000 tonnes at 28.0 g/t Au), covering the old mine area and into a number of extension areas, 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 Amaroq 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 multiple order of scale increases within or in close proximity to the existing mine workings in excess of the Exploration Target.

4.1.2 Business model

Amaroq Minerals business model is to identify, acquire, explore and develop gold properties and other strategic mineral assets in Greenland. The revenue will come from selling gold and other minerals to the market. The Company's goal is to explore and develop its assets in order to expand the existing resources at Nalunaq whilst simultaneously exploring other known gold and mineral 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.

Figure 1: Amaroq Mineral's development process

Amaroq Minerals Ltd have initiated a staged program of Resource development at Nalunaq and on into cashflow generation. As of October 2022, the Company is on Stage 3 in development of Nalunaq and aims to start receiving revenues on Stage 4 which is anticipated to take place in early 2024.

Figure 2: Nalunaq development and path to cashflow

Amaroq has agreed a non-binding term sheet with ACAM, a leading resource investor in relation to a £18million private investment into a joint venture to accelerate exploration across its significant strategic mineral prospects, providing significant upside to Amaroq shareholders without recourse to additional equity funding

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

4.1.3 Influential factors

The Company's future revenues would be highly dependent on gold and critical minerals prices, currency exchange rate fluctuations, other risks described under Section 2 – Risk Factors, overall market demand for gold and critical minerals as described under Section 3 - Market Overview. In addition, the Company's revenues will be influenced by the Company's success on discovering additional resource from exploration activities at Nalunaq Property as well as developing the project to a producing asset stage as described under Section 2-Risk factors.

4.1.4 History

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, which was estimated at C\$7 million was completed roughly 20% 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 the most modern 3D geological modelling techniques available, the Company updated their exploration targeting strategy, aimed at expanding the known mineral resource, based upon the new drilling and surface mapping results as well as from a re-evaluation and review of the historical underground data collected by previous operators. 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 hf.) 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 Nutaq 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 Fowle had been appointed as Chief Financial Officer of the Company.

During 2019, the Company drilled nine drill 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. 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 Vaekstfonden (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 Vaekstfonden 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.

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 Anoritoq Licence was granted an increase to 1,889 square kilometres on 18 December 2020. Due to the similarities in hosting geology, presence of anomalous grades at surface, similarities in style of gold mineralisation and that the licence lies upon, and extension of a prospective mineral corridor known to exist at Vagar, the Company believes that the Anoritoq licence holds significant potential to host further gold discoveries.

The Company was listed on the AIM Stock Exchange in London on 31 July 2020, raising gross proceeds of £42.5 million. The admission to AIM was to broaden the shareholder investor base, increase trading liquidity and exchange the profile of the business. The use of proceeds was mainly used to fund development activities on its Nalunaq Property and the acquisition of required infrastructure in order to bring the asset into production.

On 8 December 2020, the Company announced the granting of the Kangerluarsuk Licence, a new mineral exploration licence, which covers an area of 335 square kilometres north of Kangerluarsuk fjord in South Greenland. The licence is considered highly prospective for multiple commodities including Gold, Copper, Zinc and Molybdenum.

In the beginning of 2021, the company appointed a new Chief Financial Officer, Jaco Crouse, replacing George Fowlie who stepped down as CFO. In June 2021, Martin Ménard, the Chief Operating Officer stepped down and subsequently the COO position was abolished.

On 23 November 2021, the Company announced the completion of its geophysical exploration programme conducted across its 100% owned Tartoq gold exploration licences in Southern Greenland. This greatly increased the geological understanding of the licence and was used to refine the Corporation's exploration targets at Tartoq.

During 2021 the Company drilled 51 drillholes using four drill rigs. Drilling predominantly targeted in filling the newly defined Valley Block. The drilling also targeted the down-dip extension of the South Block and the identification of a possible additional target to the south of Valley Block. Furthermore, the Company completed geological sampling, structural mapping and geophysical surveys on eight other projects within the wider portfolio.

On 4 April 2022 the Company announced that the drilling results of 2021 confirmed further high-grade intersections at Nalunaq. On April 12 the Company announced that the drilling results of 2021 indicated Iron Oxide, Copper and Gold Style Mineralisation in Sava. On 9 May 2022 the Company announced exploration results of 2021 in Vagar which showed an increase in discovery of gold.

On 12 May 2022 the Company announced the acquisition two mineral exploration licences (No. 2020-41 and 2021-11) covering areas in South Greenland from Orano group ("Orano") for zero upfront consideration and a royalty on future production thereby significantly increasing the Company's exposure to Strategic mineral potential in Greenland. These licences host the Stendalen and Paatusoq targets as well as the continuation of the potential in Sava to the north.

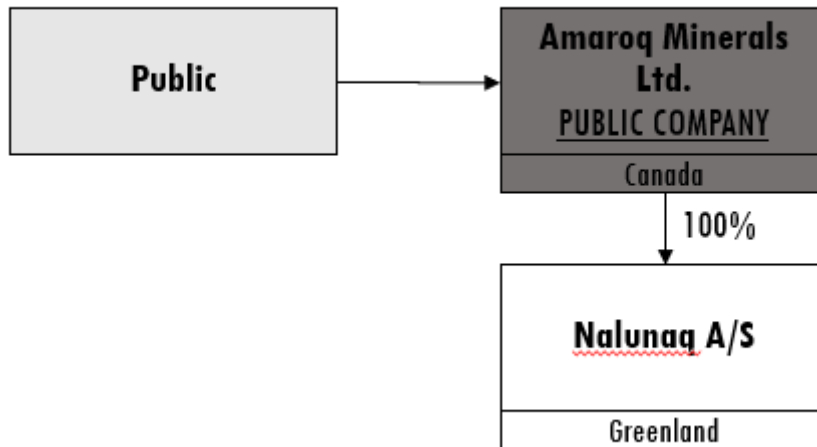
On 10 June 2022 the Company announced a non-binding head of terms with ACAM to establish a special purpose vehicle ("SPV") and create a joint venture ("JV") for the exploration and development of its Strategic Mineral assets for a combined contribution of £36.7 million. The objective of the deal is to accelerate the exploration of Amaroq Mineral's existing assets for Strategic Minerals that are in short supply globally, in high demand and vital for the global energy transition. Subject to negotiation of the final terms of the JV, ACAM will invest £18.0 million in exchange for a 49% shareholding in the SPV, with Amaroq Minerals holding 51%. Amaroq Minerals is expected to contribute its Strategic non-precious Mineral (i.e. non-gold) licences as well as a contribution in kind, valued, in aggregate, at £18.7 million in the form of site support, logistics and overhead costs associated with utilizing its existing infrastructure in Southern Greenland to support the JV's activities. An option for further future funding of

£10.0 million is to be available on the achievement of agreed milestones. All of the Company’s gold assets are excluded from the JV and will remain 100% owned by Amaroq Minerals.

On 11 July 2022 the Company changed its name to Amaroq Minerals Ltd. From AEX Gold Inc.

On 6 September 2022 the Company announced the results of a Mineral Resource Estimate on Nalunaq. The MRE reported a 50% increase in Average Grade and a 30% increase in Contained Gold compared to a previous estimated report in June 2020.

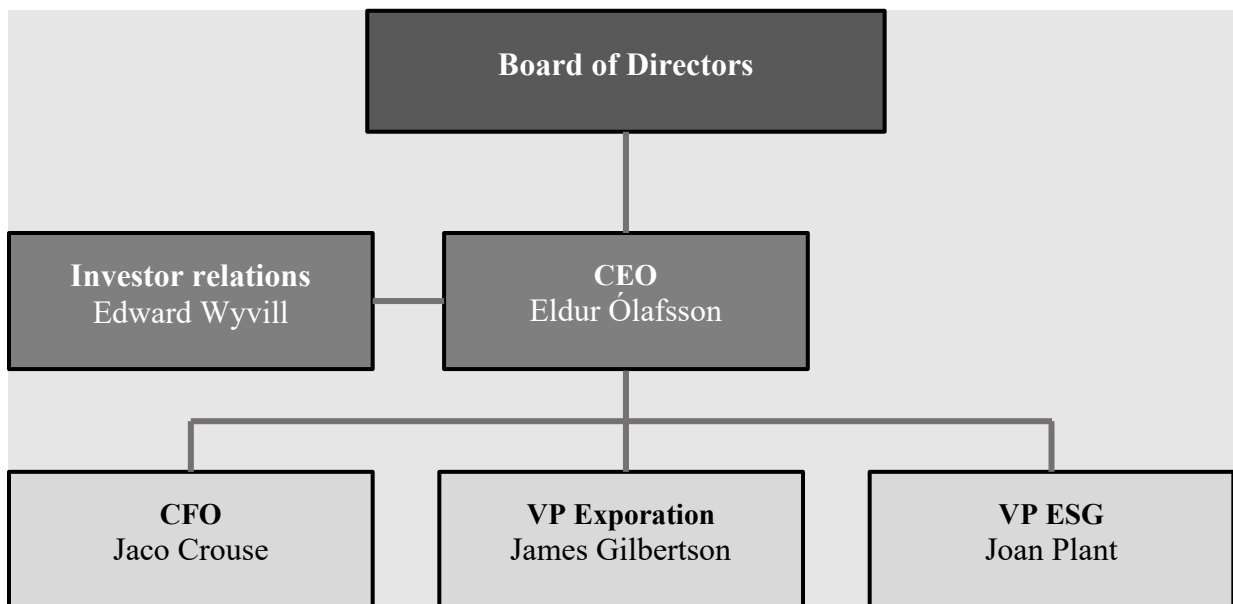
4.1.5 Company structure



4.1.6 Organization

The Issuer’s organizational chart can be seen below in Figure 3. In October 2022 the Company employed 10 full-time employees and 8 consultants.

Figure 3: The Company’s organization chart.



4.1.7 Significant contracts

The Company deems the following contracts as being material for its business:

Summary of Licences

Licence No.	2003/05
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)
Date of grant	24 April 2003

Licence No.	2006/10
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.)
Date of grant	1 August 2006

Licence No.	2015/17
Type	Mineral Exploration licence (exclusive)
Type of minerals	All mineral resources except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	Approx. 75 km SE from Paamiut and approx. 45 km NNW from Arsuk in West Greenland (78 sq. kms. (originally 248 sq. kms. Reduced as per 16 January 2017))
Date of grant	4 May 2015

Licence No.	2018/17
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 sq. kms.)
Date of grant	19 February 2018

Licence No.	2019/113
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 sq. kms.)
Date of grant	26 September 2019

Licence No.	2020/31
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 sq. kms.)
Date of grant	28 May 2020

Licence No.	2020/36
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 (1,889 sq. kms.)
Date of grant	24 June 2020

Licence No.	2021/02
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources, except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	335 sq. kms
Date of grant	6 November 2020

Licence No.	2022/01
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources, except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	220 sq. kms
Date of grant	23 February 2022

Licence No.	2022/08
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources, except hydrocarbons, hydropower resources and radioactive elements.
Licence Area	251 sq. kms
Date of grant	3 rd June 2022

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
Date of grant	26 September 2019

Licence No.	2020/41 (Licence awarded and will be granted once signing procedure completed)
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources, including radioactive elements, but excluding hydrocarbons and hydropower resources
Licence Area	1,042 sq. kms
Date of grant	2 March 2021

Licence No.	2021/11 (Licence awarded and will be granted once signing procedure completed)
Type	Mineral Exploration Licence (exclusive)
Type of minerals	All mineral resources, including radioactive elements, but excluding hydrocarbons and hydropower resources
Licence Area	2,486 sq. kms
Date of grant	2 March 2021

4.1.8 Legal proceedings

From time to time, the Company may become involved in litigation, disputes and other legal proceedings arising in the course of its business. As of the date of this Company Description, the Company is not, nor has been since its incorporation involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on its financial position or profitability. The Company is not aware of any such proceedings which are pending or threatened.

5 CORPORATE GOVERNANCE

5.1 Articles of Association and by-laws

The Company's Articles of Incorporation, which were valid on the date that this Company Description was issued, were accepted on 22 February 2017 (with subsequent amendments under section 178 of the Canada Business Corporations Act on 27 June 2017 to reflect changes in restrictions on transfer of shares, on 06 June 2018 to reflect the name change to AEX Gold Inc., and on 11 July 2022 to reflect the name change to Amaroq Minerals Ltd.) and are replicated in full in their agreed form in Appendix II. The Company's By-laws, which were valid on the date that this Company Description was issued, were accepted on 09 June 2021 and are replicated in full in their agreed form in Appendix II.

5.2 Board of Directors and Senior Management

Directors

Amaroq Mineral's Board of Directors is currently comprised of two executive officers and six non-executive directors elected at an Annual General Meeting. Members are elected for a for a term expiring not later than the close of the next annual meeting of the shareholders.

As the Company follows corporate governance standards both in Canada and the UK, the independence of Directors is determined by two separate definitions as mandated by each governance standard.

For the UK corporate governance perspective, independence is defined as follows in The UK Corporate Governance Code:

The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:

- *is or has been an employee of the company or group within the last five years;*
- *has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;*
- *has received or receives additional remuneration from the company apart from a director's fee;*
- *has close family ties with any of the company's advisers, directors or senior employees;*
- *holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;*
- *represents a significant shareholder; or*
- *has served on the board for more than nine years from the date of their first appointment.*

Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.

For the Canadian corporate governance perspective, the Independence of Directors is determined as follows, as per the rules of the Toronto Stock Exchange (TSX):

an independent director is a person who has no direct or indirect material relationship with your company (a material relationship is any relationship which could, in the opinion of your company, interfere with the exercise of the individual's independent judgment).

The following individuals were elected to serve on the Board of Directors at the last Annual General Meeting, held on 16 June 2022:

Eldur Ólafsson, Founder, Director & Chief Executive Officer

Eldur founded Amaroq Minerals in 2017, having previously worked for over 7 years on integrated mining projects in Greenland. He has had an extensive career in the geothermal and mining industries, during which he built the largest geothermal district heating company in the world alongside Sinopac Group. Eldur has a successful track record of leading companies from exploration to production, as shown by his time at Orka Energy, where Eldur

was responsible for securing the acquisition, and subsequent development, of the Company's geothermal energy in both China and the Philippines. Prior to this, he worked with Geysir Green Energy, a geothermal investment company, where he led their business development. He later became the Technical Director of energy company Enex, a 100% owned subsidiary of Geysir, where he grew the Company from its inception to a position where it was operating in three Chinese provinces. Eldur holds a BSc Geology degree from the University of Iceland.

Eldur has served on the Board of Directors of the Company since 14 April 2017.

Non-independent Director from a UK corporate governance perspective.

Non-independent Director in accordance with Canadian corporate governance standards.

Jaco Crouse, Director & Chief Financial Officer

Jaco is a seasoned mining executive with 20 years' experience in financial management, mine financial planning, business optimization and strategy development. He most recently occupied the position of CFO of Detour Gold Corp., where he facilitated the successful financial and operational turnaround and sale of the corporation to Kirkland Lake Gold for US\$3.7 billion. Prior to that, Mr. Crouse was Chief Financial Officer & Vice President-Finance of Triple Flag Mining Finance Ltd., ("Triple Flag") a Toronto-based private metal streaming business. From 2015- 2016 Mr. Crouse was Vice President Business Planning & Optimization at Barrick Gold Corp. where he was instrumental in resetting the cost structure and improving the capital allocation discipline to deliver free cash flow improvements from underperforming assets during a period of low gold prices. Mr. Crouse is a Chartered Professional Accountant (Ontario), a Chartered Accountant (South Africa), and a certified Financial Risk Manager (FRM) with a BCom (Honours) in Accounting Sciences from the University of South Africa. Jaco is also the CFO of Metals Acquisition Corp, which has no relation to Amaroq Minerals.

Jaco has served on the Board of Directors of the Company since 27 April 2021.

Non-independent Director from a UK corporate governance perspective.

Non-independent Director in accordance with Canadian corporate governance standards.

Graham Stewart, Non-Executive Chairman

Graham Stewart has worked in the international oil & gas industry for 30 years. Throughout his career, Graham has created a reputation for generating significant shareholder value for the companies he acts for. He founded Faroe Petroleum, which he became the CEO of in 2002 and listed on AIM in 2003. He proceeded to grow Faroe 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 USD 800 million to DNO. Graham has engineering and business degrees from Heriot Watt and Edinburgh University and is currently also chairman of Longboat Energy plc.

Graham has served on the Board of Directors of the Company since 14 April 2017.

Independent Director from a UK corporate governance perspective.

Non-independent Director in accordance with Canadian corporate governance standards.

David Neuhauser, Non-Executive Director

David Neuhauser has extensive capital markets and M&A experience and is the founder and managing director of event-driven hedge fund Livermore Partners in Chicago. He has invested in and advised global public companies for the past 21 years and has a strong track record of enhancing intrinsic value. Mr. Neuhauser currently sits on the board of Shareholders Gold Council, a Canadian corporation promoting best practices in the gold mining industry, AIM-quoted Jadestone Energy Plc, and Kolibri Global Energy Inc.

David has served on the Board of Directors of the Company since 9 June 2021.

Non-independent Director from a UK corporate governance perspective.

Non-independent Director in accordance with Canadian corporate governance standards.

Sigurbjorn Thorkelsson, Non-Executive Director

Siggi Thorkelsson has over 25 years' experience in the banking and securities industry across New York, London, Tokyo, Hong Kong and his native Iceland. Mr. Thorkelsson has previously served as Managing Director at Nomura International (Hong Kong) Limited and as Head of Asia-Pacific Equities before becoming Senior Managing Director of the Nomura Group. 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.

Sigurbjorn has served on the Board of Directors of the Company since 27 July 2020.

Independent Director from a UK corporate governance perspective.

Independent Director in accordance with Canadian corporate governance standards.

Line Frederiksen, Non-Executive Director

Line Frederiksen has substantial experience in Greenlandic infrastructure and is currently an independent consultant, working with Companies within the CFO services field. Until September 2022 she was CFO at Tuass (formerly Tele Greenland A/S), the leading provider of telecom solutions in Greenland, as well as being responsible for cybersecurity governance. Prior to being promoted to CFO, Ms. Frederiksen was the Head of Finance at Tele Greenland A/S and has previously had roles at Air Greenland.

Line has served on the Board of Directors of the Company since 9 June 2021.

Independent Director from a UK corporate governance perspective.

Independent Director in accordance with Canadian corporate governance standards.

Warwick Morley-Jepson, Non-Executive Director

Warwick Morley-Jepson is mining professional with a track record of increasing responsibility over a 39-year career in the hard rock, capital intensive resource industry. Currently is the Chairman of Wesdome Gold Mines (TSX:WDO) and director of Karora Resources (TSX:KRR). Held executive and management positions within deep level and open pit Gold, Platinum and Base Metal mining operations and undertaken several mine development projects at a senior level. Served as Executive Vice President and Chief Operating Officer of Ivanhoe Mines (2019 to 2020) and Kinross Gold Corporation (2014 to 2016), and as Senior Vice President, Operations, and Regional Vice President – Russia, (2009 to 2014). Warwick served as Chief Executive Officer of SUN Gold and Managing Director of Barrick Africa, Barrick Platinum South Africa and three Russian-based companies in the Barrick group. Warwick graduated in the faculty of Mechanical Engineering (HND) at the Technicon Witwatersrand and completed programs at the Graduate School of Business at Cape Town University, Witwatersrand School of Business at the University of the Witwatersrand and Harvard Business School.

Warwick has served on the Board of Directors of the Company since 26 August 2021.

Independent Director from a UK corporate governance perspective.

Independent Director in accordance with Canadian corporate governance standards.

Liane Kelly, Senior Independent Director

Liane Kelly is a CSR professional with extensive experience in environment, social and governance (ESG) oversight. Her expertise focuses on sustainability strategies, social risk management, and methodologies for effective community investment outcomes. Her professional career includes working as an exploration geophysicist in the global mining sector. Liane currently sits on the board of B2Gold Corp., is a member of their HSESS (health, safety, environment, social and security) Committee, and has worked with other boards in areas of governance, board performance and diversity, and employee ownership.

Liane has served on the Board of Directors of the Company since 26 August 2021.

Independent Director from a UK corporate governance perspective.

Independent Director in accordance with Canadian corporate governance standards.

Senior Management

James Gilbertson, VP Exploration

James has over 20 years of experience in mineral exploration and resource development with 17 years as a principal geologist and, until recently, as managing director of SRK Exploration. He specializes in mineral exploration design, planning and management, specifically for lode and epithermal gold deposits and porphyry-related and orthomagmatic deposits. Mr. Gilbertson is a chartered geologist and competent person (CP) with the Geological Society London. Prior to joining Amaroq Minerals as a full-time employee, James worked with the Company as a consultant for six years.

Joan Plant, VP ESG & Corporate Secretary

Joan has 12 years of expertise in operating in Greenland, having worked on projects there since 2010. During this time, she has had regular contact with the Greenland Government, building relationships and a depth of knowledge covering all aspects of the mining licencing, governance and monitoring processes. Prior to that, Joan worked for 14 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. She is a member of the Greenland Business Association Industry Committee for Mineral Exploration and Extraction 2022-2024.

Anna Mkrtchyan, VP Finance

Anna has 15 years of experience in corporate finance, financial planning and strategy development, business transformations and mining innovations as well as technology implementations. Prior to joining Amaroq, Anna was Commercial Director Innovation Group at Barrick Gold and held progressive managerial roles at Glencore and Xstrata as well as being fractional CFO to various technology start-ups.

5.2.1 Board Committees*Audit and Risk Management Committee*

The Audit and Risk Management Committee is responsible for monitoring the integrity of the financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of 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 current members of the Audit and Risk Management Committee are Line Frederiksen (Chair), Sigurbjorn Thorkelsson and David Neuhauser.

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 Corporation 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.

The current members of the Compensation Committee are Sigurbjorn Thorkelsson (Chair), Graham Stewart and Warwick Morley-Jepson.

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 Nomination Committee meets at least once a year and otherwise as required.

The current members of the Corporate Governance and Nomination Committee are Liane Kelly (Chair), Graham Stewart and David Neuhauser.

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 Committee meets as necessary or appropriate.

The current members of the Disclosure Committee are Eldur Olafsson and Jaco Crouse.

Technical, Safety and Sustainability Committee

The role of the Technical, Safety and Sustainability Committee is to provide oversight and guidance to the Corporation in achieving best practices in technical, health and safety, environmental and social matters.

The current members of the Technical, Safety and Sustainability Committee are Warwick Morley-Jepson (Chair), Liane Kelly and Line Frederiksen.

5.3 Share-based incentive program

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 16, 2022. 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, directors, employees and consultants. The Board of directors grants 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 January 17, 2022, the Corporation granted its officers, employees and consultant 4,100,000 stock options with an exercise price of \$0.60 and expiry date of January 17, 2027. The stock options vested 100% at the grant date. The options were granted at an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to \$1,435,000 for an estimated fair value of \$0.35 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69.38% expected volatility, 1.51% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

On April 20, 2022, the Corporation granted a senior employee 73,333 stock options with an exercise price of \$0.75 and expiry date of April 20, 2027. The stock options vested 100% at the grant date. The options were granted with an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to \$32,267 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, 68.9% expected volatility, 2.7% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

Changes in stock options are as follows, as of the Company's most recent financial statements dated June 30, 2022:

Six months ended June 30, 2022		
	Number of options	Weighted average exercise price (\$CAD)
Balance, beginning	6,935,000	0.51
Granted	4,173,333	0.60
Exercised	(110,000)	0.50
Balance, end	10,998,333	0.55
Balance, end exercisable	10,865,000	0.55

Stock options outstanding and exercisable as at June 30, 2022 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price (\$CAD)	Expiry date
1,050,000	1,050,000	0.50	July 13, 2022 (expired)
1,360,000	1,360,000	0.45	August 22, 2023
1,820,000	1,820,000	0.38	December 31, 2025
100,000	33,333	0.50	July 5, 2026
100,000	33,333	0.50	September 13, 2026
1,495,000	1,495,000	0.70	December 31, 2026
4,100,000	4,100,000	0.60	January 17, 2027
900,000	900,000	0.59	December 31, 2027
73,333	73,333	0.75	April 20, 2027
10,998,333	10,864,999		

As part of the secondary listing on AIM in July 2020, the Admission Document signalled an intention to introduce a Value Creation Plan (VCP) following Admission.

At the Company's AGM on 16 June 2022 the shareholders approved the adoption of a Restricted Share Unit Plan. The purpose of the RSU Plan is to advance the interests of the Company and its subsidiaries by: (i) assisting the Company and its subsidiaries in attracting and retaining individuals with experience and ability; (ii) allowing certain employees of the Company and its subsidiaries to participate in the long term success of the Company; and (iii) promoting a greater alignment of interests between the employees designated under the RSU Plan ("RSUP Participants") and the Shareholder. The maximum number of Common Shares made available for issuance from treasury under this RSU Plan shall not exceed 10% of the number of Common Shares then issued and outstanding.

5.4 Potential conflict of interests and related party transactions

No Director or member of Senior Management 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.

No related party transactions have been recorded in the normal course of operations as of June 30, 2022.

As at December 31, 2021, the balance due to those related parties listed above and in the compensation to key management amounted to \$173,254 (\$150,829 as at December 31, 2020)

Following are the related party transactions, outside of the normal course of operations:

- Some of the Company's Directors and officers of the Corporation participated in the July 31, 2020 fundraising for \$906,737 (\$nil in 2021). The directors and officers subscribed to the fundraising in 2020 under the same terms and conditions set forth to all subscribers.
- Certain Directors have participated in the October 20, 2022 Fundraising, acquiring a total of 4,972,871 new Common Shares representing gross proceeds of £1.74 million (C\$2.70 million, ISK 282.31 million).
- Key management are subject to employment agreements which provide for payments on termination, without cause or following a change of control, providing for payments up to one base salary.

5.5 Involvement in bankruptcy, liquidation or fraud related convictions

During the period of the last five years preceding the date of this Company Description, no member of the Board of Directors or the Management Team has been convicted of a fraudulent offence. No member of the Board of Directors or the Management team have been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company. The Company is not aware of any historical, or on-

going, bankruptcy, liquidation or similar procedure and also fraud or other financial crime related convictions or on-going procedures in which any person in the management and/or Board of Directors has been involved.

5.6 Share capital and shareholders

The share capital of Amaroq Minerals at the date of this Company Description consists of 177,358,737 Common Shares with no par value. Following the completion of the Fundraising and prior to the admission to trading, the Company's share capital will consist of 263,073,022 Common Shares. There are no restrictions on shareholders' rights to dispose of their shares in the company. For further information on the Company's shares, a reference is made to Amaroq Minerals' Articles of Association which can be found in Appendix II.

The shares of the Company are registered electronically at CDS Clearing and Depository Services Inc. in accordance with Canadian Securities Legislation. The ISIN number for the Common Shares is CA00108V1022.

The Company's shares are traded on the TSX Venture Exchange (TSX) under the ticker AMRQ and on the London Stock Exchange's Alternative Investment Market (AIM) under the ticker AMRQ.

At the date of this Company Description, Amaroq Minerals has information for around 187 shareholders, and the largest shareholder is First Pecos, LLC with a 7.04% share. Below is a list of shareholders holding over a 3% stake in the Company as of 3 August 2022. Following the completion of the Fundraising, an updated list of significant shareholders will be published on the Company's website, <https://www.amaroqminerals.com/investors/shareholders/>.

Shareholder	Number of shares	%
1 First Pecos, LLC	12,481,632	7.04%
2 Livermore Partners	12,054,210	6.80%
3 Chelverton Asset Management	9,600,000	5.41%
4 Amati Global Investors	8,902,710	5.02%
5 Eldur Ólafsson	8,006,385	4.51%
6 Sigurbjorn Thorkelsson	6,727,834	3.79%
7 JCAM Investments	6,700,000	3.78%
8 Regal Funds Management	6,666,666	3.76%
9 Libra Advisors	6,666,666	3.76%
10 Greenland Venture A/S	6,003,900	3.39%
11 SISA (Greenland Pension Fund)	6,003,900	3.39%
12 Vaekstfonden (Danish Growth Fund)	6,003,900	3.39%
Others	81,540,934	54.02%
Total	177,358,737	100%

5.7 Share increase allowances

The Company 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.

5.8 Share ownership by stakeholders

The following lists the shareholdings of members of the Board of Directors, employees and Certified Adviser following the completion of the Fundraising, as discussed in Chapter 5.10 *Fundraising*. The list includes holding entities in which the relevant stakeholder is a shareholder, directly or indirectly through other entities.

Stakeholder	Role	Holding entity / Related party	Number of shares	%	Granted options
Eldur Ólafsson	Founder, Director & Chief Executive Officer	Vatnar sárl. / Vatnar hf. ¹	8,534,833		3,600,000
Jaco Crouse	Director & Chief Financial Officer		671,428		1,800,000
Graham Stewart	Non-Executive Director		2,185,915		650,000
David Neuhauser	Non-Executive Director	Livermore Partners LLP ²	14,339,924		0
Sigurbjorn Thorkelsson	Non-Executive Director	Fossar Holdings Ltd. ³	8,172,258		0
Line Frederiksen	Non-Executive Director			0	0
Warwick Morley-Jepson	Non-Executive Director			0	0
Liane Kelly	Senior Independent Director			0	0
James Gilbertson	VP Exploration			0	500,000
Joan Plant	VP ESG & Corporate Secretary		100,000		1,050,000
Anna Mkrtchyan	VP Finance			0	73,333
Arion Bank hf.	Certified Advisor		53,734,633 ⁴		0
Total			87,738,991		7,273,333

¹ Eldur Ólafsson holds his shares through Vatnar sárl and Vatnar hf.

² David Neuhauser holds his shares through Livermore Partners LLP in which he is a Managing director

³ Sigurbjorn Thorkelsson holds the shares through Fossar Holdings Ltd which he jointly owns with his wife

⁴ Arion Bank is the issuer of the Company's IDRs and holds Common Shares amounting to the number of IDR's sold to investors in the Fundraising

The list includes holding entities in which the relevant stakeholder is a shareholder, directly or indirectly through other entities, irrespective of whether it is a minority or majority shareholding. The number of shares represents the total number of shares held by the relevant holding entity.

5.9 Market Making

The Company has entered into a market making agreement with Arion banki hf., reg. no. 581008-0150, Borgartúni 19, 105 Reykjavík and Landsbankinn hf., reg. no. 471008-0280, Austurstræti 11, 101 Reykjavík effective on the first day of trading, who will, according to the agreements, place bids and offers for certain amounts or number of Icelandic Depositary Receipts with a defined spread between the bid and offer prices.

Arion Bank will, at any given time, have bids and offers for a designated minimum number of Depositary Receipts amounting to 50,000 Depositary Receipts on each side. The maximum volume per day amounts to ISK 20 million market value. The maximum spread between bid and ask offers shall be as close to 2,50% as possible but no less than 2.45%, however if the intraday price change of the shares is more than 5.0%, the spread may be doubled, and if the intraday price change of the shares is more than 10,0%, the spread may be tripled.

Landsbankinn will, at any given time, have bids and offers for a designated minimum number of shares amounting to a market value of ISK 3 million. The maximum net trading volume per day amounts to ISK 6 million. Bids and offers must be renewed within 15 minutes of being accepted in full. The maximum net trading volume Landsbankinn is obliged to buy or sell per day amounts to ISK 6 million. The maximum net trading volume obligation is calculated as the difference between accepted bids and offers via auto-match trading. If the daily maximum net trading volume obligation is reached, then the obligation on the filled side lapses until the net volume is back under the daily maximum net obligation. The maximum volume weighted spread between bid and ask offers is based on the realized 10-day volatility of the Shares as follows: Realized 10-day volatility of $\leq 40\%$ designates a 2.5% spread and $\geq 40\%$ designates a 4.0% spread.

The market making agreements will enter into force on the first day of trading in the Depositary Receipts.

The agreements are indefinite in duration and unilaterally terminable on 14 days' notice.

5.10 The Fundraising

On 20 October 2022, prior to the proposed listing, the Company completed a closed Fundraising resulting in a share capital increase of 85,714,285 Common shares for a total consideration of GBP 30 million at a price per share of GBP 0.35. 53,734,633 Common Shares in the form of IDRs were sold in Iceland for a total consideration of ISK 3,050 million or GBP 18.8 million. The IDRs will be listed on First North Iceland. In addition, 31,979,652 Common shares were sold in other jurisdictions for a total consideration of GBP 11.2 million. The Common shares will be listed on TSX-V on 1 November 2022 and on AIM on 1 November 2022. Following the Fundraising Amaroq's total issued share capital will consist of 263,073,022 Common shares of no par value.

The Fundraising complements the joint venture (JV) between the Company and ACAM announced on 10 June 2022 as reviewed in detail in Chapter 4.1.4 *History*. In addition to the Fundraising, the Company has now executed final documentation in relation to the ACAM joint venture, with closing and receipt of the initial £18 million funding now only subject to certain regulatory conditions precedent.

The use of proceeds of the Fundraising includes £14.1 million to fund initial development at Nalunaq, including underground development costs and bulk sampling. In addition to this the Company plans to spend a further £1.3 million to conduct a further approximately 3,000 meters of drilling to expand the resource. Coupled together this Fundraising aims to increase both the size and the confidence level of the resource base. The increased confidence is aimed at to facilitating the conversion of Mineral Resources to Mineral Reserves and the bulk sample will possibly provide initial cash flows from Nalunaq which would be used to progress the project through a pre-feasibility study, as well as completing its EIA and SIA, moving the asset towards full scale mining.

A breakdown of the Fundraising and the proposed uses of net proceeds may be found in the following tables:

Sources of Proceeds (million)	Total
Proceeds from ACAM transaction	£18.0
Gross fundraising	£30.0
Transaction costs	£(2.4)
Net Sources of Proceeds (approximately)	£45.6

Uses of Net Proceeds (£ million)	2022	2023	2024	Total
Strategic minerals 3-year exploration program	1.0	5.0	12.0	18.0
Nalunaq drilling (~3,000 meters)	-	1.3	-	1.3
Nalunaq resources and reserve development (~1,100 meters)	-	14.1	-	14.1
Regional exploration (drilling and geophysics)	-	3.0	-	3.0
Camp support & labour	-	2.0	2.4	4.4
General & administrative expenses	-	4.6	-	4.6
EIA / SIA	-	0.2	-	0.2
Total Uses of Net Proceeds	1.0	30.2	14.4	45.6

6 FINANCIAL OVERVIEW

This section contains information on the Company's income statement and balance sheet covering the financial years 2020, 2021, and H1 2022. The Annual Financial Statements of Amaroq Minerals are prepared in accordance with International Financial Reporting standards (IFRS).

The Company's Financial Statements for 2020 have been audited by PricewaterhouseCoopers LLP and signed with unmodified opinion. The Company's Financial Statements for 2021 have been audited by BDO Canada LLP and signed with unmodified opinion.

Following are the dates on which the Issuer intends to release its quarterly and annual reports following listing as well as the next annual general meeting. As per the First North Rulebook, going forward the Issuer will publish a financial calendar prior to the start of each financial year. If any date specified in the calendar changes, the Issuer will publish a notice of the new date as soon as possible.

Q3 2022 Results	29 November 2022
2022 Full Year results	31 March 2023
Q1 2023 Results	26 May 2023
Annual General Meeting	15 June 2023
Q2/H1 2023 Results	26 August 2023
Q3 2023 Results	29 November 2023

It is recommended that investors review Amaroq Minerals' annual accounts in their entirety, including all notes. The section below shows numbers from annual accounts in extract format. The annual accounts for the last two financial years are attached in Appendix III.

6.1 Significant developments after 30 June 2022

6.1.1 Acquisition of Significant Strategic Mineral Land Package in South Greenland

On May 12, 2022, the Corporation announced that it has acquired mineral exploration licences No. 2020-41 and 2021-11 (the "Licences") covering areas in South Greenland from Orano Group ("Orano") for zero upfront consideration but in exchange for a 0.5% contractual, gross revenue royalty (GRR), based on potential future sales of minerals exploited on the licences. The GRR is paid annually and capped at US\$10 million ("Royalties Cap"). The Royalties Cap is subject to an annual inflation adjustment, with an ultimate cap limited to the current market capitalisation of the Corporation. Orano has a right of first refusal on any sales or transfer of licenses. The acquisition is subject to approval from the Greenland Government.

6.2 Working capital statement and future prospects

It is the assessment of the management and Board of Directors, for and on behalf of the Company, that at the date of this Company Description the Company has a 6.7x quick or cash ratio and will continue to internally manage towards a minimum cash balance of CAD 10 million. After the successful completion of the Fundraise the Company will have sufficient working capital to fulfil its requirements for at least the next 24 months. The Company expects that the capital raised from the Fundraise will be sufficient to produce a Bulk Sample from the Nalunaq mine and enable an uplift in the size and definition of the mineral resource. The Company believes that the increase in the size and definition of the resource will enable access to debt and equity markets in the future to fund further development of the Nalunaq Property to profitable production. Should the Company issue debt in the future, it will be subject to risks found in Chapter 2.1.6 of the Company Description.

6.3 Capitalisation and Indebtedness

The table below shows the capitalisation and indebtedness of the Company as of 31 August 2022, included in the Company's latest published financial statements:

LIABILITIES**Current liabilities**

Trade and other payables	1,675,070
Lease liabilities - current portion	70,029
	1,745,098

Non-current liabilities

Lease liabilities	682,326
	682,326

Total liabilities	2,427,424
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EQUITY (DEFICIT)

Capital stock	88,473,305
Contributed surplus	4,956,651
Accumulated other comprehensive loss	(36,773)

Deficit	(67,370,537)
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Total equity (deficit)	26,022,646
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Total liability and equity (deficit)	28,450,071
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6.4 Summary of financial development and general financial trend

This section contains information on Amaroq Minerals' income statement, balance sheet and cash flow statement covering the financial years 2020 and 2021 as well as H1 2022.

For a complete overview of Amaroq Minerals' financial position, it is recommended that investors review Amaroq Minerals' Annual Financial Statements, including all notes. The section below summarizes figures from their most recent Annual Financial Statements.

6.4.1 Consolidated Income Statement for 2020 and 2021

AEX Gold Inc.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2021 and 2020

(In Canadian Dollars)

	2021	2020
	\$	\$
Expenses		
Exploration and evaluation expenses	14,280,055	7,055,707
General and administrative	9,328,427	3,291,176
Stock-based compensation	374,771	1,031,650
Foreign exchange	809,751	1,130,808
Operating loss	24,793,004	12,509,341
Other expenses (income)		
Interest income	(143,759)	(84,214)
Finance costs	39,994	12,831
Other expenses (income)	-	(98,846)
Net loss and comprehensive loss	(24,689,239)	(12,339,112)

According to the Company's financial statement, as a pre-revenue Company focused on exploration the Company generated no revenues in the period covered by the historical financial information. Exploration and evaluation expenses represented a large portion of the Company's expenses for the period covered by the historical financial information, amounting to \$CAD 14,280,055 in 2021 (2020: \$CAD 7,055,707). Other expenses were mostly due to General and administrative costs, amounting to \$CAD 9,328,427 in 2021 (2020: \$CAD 3,291,176). Other costs incurred were due to stock-based compensation and foreign exchange. Net loss and comprehensive loss doubled between years, amounting to \$CAD 24,689,239 in 2021 (2020: \$CAD 12,339,112).

The bulk of the Company's expenses are related to exploration and evaluation of the Nalunag mine which is expected to enter into production and become a cash flow generating entity in 2023.

6.4.2 Consolidated Balance Sheet for 2020 and 2021

AEX Gold Inc.**Consolidated Statements of Financial Position**

For the years ended December 31, 2021 and 2020 (In Canadian Dollars)

	As at December 31, 2021	As at December 31, 2020
	\$	\$
ASSETS		
Current assets		
Cash	27,324,459	61,874,999
Sales tax receivable	51,25	62,75
Prepaid expenses and others	266,617	371,258
Total current assets	27,642,326	62,309,007
Non-current assets		
Deposit on order	9,805	1,711,970
Escrow account for environmental monitoring	424,637	460,447
Mineral properties	62,244	62,244
Capital assets	14,642,652	1,401,014
Total non-current assets	15,139,338	3,635,675
TOTAL ASSETS	42,781,664	65,944,682
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	2,049,249	831,899
Lease liabilities - current portion	50,835	65,9
Total current liabilities	2,100,084	897,799
Non-current liabilities		
Lease liabilities	713,078	763,913
Total non-current liabilities	713,078	763,913
Total liabilities	2,813,162	1,661,712
Equity		
Capital stock	88,500,205	88,500,205
Warrants	-	-
Contributed surplus	3,300,723	2,925,952
Accumulated other comprehensive loss	(36,772)	(36,772)
Deficit	(51,795,654)	(27,106,415)
Total equity	39,968,502	64,282,970
TOTAL LIABILITIES AND EQUITY	42,781,664	65,944,682

The Company's total assets amounted to \$CAD 42,781,664 in 2021 (2020: \$CAD 65,944,682). Total assets in 2020 consisted mostly of cash reserves, while in 2021 they consisted mostly of cash reserves as well as capital assets that the Company has acquired in order to resume production of the Nalunaq mine.

Total liabilities amounted to \$CAD 2,813,162 in 2021 (2020: \$CAD 1,661,712). As the Company holds no interest-bearing debt on its balance sheet, liabilities consisted mainly of trade and other payables, as well as lease liabilities.

Total equity amounted to \$CAD 39,968,502 in 2021 (2020: \$CAD 64,282,970). As such, the Company's equity ratio was 97.4% in 2020 and 93.4% in 2021.

6.4.3 Consolidated Statement of Cash Flows 2020 to 2021

AEX Gold Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(In Canadian Dollars)

	2021	2020
	\$	\$
Operating activities		
Net loss	(24,689,239)	(12,339,112)
Adjustments for:		
Depreciation	389,953	228,267
Stock-based compensation	374,771	1,031,650
Finance costs	-	5,959
Other expenses (Income)	-	(98,846)
Payment from cash held in escrow account for environmental monitoring	-	(95,102)
Escrow account for environmental monitoring	-	95,102
Foreign exchange	377,674	1,119,240
	(23,546,841)	(10,052,842)
Changes in non-cash working capital items:		
Sales tax receivable	11,5	(44,958)
Prepaid expenses and others	104,641	(276,316)
Trade and other payables	1,141,384	508,094
	1,257,525	186,82
Cash flow used in operating activities	(22,289,316)	(9,866,022)
Investing activities		
Acquisition of mineral properties	-	(20,299)
Acquisition of capital assets	(11,875,926)	(421,098)
Deposit on order	-	(1,711,970)
Cash flow used in investing activities	(11,875,926)	(2,153,367)
Financing activities		

Shares and warrants issuance	-	74,550,202
Share issuance costs	-	(6,266,929)
Principal repayment - lease liabilities	(65,9)	(11,267)
Exercise of warrants	-	5,240,236
Exercise of stock options	-	38
Cash flow from financing activities	(65,9)	73,550,242
Net change in cash before effects of exchange rate changes on cash	(34,231,142)	61,530,853
Effects of exchange rate changes on cash	(319,398)	(1,171,260)
Net change in cash	(34,550,540)	60,359,593
Cash, beginning	61,874,999	1,515,406
Cash, ending	27,324,459	61,874,999

Supplemental cash flow information

Deposit on order for acquisition of capital assets	1,702,165	-
Interest received	143,759	84,214
Additions in capital assets included in trade and other payables	53,5	-
Exercise of warrants credited to capital stock	-	1,078,702
Exercise of stock options credited to capital stock	-	22

Net loss from operating activities amounted to \$CAD 24,689,239 in 2021 (2020: \$CAD 12,339,112). The change between years can mainly be attributed to the acquisition of capital assets, which amounted to \$CAD 11,875,926 in 2021 (2020: \$CAD 421,098). Acquired capital assets consist mostly of equipment required to assume production of the Nalunaq property. Financing activities were minimal, in contrast to a \$CAD 74,550,202 share and warrant issuance in 2020.

Net cash at the beginning of the year 2021 amounted to \$CAD 61,874,999 and decreased to \$CAD 27,324,459 at year end 2021.

6.4.4 Income Statement for H1 2022**Consolidated Statements of Comprehensive Loss
(Unaudited, in Canadian Dollars)**

	Six months ended June 30,	
	2022	2021
Expenses		
Exploration and evaluation expenses	5,435,831	3,245,196
General and administrative	5,086,708	4,038,649
Foreign exchange loss (gain)	(26,693)	647,691
Operating loss	10,495,846	7,931,536
Other expenses (income)		
Interest income	(54,717)	(85,929)

Finance costs	19,008	20,408
Net loss and comprehensive loss	(10,460,137)	(7,866,015)

For the first half of 2022, exploration and evaluation expenses amounted to \$CAD 5,435,831, up from \$CAD 3,245,196 in the first half of 2021. Other expenses were mostly due to General and administrative costs, amounting to \$CAD 5,086,708 in 2021 (First half of 2021: \$CAD 4,038,649). Net loss and comprehensive loss in the first half of 2022 amounted to \$CAD 10,460,137 (First half of 2021: \$CAD 7,866,015).

The bulk of the Company's expenses are related to exploration and evaluation of the Nalunaq mine which is expected to enter into production and become a cash flow generating entity in 2023.

6.4.5 Consolidated Balance Sheet for H1 2022

Consolidated Statements of Financial Position (Unaudited, in Canadian Dollars)

	As at June 30, 2022	As at December 31, 2021
	\$	\$
ASSETS		
Current assets		
Cash	19,494,000	27,324,459
Sales tax receivable	84,429	51,25
Prepaid expenses and others	84,234	266,617
Total current assets	19,662,663	27,642,326
Non-current assets		
Deposit	27,944	9,805
Escrow account for environmental monitoring	397,115	424,637
Mineral properties	62,244	62,244
Capital assets	14,468,155	14,642,652
Total non-current assets	14,955,458	15,139,338
TOTAL ASSETS	34,618,121	42,781,664
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	2,810,526	2,049,249
Lease liabilities - current portion	70,029	50,835
Total current liabilities	2,880,555	2,100,084
Non-current liabilities		
Lease liabilities	693,641	713,078
Total non-current liabilities	693,641	713,078
Total liabilities	3,574,196	2,813,162

Equity		
Capital stock	88,595,905	88,500,205
Contributed surplus	4,740,583	3,300,723
Accumulated other comprehensive loss	(36,772)	(36,772)
Deficit	(62,255,791)	(51,795,654)
Total equity	31,043,925	39,968,502
TOTAL LIABILITIES AND EQUITY	34,618,121	42,781,664

The Company's total assets amounted to \$CAD 34,618,121 at 30 June 2022 (30 June 2021: \$CAD 42,781,664). Total assets at 30 June 2022 consisted mostly of cash reserves and capital assets that the Company has acquired in order to resume production of the Nalunaq mine.

Total liabilities amounted to \$CAD 3,574,196 at 30 June 2022 (30 June 2021: \$CAD 2,813,162). As the Company holds no interest-bearing debt on its balance sheet, liabilities consisted mainly of trade and other payables, as well as lease liabilities.

Total equity amounted to \$CAD 31,043,925 at 30 June 2022 (30 June 2021: \$CAD 39,968,502). As such, the Company's equity ratio was 89.7% on 30 June 2022 (30 June 2021: 93.4%).

6.4.6 Consolidated Statement of Cash Flows H1 2022

Consolidated Statements of Cash Flows (Unaudited, in Canadian Dollars)

	Six months ended June 30,	
	2022	2021
	\$	\$
Operating activities		
Net loss for the period	(10,460,137)	(7,866,015)
Adjustments for:		
Depreciation	418,075	143,723
Stock-based compensation	1,480,560	360
Other expenses (income)	9,048	-
Foreign exchange	(13,571)	644,43
	(8,566,025)	(6,717,862)
Changes in non-cash working capital items:		
Sales tax receivable	(33,179)	(1,732)
Prepaid expenses and others	182,383	280,536
Trade and other payables	815,21	231,188
	964,414	509,992
Cash flow used in operating activities	(7,601,611)	(6,207,870)
Investing activities		
Acquisition of capital assets	(301,958)	(2,084,161)
Deposit on order	-	(3,474,030)
Cash flow used in investing activities	(301,958)	(5,558,191)

Financing activities

Principal repayment - lease liabilities	(22,551)	(32,539)
Exercise of stock options	55,000	-
Cash flow from financing activities	32,449	(32,539)

Net change in cash before effects of exchange rate changes on cash during the period	(7,871,120)	(11,798,600)
Effects of exchange rate changes on cash	40,661	(482,763)
Net change in cash during the period	(7,830,459)	(12,281,363)
Cash, beginning of period	27,324,459	61,874,999
Cash, end of period	19,494,000	49,593,636

Supplemental cash flow information

Interest received	54,717	85,929
Exercise of stock options credited to capital stock	40,7	-

Net loss from operating activities for the first half of 2022 amounted to \$CAD 10,460,137 (First half of 2021: \$CAD 7,866,015) with the change being mainly attributable to expenses in relation to stock based compensation occurring in the first half of 2022. Financing activities were of a minimal nature.

Net cash at the beginning of the year 2022 amounted to \$CAD 27,324,459 and decreased to \$CAD 19,494,000 at 30 June 2022.

7 INFORMATION CONCERNING THE ICELANDIC DEPOSITARY RECEIPTS AND THE UNDERLYING SHARES

7.1 Information regarding the underlying Shares

As of the date of this Company Description, the Company's share capital consists of 177,358,737 Common Shares. At the time of admission to trading, the Company's share capital will consist of 263,073,022 Common Shares following the completion of the Fundraising. The Corporation Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred shares issuable in series, all without par value, but no Preferred shares have been issued. The shares have been issued in accordance with Canadian regulations and are denominated in CAD. All issued Shares have been fully paid for and are freely transferable. The Company has one share class where each share carries equal rights. The ISIN code of the Common Shares is CA00108V1022. The Company's Shares are traded on the TSX Venture Exchange (Canada) and Depositary Interests representing the Shares are traded on the Alternative Investment Market (AIM). For further information regarding the Shares and rights of holders of the Shares, reference is made to Appendix II which contains the Company's Articles of Incorporation.

7.2 IDRs and the Depositary Agreement

Arion Bank has acquired 53,734,633 Common Shares and subsequently issued a corresponding number of IDRs. The IDRs are issued in dematerialized form by Nasdaq CSD in accordance with Act No. 7/2020 on Securities Markets, Settlement and Electronic Registration of Securities. Each IDR shall be listed, traded and settled in ISK and shall represent one Share. An application has been submitted for all existing IDRs to be admitted to trading on Nasdaq First North Market Iceland under the ISIN IS0000034569. The IDRs are freely transferable.

All IDRs represent underlying shares in the Company which are held by Arion Bank. The general terms and conditions for the IDRs are governed by the Depositary Agreement (see below under "Depositary Agreement"). The Depositary Agreement shall be governed by Icelandic law. The Depositary Agreement may be found in Appendix I and is also available on the Company's website, www.amaroqminerals.com/investors/documents-circulars/.

Arion Bank is the registered shareholder of the Shares and undertakes to grant the holders of IDRs certain shareholder rights in accordance with the Depositary Agreement. Information in this Chapter is intended to provide a high-level overview of the rights of holders of IDRs. If text in this Chapter differs from the Depositary Agreement, the Depositary Agreement shall prevail.

7.3 Governing Law and Jurisdiction

The underlying shares are issued and governed in accordance with Canadian law and the Icelandic Depositary Receipts are issued and governed in accordance with Icelandic law.

7.4 Rights attached to the IDRs and the underlying Shares

7.4.1 Deposit, transfer and withdrawal of IDRs

Pursuant to the Depositary Agreement between the Company and Arion Bank (the "Depositary Agreement"), holders of Shares and IDRs may exchange Shares for IDRs and vice versa. The deposit, transfer and withdrawal of the Shares underlying the IDRs is subject to the terms and conditions outlined in Clauses 2, 3, 4 and 5 of the Depositary Agreement.

7.4.2 Notices to investors

If the Company transmits to Arion Bank any notices, reports, communications, proxy materials, written consents or other documents to be furnished by the Company to its shareholders of record, upon receipt of such transmission, the Company shall in addition transmit such notices, reports, communications or other documents to each record holder of IDRs in accordance with Act. No. 20/2021 on the Duty of Disclosure for Issuers of Financial Instruments and Notification of Major Holding Requirements, as amended, as well as Chapter 4 of the Nasdaq First North Growth Market Rulebook for Issuers of Shares, as amended, and Chapter 4 of Supplement C thereto as applicable.

All notices, reports, communications, proxy materials, written consents or other documents to be furnished by the Company to its shareholders of record and the holders of Depositary Receipts shall be in English.

7.4.3 Pre-emptive rights to new shares, preferences and privileges etc.

The Company is authorized to issue an unlimited number of Common shares and an unlimited number of Preferred shares issuable in series, all without par value. Subject to the CBCA, the constating 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.

If the Company shall at any time offer or cause to be offered to the persons or legal entities in whose name Shares are registered on the books of Arion Bank, any rights, preferences or privileges to subscribe for or to purchase any securities or any rights, preferences or privileges of any other nature, such rights, preferences or privileges shall in each such instance be made available by Arion Bank to the record holders of Depositary Receipts cf. Clause 11 of the Depositary Agreement.

7.4.4 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.

Upon receipt of notice of any meeting at which the shareholders of the Company are entitled to vote or request or a request of action by written consent of shareholders in lieu of a meeting, Arion Bank shall, as soon as practicable thereafter, give notice to the record holders of IDRs, which shall be provided by the Company. Upon the written request of a holder of a IDR, Arion Bank shall endeavour insofar as reasonably practicable to vote or cause to be voted the Shares represented by the IDRs in accordance with the instructions set forth in such request. Further stipulations may apply and are found in Clause 13 of the Depositary Agreement.

In the absence of specific instructions from the holder of a IDR, Arion Bank will abstain from voting the Shares represented by such IDRs.

7.4.5 Reclassifications, recapitalization, etc.

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.

Upon any split-up, consolidation or any other reclassification of the Company's Common Stock and the Shares, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting the Company or to which it is a party or sale of all or substantially all of the Company's assets, Arion Bank shall treat any capital stock of the Company or other securities or property (including cash) that shall be received by Arion Bank in exchange for or in conversion of or in respect of the Shares as new deposited property under the Depositary Agreement, and IDRs then outstanding shall henceforth represent the proportionate interests of holders thereof in the new deposited property so received in the exchange for or in respect of such Shares.

7.4.6 Right to dividend, dividend policy and other distributions

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.

Whenever Arion Bank receives any cash dividend or other cash distribution on the Shares, Arion Bank shall distribute said cash received from the Company to holders of IDRs, in such amounts as are, as nearly as practicable, in proportion to the respective numbers of IDRs held by such holders. Upon receiving cash distributions, Arion Bank shall make reasonable efforts to convert the received cash into ISK according to the exchange rates applied by Arion Bank at the date of receipt, cf. Clauses 7, 9 and 12 of the Depositary Agreement.

Whenever Arion Bank receives any distribution other than cash, rights, preferences or privileges upon the Shares, Arion Bank shall in a reasonable manner, distribute to the record holders of IDRs such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of IDRs held by

such holders, in any manner that Arion Bank and the Company may deem equitable and practicable for accomplishing such distribution, cf. Clauses 7, 10 and 12 of the Depositary Agreement.

The Company has no dividend policy and has so far not paid any dividends.

7.4.7 Information on takeover bids and redemption of minority shares

Subject to the admission of the IDRs to trading on the Nasdaq First North Iceland, the Company will not become subject to the rules on public takeover bids to holders of shares (including IDRs) as per Icelandic law no. 108/2007 on Takeovers.

The shares in the Company are not subject to any offer made pursuant to any mandatory bid, right of redemption or obligation to redeem, nor have any public offers been made for the shares during the current or previous financial year.

7.4.8 Central Securities Depository

The underlying shares are registered in a Securities Depository in accordance with Canadian Securities Legislation. The ISIN of the underlying shares is CA00108V1022. The IDRs are registered in a Securities Depository in accordance with Icelandic Securities Legislation. The Securities Depository is Nasdaq Iceland CSD. The IDRs are held in custody accounts in the identity of each relevant holder of IDRs. The ISIN of the IDRs is IS0000034569.

8 GLOSSARY

C\$	Canadian dollars, the lawful currency of Canada
CBCA	Canada Business Corporations Act
CPR	The competent persons report which is referred to in Section 2.1. of this Document
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)
Gold prospect	Area with indications of a potential gold deposit
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
IDR	Icelandic Depositary Receipt which represents an entitlement to Common Shares
Licences	The licences granted by the MLSA to Nalunaq A/S as listed in Section 4.1.4.
Main Vein	The main vein at the Nalunaq Property
Mineral Resource 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 in Greenland
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 in Greenland
Properties	The areas of land in respect of which Nalunaq A/S has been granted the Licences
South Block	A section of the Nalunaq Property
“\$” or “US\$”	US dollars, the lawful currency of the United States
“£” or “GBP”	UK pounds sterling, the lawful currency of the United Kingdom

9 APPENDIX I – DEPOSITARY AGREEMENT

The following document is the Depositary Agreement between the Company and Arion Bank.

21 October 2022

Agreement
between

AMAROQ MINERALS LTD.

(as the issuer)

and

ARION BANKI HF.

(as the Depositary)

DEPOSITARY AGREEMENT
regarding depositary receipts, issued in Iceland

THIS AGREEMENT is dated 21 October 2022 and made between:

- (1) Amaroq Minerals Ltd., a company incorporated and registered in Canada under the Canada Business Corporations Act, with company number 1011468-5 whose registered office is at c/o Bennett Jones LLP, 3400 One First Canadian Place, PO Box 130, Toronto, Ontario, M5X 1A4 (the “**Company**”); and
- (2) Arion Banki hf., incorporated and registered in Iceland, with registration number 581008-0150 whose registered office is at Borgartun 19, 105 Reykjavik, Iceland (the “**Depository**”).

The parties may hereinafter, along with the holders of the Depository Receipts, as defined below, be jointly referred to as the “**Parties**” and individually as “**Party**”.

BACKGROUND:

- (A) The Company intends to engage in an equity financing involving the Placing (as defined below). The Depository has undertaken to acquire the Shares (as defined below) which form part of the Placing, and subsequently issue a corresponding number of Depository Receipts via the CSD for subsequent listing on First North.
- (B) The Depository will be the registered shareholder of the Shares and undertakes to grant the holders of Depository Receipts certain shareholder rights in accordance with this Depository Agreement.
- (C) The Shares will be subject to a dual listing on the TSX-V and AIM (as defined below), but will be held on behalf of the Depository by the Custodian (as defined below) in Canada.

AGREED TERMS:

- Account Operator;** has the meaning given to it in Art. 4 Para. 1, item 4 of the Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments, as amended.
- AIM;** means AIM, the market operated by London Stock Exchange plc.
- Business Day;** means any day (other than a Saturday or a Sunday), on which banks are open for business in Iceland and Canada as applicable.
- Common Shares;** any portion of the Company’s outstanding common shares as traded on AIM, TSX-V or anywhere else it may be held or traded, which is not held by the Depository.
- Custodian;** means the party with whom the Depository has, from time to time, entered into a custody agreement, on the basis of which the Custodian holds the Shares on the Depository’s behalf.

- CSD;** means Nasdaq CSD SE Icelandic Branch, a central securities depository, with registration number 510119-0370 whose registered office is at Laugavegur 182, 105 Reykjavik, Iceland.
- Depository Receipts;** means the Depository Receipts, issued by the Depository and traded on First North, each granting the holders an interest in a single share of the Company's common shares.
- Depositor;** means any holder of the Company's Common Shares, seeking to deposit such Common Shares in exchange for Depository Receipts in accordance with Clause 2.
- First North;** means the Nasdaq First North Growth Market in Iceland.
- Listing;** means the issuance of the Depository Receipts on First North.
- Placing;** means the issuance of new common shares in the Company, with an aggregate issue price of GBP 30,000,000.
- Shares;** means the specific common shares of the Company which the Depository is the registered holder of at any given time and on the basis of which the Depository Receipts will be or have been issued.
- TSX-V;** means the TSX Venture Exchange in Canada.
- VS-Account;** means a depository account with an account operator on the CSD.

FORM AND TRANSFER OF DEPOSITARY RECEIPTS, AND DEPOSIT AND WITHDRAWL OF SHARES

1 FORM AND TRANSFER OF DEPOSITARY RECEIPTS

- 1.1 The Depository Receipts shall be issued in dematerialized form through the CSD in accordance with Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments.
- 1.2 Subject to the terms of this Depository Agreement, the Depository shall record in its books all Depository Receipts issued in exchange for the Shares and delivered as provided for in this Depository Agreement. Moreover, the Depository shall take all steps reasonably necessary to ensure proper registration of such Depository Receipts by the Depository and the CSD.
- 1.3 Each Depository Receipt shall be listed, traded and settled in ISK and shall represent one Share.
- 1.4 Rights to the Depository Receipts must be registered with the CSD in order to enjoy legal protection with regard to enforcement measures and disposal by contract. Negotiable certificates may not be issued for the rights attached to the Depository Receipts nor may such certificates be transferred; any such negotiable certificates and transactions are invalid cf. Art. 8, Para 1. of Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments.

- 1.5 Registration of title to a Depositary Receipt in the CSD, following final entry by the CSD, grants the registered holder legal authority to the registered rights and shall be the equivalent of certification of ownership of the Depositary Receipts towards the Depositary.
- 1.6 The priority of incompatible rights shall be determined by the time of receipt by the CSD of a request for registration of rights by a holder of Depositary Receipts or his agent.
- 1.7 The legal effect of registration is considered to apply from the moment the final entry has been made by First North. Pursuant to the Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments, an Account Operator is obliged to notify the CSD without delay of a request for registration, provided the party requesting registration has presented information satisfactory to the Account Operator concerning the basis of the request.

2 DEPOSIT OF COMMON SHARES IN EXCHANGE FOR DEPOSITARY RECEIPTS

- 2.1 Subject to the terms and conditions of this Depositary Agreement, any holder of the Common Shares (including and without limitation the Company on its own behalf or on behalf of purchasers participating in the Placing) may deposit such Common Shares under this Depositary Agreement by delivery to the Depositary of such Common Shares to be deposited, properly endorsed and accompanied, if required by the Depositary, by a properly executed instrument of transfer in a form satisfactory to the Depositary, together with the following:
 - (a) any certification, representation and warranty, or covenant as may be deemed reasonably necessary or appropriate by the Depositary, the Custodian or the Company to effectuate the exchange (including, without limitation, any certifications, representations and warranties, or covenants reasonably deemed necessary or proper by the Depositary or the Company with applicable Canadian or Icelandic law); and
 - (b) a written order of such holder directing the Depositary to effectuate to such person or legal entity the issuance of a number of Depositary Receipts equal to the number of Common Shares to be deposited in exchange.
- 2.2 Subject to the terms and conditions of this Depositary Agreement, upon receipt by the Depositary of the Common Shares to be deposited in accordance with this Clause 2, together with the other document specified above, the Depositary shall:
 - (a) prior to effectuating any exchange for Depositary Receipts, contact the Company to confirm the Depositor is the registered holder of such Common Shares as reflected on the Company's share registry immediately prior to the deposit; and
 - (b) following the receipt of such confirmation, promptly take all steps reasonably necessary to:
 - (i) effectuate the issuance of such number of Depositary Receipts which corresponds to the number of deposited Common Shares,
 - (ii) effectuate the registration of the newly issued Depositary Receipts in the name of the Depositor or whomever is nominated by the Depositor;

- (iii) assure the transfer and registration of the deposited shares in the name of the Depositary, or another party as nominated by the Depositary at its sole discretion, in the Company's share registry; and
- (iv) use its reasonable endeavours to assure that the exchange is appropriately reflected in the CSD system.

2.3 The Depositary shall electronically deliver such Depositary Receipts into the VS-Account of the Depositor, in the name or names under which such Depositary Receipts are to be registered, provided that the confirmation under Clause 2.2(a) has either been provided in such a way that is deemed sufficient by the Depositary or the Depositary deems such confirmation unnecessary.

2.4 Delivery of Depositary Receipts under this Clause 2 will be made only upon payment to the Depositary of all taxes and other governmental charges and any fees payable in connection with such deposit and the transfer of the deposited Common Shares.

3 REGISTER OF TRANSFER OF DEPOSITARY RECEIPTS

Whenever may be necessary for purposes of executing the provisions of this Depositary Agreement, but no less frequently than once per month, the Depositary shall obtain a register of all holders (inclusive of names, addresses and holdings) of Depositary Receipts from CSD for registration on its books. The Depositary shall maintain an up-to-date register of all issuances, deposits of Common Shares and Share withdrawals. Moreover, the Depositary shall take all steps reasonably necessary to ensure proper registration by the CSD of all issuances, deposits of Common Shares and Share withdrawals.

4 WITHDRAWAL OF SHARES

4.1 Any holder of a Depositary Receipt shall have the right at any time (including upon termination of this Depositary Agreement pursuant to Clause 24, upon payment of any amount due to the Depositary with respect to the Depositary Receipts and delivery of any required transfer documents, certifications, representations and warranties, or covenants as set forth below), to withdraw any or all of the Shares represented by the Depositary Receipts and all money and other property, if any, represented by such Depositary Receipts. Holders of the Depositary Receipts will be solely responsible for payment of withdrawal fees to the Depositary.

4.2 As a condition precedent to the withdrawal of any Shares pursuant to this Clause 4, the Depositary shall receive from the holder seeking to exchange its Depositary Receipts for the underlying Shares, a written order from such holder directing the Depositary to deliver to such holder in book-entry form a specified number of Shares equal to the number of Depositary Receipts being exchanged by such holder, together with any certifications, representations and warranties, or covenants as maybe deemed reasonably necessary or appropriate by the Depositary or the Company to effectuate the exchange (including, without limitation, any certifications, representations and warranties, or covenant reasonably deemed necessary or proper by the Depositary or the Company for assurance of compliance with applicable Canadian or Icelandic laws).

- 4.3 After receipt by the Depositary of the order and other documents specified in Clauses 4.1 and 4.2, without unreasonable delay, the Depositary shall:
- (a) procure and subsequently deliver to the holder the whole number of Shares and all such money and other property, if any, represented by the Shares evidenced by the Depositary Receipts so exchanged;
 - (b) promptly record such exchange in its books; and
 - (c) promptly take all steps necessary to:
 - (i) assure the exchange, and Depositary Receipt cancellation if applicable, is appropriately reflected in the CSD system; and
 - (ii) comply with any applicable rules or regulations relating to such exchange.
- 4.4 The Depositary hereby agrees to use its best efforts to work with the Company to effectuate any Common Shares or Depositary Receipt cancellations or issuances deemed necessary or appropriate by the Company in connection with any requested Share withdrawals under this Clause 4.
- 4.5 Delivery of the Shares and such money and other property being withdrawn may be made by the delivery of such certificates, documents of title and other instruments as the Depositary may deem appropriate, which, if required by the Depositary, shall be properly endorsed or accompanied by proper instruments of transfer. The Depositary shall deliver the Shares and the money and other property, if any, represented by the Depositary Receipts requested to be exchanged, without unreasonable delay, by which ever means may be reasonably necessary at the time of exchange.

5 LIMITATIONS ON THE ISSUANCE OF DEPOSITARY RECEIPTS AND WITHDRAWAL OR DEPOSIT OF SHARES

- 5.1 In addition to the conditions precedent set forth in Clauses 2 and 4, as a condition precedent to the issuance of any Depositary Receipts or withdrawal or deposit of Shares pursuant to this Depositary Agreement, the Depositary or the Company may require any or all of the following:
- (a) payment to it of a sum sufficient for the payment (or, in the event that the Depositary or the Company shall have made such payment, the reimbursement to it) of any tax or other governmental charge or any fee with respect thereto (including any such tax or charge or fee with respect to the Common Shares being deposited or the Shares being withdrawn or with respect to property of the Company being issued thereupon); and
 - (b) production of proof, satisfactory to it, as to the identity and genuineness of any signature.
- 5.2 The issuance of any Depositary Receipts or withdrawal or deposit of Common Shares pursuant to this Depositary Agreement may be suspended in the following cases:
- (a) during any period when the Company, the Custodian, the Depositary, TSX-V, the CSD or First North is closed for any reason;

- (b) if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Depositary Agreement; or
- (c) with the approval of the Company, for any other reason.

5.3 The Depositary shall take all necessary steps to assure any issuance of Depositary Receipts or withdrawal or deposit of Common Shares pursuant to this Depositary Agreement are made in compliance with applicable Canadian and Icelandic laws, regulation or rules issued by the CSD, First North or TSX-V. The Company shall take all necessary steps to assure that any deposit of Common Shares or withdrawal of Shares is in accordance with Canadian Laws and regulations as well as any rules issued by the TSX-V.

CERTAIN OBLIGATIONS OF HOLDERS OF DEPOSITARY RECEIPTS AND THE COMPANY

6 FILING PROOFS, CERTIFICATES AND OTHER INFORMATION

6.1 Any Depositor or any holder of a Depositary Receipt may be required to file such proof of residence and other information (including applicable KYC documentation), to execute such certificates and to make such representations and warranties or covenant as the Depositary or the Company may reasonably deem necessary or proper (including, without limitation, any certifications, representations or covenants reasonably deemed necessary or proper by the Depositary or the Company for assurance of compliance with applicable Canadian or Icelandic laws or the rules and regulations of the TSX-V or First North). The Depositary or the Company may withhold or delay:

- (a) the delivery of any Depositary Receipts;
- (b) the recordation of transfer of any Depositary Receipt or the withdrawal of the Shares represented by the Depositary Receipts;
- (c) the distribution of any dividend or other distribution with respect to Shares; or
- (d) refuse to accept the Depositary Receipts that are delivered for surrender,

until such proof or other information is filed, such certificates are executed or such representations and warranties are made.

7 PAYMENT OF TAXES OR OTHER GOVERNMENTAL CHARGES OR ANY FEES

7.1 If any tax or other governmental charge or any fee, in any jurisdiction, shall become payable by or on behalf of the Depositary with respect to:

- (a) any Depositary Receipts;
- (b) the Shares (or fractional interest therein) or other property represented by such Depositary Receipts; or

(c) any transaction referred to in Clause 14 of this Depositary Agreement, such tax (including transfer, issuance or acquisition taxes, if any) or governmental charge or fee; shall be payable by the holder of such Depositary Receipt, who shall pay the amount thereof to the Depositary.

7.2 Until such payment is made by the holder of such Depositary Receipt, recordation or transfer of any Depositary Receipt or any withdrawal of Shares, money or other property, if any, represented by the Depositary Receipts may be refused, any dividend or other distribution may be withheld and any part or all of the Shares or other property represented by the Depositary Receipt may be sold for the account of the holder thereof (after attempting by reasonable means to notify such holder prior to such sale). Any dividend or other distribution so withheld and the proceeds of any such sale may be applied to any payment of such tax or other governmental charge or fee, the holder of such Depositary Receipt remaining liable for any outstanding payments after such application.

8 REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEPOSITORS/REGISTRANTS

8.1 In the case of initial deposit of Common Shares, each person or legal entity in whose name the deposited Common Shares are registered shall be deemed thereby to represent and warrant at the time of such deposit that:

- (a) such Common Shares are validly issued;
- (b) such Depositor is the registered holder of such Common Shares; and
- (c) such Depositor is duly authorized to execute such transaction.

8.2 Each person or legal entity in whose name Depositary Receipts are registered (whether in connection with an initial deposit of Shares or in connection with the transfer of Depositary Receipts effectuated through the CSD) shall be deemed thereby at the time of such deposit to represent and warrant that:

- (a) the act of depositing the Shares does not violate or infringe on any right of a third party and the depositing party is permitted under law to perform the act of depositing; and
- (b) the Depositary will bear no liability for any infringement claim of any kind to the extent it results from the Depositary's actions according to this Depositary Agreement.

8.3 Such representations, warranties and covenants shall survive the deposit of the Shares and the issuance of Depositary Receipts therefor, or the transfer of the Depositary Receipts from one holder to another, as applicable.

THE DEPOSITARY RECEIPTS AND DEPOSITARY RECEIPT HOLDER RIGHTS

9 CASH DISTRIBUTIONS

9.1 Whenever the Depositary receives any cash dividend or other cash distribution on the Shares, the Depositary shall, subject to Clause 7, distribute said cash received from the Company to holders of Depositary Receipts on the record date fixed pursuant to Clause 12, in such

amounts as are, as nearly as practicable, in proportion to the respective numbers of Depositary Receipts held by such holders. The Company shall inform the Depositary of the amount per Share of any cash distribution no later than five (5) days in advance of the date of payment on the Shares to the Depositary.

- 9.2 In the event the Depositary undertakes to withhold such taxes as may be required by Icelandic law to be withheld and shall withhold from any cash dividend or other cash distribution in respect of the Shares an amount on an account of taxes, and the amount made available for distribution or distributed in respect of Depositary Receipts shall be reduced by the Depositary accordingly.
- 9.3 The Company shall have no obligations under this Depositary Agreement to withhold taxes due to Icelandic tax authorities with respect to any cash distribution pursuant to Clause 9.
- 9.4 Upon receiving cash distributions under this Clause 9, the Depositary shall make reasonable efforts to convert the received cash into ISK according to the exchange rates applied by the Depositary at the date of receipt, subject to the Depositary's sole and unfettered discretion. The date on which conversion rate becomes fixed shall however be no longer than three (3) Business Days prior to the subsequent distribution of funds from the Depositary to the Depositary Receipt holders.

10 DISTRIBUTIONS OTHER THAN CASH

- 10.1 Whenever the Depositary receives any distribution other than cash, rights, preferences or privileges upon the Shares, the Depositary shall in a reasonable manner, subject to Clause 7, distribute to the record holders of Depositary Receipts on the record date fixed pursuant to clause 12, such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of Depositary Receipts held by such holders, in any manner that the Depositary and the Company may deem equitable and practicable for accomplishing such distribution. The Company shall inform the Depositary of the amount per Share no later than ten (10) days in advance of the date of the distribution.
- 10.2 If, in the opinion of the Company after consultation with the Depositary, such distribution cannot be made available proportionately among such record holders, or if for any other reason (including tax withholdings or other requirements of law), the Depositary deems, after consultation with the Company, such distribution not to be feasible, the Depositary may adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall, subject to Clause 7, be distributed or made available for distribution, as the case may be, by the Depositary to record holders of Depositary Receipts as provided in Clause 9 in the case of a distribution received in cash.

11 SUBSCRIPTION RIGHTS, PREFERENCES OR PRIVILEGES

- 11.1 If the Company shall at any time offer or cause to be offered to the persons or legal entities in whose name Shares are registered on the books of the Depositary any rights, preferences or privileges to subscribe for or to purchase any securities or any rights, preferences or

privileges of any other nature, such rights, preferences or privileges shall in each such instance be made available by the Depositary to the record holders of Depositary Receipts in such manner as the Company shall instruct, provided however that:

- (a) if at the time of issue or offer of any such rights, preference or privileges the Company determines and instructs the Depositary that it is not lawful or feasible to make such rights, preferences or privileges available to some or all holders of Depositary Receipts; or
- (b) if and to the extent instructed by holders of Depositary Receipts who do not desire to exercise such rights, preferences or privileges;

the Depositary shall then, in each case, and if applicable laws or the terms of such rights, preferences or privileges so permit and a market exists for such rights, preferences or privileges, sell such rights, preferences or privileges of such holders at a public or private sale, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale, if any, shall be distributed by the Depositary to the record holders of Depositary Receipts entitled thereto as provided for in Clause 9. Should the net proceeds so derived be in another currency than ISK, conversion into ISK will take place in accordance with Paragraph 9.3 prior to distribution of proceeds to the Depositary Receipt holders.

11.2 The Company shall inform the Depositary of subscription rights, preferences or privileges no later than ten (10) days in advance of the date of the issue of the subscription rights, preferences or privileges to the Depositary, but in no event later than two (2) days after the decision to offer such subscription rights, preferences or privileges on the Shares.

11.3 If registration under any applicable Canadian securities law, regulation or rule, to which rights, preferences or privileges relate is required in order for holders of Depositary Receipts to be offered or sold such securities, the Depositary shall not make available to the holders of Depositary Receipts such rights, preferences and privileges unless and until a prospectus covering the offer and sale of such securities shall have become effective or unless the offer and sale of such securities to such holders is exempt from such prospectus requirements under any Canadian securities law, regulation or rule.

11.4 If any action under the law of any jurisdiction or any governmental or administrative authorization, consent or permit is required in order for such rights, preferences or privileges to be made available to holders of Depositary Receipts, the Company agrees with the Depositary that the Company will use its reasonable efforts to take such action or obtain such authorization, consent or permit sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to exercise such rights, preferences or privileges.

12 NOTICE OF DIVIDENDS AND FIXING OF RECORD DATE FOR HOLDERS OF DEPOSITARY RECEIPTS

12.1 In case of the following:

- (a) any cash dividend or other cash distribution shall become payable, or any distribution other than cash shall be made, or any rights preferences or privileges shall at any time be offered, with respect to the Shares; or

- (b) the Depository shall receive notice of any meeting at which holders of Shares are entitled to vote or of which shareholders in the Company are entitled to notice;

the Depository shall in each such instance fix a record date provided that the Company has adhered to its obligations under Clause 12.2, which shall be the same date as the record date fixed by the Company with respect to the Shares, for the determination of the holders or Depository Receipts, who shall:

- (c) be entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof; or
- (d) be entitled to give instructions for the exercise of voting rights at any such meeting or to receive notice of such meeting.

12.2 The Company shall inform the Depository of the record date pursuant to Clause 12.1 as soon as practicable after fixing, but no later than ten (10) days before the record date is fixed.

13 VOTING RIGHTS

13.1 Upon receipt of notice of any meeting at which the shareholders of the Company are entitled to vote or request or a request of action by written consent of shareholders in lieu of a meeting, the Depository shall, as soon as practicable thereafter, give notice to the record holders of Depository Receipts, which shall be provided by the Company and which shall contain:

- (a) such information as is contained in such notice of meeting or written consent, as applicable;
- (b) a statement that the holders of Depository Receipts at the close of business on a specified record date fixed pursuant to Clause 12 will be entitled, subject to any applicable provision of law, the Company's articles of incorporation or by-laws, as amended, or any other documents which may be necessary to instruct the Depository as to the exercise of the voting rights pertaining to the Shares represented by their respective Depository Receipts; and
- (c) a brief statement as to the manner in which such instructions may be given.

13.2 Upon the written request of a holder of a Depository Receipt on such record date, the Depository shall endeavour insofar as reasonably practicable to vote or cause to be voted the Shares represented by the Depository Receipts in accordance with the instructions set forth in such request.

13.3 The Company hereby agrees to take all reasonable action that may be deemed reasonably necessary by the Depository in order to enable the Depository to vote such Shares or cause such Shares to be voted. In the absence of specific instructions from the holder of a Depository Receipt, the Depository shall abstain from voting the Shares represented by such Depository Receipts.

13.4 The Company shall, at the latest 30 days before a shareholder meeting, inform the Depository of the proposed shareholders meeting. The Depository shall submit to the Company a voting

proxy, granting a specified person authority to vote the Shares at a shareholder meeting in accordance with the instructions from Depositary Receipt holders.

14 CHANGES AFFECTING SHARES AND RECLASSIFICATIONS, RECAPITALIZATION, ETC.

14.1 Upon any split-up, consolidation or any other reclassification of the Company's Common Shares and the Shares, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting the Company or to which it is a party or sale of all or substantially all of the Company's assets, the Depositary shall treat any common shares of the Company or other securities or property (including cash) that shall be received by the Depositary in exchange for or in conversion of or in respect of the Shares as new deposited property under this Depositary Agreement, and Depositary Receipts then outstanding shall henceforth represent the proportionate interests of holders thereof in the new deposited property so received in the exchange for or in respect of such Shares.

14.2 Distribution to the Depositary in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, shall be distributed in accordance with Clause 14.1.

14.3 In any such case as specified in Clause 14.1 the Depositary may, in its reasonable discretion, with the approval of the Company, execute and deliver additional Depositary Receipts to be exchanged for the new Depositary Receipts specifically describing such new deposited property. In that event, the record date will be fixed in accordance with Clause 12.

15 REPORTS

15.1 If the Company transmits to the Depositary any notices, reports, communications, proxy materials, written consents or other documents to be furnished by the Company to its shareholders of record, upon receipt of such transmission, the Company shall in addition transmit such notices, reports, communications or other documents to each record holder of Depositary Receipts in accordance with Act No. 20/2021 on the Duty of Disclosure for Issuers of Financial Instruments and Notification of Major Holding Requirements, as amended, as well as Chapter 4 of the Nasdaq First North Growth Market Rulebook for Issuers of Shares, as amended, and Chapter 4 of Supplement A thereto as applicable.

15.2 All notices, reports, communications, proxy materials, written consents or other documents to be furnished by the Company to its shareholders of record and the holders of Depositary Receipts shall be in English.

16 REGISTER OF HOLDERS OF DEPOSITARY RECEIPTS

16.1 Promptly upon request from time to time by the Company, the Depositary shall furnish to it a list, as of a recent date, of the names, addresses and holding of Depositary Receipts of all holders in whose names Depositary Receipts are registered on the books of the Depositary or any agent thereof.

THE DEPOSITARY AND THE COMPANY

17 MAINTENANCE OF OFFICES AND TRANSFER BOOKS BY THE DEPOSITARY

17.1 The Depositary shall maintain adequate facilities and resources for the recordation of Depositary Receipts, deposit of Common Shares and withdrawal of Shares and performance of its other obligations hereunder.

17.2 The Depositary shall keep books at its corporate offices for the recordation of the issuance, transfer of and Share withdrawals. The Depositary may close such books, at any time, when deemed reasonably expedient by it in connection with the performance of its obligations hereunder.

18 PREVENTION OR DELAY OF PERFORMANCE

18.1 Neither the Depositary nor the Company shall incur any liability to any holder of Depositary Receipt or other person, if either the Depositary or the Company is prevented from performing and obligation under this Depositary Agreement, or its timely performance is delayed, under any of the following circumstances:

- (a) if by reason of any provision of any present or future law or regulation thereunder of Iceland or Canada or the Company's articles of incorporation or by-laws, as amended;
- (b) if by reason of any act of God, war or other circumstances beyond the control of the relevant party, the Depositary or the Company should be prevented or forbidden from doing or performing any act or thing that the terms of this Depositary Agreement provides shall be done or performed;
- (c) if by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing that the terms of this Depositary Agreement provide shall or may be done or performed; or
- (d) by reason of any exercise of, or failure to exercise, any discretion provided for in this Depositary Agreement.

19 OBLIGATIONS OF THE DEPOSITARY AND THE COMPANY

19.1 The Company assumes no obligation and shall be subject to no liability to any holder of Depositary Receipts or other persons under this Depositary Agreement or the Depositary Receipts, except to perform its obligations as are specifically set forth and undertaken by it to perform pursuant to this Depositary Agreement without negligence or wilful misconduct.

19.2 The Depositary assumes no obligation and shall be subject to no liability to any holder of any Depositary Receipt or other person under this Depositary Agreement or the Depositary Receipts, except to perform such obligations as are specifically set forth and undertaken by it to perform under this Depositary Agreement without negligence or wilful misconduct.

19.3 Neither the Depositary nor the Company shall be liable for any action or any failure to act by it in reliance upon the information from any person presenting Shares for deposit, any holder of a Depositary Receipt or any other person believed by it in good faith to be competent to give such information. The Depositary and the Company may each rely and shall each be

protected in acting upon any written notice, request, direction or other document believe by it to be genuine and to have been signed or presented by the proper party or parties.

20 RESIGNATION AND REMOVAL OF THE DEPOSITARY, APPOINTMENT OF A NEW DEPOSITARY

- 20.1 The Depositary may at any time resign as depositary hereunder by written notice to the Company of its election to do so, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.
- 20.2 The Depositary may at any time be removed by the Company by written notice to the Depositary of such removal, such removal to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.
- 20.3 If at any time the Depositary, acting hereunder, resigns or is removed, the Company shall, within a reasonable time, appoint a successor depositary after the delivery of the notice of resignation or removal cf. Paragraph 20.1 or 20.2. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all rights, powers, duties and obligations of its predecessor and for all purposes shall be the Depositary under this Depositary Agreement, and such predecessor, upon payment of all sums due it and on the written request of the Company, shall promptly execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all rights, title and interest in the Shares and any moneys or property held under to such, and deliver to such successor a list of the record holders of all outstanding Depositary Receipts. Any successor depositary shall promptly mail notice of its appointment to the record holders of the Depositary Receipts.
- 20.4 Any corporation or other legal entity into or with which the Depositary may be merged, consolidated or converted shall be the successor of such Depositary without the execution or filing of any document or any further act.

21 FEES

- 21.1 The Company shall pay the Depositary the fees set out in Schedule 1 to this Depositary Agreement.
- 21.2 The holders of Depositary Receipts shall pay the Depositary the fees set out in Depositary's Fees and Charges, as they are at any given time, available on the Depositary website.
- 21.3 The fees set out in Schedule 1 to this Depositary Agreement are subject to mutual review by the Company and the Depositary, upon request thereof by either Party.

22 INDEMNIFICATION

- 22.1 The Company shall indemnify the Depositary for, and hold it free of any damages, any loss, liability, claim or expense ("**Loss**") arising out of or in connection with its duties under this Depositary Agreement, including reasonable costs and expenses of defending itself against

Loss, unless such Loss directly or indirectly arises as a result of the Depository's gross negligence or wilful misconduct.

22.2 The Depository shall indemnify the Company for, and hold it free of, any Loss arising out of or in connection with its duties under this Depository Agreement, including reasonable costs and expenses of defending itself against Loss, which directly or indirectly arises as a result of the Depository's gross negligence or wilful misconduct.

22.3 The Company will upon request defend, through mutually agreeable counsel, the Depository, its successors, assignees, and all their respective officers, directors, members, shareholders, employees and agents, from any and all Claims (as defined below) subject to the indemnity cf. Clause 22.2.

"Claim" means any action, cause of action, suit, proceeding, claim, or demand of any holder of any Depository Receipt, other persons under this Depository Agreement or the Depository Receipts or any third party, as well as all resulting judgements, settlements, penalties, damages, losses, liabilities, costs and expenses, including and without limitation reasonable attorneys' fees and costs.

22.4 If any action shall be brought against the Depository in respect to which indemnity may be sought from the Company pursuant to the provisions of this Clause 22, the Depository shall promptly notify the Company in writing, specifying the nature of the action and the total monetary amount sought or other such relief as is sought therein. The Depository shall cooperate with the Company at the Company's expense in all reasonable respects in connection with the defence of any such action.

22.5 The Depository will upon request defend, through mutually agreeable counsel, the Company, its successors, assignees, and all their respective officers, directors, members, shareholders, employees and agents, from any and all Claims (as defined above) subject to indemnity cf. Clause 22.2.

22.6 If any action shall be brought against the Company in respect to which indemnity may be sought from the Depository pursuant to Clause 22.2, the Company shall promptly notify the Depository in writing, specifying the nature of the action and the total monetary amount sought or other such relief as is sought therein. The Company shall cooperate with the Depository at the Depository's expense in all reasonable respects in connection with the defence of any such action.

22.7 The Company may upon written notice thereof to the Depository undertake to conduct all proceedings or negotiations in connection therewith, assume the defence thereof, and if it so undertakes, it shall also undertake all other required steps or proceeding to settle or defend such action, including the employment of counsel which shall be satisfactory to the Depository, and payment of all expenses.

22.8 The Depository may upon written notice thereof to the Company undertake to conduct all proceedings or negotiations in connection therewith, assume the defence thereof, and if it so undertakes, it shall also undertake all other required steps or proceeding to settle or defend such action, including the employment of counsel which shall be satisfactory to the Company, and payment of all expenses.

- 22.9 The Depositary shall have the right, at the Depositary's sole expense, to employ separate counsel and participate in the defence thereof. The Company shall reimburse the Depositary upon demand for any payments made or loss suffered at any time after the date hereof, based upon demand for any payments made or loss suffered at any time after the date hereof, based upon the judgement of any courts of competent jurisdiction or pursuant to a compromise or settlement of claims, demands, or actions in respect to any damages to which the foregoing relates.
- 22.10 The Company shall have the right, at the Company's sole expense, to employ separate counsel and participate in the defence thereof. The Depositary shall reimburse the Company upon demand for any payments made or loss suffered at any time after the date hereof, based upon demand for any payments made or loss suffered at any time after the date hereof, based upon the judgement of any courts of competent jurisdiction or pursuant to a compromise or settlement of claims, demands, or actions in respect to any damages to which the foregoing relates.
- 22.11 The indemnifying party hereunder shall not be liable for any written settlement of any pending or threatened proceeding effected without its prior written consent.

AMENDMENTS AND TERMINATION

23 AMENDMENT

- 23.1 Any content relating to the Depositary Receipts and any provisions of this Depositary Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect that they may deem necessary or desirable. Each holder of an outstanding Depositary Receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such Depositary Receipts, to consent and agree to such amendment and to be bound by this Depositary Agreement as amended thereby.
- 23.2 In no event shall any amendment impair the right, subject to the provisions of this Depositary Agreement, of any holder to surrender any Depositary Receipts with instructions to the Depositary to deliver to the holder the underlying Shares and to deliver all securities, money and other property, if any, represented thereby, except in order to comply with the mandatory provisions of applicable law.
- 23.3 Notwithstanding the foregoing, in no event shall an amendment adversely alter the Depositary Receipt holders' rights in the underlying Shares except through an amendment of the Company's articles of incorporation, as amended, which amendment is approved by the requisite vote of the Company's shareholders in accordance with applicable laws and the Company's charter documents, and duly authorized amendments to the Company's articles of association, as amended.

24 TERMINATION

- 24.1 This Depositary Agreement may be terminated by either the Company or the Depositary, upon written notice to the other, in the following cases:
- (a) all of the outstanding Depositary Receipts have been exchanged for the Shares and no Depositary Receipts are outstanding and trading on First North; or
 - (b) there has been a final distribution to the holders of Depositary Receipts in connection with the Company's liquidation, dissolution or winding up, or a merger involving the Company where the Company is not the resulting controlling entity.
- 24.2 This Depositary Agreement may be terminated by the Depositary upon written notice to the other, in the following cases:
- (a) the Company adopts a resolution according to which the Shares shall no longer be represented by the Depositary Receipts in accordance with this Depositary Agreement;
 - (b) the Custodian terminates its agreement with the Depositary to hold custody over the Shares on behalf of the Depositary and a replacement custodian has not taken its place within 30 days after such termination; or
 - (c) the CSD gives notice of termination of the registration of the Depositary Receipts on First North.
- 24.3 The Depositary will notify record holders of all outstanding Depositary Receipts in accordance with Act No. 20/2021 on the Duty of Disclosure for Issuers of Financial Instruments and Notification of Major Holding Requirements, as amended, as well as Chapter 4 of the Nasdaq First North Growth Market Rulebook for Issuers of Shares, as amended, and Chapter 4 of Supplement A thereto as applicable, at least 30 days prior to the date fixed in such notice for termination. If any Depositary Receipts remain outstanding after the date of termination of this Depositary Agreement, the Depositary thereafter shall discontinue the transfer of Depositary Receipts, but shall nevertheless continue to deliver the Shares, any money and other property represented by the Depositary Receipts upon surrender thereof by the holders thereof.
- 24.4 Upon termination in accordance with this Clause 24, the Depositary shall be discharged from all obligations under this Depositary Agreement except to account for such Shares, money, other property and security deposit amount.
- 24.5 Upon termination in accordance with this Clause 24, the Company shall be discharged from all obligations under this Depositary Agreement, except for its obligations to the Depositary under Clauses 21 and 22.
- 24.6 The Depositary shall have the right to terminate this Depositary Agreement with immediate effect if payments(s) payable by the Company under this Depositary Agreement are overdue for more than 30 days.
- 24.7 Notwithstanding the foregoing, this Depositary Agreement shall terminate if the Placing is terminated prior to 4 November 2022.

MISCELLANEOUS

25 COUNTERPARTS

- 25.1 This Depositary Agreement may be executed by the Company and the Depositary in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts taken together shall constitute one and the same instrument.
- 25.2 Delivery of an executed counterpart of a signature page to this Depositary Agreement by e-mail shall be effective as delivery of a manually executed counterpart of this Depositary Agreement.
- 25.3 Copies of this Depositary Agreement shall be filed with the Depositary and shall be open to inspection during business hours at the Depositary's corporate office by any holder of a Depositary Receipt.

26 EXCLUSIVE BENEFIT OF THE PARTIES

This Depositary Agreement is for the exclusive benefit of the Parties hereto, and their respective successors hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

27 INVALIDITY OF PROVISIONS

In case any one or more of the provisions contained in this Depositary Agreement or in the Depositary Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

28 NOTICES

- 28.1 Any notices to be given to the Company hereunder or under the Depositary Receipts shall be in writing and shall be deemed to have been duly given if personally delivered, delivered by mail to the Company's registered offices or sent by e-mail to such person as has been designated by the Company as the rightful recipient of such communications.
- 28.2 Any notices to be given to the Depositary hereunder or under the Depositary Receipts shall be in writing and shall be deemed to have been duly given if personally delivered, delivered by mail to the Depositary's registered offices or sent by e-mail to such person as has been designated by the Depositary as the rightful recipient of such communications.
- 28.3 Any notices or announcements given to any record holder of a Depositary Receipt hereunder or under the Depositary Receipts shall be in accordance with Act No. 20/2021 on the Duty of Disclosure for Issuers of Financial Instruments and Notification of Major Holding Requirements, as amended, as well as Chapter 4 of the Nasdaq First North Growth Market Rulebook for Issuers of Shares, as amended, and Chapter 4 of Supplement A thereto as applicable, and shall otherwise be considered duly given if personally delivered, delivered by mail to the holder's registered offices or domicile or sent by e-mail to such person as has been designated by the holder as the rightful recipient of such communications.

29 HOLDERS OF DEPOSITARY RECEIPTS ARE PARTIES

29.1 Notwithstanding whether holders of Depositary Receipts have executed and delivered this Depositary Agreement or any counterpart thereof, by acceptance of delivery of Depositary Receipts as contemplated by this Depositary Agreement, the holders of Depositary Receipts at any given time shall be deemed to be parties to this Depositary Agreement and shall be bound by all its terms and conditions, and shall be entitled to all of the benefits hereof and of the Depositary Receipts.

29.2 The Company shall ensure that the content of this Clause 29 is clearly stated in the Company Description when the Depositary Receipts are admitted to trading on First North and in any other communication to holders of Depositary Receipts issued under this Depositary Agreement.

30 HEADINGS

The heading of Clauses in this Depositary Agreement have been inserted for convenience only and are not to be regarded as a part of this Depositary Agreement or to have any bearing upon the meaning or interpretation of any provisions contained herein.

31 GOVERNING LAW AND JURISDICTION

This Depositary Agreement shall be governed by Icelandic law. The Parties hereby submit any court or legal proceedings to the exclusive jurisdiction of the District Court of Reykjavik, Iceland.

10 APPENDIX II – ARTICLES OF INCORPORATION AND BY-LAWS

The following document is Amaroq Minerals' Articles of Incorporation and By-laws, reviewed and approved by the Company.



Certificate of Incorporation

Canada Business Corporations Act

Certificat de constitution

Loi canadienne sur les sociétés par actions

Alopex Gold Inc.

Corporate name / Dénomination sociale

1011468-5

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation, the articles of incorporation of which are attached, is incorporated under the *Canada Business Corporations Act*.

JE CERTIFIE que la société susmentionnée, dont les statuts constitutifs sont joints, est constituée en vertu de la *Loi canadienne sur les sociétés par actions*.

Virginie Ethier

Director / Directeur

2017-02-22

Date of Incorporation (YYYY-MM-DD)
Date de constitution (AAAA-MM-JJ)



Form 1
Articles of Incorporation
Canada Business Corporations
Act (s. 6)

Formulaire 1
Statuts constitutifs
Loi canadienne sur les sociétés
par actions (art. 6)

- 1 Corporate name
Dénomination sociale
Alopex Gold Inc.
- 2 The province or territory in Canada where the registered office is situated
La province ou le territoire au Canada où est situé le siège social
ON
- 3 The classes and any maximum number of shares that the corporation is authorized to issue
Catégories et le nombre maximal d'actions que la société est autorisée à émettre
See attached schedule / Voir l'annexe ci-jointe
- 4 Restrictions on share transfers
Restrictions sur le transfert des actions
See attached schedule / Voir l'annexe ci-jointe
- 5 Minimum and maximum number of directors
Nombre minimal et maximal d'administrateurs
Min. 1 Max. 10
- 6 Restrictions on the business the corporation may carry on
Limites imposées à l'activité commerciale de la société
None
- 7 Other Provisions
Autres dispositions
See attached schedule / Voir l'annexe ci-jointe
- 8 **Incorporator's Declaration:** I hereby certify that I am authorized to sign and submit this form.
Déclaration des fondateurs : J'atteste que je suis autorisé à signer et à soumettre le présent formulaire.

Name(s) - Nom(s)

Original Signed by - Original signé par

Joan Plant

Joan Plant

Joan Plant

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

SCHEDULE 1
TO THE ARTICLES OF INCORPORATION
OF
ALOPEX GOLD INC.
(the "Corporation")

SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common shares and an unlimited number of Preferred shares issuable in series, all without par value.

The rights and restrictions attaching to the Common shares and the Preferred shares are as follows:

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 Corporation, 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 (1) vote per Common share held.
- (b) **Dividends.** Subject to the *Canada Business Corporations Act* (the "**Act**"), the holders of Common shares shall, in each financial year of the Corporation, in the discretion of the board of directors of the Corporation, be entitled to receive, subject to the rights of the holders of any other class of shares, any non-cumulative dividend declared by the Corporation.
- (c) **Distribution Rights.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation 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 Corporation.

Preferred shares

- (a) **Authority to Issue One or More Series.** The board of directors of the Corporation may issue the Preferred shares at any time and from time to time in one or more series. Before the first shares of a particular series are issued, the board of directors of the Corporation shall fix the number of shares in such series and shall determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to attach to the shares of such series including, without limiting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such rate(s), amount or method(s) of

calculation shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which such preferential dividends shall accrue, the redemption price and terms and conditions of redemption (if any), the rights of retraction (if any), and the prices and other terms and conditions of any rights of retraction and whether any additional rights of retraction may be vested in such holders in the future, voting rights and conversion or exchange rights (if any) and any sinking fund, purchase fund or other provisions attaching thereto. Before the issue of the first shares of a series, the board of directors of the Corporation shall send to the Director (as defined in the Act) articles of amendment in the prescribed form containing a description of such series, including the designation, rights, privileges, restrictions and conditions determined by the board of directors of the Corporation.

- (b) **Rank of Shares.** The Preferred shares of each series shall rank on a parity with the Preferred shares of every other series with respect to priority in the payment of dividends and the return of capital and the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The Preferred shares of any series may also be given preferences, not inconsistent with the articles, over the Common shares and any other shares of the Corporation ranking junior to the Preferred shares as may be fixed in accordance with subsection (a) above.
- (c) **Pro-Rated Participation.** If any cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on a return of capital in respect of a series of Preferred shares is not paid in full, the Preferred shares of all series shall participate rateably in respect of such dividends, including in accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims to dividends and return of capital, the claims of the holders of the Preferred shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends.

SCHEDULE 2
TO THE ARTICLES OF INCORPORATION
OF
ALOPEX GOLD INC.
(the "Corporation")

RESTRICTIONS ON TRANSFER OF SHARES

No shares of the Corporation shall be transferred without the consent of either (a) a majority of the directors of the Corporation expressed by a resolution passed at a meeting of the board of directors or by an instrument or instruments in writing signed by a majority of the directors, or (b) the holders of a majority of the outstanding shares of the Corporation entitling the holders thereof to vote in all circumstances (other than a separate class vote of the holders of another class of shares of the Corporation) expressed by a resolution passed at a meeting of such shareholders or by an instrument or instruments in writing signed by the holders of a majority of such shares.

SCHEDULE 3
TO THE ARTICLES OF INCORPORATION
OF
ALOPEX GOLD INC.
(the "Corporation")

OTHER PROVISIONS

1. **Restrictions on Transfer of Securities.** No securities of the Corporation, other than non-convertible debt securities, shall be transferred without the consent of either (a) a majority of the directors of the Corporation expressed by a resolution passed at a meeting of the board of directors or by an instrument or instruments in writing signed by a majority of the directors, or (b) the holders of a majority of the outstanding shares of the Corporation entitling the holders thereof to vote in all circumstances (other than a separate class vote of the holders of another class of shares of the Corporation) expressed by a resolution passed at a meeting of such shareholders or by an instrument or instruments in writing signed by the holders of a majority of such shares.
2. **Authorization to Appoint Additional Directors.** The directors may, within the maximum number permitted by the articles, 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.
3. **Meetings of Shareholders Outside Canada.** Meetings of shareholders of the Corporation may be held outside Canada.



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

Alopex Gold Inc.

Corporate name / Dénomination sociale

1011468-5

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Virginie Ethier

Director / Directeur

2017-06-27

Date of amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)



Form 4
Articles of Amendment
Canada Business Corporations Act
(CBCA) (s. 27 or 177)

Formulaire 4
Clauses modificatrices
Loi canadienne sur les sociétés par
actions (LCSA) (art. 27 ou 177)

-
- 1 Corporate name
Dénomination sociale
Alopex Gold Inc.
-
- 2 Corporation number
Numéro de la société
1011468-5
-
- 3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

See attached schedule / Voir l'annexe ci-jointe

-
- 4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
Eldur Olafsson
Eldur Olafsson
3546652003

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

Schedule 2 "Restrictions on Transfer of Shares" attached to the Articles of Incorporation of the Corporation dated February 22, 2017 be and is hereby repealed and replaced with Schedule 1 attached to the Articles of Amendment submitted to the shareholders for approval, such amendment to be effective as at the date shown on the Certificate of Amendment of the Corporation pertaining to such amendment;

Schedule 3 "Other Provisions" attached to the Articles of Incorporation of the Corporation dated February 22, 2017 be and is hereby repealed and replaced with Schedule 2 attached to the Articles of Amendment submitted to the shareholders for approval, such amendment to be effective as at the date shown on the Certificate of Amendment of the Corporation pertaining to such amendment;

SCHEDULE 1

ARTICLES OF AMENDMENT

OF

ALOPEX GOLD INC.

RESTRICTIONS ON TRANSFER OF SHARES

None.

SCHEDULE 2

ARTICLES OF AMENDMENT

OF

ALOPEX GOLD INC.
(the "Corporation")

OTHER PROVISIONS

1. **Authorization to Appoint Additional Directors.** The directors may, within the maximum number permitted by the articles, 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.
2. **Meetings of Shareholders Outside Canada.** Meetings of shareholders of the Corporation may be held outside Canada.



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

AEX Gold Inc.

Corporate name / Dénomination sociale

1011468-5

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Virginie Ethier

Director / Directeur

2018-06-06

Date of amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)



Form 4
Articles of Amendment
Canada Business Corporations Act
(CBCA) (s. 27 or 177)

Formulaire 4
Clauses modificatrices
Loi canadienne sur les sociétés par
actions (LCSA) (art. 27 ou 177)

1 Corporate name
Dénomination sociale
Alopex Gold Inc.

2 Corporation number
Numéro de la société
1011468-5

3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

The corporation changes its name to:
La dénomination sociale est modifiée pour :
AEX Gold Inc.

4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
George Fowlie
George Fowlie
416-364-7124

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

Amaroq Minerals Ltd.

Corporate name / Dénomination sociale

1011468-5

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Hantz Prosper

Director / Directeur

2022-07-11

Date of amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)



Form 4
Articles of Amendment
Canada Business Corporations Act
(CBCA) (s. 27 or 177)

Formulaire 4
Clauses modificatrices
Loi canadienne sur les sociétés par
actions (LCSA) (art. 27 ou 177)

1 Corporate name
Dénomination sociale
AEX Gold Inc.

2 Corporation number
Numéro de la société
1011468-5

3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

The corporation changes its name to:
La dénomination sociale est modifiée pour :
Amaroq Minerals Ltd.

4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
Joan Plant

Joan Plant
782-799-8155

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

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BY-LAW NO. 1

A by-law relating generally to
the transaction of the business
and affairs of

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BE IT ENACTED as a by-law of the Corporation as follows:

SECTION ONE INTERPRETATION

1.1 Definitions . In the By-Laws, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act*, or any statute that may be substituted for it, and the regulations to it, as from time to time amended.

"AIM" means the AIM Market of the London Stock Exchange plc.

"AIM Rules" means the AIM Rules for Companies published by the London Stock Exchange plc (as amended from time to time).

"Applicable Securities Laws" means the applicable securities legislation of each province and territory of Canada, as amended from time to time, the rules and regulations made or promulgated under any such statute, and the national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada.

"Affiliates" means, in respect of any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with the first mentioned person; and "control" means, with respect to the definition of "Affiliate", the possession, directly or indirectly, by a person or group of persons acting in concert of the power to direct or cause the direction of the management and policies of another person, whether through the ownership of voting securities, contract, as a partner or general partner, or otherwise.

"Articles" means the articles attached to the certificate of incorporation of the Corporation, as from time to time amended or restated.

"Board" means the board of directors of the Corporation.

"Business Day" means any day except Saturday, Sunday, any statutory holiday in the Province of Ontario, or any other day on which the principal chartered banks in the City of Toronto are closed for business.

"By-Laws" means this By-Law and all other by-laws of the Corporation from time to time in force and effect.

"Corporation" means the corporation incorporated under the Act by the said certificate to which the Articles are attached, and named "AEX Gold Inc."

"Default Share" has the meaning given in Section 9.5.

"Depositary" means a person appointed by the Corporation under a contractual arrangement whereby such person holds shares, rights or interests of the Corporation and issues Depositary Interests to DI Holders.

"Depository Interests" means securities or other documents of title evidencing an entitlement to, or to receive, shares, rights or interests in the Corporation held by the Depository.

"DI Holder" means a holder of Depository Interests.

"Director" means a member of the Board.

"Disclosure Notice" has the meaning given in Section 9.1.

"Meeting of Shareholders" includes an annual meeting of shareholders and a Special Meeting of Shareholders; and **"Special Meeting of Shareholders"** includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders.

"NI 54-101" means National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, as amended, supplemented, restated or replaced from time to time.

"Notice Date" means the date the Public Announcement of Meeting of Shareholders is made.

"Public Announcement" means the filing under the Corporation's profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com of the notification of meeting and record date required by Section 2.2 of NI 54-101.

"Qualifying Financial Instruments" means any financial instruments which:

- (a) on maturity, gives the holder, under a formal agreement, either the unconditional right to acquire or the discretion as to the holder's right to acquire, already issued shares to which voting rights are attached; or
- (b) are not included in (a) but which are referenced to shares of the Corporation referred to in (a) and with economic effect similar to that of the financial instruments referred to in (a), whether or not they confer a right to a physical settlement.

"Recorded Address" means: in the case of a shareholder, the address as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a Director, officer, auditor or member of a committee of the Board, the latest address as recorded in the records of the Corporation.

"Relevant Person" has the meaning in Section 9.11.

"this By-Law" means this By-Law No. 1 of the Corporation.

Except as provided above, words and expressions defined in the Act, including **"resident Canadian"** and **"unanimous shareholder agreement"**, have the same meanings when used herein. Words importing the singular number include the plural and vice versa; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

1.2 Unanimous Shareholder Agreement. The provisions of the By-Laws shall be subject to any unanimous shareholder agreement entered into from time to time. In the event of any conflict between any provision of the By-Laws and any provision of any unanimous shareholder agreement, the

provision of the unanimous shareholder agreement shall prevail to the extent of the conflict, and the Directors and the shareholders shall amend the By-Laws accordingly.

SECTION TWO

BUSINESS OF THE CORPORATION

2.1 Registered Office . The registered office of the Corporation shall be in the province in Canada from time to time specified in the Articles, and at such location within such province initially as is specified in the notice thereof filed with the Articles and thereafter as the Board may from time to time determine.

2.2 Corporate Seal . The Corporation may, but need not, adopt a corporate seal and if one is adopted it shall be in a form approved from time to time by the Board.

2.3 Financial Year. Until changed by the Board, the financial year of the Corporation shall end on December 31st in each year.

2.4 Execution of Instruments . Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons, one of whom holds the office of chair of the Board, president, vice-president or is a Director and the other of whom is a Director or holds one of the said offices or the office of secretary, chief financial officer, treasurer, assistant secretary or assistant treasurer or any other office created by this By-Law or by the Board or who is a Director. In addition, the Board or the said two persons may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed, provided that in the case of share certificates at all times at least two Directors or officers of the Corporation are required to sign. Any signing officer may affix the corporate seal to any instrument requiring it.

2.5 Banking Arrangements . The banking business of the Corporation 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 organizations 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.

2.6 Voting Rights in Other Bodies Corporate . The signing officers of the Corporation under Section 2.4 may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for them. In addition, the Board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.7 Divisions . The Board may cause the business and operations of the Corporation or any part of them to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as may be considered appropriate in each case. In connection with any such division, the Board or subject to any direction by the Board, the chief executive officer may authorize from time to time, upon such basis as may be considered appropriate in each case:

- (a) *Subdivision and Consolidation.* the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;

- (b) *Name.* the designation of any such division or sub-unit by, and the carrying on of the business and operations of, any such division or sub-unit under, a name other than the name of the Corporation, provided that the Corporation shall set out its name in legible characters in all places required by law; and
 - (c) *Officers.* the appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any of such officers so appointed, provided that any such officers shall not, as such, be officers of the Corporation.
-

SECTION THREE

DIRECTORS

3.1 Number of Directors . Until changed in accordance with the Act, the Board shall consist of not fewer than the minimum number and not more than the maximum number of Directors provided in the Articles.

3.2 Qualification . No person shall be qualified for election as a Director if such person is less than 18 years of age, is of unsound mind and has been so found by a court in Canada or elsewhere, is not an individual, or has the status of a bankrupt. A Director need not be a shareholder. Subject to the Act, at least 25 per cent of the Directors shall be resident Canadians, or if the number of Directors is fewer than four, at least one Director shall be a resident Canadian.

3.3 Election and Term . 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 re-election. 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 Articles 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 authorized 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.

3.4 Removal of Directors . Subject to the Act, 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.

3.5 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 Corporation 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 Act, a quorum of the Board may appoint a qualified individual to fill a vacancy in the Board.

3.6 Appointment of Additional Directors . If the Articles of the Corporation so provide, the Directors may, within the maximum number permitted by the Articles, 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.

3.7 Action by the Board . Subject to any unanimous shareholder agreement, the Board shall manage, or supervise the management of, the business and affairs of the Corporation. The powers of the Board may be exercised at a meeting of the Board (subject to Sections 3.8 and 3.9) at which a quorum is present or by resolution in writing signed by all the Directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy in the Board, the remaining Directors may exercise all the powers of the Board so long as a quorum remains in office. If the Corporation has a Board consisting of only one Director, that Director may constitute a meeting.

3.8 Canadian Directors Present at Meetings . Subject to the Act, the Board shall not transact business at a meeting, other than filling a vacancy in the Board, unless at least 25 per cent

of the Directors present are resident Canadians, or if the Corporation has fewer than four Directors, at least one of the Directors present is a resident Canadian, except where:

- (a) a resident Canadian Director who is unable to be present approves in writing, or by telephonic, electronic or other communication facility, the business transacted at the meeting; and
- (b) the required number of resident Canadians would have been present had that Director been present at the meeting.

3.9 Meeting by Telephone . Subject to the Act, if all the Directors consent generally or in respect of a particular meeting, a Director may participate in a meeting of the Board or of a committee of the Board by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a Director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board. Provided that at least one Director participating in such a meeting is physically present in Canada, the meeting shall be deemed to be held in Canada.

3.10 Place of Meetings . Meetings of the Board may be held at any place in or outside Canada.

3.11 Calling of 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.

3.12 Notice of Meeting . Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section 10 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 Act requires such purpose or business to be specified.

3.13 First Meeting of New Board . Provided a quorum of Directors is present, each newly elected Board may without notice hold its first meeting immediately following the Meeting of Shareholders at which such Board is elected.

3.14 Adjourned Meeting . Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.15 Regular Meetings . The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director promptly after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose of the regular meeting or the business to be transacted at it to be specified.

3.16 Chair . 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.

3.17 Quorum . Subject to Sections 3.7 and 3.8, the quorum for the transaction of business at any meeting of the Board shall consist of 50 per cent. of the Directors from time to time, or such greater 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.

3.18 Votes to Govern . 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 not be entitled to a second or casting vote.

3.19 Conflict of Interest . A Director shall disclose to the Corporation, in the manner and to the extent provided by the Act, any interest that such Director has in a material contract or transaction, whether made or proposed, with the Corporation, 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 Act.

3.20 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 this By-Law shall preclude any Director from serving the Corporation in any other capacity and receiving remuneration therefor.

SECTION FOUR

COMMITTEES

4.1 Committees of the Board . The Board may appoint one or more committees of the Board, however designated, and delegate to any such committee any of the powers of the Board except those which pertain to items which, under the Act, a committee of the Board has no authority to exercise.

4.2 Transaction of Business . The powers of a committee of the Board may be exercised by a meeting at which a quorum (as referenced in Section 4.4) is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

4.3 Advisory Bodies . The Board may from time to time appoint such advisory bodies as it may deem advisable.

4.4 Quorum and Procedure . Unless otherwise determined by the Board, each committee and advisory body shall fix its quorum at not less than a majority of its members, elect its chair and regulate its procedure.

SECTION FIVE

OFFICERS

5.1 Appointment . Subject to any unanimous shareholder agreement, the Board may from time to time appoint a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. A person may hold more than one office. The Board may specify the duties of and, in accordance with this By-Law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to Section 5.2, an officer may but need not be a Director.

5.2 Chair of the Board . The Board may from time to time also appoint a chair of the Board who shall be a Director. If appointed, the Board may assign to the chair any of the powers and duties that are by any provisions of this By-Law assigned to the president. The chair shall have such other powers and duties as the Board may specify.

5.3 President . The president shall be the chief operating officer and, subject to the authority of the Board, shall have general supervision of the business of the Corporation and such other powers and duties as the Board may specify.

5.4 Secretary . The secretary shall attend and be the secretary of all meetings of the Board, Meeting of Shareholders and committees of the Board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings at such meetings. The secretary shall give or cause to be given, as and when instructed, all notices to shareholders, Directors, officers, auditors and members of committees of the Board. The secretary shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, records and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose, and have such other powers and duties as the Board may specify.

5.5 Treasurer . The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The treasurer shall render to the Board whenever required an account of all transactions as treasurer and of the financial position of the Corporation and shall have such other powers and duties as the Board may specify.

5.6 Powers and Duties of Officers . The powers and duties of all officers shall be in accordance with the terms of their engagement or as the Board or (except for those whose powers and duties are to be specified only by the Board) the chief executive officer may specify. The Board and (except as provided above) the chief executive officer may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the chief executive officer otherwise directs.

5.7 Term of Office. The Board, in its discretion, may remove any officer of the Corporation. Otherwise each officer appointed by the Board shall hold office until a successor is appointed or until the officer resigns.

5.8 Agents and Attorneys . The Corporation, by or under the authority of the Board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to subdelegate) of management, administration or otherwise as the Board thinks fit.

5.9 Conflict of Interest . An officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or material transaction, whether made or proposed, with the Corporation shall disclose to the Corporation the nature and extent of that interest at the time and in the manner provided by the Act.

SECTION SIX

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.1 Limitation of Liability . All Directors and officers of the Corporation in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, and provided that nothing herein shall relieve any Director or officer from the duty to act in accordance with the Act or from liability for any breach of it, no Director or officer shall be liable:

- (a) for the acts, omissions, failures, neglects or defaults of any other Director, officer or employee;
- (b) for any loss, damage or expense incurred by the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation;
- (c) for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested;
- (d) for any loss, damage or expense arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the money, securities or effects of the Corporation shall be deposited;
- (e) for any loss, damage or expense arising from any error of judgment or oversight on the part of such Director or officer; or
- (f) for any other loss, damage or expense arising from the execution of the duties of office or in relation thereto.

6.2 Indemnity . Subject to the Act and Section 6.4, the Corporation shall indemnify a Director or an officer, a former Director or officer, or another individual who acts or acted at the Corporation'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 judgment, 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 Corporation or such other entity.

6.3 Advance of Costs . The Corporation shall advance money to a Director, officer or other individual for the costs, charges and expenses of a proceeding referred to in Section 6.2. The individual shall repay the money if the individual does not fulfil the conditions of Section 6.4.

6.4 Limitation . The Corporation shall not indemnify an individual under Section 6.2 unless the individual:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation, 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 Corporation'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.

6.5 Additional Circumstances . The Corporation shall also indemnify any individual referred to in Section 6.2 in such other circumstances as the Act or law permits or requires. Nothing in this By-Law shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this By-Law.

6.6 Insurance . Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of any individual referred to in Section 6.2 as the Board may from time to time determine.

SECTION SEVEN

SHARES

7.1 Issuances of Shares . Subject to the Act, the Articles and any unanimous shareholder agreement, the Board may issue or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation 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 as provided by the Act.

7.2 Registration of Transfers . Subject to the Act, no transfer of a share of the Corporation shall be registered in a securities register except upon compliance with the reasonable requirements of the Corporation and with such restrictions on issues, transfer or ownership as are authorized by the Articles or any unanimous shareholder agreement.

7.3 Dealing with Registered Holders . Subject to the Act, the Corporation may treat the registered holder of any share of the Corporation as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

7.4 Share Certificates . Every holder of one or more shares of the Corporation shall be entitled, at the holder's option, to a share certificate, or to a non-transferable written certificate of acknowledgement of such right to obtain a share certificate, stating the number and class or series of shares held by such holder as shown in the securities register. Such certificates shall be in such form as the Board may from time to time approve and need not be under corporate seal. Any such certificate shall be signed in accordance with Section 2.4.

7.5 Replacement of Share Certificates . The Board, or any officer or agent designated by the Board, may direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, apparently destroyed or wrongfully taken, on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

7.6 Joint Shareholders . If two or more persons are registered as joint holders of any share of the Corporation, the Corporation shall not be bound to issue more than one certificate in respect of such share, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect of such share or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

7.7 Deceased Shareholders . In the event of the death of a holder, or of one of the joint holders, of any share of the Corporation, the Corporation shall not be required to make any entry in the securities register in respect of the death or to make any dividend or other payments in respect of the share except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation.

SECTION EIGHT

DIVIDENDS

8.1 Dividends . Subject to the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation. Any dividend unclaimed after a period of six years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Corporation.

8.2 Record Date for Dividends . The Board may, within the period prescribed by the Act, fix in advance a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. Notice of the record date shall be given within the period prescribed by the Act in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to receive payment of any dividend shall be at the close of business on the day on which the Board passes the resolution relating to such dividend.

SECTION NINE

DISCLOSURE OF INTERESTS IN SHARES

9.1 Disclosure Notice. The Board may by notice in writing require any person whom the Board knows, or has reasonable cause to believe, to be interested in shares of the Corporation, or to have been so interested at any time during the three years immediately preceding the date on which such notice is served, requiring such person to indicate whether or not it is the case and, where that person holds, or has during that time held, any interest in any such shares, to give such further information as may be required by the Board (a "**Disclosure Notice**"). If a Disclosure Notice is given by the Corporation to a person appearing to be interested in any share, a copy shall at the same time be given to the holder, but the accidental omission to do so or the non-receipt of the copy by the holder shall not prejudice the operation of the following provisions of this Section 9.

9.2 Contents of a Disclosure Notice. The Disclosure Notice may require the person to whom it is addressed:

- (a) to give particulars of his own present or past interest in shares held by him at any time during the three year period referred to in Section 9.1;
- (b) to give (so far as lies within his knowledge):
 - (i) where his interest is a present interest and any other interest in the shares subsists; or
 - (ii) where another interest in the shares subsisted during that three year period at a time when his own interest subsisted,

such particulars with respect to that other interest as may be requested by the notice including the identity of persons interested in the shares in question; and

- (c) where his interest is a past interest, to give (so far as lies within knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

9.3 Disclosure Response. A Disclosure Notice shall require any information given in response to the Disclosure Notice to be given in writing within such reasonable time as may be specified in the Disclosure Notice.

9.4 Disclosure Notice Term. A Disclosure Notice shall remain in effect in accordance with its terms following a transfer of the shares to which it relates unless and until the Board determines otherwise and notifies the shareholder accordingly.

9.5 Significant Shareholder Disclosure. Any person (other than a Depositary) (a "**Relevant Person**") must notify the Board of its direct or indirect holding as a shareholder or DI Holder or holder of Qualifying Financial Interests (or a combination of such interests) when:

- (a) such interests reach 3% or more in any class of shares of the Corporation; and
- (b) any change thereafter results in an increase or decrease to any significant shareholder interest by a single percentage point, 4%, 5%, 6%, 7%, 8%, 9%, 10% and each 1% threshold thereafter up to 100%,

(each a "relevant change").

9.6 Significant Shareholder Notification Requirements. The notification to the Corporation under Section 9.5 shall be effected as soon as possible, but in any event no later than two trading days after the date on which the relevant person learns of a relevant change. The notification shall include the following information and any such other further information required under the AIM Rules:

- (a) the identity of the person making the notification of the relevant change;
- (b) the percentage of its holding, and the resulting situation in terms of its holding, and the date on which the relevant change occurred;
- (c) if applicable, the chain of controlled undertakings through which the shares or Depositary Interests are effectively held;
- (d) the price, amount and class of shares or Depositary Interests concerned;
- (e) the nature of the transaction giving rise to the notification;
- (f) in the case of a holding of Qualifying Financial Instruments:
 - (i) for Qualifying Financial Instruments with an exercise period, an indication of the date or time period where shares will or can be acquired, if applicable;
 - (ii) the date of maturity or expiration of the Qualifying Financial Instruments; and
 - (iii) the detailed nature of the Qualifying Financial Instruments, including full details of the exposure to shares of the Corporation; and
- (g) any other information required by the Corporation.

9.7 Calculation of Holdings. For the purposes of this Section 9:

- (a) the percentage of the issued shares of a class represented by a particular holding shall be calculated by reference to the shares in issue at the time when the Disclosure Notice is given;
- (b) a person shall be treated as appearing to be interested in any share if the Corporation has given to the shareholder or Depositary holding such share, or DI Holder holding a Depositary Interest in such share, a Disclosure Notice and either (i) the shareholder, Depositary or DI Holder has named the person as being interested in the share or (ii) (after taking into account any response to any disclosure notice and any other relevant information) the Corporation knows or has reasonable cause to believe that the person in question is or may be interested in the share;
- (c) a person who is interested in a right to subscribe for or convert into shares shall be deemed to be interested in the shares and references to interests in shares shall include any interest whatsoever in such shares including, without limitation, a right to control directly or indirectly the exercise of any right conferred by the holding of shares alone or in conjunction with any person and the interest of any person shall be deemed to include the interest of any other person deemed to be acting in conjunction as aforesaid.

9.8 No Prejudice . The provisions of this Section 9 are without prejudice to the provisions of the *Canada Business Corporations Act*.

SECTION TEN

MEETINGS OF SHAREHOLDERS

10.1 Annual Meetings . Subject to the Act, the Board shall call an annual meeting of shareholders (a) not later than 18 months after the Corporation 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 Corporation'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 Act 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.

10.2 Special Meetings . The Board shall have power to call a Special Meeting of Shareholders at any time.

10.3 Place of Meetings . Meetings of Shareholders shall be held at the registered office of the Corporation or elsewhere in Canada if the Board shall so determine. A Meeting of Shareholders may be held at a place outside Canada if the place is specified in the Articles or all the shareholders entitled to vote at the Meeting of Shareholders agree that the Meeting of Shareholders is to be held at that place. A shareholder who attends a Meeting of Shareholders held outside Canada is deemed to have agreed to it being held outside Canada except when the shareholder attends the Meeting of Shareholders for the express purpose of objecting to the transaction of any business on the grounds that the Meeting of Shareholders is not lawfully held.

10.4 Participation in Meeting by Electronic Means . Any person entitled to attend a Meeting of Shareholders may participate in it, in accordance with the Act, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the Meeting of Shareholders, if the Corporation makes available such a communication facility. A person participating in a Meeting of Shareholders by such means is deemed for the purposes of the Act to be present at the Meeting of Shareholders.

10.5 Meeting held by Electronic Means . If the Directors or the shareholders of the Corporation call a Meeting of Shareholders pursuant to the Act, those Directors or shareholders, as the case may be, may determine that the Meeting of Shareholders shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the Meeting of Shareholders.

10.6 Notice of Meetings . Subject to the Act, notice of the time and place of each Meeting of Shareholders shall be given in the manner provided in Section 10 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 judgment thereon and shall state the text of any special resolution to be submitted to the Meeting of Shareholders.

10.7 List of Shareholders Entitled to Notice . For every Meeting of Shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the Meeting of Shareholders, arranged in alphabetical order and showing the number of shares held by each

shareholder entitled to vote at the Meeting of Shareholders. If a record date for the Meeting of Shareholders is fixed pursuant to Section 10.8, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the Meeting of Shareholders is given or, if no such notice is given, on the day on which the Meeting of Shareholders is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained, and at the Meeting of Shareholders for which the list was prepared. If a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such Meeting of Shareholders shall be deemed to be a list of shareholders.

10.8 Record Date for Notice . The Board may, within the period prescribed by the Act, fix in advance a date as the record date for determination of the shareholders (a) entitled to receive notice of a Meeting of Shareholders and (b) entitled to vote at a Meeting of Shareholders. Unless waived in accordance with the Act, notice of any such record date shall be given within the period prescribed by the Act before such record date, by newspaper advertisement in the manner provided in the Act. If no record date is fixed, then such record date for the determination of the shareholders entitled to receive notice of the Meeting of Shareholders shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the Meeting of Shareholders is held.

10.9 Meetings Without Notice . A Meeting of Shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote at the Meeting of Shareholders are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to such Meeting of Shareholders being held, and (b) if the auditors and the Directors are present or waive notice of or otherwise consent to such Meeting of Shareholders being held, provided that such shareholders, auditors or Directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the Meeting of Shareholders is not lawfully called. At such Meeting of Shareholders any business may be transacted which the Corporation may transact at a Meeting of Shareholders. If the Meeting of Shareholders is held at a place outside Canada, shareholders not present or duly represented, but who have waived notice of or otherwise consented to such Meeting of Shareholders, shall also be deemed to have consented to the Meeting of Shareholders being held at such place.

10.10 Chair, Secretary and Scrutineers . The chair of any Meeting of Shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the Meeting of Shareholders: chair of the Board, president or a vice president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the Meeting of Shareholders, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the Meeting of Shareholders. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the Meeting of Shareholders.

10.11 Persons Entitled to be Present . The only persons entitled to be present at a Meeting of Shareholders shall be those entitled to vote at the Meeting of Shareholders, the Directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles, the By-Laws or any unanimous shareholder agreement to be present at the Meeting of Shareholders. Any other person may be admitted only on the invitation of the chair of the Meeting of Shareholders or with the approval of the majority of shareholders at the Meeting of Shareholders.

10.12 Quorum . Subject to the Act in respect of a majority shareholder and Section 10.22, 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 percent (10%) 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.

10.13 Right to Vote . Every person named in the list referred to in Section 10.7 shall be entitled to vote the shares shown thereon opposite such person's name at the Meeting of Shareholders to which such list relates.

10.14 Proxyholders and Representatives . Every shareholder entitled to vote at a Meeting of Shareholders may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as the shareholder's representative at the Meeting of Shareholders in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the shareholder's attorney authorized in writing and shall conform with the requirements of the Act. Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a Meeting of Shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the Corporation or the chair of the Meeting of Shareholders. Any such proxyholder or representative need not be a shareholder.

10.15 Time for Deposit of Proxies . The Board may specify in a notice calling a Meeting of Shareholders a time not exceeding the time of such Meeting of Shareholders by more than 48 hours, excluding Saturdays and holidays, preceding any Meeting of Shareholders or adjournment of it before which time proxies to be used at such Meeting of Shareholders must be deposited with the Corporation or its agent. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent of it specified in such notice or if, no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chair of the Meeting of Shareholders or any adjournment of it prior to the time of voting.

10.16 Joint Shareholders . If two or more persons hold shares jointly, any one of them present in person or duly represented at a Meeting of Shareholders may, in the absence of the other or others, vote the shares, but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

10.17 Votes to Govern . At any Meeting of Shareholders every question shall, unless otherwise required by the Articles, 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.

10.18 Special Resolution Any resolution proposing the cancellation of the Corporation's admission to AIM shall be passed only by a majority of not less than 75% of the votes cast at the Meeting of Shareholders.

10.19 Show of Hands . Subject to the Act, 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 this By-Law, 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 fact 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 10.18 may be held, in accordance with the Act, partly or entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility. Any person participating in a Meeting of Shareholders under Sections 10.4 or 10.5 and entitled to vote at that Meeting of Shareholders may vote by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

10.20 Ballots. 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 Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders upon such question.

10.21 Adjournment . The chair at a Meeting of Shareholders may, with the consent of the Meeting of Shareholders and subject to such conditions as the Meeting of Shareholders may decide, adjourn the Meeting of Shareholders from time to time and from place to place. If a Meeting of Shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned Meeting of Shareholders, other than by announcement at the earliest Meeting of Shareholders that is adjourned. Subject to the Act, if a Meeting of Shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned Meeting of Shareholders shall be given as for an original Meeting of Shareholders.

10.22 Action in Writing by Shareholders . A resolution in writing signed by all the shareholders entitled to vote on that resolution at a Meeting of Shareholders is as valid as if it had been passed at a Meeting of Shareholders, unless a written statement with respect to the subject matter of the resolution is submitted by a Director or the auditor, in each case in accordance with the Act.

10.23 Only One Shareholder . If the Corporation 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.

10.24 Advance Notice .

- 1- In order to ensure that Meetings of Shareholders are conducted in an orderly and efficient manner and that all shareholders have access to the same information pertaining to all directors nominated for election so they may cast an informed vote, this Section imposes certain deadlines by which shareholders submitting a nominee must provide the required information for such nomination to be eligible for election at a Meeting of Shareholders or Special Meeting of Shareholders.

- 2- Subject only to the Act, the Articles and any other by-law of the Corporation, only persons who are nominated in accordance with this Section 10.23 shall be eligible for election as directors of the Corporation.
- 3- At any annual meeting of shareholders or any Special Meeting of Shareholders (where one of the purposes for which such Special Meeting of Shareholders was called was the election of directors), nominations of persons for election to the Board may be made:
 - a) by or at the direction of the Board or an authorized officer of the Corporation;
 - b) by one or more shareholders pursuant to a “proposal” (as defined in Section 137(1) of the Act) made in accordance with the provisions of Section 137 of the Act, or a requisition by one or more of the shareholders made in accordance with the provisions of Section 143 of the Act; or
 - c) by any person (a “**Nominating Shareholder**”) who at the close of business on the date of the giving of the notice provided for in this Section 10.23 and at the close of business on the record date for notice of such Meeting of Shareholders, is a registered or beneficial holder of one or more shares carrying the right to vote at such Meeting of Shareholders, and who complies with the timing and notice procedures set forth below in this Section 9.23.
- 4- In addition to any other requirements under applicable law, the Articles and any other by-law of the Corporation, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with subsection 9.23 (5), and in proper written form (in accordance with subsection 10.23 (6), to the Secretary of the Corporation.
- 5- To be timely, a Nominating Shareholder’s notice to the Secretary of the Corporation must be made:
 - a) in the case of an annual meeting of shareholders, not fewer than 30 days nor more than 65 days prior to the date of the annual meeting of shareholders (but in any event, not prior to the Notice Date); provided, however, that in the event such Meeting of Shareholders is called for a date that is fewer than 45 days after the Notice Date, notice by the Nominating Shareholder must be made not later than the close of business on the 10th day following the Notice Date; or
 - b) in the case of a Special Meeting of Shareholders (which is not also an annual meeting of shareholders) called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the 15th day following the Notice Date.
- 6- To be in proper written form, a Nominating Shareholder’s notice to the Secretary of the Corporation must set forth:
 - a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, citizenship, business address and residential address of the person; (ii) the principal occupation or employment of the person; (iii) the class or series and number of shares in the capital of the Corporation which are controlled or directed or which are owned beneficially, directly or indirectly, or of record by the person as of the record date for notice of the Meeting of Shareholders (if such date shall have occurred) and as of the date of such notice; and (iv) any other information relating to the person that

would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

- b) as to the Nominating Shareholder (which, for the purpose of this subsection 10.23 (6)(b), includes the Nominating Shareholder's Affiliates): (i) the class or series and number of shares in the capital of the Corporation which are controlled or directed or which are owned beneficially, directly or indirectly, or of record by the Nominating Shareholder as of the record date for notice of the Meeting of Shareholders (if such date shall have occurred) and as of the date of such notice; (ii) full particulars regarding any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation; (iii) full particulars of any derivatives, hedges or other economic or voting interests (including short positions) relating to the Nominating Shareholder's interest in shares in the capital of the Corporation; and (iv) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee. The Corporation may also require any proposed nominee to provide the Corporation with a written consent to be named as a nominee and to act as a director, if elected.

- 7- No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 10.23; provided, however, that nothing in this Section 10.23 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a Meeting of Shareholders of any matter that is properly before such Meeting of Shareholders pursuant to the provisions of the Act or the discretion of the chairman of the meeting.
- 8- The chairman of the Meeting of Shareholders shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Section 9.23 and, if any proposed nomination is not in compliance with the procedures set forth in this Section 10.23, to declare that such defective nomination shall be disregarded.
- 9- Notice given to the Secretary of the Corporation pursuant to this Section 10.23 may only be given by personal delivery, facsimile or email (at such fax number or email address as set forth on the Corporation's profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com), and shall be deemed to have been given and made (i) if personally delivered, only at the time it is served by personal delivery to the Secretary of the Corporation at the principal executive office of the Corporation or (ii) if transmitted by facsimile or email, if sent before 5:00 p.m. (Toronto time) on a Business Day, on such Business Day, and otherwise on the next Business Day.
- 10- Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section 10.23.

SECTION ELEVEN

NOTICES

11.1 Method of Giving Notices . Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the Articles, the By-Laws or otherwise to a shareholder, Director, officer, auditor or member of a committee of the Board shall be sufficiently 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 Act. 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 Act. 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.

11.2 Notice to Joint Shareholders . If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of such persons shall be sufficient notice to all of them.

11.3 Computation of Time . In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the day of giving the notice shall be excluded and the day of the meeting or other event shall be included.

11.4 Undelivered Notices . If any notice given to a shareholder pursuant to Section 11.1 is returned on two consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until informed in writing by the shareholder of a new address.

11.5 Omissions and Errors . The accidental omission to give any notice to any shareholder, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance of the notice shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded on the notice.

11.6 Persons Entitled by Death or Operation of Law . Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever becomes entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to the name and address of such person being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of entitlement prescribed by the Act.

11.7 Waiver of Notice . Any shareholder, proxyholder, Director, officer, auditor or member of a committee of the Board, or any other person entitled to receive notice of a Meeting of Shareholders or of the Board or a committee of the Board or any other notice from the Corporation, may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under the Act, the Articles, the By-Laws or otherwise. Any such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall

be in writing, except a waiver of notice of a Meeting of Shareholders or of the Board or a committee of the Board may be given in any manner.

SECTION TWELVE

EFFECTIVE DATE

12.1 Effective Date . This By-Law shall come into force when made by the Board in accordance with the Act.

This By-Law was made by the Directors on June 9th, 2021, and was confirmed without variation by the shareholders of the Corporation on June 9th, 2021.

Joan Plant

Joan Plant, Secretary






AEX Gold - new By-laws_EU_Active01_704046295_4 (002) -JP

Final Audit Report

2021-06-10

Created:	2021-06-10
By:	Lucy Jacobs (lj@aexgold.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA0SV2F0AXXVXMe8gBafL0ltz63w2IIM-k

"AEX Gold - new By-laws_EU_Active01_704046295_4 (002) -JP" History

-  Document created by Lucy Jacobs (lj@aexgold.com)
2021-06-10 - 11:50:04 AM GMT- IP address: 176.255.62.163
-  Document emailed to Joan Plant (jp@aexgold.com) for signature
2021-06-10 - 11:50:33 AM GMT
-  Email viewed by Joan Plant (jp@aexgold.com)
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-  Document e-signed by Joan Plant (jp@aexgold.com)
Signature Date: 2021-06-10 - 11:51:04 AM GMT - Time Source: server- IP address: 176.35.217.199
-  Agreement completed.
2021-06-10 - 11:51:04 AM GMT

11 APPENDIX III - CONSOLIDATED FINANCIAL STATEMENTS FOR 2020 AND 2021

The following documents are Amaroq Minerals' Financial Statements as prepared by its accountants and reviewed and approved by the Company.



AEX Gold Inc.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019



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 subsidiary (together, the Corporation) as at December 31, 2020 and 2019, 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, 2020 and 2019;
- 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 cash flow statements for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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
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"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, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and will not express an opinion or 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 on the other information that we obtained prior to the date of this auditor's report, 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. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Corporation'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 Corporation 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.

/s/PricewaterhouseCoopers LLP¹

Montréal, Quebec
April 28, 2021

¹ CPA auditor, CA, public accountancy permit No. A123642

AEX Gold Inc.

Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

(In Canadian Dollars)

	Notes	As at December 31, 2020 \$	As at December 31, 2019 \$
ASSETS			
Current assets			
Cash		61,874,999	1,515,406
Escrow account for environmental monitoring	5	-	174,864
Sales tax receivable		62,750	17,792
Prepaid expenses and others		371,258	94,883
Total current assets		62,309,007	1,802,945
Non-current assets			
Deferred share issuance costs	11	-	166,348
Deposit on order		1,711,970	-
Escrow account for environmental monitoring	5	460,447	342,132
Mineral properties	6	62,244	41,945
Capital assets	7	1,401,014	367,103
Total non-current assets		3,635,675	917,528
TOTAL ASSETS		65,944,682	2,720,473
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		831,899	471,069
Lease liabilities – current portion	8	65,900	-
Environmental monitoring provision	9	-	174,864
Total current liabilities		897,799	645,933
Non-current liabilities			
Lease liabilities	8	763,913	-
Total non-current liabilities		763,913	-
Total liabilities		1,661,712	645,933
Equity			
Capital stock	10	88,500,205	13,883,611
Warrants	11	-	1,459,604
Contributed surplus		2,925,952	1,535,400
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(27,106,415)	(14,767,303)
Total equity		64,282,970	2,074,540
TOTAL LIABILITIES AND EQUITY		65,944,682	2,720,473

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) Sigurbjorn Thorkelsson

Sigurbjorn Thorkelsson
Director

AEX Gold Inc.**Consolidated Statements of Comprehensive Loss**

For the years ended December 31, 2020 and 2019

(In Canadian Dollars)

	Notes	2020	2019
		\$	\$
Expenses			
Exploration and evaluation expenses	15	7,055,707	3,557,662
General and administrative	16	3,291,176	950,946
Stock-based compensation	12	1,031,650	578,600
Foreign exchange		1,130,808	38,365
Operating loss		12,509,341	5,125,573
Other expenses (income)			
Interest income		(84,214)	(30,337)
Finance costs	17	12,831	6,870
Other expenses (income)	9	(98,846)	-
Net loss and comprehensive loss		(12,339,112)	(5,102,106)
Weighted average number of common shares outstanding - basic and diluted		119,729,081	64,529,667
Basic and diluted loss per common share	19	(0.10)	(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, 2020 and 2019

(In Canadian Dollars)

	Notes	Number of common shares outstanding	Capital stock	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
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	10	13,157,895	3,853,718	1,146,282	-	-	-	5,000,000
Share issuance costs	10	-	(28,462)	(8,466)	-	-	-	(36,928)
Stock-based compensation	12	-	-	-	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
Balance, 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		-	-	-	-	-	(12,339,112)	(12,339,112)
Share issuance under a fundraising	10	94,444,445	74,550,202	-	-	-	-	74,550,202
Share issuance costs	10	-	(6,312,546)	-	-	-	-	(6,312,546)
Warrants exercised	11	11,607,898	6,318,938	(1,078,702)	-	-	-	5,240,236
Warrants expired	11	-	-	(380,902)	380,902	-	-	-
Options exercised	12	100,000	60,000	-	(22,000)	-	-	38,000
Stock-based compensation	12	-	-	-	1,031,650	-	-	1,031,650
Balance, December 31, 2020		177,098,737	88,500,205	-	2,925,952	(36,772)	(27,106,415)	64,282,970

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, 2020 and 2019

(In Canadian Dollars)

	Notes	2020 \$	2019 \$
Operating activities			
Net loss		(12,339,112)	(5,102,106)
Adjustments for:			
Depreciation	7	228,267	172,186
Stock-based compensation	12	1,031,650	578,600
Finance costs	17	5,959	6,870
Other expenses (Income)	9	(98,846)	-
Payment from cash held in escrow account for environmental monitoring	5	(95,102)	(28,846)
Escrow account for environmental monitoring	9	95,102	28,846
Foreign exchange		1,119,240	33,839
		(10,052,842)	(4,310,611)
Changes in non-cash working capital items:			
Sales tax receivable		(44,958)	(8,507)
Prepaid expenses and others		(276,316)	(72,655)
Trade and other payables		508,094	241,951
Payables to shareholders		-	(8,234)
		186,820	152,555
Cash flow used in operating activities		(9,866,022)	(4,158,056)
Investing activities			
Acquisition of mineral properties	6	(20,299)	(6,076)
Acquisition of capital assets	7	(421,098)	(190,476)
Deposit on order		(1,711,970)	-
Cash flow used in investing activities		(2,153,367)	(196,552)
Financing activities			
Shares and warrants issuance	10	74,550,202	5,000,000
Share issuance costs	10	(6,266,929)	(36,928)
Deferred share issuance costs		-	(45,617)
Principal repayment – lease liabilities	8	(11,267)	-
Exercise of warrants		5,240,236	-
Exercise of stock options		38,000	-
Cash flow from financing activities		73,550,242	4,917,455
Net change in cash before effects of exchange rate changes on cash		61,530,853	562,847
Effects of exchange rate changes on cash		(1,171,260)	(11,229)
Net change in cash		60,359,593	551,618
Cash, beginning		1,515,406	963,788
Cash, ending		61,874,999	1,515,406
Supplemental cash flow information			
Interest received		84,214	30,337
Deferred share issuance costs included in trade and other payables		-	120,731
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 consolidated financial statements.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

1. NATURE OF OPERATIONS AND 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 (note 10).

These consolidated financial statements ("Financial Statements") were reviewed and authorized for issue by the Board of Directors on April 28, 2021.

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").

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 of the Corporation 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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Deposit on order

The deposit on order represents the sum of money disbursed to a supplier to start or continue the fulfillment of a purchase order for capital assets. This deposit will be transferred to capital assets when the asset has been completed and delivered.

2.4 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.

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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Capital assets

Capital assets 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.

The intangible assets include software with a definite useful life. The assets are capitalized and amortized on a straight-line basis in the consolidated statement of comprehensive loss. The intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

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 capital assets 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 to 10 years
Equipment	3 to 10 years
Software	3 to 10 years
Right-of-use assets	Lease term

Depreciation of capital assets, 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 capital assets are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the consolidated statement of comprehensive loss.

2.6 Leases

At the commencement date of a lease, a liability is recognized to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) is also recognized. The interest expense on the lease liability is recognized separately from the depreciation expense on the right-of-use asset.

The lease liability is remeasured upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). This remeasurement is generally recognized as an adjustment to the right-of-use asset. Leases of "low-value" assets and short-term leases (12 months or less) are recognized on a straight-line basis as an expense in the consolidated statement of comprehensive loss.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment of non-financial assets

Mineral properties and capital assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Mineral properties and capital assets 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.

2.8 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.

2.9 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.

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

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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.

2.10 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 represent 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.

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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

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(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 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.

2.12 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.

2.13 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 2020 and 2019, all the outstanding common share equivalents were anti-dilutive.

2.14 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

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.

AEX Gold Inc.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.14.1 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.

2.14.2 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.

2.14.3 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)

2.15 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 New accounting standard adopted

Amendments to IAS 1 *Presentation of Financial Statements*

The IASB has made amendments to IAS 1 *Presentation of Financial Statements* which use a consistent definition of materiality throughout IFRS and the *Conceptual Framework for Financial Reporting*, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify that information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. The Corporation adopted IAS 1 on January 1, 2020, which did not have a significant impact on the consolidated financial statements disclosures.

3.2 Accounting standards issued but not yet effective

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than January 1, 2021. Many of these updates are not expected to have any significant impact on the Corporation and are therefore not discussed herein.

Amendments to IAS 16 *Property, plant and equipment*

The IASB has made amendments to IAS 16 *Property, plant and equipment*, which will be effective for financial years beginning on or after January 1, 2022. Proceeds from selling items before the related item of Property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Corporation will therefore need to distinguish between the costs associated with producing and selling items before the item of Property, plant and equipment (pre-production revenue) is available for use and the costs associated with making the item of Property, plant and equipment available for its intended use. For the sale of items that are not part of a Corporation's ordinary activities, the amendments will require the Corporation to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the consolidated statement of comprehensive loss. These amendments will have an impact on the Corporation's consolidated financial statements.

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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 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.

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.

4.2 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.

AEX Gold Inc.

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4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

4.3 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

4.4 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.

4.5 Uncertainty due to COVID-19

During the 2020 year, 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 significant changes on the Corporation’s ability to complete planned exploration and evaluation activities in the future, 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 of the COVID-19 pandemic. However, it is impossible to ultimately determine the financial implications of these events.

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. This environmental monitoring program was completed in 2020.

	2020	2019
	\$	\$
Balance beginning	516,996	582,786
Effect of translation	38,553	(36,944)
Payment for environmental monitoring work	(95,102)	(28,846)
Balance ending	460,447	516,996
Non-current portion – escrow account for environmental monitoring	(460,447)	(342,132)
Current portion – escrow account for environmental monitoring	-	174,864

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

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6. MINERAL PROPERTIES

	As at December 31, 2019	Additions	As at December 31, 2020
	\$	\$	\$
Nalunaq	1	-	1
Tartog	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
Anoritoq	-	6,389	6,389
Kangerluarsuk	-	6,562	6,562
Total mineral properties	41,945	20,299	62,244

	As at December 31, 2018	Additions	As at December 31, 2019
	\$	\$	\$
Nalunaq	1	-	1
Tartog	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

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”).

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;

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6. MINERAL PROPERTIES (CONT'D)

- 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

After Nalunaq A/S has submitted its statements of expenses for the Nalunaq Licence for the 2017 and 2018 years, the MLSA has approved Nalunaq A/S' transition to the subsequent period (sub period 4) without a rollover of the unspent amount.

The Government of Greenland has been confirmed with Addendum No. 5 dated March 2020 which was signed by the Government of Greenland and therefore became effective on March 13, 2020, to extend the requirement dates to perform the following tasks. No later than December 31, 2022, the licensee shall 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.

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.

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, 2024 with the 5-year extension. The renewal for a period of five years has been confirmed with Addendum No. 3 dated February 2020 which was signed by Nalunaq A/S on February 13, 2020 and became effective on March 13, 2020 when it was signed by the Government of Greenland. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

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6. MINERAL PROPERTIES (CONT'D)

6.2.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2020, adding the non-fulfilled exploration obligation 2019 of DKK 743,217, for a total of DKK 743,217 (\$156,047 using the exchange rate as at December 31, 2020) exploration obligation in 2020 which was confirmed by MLSA and postponed to 2022. 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. Nalunaq A/S submitted its statements of expenses for the Tartoq exploration licence for the 2020 year to the MLSA by April 1, 2021.

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. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2024.

6.3.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2020, adding the non-fulfilled exploration obligation 2019 of DKK 231,634, for a total of DKK 231,634 (\$48,634 using the exchange rate as at December 31, 2020) exploration obligation in 2020 which was confirmed by MLSA and postponed to 2022. 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 submitted its statements of expenses for the Naalagaaffiup Portornga exploration licence for the 2020 year to the MLSA by April 1, 2021.

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6. MINERAL PROPERTIES (CONT'D)

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. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2023.

6.4.2 Exploration commitments

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 became effective on March 13, 2020 when it was signed by the Government of Greenland.

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2020, reducing by the total credit from 2019 of DKK 709,960, for a total credit of DKK 709,960 (credit of \$149,065 using the exchange rate as at December 31, 2020) so there is no exploration obligation in 2020 which was confirmed by MLSA. 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 submitted its statements of expenses for the Vagar exploration licence for the 2020 year to the MLSA by April 1, 2021.

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 Licence 2019/113 Nuna Nutaaq. The licence application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the licence became effective on September 26, 2019 when it was signed by the Government of Greenland. The licence expires December 31, 2023 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2025.

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6. MINERAL PROPERTIES (CONT'D)

6.5.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2020, adding the non-fulfilled exploration obligation 2019 of DKK 440,502, for a total of DKK 440,502 (\$92,489 using the exchange rate as at December 31, 2020) exploration obligation in 2020 which was confirmed by MLSA and postponed to 2022. 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 submitted its statements of expenses for the Nuna Nutaaq exploration licence for the 2020 year to the MLSA by April 1, 2021.

6.6 Saarloq

6.6.1 Purchase of the Saarloq Licence

The Corporation acquired the right to conduct exploration activities on approximately 818km² of land in the areas of Quassugaarsuk and Sermeq Kangilleq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/31, referred to as Saarloq. The licence application has been approved and all required documentation was signed by the Corporation on May 15, 2020 and the licence became effective on May 28, 2020 when it was signed by the Government of Greenland. The licence expires December 31, 2024 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

6.6.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. The exploration commitments for this new exploration licence are DKK nil (\$nil using the exchange rate as at December 31, 2020) in 2020. For the purpose of crediting expenditures against the amounts set forth in the Saarloq 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 submitted its statements of expenses for the Saarloq exploration licence for the 2020 year to the MLSA by April 1, 2021.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

6. MINERAL PROPERTIES (CONT'D)

6.7 Anoritooq

6.7.1 Purchase of the Anoritooq Licence

The Corporation acquired the right to conduct exploration activities on approximately 1,710km² of land in the areas of Anoritooq and Kangerluluk in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/36, referred to as Anoritooq. The licence application has been approved and all required documentation was signed by the Corporation on June 11, 2020 and the licence became effective on June 24, 2020 when it was signed by the Government of Greenland. In October 2020, the Corporation was granted an addendum to the Anoritooq Licence, increasing the size of the licence to 1,889km² and became effective November 6, 2020 when it was signed by the Government of Greenland. The licence expires December 31, 2024 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

6.7.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. The exploration commitments for this new exploration Licence are DKK nil (\$nil using the exchange rate as at December 31, 2020) in 2020. For the purpose of crediting expenditures against the amounts set forth in the Anoritooq 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 submitted its statements of expenses for the Anoritooq exploration licence for the 2020 year to the MLSA by April 1, 2021.

6.8 Kangerluarsuk

6.8.1 Purchase of the Kangerluarsuk Licence

The Corporation acquired the right to conduct exploration activities on approximately 335km² of land in the area of Eqluit Iluat in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2021/02, referred to as Kangerluarsuk. The licence application has been approved and all required documentation was signed by the Corporation on October 13, 2020 and the licence became effective on November 6, 2020 when it was signed by the Government of Greenland. The licence expires December 31, 2025 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave in December 2020, an extension of the licence period for all exploration licences by one year, therefore the licence expires December 31, 2026.

6.8.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. The exploration commitments for this new exploration licence are DKK nil (\$nil using the exchange rate as at December 31, 2020) in 2020. For the purpose of crediting expenditures against the amounts set forth in the Kangerluarsuk 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 Kangerluarsuk exploration licence for the 2020 and 2021 years to the MLSA by April 1, 2022.

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

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(In Canadian Dollars, except as otherwise noted)

6. MINERAL PROPERTIES (CONT'D)**6.9 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. CAPITAL ASSETS

	Exploration and evaluation				Total
	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including intangible)		
	\$	\$	\$		
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
	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including intangible)	Right-of-use assets (note 8)	Total
	\$	\$	\$	\$	\$
2020					
Opening net book value	271,977	86,656	8,470	-	367,103
Additions	-	245,734	175,364	841,080	1,262,178
Depreciation	(125,774)	(75,525)	(6,782)	(20,186)	(228,267)
Closing net book value	146,203	256,865	177,052	820,894	1,401,014
As at December 31, 2020					
Cost	387,323	533,800	185,878	841,080	1,948,081
Accumulated depreciation	(241,120)	(276,935)	(8,826)	(20,186)	(547,067)
Closing net book value	146,203	256,865	177,052	820,894	1,401,014

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 \$206,153 (\$172,186 – 2019) was expensed as exploration and evaluation expenses in 2020.

As at December 31, 2020, the Corporation had capital asset purchase commitments, net of deposit on order, of \$ 8,796,288 (nil as at December 31, 2019). These commitments relate to purchases of equipment, infrastructure and vehicles.

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

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8. LEASE LIABILITIES

	As at December 31, 2020	As at December 31, 2019
	\$	\$
Balance beginning	-	-
Additions	841,080	-
Principal repayment	(11,267)	-
Balance ending	829,813	-
Non-current portion – lease liabilities	(763,913)	-
Current portion – lease liabilities	65,900	-

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

A right-of-use asset of \$841,080 and an equivalent long term lease liability was recorded as of October 1, 2020, with a 5% incremental borrowing rate and considering that the renewal option would be exercised. Depreciation of right-of-use assets is being recorded in general and administrative expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$20,186 (nil – 2019) was expensed as general and administration expenses in 2020.

9. ENVIRONMENTAL MONITORING PROVISION

	2020	2019
	\$	\$
Balance beginning	174,864	209,695
Effect of foreign exchange translation	13,125	(12,855)
Payment from cash held in escrow account for environmental monitoring	(95,102)	(28,846)
Accretion expense	5,959	8,980
Change in estimates	(98,846)	(2,110)
Balance ending	-	174,864
Non-current portion – environmental monitoring provision	-	-
Current portion – environmental monitoring provision	-	174,864

In September 2020, a final payment to settle the environmental monitoring obligations attached to the Nalunaq Licence has been completed and no further payments are expected to be made regarding this obligation.

10. SHARE CAPITAL**10.1 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.

10.2 AIM Admission

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

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

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10. SHARE CAPITAL (CONT'D)**10.3 Completion of the fundraising**

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

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

Certain officers and directors of the Corporation purchased an aggregate of 1,177,581 common shares for \$906,737 (note 20). The officers and directors of the Corporation subscribed to the Fundraising under the same terms and conditions as set forth for all subscribers.

10.4 Private placements**a) 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 20).

11. WARRANTS**11.1 Warrants**

Changes in the Corporation's warrants are as follow:

	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 (note 10)	-	-	-	13,157,895	1,137,816	0.45
Exercised	(11,272,271)	(974,758)	0.45	-	-	-
Expired	(1,885,624)	(163,058)	0.45	-	-	-
Balance, end	-	-	-	13,157,895	1,137,816	0.45

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

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11. WARRANTS (CONT'D)

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 were met during the period. From the period February 6, 2020 to March 5, 2020, the daily volume weighted average price of the Corporation's common shares on the TSX-V was equal to or greater than \$0.50, thus satisfying the acceleration requirements under the Warrants. Accordingly, Warrant holders were provided with notification that any Warrants that were not exercised before April 20, 2020, being the 30th trading day following the occurrence of the acceleration event, would expire and be cancelled. Certain Warrant holders exercised 11,272,271 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 \$5,072,522. The remaining Warrants amounting to 1,885,624 expired.

11.2 Agent warrants

Changes in the Corporation's agent and finders warrants are as follow:

	2020			2019		
	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	1,067,739	\$ 321,788	\$ 0.49
Exercised	(335,627)	(103,944)	0.50	-	-	-
Expired	(732,112)	(217,844)	0.49	-	-	-
Balance, end	-	-	-	1,067,739	321,788	0.49

12. STOCK OPTIONS

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

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.

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12. STOCK OPTIONS (CONT'D)

On June 17, 2020, the Corporation granted to its directors, officers and consultants 2,195,000 stock options exercisable at an exercise price of \$0.70, with an expiry date of December 31, 2026. The stock options vested 100% at 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 \$1,031,650 for an estimated fair value of \$0.47 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 76.41% expected volatility, 0.41% risk-free interest rate and 6.5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

Changes in stock options are as follow:

	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	2,195,000	0.70	2,630,000	0.38
Exercised	(100,000)	0.38	-	-
Balance, end	7,745,000	0.51	5,650,000	0.43

Stock options outstanding and exercisable as at December 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
2,530,000	0.38	December 31, 2025
2,195,000	0.70	December 31, 2026
7,745,000		

13. 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.

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.

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

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14. EMPLOYEE REMUNERATION**Salaries**

	2020	2019
	\$	\$
Salaries	1,154,302	642,421
Director's fees	252,083	56,250
Benefits	218,740	83,745
	1,625,125	782,416
Less : salaries and benefits presented in E&E expenses	(1,024,094)	(726,166)
Salaries disclosed in general and administrative expenses	601,031	56,250

15. EXPLORATION AND EVALUATION EXPENSES

2020	Nalunaq	Vagar	Tartoq	Naalagaaffiup Portornnga	Nuna Nutaag	Saarloq	Anoritooq	Kangerluarsuk	Genex	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geology	1,968,010	158,392	11,426	14,110	18,630	32,549	55,760	9,937	-	2,268,814
Lodging and on-site support	278,440	7,088	-	-	-	-	-	-	-	285,528
Underground works	75,396	-	-	-	-	-	-	-	-	75,396
Drilling	186,955	-	-	-	-	-	-	-	-	186,955
Safety and environment	21,402	-	-	-	-	-	-	-	-	21,402
Analysis	259,188	263	-	-	-	-	-	-	-	259,451
Transport	638,533	519	-	-	104	156	259	-	-	639,571
Helicopter Charter	4,922	40,451	-	-	30,115	-	6,789	-	-	82,277
Logistic support	339,200	19,652	19,652	19,652	19,652	-	-	-	-	417,808
Insurance	37,990	-	-	-	-	-	-	-	-	37,990
Maintenance infrastructure	2,434,862	14,116	-	-	2,823	4,235	7,058	-	-	2,463,094
Government fees	87,224	8,468	14,615	-	-	-	-	-	961	111,268
Depreciation	206,153	-	-	-	-	-	-	-	-	206,153
Exploration and evaluation expenses	6,538,275	248,949	45,693	33,762	71,324	36,940	69,866	9,937	961	7,055,707

2019	Nalunaq	Vagar	Tartoq	Naalagaaffiup Portornnga	Nuna Nutaag	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**

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16. GENERAL AND ADMINISTRATIVE

	2020	2019
	\$	\$
Salaries and benefits	348,948	-
Management and consulting fees	633,220	298,885
Director's fees	252,083	56,250
Professional fees	1,077,541	300,017
Marketing and industry involvement	466,465	160,199
Insurance	218,355	40,029
Travel and other expenses	140,135	71,674
Regulatory fees	132,315	23,892
Depreciation	22,114	-
General and administrative	3,291,176	950,946

17. FINANCE COSTS

	2020	2019
	\$	\$
Accretion expense - environmental monitoring provision	5,959	8,980
Change in estimates - environmental monitoring provision	-	(2,110)
Financing fees lease	6,872	-
Finance costs (income)	12,831	6,870

18. 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:

	2020	2019
	\$	\$
Net loss before income taxes	(12,339,112)	(5,102,106)
Income tax rates	26.5%	26.5%
Income tax recovery	(3,269,865)	(1,352,058)
Increase (decrease) attributable to:		
Non deductible expenses	274,878	154,345
Difference in statutory tax rate	111,110	(132,014)
Changes in unrecognized deferred tax assets	2,883,877	1,329,727
Tax recovery	-	-

The analysis of the Corporation's deferred tax assets and liabilities as at December 31, 2020 and 2019 is as follows:

	2020	2019
	\$	\$
Deferred tax assets (liabilities):		
Deferred share issuance costs	-	(8,816)
Capital assets	(25,949)	(11,765)
Non-capital losses	25,949	20,581
	-	-

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

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18. INCOME TAXES (CONT'D)

The Corporation records 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, 2020 are as follows:

Greenland	As at December 31, 2020
	\$
Non-capital losses carry forwards	19,044,293

As the Corporation is a mineral licence holder, the non-capital losses in Greenland have no expiration date.

Canada	As at December 31, 2020
	\$
Non-capital losses carry forwards expiring in 2038	965,032
Non-capital losses carry forwards expiring in 2039	1,272,338
Non-capital losses carry forwards expiring in 2040	1,210,346
Non-capital losses carry forwards expiring in 2041	5,484,776

19. NET LOSS PER SHARE

The calculation of basic and diluted net loss per share for the year ended December 31, 2020, was based on the net loss attributable to shareholders of \$12,339,112 (\$5,102,106 for the year ended December 31, 2019) and the weighted average number of common shares outstanding for the year ended December 31, 2020 of 119,729,081 (64,529,667 for the year ended December 31, 2019). As a result of the net loss for the years ended December 31, 2020 and 2019, 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.

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20. 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 and the Corporate Secretary. Key management compensation is as follows:

	2020	2019
	\$	\$
Short-term benefits		
Management and consulting fees	633,220	298,885
Professional fees included in the deferred share issuance costs	-	9,638
Professional fees	-	59,783
Salaries and benefits	292,562	-
Salaries and benefits included in the E&E expenses	72,170	-
Professional fees included in the E&E expenses	261,292	76,680
Director's fees	252,083	56,250
Long-term benefits		
Stock-based compensation (note 12)	916,500	572,000
Total compensation	2,427,827	1,073,236

The compensation for Joan Plant (Corporate Secretary) is charged through FBC BA for \$161,925 for 2020 (\$50,099 for 2019).

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 Eldur Olafsson (director, President and Chief Executive Officer) holds shares charged exploration work and equipment amounting to \$nil (\$19,666 in 2019);
- A firm in which Georgia Quenby (director) is a partner charged legal professional fees for \$168,309 (\$15,350 in 2019);
- A company controlled by Ingrid Martin (chief financial officer from April 28, 2017 to December 16, 2019) charged accounting professional fees of \$127,180 in 2019 for her staff;
- A company controlled by Martin Ménard (Chief Operating Officer, appointed July 9, 2019) charged engineering professional fees of \$765,235 for his staff (\$186,720 in 2019). The Chief Operating Officer is the son of a Robert Ménard;
- Nicolas and Catherine Ménard and Samuel Martel, engineering consultants, (the son, the daughter and the son-in-law of Robert Ménard, director and the brother, the sister and brother-in-law of Martin Ménard, Chief Operating Officer) were paid \$464,896 (\$77,365 in 2019);
- A company controlled by Robert Ménard, director, charged engineering professional fees of \$nil (\$62,213 in 2019);
- As at December 31, 2020, the balance due to those related parties listed above and in the compensation to key management amounted to \$150,829 (\$144,063 as at December 31, 2019).

Following are the related party transactions, outside of the normal course of operations:

- Directors and officers of the Corporation participated in the July 31, 2020 fundraising for \$906,737 (\$508,126 in 2019). The directors and officers subscribed to the fundraising in 2020 and 2019 under the same terms and conditions set forth to all subscribers.
- Key management are subject to employment agreements which provide for payments on termination, without cause or following a change of control, providing for payments up to one base salary.

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20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'D)

The compensation of directors is as follows:

	2020			2019		
	Short-term benefits ^(a)	Stock-based compensation	Total compensation	Short-term benefits ^(a)	Stock-based compensation	Total compensation
	\$	\$	\$	\$	\$	\$
Eldur Olafsson	406,265	211,500	617,765	209,200	330,000	539,200
George Fowlie	270,888	117,500	388,388	39,586	33,000	72,586
Graham Stewart	110,000	188,000	298,000	18,750	22,000	40,750
Georgia Quenby	55,833	47,000	102,833	18,750	22,000	40,750
Sigurbjorn Thorkelsson	41,250	-	41,250	-	-	-
Robert Ménard	45,000	47,000	92,000	18,750	22,000	40,750
Total compensation	929,236	611,000	1,540,236	305,036	429,000	734,036

^(a) Short-term benefits comprise salary, director fees as applicable, annual bonus and pension.

The directors participated in the July 31, 2020 fundraising for \$836,596 (\$508,126 in 2019). The director participation is as follows:

	2020	2019
	Number of new shares	Number of new shares
Eldur Olafsson	222,222	1,139,805
George Fowlie	100,000	-
Graham Stewart	222,222	131,579
Georgia Quenby	-	-
Sigurbjorn Thorkelsson	444,444	-
Robert Ménard	97,600	65,789
Total	1,086,488	1,337,173

21. 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.

21.1 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.

21.2 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.

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

21. FINANCIAL INSTRUMENTS (CONT'D)

The following table summarizes the carrying amounts and contractual maturities of financial liabilities:

	As at December 31, 2020		As at December 31, 2019
	Trade and other payables	Lease liabilities	Trade and other payables
	\$	\$	\$
Within 1 year	831,899	105,894	471,069
1 to 5 years	-	411,320	-
5 to 10 years	-	544,178	-
Total	831,899	1,061,392	471,069

21.3 Currency risk

As at December 31, 2020 and 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.

The Corporation had the following balances in currencies:

As at December 31, 2020	In DKK	In Euros	In US\$	In GBP
Cash	324,536	3,178,405	6,658,837	2,142
Escrow account for environmental monitoring	2,193,001	-	-	-
Trade and other payables	(977,053)	-	(2,214)	(40,603)
	1,540,484	3,178,405	6,656,623	(38,461)
Exchange rate	0.2100	1.5625	1.2741	1.7390
Equivalent to CAD	323,502	4,966,258	8,481,203	(66,884)

Based on the above net exposures as at December 31, 2020, 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 \$1,370,409.

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.

AEX Gold Inc.

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For the years ended December 31, 2020 and 2019

(In Canadian Dollars, except as otherwise noted)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.4 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 2020, the Corporation' financial instruments are cash, escrow account for environmental monitoring, trade and other payables and lease liabilities. 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

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CORPORATE INFORMATION

DIRECTORS:

Graham Stewart, Non-Executive Chairman
Eldur Olafsson, Founder and Chief Executive Officer
Jaco Crouse, Chief Financial Officer from 25 January 2021 and Director from 27 April 2021
Liane Kelly, Director from 26th August 2021
Sigurbjorn ('Sigg') Thorkelsson, Non-Executive Director
Line Frederiksen, Director from 9th June 2021
David Neuhauser, Director from 9th June 2021
Warwick Morley-Jepson, Director from 26th August 2021
Robert Ménard, Non-Executive Director to 27 April 2021
George Fowlie, Director to 26th August 2021, Chief Financial Officer to 25 January 2021
Georgia Quenby, Non-Executive Director to 9th June 2021

CORPORATE SECRETARY:

Joan Plant

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02nd February 2022)

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STRATEGIC REPORT

Business model and Strategy

AEX is an independent mining corporation engaged in the identification, acquisition, exploration and development of gold properties and other strategic mineral assets in Greenland. The Corporation's strategy is to leverage its first mover advantage in Greenland, underpinned by the previously producing Nalunaq Project, to build a full-cycle gold mining company in Greenland, delivering long term shareholder value and providing significant upside potential through its land bank of high-impact exploration assets, which include gold and other strategic minerals.

Strategic Review of 2021

2021 was a year of consolidation, adjustment and refocus for the Corporation, as the COVID-19 pandemic continued to wreak havoc globally, and on our business. The Nalunaq Project was put on hold in February 2021 due to material unforeseen cost increases associated with the impacts of COVID, and as per the April 2021 announcement, the Corporation redirected its focus on four key elements to continue advancing and de-risking the Nalunaq Project ahead of development: conducting a third-party engineering study to optimize the Project costs and de-risk the Project schedule to enable AEX to re-assess the execution methodology post completion; conducting fully funded 'early works' infrastructure and a significant exploration program to expand the Nalunaq Resource; continue to advance the EIA and SIA to obtain all permits; and regional exploration targeting both gold and strategic minerals through technical research, sampling and geophysical surveys.

Despite the challenging start to the year 2021 was a successful year for the Corporation, delivering considerable progress in line with our revised goals. Exploration results received so far from the period have delivered ahead of our expectations, with further results expected to be announced shortly. In addition, the macro environment has moved in our direction as the global energy transition gathers pace and recent geo-political events have shone a spotlight on the importance and value of large mineral resources located in safe, OECD jurisdictions, with Greenland probably being the final frontier.

Nalunaq

51 drillholes for 11,044m were completed during the 2021 field season. This drilling was designed to assess the along strike and down dip extensions of the mineralized Main Vein structure away from the previously explored South, Target and Mountain Blocks mined between 2004 to 2013. The program was also designed to assess AEX's geological and structural models and to test new target areas of the project.

The results announced on April 4, 2022, provided further evidence that the Valley Block is a new high-grade zone, unrecognized or developed by previous operators and corroborating the Dolerite Dyke Model. The Valley Block is now a key target for initial resource growth at Nalunaq.

The 2021 program also targeted a downdip extension of the South Block and identified a potential further high-grade zone, the 'Welcome Block' (which would take the total high-grade zones to five), which was predicted by the Dolerite Dyke Model.

In parallel to the exploration program, Halyard completed its 3rd party engineering study, focusing on the Nalunaq development cost including the process plant, mobile equipment, surface infrastructure, permanent camp and associated logistics and engineering. The study concluded that the advanced engineering of the overall project is now to Feasibility Study level based on the Canadian Standards of Disclosure for Mineral Project NI43-101 requirements.

AEX continues to work with SRK Consulting to develop the most robust Mineral Resource estimation technique for Nalunaq possible, incorporating the Dolerite Dyke Model as well as the high-grade variability from core sampling (the 'nugget effect') to better reflect the full resource potential at the Valley Block and the rest of the Nalunaq project. This work will allow AEX to incorporate the geological results into the outcomes of the Halyard 3rd party engineering study completed in 2021 with a plan to move the project towards a Preliminary Economic Assessment (PEA) or Pre-Feasibility Study to support further development.

Alongside the exploration and technical studies, AEX has continued its ESG mandate on the project, with the Corporation working to update its Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) over the course of 2022 in line with the terms of its exploitation licence.

AEX, in conjunction with its technical advisors, has developed a further exploration plan for Nalunaq for 2022. This will involve both the infill drilling of the Valley Block as well as the drilling of the up-dip extension of this Block from the Dolerite Dyke Model. This program aims to allow for the continual resource development from the Valley Block.

To access this up dip portion, AEX will first construct two new drilling access roads from the existing mountain surface infrastructure.

AEX is also assessing the option to commission a dedicated on-site sample preparation facility to allow the Corporation to better manage its sample stream and ensure a timely return of assay results to facilitate rapid action following exploration results.

It is the aim of the 2022 program, subject to the drill results, to provide the Corporation with the optionality to assess the viability of taking an underground bulk sample from a new mine development in the Valley Block. This bulk sample, which would potentially be toll treated off-site, would facilitate increased confidence in the resource as the project moves towards mine construction.

Vagar Ridge, Nanoq and Tartoq

A significant exploration program was also conducted across AEX's gold portfolio in 2021, chiefly at our highly prospective Vagar Ridge asset but also at the Nanoq gold/copper licence and our other exciting regional gold targets. This program included airborne geophysics, surface hyperspectral imagery, structural mapping, and surface rock chip sampling.

Vagar is a large gold exploration licence containing multiple high priority targets including the 'Vagar Ridge' in the heart of the Nanortalik Gold Belt in close proximity to the Corporation's flagship Nalunaq project. The 2021 program comprised Mineral System Modelling, high resolution airborne geophysics, surface hyperspectral imagery and reconnaissance sampling designed to assess, define and prepare a number of key targets for more substantial exploration into 2022.

The exploration results more than double the Vagar Ridge footprint, confirming its potential to be a multi-million ounce prospect. As a result of the 2021 exploration results, AEX believes that Vagar Ridge may host up to four Orogenic gold veins with new rock chip samples giving up to 86.7 g/t gold.

The 2021 program included hyperspectral imaging, reconnaissance sampling and a 385 km² high resolution airborne magnetic survey, interpreted by SRK Consulting, which has defined a significant deformation zone which extends for more than 50 km across the licence and into AEX's neighbouring licences, highlighting five further high priority targets.

Vagar Ridge was historically sampled and drilled across 2km discovering up to 2,533 g/t gold in vein material and 13m at 70.1 g/t gold from follow up channel sampling and a core drilling program. It also identified granodiorite-hosted mineralisation up to 14.4 g/t gold therefore opening up the potential for a large scale Intrusion Related Gold mineralisation.

2021 results also confirmed gold mineralisation within the host rock, verifying the presence of widespread granodiorite-hosted mineralisation including 9.25 g/t gold in scree samples from a previously unexplored northern target.

Ground-based hyperspectral imaging, a powerful tool for areas with limited vegetation such as in Southern Greenland, is proving to be an effective method for identifying hydrothermal alteration and altered granodiorite, the preferential host of both Orogenic and Intrusion Related Gold mineralisation in the Vagar licence.

Strategic Mineral Targets

AEX conducted exploration on its strategic minerals targets during 2021, most notably at the Sava target where initial assessments suggest the potential for iron oxide copper gold ("IOCG") mineralization. The 2021 exploration season completed remote sensing, airborne geophysics, geological mapping, rock chip and ionic geochemistry studies and hyperspectral imagery across the Sava licence. The results confirmed the presence of three key significant and coherent multi element anomalies potentially indicative of IOCG mineralization with grab sample grades of up to 0.9% copper.

AEX intends to conduct further surface sampling across the licence and a short scout drilling program into these target areas of Sava during 2022 in order to provide further geological evidence of the extent of the mineralizing system at surface and at depth.

Finally, a bulk sample was successfully taken from the Nørream graphite target and has been shipped to Wardell Armstrong in the United Kingdom for initial metallurgical test work, which is ongoing.

The Corporation 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 Corporation to an established player.

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Subsidiaries

The Corporation has one subsidiary, Nalunaq A/S. There are no additional reporting requirements for this subsidiary at present.

Eldur Olafsson
Chief Executive Officer

May 13, 2022

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Overview

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

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

Environmental and Social

The Corporation's operations are subject to environmental and social regulations as a result of increased societal and local communities' pressure in the jurisdictions in which it operates. Environmental and social legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental and social regulations, if any, will not adversely affect the Corporation's operations. The Corporation recognizes the importance of social and environment responsibility, close co-operation and building long-lasting partnerships with the host communities. Therefore, the Corporation has adopted a Greenlandic procurement policy to encourage the host community suppliers participating in local operations and contributing to the economy of Greenlandic society. The Corporation is committed to maintaining high standards of environmental stewardship and incorporating environmental protection as part of its strategy and decision-making process. AEX recognizes that appropriate environmental management is essential to the proper conduct of its mining operations and activities. Accordingly, our goal is to minimize the environmental impacts of our projects and activities.

Regulatory

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

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

Political

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

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

Dependence on key individuals

The Corporation's success depends to a certain degree upon key members of the management. These individuals are a significant factor in the Corporation's growth and success and the Corporation does not have key man

insurance in place in respect of any of its directors, management or employees. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

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

Difficulty attracting and retaining qualified staff

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

Dependence on third party services

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

The Corporation is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Corporation in its activities. COVID and recent war conflicts, sanctions have demonstrated that heavy reliance on global supply chain and logistics is a risk as well. One very effective way of mitigating that risk is to balance it out where possible with procuring locally and reducing the logistical routes crossing continents. There is increased risk of global supply chain disruptions, prolonged logistical delays due to overall global unrest and conflicts.

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

External contractors and sub-contractors

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

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

Access to properties and renewal of licences

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

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

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

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

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

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

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

Exploration

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

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

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

Development risks and substantial funding requirements to assess commercial mineral deposits

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

For example, on November 12th, 2020, and following a site visit by geotechnical experts, Golder, a recognized third-party engineering company, submitted its report following the investigation of the underground tailings bulkhead. The result of the report was that measurements indicated that the length of the concrete bulkhead is likely smaller

than what would be expected to withstand the current tailings bearing pressure at an acceptable safety factor. The result of this assessment produced a response by the Corporation to review its mining plan and prevent mine development in the existing underground workings due to health and safety hazards until finding a solution to mitigate and solve the problem. The Corporation worked with geotechnical experts and its selected underground mining contractor to finalize the proper scheme to de-risk access in the existing underground workings.

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

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

Resource Estimate

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

Market Conditions

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

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

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

COVID-19

As a result of the Coronavirus outbreak, there are currently travel restrictions in place in many countries with many land borders closed and suspension of flights. These restrictions may have an immediate impact on the operations of the Corporation in terms of access to resources and supplies from neighbouring countries, access to its projects by key management personnel, disruption to operations and delays or increased costs in accessing resources and supplies. The outbreak of Coronavirus has demonstrated the need to have contingency plans in place in relation to

the outbreak of pandemics and has also resulted with a number of companies across the globe being essentially shut down for an extended period of time. The impact of this is that the Corporation will have to ensure that its future plans include an appropriate amount of contingency planning for the current Coronavirus and future pandemics but are also likely to result in some prices from suppliers being higher than previously thought, as they too include contingencies into their pricing models and work to ensure they remain profitable despite the period of lock down. As such, costs could escalate from the level originally anticipated. While the Corporation will seek to manage the effect of Coronavirus on its personnel and operations, if and when necessary, there can be no assurance that Coronavirus will not have an adverse effect on the future operations of the Corporation's projects in Greenland or an investment in the Corporation.

Insurance Risks

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

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

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

Information Systems Security Threats

The Corporation's operations depend upon information technology systems which may be subject to disruption, damage, or failure from different sources, including, without limitation, installation of malicious software, computer viruses, security breaches, cyber-attacks, and defects in design.

Although to date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Risk mitigation

In order to mitigate those risks, The Corporation has put in place a number of policies and processes detailed in Principle 4 – *Embed effective risk management, considering both opportunities and threats, throughout the organization* of the *Corporate Governance* section below.

Approved on behalf of the Board

Eldur Olafsson
Chief Executive Officer

on May 13, 2022

DIRECTORS' REPORT

The Directors present their report with the financial statements of the Corporation for the period from 1 January 2021 to 31 December 2021.

Incorporation and listings

AEX was incorporated and registered under the Canada Business Corporations Act on February 22, 2017. The Corporation's shares have been listed on the TSX-V in Canada since July 13, 2017 and on the UK's AIM Market of the London Stock Exchange since July 31, 2020. The Corporation's assets are located in Southern Greenland.

Directors

The Directors who have held office during the year and to the date of this report are listed below.

- **Graham Duncan Stewart – Chairman and Non-Executive Director (62)**
Graham Stewart has worked in the international oil & gas industry for 30 years. Throughout his career, Graham has created a reputation for generating significant shareholder value for the companies he acts for. He founded Faroe Petroleum, which he became the CEO of in 2002 and listed on AIM in 2003. He proceeded to grow Faroe 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 USD 800 million to DNO. Graham has engineering and business degrees from Heriot Watt and Edinburgh University and is currently also chairman of Longboat Energy plc.
- **Eldur Olafsson – Founder, Director and Chief Executive Officer (36)**
Eldur Olafsson founded AEX Gold in 2017, having previously worked for over seven years on integrated mining projects in Greenland. He has had an extensive career in the geothermal and mining industries, during which he built the largest geothermal district heating company in the world alongside Sinopac Group. Eldur has a successful track record of leading companies from exploration to production, as shown by his time at Orka Energy, where Eldur was responsible for securing the acquisition, and subsequent development, of the company's geothermal energy in both China and the Philippines. Prior to this, he worked with Geysir Green Energy, a geothermal investment company, where he led their business development. He later became the Technical Director of energy company Enex, a 100% owned subsidiary of Geysir, where he grew the Company from its inception to a position where it was operating in three Chinese provinces. Eldur holds a BSc Geology degree from the University of Iceland.
- **Jaco Crouse – Chief Financial Officer (45)**
Jaco Crouse is a seasoned mining executive with 20 years' experience in financial management, mine financial planning, business optimization and strategy development. He most recently occupied the position of CFO of Detour Gold Corp., where he facilitated the successful financial and operational turnaround and sale of the corporation to Kirkland Lake Gold for US\$3.7 billion. Prior to that, Mr. Crouse was Chief Financial Officer & Vice President-Finance of Triple Flag Mining Finance Ltd. ("Triple Flag") a Toronto-based private metal streaming business. From 2015- 2016 Mr. Crouse was Vice President Business Planning & Optimization at Barrick Gold Corp. where he was instrumental in resetting the cost structure and improving the capital allocation discipline to deliver free cash flow improvements from underperforming assets during a period of low gold prices. Mr. Crouse is a Chartered Professional Accountant (Ontario), a Chartered Accountant (South Africa), and a certified Financial Risk Manager (FRM) with a BComs (Honours) in Accounting Sciences from the University of South Africa. Jaco is also the CFO of Metals Acquisition Corp.
- **Sigurbjorn ('Siggi') Thorkelsson – Non-Executive Director (55)**
Siggi Thorkelsson has over 25 years' experience in the banking and securities industry across New York, London, Tokyo, Hong Kong and his native Iceland. Mr. Thorkelsson has previously served as Managing Director at Nomura International (Hong Kong) Limited and as Head of Asia-Pacific Equities before becoming Senior Managing Director of the Nomura Group. 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.

- **Line Frederiksen – Non-executive Director (42)**

Line Frederiksen has substantial experience in Greenlandic infrastructure and is currently CFO at Tuass (formerly Tele Greenland A/S), the leading provider of telecom solutions in Greenland, as well as being responsible for cybersecurity governance. Prior to being promoted to CFO, Ms. Frederiksen was the Head of Finance at Tele Greenland A/S and has previously had roles at Air Greenland.

- **David Neuhauser – Non-executive Director (51)**

David Neuhauser has extensive capital markets and M&A experience and is the founder and managing director of event-driven hedge fund Livermore Partners in Chicago. He has invested in and advised global public companies for the past 21 years and has a strong track record of enhancing intrinsic value. Mr. Neuhauser currently sits on the board of Shareholders Gold Council, a Canadian corporation promoting best practices in the gold mining industry, AIM-quoted Jadestone Energy Plc, and Kolibri Global Energy Inc.

- **Liane Kelly – Non-executive Director (58)**

Liane Kelly is a corporate social responsibility professional with extensive experience in environment, social and governance (ESG) oversight. Her expertise focuses on sustainability strategies, social risk management, and methodologies for effective community investment outcomes. Her professional career includes working as an exploration geophysicist in the global mining sector. Liane currently sits on the board of B2Gold Corp., is a member of their HSESS (health, safety, environment, social and security) Committee, and has worked with other boards in areas of governance, board performance and diversity, and employee ownership.

- **Warwick Morley – Jepson- Non-executive Director (64)**

Warwick Morley-Jepson is mining professional with a track record of increasing responsibility over a 39-year career in the hard rock, capital intensive resource industry. Currently is the Chairman of Wesdome Gold Mines (TSX:WDO) and director of Karora Resources (TSX:KRR). Held executive and management positions within deep level and open pit Gold, Platinum and Base Metal mining operations and undertaken several mine development projects at a senior level. Served as Executive Vice President and Chief Operating Officer of Ivanhoe Mines (2019 to 2020) and Kinross Gold Corporation (2014 to 2016), and as Senior Vice President, Operations, and Regional Vice President – Russia, (2009 to 2014). Warwick served as Chief Executive Officer of SUN Gold and Managing Director of Barrick Africa, Barrick Platinum South Africa and three Russian-based companies in the Barrick group. Warwick graduated in the faculty of Mechanical Engineering (HND) at the Technicon Witwatersrand and completed programs at the Graduate School of Business at Cape Town University, Witwatersrand School of Business at the University of the Witwatersrand and Harvard Business School.

Directors who left office during 2021:

- **George Fowlie** stepped down as Chief Financial Officer on January 25, 2021, and left office as Director of the Corporation on 26 August 2021.

George Fowlie (77) has extensive experience in the banking and finance industry following a successful 40-year career working for several high-quality global companies and setting up his own consulting company to manage private company investments and advise companies through capital raising and M&A mandates.

- **Robert Ménard** stepped down as Non-executive Director on April 27, 2021.

Robert Ménard (72) has over 40 years' experience in project management, both as a contractor and an executive. He has used this extensive knowledge in his role as a VP for Engineering and Construction on a number of notable projects.

- **Georgia Quenby** left office as Non-executive Director on 9th June 2021.

Georgia Margaret Quenby (51) is a highly experienced commercial lawyer who throughout her career has worked on a number of cross-border transactions, both in financings and M&A, in many industries including natural resources and the defense sector. She is regulated by the Institute of Chartered Accountants of England and Wales as a non-appointment taking Insolvency Practitioner.

Status and activities

AEX is an independent gold mining corporation engaged in the identification, acquisition, exploration and development of gold properties and other strategic mineral assets in Greenland.

AEX is leveraging first mover advantage to deliver shareholder value by redeveloping the past-producing Nalunaq mine and is generating significant upside from the Corporation's portfolio of high-impact exploration assets in Southern Greenland.

AEX is committed to operating to the highest international standards and to leading responsible mining in Greenland.

Results and Dividend

The Corporation has not paid any dividends since its incorporation.

Whilst the Directors propose that earnings are re-invested into the development of the Corporation'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 Corporation 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 Corporation'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.

Future developments

The Directors continue to identify opportunities which meet the Corporation's strategy, which is set out on pages 4 to 6.

Share capital

Details of shares issued by the Corporation during the period are set out in Note 10 to the financial statements.

Directors' interests in shares

Director interests in the shares of the Corporation, including those of connected parties and those indirectly held at the 31 December 2021:

	Ordinary shares
David Neuhauser ¹	11,764,910
Graham Stewart	2,043,058
Eldur Olafsson ²	8,006,385
Jaco Crouse	100,000
Sigurbjorn Thorkelsson ³	6,727,834

(1) This holding is held through Livermore Partners LLC, a company in which David Neuhauser is Managing Director

(2) This holding is held through Vatnar Sarl and Vatnar EHF

(3) This holding is held through Fossar Holdings Ltd, a company that is jointly owned by Sigurbjorn Thorkelsson and his spouse. It is the holding company for Fossar Ltd and Fossar ehf.

Directors' Compensation

Details of the compensation of each Director are provided in the Compensation Committee Report on pages 30 to 41.

Substantial shareholdings

At 31 December 2021, with updates in the notes below.

Shareholder	Shareholding (%)
Livermore Partners LLC ⁽¹⁾	6.64
First Pecos, LLC	6.27
Chelverton Asset Management	5.42
Amati Global Investors	5.03
Eldur Ólafsson ⁽²⁾	4.52
Sigurbjorn Thorkelsson ⁽³⁾	3.80
JCAM Investments	3.78
Regal Funds Management	3.76
Libra Advisors	3.76
Greenland Venture A/S	3.39
SISA (Greenland Pension Fund)	3.39
Vækstfonden (Danish Growth Fund)	3.39
Crossroads Holdings Sarl	3.05

(1) Livermore Partners LLP is a company in which David Neuhauser, Non-Executive Director of AEX, is Managing Director. In February 2022 Livermore Partners increased their holdings to 6.69%.

(2) This holding is held through Vatnar Sarl and Vatnar EHF.

(3) This holding is held through Fossar Holdings Ltd, a company that is jointly owned by Sigurbjorn Thorkelsson and his spouse. It is the holding company for Fossar Ltd and Fossar ehf.

Engagement with Employees Statement

The employees are fundamental to the delivery of the Corporation's operating plans. AEX Gold aims to be a responsible employer in our approach to pay and benefits whilst the health safety and wellbeing of our employees is one of the primary considerations in the way in which we undertake our business.

A large part of the Corporation's activities are centred upon what needs to be an open and respectful dialogue with employees. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Corporation to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Corporation does. The Directors consider that at present the Corporation has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

Engagement with Stakeholders Statement

The Corporation continuously interacts with a variety of stakeholders important to its success, such as equity investors, workforce, government bodies, local community & vendor partners. The Corporation strives to strike the right balance between engagement and communication. Furthermore, the Corporation works within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information.

Political donations

The Corporation did not make any political donations or incur any political expenditure during the period.

Independent Auditors

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l ('PwC'), a partnership of Chartered Professional Accountants, were appointed as auditors during the financial year.

In November 2021 PwC advised the Corporation that owing to a change in client profile they wished to work with in terms of size they would be tendering their resignation once an arrangement with a new Auditor was agreed.

BDO Canada LLP ("BDO") tendered their Audit Proposal on January 14, 2022.

Upon mutual agreement PwC resigned on their own initiative as the Corporation's auditor effective February 01, 2022. BDO was appointed as successor auditor effective February 02, 2022.

There were no reservations contained, and no modified opinion was expressed, in PwC's report on any of the Corporation's financial statements for the period commencing at the beginning of the Corporation's two most recently completed financial years and ending on the date of resignation of PwC. There were no "reportable events", as defined in section 4.11 of NI 51-102.

The Directors have reason to believe that BDO Canada LLP ('BDO') conducted an effective audit. The Directors have provided the auditors with full access to all the books and records of the Corporation. BDO has expressed their willingness to continue to act as auditors to the Corporation and a resolution to re-appointment them will be proposed at the forthcoming Annual and Special Meeting of Shareholders.

Directors' indemnities

As permitted by the Corporation By-laws and subject to the Canada Business Corporations Act, the Directors and Officers have the benefit of an indemnity. Each Director and Officer has signed a Director and Officer Indemnification Agreement, which came into effect at the date of listing on AIM on 31 July 2020 or, their appointment, if after listing. The indemnity is currently in force. The Corporation also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors as well as Public Offering Securities Insurance put in place at the date of listing.

CORPORATE SOCIAL RESPONSIBILITY

AEX Values

AEX aims to perform as a responsible mining company and uphold high standards of governance, responsibility, social and ethical behaviour which are reflected in the Corporation's values:

- Leading through professionalism – an experienced board and management team with diverse backgrounds delivering on commitments to all stakeholders.
- Collaborative and caring – building strong, long-term relationships to allow sustainable mining practices and an empowered local community.
- Innovative and agile – finding creative solutions for the redevelopment of the past-producing Nalunaq mine and further resource growth.
- Long term perspective – the largest licence holder in Southern Greenland with 7,616 km² of high-grade gold and wider mineral projects building a full cycle portfolio.
- Execute and deliver – Nalunaq development plan and exploration programme on wider portfolio are both well underway with regular updates planned.

These values are applied throughout the business internally and also in our dealings with external suppliers and stakeholders and we regularly evaluate how successfully we are operating against these standards.

SOCIAL RESPONSIBILITY

Wider ESG concerns are at the forefront of the Corporation's strategy, with a particular focus on the social aspect, which considers the wellbeing of AEX employees, the communities in which we operate, and our suppliers. AEX is committed to building a sustainable business and empowering the communities in which we operate to play a leading role in their own development.

From a more local perspective, the Corporation is committed to contributing to the continuous development of the communities in which it operates, ensuring a continuous dialog with both local leaders and the Greenlandic government to provide the highest level of care and security. Additionally, AEX is committed to responsible business practices in terms of quality management, environmental responsibility, community giving and care of its professionals both within the Corporation and throughout its partners and consultants.

People and equal opportunities and discrimination

The Corporation is an equal opportunities employer and will recruit, employ and develop employees in line with best practice and based on the qualifications, experience and skills required for the work. Over 50% of staff employed by the Corporation during 2021 field season were Greenlandic. We consider applications for employment from people regardless of gender, race, age, disability, marital status, sexual orientation or religious belief. We have respect for human dignity and the rights of the individual. We support the principles of, and promote respect for, the Universal Declaration of Human Rights.

Societal contribution

As our assets are in Greenland, the Corporation is focusing on positive interaction between it and local stakeholders in order to foster long term, sustainable relationships. Our aim is that our projects are socially sustainable and meet high international standards with regard to financial planning, health, safety, the environment as well as social and cultural initiatives.

We have defined our Core Purpose as "Creating a Greenlandic Legacy". We will:

- Take time to understand Greenlandic culture and respect traditions
- Engage with local stakeholders to establish how we can collaborate positively
- Be an active member of the community empowering it to grow
- Encourage skills and knowledge transfer to Greenlanders from internal and external sources
- Prioritise Greenlandic laws, guidelines and practices in all our work
- Recognise and celebrate successes
- Ensure all our impacts are positive
- Inspire loyalty and pride

As part of the Social Impact Assessment (SIA) process which the Corporation is currently undertaking, it is required to describe and assess the direct and indirect impacts of the Nalunaq Project on social conditions. The process includes a period of eight week public consultation hearings so local stakeholders have an opportunity to contribute to the process and make sure their opinions are taken into consideration.

Once the SIA report is approved, an Impact Benefit Agreement will be negotiated between the Corporation, the relevant local stakeholders and the Greenland Government to ensure the greatest possible Greenlandic involvement in the Nalunaq Project going forward.

Occupational health & safety

The Corporation has endeavoured to protect its employees during the COVID-19 pandemic by implementing the strict measures at its sites in Southern Greenland.

ENVIRONMENTAL STEWARDSHIP

The Corporation is committed to maintaining high standards of environmental stewardship and incorporating environmental protection as part of its strategy and decision-making process. AEX recognizes that appropriate environmental management is essential to the proper conduct of its mining operations and activities. Accordingly, our goal is to minimize the environmental impacts of our projects and activities.

The Corporation's Environmental Policy is integrated into the design of its projects, including exploration, development and construction. AEX employees are trained to comply with environmental regulations and provided the tools to apply the Corporation's policies to all areas of their work. AEX will continue to explore options to reduce its environmental impact, such as rehabilitation, impact on wildlife, energy alternatives (local wind and hydro potential to support the mine and reduce the project's environmental footprint), or responsible suppliers. Nalunaq gold mine is a significant distance from local communities.

The board and management team have set measurable targets for environmental practice, which include limiting the disposal of waste, implementing rigorous reuse and recycle programmes and encouraging the prudent use of natural resources such as water and power.

The Environmental Policy is available on our website.

Greenhouse gas emissions

The Corporation recognises the effects greenhouse gas emissions are having on the environment and is therefore committed to reducing emissions throughout every aspect of the organisation. AEX is reviewing its pollution, greenhouse gas and other emissions disclosure and exploring how this can be improved to increase transparency. The board and management team are committed to working with stakeholders to promote increased energy efficiency and are continually exploring new ways for the Corporation to reduce its emissions. We have seen a positive momentum on the topic of the global climate and growing scrutiny on businesses to play their part in reducing the world's emissions. AEX's goal is to ensure it is playing its part in reducing the world's carbon footprint and it is evaluating practical ways it can do this.

The Corporation is committed to working with stakeholders to promote actions that contribute to increased energy efficiencies, including monitoring and adopting management processes to reduce greenhouse gas emissions. The Corporation's Environmental Policy benefits all the Corporation's employees, suppliers, shareholders and the communities in which it operates.

One of the Corporation's guiding principles is to implement an effective environmental management system by establishing measurable targets for environmental practices, in particular limiting pollution, greenhouse gases and other emissions.

CORPORATE GOVERNANCE

Chairman's Governance Statement

As Chairman of the Board of Directors of the Corporation, it is my responsibility to ensure that AEX has both sound corporate governance and an effective Board. I continue to provide leadership and to ensure that the Board is performing its role effectively and has the capacity, ability, structures, corporate governance systems and support to enable it to function effectively and continue to do so.

The Corporation operates to the highest applicable regulatory standards and the Board recognises the value and importance of high standards of corporate governance and believes that our systems provide the most appropriate framework for a corporation of our size and stage of development.

The Corporation 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 Corporation 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 Corporation.

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

Since listing on AIM on July 31, 2020, the Board further complies with the recommendations set out in the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance ('QCA') Corporate Governance Code, as amended from time to time. It requires AIM-quoted companies to adopt a 'comply or explain' approach in respect of the application of guidance contained within. This report follows the structure of these guidelines and explains how we have applied the guidance. The Board considers that the Corporation complies with the QCA Code in all respects.

This Governance section of the Annual Report also includes reports from our five committees: the Audit and Risk Management Committee, the Corporate Governance and Nomination Committee, and the Technical, Safety and Sustainability Committee, the Compensation Committee and the Disclosure Committee, all with formally delegated duties and responsibilities.

The disclosures required to be included in the Corporation's website in respect of the QCA Corporate Governance Code can be found at www.aexgold.com/about/qca-code-disclosures/.

There have been changes to the Corporation's corporate governance arrangements over the past year, including significant changes to the composition of the Board of Directors: resignation of three directors (Robert Ménard, George Fowlie and Georgia Quenby) and appointment of four new non-executive directors (and one executive Director, Jaco Crouse, who joined the Corporation as CFO in January 2021 to replace George Fowlie).

Ultimate responsibility for the quality of, and approach to, corporate governance lies with me as Chairman of the Board, and an effective Board is at the heart of the governance structure. Sound corporate governance begins with engaged, capable, and experienced directors; and I believe that outstanding professionals on Board of AEX is a well-functioning and balanced team.

Principle 1 – Establish a strategy and business model which promote long-term value for the shareholders

The board has a shared view of the Corporation's purpose, business model and strategy which are stated and explained on pages 4 to 6 of this Annual Report.

The Corporation has established an unrivalled footprint and the largest gold licence portfolio in Greenland.

As with many other countries in the world the Government of Greenland implemented travel bans and restrictions during 2021. In May 2021 the Corporation agreed a plan with the Greenlandic Covid Commission which meant that it could mobilize personnel to undertake work in its licence areas during 2021.

The Corporation maintains a Risk Matrix which focuses on the risks facing the business both from an operational and corporate perspective. As a result of the revised strategy and business model, the risks facing the Corporation were also reviewed to ensure the Corporation continued to be positioned to promote long-term value for its shareholders.

The Board takes steps to mitigate the risks. Various challenges to the execution of the Corporation's strategy are highlighted in the section covering Principal risks and uncertainties facing the business.

The Corporation has implemented remuneration policies that reinforce this strategy, by rewarding Executive directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders.

Principle 2 – Seek to understand and meet shareholder needs and expectations

Directors put much effort in developing a good understanding of the needs and expectations of the shareholders to form a clear view of the motivations behind their voting decisions.

The Corporation has engaged corporate brokers, in-house investor relations adviser, and an external PR firm. The Corporation believes these appointments facilitate regular dialogue with shareholders to provide a good awareness and understanding of shareholders and their expectations. The Corporation's Nominated Advisor and Broker, Stifel Europe, is briefed regularly and updates the directors during the year on shareholder expectations.

The Board is committed to maintaining good communication and having constructive dialogue with shareholders by providing effective communication through our Annual Reports along with Regulatory News Service announcements.

All shareholders have the opportunity to attend the Annual and Special Meetings of Shareholders and participate in a question-and-answer session to allow direct access to the Board members in attendance and provide an opportunity to ask questions directly to the Corporation. The Annual General Meeting is regarded as an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend and ask questions. The results are subsequently published on the Corporation's website.

Due to the public health impact of the COVID-19 pandemic, and to mitigate risks to the health and safety of our community, shareholders, employees and other stakeholders, in 2021 AEX conducted an online only shareholders' meeting. Registered Shareholders and duly appointed proxyholders attended the meeting online and were able to participate, vote, or submit questions during the meeting's live webcast. The AGM in 2021 will also be held online.

The Corporation has included a contact section on the website including a form and email address which shareholders can use to make contact, and these questions are passed on to the most appropriate member of the team to ensure a fast and accurate response to stakeholder questions.

The Corporation continues to have regular communications with its investor base through investor roadshows, conferences, and direct conversations as appropriate, as well as ensuring regular communication with its broker and PR firms, to ensure it is aware of shareholder views in a timely and accurate manner.

The Corporation issues regular press releases, and quarterly financial statements alongside management discussion and analysis, to ensure that shareholders are informed of the latest operational and corporate developments.

We also use the Corporation's website, www.aexgold.com, for both financial and general news relevant to shareholders. The Corporation has established an AIM Rule 26 website page which includes the details of all its key advisors, providing shareholders with a point of contact in addition to the website form for communications.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of the Corporation is reliant upon the efforts of all its stakeholders, both internal and external. The Corporation's main stakeholder groups are the Government of Greenland, the local communities surrounding licence areas, and the Corporation's employees, contractors, suppliers and customers.

AEX seeks to be a socially responsible corporation which has a positive impact on the community in which it operates. We have defined our Core Purpose as "Creating a Greenlandic Legacy". We will:

- Take time to understand Greenlandic culture and respect traditions
- Engage with local stakeholders to establish how we can collaborate positively
- Be an active member of the community empowering it to grow
- Encourage skills and knowledge transfer to Greenlanders from internal and external sources
- Prioritise Greenlandic laws, guidelines and practices in all our work
- Recognise and celebrate successes
- Ensure all our impacts are positive
- Inspire loyalty and pride

The Corporation has an excellent relationship with various departments of the Government of Greenland, including Licencing, Inspection and Technical, Geology and the Environment Agency for Mineral Resource Activities.

The Corporation adheres to the published government process for executing activities in the field in an environmental and socially responsible manner.

There is a published process for Environmental Impact Assessment, Social Impact Assessment and negotiating an Impact Benefit Agreement in Greenland, which the Corporation is following.

In the longer term, the Corporation is looking at opportunities to utilise green energy (for example, hydroelectricity) to provide power for its projects. Should this be successful, excess renewable energy could be provided to the local communities.

AEX has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback which is an essential part of all control mechanisms. The Corporation holds information meetings with the local communities each year to provide updates about the project and take questions. It also meets monthly with representatives from the local business associations.

The Corporation targets significant local employment and in the 2021 field season, 61% of the workforce were local. It uses local contractors wherever possible and has agreed a Greenlandic procurement policy to ensure transparency of process. No discrimination is tolerated and the Corporation endeavours to give all employees the opportunity to develop their capabilities. Everyone within the Corporation is a valued member of the team and our aim is to help every individual achieve his/her full potential. Weekly team meetings are held where members of the team can raise issues as required with colleagues and the CEO.

The Corporation has a Code of Business Conduct and Ethics and an Integrity Program for directors, officers, employees, consultants and agents which sets out standards and processes for ethical behaviour, as well as the process for raising concerns confidentially.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process. Risk management is integral to the ability of the Corporation to deliver on its strategic objectives. The key risks to the business are outlined on pages 7 to 11 of this Annual Report. The Corporation has embedded in its organization various risk management schemes and procedures.

First and foremost, the Corporation maintains a Risk Matrix which covers the principal risks of the business both from an operational and corporate perspective, and which also provides mitigation measures to attenuate such risks to the extent possible. The Risk Matrix is presented to the Audit and Risk Management Committee on a quarterly basis. Additionally, the Corporation develops its projects according to the industry standards regarding project controls. As such, any development project is supported by a specific Risk Register. The Risk Register is used to identify threats by qualifying the probability of occurrence of each risk, as well as quantifying its adverse consequence. The Risk Matrix and Risk Register are periodically reviewed internally.

Both the Risk Matrix and the Risk Register are maintained to support the decisions of the Corporation to recruit key individuals and strategic advisors at various levels to assist AEX in mitigating the principal risks as effectively as possible.

The Board is also responsible for developing and adopting policies and procedures to ensure the integrity of the internal controls and management information systems.

The Corporation currently has a relatively simple control environment given its size and stage of development. As it moves towards development and production, the Board will continue to strengthen and build on the existing control environment.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chairman

During 2021 and currently, the Board is comprised of two executive officers (Eldur Olafsson and Jaco Crouse) and six non-executive directors. Of the non-executive directors, the Board considers that Line Frederiksen, Liane Kelly, Warwick Morley-Jepson and Sigurbjorn Thorkelsson are “independent” in accordance with Canadian corporate governance standards, but Graham Stewart and David Neuhauser are not (as a result of being the chairman of the Corporation and as a result of David’s interest in Common Shares, held through Livermore Partners, being over three percent of the Corporation). The Board considers that Graham Stewart, Line Frederiksen, Liane Kelly, Warwick Morley-Jepson 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 Holdings Ltd, a company that is jointly owned by Sigurbjorn Thorkelsson and his spouse and is the holding company for Fossar Ltd and Fossar ehf.) but David Nuehauser is not (as a result of his interest in Common Shares, held through Livermore Partners, being over three percent of the Corporation). The Directors' interests in shares can be found on page 14.

The board believes that it has an appropriate balance between executive and non-executive directors.

Director Name	Independent in the UK	Independent in Canada	Date of Appointment to the Corporation	Length of Service
Graham Stewart	Yes	No	14th April 2017	5 years
Eldur Olafsson	No	No	14th April 2017	5 years
Jaco Crouse	No	No	27th April 2021	1 year
Sigurbjorn Thorkelsson	Yes	Yes	27th July 2020	1.5 years
Line Frederiksen	Yes	Yes	9th June 2021	< 1 year
David Neuhauser	No	No	9th June 2021	< 1 year
Liane Kelly	Yes	Yes	26th August 2021	< 1 year
Warwick Morley-Jepson	Yes	Yes	26th August 2021	< 1 year

Non-executive directors are expected to dedicate the time and attention necessary to perform and carry out such duties and obligations as is typical for a director. As a minimum, the non-executive directors are expected to spend at least 12 days per year on working for the Corporation however, in practice all the Non-Executives spend more than the minimum number of days on Corporation business. Board meetings are open and constructive, with every director participating fully. Senior management can frequently be invited to meetings, providing the Board with a thorough overview of the Corporation.

The following is a table of Board and Committee meetings held during the year to December 31, 2021 and Directors' attendance¹:

	Board Meetings	Audit and Risk Management Committee	Compensation Committee	Corporate Governance and Nomination Committee	Technical, Safety and Sustainability Committee
<i>Total meetings held during the year</i>	11	4	2	3	1
Member Attendance:					
<i>Executive Directors</i>					
Eldur Olafsson	11 / 11				
Jaco Crouse	6 / 6 ²				
<i>Non-Executive Directors</i>					
Graham Stewart	11 / 11	3 / 3 ²	2 / 2	3 / 3	
Sigurbjorn Thorkelsson	11 / 11	4 / 4		3 / 3	
David Neuhauser	5 / 5 ²	2 / 3 ²	2 / 2	1 / 1 ²	
Line Frederiksen	4 / 5 ²	2 / 3 ²	1 / 1 ²		1 / 1
Liane Kelly	2 / 2 ²				1 / 1
Warwick Morley-Jepson	2 / 2 ²				1 / 1

1. Does not include directors attending as invitees.
2. The total number of Board / Committee meetings held after the director joined the Board / the Committee or before he or she stepped down from the Committee.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors have both a breadth and depth of skills and experience to fulfil their roles. The Corporation believes that the current balance of skills in the Board as a whole reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets.

An annual review of the skills among the Board was conducted by the Corporate Governance and Nomination Committee (the 'Committee'). The Committee identified that the Board has a competent mix of industry experience, change management, regulatory, legal, risk management, ESG and financial experience. During the year there has been a further strengthening of the Board with the appointment of four new Non Executive Directors.

Line Fredriksen has substantial experience in Greenlandic infrastructure and is currently CFO at Tuass (previously Tele Greenland A/S), the leading provider of telecom solutions in Greenland, as well as being responsible for cybersecurity governance. Prior to being promoted to CFO, Ms. Fredriksen was the Head of Finance at Tele Greenland A/S and has previously had roles at Air Greenland.

David Neuhauser has extensive capital markets and M&A experience and is the founder and managing director of event-driven hedge fund Livermore Partners in Chicago. He has invested in and advised global public companies for the past 21 years and has a strong track record of enhancing intrinsic value. Mr. Neuhauser currently sits on the board of Shareholders Gold Council, a Canadian corporation promoting best practices in the gold mining industry, AIM-quoted Jadestone Energy Plc, and Kolibri Global Energy Inc

Liane Kelly brings a wealth of ESG experience to the Board having enjoyed a successful career focused on advising natural resource companies on sustainability and CSR initiatives. Her expertise focuses on community engagement and social impact, both of which will be vital for AEX as the Corporation continues to build on its strong engagement with its Greenlandic stakeholders.

Warwick Morley-Jepson has significant experience in mining having spent just under 40 years' in the industry, holding various managerial and executive positions. His experience in mine development and operations at global mining firms is highly relevant to AEX as the Corporation continues to progress both the Nalunaq mine and its various exploration targets.

The Board are able to seek external advice should it be required to enable them to appropriately perform their duties. The Board have access to Joan Plant, Corporate Secretary who is also a Director of Nalunaq A/S, the wholly owned subsidiary of the Corporation; she has 12 years of experience operating in Greenland and advises and supports the Board and Management on any matter involving Government liaison or Greenland matters in general.

The Corporation is satisfied that the Board composition is appropriate given the size and stage of development of the Corporation. The Board will keep this matter under regular review. The Board shall also review annually the appropriateness and opportunity for continuing professional development of Directors whether formal or informal.

The biographies of the Board can be found on pages 12 to 13, and details of the experienced management team can be found on "Team" section of the website <https://www.aexgold.com/about/the-team/management>.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Corporate Governance and Nomination Committee is responsible for carrying out an annual evaluation of the performance of the Board, Board Committees, the Chair, and individual Directors. The Board evaluation process is designed to provide Directors with an opportunity to examine how the Board is operating and to make suggestions for improvement.

Considering that five of the eight directors joined the Board during 2021, the Committee recommended carrying out internal evaluation to review 2021 performance. Rationale for external Board performance evaluation will be considered in 2023.

The performance evaluation took the form of questionnaires that were completed by the Board and committee members. The areas covered were: Board organization, managing the affairs of the Board, strategy and planning, management and human resources, business and risk management, financial and corporate issues, shareholder and corporate communications, policies and procedures. Each Board Committee was evaluated separately.

The performance evaluation results demonstrated that overall, the Board and its Committees are effectively organised and perform well as a whole with each Director contributing well. Respondents highly rated the Board's performance for 2021 as 7.8 out of 10 (with 1 being very poor and 10 being excellent). The Board understands the vision for the future and the Corporation's long-term strategic direction, cooperation with the management is

viewed as excellent. It was concluded that overall, effectiveness and performance of the Board had improved during the past year, with the Board being more diverse, with a competent mix of industry experience, regulatory, risk management, ESG and financial expertise.

The directors identified certain areas for improvement and recommended further steps to enhance the Board performance, such as increasing the number of in-person meetings to ensure higher quality discussions, enhancing the Corporation's KPI system and Risk metrics and developing an ESG-focused training program for the Board members.

Overall, each of the Board committees agreed they were operating effectively in line with its Charter, provided useful reporting to the Board, and that there was an appropriate balance of technical skills and expertise among the members of each committee.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

One of our values is leading through professionalism and we encourage employees, officers, consultants and directors to show this through the quality of their work, behaving in an ethical manner and always seeking to be a positive ambassador of the organization.

The Corporate Governance and Nomination Committee is responsible for ensuring the “right tone at the top” and that the ethical and compliance commitments of management and employees are understood throughout the Corporation. This is achieved through written Codes of Business Conduct and Ethics addressing such matters as the group's policy on bribery, political contributions, conflicts of interest and unauthorised payments and the ability to report violations without fear of reprisal.

The Integrity Program provides guidance for every director, officer, consultant and employee of AEX to maintain the highest integrity and it provides procedures to follow when the integrity of any person's actions or perceived actions are not in accordance with the responsibilities outlined in the Corporation's Code of Business Conduct and Ethics, Insider Trading and Share Dealing Policy, or other policies and procedures as outlined to directors, officers, consultants and employees. For many companies this program is called a Whistleblower Policy. For the Corporation it is more encompassing and is called the Integrity Program.

Every director, officer, consultant and employee of AEX and its subsidiaries has an ongoing responsibility to report any activity or suspected activity of which he or she may have knowledge relating to the integrity of the Corporation's financial reporting or which might otherwise be considered sensitive in preserving the reputation of the Corporation.

It is the responsibility of each employee, officer, consultant and director to report such activities whenever he or she has reasonable and *bona fide* grounds to believe that such an incident has occurred, is occurring or is likely to occur.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The role of the Board is to focus on governance and stewardship of the business as a whole. The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Corporation as a whole and that this will impact the performance of the Corporation. Good governance requires the Board to be involved in strategic planning, risk management, internal control integrity and external financial and regulatory reporting and compliance. The Board is responsible for the supervision of management and must act in the best interests of the Corporation, its shareholders and greater stakeholders. The Board acts in accordance with the laws of Canada, the articles and by-laws of the Corporation, and the specific terms of reference as laid out for each committee and the Board as a whole.

The Corporate Governance and Nomination Committee establishes and monitors the application of the corporate governance principles and practices of the Corporation and ensures that it adheres to best practices, as well as the laws and regulations on corporate governance.

The Corporate Governance and Nomination Committee ensures that the Corporation, its management, directors and members serve in the best interest of its shareholders as detailed in the Integrity Program and that actions are conducted in a professional and transparent manner and in conformity with applicable laws and regulations, as well as internal policies.

The Board meets quarterly with additional meetings as required, and the Board has five committees, as detailed below, which meet during the year at different frequencies.

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 shareholders. The Terms of Reference for the Audit and Risk Management Committee can be found at the Corporation's website at <https://www.aexgold.com/about/corporate-governance/>.

A report from the Audit and Risk Management Committee can be found on page 27.

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 Corporation reward fairly and responsibly, with a clear link to corporate and individual performance.

The Terms of Reference for the Compensation Committee can be found at the Corporation's website at <https://www.aexgold.com/about/corporate-governance/>.

A report from the Compensation Committee can be found on page 27.

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 Terms of Reference for the Corporate Governance and Nomination Committee can be found at the Corporation's website at <https://www.aexgold.com/about/corporate-governance/>.

A report from the Corporate Governance and Nomination Committee can be found on page 28.

Technical, Safety and Sustainability Committee: The role of the Safety and Environmental Committee is to assist the Corporation and the Board in fulfilling their respective obligations relating to technical, health and safety, environmental and social matters concerning the corporation.

The Terms of Reference for the Technical, Safety and Sustainability Committee can be found at the Corporation's website at <https://www.aexgold.com/about/corporate-governance/>.

A report from the Safety and Environmental Committee can be found on page 29.

Disclosure Committee: The purpose of the Disclosure Committee is to assist the Board in fulfilling its responsibilities in respect of timely and accurate disclosure of all information and establishing and maintaining adequate procedures to comply with these obligations.

The Terms of Reference for the Disclosure Committee can be found at the Corporation's website at <https://www.aexgold.com/about/corporate-governance/>.

A report from the Disclosure Committee can be found on page 42.

Principle 10 – Communicate how the Corporation is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board believes that a healthy dialogue exists between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Corporation. The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders.

The website of the Corporation is regularly updated to include all relevant reports and information required under AIM Rule 26.

The Corporation holds an Annual and Special Meeting of Shareholders where annual results are presented. A Management Information Circular is distributed to shareholders to notify them of this annual event. The results of voting on all resolutions at general meetings are posted to the Corporation's website on a timely basis, including any actions to be taken as a result of resolutions which receive a high percentage of votes against from shareholders (which has not yet been the case).

The Corporation's website provides access to historic press releases, financial information, and other corporate documents including quarterly unaudited interim accounts and MDA and audited annual financial information.

Investors can request to join the Corporation's mailing list to provide direct access to press releases, updates of the corporate presentation and other information.

The Corporation regularly engages with its shareholders through roadshows, calls and meetings, has various contact methods published on its website, and maintains a presence on LinkedIn, Twitter and Instagram. The Corporation's only subsidiary Nalunaq A/S maintains a Facebook page.

As required by the QCA Code, the Corporation has implemented additional reporting in its annual reporting cycle in relation to the governance of the Corporation, which will continue to evolve over time.

Share Dealing

With effect from Admission on AIM, the Corporation has adopted a revised insider trading and share dealing policy for Directors and applicable employees of the Corporation for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Corporation'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 Corporation 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.

Relations with shareholders

The Chief Executive Officer and the Chairman are available for communication with shareholders and all shareholders have the opportunity, and are encouraged, to attend and vote at the Annual and Special Meeting of Shareholders of the Corporation during which the Board will be available to discuss issues affecting the Corporation. The Board stays informed of shareholders' views via regular meetings and other communications with shareholders.

Business Principles Ethics

The Corporation has implemented Code of Business Conduct and Ethics and Integrity Program that apply to all employees and contractors and which provide a framework for conducting business, dealing with other employees, clients and suppliers, and reflect the Corporation's commitment to a culture of honesty, integrity and accountability.

The Corporation is committed to conduct all activities with the highest standards of fairness, honesty and integrity and in compliance with all legal and regulatory requirements. The Corporation expects all directors, officers, employees, consultants and agents of the Corporation to conduct dealings in accordance with the Code of Business Conduct and Ethics.

The Code of Business Conduct and Ethics policy is available on our website.

Internal control

The Board is responsible for establishing and maintaining the Corporation's system of internal control and reviewing their effectiveness. Internal control systems are designed to meet the particular needs of the Corporation and the particular risks to which it is exposed. The procedures are designed to manage rather than eliminate risk and by their nature can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has reviewed the Corporation's risk management and control systems and believes that the controls are satisfactory given the nature and size of the Corporation.

Report of the Audit and Risk Management Committee

Audit and Risk Management Committee Members:

Line Frederiksen (Chair) (from June 09, 2021)

Sigurbjorn Thorkelsson

David Neuhauser (from June 09, 2021)

Georgia Quenby (to June 09, 2021)

Graham Stewart (to August 26, 2021)

The Audit and Risk Management Committee (“the Committee”) is pleased to present its 2021 report to shareholders. During the year there have been a number of changes to membership, which was driven by new non-executive directors joining the Board.

Audit and Risk Management Committee Membership changes during the year

Line Frederiksen was appointed as the Chair from June 09, 2021. Prior to that Sigurbjorn Thorkelsson was Chair of the Committee from July 31, 2020. Georgia Quenby served as a member of the Committee until the Corporation’s AGM on June 09, 2021. Graham Stewart stepped down from the Committee on August 26, 2021.

The primary function of the Committee is to assist the Board in fulfilling its financial reporting, internal controls and risk management responsibilities to shareholders. In line with the Committee Charter, it shall meet at least three times a year, at appropriate times in the financial reporting and audit calendar, or more frequently if required. During the year, the Committee met three times and the external auditors attended one of these meetings. The Committee’s Charter is available on the Corporation’s website www.aexgold.com.

Activity during the year

The Committee monitored the integrity of the annual and quarterly financial statements and management’s discussion and analysis. It reviewed them for significant financial reporting matters and accounting policies and disclosures in financial reporting. The Committee was also responsible for reviewing the Corporation’s Risk Matrix, which was updated during the year to reflect current strategic developments. The Committee was also responsible for agreeing policies specific to the Committee’s remit, as well as various arrangements for implementation of a new accounting system which was put in place in February 2022.

The external auditor PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l (‘PwC’) attended one Committee meeting which covered the year end approval process where the meeting considered reports from the external auditor in respect of their audit approach, independence and subsequent findings in respect of the audit of the year end results.

In November 2021 the external auditor PwC advised the Corporation that owing to a change in client profile they wished to work with in terms of size, they gave notice they would be tendering their resignation once an arrangement with a new Auditor was agreed.

BDO Canada LLP (“BDO”) tendered their Audit Proposal on January 14, 2022. It was reviewed by the Committee and the Committee on January 21, 2022 recommended the Board to approve the change in auditor from PwC to BDO.

The resolution of appointment of a new external auditor was passed by the Board on February 02, 2022.

External audit

The Committee is responsible for managing the relationship with the external auditor, which the Corporation renews annually. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors’ formal declarations, monitoring relationships between key audit staff and the Corporation and reviewing the non-audit fees payable to the auditor. Non-audit services are not performed by the auditor if such services would impair their independence under relevant professional standards.

During the year, amounts billed by PwC for audit fees totaled CAD 53,000, for audit related services in relation to accounting advice totaled CAD 12,375, and CAD 455 and CAD 95,111 for other fees in relation to CPAB fees and for assistance with the design and implementation of new long-term incentive arrangement were billed respectively. These audit related services were performed by a team separate from the audit team and did not involve any subjective judgements impacting the Corporation’s financial reporting.

Internal audit

In light of the size of the Corporation and its current stage of development, the committee did not consider it necessary or appropriate to operate an internal audit function during the year.

Report of the Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee (the "Committee") is pleased to present its 2021 report to shareholders.

Corporate Governance and Nomination Committee Members:

Liane Kelly, Chair (from August 26, 2021)

Graham Stewart

David Neuhauser (from June 09, 2021)

Sigurbjorn Thorkelsson (from June 09, 2021 to August 26, 2021)

Georgia Quenby (to June 09, 2021)

The Committee's members are Liane Kelly who chairs the Committee, and Graham Stewart and David Neuhauser who are both Non-Executive Directors. In line with the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance ('QCA') Liane Kelly and Graham Stewart are considered independent but David Neuhauser is not considered independent.

The Committee shall meet at least once a year. The Committee's Charter is available on the Corporation's website www.aexgold.com.

Activity during the year

During the year the Committee considered the Corporation's requirement to appoint new Non-Executive Directors and commissioned a search for these appointments. The Committee was actively engaged in recruitment and nomination of new directors.

The Committee was also involved in recommending compensation packages for Executive Directors and the Non-Executive Directors. More information about the packages and the Corporation's Compensation Report and Policy can be found on pages 30 to 41.

The Committee also considered the appointment of the new Chief Financial Officer, Jaco Crouse who joined the Corporation as the CFO on January 25, 2021 and the Board as executive director on April 27, 2021 on recommendation by the Committee.

Report of the Technical Safety and Sustainability Committee

The Technical Safety and Sustainability Committee (the “Committee”) is pleased to present its 2021 report to shareholders.

Technical Safety and Sustainability Committee Members:

Warwick Morley-Jepson, Chair (from August 26, 2021)
Liane Kelly (from August 26, 2021)
Line Frederiksen (from August 26, 2021)
George Fowlie (from June 09, 2021 to August 26, 2021)
Robert Ménard (to April 27, 2021)
Eldur Olafsson (to August 26, 2021)
Graham Stewart (from April 27, 2021 to June 09, 2021)

The Committee’s members are Warwick Morley-Jepson who chairs the Committee, Line Frederiksen and Liane Kelly. All Committee members are considered “independent” within the meaning of NI 52-110 and in line with the QCA.

Activity during the year

The Committee was reconfigured in August 2021 as the Technical, Safety and Sustainability Committee to replace the Safety and Environmental Committee and to assist the Corporation and the Board in fulfilling their respective obligations relating to technical, health and safety, environmental and social matters concerning the Corporation.

As a consequence, a new Committee Mandate was adopted to reflect the revised scope. By suggestion of the Committee’s Chair Warwick Morley-Jepson it was also agreed that the Committee should meet at least four times a year given the current point in the Corporation’s development.

The Committee’s Charter is available on the Corporation’s website www.aexgold.com.

Report of the Compensation Committee. Directors' Compensation Report

The Compensation Committee (the 'Committee') is pleased to present its 2021 report to shareholders. The period covered by this report is January 1 to December 31, 2021.

Compensation Committee Members:

Sigurbjorn Thorkelsson, Chair (from June 09, 2021)

Graham Stewart

Warwick Morley-Jepson (from August 26, 2021)

Line Frederiksen (from June 09, 2021 to August 26, 2021)

Georgia Quenby (to June 09, 2021)

In the relevant period the Committee's members were Sigurbjorn Thorkelsson, Chair, who replaced Georgia Quenby who chaired the Committee until the Corporation's AGM on June 09, 2021, Graham Stewart and Warwick Morley-Jepson, all of whom are Non-Executive Directors. Each of its members are considered "independent" within the meaning of the QCA and Sigurbjorn Thorkelsson and Warwick Morley-Jepson also within the meaning of NI 52-110. The Committee meets at least twice a year. The Committee's Charter is available on the Corporation's website www.aexgold.com.

The Committee met three times during the year to discuss compensation matters and to consider and approve the proposed compensation packages for the Executive Directors and the Non-Executive Directors. The Committee also met informally on December 16, 2021 to discuss compensation related issues.

The main elements of compensation agreed by the Committee for the period from January 1 to December 31, 2021 are summarised in the table below.

	Base salary/ fee	Pension contributions (as a percentage of base salary)	Bonus opportunity (as a percentage of base salary)	Share options (as a percentage of base salary)¹
Eldur Olafsson	CA\$348,000	11.5%	Up to 100%	N/A
George Fowlie ³	CA\$250,000	N/A	Up to 75%	200%
Georgie Quenby ⁴	CA\$60,000	N/A	N/A	N/A
Robert Menard ⁵	CA\$60,000	N/A	N/A	N/A
Jaco Crouse ⁶	CA\$288,200	10%	Up to 75%	N/A
Graham Stewart	CA\$155,000	N/A	N/A	N/A
Non-Executive Directors ²	CA\$60,000	N/A	N/A	N/A

Notes

1. Additionally the Committee agreed to establish a share based long-term incentive plan further details of which are set out in the Directors' compensation policy from page 30
2. An additional fee of CA\$13,000 was payable for each Committee membership from the date a respective director became a member of one of the committees till December 31, 2021 or the date he or she stepped down
3. George Fowlie stepped down from the Board on 26 August 2021
4. Georgie Quenby stepped down from the Board on 9 June 2021
5. Robert Menard stepped down from the Board on 27 April 2021
6. Jaco Crouse became a Director on 27 April 2021

A total of CA\$193,557 in bonuses was paid for 2021, and 4,100,000 options were issued. The bonuses were awarded in early 2022 following a performance review of all AEX Gold objectives.

The primary function of the Committee is to determine executive compensation packages and to ensure that the compensation policy and practices of the Corporation reward executives both fairly and responsibly, with a clear link to corporate and individual performance. The Committee may make recommendations regarding the compensation of Non-Executive Directors, but this is ultimately a matter for the Chairman and the Executive Directors. 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 Executive Directors, the Committee will seek to encourage the advancement of the Corporation's projects and the growth of its resource base, with a view to enhancing shareholder value. To achieve these objectives, the Committee believes it is critical to maintain a compensation programme that has the appropriate balance of fixed and variable elements to attract and retain

committed, highly qualified executives that both align the interests of the executives with those of its shareholders and encourage executives to operate within the risk parameters set by the Board. The Committee believes that the compensation package is appropriate for the Corporation given its stage of development, in particular, the use of market priced share options and cash bonuses which are only awarded if performance metrics are met to focus the executives on achieving long-term growth.

The Committee welcomes the views of shareholders on compensation and these views will be influential in shaping the Directors' compensation policy and practice. Shareholder views will be considered when evaluating and setting the ongoing compensation strategy and the Committee commits to consulting with major shareholders before any significant changes to its Directors' compensation policy.

In preparing this report the Committee was guided by the QCA's remuneration committee guide and has made the disclosures recommended in that guide for smaller AIM listed corporations. The Committee is mindful of the need to provide clear disclosure to shareholders in relation to compensation matters and it will therefore keep its disclosures under review. In particular, a detailed overview of the new value creation plan, if the Committee determines to recommend the adoption of such a plan, will be provided to shareholders with sufficient information for shareholders to approve both the plan and the compensation policy and will disclose any changes to the policy as appropriate.

Directors' compensation policy

Following Admission, the Committee has established the compensation policy for the Executive Directors and the Chairman, and the Board has established a compensation policy for the other Non-Executive Directors.

Executive Directors

The policy on Directors' compensation is that the overall compensation package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Corporation's objectives and be in line with other companies considered by the Committee to be comparable to the Corporation. The compensation policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience, and value to the Corporation.

The current terms and conditions of the Directors' service contracts and letters of appointment have been set to reflect the Corporation's strategy and operations and are detailed on page 40 of this report. The main components of the compensation policy and how they are linked to and support the Corporation's business strategy are summarised on the following pages.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Base salary			
<p>Core element of compensation, set at a level which is sufficiently competitive to recruit and retain individuals of the appropriate calibre and experience.</p>	<p>Salaries will be reviewed annually, with any changes being effective from January 1 each year.</p> <p>When determining salaries for the Executive Directors the Committee takes into consideration:</p> <ul style="list-style-type: none"> – Corporate performance; – the performance of the individual Executive Director; – the individual Executive Director’s experience and responsibilities; – pay and conditions throughout the Corporation. <p>Salaries together with other fixed benefits including pension will be benchmarked periodically against comparable roles at companies of a similar size, complexity and in the Exploration & Development sector with the objective that total fixed compensation will be in line with other companies considered by the Committee to be comparable to the Corporation.</p>	<p>When determining salary increases of the Executive Directors, the Committee takes into account the employment conditions and salary increases awarded to employees throughout the Corporation.</p> <p>There is no maximum salary opportunity.</p>	<p>Salary increases will be determined in accordance with the rationale set out under the column entitled ‘Operation’.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Benefits			
<p>Support individuals in carrying out their roles including in different locations as may be required.</p>	<p>Benefits will be reviewed periodically to reflect the Directors' individual circumstances and to ensure they remain market competitive.</p> <p>Benefits are similar to those of other employees and typically include life assurance cover, private health care arrangements, car allowance in lieu of a Corporation car, housing allowance, relocation and expatriate benefits and reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties.</p>	<p>Benefit values vary year on year depending on their cost and the maximum potential value is the cost of the provision of these benefits.</p>	<p>Not applicable.</p>
Annual bonus			
<p>Incentivises the achievement of a range of short-term performance targets that are key to the success of the Corporation.</p>	<p>Executive Directors participate in a discretionary annual performance related bonus scheme which can be payable in cash, shares or share options.</p> <p>Bonus scheme awards are made annually at the year-end (and will be pro-rated for time served).</p> <p>Performance period is one financial year with payment determined by the Committee following the year end.</p> <p>There is no provision for malus and clawback of bonus payments however if a recipient of stock options ceases to be employed for Cause then the options terminate.</p>	<p>The maximum bonus potential is 100% of base salary and the minimum payment is nil.</p> <p>Executive Director Bonus opportunity, as a percentage of base salary is outlined above on page 30.</p> <p>There is no contractual obligation to pay bonuses.</p>	<p>A performance scorecard has been devised and will be used by the Committee to determine the bonus payment. The Committee reserves the right to override the formulaic outturn based on a broader assessment of overall Corporation performance.</p> <p>Performance targets are based on a range of corporate, operational, financial and personal and executive team performance measures.</p> <p>The precise allocation between measures (as well as the weightings within these measures) will be determined by the Committee at the start of each year.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Long-term incentives			
<p>Incentivises the achievement of long-term financial performance and sustainable returns to shareholders in a way that aligns the interests of Executive Directors and shareholders.</p>	<p>Executive Directors can participate in a share based long-term incentive plan: <i>AEX's Gold Inc. Stock Option Plan</i></p> <p>The Share Option Plan is a share-based plan and options are granted annually. The exercise price of the option is not less than the closing price of shares on the last trading day preceding the grant date. Options granted under the plan vest and become exercisable at such time or times as determined by the Committee but typically vest immediately on the date of grant and are subject to a maximum term of ten years.</p> <p>There is no provision for malus or clawback of the options however if a recipient of stock options ceases to be employed for Cause then the options terminate.</p>	<p>The maximum potential grant is 200% of salary and the minimum potential grant is nil and the grant will depend on the Executive Directors' performance in the previous year.</p> <p>There is no contractual obligation to grant options.</p>	<p>There are no specific performance conditions attached to the options however the Committee considers annual performance against the corporation's objectives in making option awards. The Committee considers that granting market priced options aligns the interests of Executive Directors and shareholders since the options only deliver value if the share price rises.</p>
Pension			
<p>To provide competitive levels of retirement benefit.</p>	<p>The Corporation does not operate a pension scheme but does, at the Directors' preference, contribute to the personal pension plans of each Executive Director or pays cash in lieu of such contributions.</p> <p>Additionally, the Corporation may make statutory contributions to mandatory pension arrangements in the country in which they are based in line with local requirements.</p> <p>These arrangements are similar to those of other employees.</p>	<p>Executive Directors receive a contribution to a personal pension scheme or cash allowance in lieu of pension benefits up to 14% of salary.</p>	<p>Not applicable.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Shareholding requirement			
To align Executive Directors' interests with those of shareholders through build-up and retention of a personal shareholding.	Executive Directors are not required to hold shares however they may have market-priced stock options under the stock option plan.	Not applicable.	Not applicable.

New appointments

The same principles as described in the policy above will be applied in setting the compensation of a new Executive Director. Additionally, the Committee may:

- allow a new Executive Director to retain any outstanding awards and/or other contractual arrangements that they held on their appointment (which may or may not have been made under plans listed in this policy) and those awards will remain subject to the terms and conditions applied to them when they were awarded;
- consider compensating a newly appointed Executive Director for other relevant contractual rights forfeited when leaving their previous employer using either a plan listed in this policy or, in exceptional circumstances, under a new arrangement if for any reason, like-for-like replacement awards on recruitment could not be made under plans listed in this policy.

On January 25, 2021, the Corporation appointed Jaco Crouse as the new Chief Financial Officer of the Corporation replacing Mr Fowlie who had stepped down as the Chief Financial Officer but remained on the Board as a Director to August 26, 2021. Mr Crouse joined the Board as an executive director on April 27, 2021.

The Committee applied the same principles as described in the policy above in setting the compensation of the new Executive Director and further details will be disclosed in the Directors' compensation report for 2021.

Non-Executive Directors

The table below sets out the key elements of the policy for Non-Executive Directors:

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Fees			
<p>Core element of compensation, set at a level sufficient to attract individuals with appropriate knowledge and experience.</p>	<p>Fee levels reflect market conditions and are sufficient to attract individuals with appropriate knowledge and experience.</p> <p>NEDs are paid a base fee and additional fees for Committees to reflect the time commitment and duties involved.</p> <p>Fees may be paid in cash or shares or both.</p> <p>Fees are reviewed annually with changes effective from January 1 each year.</p>	<p>Whilst there is no maximum individual fee level, fees are set at a level which is considered appropriate to attract and retain the calibre of individual required by the Corporation.</p> <p>The Corporation avoids paying more than necessary for this purpose.</p> <p>Fee increases may be made in line with market movements and to take into account the time commitment and duties involved.</p>	<p>Whilst there is no performance element to the compensation paid to the Non-Executive Directors, fees will be determined in accordance with the rationale set out under the column headed 'Operation'.</p>
Benefits			
<p>Support individuals in carrying out their roles including in different locations as may be required.</p>	<p>Non-Executive Directors do not receive benefits or a pension allowance.</p> <p>Travel and business expenses for Non-Executive Directors are incurred in the normal course of business, for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the Corporation including any tax liabilities arising on these business expenses.</p>	<p>Not applicable</p>	<p>Not applicable</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Shares and share awards			
To align Non-Executive Directors' interests with those of shareholders through build-up and retention of a personal shareholding.	<p>Non-Executive Directors will not participate in any variable compensation elements or any other such arrangements.</p> <p>Historically the Non-Executive Directors have participated in the Share Option Plan and they will be entitled to retain these options but since Admission, they will not be granted further options.</p> <p>Non-executive Directors are encouraged to hold shares in the Corporation while they are a Director.</p>	Not applicable	Not applicable

New appointments

The same principles as described in the policy above will be applied in setting the compensation of a new Non-Executive Director. Compensation will comprise fees only, to be paid at the prevailing rates of the Corporation's existing Non-Executive Directors.

Compensation policy for other employees

The compensation arrangements for employees will be designed to ensure that they are, insofar as is practicable, aligned with the Executive Directors' compensation and the Corporation's objectives and in particular:

- the approach to salary reviews will be consistent across the Corporation with consideration given to level of responsibility, experience, individual performance, salary levels in comparable companies and the Corporation's ability to pay;
- all employees will participate in the same annual bonus scheme as the Executive Directors with opportunities varying by organisational level;
- pension and benefits arrangements may vary according to location and so different arrangements may be put in place in different jurisdictions.

The relationship between the Chief Executive's, Chief Financial Officer's and all employees' compensation

The Committee was mindful of the alignment of executive compensation arrangements with those of the wider workforce when reviewing salaries and assessing bonus outcomes for the Executive Directors. The table below shows how the Chief Executive's and Chief Financial Officer's salary in the year to December 31, 2021 compares with the salary earned by the average employee of the Corporation in the year to December 31, 2021.

	Chief Executive	Chief Financial Officer	Average employee ¹
Salary/fees	CA\$348,000	CA\$288,200	CA\$128,815

Note

1. The average employee salary figure includes all employees and officers of the Corporation, other than the Chief Executive, the Chief Financial Officer and the Non-Executive Directors, and has been annualised to provide a comparison with the Chief Executive's and Chief Financial Officer's salary/fees.

The Committee will annually review the pay arrangements of the wider workforce as part of its consideration of the Executive Directors' compensation.

Annual report on compensation

Executive Directors

The salary, taxable benefits, pension, and annual bonus received by the Executive Directors, for the period which they were Directors during the year, are detailed in the compensation table below. Details of the options that were granted during the year are also set out in the table below.

Compensation table

Executive Director	Salary and fees ^s	Taxable benefits ²	Annual bonus ³	Long-term incentives ⁴	Pension	Total
Eldur Olafsson ¹	CA\$345,000	—	CA\$69,600	—	CA\$57,215	CA\$471,815
George Fowlie ⁶	CA\$79,547	CA\$372	—	—	—	CA\$79,919
Jaco Crouse ⁵	CA\$271,886	CA\$3,430	CA\$59,441	—	—	CA\$334,757

Notes

1. Mr Olafsson was a Director throughout the year and the compensation shown is for the period from January 1 to December 31, 2021.
2. The taxable benefits received by Mr Fowlie and Mr Crouse was pension/medical/health insurance.
3. More details on the annual bonus that was paid in respect of the year ended December 31, 2021 are set out below.
4. No share options were exercised by the Directors during the year to December 31, 2021.
5. Mr Crouse joined the Corporation as Chief Finance Officer on January 25, 2021, and Director on 27 April 2021, and the compensation shown is for the period from January 25 to December 31, 2021.
6. Mr Fowlie resigned from his role as Chief Finance Officer on January 24, 2021, and stepped down from Director on 26 August 2021, and the compensation shown is for the period from January 1 to August 26, 2021.

Annual bonus scheme

Bonuses were paid in 2022 at the discretion of the Board based on the delivery of operational and financial targets during 2021. Key performance metrics in the period included; completion of IFS, completion of the 2021 drilling programme, the resource model review, and the completion of the exploration programme. A total of CA\$193,557 in bonuses was paid and 4,100,000 options were issued in early 2022 for 2021 performance.

The maximum bonus amount that could be awarded was 30% of pro-rated annual salary with awards made at the discretion of the Board to reward financial and operational delivery with reference to comparable companies and looking at each remuneration package in total and the Board believes that the bonus payments for performance in 2021 are reasonable in the context.

There is no deferral period associated with the 2021 bonus payments.

Non-Executive Directors

The fees received by the Non-Executive Directors during the year or as otherwise indicated, are shown below. Details of the options that were granted during the year are also set out in the table below.

Non-Executive Director	Fees
Graham Stewart ^t	CA\$195,228
Sigurbjorn Thorkelsson ⁿ	CA\$94,478
Line Frederiksen ¹	CA\$47,962
Liane Kell ^y	CA\$29,913
David Neuhauser ¹	CA\$47,962
Warwick Morley-Jepson ²	CA\$138,904
Robert Menard ³	CA\$30,417
Georgia Quenby ⁴	CA\$43,788

Notes

1. Mr Neuhauser and Ms Frederiksen were appointed Directors on June 09, 2021 and the fees shown are for the period from this date to 31 December 2021.
2. Mr Morley-Jepson was appointed Director on August 26, 2021 and the fees shown are for the period from this date to 31 December 2021.
3. Mr Menard was Director to April 27, 2021, and the fees shown are for the period from January 1 to this date
4. Ms Quenby was Director to the Corporation's AGM to June 09, 2021, and the fees shown are for the period from January 1 to this date

Share options granted during the year table

Details of the share options granted during the year are shown below.

Director	Date of grant	Number of shares under option	Exercise price of option	Date from which exercisable	Expiry date of option
Jaco Crouse	06/09/2021	900,000	CA\$0.59	06/09/2021	12/31/2027

Directors' shareholding and share interests' table

Directors' shareholding as at December 31, 2021 can be found on page 14.

The table below sets out details of the share options held by the Directors either in their own name or through separate entities at the end of the reporting year.

Director	Number of outstanding share options ¹	Exercise prices of outstanding share options ¹	Expiry dates of outstanding share options ¹
Eldur Olafsson	500,000	CAN\$0.500	07/13/2022
	550,000	CAN\$0.450	08/22/2023
	1,500,000	CAN\$0.380	12/31/2025
	450,000	CAN\$0.700	12/31/2026
	250,000	CAN\$0.450	08/22/2023
	150,000	CAN\$0.380	12/31/2025
	250,000	CAN\$0.700	12/31/2026
Graham Stewart	100,000	CAN\$0.500	07/13/2022
	150,000	CAN\$0.450	08/22/2023
	100,000	CAN\$0.380	12/31/2025
	400,000	CAN\$0.700	12/31/2026
	150,000	CAN\$0.450	08/22/2023
	100,000	CAN\$0.380	12/31/2025
	100,000	CAN\$0.700	12/31/2026

Notes

1. All the options have vested and are therefore exercisable.

The implementation of the Directors' compensation policy in 2021

The policy was implemented consistently with the approach used in 2020. The Committee has determined that there will be no change in the salary and the fees paid to each of the Directors in 2021. All the Executive Directors will be eligible for an annual bonus and the payment of this bonus will depend on Corporation and personal performance during 2021. The Committee proposes to award share options to each of the Executive Directors in accordance with the policy.

Service contracts and termination payment policy

The service contracts of the Executive Directors are not of a fixed duration and therefore they have no unexpired terms, but continuation in office as a Director is subject to annual re-election by shareholders as required under the Corporation's By-Laws.

The Corporation's policy is for the Executive Directors to have service and employment contracts with provision for termination of no longer than twelve months' notice.

The circumstances of a termination of an Executive Director's contract, including the individual's performance and an individual's duty and opportunity to mitigate losses, will be taken into account in every case of termination. The Committee's policy is to stop or reduce compensatory payments to former Executive Directors to the extent that they receive compensation from other employment during the compensation period. A robust line on reducing compensation is applied and payments to departing Executive Directors may be phased in order to mitigate loss.

The Non-Executive Directors do not have service contracts. Each Non-Executive Director has a letter of appointment and provides for termination of the appointment with 30 days' notice by the Director.

The details of the current Directors' service contract and letters of appointment are set out below.

Director	Date of appointment as a Director	Date of service Contract/letter of appointment	Notice period
Eldur Olafsson	April 28, 2017	July 27, 2020	Twelve months by the Corporation without cause or by the Director for good reason following a change of control and otherwise three months by the Director
Graham Stewart	April 28, 2017	July 27, 2020	Thirty days by the Director
Sigurbjorn Thorkelsson	July 27, 2020	July 27, 2020	Thirty days by the Director
Line Frederiksen	March 18, 2021	June 9, 2021	Thirty days by the Director
Jaco Crouse	April 27, 2021	April 28, 2021	Twelve months by the Corporation without cause or by the Director for good reason following a change of control and otherwise three months by the Director
David Neuhauser	June 9, 2021	June 8, 2021	Thirty days by the Director
Liane Kelly	August 26, 2021	August 10, 2021	Thirty days by the Director
Warwick Morley-Jepson	August 26, 2021	August 24, 2021	Thirty days by the Director

Report of the Disclosure Committee

The Disclosure Committee (the "Committee") is pleased to present its 2021 report to shareholders.

Disclosure Committee Members:

Eldur Olafsson, CEO

Jaco Crouse, CFO

The Committee's members are executive directors Eldur Olafsson, the Corporation's CEO and Jaco Crouse, CFO.

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 legal and regulatory obligations and requirements, and (ii) the requirement to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable compliance with these obligations. The Disclosure Committee meets as required but at least annually to review the operation, adequacy and effectiveness of the disclosure procedures.

Activity during the year

The Disclosure Committee is comprised of the executive management only and is involved in the Corporation's regulatory disclosure process on a day-to-day basis. The disclosure committee met to discuss the effectiveness of the Corporation's disclosure procedures in 2022 prior to the AGM and agreed that the procedures were adequate and appropriate to the Corporation's size and complexity.

The Committee's Charter is available on the Corporation's website www.aexgold.com.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the Corporation financial statements in accordance with applicable law and regulations.

Corporation law requires the Directors to prepare Corporation financial statements for each financial year. Under the AIM Rules for Companies of the London Stock Exchange the Directors are required to prepare the Corporation financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Under Corporation law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Corporation and of their profit or loss for that period. In preparing each of the Corporation financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRS;
- assess the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Corporation or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Corporation's transactions and disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that its financial statements comply with the Canada Business Corporations Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Corporation and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Corporation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



AEX Gold Inc.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020



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Independent Auditor's Report

**To the Shareholders of
AEX Gold Inc.**

Opinion

We have audited the consolidated financial statements of AEX Gold Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements as at and for the year ended December 31, 2020 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on April 28, 2021.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report; and
- The information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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.

BDO Canada s.r.l./S.E.N.C.R.L., une société canadienne à responsabilité limitée/société en nom collectif à responsabilité limitée, est membre de BDO International Limited, société de droit anglais, et fait partie du réseau international de sociétés membres indépendantes BDO.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Independent Auditor's Report

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 IFRSs, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group's internal control.



Independent Auditor's Report

- 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 Group'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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's 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 Anne-Marie Henson.

BDO Canada S.F.L./S.E.N.C.R.L./LLP¹

Montréal, Québec
April 28, 2022

¹ CPA auditor, CA, public accountancy permit No. A129869

AEX Gold Inc.

Consolidated Statements of Financial Position

As at December 31, 2021 and 2020
(In Canadian Dollars)

	Notes	As at December 31, 2021 \$	As at December 31, 2020 \$
ASSETS			
Current assets			
Cash		27,324,459	61,874,999
Sales tax receivable		51,250	62,750
Prepaid expenses and others		266,617	371,258
Total current assets		27,642,326	62,309,007
Non-current assets			
Deposit on order		9,805	1,711,970
Escrow account for environmental monitoring	5	424,637	460,447
Mineral properties	6	62,244	62,244
Capital assets	7	14,642,652	1,401,014
Total non-current assets		15,139,338	3,635,675
TOTAL ASSETS		42,781,664	65,944,682
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		2,049,249	831,899
Lease liabilities – current portion	8	50,835	65,900
Total current liabilities		2,100,084	897,799
Non-current liabilities			
Lease liabilities	8	713,078	763,913
Total non-current liabilities		713,078	763,913
Total liabilities		2,813,162	1,661,712
Equity			
Capital stock	10	88,500,205	88,500,205
Warrants	11	-	-
Contributed surplus		3,300,723	2,925,952
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(51,795,654)	(27,106,415)
Total equity		39,968,502	64,282,970
TOTAL LIABILITIES AND EQUITY		42,781,664	65,944,682

Subsequent events

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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) Sigurbjorn Thorkelsson
Sigurbjorn Thorkelsson
Director

AEX Gold Inc.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2021 and 2020

(In Canadian Dollars)

	Notes	2021 \$	2020 \$
Expenses			
Exploration and evaluation expenses	15	14,280,055	7,055,707
General and administrative	16	9,328,427	3,291,176
Stock-based compensation	12	374,771	1,031,650
Foreign exchange		809,751	1,130,808
Operating loss		24,793,004	12,509,341
Other expenses (income)			
Interest income		(143,759)	(84,214)
Finance costs	17	39,994	12,831
Other expenses (income)	9	-	(98,846)
Net loss and comprehensive loss		(24,689,239)	(12,339,112)
Weighted average number of common shares outstanding - basic and diluted		177,098,737	119,729,081
Basic and diluted loss per common share	19	(0.14)	(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, 2021 and 2020
(In Canadian Dollars)

	Notes	Number of common shares outstanding	Capital stock	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance, 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		-	-	-	-	-	(12,339,112)	(12,339,112)
Share issuance under a fundraising	10	94,444,445	74,550,202	-	-	-	-	74,550,202
Share issuance costs	10	-	(6,312,546)	-	-	-	-	(6,312,546)
Warrants exercised	11	11,607,898	6,318,938	(1,078,702)	-	-	-	5,240,236
Warrants expired	11	-	-	(380,902)	380,902	-	-	-
Options exercised	12	100,000	60,000	-	(22,000)	-	-	38,000
Stock-based compensation	12	-	-	-	1,031,650	-	-	1,031,650
Balance, December 31, 2020		177,098,737	88,500,205	-	2,925,952	(36,772)	(27,106,415)	64,282,970
Balance, January 1, 2021		177,098,737	88,500,205	-	2,925,952	(36,772)	(27,106,415)	64,282,970
Net loss and comprehensive loss		-	-	-	-	-	(24,689,239)	(24,689,239)
Stock-based compensation	12	-	-	-	374,771	-	-	374,771
Balance, December 31, 2021		177,098,737	88,500,205	-	3,300,723	(36,772)	(51,795,654)	39,968,502

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, 2021 and 2020

(In Canadian Dollars)

	Notes	2021	2020
		\$	\$
Operating activities			
Net loss		(24,689,239)	(12,339,112)
Adjustments for:			
Depreciation	7	389,953	228,267
Stock-based compensation	12	374,771	1,031,650
Finance costs	17	-	5,959
Other expenses (Income)	9	-	(98,846)
Payment from cash held in escrow account for environmental monitoring	5	-	(95,102)
Escrow account for environmental monitoring	9	-	95,102
Foreign exchange		377,674	1,119,240
		(23,546,841)	(10,052,842)
Changes in non-cash working capital items:			
Sales tax receivable		11,500	(44,958)
Prepaid expenses and others		104,641	(276,316)
Trade and other payables		1,141,384	508,094
		1,257,525	186,820
Cash flow used in operating activities		(22,289,316)	(9,866,022)
Investing activities			
Acquisition of mineral properties	6	-	(20,299)
Acquisition of capital assets, net of deposit on order	7	(11,875,926)	(421,098)
Deposit on order		-	(1,711,970)
Cash flow used in investing activities		(11,875,926)	(2,153,367)
Financing activities			
Shares and warrants issuance	10	-	74,550,202
Share issuance costs	10	-	(6,266,929)
Principal repayment – lease liabilities	8	(65,900)	(11,267)
Exercise of warrants		-	5,240,236
Exercise of stock options		-	38,000
Cash flow from financing activities		(65,900)	73,550,242
Net change in cash before effects of exchange rate changes on cash		(34,231,142)	61,530,853
Effects of exchange rate changes on cash		(319,398)	(1,171,260)
Net change in cash		(34,550,540)	60,359,593
Cash, beginning		61,874,999	1,515,406
Cash, ending		27,324,459	61,874,999
Supplemental cash flow information			
Deposit on order for acquisition of capital assets		1,702,165	-
Interest received		143,759	84,214
Additions in capital assets included in trade and other payables		53,500	-
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 consolidated financial statements.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

1. NATURE OF OPERATIONS AND 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 (note 10).

These consolidated financial statements ("Financial Statements") were reviewed and authorized for issue by the Board of Directors on April 28, 2022.

1.1 Basis of presentation and consolidation

The Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. 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 ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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 of the Corporation 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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Deposit on order

The deposit on order represents the sum of money disbursed to a supplier to start or continue the fulfillment of a purchase order for capital assets. This deposit will be transferred to capital assets when the asset has been completed and delivered.

2.4 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.

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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Capital assets

Capital assets 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.

The intangible assets include software with a definite useful life. The assets are capitalized and amortized on a straight-line basis in the consolidated statement of comprehensive loss. The intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

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 capital assets 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 to 10 years
Vehicles and rolling stock	3 to 10 years
Equipment	3 to 10 years
Software	3 to 10 years
Right-of-use assets	Lease term

Depreciation of capital assets, 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 capital assets are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the consolidated statement of comprehensive loss.

2.6 Leases

At the commencement date of a lease, a liability is recognized to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) is also recognized. The interest expense on the lease liability is recognized separately from the depreciation expense on the right-of-use asset.

The lease liability is remeasured upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). This remeasurement is generally recognized as an adjustment to the right-of-use asset. Leases of "low-value" assets and short-term leases (12 months or less) are recognized on a straight-line basis as an expense in the consolidated statement of comprehensive loss.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment of non-financial assets

Mineral properties and capital assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Mineral properties and capital assets 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.

2.8 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.

2.9 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.

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

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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.

2.10 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 represent 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.

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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 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.

2.12 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").

The costs of equity-settled transactions with employees and others providing similar services 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.

2.13 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 2021 and 2020, all the outstanding common share equivalents were anti-dilutive.

2.14 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.14.1 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.

2.14.2 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.

2.14.3 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, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 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 which have been issued but have an effective date of later than January 1, 2022. Many of these updates are not expected to have any significant impact on the Corporation and are therefore not discussed herein.

Amendments to IAS 16 *Property, plant and equipment*

The IASB has made amendments to IAS 16 *Property, plant and equipment*, which will be effective for financial years beginning on or after January 1, 2022. Proceeds from selling items before the related item of Property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Corporation will therefore need to distinguish between the costs associated with producing and selling items before the item of Property, plant and equipment (pre-production revenue) is available for use and the costs associated with making the item of Property, plant and equipment available for its intended use. For the sale of items that are not part of a Corporation's ordinary activities, the amendments will require the Corporation to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the consolidated statement of comprehensive loss. These amendments will have an impact on the Corporation's consolidated financial statements.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

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 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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

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.

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.

4.2 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.

4.3 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

4.4 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.

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

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. This environmental monitoring program was completed in 2020.

	2021	2020
	\$	\$
Balance beginning	460,447	516,996
Effect of translation	(35,810)	38,553
Payment for environmental monitoring work	-	(95,102)
Balance ending	424,637	460,447
Non-current portion – escrow account for environmental monitoring	(424,637)	(460,447)
Current portion – escrow account for environmental monitoring	-	-

6. MINERAL PROPERTIES

	As at December 31, 2020	Additions	As at December 31, 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
Total mineral properties	62,244	-	62,244

	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
Total mineral properties	41,945	20,299	62,244

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.

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6. MINERAL PROPERTIES (CONT'D)

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").

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

After Nalunaq A/S has submitted its statements of expenses for the Nalunaq Licence for the 2017 and 2018 years, the MLSA has approved Nalunaq A/S' transition to the subsequent period (sub period 4) without a rollover of the unspent amount.

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6. MINERAL PROPERTIES (CONT'D)

The Government of Greenland has been confirmed with Addendum No. 5 dated March 2020 which was signed by the Government of Greenland and therefore became effective on March 13, 2020, to extend the requirement dates to perform the following tasks. No later than December 31, 2022, the licensee shall 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.

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.

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 originally expired December 31, 2024 with an entitlement to a 5-year extension. The renewal for a period of five years has been confirmed with Addendum No. 3 dated February 2020 which was signed by Nalunaq A/S on February 13, 2020 and became effective on March 13, 2020 when it was signed by the Government of Greenland. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

6.2.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2021, adding the non-fulfilled exploration obligation 2020 of DKK 514,901, for a total of DKK 514,901 (\$99,702 using the exchange rate as at December 31, 2021) exploration obligation in 2021 which was confirmed by MLSA and postponed to 2022. 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 submitted its statements of expenses for the Tartog exploration licence for the 2021 year to the MLSA by April 1, 2022.

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 had an original expiry date of December 31, 2022 with an entitlement to a 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. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2024.

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6. MINERAL PROPERTIES (CONT'D)

6.3.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2021, reducing by the total credit from 2020 of DKK 16,400, for a total credit of DKK 16,400 (credit of \$3,176 using the exchange rate as at December 31, 2021) so there is no exploration obligation in 2021 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 submitted its statements of expenses for the Naalagaaffiup Portornga exploration licence for the 2021 year to the MLSA by April 1, 2022.

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 originally expired December 31, 2021 with a possible 6-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2023.

6.4.2 Exploration commitments

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 became effective on March 13, 2020 when it was signed by the Government of Greenland.

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2021, reducing by the total credit from 2020 of DKK 2,517,299, for a total credit of DKK 2,517,299 (credit of \$487,432 using the exchange rate as at December 31, 2021) so there is no exploration obligation in 2021 which was confirmed by MLSA. 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 submitted its statements of expenses for the Vagar exploration licence for the 2021 year to the MLSA by April 1, 2022.

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6. MINERAL PROPERTIES (CONT'D)

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 Licence 2019/113 Nuna Nutaaq. The licence application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the licence became effective on September 26, 2019 when it was signed by the Government of Greenland. The licence originally expired December 31, 2023 with an entitlement to a 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2025.

6.5.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2021, reducing by the total credit from 2020 of DKK 96,972, for a total credit of DKK 96,972 (credit of \$18,777 using the exchange rate as at December 31, 2021) so there is no exploration obligation in 2021 which was confirmed by MLSA. 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 submitted its statements of expenses for the Nuna Nutaaq exploration licence for the 2021 year to the MLSA by April 1, 2022.

6.6 Saarloq

6.6.1 Purchase of the Saarloq Licence

The Corporation acquired the right to conduct exploration activities on approximately 818km² of land in the areas of Quassugaarsuk and Sermeq Kangilleq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/31, referred to as Saarloq. The licence application has been approved and all required documentation was signed by the Corporation on May 15, 2020 and the licence became effective on May 28, 2020 when it was signed by the Government of Greenland. The licence originally expired December 31, 2024 with an entitlement to a 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

6.6.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2021, reducing by the total credit from 2020 of DKK 271,382, for a total credit of DKK 271,382 (credit of \$52,549 using the exchange rate as at December 31, 2021) so there is no exploration obligation in 2021 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Saarloq 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 submitted its statements of expenses for the Saarloq exploration licence for the 2021 year to the MLSA by April 1, 2022.

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6. MINERAL PROPERTIES (CONT'D)

6.7 Anoritooq

6.7.1 Purchase of the Anoritooq Licence

The Corporation acquired the right to conduct exploration activities on approximately 1,710km² of land in the areas of Anoritooq and Kangerluluk in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/36, referred to as Anoritooq. The licence application has been approved and all required documentation was signed by the Corporation on June 11, 2020 and the licence became effective on June 24, 2020 when it was signed by the Government of Greenland. In October 2020, the Corporation was granted an addendum to the Anoritooq Licence, increasing the size of the licence to 1,889km² and became effective November 6, 2020 when it was signed by the Government of Greenland. The licence originally expired December 31, 2024 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

6.7.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. For the exploration licence, Nalunaq A/S shall complete DKK nil of exploration activities in 2021, reducing by the total credit from 2020 of DKK 516,903, for a total credit of DKK 516,903 (credit of \$100,089 using the exchange rate as at December 31, 2021) so there is no exploration obligation in 2021 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Anoritooq 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 submitted its statements of expenses for the Anoritooq exploration licence for the 2021 year to the MLSA by April 1, 2022.

6.8 Sava (previously called Kangerluarsuk)

6.8.1 Purchase of the Sava Licence

The Corporation acquired the right to conduct exploration activities on approximately 335km² of land in the area of Eqaluit Iluat in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2021/02, referred to as Sava. The licence application has been approved and all required documentation was signed by the Corporation on October 13, 2020 and the licence became effective on November 6, 2020 when it was signed by the Government of Greenland. The licence originally expired December 31, 2025 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave in December 2020, an extension of the licence period for all exploration licences by one year, therefore the licence expires December 31, 2026.

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6. MINERAL PROPERTIES (CONT'D)**6.8.2 Exploration commitments**

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for years 2020 and 2021 to DKK nil which also means that the transferred non-fulfilled exploration obligation will be postponed by two years. The exploration commitments for this new exploration licence are DKK nil (\$nil using the exchange rate as at December 31, 2021) in 2021. For the purpose of crediting expenditures against the amounts set forth in the Sava 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 submitted its statements of expenses for the Sava exploration licence for the 2020 and 2021 years to the MLSA by April 1, 2022.

6.9 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. This licence has expired and Nalunaq A/S is in the process of applying for a replacement licence with the Government of Greenland. 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. CAPITAL ASSETS

	Field equipment and infrastructure \$	Vehicles and rolling stock \$	Equipment (including software) \$	Right-of-use assets (note 8) \$	Total \$
2020					
Opening net book value	271,977	86,656	8,470	-	367,103
Additions	-	245,734	175,364	841,080	1,262,178
Depreciation	(125,774)	(75,525)	(6,782)	(20,186)	(228,267)
Closing net book value	146,203	256,865	177,052	820,894	1,401,014
As at December 31, 2020					
Cost	387,323	533,800	185,878	841,080	1,948,081
Accumulated depreciation	(241,120)	(276,935)	(8,826)	(20,186)	(547,067)
Closing net book value	146,203	256,865	177,052	820,894	1,401,014

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7. CAPITAL ASSETS (CONT'D)

	Field equipment and infrastruc- ture	Vehicles and rolling stock	Equipment (including software)	Construc- tion In Progress	Right-of- use assets (note 8)	Total
	\$	\$	\$	\$	\$	\$
2021						
Opening net book value	146,203	256,865	177,052	-	820,894	1,401,014
Additions	1,983,718	4,195,205	-	7,452,668	-	13,631,591
Depreciation	(140,807)	(147,361)	(21,041)	-	(80,744)	(389,953)
Closing net book value	1,989,114	4,304,709	156,011	7,452,668	740,150	14,642,652
As at December 31, 2021						
Cost	2,371,041	4,729,005	185,878	7,452,668	841,080	15,579,672
Accumulated depreciation	(381,927)	(424,296)	(29,867)	-	(100,930)	(937,020)
Closing net book value	1,989,114	4,304,709	156,011	7,452,668	740,150	14,642,652

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 \$299,771 (\$206,153 – 2020) was expensed as exploration and evaluation expenses in 2021.

As at December 31, 2021, the Corporation had capital asset purchase commitments, net of deposit on order, of \$nil (\$8,796,288 as at December 31, 2020). These commitments related to purchases of equipment, infrastructure and vehicles.

As of December 31, 2021, the amount of \$7,452,668 of construction in progress is related to equipment and infrastructure received or in storage and which will be installed at the appropriate time.

8. LEASE LIABILITIES

	As at December 31, 2021	As at December 31, 2020
	\$	\$
Balance beginning	829,813	-
Additions	-	841,080
Principal repayment	(65,900)	(11,267)
Balance ending	763,913	829,813
Non-current portion – lease liabilities	(713,078)	(763,913)
Current portion – lease liabilities	50,835	65,900

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

A right-of-use asset of \$841,080 and an equivalent long term lease liability was recorded as of October 1, 2020, with a 5% incremental borrowing rate and considering that the renewal option would be exercised. Depreciation of right-of-use assets is being recorded in general and administrative expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$80,744 (\$20,186 in 2020) was expensed as general and administration expenses in 2021.

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9. ENVIRONMENTAL MONITORING PROVISION

	2021	2020
	\$	\$
Balance beginning	-	174,864
Effect of foreign exchange translation	-	13,125
Payment from cash held in escrow account for environmental monitoring	-	(95,102)
Accretion expense	-	5,959
Change in estimates	-	(98,846)
Balance ending	-	-
Non-current portion – environmental monitoring provision	-	-
Current portion – environmental monitoring provision	-	-

In September 2020, a final payment to settle the environmental monitoring obligations attached to the Nalunaq Licence has been completed and no further payments are expected to be made regarding this obligation.

10. SHARE CAPITAL**10.1 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.

10.2 AIM Admission

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

10. SHARE CAPITAL (CONT'D)**10.3 Completion of the fundraising**

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

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

Certain officers and directors of the Corporation purchased an aggregate of 1,177,581 common shares for \$906,737 (note 20). The officers and directors of the Corporation subscribed to the Fundraising under the same terms and conditions as set forth for all subscribers.

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11. WARRANTS

11.1 Warrants

Changes in the Corporation's warrants are as follow:

	2021			2020		
	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
Exercised	-	-	-	(11,272,271)	(974,758)	0.45
Expired	-	-	-	(1,885,624)	(163,058)	0.45
Balance, end	-	-	-	-	-	-

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 were met during the period. From the period February 6, 2020 to March 5, 2020, the daily volume weighted average price of the Corporation's common shares on the TSX-V was equal to or greater than \$0.50, thus satisfying the acceleration requirements under the Warrants. Accordingly, Warrant holders were provided with notification that any Warrants that were not exercised before April 20, 2020, being the 30th trading day following the occurrence of the acceleration event, would expire and be cancelled. Certain Warrant holders exercised 11,272,271 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 \$5,072,522. The remaining Warrants amounting to 1,885,624 expired.

11.2 Agent warrants

Changes in the Corporation's agent and finders warrants are as follow:

	2021			2020		
	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
Exercised	-	-	-	(335,627)	(103,944)	0.50
Expired	-	-	-	(732,112)	(217,844)	0.49
Balance, end	-	-	-	-	-	-

12. 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.

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12. STOCK OPTIONS (CONT'D)

On June 17, 2020, the Corporation granted to its directors, officers and consultants 2,195,000 stock options exercisable at an exercise price of \$0.70, with an expiry date of December 31, 2026. The stock options vested 100% at 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 \$1,031,650 for an estimated fair value of \$0.47 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 76.41% expected volatility, 0.41% risk-free interest rate and 6.5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

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 to 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.

On July 5, 2021, the Corporation granted to an employee 100,000 stock options exercisable at an exercise price of \$0.50, with an expiry date of July 5, 2026. The stock options vest in three equal annual tranches 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 \$29,000 for an estimated fair value of \$0.29 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 71.40% expected volatility, 1.01% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

On September 13, 2021, the Corporation granted to an employee 100,000 stock options exercisable at an exercise price of \$0.50, with an expiry date of September 13, 2026. The stock options vest in three equal annual tranches 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 \$29,000 for an estimated fair value of \$0.29 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69.49% expected volatility, 0.86% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

Changes in stock options are as follow:

	2021		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	1,100,000	0.57	2,195,000	0.70
Expired	(1,910,000)	0.52	-	-
Exercised	-	-	(100,000)	0.38
Balance, end	6,935,000	0.51	7,745,000	0.51
Balance, end exercisable	6,801,666	0.51	7,745,000	0.51

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

12. STOCK OPTIONS (CONT'D)

Stock options outstanding and exercisable as at December 31, 2021 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
1,160,000	1,160,000	0.50	July 13, 2022
1,360,000	1,360,000	0.45	August 22, 2023
1,820,000	1,820,000	0.38	December 31, 2025
100,000	33,333	0.50	July 5, 2026
100,000	33,333	0.50	September 13, 2026
1,495,000	1,495,000	0.70	December 31, 2026
900,000	900,000	0.59	December 31, 2027
6,935,000	6,801,666		

13. 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.

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.

14. EMPLOYEE REMUNERATION**Salaries**

	2021	2020
	\$	\$
Salaries	5,343,482	1,154,302
Director's fees	628,652	252,083
Benefits	878,580	218,740
	6,850,714	1,625,125
Less : salaries and benefits presented in E&E expenses	(3,569,124)	(1,024,094)
Salaries disclosed in general and administrative expenses	3,281,590	601,031

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

15. EXPLORATION AND EVALUATION EXPENSES

2021	Nalunaq	Vagar	Tartog	Naalagaaffiup Portornga	Nuna Nutaag	Saarloq	Anoritoog	Sava (previously called Kangerluarsuk)	Genex	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geochemistry	-	227,764	80,631	-	-	-	-	292,883	-	601,278
Geology	2,332,281	427,903	19,413	1,105	113,309	6,620	57,905	219,458	11,039	3,189,033
Lodging and on-site support	479,921	-	248	-	-	-	-	-	-	480,169
Underground works	118,017	-	-	-	-	-	-	-	-	118,017
Drilling	3,647,452	-	130	-	-	-	-	-	-	3,647,582
Analysis	120,548	1,250	-	-	469	-	-	-	-	122,267
Transport	35,324	-	957	-	-	-	-	-	-	36,281
Supplies and equipment	1,998	-	-	-	-	-	-	-	-	1,998
Helicopter Charter	181,069	124,843	-	-	128,328	-	11,772	295,147	33,302	774,461
Logistic support	1,009,553	-	-	-	-	-	-	-	-	1,009,553
Insurance	41,197	-	-	-	-	-	-	-	-	41,197
Project Engineering costs	3,753,320	20,461	-	-	21,039	-	1,927	-	5,461	3,802,208
Government fees	137,453	8,419	8,419	-	-	-	-	-	1,949	156,240
Depreciation	299,771	-	-	-	-	-	-	-	-	299,771
Exploration and evaluation expenses	12,157,904	810,640	109,798	1,105	263,145	6,620	71,604	807,488	51,751	14,280,055

2020	Nalunaq	Vagar	Tartog	Naalagaaffiup Portornga	Nuna Nutaag	Saarloq	Anoritoog	Sava (previously called Kangerluarsuk)	Genex	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geology	1,968,010	158,392	11,426	14,110	18,630	32,549	55,760	9,937	-	2,268,814
Lodging and on-site support	278,440	7,088	-	-	-	-	-	-	-	285,528
Underground works	75,396	-	-	-	-	-	-	-	-	75,396
Drilling	186,955	-	-	-	-	-	-	-	-	186,955
Safety and environment	21,402	-	-	-	-	-	-	-	-	21,402
Analysis	259,188	263	-	-	-	-	-	-	-	259,451
Transport	638,533	519	-	-	104	156	259	-	-	639,571
Helicopter Charter	4,922	40,451	-	-	30,115	-	6,789	-	-	82,277
Logistic support	339,200	19,652	19,652	19,652	19,652	-	-	-	-	417,808
Insurance	37,990	-	-	-	-	-	-	-	-	37,990
Maintenance infrastructure	2,434,862	14,116	-	-	2,823	4,235	7,058	-	-	2,463,094
Government fees	87,224	8,468	14,615	-	-	-	-	-	961	111,268
Depreciation	206,153	-	-	-	-	-	-	-	-	206,153
Exploration and evaluation expenses	6,538,275	248,949	45,693	33,762	71,324	36,940	69,866	9,937	961	7,055,707

16. GENERAL AND ADMINISTRATIVE

	2021	2020
	\$	\$
Salaries and benefits	2,652,938	348,948
Management and consulting fees	-	633,220
Director's fees	628,652	252,083
Professional fees	2,382,916	1,077,541
Marketing and investor relations	791,722	466,465
Insurance	571,364	218,355
Travel and other expenses	1,884,189	140,135
Regulatory fees	326,464	132,315
Depreciation	90,182	22,114
General and administrative	9,328,427	3,291,176

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

17. FINANCE COSTS

	2021	2020
	\$	\$
Accretion expense - environmental monitoring provision	-	5,959
Financing fees lease	39,994	6,872
Finance costs	39,994	12,831

18. 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:

	2021	2020
	\$	\$
Net loss before income taxes	(24,689,239)	(12,339,112)
Income tax rates	26.5%	26.5%
Income tax recovery	(6,542,648)	(3,269,865)
Increase (decrease) attributable to:		
Non deductible expenses	104,109	274,878
Difference in statutory tax rate	265,772	111,110
Changes in unrecognized deferred tax assets	6,172,767	2,883,877
Tax recovery	-	-

The analysis of the Corporation's deferred tax assets and liabilities as at December 31, 2021 and 2020 is as follows:

	2021	2020
	\$	\$
Deferred tax assets (liabilities):		
Capital assets	(437,033)	(25,949)
Non-capital losses	437,033	25,949
	-	-

The Corporation records 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, 2021 are as follows:

Greenland	As at December 31, 2021
	\$
Non-capital losses carry forwards	36,398,528

As the Corporation is a mineral licence holder, the non-capital losses in Greenland have no expiration date.

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

18. INCOME TAXES (CONT'D)

Canada	As at December 31, 2021
	\$
Non-capital losses carry forwards expiring in 2038	965,032
Non-capital losses carry forwards expiring in 2039	1,272,338
Non-capital losses carry forwards expiring in 2040	1,210,346
Non-capital losses carry forwards expiring in 2041	5,622,490
Non-capital losses carry forwards expiring in 2042	8,302,287

19. NET LOSS PER SHARE

The calculation of basic and diluted net loss per share for the year ended December 31, 2021, was based on the net loss attributable to shareholders of \$24,689,239 (\$12,339,112 for the year ended December 31, 2020) and the weighted average number of common shares outstanding for the year ended December 31, 2021 of 177,098,737 (119,729,081 for the year ended December 31, 2020). As a result of the net loss for the years ended December 31, 2021 and 2020, 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.

20. 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 and the Corporate Secretary. Key management compensation is as follows:

	2021	2020
	\$	\$
Short-term benefits		
Management and consulting fees	-	633,220
Professional fees	64,162	-
Salaries and benefits	1,639,334	292,562
Salaries and benefits included in the E&E expenses	71,349	72,170
Professional fees included in the E&E expenses	-	261,292
Director's fees	628,652	252,083
Long-term benefits		
Stock-based compensation (note 12)	365,909	916,500
Total compensation	2,769,406	2,427,827

The compensation for Joan Plant (Corporate Secretary) is charged through FBC BA for \$nil for 2021 (\$161,925 for 2020).

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 firm in which Georgia Quenby (director until June 9, 2021) is a partner charged legal professional fees for \$9,934 (\$168,309 in 2020);
- A company controlled by Martin Ménard (Chief Operating Officer from July 9, 2019 to June 30, 2021) charged engineering professional fees of \$12,240 for his staff (\$765,235 in 2020). The Chief Operating Officer is the son of Robert Ménard, director until April 27, 2021;
- Nicolas and Catherine Ménard and Samuel Martel, engineering consultants, (the son, the daughter and the son-in-law of Robert Ménard, director until April 27, 2021 and the brother, the sister and brother-in-law of Martin Ménard, Chief Operating Officer until June 30, 2021) were paid \$324,799 (\$464,896 in 2020);

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'D)

- As at December 31, 2021, the balance due to those related parties listed above and in the compensation to key management amounted to \$173,254 (\$150,829 as at December 31, 2020).

Following are the related party transactions, outside of the normal course of operations:

- Directors and officers of the Corporation participated in the July 31, 2020 fundraising for \$906,737 (\$nil in 2021). The directors and officers subscribed to the fundraising in 2020 under the same terms and conditions set forth to all subscribers.
- Key management are subject to employment agreements which provide for payments on termination, without cause or following a change of control, providing for payments up to one base salary.

The compensation of directors is as follows:

	2021			2020		
	Short-term benefits ^(a)	Stock-based compensation	Total compensation	Short-term benefits ^(a)	Stock-based compensation	Total compensation
	\$	\$	\$	\$	\$	\$
Eldur Olafsson	471,815	-	471,815	406,265	211,500	617,765
George Fowlie ⁽¹⁾	79,919	-	79,919	270,888	117,500	388,388
Jaco Crouse	334,757	360,000	694,757	-	-	-
Graham Stewart	195,228	-	195,228	110,000	188,000	298,000
Georgia Quenby ⁽²⁾	43,788	-	43,788	55,833	47,000	102,833
Sigurbjorn Thorkelsson	94,478	-	94,478	41,250	-	41,250
Robert Ménard ⁽³⁾	30,417	-	30,417	45,000	47,000	92,000
Liane Kelly	29,913	-	29,913	-	-	-
Line Frederiksen	47,962	-	47,962	-	-	-
David Neuhauser	47,962	-	47,962	-	-	-
Warwick Morley-Jepson	138,904	-	138,904	-	-	-
Total compensation	1,515,143	360,000	1,875,143	929,236	611,000	1,540,236

(a) Short-term benefits comprise salary, director fees as applicable, annual bonus and pension.

(1) George Fowlie ceased to be Director 26th August 2021

(2) Georgia Quenby ceased to be Non-Executive Director 9th June 2021

(3) Robert Ménard ceased to be Non-Executive Director 27 April 2021

The directors participated in the July 31, 2020 fundraising for \$836,596 (\$nil in 2021). The director participation is as follows:

	2021	2020
	Number of new shares	Number of new shares
Eldur Olafsson	-	222,222
George Fowlie	-	100,000
Graham Stewart	-	222,222
Georgia Quenby	-	-
Sigurbjorn Thorkelsson	-	444,444
Robert Ménard	-	97,600
Total	-	1,086,488

AEX Gold Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

21. 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.

21.1 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.

21.2 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.

The following table summarizes the carrying amounts and contractual maturities of financial liabilities:

	As at December 31, 2021		As at December 31, 2020	
	Trade and other payables	Lease liabilities	Trade and other payables	Lease liabilities
	\$	\$	\$	\$
Within 1 year	2,049,249	88,245	831,899	105,894
1 to 5 years	-	431,910	-	411,320
5 to 10 years	-	435,343	-	544,178
Total	2,049,249	955,498	831,899	1,061,392

21.3 Currency risk

As at December 31, 2021 and 2020, 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, 2021	In DKK	In Euros	In US\$	In GBP
Cash	2,145,132	526,043	5,314,298	882
Escrow account for environmental monitoring	2,193,001	-	-	-
Trade and other payables	(3,740,924)	(20,987)	(44,301)	(36,563)
	597,209	505,056	5,269,997	(35,681)
Exchange rate	0.1936	1.4401	1.2697	1.7155
Equivalent to CAD	115,620	727,331	6,691,315	(61,211)

Based on the above net exposures as at December 31, 2021, 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 \$747,306.

AEX Gold Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2021 and 2020

(In Canadian Dollars, except as otherwise noted)

21. FINANCIAL INSTRUMENTS (CONT'D)

As at December 31, 2020	In DKK	In Euros	In US\$	In GBP
Cash	324,536	3,178,405	6,658,837	2,142
Escrow account for environmental monitoring	2,193,001	-	-	-
Trade and other payables	(977,053)	-	(2,214)	(40,603)
	1,540,484	3,178,405	6,656,623	(38,461)
Exchange rate	0.2100	1.5625	1.2741	1.7390
Equivalent to CAD	323,502	4,966,258	8,481,203	(66,884)

Based on the above net exposures as at December 31, 2020, 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 \$1,370,409.

21.4 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 2021, the Corporation' financial instruments are cash, escrow account for environmental monitoring, trade and other payables and lease liabilities. 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.

22. SUBSEQUENT EVENTS

On January 17, 2022, the Corporation granted to its directors, officers, employees and consultant 4,100,000 stock options exercisable at an exercise price of \$0.60, with an expiry date of January 17, 2027. The stock options vested 100% at 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 \$1,435,000 for an estimated fair value of \$0.35 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69.38% expected volatility, 1.51% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

12 APPENDIX IV - CONSOLIDATED FINANCIAL STATEMENTS FOR H1 2022

The following documents are Amaroq Minerals' Financial Statements as prepared by its accountants and reviewed and approved by the Company.



Amaroq Minerals Ltd.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2022

*The attached financial statements have been prepared by Management of
Amaroq Minerals Ltd. and have not been reviewed by the auditor*

Amaroq Minerals Ltd.
Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Notes	As at June 30, 2022	As at December 31, 2021
		\$	\$
ASSETS			
Current assets			
Cash		19,494,000	27,324,459
Sales tax receivable		84,429	51,250
Prepaid expenses and others		84,234	266,617
Total current assets		19,662,663	27,642,326
Non-current assets			
Deposit		27,944	9,805
Escrow account for environmental monitoring		397,115	424,637
Mineral properties	3	62,244	62,244
Capital assets	4	14,468,155	14,642,652
Total non-current assets		14,955,458	15,139,338
TOTAL ASSETS		34,618,121	42,781,664
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		2,810,526	2,049,249
Lease liabilities – current portion	5	70,029	50,835
Total current liabilities		2,880,555	2,100,084
Non-current liabilities			
Lease liabilities	5	693,641	713,078
Total non-current liabilities		693,641	713,078
Total liabilities		3,574,196	2,813,162
Equity			
Capital stock		88,595,905	88,500,205
Contributed surplus		4,740,583	3,300,723
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(62,255,791)	(51,795,654)
Total equity		31,043,925	39,968,502
TOTAL LIABILITIES AND EQUITY		34,618,121	42,781,664

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Amaroq Minerals Ltd.

Consolidated Statements of Comprehensive Loss

(Unaudited, in Canadian Dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Expenses					
Exploration and evaluation expenses	7	4,425,501	1,998,049	5,435,831	3,245,196
General and administrative	8	2,097,937	2,453,578	5,086,708	4,038,649
Foreign exchange loss (gain)		(173,880)	157,092	(26,693)	647,691
Operating loss		6,349,558	4,608,719	10,495,846	7,931,536
Other expenses (income)					
Interest income		(34,392)	(41,859)	(54,717)	(85,929)
Finance costs		9,473	10,103	19,008	20,408
Net loss and comprehensive loss		(6,324,639)	(4,576,963)	(10,460,137)	(7,866,015)

Weighted average number of common shares outstanding - basic and diluted	177,109,616	177,098,737	177,104,206	177,098,737
Basic and diluted loss per common share	(0.04)	(0.03)	(0.06)	(0.04)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Amaroq Minerals Ltd.
Consolidated Statements of Changes in Equity
(Unaudited, in Canadian Dollars)

	Number of common shares outstanding	Capital Stock	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
		\$	\$	\$	\$	\$
Balance at January 1, 2021	177,098,737	88,500,205	2,925,952	(36,772)	(27,106,415)	64,282,970
Net loss and comprehensive loss	-	-	-	-	(7,866,015)	(7,866,015)
Stock-based compensation	-	-	360,000	-	-	360,000
Balance at June 30, 2021	177,098,737	88,500,205	3,285,952	(36,772)	(34,972,430)	56,776,955
Balance at January 1, 2022	177,098,737	88,500,205	3,300,723	(36,772)	(51,795,654)	39,968,502
Net loss and comprehensive loss	-	-	-	-	(10,460,137)	(10,460,137)
Options exercised	110,000	95,700	(40,700)	-	-	55,000
Stock-based compensation	-	-	1,480,560	-	-	1,480,560
Balance at June 30, 2022	177,208,737	88,595,905	4,740,583	(36,772)	(62,255,791)	31,043,925

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Amaroq Minerals Ltd.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Notes	Six months ended June 30,	
		2022	2021
		\$	\$
Operating activities			
Net loss for the period		(10,460,137)	(7,866,015)
Adjustments for:			
Depreciation	4	418,075	143,723
Stock-based compensation		1,480,560	360,000
Other expenses (income)		9,048	-
Foreign exchange		(13,571)	644,430
		(8,566,025)	(6,717,862)
Changes in non-cash working capital items:			
Sales tax receivable		(33,179)	(1,732)
Prepaid expenses and others		182,383	280,536
Trade and other payables		815,210	231,188
		964,414	509,992
Cash flow used in operating activities		(7,601,611)	(6,207,870)
Investing activities			
Acquisition of capital assets	4	(301,958)	(2,084,161)
Deposit on order		-	(3,474,030)
Cash flow used in investing activities		(301,958)	(5,558,191)
Financing activities			
Principal repayment – lease liabilities	5	(22,551)	(32,539)
Exercise of stock options		55,000	-
Cash flow from financing activities		32,449	(32,539)
Net change in cash before effects of exchange rate changes on cash during the period		(7,871,120)	(11,798,600)
Effects of exchange rate changes on cash		40,661	(482,763)
Net change in cash during the period		(7,830,459)	(12,281,363)
Cash, beginning of period		27,324,459	61,874,999
Cash, end of period		19,494,000	49,593,636
Supplemental cash flow information			
Interest received		54,717	85,929
Exercise of stock options credited to capital stock		40,700	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Amaroq Minerals Ltd.
Condensed Notes to the interim Consolidated Financial Statements
Three and six months ended June 30, 2022 and 2021
(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION

Amaroq Minerals Ltd. (the "Corporation") (previously known as AEX Gold Inc.) 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 AMRQ ticker and since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") under the AMRQ ticker.

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022 ("Financial Statements") were approved by the Board of Directors on August 24, 2022.

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, 2021 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, 2021.

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 past 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, 2021. 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.

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3. MINERAL PROPERTIES

	As at December 31, 2021	Additions	As at June 30, 2022
	\$	\$	\$
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	6,562	-	6,562
Total mineral properties	62,244	-	62,244

	As at December 31, 2020	Additions	As at December 31, 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	6,562	-	6,562
Total mineral properties	62,244	-	62,244

4. CAPITAL ASSETS

	Field equipment and infrastruc- ture \$	Vehicles and rolling stock \$	Equipment (including software) \$	Construc- tion In Progress \$	Right-of- use assets \$	Total \$
Six months ended June 30, 2022						
Opening net book value	1,989,114	4,304,709	156,011	7,452,668	740,150	14,642,652
Additions	-	-	179,041	69,417	-	248,458
Adjustment	-	-	-	-	(4,880)	(4,880)
Depreciation	(129,183)	(219,223)	(29,895)	-	(39,774)	(418,075)
Closing net book value	1,859,931	4,085,486	305,157	7,522,085	695,496	14,468,155
As at June 30, 2022						
Cost	2,351,041	4,605,320	364,919	7,522,085	836,200	15,679,565
Accumulated depreciation	(491,110)	(519,834)	(59,762)	-	(140,704)	(1,211,410)
Closing net book value	1,859,931	4,085,486	305,157	7,522,085	695,496	14,468,155

Amaroq Minerals Ltd.
Condensed Notes to the interim Consolidated Financial Statements
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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 \$363,461 (\$98,632 for the six months ended June 30, 2021) was expensed as exploration and evaluation expenses during the six months ended June 30, 2022.

As at June 30, 2022, the Corporation had capital asset purchase commitments, net of deposit on order, of \$nil (\$6,030,167 as at June 30, 2021). These commitments related to purchases of equipment, infrastructure and vehicles.

As of June 30, 2022, the amount of \$7,522,085 of construction in progress is related to equipment and infrastructure received or in storage and which will be installed at the appropriate time. Equipment and infrastructure include process plant components that are not yet available for use.

5. LEASE LIABILITIES

	As at June 30 2022
	\$
Balance beginning	763,913
Principal repayment	(22,551)
Adjustment	22,308
Balance ending	763,670
Non-current portion – lease liabilities	(693,641)
Current portion – lease liabilities	70,029

6. STOCK OPTIONS

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 16, 2022. 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, directors, employees and consultants. The Board of directors grants 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 January 17, 2022, the Corporation granted its officers, employees and consultant 4,100,000 stock options with an exercise price of \$0.60 and expiry date of January 17, 2027. The stock options vested 100% at the grant date. The options were granted at an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to \$1,435,000 for an estimated fair value of \$0.35 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69.38% expected volatility, 1.51% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

Amaroq Minerals Ltd.
Condensed Notes to the interim Consolidated Financial Statements
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6. STOCK OPTIONS (CONT'D)

On April 20, 2022, the Corporation granted a senior employee 73,333 stock options with an exercise price of \$0.75 and expiry date of April 20, 2027. The stock options vested 100% at the grant date. The options were granted with an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to \$32,267 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, 68.9% expected volatility, 2.7% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

Changes in stock options are as follows:

	Six months ended June 30, 2022	
	Number of options	Weighted average exercise price
		\$
Balance, beginning	6,935,000	0.51
Granted	4,173,333	0.60
Exercised	(110,000)	0.50
Balance, end	10,998,333	0.55
Balance, end exercisable	10,865,000	0.55

Stock options outstanding and exercisable as at June 30, 2022 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
1,050,000	1,050,000	0.50	July 13, 2022 (expired)
1,360,000	1,360,000	0.45	August 22, 2023
1,820,000	1,820,000	0.38	December 31, 2025
100,000	33,333	0.50	July 5, 2026
100,000	33,333	0.50	September 13, 2026
1,495,000	1,495,000	0.70	December 31, 2026
4,100,000	4,100,000	0.60	January 17, 2027
900,000	900,000	0.59	December 31, 2027
73,333	73,333	0.75	April 20, 2027
10,998,333	10,864,999		

Amaroq Minerals Ltd.
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7. EXPLORATION AND EVALUATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Geology	651,211	562,416	805,632	705,954
Lodging and on-site support	35,255	64,523	35,255	64,523
Underground work	-	18,588	-	18,589
Drilling	1,250,066	287,760	1,290,527	287,760
Analysis	-	5,362	141,382	84,581
Transport	54,076	21,455	143,215	22,413
Supplies and equipment	360,158	-	360,158	-
Helicopter charter	442,824	109,024	442,824	109,024
Logistic support	90,356	64,913	102,108	86,114
Insurance	(13,200)	45	-	8,707
Maintenance infrastructure	1,373,127	-	1,743,375	-
Project Engineering costs	-	804,267	-	1,736,133
Government fees	-	10,380	7,894	22,766
Depreciation	181,628	49,316	363,461	98,632
Exploration and evaluation expenses	4,425,501	1,998,049	5,435,831	3,245,196

8. GENERAL AND ADMINISTRATION

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and benefits	601,769	667,453	1,241,768	1,054,961
Stock-based compensation	36,698	360,000	1,480,560	360,000
Director's fees	157,000	116,879	314,000	236,379
Professional fees	748,904	690,594	1,024,612	1,246,949
Marketing and industry involvement	133,811	190,609	302,678	356,332
Insurance	104,651	148,377	205,670	266,342
Travel and other expenses	238,656	172,156	384,571	302,365
Regulatory fees	43,971	84,965	78,235	170,230
Depreciation	32,477	22,545	54,614	45,091
General and administration	2,097,937	2,453,578	5,086,708	4,038,649

9. SUBSEQUENT EVENTS

9.1 Options granted

On July 14, 2022, the Corporation granted an employee 39,062 stock options with an exercise price of \$0.64 and expiry date of July 14, 2027. The stock options vested 100% at the grant date. The options were granted with an exercise price equal to the closing market price of the shares the day prior to the grant.

Amaroq Minerals Ltd.

Condensed Notes to the interim Consolidated Financial Statements

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(Unaudited, in Canadian Dollars)

9. SUBSEQUENT EVENTS (CONT'D)

9.2 Acquisition of Significant Strategic Mineral Land Package in South Greenland

On May 12, 2022, the Corporation announced that it has acquired mineral exploration licences No. 2020-41 and 2021-11 (the "Licences") covering areas in South Greenland from Orano Group ("Orano") for zero upfront consideration but in exchange for a 0.5% contractual, gross revenue royalty (GRR), based on potential future sales of minerals exploited on the licences. The GRR is paid annually and capped at US\$10 million ("Royalties Cap"). The Royalties Cap is subject to an annual inflation adjustment, with an ultimate cap limited to the current market capitalisation of the Corporation. Orano has a right of first refusal on any sales or transfer of licenses. The acquisition is subject to approval from the Greenland Government.

9.3 ACAM LP To Invest Upfront Capital in Strategic Mineral Asset Joint Venture with Amaroq

On June 10, 2022, the Corporation announced that it has now signed a non-binding head of terms with ACAM LP ("ACAM") to establish a special purpose vehicle (the "SPV") and create a joint venture (the "JV") for the exploration and development of its Strategic Mineral assets for a combined contribution of GBP36.7 million (circa \$58.0 million). Subject to negotiation of the final terms of the JV, ACAM will invest GBP18.0 million (circa \$28.5 million) in exchange for a 49% shareholding in the SPV, with Amaroq holding 51%. Amaroq is expected to contribute its Strategic non-precious Mineral (i.e. non-gold) licences as well as a contribution in kind, valued, in aggregate, at GBP18.7 million (circa \$29.5 million) in the form of site support, logistics and overhead costs associated with utilizing its existing infrastructure in Southern Greenland to support the JV's activities. The transfer of these licences is subject to approval from the Greenland Government. An option for further future funding of GBP10.0 million (circa \$16.0 million) is to be available on the achievement of agreed milestones.