

AEX Gold Inc. Reports First Quarter Financial Results

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TORONTO, May 27, 2021 - [AEX Gold Inc.](#) (AIM:AEXG)(TSXV:AEX), an independent gold company with a portfolio of gold licences in Greenland, announces its unaudited condensed interim consolidated financial statements ("Financial Statements") for the first quarter ended March 31, 2021. All figures are in Canadian dollars unless otherwise noted.

The Financial Statements and the accompanying Management Discussion and Analysis are available on the Corporation's website at www.aexgold.com and will be filed under the Corporation's SEDAR profile at www.sedar.com later today.

At the time of the AIM listing AEX announced the development of the Nalunaq Project of which the main engineering and constructing activities commenced in Q4-2020. A large part of the cost increases between Q1-2020 and Q1-2021 relate to the transition of AEX from an exploration and evaluation focused company to a development and exploration company post the AIM listing.

Financial Highlights

- The Corporation had a strong cash balance of \$55.0 million at March 31, 2021 (\$61.9 million at December 31, 2020), with no debt, and total working capital of \$54.3 million (\$61.4 million at December 31, 2020).
- Capital asset purchase commitments, net of deposits on order as at March 31, 2021 was \$6.6 million. These commitments as previously reported, relate to the purchase of components of process plant equipment, infrastructure and vehicles. Available liquidity, net of commitments as at March 31, 2021 was \$47.7 million.
- Construction in progress increased by \$0.6 million in Q1-21 (zero at December 31, 2020) as a result of capitalized engineering on the Nalunaq Project prior to suspension on February 10, 2021.
- Exploration and evaluation expenses during the period were \$1.3 million (Q1 2020: \$0.6 million), predominantly on the Nalunaq Property.
- General and administrative expenses during the period were \$1.6 million (Q1 2020: \$0.4 million), with the increase a result of higher management, consulting and professional fees associated with right-sizing the organizational structure to develop Nalunaq.

Selected Financial Information

The following selected financial data is extracted from the Financial Statements for the three months ended March 31, 2021.

Financial Results

	Three months ended March 31,	
	2021	2020
	\$	\$
Exploration and evaluation expenses	1,247,147	611,775
General and administrative	1,585,071	382,911
Net loss and comprehensive loss	(3,289,052)	(966,437)
Basic and diluted loss per common share	(0.02)	(0.01)

Financial Position

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Cash on hand	55,012,910	61,874,999
Total assets	62,868,344	65,944,682
Total current liabilities	1,109,749	897,799
Shareholders' equity	60,993,918	64,282,970
Working capital	54,318,593	61,411,208

Corporate and Operational Update

- The tender process for the Internal 3rd party engineering study is well under way with most interested parties having access to the Nalunaq Project data room. The internal 3rd party engineering study will advance the process plant cost, supporting infrastructure cost and schedule to a AACE International Recommended Practice No. 18R-97 (2005) Class I estimate, with planned completion later this year.
- Critical contracts to advance the 2021 exploration and limited infrastructure 'early works' program have been signed and work is expected to commence in early June.
- In relation to permitting the Terms of Reference for the Environmental Impact Assessment ("EIA") and Social Impact Assessment ("SIA") were approved for public consultation with various Greenlandic Stakeholders. The draft SIA and draft EIA reports are in the process of being reviewed by the Authorities.

Eldur Olafsson, CEO of AEX, commented: "With strong liquidity and improved access to Greenland we are looking forward to the commencement of the exploration program this year while also setting ourselves up for the revised development plan for Nalunaq."

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[AEX Gold Inc.](#): Unaudited Condensed Interim Consolidated Financial Statements for the Three Months Ended March 3

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

	Notes	2021
ASSETS		\$
Current assets		
Cash		55,012,910
Sales tax receivable		67,754
Prepaid expenses and others		347,678
Total current assets		55,428,342
Non-current assets		
Deposit on order	4	5,018,556
Escrow account for environmental monitoring		435,328
Mineral properties	3	62,244
Capital assets	4	1,923,874
Total non-current assets		7,440,002
TOTAL ASSETS		62,868,344
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables		1,060,781
Lease liabilities - current portion	5	48,968
Total current liabilities		1,109,749
Non-current liabilities		
Lease liabilities	5	764,677
Total non-current liabilities		764,677
Total liabilities		1,874,426
Equity		
Capital stock		88,500,205
Contributed surplus		2,925,952
Accumulated other comprehensive loss		(36,772)
Deficit		(30,395,467)
Total equity		60,993,918
TOTAL LIABILITIES AND EQUITY		62,868,344

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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Consolidated Statements of Comprehensive Loss
(Unaudited, in Canadian Dollars)

Expenses	Notes	2021 \$
Exploration and evaluation expenses	7	1,247,147
General and administrative	8	1,585,071
Foreign exchange loss (gain)		490,599
Operating loss		3,322,817
Other expenses (income)		
Interest income		(44,070)
Finance costs		10,305
Net loss and comprehensive loss		(3,289,052)
Weighted average number of common shares outstanding - basic and diluted		177,098,737
Basic and diluted loss per common share		(0.02)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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Consolidated Statements of Changes in Equity
(Unaudited, in Canadian Dollars)

Notes	Number of common shares outstanding	Capital Stock \$	Warrants \$	Contributed surplus \$	Accumulated other comprehensive loss \$
Balance at January 1, 2020	70,946,394	13,883,611	1,459,604	1,535,400	(36,772)
Net loss and comprehensive loss	-	-	-	-	-
Warrants exercised	8,399,556	4,506,143	(726,343)	-	-
Balance at March 31, 2020	79,345,950	18,389,754	733,261	1,535,400	(36,772)
Balance at January 1, 2021	177,098,737	88,500,205	-	2,925,952	(36,772)
Net loss and comprehensive loss	-	-	-	-	-
Balance at March 31, 2021	177,098,737	88,500,205	-	2,925,952	(36,772)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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

	Notes	2021 \$
Operating activities		
Net loss for the period		(3,289,052)
Adjustments for:		
Depreciation	4	71,862
Finance costs		-
Foreign exchange loss (gain)		504,799
		(2,712,391)
Changes in non-cash working capital items:		
Sales tax receivable		(5,004)
Prepaid expenses and others		23,580
Trade and other payables		96,077
		114,653
Cash flow used in operating activities		(2,597,738)
Investing activities		
Acquisition of mineral properties	3	-
Acquisition of capital assets	4	(594,722)
Deposit on order	4	(3,306,586)
Cash flow used in investing activities		(3,901,308)
Financing activities		
Principal repayment - lease liabilities	5	(16,168)
Exercise of warrants		-
Deferred share issuance costs		-
Cash flow from financing activities		(16,168)
Net change in cash before effects of exchange rate changes on cash during the period		(6,515,214)
Effects of exchange rate changes on cash		(346,875)
Net change in cash during the period		(6,862,089)
Cash, beginning of period		61,874,999
Cash, end of period		55,012,910
Supplemental cash flow information		
Interest received		44,070
Acquisition of mineral properties included in trade and other payables		-
Exercise of warrants credited to capital stock		-
Deferred share issuance costs included in trade and other payables		-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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Condensed Notes to the interim Consolidated Financial Statements
Three months ended March 31, 2021 and 2020
(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION

[AEX Gold Inc.](#) (the "Corporation") was incorporated on February 22, 2017 under the Canada Business Corporations Act. The Corporation's head office is situated at 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It owns interests in properties located in Greenland. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "TSX-V") under the AEX ticker and since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") under the AEXG ticker.

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 ("Financial Statements") were approved by the Board of Directors on May 26, 2021.

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, 2020 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, 2020.

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.

2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of the Financial Statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions.

In preparing the Financial Statements, the significant judgements made by Management in applying the Corporation accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation's audited annual financial statements for the year ended December 31, 2020. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. MINERAL PROPERTIES

	As at December 31, 2020	Additions	
	\$	\$	\$
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
Anoritoq	6,389	-	6,389
Kangerluarsuk	6,562	-	6,562
Total mineral properties	62,244	-	62,244

As at
December 31,
2019

	\$
	1
Nalunaq	18,431
Tartoq	11,103
Vagar	6,334
Naalagaaffiup Portornga	6,076
Nuna Nutaaq	-
Saarloq	-
Anoritoq	-
Kangerluarsuk	41,945
Total mineral properties	

4. CAPITAL ASSETS

	Field equipment and infrastruc- \$	ture \$	Vehicles and rolling stock \$	Equipment (including int \$
Three months ended March 31, 2021				
Opening net book value	146,203		256,865	177,052
Additions	-		-	-
Depreciation	(30,611)		(15,805)	(5,260)
Closing net book value	115,592		241,060	171,792
As at March 31, 2021				
Cost	387,323		533,800	185,878
Accumulated depreciation	(271,731)		(292,740)	(14,086)
Closing net book value	115,592		241,060	171,792

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 \$49,316 (\$57,158 for the three months ended March 31, 2020) was expensed as exploration and evaluation expenses during the three months ended March 31, 2021.

As at March 31, 2021, the Corporation had capital asset purchase commitments, net of deposit on order, of \$6,597,326. These commitments relate to purchases of equipment, infrastructure and vehicles.

5. LEASE LIABILITIES

	\$
Balance beginning	829,813
Principal repayment	(16,168)
Balance ending	813,645
Non-current portion - lease liabilities	(764,677)

Current portion - lease liabilities

48,968

6. 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.

Changes in stock options are as follows:

		Three months ended March 31, 2021	
	Number of options		Weighted average exercise price
			\$
Balance, beginning	7,745,000		
Granted	-		
Exercised	-		
Balance, end	7,745,000		

6. STOCK OPTIONS (CONT'D)

Stock options outstanding and exercisable as at March 31, 2021 are as follows:

Number of options outstanding and exercisable	Exercise price \$	Expiry date
1,360,000	0.50	July 13, 2022
1,660,000	0.45	August 22, 2023
2,530,000	0.38	December 31, 2025
2,195,000	0.70	December 31, 2026
7,745,000		

7. EXPLORATION AND EVALUATION EXPENSES

	2021
	\$
Geology	143,538
Underground works	-
Drilling	-
Analysis	79,219
Transport	957
Logistic support	21,202
Insurance	8,663
Maintenance infrastructure	931,866
Government fees	12,386

Depreciation	49,316
Exploration and evaluation expenses	1,247,147

8. GENERAL AND ADMINISTRATION

	2021
	\$
Salaries and benefits	387,508
Management and consulting fees	-
Director's fees	119,500
Professional fees	556,355
Marketing and industry involvement	165,723
Insurance	117,965
Travel and other expenses	130,209
Regulatory fees	85,265
Depreciation	22,546
General and administration	1,585,071

Further Information:

About AEX

AEX's principal business objectives are the identification, acquisition, exploration and development of gold properties in Greenland. The Corporation's principal asset is a 100% interest in the Nalunaq Project, an advanced exploration stage property with an exploitation license including the previously operating Nalunaq gold mine. The Corporation has a portfolio of gold assets covering 3,870km², the largest portfolio of gold assets in Southern Greenland covering the two known gold belts in the region. AEX is incorporated under the Canada Business Corporations Act and wholly owns Nalunaq A/S, incorporated under the Greenland Public Companies Act.

Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable securities legislation, which reflects the Corporation's current expectations regarding future events and the future growth of the Corporation's business. In this press release there is forward-looking information based on a number of assumptions and subject to a number of risks and uncertainties, many of which are beyond the Corporation's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to the factors discussed under "Risk Factors" in the Final Prospectus available under the Corporation's profile on SEDAR at www.sedar.com. Any forward-looking information included in this press release is based only on information currently available to the Corporation and speaks only as of the date on which it is made. Except as required by applicable securities laws, the Corporation assumes no obligation to update or revise any forward-looking information to reflect new circumstances or events. No securities regulatory authority has either approved or disapproved of the contents of this press release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Inside Information

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No. 596/2014 on Market Abuse ("UK MAR"), as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and Regulation (EU) No. 596/2014 on Market Abuse ("EU MAR").

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