

# 2021 Strategic Update and Full Year Financial Results

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TORONTO, April 29, 2021 - [AEX Gold Inc.](#) ("AEX" or the "Company" or the "Corporation") (AIM:AEXG)(TSXV:AEX), provides a further strategic update to shareholders following the update on March 19<sup>th</sup>, 2021 and presents the Full Year Financial Results.

## Highlights

- Peer review of the current Nalunaq Project conducted by Ausenco Engineering Canada Inc ("Ausenco") has identified scope for project capital cost optimisation and de-risking
- Internal 3<sup>rd</sup> party engineering study to commence imminently, to advance the Nalunaq Project cost and schedule to a feasibility level of understanding<sup>1</sup> with planned completion later this year
- Potential for significant expansion and de-risking of the Nalunaq Project through a fully-funded 20,000 - 30,000m drilling campaign in 2021
- InnovExplo contracted as a 3<sup>rd</sup> party expert in narrow vein, coarse-gold deposits to review and update the Nalunaq Mineral Resource model ahead of any new drill results from the 2021 campaign
- Engineering Procurement Construction ("EPC") or Engineering, Procurement and Construction Management ("EPCM") contracting strategies now being considered with revised Nalunaq Project and production start-up date to be announced in due course
- Planned 2021 AEX exploration program to target gold and strategic minerals across AEX's 3,870km<sup>2</sup> licence package, with South Greenland increasingly seen as an attractive source of strategic minerals given the intensifying global commodity supply concerns. AEX has a current cash balance of approximately C\$54 million. 2021 exploration and limited infrastructure 'early works' program budgeted to cost approximately C\$10 million in addition to approximately C\$10 million to be paid for the taking delivery of long lead items already procured for Nalunaq and engineering costs to date
- Based on the existing development concept, the Company would expect that significant additional capital, including an equity component would be required to bring Nalunaq into production. However, feasibility level information from the engineering study combined with an updated resource model will allow for the optimisation of the forward development plan, including alternative funding avenues in order to minimise shareholder dilution

1. This will be an internal study using a feasibility framework to present its findings.

Eldur Olafsson, CEO of AEX Gold, commented:

"I am pleased to provide increased clarity regarding AEX's plans going forward. Having paused the Nalunaq Project in February given ongoing travel restrictions and significant COVID-19 related cost increases, we have been focused on preparing a secure and cost-effective revised development plan and the best path forward to maximise shareholder value.

"We are currently working tirelessly to de-risk the Nalunaq Project as much as possible and increase the scale and value of the resource. Once we have completed the Nalunaq feasibility level engineering study and incorporated the updated resource model, we aim to proceed directly with the revised development plan for Nalunaq. I remain as confident as ever that not only will Nalunaq prove to be a highly successful project, but that the work we are currently undertaking will only serve to further enhance value for our shareholders.

"Nalunaq remains one of the highest-grade gold projects in the world. In addition, this year we will be accelerating our exploration program to better quantify the resource potential across our large licence portfolio. We have the premier land package in South Greenland and this exploration activity coincides with the rapidly growing interest the region is experiencing in the global scramble for strategic minerals. We look forward to updating shareholders regularly as the exploration program progresses."

## Financial Results Highlights

- The Corporation reported a net loss of C\$4.3 million in Q4 2020 (Q4 2019: C\$1.5 million), driven by increased exploration and evaluation activities and corporate activity during the period, as well as non-cash foreign exchange loss;
- Exploration and evaluation expenses during the quarter were C\$2.6 million (Q4 2019: C\$1.2 million), driven by increased activity on the Nalunaq Project and its regional exploration portfolio;
- General and administrative expenses during the quarter were C\$1.3 million (Q4 2019: C\$0.2 million), with the increase a result of higher salaries and benefits, professional fees associated with its AIM listing and as AEX progressed the development of Nalunaq;
- The Corporation had a cash balance of C\$61.9 million at December 31, 2020 (C\$1.5 million at December 31, 2019), with no debt, and total working capital of \$61.4 million (C\$1.2 million at December 31, 2019).

## Selected Financial Information

The following selected financial data are extracted from the Financial Statements for the year ended December 31, 2020.

	Three months		Years	
	ended December 31,		ended December 31,	
	2020	2019	2020	2019
	C\$	C\$	C\$	C\$
Exploration and evaluation expenses	2,622,916	1,237,487	7,055,707	3,557,662
General and administrative	1,304,804	229,399	3,291,176	950,946
Net loss and comprehensive loss	(4,321,051)	(1,465,347)	(12,339,112)	(5,102,106)
Basic and diluted loss per common share	(0.03)	(0.02)	(0.10)	(0.08)

## Financial Position

	As at December 31, 2020	As at December 31, 2019
	C\$	C\$
Cash on hand	61,874,999	1,515,406
Total assets	65,944,682	2,720,473
Total current liabilities	897,799	645,933
Shareholders' equity	64,282,970	2,074,540
Working capital	61,411,208	1,157,012

## Nalunaq Development Plan

As previously announced, the COVID-19 pandemic has caused significant cost escalation, unprecedented interruptions to logistics and the closure of Greenland's borders. Consequently, due to the increased macro-economic risks, the decision was taken by the Company in February to suspend development activities at the Nalunaq Project. This difficult but prudent decision was taken by the Board and Management in order to preserve cash, while assessing the best path forward for the Company. As a result, all

non-essential expenditures and commitments were either terminated or suspended where possible to minimise expenditure, and a review of the Nalunaq development plan and portfolio exploration program was commenced.

Subsequently, Ausenco, a global company providing innovative, value-add consulting studies, project delivery, asset operations and maintenance solutions in the minerals and metals industry, undertook a peer review of the Company's Nalunaq Project development plan. The conclusion of Ausenco's assessment was that while the AEX revised capital cost model was within industry benchmarks for the size and nature of the project, significant potential cost saving alternatives exist which warrant further analysis.

As part of its strategic process, the Company is also investigating alternative solutions regarding the project's execution methodology. The baseline strategy of AEX was to develop the Nalunaq Project according to the self-perform execution model. The Company's advisors have suggested that other project execution methodologies could allow for further derisking through the use of an EPCM or an EPC strategy. In such instances, a recognized contractor would apply its expertise to further de-risk the project execution and cost basis.

As a pre-requisite to validate the potential of changing the project execution methodology, an internal technical study will be undertaken. This study will incorporate, wherever appropriate and cost-effective, all engineering and planning works undertaken to date, together with equipment and other infrastructure purchases already made/procured.

It is expected that this third party feasibility-level engineering study, incorporating potential cost savings, will be completed by Q4 2021. AEX is fully funded to deliver on this milestone and a decision will then be taken on whether to tender the project as an EPC or EPCM, or to continue as a self-perform execution project. In either event, it is planned that by year-end AEX will have the necessary engineering design, contractual and procurement arrangements in place, together with an updated resource model, so that we are in a position in Q1 2022 to commit to the revised Nalunaq Project development plan under the selected execution model. Consequently, the Company will update the market with a revised production timeframe and associated funding plan as soon as appropriate. The preliminary target is for initial production from Nalunaq to commence by the end of 2022.

#### Nalunaq Exploration and Resource Modelling

In parallel with this workstream, the Company has contracted the services of InnovExplo, a specialist in a wide range of exploration and technical services in the metals and mining industry, to review the Nalunaq Resource Model. InnovExplo is a specialist in modelling coarse gold deposits and will provide the Company with a peer review assessment of the Mineral Resource model in Nalunaq's Competent Person Report of 2020.

#### Wider Portfolio Exploration Plan

AEX is the largest licence holder in south Greenland (Figure 1), a region with significant potential for gold, rare earths and other strategic minerals. The region is increasingly attracting geo-political attention, and particular interest among major international mining companies. AEX has, over several years, countercyclically built an extensive and unique portfolio of high potential assets in south Greenland. These licences vary in their maturity, with some benefiting from significant exploration work while others remain largely under-explored.

Geological research is actively progressing with GoldSpot, SRK and our internal team to define the resource potential within our licence area, as we continue to develop our exploration programme. A number of activities have been worked up for 2021, as part of this important wider exploration programme.

Figure 1. Map showing AEX's licence holdings in South Greenland.

The following sets out the most important exploration targets that our team of geoscientists have so far identified, and anticipated work programmes for 2021:

- Vagar
  - Gold
  - Orogenic gold and intrusion related gold
  - Rock chip samples up to 2,533 g/t Au in quartz veins and 12.1 g/t Au in altered granodiorites which have an intrusion related gold signature.
  - 200+ rock samples greater than 1 g/t Au over 50 km
  - Targeting multi-million ounce gold resources within deposits of a similar style to the Barsele project in Sweden (Agnico Eagle), and the Fort Knox mine in Alaska (Kinross Gold).
  - High resolution airborne geophysical survey over the entire licence coupled with extensive sampling campaigns to be undertaken in 2021. Goal is to prioritise targets for follow up diamond drilling.
  
- Kangerluluk
  - Gold, copper
  - Orogenic gold
  - Channel samples up to 175.1 g/t Au over 0.8 m, and 3.8% Cu in rock float
  - Steeply dipping shear zone over a strike length of more than 1 km and up to 20 m wide. Open along strike and at depth. Gold associated with copper in quartz veins and 2-5 m wide hydrothermal alteration zones
  - Further prospecting to be undertaken in 2021 to identify the source of the copper float, and structural mapping along the main shear zone to better understand controls on mineralization ahead of future drilling programmes
  
- Kangerluarsuk
  - Gold, copper, zinc, molybdenum, REE, niobium, beryllium
  - Iron-Oxide-Copper-Gold (IOCG) exploration mode, c.f. Olympic Dam
  - Historic rock chip samples have returned grades up to 3.4% Cu, 3.7% Zn, 0.28% Mo, 382 g/t Au, 100 g/t Ag, 19.9% Nb, 1.7% U.
  - Pervasive magnetite and hematite-mineralised granites, breccias and regional alteration signatures are described within historic reports from the area, as are common with significant global IOCG districts.
  - IOCG / porphyry and Iron-Oxide-Apatite (IOA) deposits are common in granitic rocks of similar age and geological setting in northern Sweden, which can broadly be considered as a geological extension of South Greenland. Possible analogue deposits include Aitik and deposits in the Kiruna area.
  - Beryl-pegmatites have been mapped in the northern part of the licence and will be investigated for their potential to host economic concentrations of beryllium and other rare metals.
  - Spectral remote sensing will be carried out ahead of geological fieldwork in the summer. Magnetic, radiometric and gravity surveys will be considered later in the season to rapidly advance the geological understanding of the project.
  
- Tartog
  - Gold, Cu-Zn-Pb-Ag
  - Orogenic gold and VMS exploration model
  - Best samples on surface are 106 g/t Au over 0.5 m in quartz veins and up to 14% Pb, 1,210 g/t Ag and 0.7% Cu in semi-massive sulphide lenses.
  - Classic example of an Archean Greenstone belt with high grade gold mineralisation on surface and almost entirely untested at depth
  - Analogous to projects in Canada's Abitibi greenstone belt
  - Work in 2021 will include ongoing desktop work on the Nuuluk and Ilerlak licence sub areas to prioritise targets for possible future drilling. Any fieldwork in 2021 will be focused on understanding the extent of known gold occurrences in the eastern parts of the licence, including revisiting the unconformity where the abovementioned sulphides were reported in historic work.
  
- Sarqaa
  - Palladium, platinum, gold; potential for rhodium, iridium, ruthenium, rhenium, nickel, copper and cobalt
  - Magmatic sulphides in 20-50 m wide peridotite dyke
  - Best rock samples up to 10 g/t Pd and >1% Ni
  - The focus is to understand the scale of this dyke, the mineralisation, and its continuity at depth
  - AEX intend to revisit the dyke in 2021 and take further samples to confirm historic grades. Geophysical lines may be flown along the Kirkespir valley to determine strike extensions.

- Narsarsuaq, Ippatit, Nalunaq
  - Graphite associated with massive iron sulphides
  - Rock chip samples at Narsarsuaq returned 10-14% Graphite in a stratiform layer at least 5 m thick with a strike length of at least 2000 m.
  - Potential for multimillion tonne deposit
  - Further samples will be collected for metallurgical test work including characterization of flake size. Given the fact that graphite is in low quantities in Europe, exploration for graphite in south Greenland is increasingly important for the US and European market
  
- Ippatit, Jokum's Shear, Sorte Nunatak, Anoritoq and Saarloq
  - Gold, also potential for other minerals
  - Orogenic gold exploration model
  - Stream sediment anomalies and rock chip gold anomalies indicate high potential for new gold discoveries. These areas are at an early stage of exploration. Prospecting traverses will be carried out over priority targets identified by the ongoing GoldSpot prospectivity study.

In addition, there is high potential for other strategic minerals across the licence portfolio and the wider region. Priority targets will be visited by AEX geoscientists in the 2021 field season. The Company may apply for further licences in due course.

### Financing and Budget

The Company has a current cash balance of approximately C\$54 million, compared to C\$61.8 million at 31 December 2020.

Since the announcement in February providing an update on the Nalunaq Development, management has focused on aligning its corporate overhead with the revised 2021 work plan and revised Nalunaq planning activity. As a result, the Company is in the process of rationalising its cost base as appropriate during this period.

The Company has proceeded with the purchase, or taken delivery, of approximately C\$6.3 million in components to date, including certain components of the Nalunaq processing plant circuit as well as mobile equipment. The Company has exercised cancellation rights on a small number of its contracts, with an estimated total of C\$1.2 million to be paid in cancellation fees.

The 2021 accelerated exploration and minimal 'early works' infrastructure programme is budgeted to cost approximately C\$10m, which includes an estimated C\$4.68m of support infrastructure to upgrade the temporary camp into a full year exploration and construction camp, as per the original project plan and budget as well as upgrade the access road to site.

Given the delay and cost escalations in the development, AEX anticipates the need for new external capital to fund the revised Nalunaq Project. The Company is aware of shareholders' desire for clarity around expected development costs. However, the company will take the time afforded by the engineering study and the exploration drilling programme to refine and better determine the development cost of the Nalunaq Project. The Company will provide updates as appropriate and plans to provide shareholders with final cost estimates following completion of the engineering study.

With the Nalunaq Project expected to be materially de-risked ahead of funding, the Company aims to deliver a balanced financing and is considering all funding avenues to maximise returns for shareholders.

Following the completion of the internal third party feasibility level engineering study<sup>1</sup>, scheduled for completion by Q4 2021, AEX will finalise its revised development plan, timeline to production and cost estimates and will report the results of this work to the market as soon as appropriate.

### Qualified Person Statement

The technical information presented in this press release has been approved by James Gilbertson CGeol,

who is a full-time employee and Managing Director of SRK Exploration Services Limited and a Chartered Geologist with the Geological Society of London, and as such a Qualified Person as defined by NI 43-101.

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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 3870 km<sup>2</sup>, 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](http://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

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Corporation's obligations under Article 17 of those Regulations. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

For the full Audited Consolidated Financial Statements, please click [here](#)

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