AUXICO RESOURCES CANADA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

OVERVIEW

The following management's discussion and analysis of the financial condition and results of operations ("MD&A") covers the operations of Auxico Resources Canada Inc. ("Auxico" or the "Company") for the year ended September 30, 2023. All currency amounts referred to herein are in Canadian dollars unless otherwise stated.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with: the Company's audited consolidated financial statements for the year ended September 30, 2023; the Company's audited consolidated financial statements for the year ended September 30, 2022; and the Company's MD&A for the year ended September 30, 2022.

The accompanying audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

Additional information related to the Company is available for viewing on the Company's website at www.auxicoresources.com and on SEDAR+ (www.sedarplus.ca) under "Auxico Resources Canada Inc."

This MD&A is dated April 8, 2025.

FORWARD-LOOKING INFORMATION

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A are forward-looking statements that involve various risks and uncertainties. Forward-looking statements in this MD&A include: statements with respect to drilling, bulk sampling and geological work at the Company's Zamora Property in Sinaloa, Mexico; the potential mineralization and geological merits of the Zamora Property and the Company's prospects in Colombia, Brazil, Bolivia and elsewhere; and other future plans, objectives, or expectations of the Company. There can be no assurance that such statements will prove to be accurate. 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 plans or expectations include the risk that actual results of planned exploration activities will not be consistent with the Company's expectations; the geology, grade and continuity of any mineral deposits and the risk of unexpected variations in mineral resources, grade and/or recovery rates; fluctuating metals prices; possibility of accidents, equipment breakdowns and delays during exploration; exploration cost overruns or unanticipated costs and expenses; uncertainties involved in the interpretation of drilling results and geological tests; availability of capital and financing required to continue the Company's future exploration programs and preparation of geological reports and studies; delays in the preparation of geological reports and studies; the metallurgical characteristics of mineralization contained within the Zamora Property are yet to be fully determined; general economic, market or business conditions; competition and loss of key employees; regulatory changes and restrictions including in relation to required permits for exploration activities (including drilling permits) and environmental liability; timeliness of government or regulatory approvals; and other risks detailed herein and from time to time in the filings made by the Company with securities regulators. In connection with the forward-looking information contained in this MD&A, the Company has made numerous assumptions. Auxico expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation.

COMPANY DESCRIPTION

Auxico Resources Canada Inc. ("Auxico" or the "Company") was incorporated under the Canada Business Corporations Act on April 16, 2014.

Auxico has four subsidiaries, Auxico Resources S.A. de C.V., incorporated under the laws of Mexico on June 16, 2011, C.I. Auxico de Colombia S.A., incorporated under the laws of Colombia on April 9, 2019, Sociedad Minera Auxico S.A.S., incorporated under the laws of Colombia on May 10, 2022 and Minera Auxico Bolivia S.A., incorporated under the laws of Bolivia on November 26, 2021.

Auxico is a mineral exploration company with silver-gold properties in the state of Sinaloa, Mexico. The Company is also actively engaged in exploration mining opportunities in Colombia, as well as Brazil and Bolivia.

The Company's head office and primary place of business is located at 500-201 Notre-Dame Street West, Montréal, Québec, H2Y 1T4, Canada.

MEXICO: THE ZAMORA SILVER-GOLD PROPERTY IN SINALOA

Auxico has a 100% interest in the Zamora Silver-Gold Property, which is located 85 km southeast of the city of Culiacan and some 9 km northeast of the village of El Espinal in the state of Sinaloa, Mexico. The Zamora Property is comprised of five individual lots measuring a total of 3,376.6265 hectares or 8,343.6441 acres.

A description of the lots is shown in the table below.

Lot Name	Lot Number	Area (He)
Campanillas	224618	105.6427
Chio	227400	92.1787
Gaby	277399	80.0000
San Felipe	224654	100.000
Zamora	225182	2,998.8051
Total		**3,376,6265**

The Zamora Silver-Gold Property, according to historical records, is characterized by 25 mines / prospects, all of which have varying degrees of exploration, development, and production. There has never been a concentrating plant on this property; the ore was sent as direct shipping ore to the La Minita plant located approximately 25 km from Zamora.

Net Smelter Return Royalty ("NSRR")

Auxico has a 100% undivided interest in the Zamora Property, pursuant to an assignment agreement signed on July 17, 2013 involving two vendors and Auxico Mexico. As per the terms of this agreement, the Zamora Property is subject to a 2% NSRR from proceeds of first-hand sale of products proceed from the mining concessions on commencement of commercial production. Half of this NSRR can be purchased by the Company at any time for US$500,000.

Option to Purchase La Franca Property

On November 9, 2020, the Company announced that it had been granted an exclusive option to acquire the historic high-grade silver-gold La Franca mine, located in the state of Sinaloa, Mexico for US$500,000 payable quarterly over a 5-year period and is subject to a 2% Net Smelter Return Royalty ("NSRR"), which can be re-purchased at any time from the owners for US$500,000 for each percentage point. The La Franca claim, measuring 12 hectares, is located within Auxico 's Zamora gold-silver property. As of September 30, 2023 the Company has paid US$100,000 related to the acquisition of La Franca Property.

BRAZIL: THE MASSANGANA TIN TAILING PROJECT

On January 6, 2022, Auxico announced that it had entered into a Memorandum of Understanding ("MOU") with the Brazilian mining cooperative Cooperativa Estanífera de Mineradores da Amazônia Legal Ltda ("CEMAL"), with regard to the exploitation and commercialization of rare earths from the tin tailings originating from deposits located over an estimated area of 18,000 hectares in Massangana, counties of Ariquemes and Monte Negro, in the state of Rondonia, Brazil.

Independent analysis published jointly by the German Mineral Resources Agency (DERA) and the Geological Survey of Brazil (CPRM) in 2018 estimated that the property could contain 30,000,000 tonnes of tin tailings (not NI 43-101 compliant), however the data for this estimate has neither yet been reviewed nor verified on the ground by Auxico' s Qualified Person. The deposits are located within the Rondonia Tin Province, which hosts one of the world's largest cassiterite (tin ore) resources.

Samples of the concentrates taken by the property owners from the Massangana property, and therefore are not NI 43-101 compliant. The samples were analyzed in 2022 by Coalia Research Institute in Thetford Mines, Quebec. The results of selected concentrate samples are presented in the table below, indicating a total rare earth oxide content of 63.49%.

Element	Symbol	Grade (%)
Cerium	CeO_2	35.90
Dysprosium	$Dy_2 0_3$	0.28
Gadolinium	Gd_2O_3	0.17
Lanthanum	La_2O_3	15.17
Neodymium	Nd_2O_3	9.04
Praseodymium	Pr_6O_{11}	0.89
Samarium	Sm_2O_3	0.90
Yttrium	Y_2O_3	1.14
Total Rare Earth Oxide (TREO)		**63.49**

The above sample results were provided with the use of XRF (X-ray fluorescence) by Coalia. Under the terms of the MOU, Auxico had an exclusive 180-day period to conduct due diligence, for which the Company paid a one-time fee of US$100,000 to CEMAL. On June 7, 2022, Auxico announced that a final agreement had been signed with CEMAL concerning the production of tin, niobium and rare earths from the Massangana tailings. Auxico will earn 85% of the profits of the Joint Venture ("JV") by first, paying US$2,000,000 over the next year, and second, by providing the JV with the necessary capital to engage in the production of the above-mentioned concentrates.

Under the agreement, Auxico made payments as follows: a first payment of US$300,000 within five days of signing the Agreement (this payment was made during the period ended June 30, 2022); a second payment of US$200,000 within 30 days of the execution of the Agreement (this payment was made in the second week of August 2022) and a third payment of US$250,000 was made on or before September 30, 2022. A further payment of US$250,000 was made shortly after December 31, 2022 and a final payment of US$1,000,000 is due on the anniversary of the first payment.

On August 23, 2022, Auxico announced the signing of an offtake agreement with the company Cuex Metal AG ("Cuex"), for the purchase of commercial tin concentrates (cassiterite) from Massangana. The agreement represents a purchase of 3,600 tonnes per year, over a period of five years, for a total of 18,000 tonnes of commercial tin concentrates. At current London Metal Exchange prices, the material is valued at US$330 million. Cuex is the Swiss subsidiary of Shangai Qunxian Industrial (Group) Co., Ltd., a bulk commodity Chinese trading company.

Auxico intends to build a 2,500 tonne-per-day processing facility in Rondônia that may produce on a yearly basis (actual outputs will be subject to a 2023 field sampling program): 6,000 tonnes of cassiterite, 90,000 tonnes of ilmenite, 13,500 tonnes of columbite, 90,000 tonnes of zirconium and 37,500 tonnes of monazite. Of note, the monazite contains radioactive thorium and Central America Nickel has successfully removed the thorium content, making the concentrate non-radioactive and eligible for international shipping. Using the ultrasound-assisted extraction ("UAEx") process, the thorium content in the concentrate was reduced to less than 0.1%. This procedure was done in the lab. It has not yet been done in a commercial application.

COLOMBIA: THE MINASTYC PROPERTY IN VICHADA

On March 28, 2022, Auxico filed on SEDAR its National Instrument (NI) 43-101 Technical Evaluation Report ("Report") on the Minastyc Property in Vichada, Colombia. Provided below are selected highlights from the Report:

- In August of 2021, Joel Scodnick, P.Geo., & Qualified Person ("QP") for Auxico took a representative 3.2 tonne bulk sample from two locations of the Area 50 pit. A 7.7 kg fine concentrate returned Total Rare Earth Oxides (TREO) grading 68.32% and 65.67% respectively from the two locations;

- The presence of radioactive Thorium has always been an issue with many rare earth deposits, however, working with Impact Global Solutions (IGS), the Thorium is precipitated from the monazite concentrate using acid bake, which results in recoveries of 99%+ rendering the rare earth concentrate safe for transportation, thus virtually eliminating the Thorium;

- Auxico initiated a project with Central America Nickel to develop a metallurgical process using acid bake and the Ultrasound Assisted Extraction technology ("UAEx"). Recoveries of over 80% have been demonstrated at IGS on the Rare Earth Elements (REE's);

- The TA Area and Area 50 are approximately 1.6 km apart, with both areas returning various high-grades in concentrates including the following elements:

Element	Symbol	Industrial Use
Cerium	Ce	Catalytic converters, ceramics, glass
Dysprosium	Dy	Permanent magnets, data storage, lasers
Erbium	Er	Fiber optics, optical amplifiers, lasers
Gadolinium	Gd	Medical imaging, permanent magnets
Hafnium	Hf	Nuclear control rods, alloys & high-T ceramics
Lanthanum	La	catalyst ceramics, glass polishing, metallurgy & batteries
Neodymium	Nd	permanent magnets, rubber catalysts, medical & industrial lasers
Niobium	Nb	Steel and superalloys
Palladium	Pd	Catalytic converters & catalyst agent
Platinum	Pt	Catalytic converters
Praseodymium	Pr	Permanent magnets, batteries, aerospace alloys, ceramics & colorants
Samarium	Sm	Permanent magnets, absorber in nuclear reactors & cancer treatments
Tantalum	Ta	Electronic components & superalloys
Tin	Sn	Protective coatings & alloys
Titanium	Ti	White pigment & metal alloys
Ytterbium	Yb	Catalysts, scintillometers, lasers & metallurgy
Yttrium	Yt	Ceramic, catalysts, lasers, metallurgy & phosphors
Zirconium	Zr	High-T ceramics & corrosion-resistant alloys

- Gold, Silver, Platinum, and Palladium were also detected in coarse concentrates in the TA Area, returning values as high as 63 g/t Gold, 32 g/t Silver, 53 g/t Platinum, and 19 g/t Palladium. One sample from a 5.7 kg laterite in the main TA Area pit returned 15 g/t Gold and 38 g/t Platinum. The presence of these precious metals indicates a relationship with upstream basements or serpentine or olivine or pyroxene-rich ultramafic rocks.

On May 16, 2022, Auxico announced that the National Mining Agency of Colombia ("ANM" or *Agencia Nacional de Minería*) had granted a mining permit for the Minastyc Property in Vichada, Colombia, which is controlled by Auxico; more specifically, the ANM has authorized the Company's work plan ("PTO" or *Programa de trabajo y obras*).

On April 12, 2023, Auxico announced that it had received approval of the Environmental Impact Assessment ("EIA") for the Minastyc Property from Corporinoquia, which is the Colombian environmental agency. the Company is now able to move equipment on-site, including heavy machinery for bulk sampling and a processing facility, which will enable Auxico to move towards making a production decision for small-scale mining operations.

In the summer of 2022, Auxico conducted an exploration program on the Minastyc Property. A systematic initiative of digging approximately 250 pits using shovels was executed via a grid system. The samples were sent to an accredited lab. The purpose of this exercise was to test the first couple meters depth of the mineralized gravels, specifically for transition metals (gold, platinum, palladium, tantalum, niobium, hafnium, zirconium and scandium), actinoids (thorium and uranium), alkali metals (lithium, rubidium and cesium), post-transition metals (tin and aluminum) and rare earth elements (lanthanum, cerium, praseodymium and neodymium).

On June 5, 2023, Auxico announced that it had received approval for a temporary, 2-year, environmental license for small-scale open-pit mining from the Colombian Environmental Authority, the Regional Autonomous Corporation of the Orinoquía (Corporinoquia). This follows the recent approval of the Environmental Impact Assessment study ("EIA") for the Company's Minastyc property, as announced on April 12, 2023.

The ability to exploit and commercialize the Minastyc property is a key advancement, with timing that coincides well with recent metallurgical testing developments for the separation of light and heavy rare earths. Auxico has demonstrated the ability to process concentrate samples taken from the Minastyc property into light and heavy rare earth commercial concentrates; dysprosium up to 16.1% (concentrated 20 times from its initial feed), and terbium up to 3.42% (refer to press release dated April 20, 2023). Dysprosium, one of the world's most magnetically susceptible elements, along with terbium, are two heavy rare earths crucial for weapons systems as well as EV motors, in order to maintain an electric powertrain magnet's coercivity through repeat cycles of heating and cooling. Only automotive manufacturers with access to heavy rare earths could expect to produce EVs in 2030, while those without them may be selling their EVs factories. Auxico 's Minastyc property has one of the highest-grade heavy rare earth deposits globally according to industry expert, Jack Lifton.

	Nd	**Pr**	**Dy**	Tb	**Y**	**La**	**Ce**	**Sm**	**Gd**	**Er**
Light REE	**46.9%**	**14.0%**	1.0%	0.49%	1.1%	23.1%	1.3%	8.7%	2.8%	0.2%
Heavy REE	14.9%	0.0%	**16.1%**	**3.42%**	12.4%	0.0%	8.5%	9.8%	10.3%	7.5%

Table 1: Results of the testing on Colombian Minastyc property demonstrate the ability to produce commercial concentrates of light and heavy rare earths, per press release dated April 20, 2023.

The Minastyc Project has received approvals for the exploitation and beneficiation of minerals including Niobium, Tantalum, Vanadium, Zirconium, Tin and Gold, and the noted minerals respective concentrates, per resolution number 500.36.22.2089 from the Colombian Environmental Authority, Corporinoquia, dated December 30, 2022.

This approval and resolution number 500.36.22.2089 authorizes Auxico to execute its first phase of the Minastyc Project, as per regulatory decree No. 1666 issued October 21, 2016, by the Colombian Ministry of Mines and Energy, related to the following mining classification as reference in Table 2.

Classification - Mineral	**Small scale – Open pit – Less than 150 Hectares**
Metallics (Tonnes/Year)	Up to 50,000
Non Metallics (Tonnes/Year)	Up to 50,000
Precious Metals (Gold, Silver, Platinum)	Up to 250,000 M^3/Year
Construction Material	Up to 30,000 M^3/Year

Table 2: Small-scale mining license classification per the Presidential Decree number 1666 issued on October 21, 2016

Auxico intends to commence a comprehensive and systematic planning phase to initiate operations on the Minastyc property, given the presence of critical minerals including coltan, rare earth elements, tin, along with precious metals. With previously announced test results on samples from pits located on and adjacent to the Minastyc property indicating 33.75-62.13% Tin Oxide content *(refer to news release dated June 24, 2021),* and following the recent environmental license approval, the Company will focus on further developing tin concentrate operations in Colombia with material sourced from its own property. This development provides the Company with greater material sourcing independence, as a producer, and the ability to swiftly execute on already established off-take agreements such as the previously announced tin concentrate sales agreement with Cuex Metal AG *(refer to news release dated August 22, 2023).*

The temporary environmental license issued to Auxico has a validity of two years, pending the approval of a Global Environmental License, that will be valid for the life span of the project. Following the issuance of the environmental license for small-scale open-pit mining from the Colombian Environmental Authority, all conditions precedent has been met in order to commence the title transfer of the Minastyc property to Auxico *(refer to news release dated May 16, 2022),* making it a wholly-owned asset of the Company.

DEMOCRATIC REPUBLIC OF THE CONGO: SALES AGENT FOR RARE EARTH CONCENTRATES

In April 2022, Auxico signed a sales agency agreement with Central America Nickel ("CAN"), whereby Auxico will be the exclusive sales agency for rare earth concentrates from the Democratic Republic of the Congo ("DRC").

As the exclusive sales agent, Auxico will retain a commission equal to 15% of the sales price. For the year ended September 30, 2023, Auxico has sales commissions totaling $264,091 related to this agreement ($448,049 in 2022)

As of the date of this MD&A, a total of four trades have been concluded, the highlights of which are below:

- A total of 949 metric tonnes of rare earth concentrates have been sold and shipped from the DRC.
- This material was sold for approximately US$5 million.
- This represents an average price of approximately US$5,275per metric tonne.
- The rare earth concentrates, contained in the non-radioactive monazite sands, are purchased from various cooperatives in the province of North Kivu, DRC.
- Samples of the material, analyzed by SGS South Africa, had on average over 14% neodymium and 3% praseodymium. The lab analysis confirmed that the samples had approximately 60% total rare earth oxide content (TREO).
- Based on the demand from existing and potential customers of these rare earth concentrates, Auxico and CAN are targeting to reach a monthly export of 1,000 to 1,500 tonnes of material from the DRC.

BOLIVIA: THE EL BENTON MINE ACQUISITION

On November 3, 2021, a Memorandum of Understanding ("MOU") was signed between Auxico and Mr. Rolando Chavez, the sole owner of the concession Luz Angelica, consisting of 825 hectares located in the region of Santa Cruz in Bolivia, province of Nuflo de Chávez. Based on Auxico 's due diligence, the Luz Angelica concession lacks basic infrastructure needed to develop a mining project, and there were no geological merits to continue with this project. Auxico has therefore abandoned this project. Auxico will continue, however, to monitor other opportunities in Bolivia, given its rich mining history and potential.

On August 17C, 2023, a Memorandum of Understanding ("MOU") was signed an MOU to acquire 85% of Empresa Minera El Benton S.R.L., securing mining rights to the El Benton Mine and Monte Verde concessions (739 hectares) in Ñuflo de Chávez, Santa Cruz, Bolivia. The El Benton Mine is a past-producing operation with all the necessary licenses, which previously exported tantalum and niobium concentrates. The MOU includes an initial USD $40,000 payment, with USD $100,000 payable upon permit renewals, and grants 85% ownership and profit share under a joint venture structure. The Company plans to restart mining operations, focusing on the production and export of tantalum and niobium, while exploring lithium deposits and and implementing ultrasound-assisted extraction (UAEx) technology to enhance mineral recovery and purification. The total amount of $140,000 was fully paid on October 6, 2023.

OTHER CORPORATE HIGHLIGHTS

Issuances of shares through conversion of debentures

On October 17, 2022, the Company issued 514,794 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On October 31, 2022, the Company issued 516,712 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On November 2, 2022, the Company issued 1,033,972 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On November 16, 2022, the Company issued 518,904 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On February 28, 2023, the Company issued 4,125,000 units of the capital of the Company following the conversion of debentures issued in October 2020 at a price of $0.20 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.25 per common share for three years from the date of issuance.

On June 9, 2023, the Company issued 1,500,000 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On June 19, 2023, the Company issued 9,942,463 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

Issuance through exercise of options and warrants

On October 24, 2022 and November 24, 2022, the Company issued a total of 155,000 common shares of the capital of the Company following the exercise of 155,000 options in exchange for $60,525. The options exercised had an exercise price of $0.40 and $0.105. Following the exercise of those options, $47,301 was reclassified from contributed surplus to share capital.

On December 1, 2022, the Company issued 200,000 common shares of the capital of the Company following the exercise of 200,000 warrants in exchange for $30,000. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $21,807 was reclassified from warrants reserve to share capital

On May 10, 2023 and June 29, 2023, the Company issued a total of 2,293,150 common shares of the capital of the Company following the exercise of 2,293,150 warrants in exchange for $343,973. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $432,910 was reclassified from warrants reserve to share capital.

Issuance of warrants through conversion of debentures

On October 17, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,479 of interest into 514,794 units (514,794 shares and 514,794 warrants that can be exercised at $0.15 over a 3-year period).

On October 31, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,671 of interest into 516,712 units (516,712 shares and 516,712 warrants that can be exercised at $0.15 over a 3-year period).

On November 2, 2022, there was a conversion of $100,000 of the initial Debentures plus $3,397 of interest into 1,033,972 units (1,033,972 shares and 1,033,972 warrants that can be exercised at $0.15 over a 3-year period).

On November 16, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,890 of interest into 518,904 units (518,904 shares and 518,904 warrants that can be exercised at $0.15 over a 3-year period).

On February 28, 2023, there was a conversion of $825,000 of the initial Debentures into 4,125,000 units (4,125,000 shares and 4,125,000 warrants that can be exercised at $0.25 over a 3-year period).

On June 9, 2023, there was a conversion of $150,000 of Debentures into 1,500,000 units (1,500,000 shares and 1,500,000 warrants that can be exercised at 0,15$ over a 3-year period).

On June 19, 2023, there was a conversion of $950,000 of Debentures plus $44,247 of interests into 9,942,463 units (9,942,463 shares and 9,942,463 warrants that can be exercised at 0,15$ over a 3-year period).

Issuance of Options

On November 15, 2022, the Board of Directors issued 750,000 stock options to directors and officers of the Company. These stock options have a strike price of $0.42, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.3019 per option at the grant date for a total of $226,425 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 3.2336%, expected volatility of 106.0% and expected option life of five years.

On December 20, 2022, the Board of Directors issued 300,000 stock options to consultants of the Company. These stock options have a strike price of $0.45, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.3809 per option at the grant date for a total of $114,270 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 2.9647%, expected volatility of 107.30% and expected option life of five years.

On July 6, 2023, the Board of Directors issued 2,700,000 stock options to directors, officers and consultants of the Company. These stock options have a strike price of $0.30, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.1763 per option at the grant date for a total of $476,010 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 3.7344%, expected volatility of 118.10% and expected option life of five years.

Share Information

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at September 30, 2023, there were 92,390,191 (71,590,196 as at September 30, 2022) issued and fully paid common shares.

As at the date of this MD&A, there are 102,165,191 common shares issued and outstanding of Auxico. Between September 30, 2022, and September 30, 2023, a total of 20,799,995 common shares were issued, as follows:

- 18,151,845 common shares were issued as a result of the conversion of convertible debentures; these convertible debentures had a conversion price between $0.10 and $0.20 per common share;
- 155,000 common shares were issued as a result of the exercise of stock options. 150,000 stock options were exercised at a conversion price of $0.40 per common shares and 5,000 stock options were exercised at a conversion price of $0.105 per common share; and
- 2,493,150 common shares were issued as a result of the exercise of warrants at an exercise price of $0.15 per common share.

Additional Information

Additional information on Auxico, the Zamora Property and the Company's opportunities in Colombia, Brazil and the DRC can be accessed on the Company's website (www.auxicoresources.com) and on SEDAR+ (www.sedarplus.ca).

Qualified Person

The technical content for the Zamora Property in this MD&A has been reviewed and approved by Ricardo Sierra, B.Sc., a Qualified Person ("QP") as defined by Canadian Securities Administration National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101").

FINANCIAL POSITION OVERVIEW SEPTEMBER 30, 2023

The Company prepared its interim consolidated financial statements in accordance with the International Financial Reporting Standards (''IFRS''). The Company's condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. For more detailed information, please refer to the Company's condensed interim consolidated financial statements for the periods then ended. The consolidated financial position of Auxico at September 30, 2023 (unaudited) and September 30, 2022 (audited) is presented below:

Consolidated Statements of Financial Position

As at,	September 30, 2023	September 30, 2022
	$	$
ASSETS		
Current assets		
Cash	**5,638**	2,115,889
Receivables	**200,338**	676,939
Promissory notes	**-**	200,000
Prepaid and deposits	**261,977**	185,526
Advances to directors	**3,098**	3,098
Advance to companies controlled by a director	**-**	364,464
	471,051	3,545,916
Non-current assets		
Equipment	**42,845**	81,662
Prepaid and deposits	**500,000**	500,000
Other assets	**243,505**	680,019
Exclusive sales agency distribution agreement	**187,050**	561,150
Conversion right	**676,000**	693,000
TOTAL ASSETS	**2,120,451**	6,061,747
LIABILITIES		
Current liabilities		
Accounts payable and accruals	**3,533,372**	1,977,326
Due to companies owned by a director	**480,471**	-
Farm-out agreement debt	**790,800**	798,280
Finder's fees payable	**11,692**	218,724
Convertible debentures	**5,556,812**	20,639,170
	10,373,147	23,633,500
Non-current liabilities		
Convertible debentures	**-**	12,716,048
Total Liabilities	**10,373,147**	36,349,548
SHAREHOLDERS' DEFICIENCY		
Issued capital	**40,385,283**	29,947,709
Deficit	**(48,639,068)**	(60,236,601)
Equity attributable to non-controlling interests	**1,089**	1,091
Total equity (deficiency)	**(8,252,696)**	(30,287,801)
TOTAL LIABILITIES & EQUITY	**2,120,451**	6,061,747

As of September 30, 2023, Auxico had negative working capital of $9,902,096, compared to negative $20,684,322 at September 30, 2022, representing an improvement of $10,782,226 in Auxico's working capital position.

Cash at September 30, 2023, was $5,638, compared to $2,115,889 at September 30, 2022, a decrease of $2,110,251. This is due primarily to continued operating losses and financing activities during the period.

Receivables as at September 30, 2023, are $200,338 (September 30, 2022 - $676,939), a decrease of $476,601. This decline was driven by a reduction in trade accounts receivable ($515,145 to $0) and a decrease in other receivables ($74,941 to $0), partially offset by an increase in sales tax receivable ($200,338 vs. $86,853 prior year).

At September 30, 2023, Auxico had prepaid expenses (current portion) of $261,977, which was a increase of $76,451, compared to $185,526 at September 30, 2022.

At September 30, 2023, and September 30, 2022, the Company had prepaid expenses (non-current portion) of $500,000. This amount relates to the license agreement with Central America Nickel ("CAN"), which grants Auxico exclusive rights to certain processing technologies. This amount serves as a deposit applied against future royalties.

At September 30, 2023, the Company had other assets of $243,505 (September 30, 2022 - $680,019), reflecting a decrease of $436,514 mostly due to asset impairments.

- Minastyc Property Deposit: Increased slightly to $243,505 (from $235,275 prior year), but the property transfer remains incomplete.
- Agualinda Property Deposit: The company wrote off the total deposit after determining that the project was no longer commercially viable.

The Company's total liabilities decreased significantly to $10,373,147, down from $36,349,548 at September 30, 2022. The decrease was primarily driven by reductions in convertible debenture liabilities through conversions and settlements.

The Company's convertible debentures balance (current portion) was $5,556,812, compared to $20,639,170 at September 30, 2022. The elimination of non-current convertible debentures also reduced long-term liabilities.

Auxico's accounts payable and accrued liabilities increased to $3,533,372 from $1,977,326 in the prior period, reflecting ongoing operational obligations.

The Company's equipment at September 30, 2023, had a net carrying amount of $42,845 (cost of $116,451 less accumulated depreciation of $73,606), compared to $81,662 at September 30, 2022, reflecting accumulated depreciation during the year.

The Company's intangible assets related to the exclusive sales agency distribution agreement with CAN decreased to $187,050 as at September 30, 2023, compared to $561,150 as at September 30, 2022, due to continued amortization. This agreement provides the Company with exclusive rights to distribute CAN's rare earth minerals in exchange for a payment of $1,247,000 (US$1,000,000) that was paid on April 1, 2022.

The conversion right asset decreased due to an unrealized exchange loss of $17,000.

Auxico's new convertible debenture extension resulted in a modification gain of $67,179, following the restructuring of a $3.9M debenture, which was later extended further.

During the year ended September 30, 2023, the Company's share capital increased to $27,230,344 from $21,147,407, primarily due to debenture conversions and warrant exercises.

At September 30, 2023, warrants outstanding increased to 26,288,518 (September 30, 2022 - 10,629,823), with a weighted average exercise price of $0.44 compared to $0.84 in the prior period.

At September 30, 2023, stock options outstanding increased to 8,780,000 (September 30, 2022 - 6,935,000), with a weighted average exercise price of $0.59 compared to $0.79 prior year.

RESULTS OF OPERATIONS

YEAR ENDED SEPTEMBER 30, 2023

For the year ended September 30, 2023, the Company incurred a loss before net finance earnings and income taxes of $6,626,693, compared to a loss of $10,606,676 for the year ended September 30, 2022, representing a decrease in operating loss of $3,979,983.

Consolidated Statements of Income and Comprehensive Income

For the year ended September 30,	**2023**	2022	Variance
	$	$	$
Sales commissions	**264,091**	448,049	(183,958)
Costo f sales	**-**	126,776	(126,776)
Selling and administrative expenses	**6,890,784**	10,927,949	(4,037,165)
Loss before finance income, finance costs and income taxes	**(6,626,693)**	(10,606,676)	3,979,983
Finance income	**4,822**	12,327	(7,505)
Finance costs	**(2,349,170)**	(1,677,607)	(671,563)
Gain on debentures conversion	**51,269**	-	51,269
Gain on debentures extension	**67,179**	-	67,179
Fair value adjustment of the embedded derivatives	**20,450,124**	47,359,702	(26,909,578)
Net finance earnings	**18,224,224**	45,694,422	(27,470,198)
Net income and comprehensive income	**11,597,533**	35,087,746	(23,680,816)
Net comprehensive income (loss) attributable to:			
Shareholders	**11,597,533**	35,087,742	(23,490,209)
Non-controlling interest	**(2)**	4	(6)
	11,597,531	35,087,746	(23,490,215)
Income (loss) per share to equity holders of Auxico Resources Canada Inc.			
Basic	**0.14**	0.51	
Diluted	**0.13**	0.48	
Weighted average number of shares outstanding			
Basic	**80,582,391**	68,904,453	
Diluted	**89,737,470**	73,760,481	

Sales and sales commissions

The Company recorded sales commissions of $264,091 for the year ended September 30, 2023, related to its agreement with CAN as the exclusive sales agent of rare earth elements from the DRC, representing commissions on approximately US$3.8 million in sales of rare earth concentrates.

Selling and Administrative Expenses

Selling and administrative expenses decreased significantly in 2023 compared to 2022, reflecting the Company's efforts to control costs while advancing its strategic objectives. The decrease in share-based compensation expense to $816,705 in 2023 from $2,534,830 in 2022 contributed to this reduction in expenses.

For the year ended September 30,	**2023**	2022	Variance
	$	$	$
Exploration and evaluation expenditures (note 25)	**2,718,217**	3,378,420	(660,203)
Professional fees	**1,706,545**	2,465,699	(759,154)
Share-based compensation (note 15)	**816,705**	2,534,830	(1,718,125)
Management fees	**386,429**	375,000	11,429
Amortization of exclusive sales agency distribution agreement	**374,100**	187,050	187,050
Legal fees	**423,308**	318,767	105,541
Travel expenses	**127,401**	261,988	(134,587)
Public listing fees	**120,589**	88,329	32,260
Advertising	**95,832**	57,478	38,354
Office expenses	**72,529**	26,548	45,981
Rent	**60,000**	36,000	24,000
Depreciation	**38,817**	34,789	4,028
Loss (gain) on foreign exchange	**31,189**	5,849	25,340
Write-off of sales tax receivable	**14,715**	43,638	(28,923)
Bad debt	**-**	37,479	(37,479)
Write-down of inventory prepayments	**-**	1,200,785	(1,200,785)
Kibara Minerals' advance reimbursement	**(95,592)**	-	(95,592)
Fair value adjustment of the conversion option	**-**	(124,700)	124,700
Total selling and administrative expenses	**6,980,784**	10,927,949	(3,947,165)

Finance Income and Finance Costs

Details of the finance costs for the year end September 30, 2023 and 2022 are presented below:

For the year ended September 30,	**2023**	2022	Variance
	$	$	$
Accreted interest	**1,873,683**	1,268,194	605,489
Interest on convertible debentures	**446,069**	390,336	55,733
Interest and bank fees	**19,418**	18,790	628
Interest and penalties	**10,000**	287	9,713
Total finance costs	**2,349,170**	1,677,607	671,563

Fair value adjustment of the embedded derivatives

The most significant impact on the Company's financial results was the favorable fair value adjustment on the embedded derivatives in the convertible debentures, which substantially reduced the Company's overall liability and contributed to the improvement in the equity position.

Earnings (loss) per share

The diluted weighted average number of shares has been calculated as follows:

	September 30, 2023	September 30, 2022
Weighted average number of common shares – basic	**80,582,391**	68,904,453
Addition to reflect the dilutive effect of stock options	**566,397**	1,899,980
Addition to reflect the dilutive effect of warrants	**8,588,683**	2,956,048
Weighted average number of common shares - diluted	**89,737,470**	73,760,481

Options and warrants that are anti-dilutive because the exercise price was greater than the average market price of the common shares is not included in the computation of net earnings per share. For the twelve-month period ended September 30, 2023, 7,879,823 options (September 30, 2022 – 2,513,750) and 5,535,000 warrants (September 30, 2022 – 2,926,432) were excluded from the above computation.

Net income is the measure of the income used to calculate the earnings per share. Convertible debenture is anti-dilutive due to the impact of adjustments related to them (specifically related to the derivatives) would have on net income.

CASH FLOWS AND LIQUIDITY

The following table outlines the Company's cash flows for the year ended periods September 30, 2023 and 2022:

For the year ended September 30,	**2023**	2022
	$	$
Cash used in operating activities		
Net income (loss)	**11,597,531**	35,087,746
Depreciation	**38,817**	34,789
Amortization of exclusive sales agency distribution agreement	**374,100**	187,050
Share-based compensation	**816,705**	2,534,830
Bad debts	**-**	37,479
Professional fees paid with warrants	**-**	769,200
Write-off of sales tax receivable	**14,715**	43,638
Write-down of inventory prepayments	**-**	1,200,785
Write-down of other assets	**444,644**	-
Unrealized foreign exchange gain	**9,520**	(30,860)
Write-down on inventory	**-**	126,776
Fair value adjustment of the embedded derivatives (note 16)	**(20,450,124)**	(47,359,702)
Accreted interest	**1,873,683**	1,199,756
Penalties	**10,000**	-
Gain on debentures conversion	**(51,269)**	-
Gain on debentures extension	**(67,179)**	-
Fair value adjustment of the conversion option	**-**	(124,700)
Net changes in non-cash working capital items	**1,984,166**	685,884
	(3,404,691)	(5,607,329)
Cash flows used in investing activities		
Acquisition of exclusive distribution agreement and conversion right	**-**	(1,247,000)
Advance to companies controlled by a director	**-**	(364,464)
Promissory notes to third party	**200,000**	(200,000)
Other assets	**(8,130)**	(71,133)
Acquisition of equipment	**-**	(116,451)
	191,870	(1,999,048)
Cash flows from financing activities		
Due to directors	**-**	(3,883)
Due to companies controlled by a director	**844,935**	(12,733)
Finder's fees payable	**(176,862)**	(224,988)
Exercise of warrants	**373,972**	206,462
Exercise of options	**60,525**	340,751
Proceeds from issuance of units, net of issuance cost	**-**	3,343,124
Proceeds from issuance of convertible debentures, net of issuance cost	**-**	3,510,000
	1,102,570	7,158,733
(Decrease)/Increase in cash	**(2,110,251)**	(447,644)
Cash beginning of the period	**2,115,889**	2,563,533
Cash end of the period	**5,638**	2,115,889

CAPITAL STRUCTURE

Shares Issued

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at September 30, 2023, there were 92,390,191 (71,590,196 as at September 30, 2022) issued and fully paid common shares.

Warrants

At September 30, 2023, the Company had 26,288,518 warrants issued and outstanding, as presented below:

Date of Issue	Expiry Date	Strike Price	Balance
February 3, 2021	February 2, 2024	$1.00	4,872,000
June 14, 2021	June 13, 2024	$0.15	400,000
August 9, 2021	August 8, 2024	$0.25	1,650,000
August 25, 2021	August 24, 2024	$0.15	500,000
January 19, 2022	January 18, 2025	$1.50	818,080
March 21, 2022	March 20, 2025	$0.90	158,355
March 21, 2022	March 20, 2025	$1.20	1,031,388
June 22, 2022	June 20, 2025	$0.90	1,000,000
October 17, 2022	October 16, 2025	$0.15	514,794
October 31, 2022	October 30, 2025	$0.15	516,712
November 2, 2022	November 1, 2025	$0.15	833,972
November 16, 2022	November 14, 2025	$0.15	518,904
February 28, 2023	February 27, 2026	$0.25	4,125,000
June 9, 2023	June 8, 2026	$0.15	1,500,000
June 19, 2023	June 18, 2026	$0.15	7,849,313
			26,288,518

Stock Options

At September 30, 2023 there were 8,780,000 stock options issued and outstanding to consultants, officers, and directors of the Company, with no vesting period, as described below:

Date of Issue	Expiry Date	Strike Price	Balance
March 28, 2019	March 27, 2024	$0.25	300,000
September 16, 2020	September 15, 2025	$0.105	245,000
March 17, 2021	March 16, 2026	$0.45	900,000
July 19, 2021	July 18, 2026	$0.79	575,000
September 1, 2021	September 1, 2026	$1.26	510,000
November 24, 2021	November 23, 2026	$1.39	450,000
April 19, 2022	April 18, 2027	$0.85	2,050,000
November 15, 2022	November 14, 2027	$0.42	750,000
December 20, 2022	December 19, 2027	$0.45	300,000
July 6, 2023	July 5, 2028	$0.30	2,700,000
			8,780,000

RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties include companies with common directors, controlled by a director as well as key management personnel and directors.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. All balances of advances receivables and advances payable are measured at fair value and occurred in the normal course of business.

	September 30, 2023	September 30, 2022
	$	$
Management fees		
Company controlled by a director	**240,000**	135,000
Key management personnel and director	**146,429**	240,000
Share-based compensation		
Key management personnel and director	**482,060**	412,090
Rent		
Company controlled by a director	**60,000**	36,000
Consulting fees		
Key management personnel and director	**85,547**	103,103
Interest on private placement		
Key management personnel and directors	**9,315**	37,082

Amounts payable to related parties included in the non-current liabilities and in the accounts payable and accrued liabilities were as follows:

		Amounts owed by related parties	**Amounts owed to related parties**
		$	**$**
Key management personnel and directors	**September 30, 2023**	**3,098**	**15,522**
	September 30, 2022	3,098	-
Company with common directors	**September 30, 2023**	**-**	**480,471**
	September 30, 2022	879,609	-
Companies controlled by a director	**September 30, 2023**	**-**	**91,478**
	September 30, 2022	-	28,675

The dues and advances to directors are unsecured, payable on demand and bears no interest. The dues and advances to companies controlled by a director unsecured, payable on demand and bears no interest.

COMMITMENTS AND JOINT VENTURES

Net Smelter Return Royalty ("NSRR")

The Company has a 100% undivided interest in the Zamora Property, pursuant to an assignment agreement signed on July 17, 2013 involving two vendors and Auxico Mexico. As per the terms of this agreement, the Zamora Property is subject to a 2% NSRR from proceeds of first-hand sale of products proceed from the mining concessions on commencement of commercial production. Half of this NSRR can be purchased by the Company at any time for US$500,000.

Net royalty – Central America Nickel Inc.

On May 25, 2018, the Company agreed to pay Central America Nickel Inc. ("CAN") a 2% net royalty on the production of gold on any deposit in the world where process is used by the Company. The Company has the option to buy back 50% of this royalty (or 1% of the 2% royalty) at any time through the issuance of 2,000,000 common shares of the Company.

Agreement with the École Polytechnique and Impact Global Systems

On February 1, 2021, the Company signed an agreement with École Polytechnique and IGS concerning the recovery of critical minerals from ore tailings. As per the terms of this contract, the Company has agreed to provide to École Polytechnique $15,000 in each of 2022 and 2023. The Company proceeded with the payments according to the agreement and has no outstanding balance as of September 30, 2023.

Joint venture agreement with Impact Global Systems

On May 25, 2021, the Company signed a joint venture agreement with Impact Global Systems ("IGS") concerning the processing of ores bearing tantalum, niobium, iridium and possibly other minerals. As per the terms of this agreement, the Company will assume all costs related to the purchase and transport of ores to the IGS facility in Delson, Québec, as well as providing funds for the purchase of equipment and working capital. In return, the Company will receive 80% of the net profits from the sale of these minerals, with the remaining 20% going to IGS. There were no activities under that joint venture for the year ended September 30, 2023.

Joint venture agreement with Cooperativa Estanifera de Mineradores da Amazonia Legal Ltda.

On June 3, 2022, Auxico signed a joint venture agreement ("Agreement") with CEMAL, concerning the production and sale of concentrates from the Massangana tailings in the state of Rondonia, Brazil. During Fiscal 2022, the Company has made payments of $648,435 (US$500,000) and subsequent to year-end made payments of $682,510 (US$500,000), which was accrued at September 30, 2022. A payment of $344,250 (US$250,000) was made in October 2022 and a second payment of $338,260 (US$250,000) was completed in January 2023, for a combined amount of $682,510 (US$500,000). Given the nature of the arrangement all amounts have been recorded as exploration and evaluation expenditures. These expenditures primarily covered operating costs associated with tin purchases, logistics, and related services. The Company did not acquire any tangible or intangible assets as part of the agreement, nor did the arrangement create a resource controlled by the Company that would provide future economic benefits.

Pursuant to the Agreement, the Company is to obtain licenses and permits by June 20, 2023 and has a commitment to make a final payment of US$1,000,000 in August 2023. The Company has the right to terminate the agreement prior to the final payment being due.

Purchase of Agualinda Property

On December 8, 2021, the Company announced the acquisition of the surface rights to 1,293 hectares of land titled Agualinda, located in the municipality of Puerto Carreño, in the department of Vichada, Colombia. The land adjoins the Minastyc property, which the Company purchased in December 2020. As per the signed agreement, the Company will pay to the vendors a purchase price of US$315,000 (of which US$35,000 was paid as of September 30, 2022 and US$280,0000 is due as of September 30, 2022), in addition to a yearly fee in the amount of US$100,000 for a period of three years following the signing of the agreement upon revenues generated from production. Considering the financial obligations were not met by the Company during the year ended September 30, 2023, the Company has written off the total deposits made for the unprosecuted Agualinda project.

Memorandum of understanding - Empresa Minera El Benton S.R.L

On August 17, 2023, the Company signed a memorandum of understanding for the development of mining areas El Benton and Monte Verde and committed to paying US$140,000. This amount was fully paid on October 6, 2023.

Agreement with Gracor

On October 26, 2022, Auxico announced that it had signed an agreement for high-grade tin trading operations in Colombia, which provides the the Company entered into an agreement with Gracor S.A.S for high-grade tin trading operations in Colombia. Under the agreement, the Company provided working capital to facilitate tin purchases and was entitled to a 70% profit share on sales. However, following the termination of the agreement after year-end, the Company received US$30,675 from Gracor after settling accounts payable related to outsourcing solutions and other suppliers.

Given the nature of the arrangement, all amounts advanced were recognized as expenses in the period incurred, except for $185,416, which was capitalized as a prepayment. This amount represents tin-related purchases that are not yet in a condition for sale but still represents a recoverable amount expected to be used in future operations. The remaining expenditures totaling $220,156 primarily covered operating costs, including logistics and related services were expensed in the statement of income and other comprehensive income. Subsequent to year-end, the agreement with Gracor was terminated.

RISKS AND UNCERTAINTIES

For a detailed list of risks and uncertainties related to the business of Auxico, please consult the Company's MD&A for the year ended September 30, 2022.

SUBSEQUENT EVENTS

On October 6, 2023, following the Memorandum of Understanding previously signed to acquire an interest in the El Benton property, Auxico completed a payment of US$140,000 for an 85% ownership stake in Minera El Benton SRL.

On October 25, 2023, Auxico announced that one of its convertible debenture holders, Central America Nickel Inc. ("CAN"), has converted its debentures for a total consideration of $1,175,000. The debentures have been converted in accordance with their terms, into units, each comprised of one common share priced at $0.20 and one warrant, for a total issuance of 5,875,000 common shares and 5,875,000 warrants in the capital of Auxico; the warrants have a strike price of $0.25 for a period of 3 years from the date of issuance, until October 20th, 2026.

On February 10, 2025, Auxico announced that they filed a new NI 43-101 Technical Report on the Minastyc property located in Colombia with the Autorité des marchés financiers (the "AMF"), prepared by Qualified Person Mr. Ricardo Sierra.

This MD&A is dated April 8, 2025

"signed" Pierre Gauthier
President and Director

Auxico Resources Canada Inc