



ANNUAL INFORMATION FORM

AUXICO RESOURCES CANADA INC.

**For the year ended September 30, 2017
May 7, 2018**

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to Auxico Resources Canada Inc. (“**Auxico**” or the “**Company**”), certain statements contained in this document constitute forward-looking information, future oriented financial information, or financial outlooks (collectively “**forward-looking information**”) within the meaning of Canadian securities laws. Forward-looking information may be contained in this document and other public filings of Auxico. Forward-looking information often relates to statements concerning Auxico’s future outlook and anticipated events or results, and in some cases, can be identified by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “anticipate,” “believe,” “intend,” “estimate,” “projects,” “predict,” “potential,” “continue” or other similar expressions concerning matters that are not historical facts.

Forward-looking information includes statements concerning, among other things, preliminary cost reporting in this document; production, cost, and capital expenditure guidance; the generation of free cash flow and payment of dividends; matters relating to proposed exploration; negotiations of joint ventures; negotiation and completion of transactions; commodity prices; mineral resources, mineral reserves, realization of mineral reserves, and the existence or realization of mineral resource estimates; the development approach; the timing and amount of future production; the timing of studies, announcements, and analysis; the timing of construction and development of proposed mines and process facilities; capital and operating expenditures; economic conditions; availability of sufficient financing; exploration plans; receipt of regulatory approvals; and any and all other timing, exploration, development, operational, financial, budgetary, economic, legal, social, regulatory, and political matters that may influence or be influenced by future events or conditions.

Such forward-looking information and statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed in any other of Auxico’s filings, and include the inherent speculative nature of exploration results; the ability to explore; communications with local stakeholders; maintaining community and governmental relations; status of negotiations of joint ventures; weather conditions at Auxico’s operations; commodity prices; the ultimate determination of and realization of mineral reserves; existence or realization of mineral resources; the development approach; availability and receipt of required approvals, titles, licenses and permits; sufficient working capital to develop and operate the mines and implement development plans; access to adequate services and supplies; foreign currency exchange rates; interest rates; access to capital markets and associated cost of funds; availability of a qualified work force; ability to negotiate, finalize, and execute relevant agreements; lack of social opposition to the mines or facilities; lack of legal challenges with respect to the property of Auxico; the timing and amount of future production; the ability to meet production, cost, and capital expenditure targets; timing and ability to produce studies and analyses; capital and operating expenditures; economic conditions; availability of sufficient financing; the ultimate ability to mine, process, and sell mineral products on economically favorable terms; and any and all other timing, exploration, development, operational, financial, budgetary, economic, legal, social, geopolitical, regulatory and political factors that may influence future events or conditions. While we consider these factors and assumptions to be reasonable based on information currently available to us, they may prove to be incorrect.

You should not place undue reliance on forward-looking information and statements. Forward-looking information and statements are only predictions based on our current expectations and our projections about future events. Actual results may vary from such forward-looking information for a variety of reasons including, but not limited to, risks and uncertainties disclosed in Auxico’s filings on the Company’s website at www.auxicoresources.com, on SEDAR at www.sedar.com and on the *Canadian Securities Exchange* at www.thecse.com, and other unforeseen events or circumstances. Other than as required by law, Auxico does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

INFORMATION INCORPORATED BY REFERENCE

The audited consolidated financial statements of the Company for the year ended September 30, 2017, together with the notes thereto (the “**Financial Statements**”), as well as the Management Discussion and Analysis for the year ended September 30, 2017 (the “**MD&A**”) are specifically incorporated herein by reference and are available for review on SEDAR at www.sedar.com.

GLOSSARY OF TERMS

In this AIF, the following terms have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

“\$” means Canadian dollars, unless otherwise noted.

“**Audit Committee**” means the Audit Committee of the Company.

“**Assignment Agreement**” means the assignment agreement entered between the Company and with Filipe Jesus Ortega Garcia, Alejandrina Luviano Castillo, Miguel de Jesus Ortega Garcia, and Auxico Resources S.A. de C.V. (Auxico Mexico) dated July 17, 2013 regarding the 100% interest acquired by Auxico Mexico in the Zamora Silver-Gold Property;

“**Auxico Mexico**” means the wholly owned subsidiary of Auxico incorporated under the laws of Mexico.

“**CBCA**” means the *Canada Business Corporations Act*.

“**Board**” means the board of directors of the Company.

“**CEO**” means chief executive officer.

“**CFO**” means chief financial officer.

“**Company**” or “**Auxico**” means Auxico Resources Canada Inc.

“**Company’s Financial Statements**” means the audited financial statements of the Company for the year ended September 30, 2017.

“**Director**” means a director of the Company;

“**Exchange**” or “**CSE**” means the Canadian Securities Exchange.

“**Escrow Agent**” means the Transfer Agent, in its capacity as escrow agent for the Shares held in escrow under the Escrow Agreement entered into prior to Listing.

“**Escrow Agreement**” means the escrow agreement entered into among the Escrow Agent, the Company, and the principals pursuant to NP 46-201.

“**Gold Loan Agreement**” means the agreement concluded between the Company, Auxico Mexico and the Borboletta Foundation;

“**Listing**” means the listing of the Shares on the CSE for trading.

“**Listing Date**” means the date of the Listing.

“**MD&A**” means management’s discussion and analysis.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, of the Canadian Securities Administrators.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*, of the Canadian Securities Administrators.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval (www.sedar.com).

“**Settlement Agreement**” means the settlement agreement entered between the Company and Maria Nayvalt on April 7, 2017 regarding the settlement of the Gold Loan Agreement.

“**Common Shares**” means the common shares of the Company, having no par value.

“**Stock Option Plan**” means the Company’s stock option plan dated February 10, 2017, providing for the granting of stock options to the Company’s directors, officers, employees, consultants, and advisors.

“**Technical Report**” means the technical report titled “N.I. 43-101 Technical Report on the Zamora Silver-Gold Project” prepared in accordance with the requirements of NI 43-101 by Joel Scodnick, B.Sc., P.Geo., of Sierra Geological Consulting Inc., 106 Eclipse Street, Sudbury, ON P3B 0E6, addressed to the Company in respect of the Zamora Silver-Gold Property, dated March 25, 2016 and amended on January 2, 2017.

“**Transfer Agent**” means the Company’s transfer agent and registrar Computershare Investor Services Inc. at its office at 1500 boulevard Robert-Bourassa, 7th Floor, Montréal, Québec H3A 3S8;

“**Zamora Silver-Gold Property**” or “**Property**” means the five individual lots measuring a total of 3,376.6265 hectares or 8,343.6441 acres, 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 as more particularly described in the Technical Report, the majority of which is reproduced in and forms part of this AIF, a complete copy of which is available on SEDAR, together with the surface rights, mineral rights, personal property and permits associated therewith.

CORPORATE STRUCTURE

- Name, Address and Incorporation

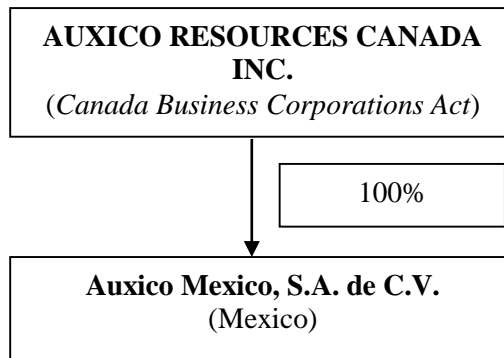
The Company was incorporated on April 16, 2014 pursuant to the CBCA under the name “Auxico Resources Canada Inc.”. The Company’s head office and registered and records office are located at 230 Notre Dame Street West, Montreal QC H2Y 1T3, Canada.

The Company has a wholly owned subsidiary, Auxico Mexico, S.A. de C.V. (“**Auxico Mexico**”), which was incorporated pursuant to the laws of Mexico on June 16, 2011.

The Company started trading on the Canadian Securities Exchange (the “**Exchange**” or the “**CSE**”) under the symbol “AUAG” on October 17, 2017.

- Intercorporate Relationships

The following chart illustrates the Company’s only subsidiary, together with the governing law of such subsidiary and the percentage of voting securities beneficially owned, or over which control or direction is exercised, by the Company as of this AIF:



The share capital of the Company’s Mexican subsidiary, Auxico Mexico, S.A. de C.V., is comprised of 35,810,000 common shares issued to the Company, with no par value and represents 100% of the issued and outstanding share capital of the Mexican subsidiary.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Set forth below are the major events in the last three years that have influenced the general development of the business of the Company.

2014 and 2015 Developments

The Company was incorporated on April 16, 2014 pursuant to the CBCA under the name “Auxico Resources Canada Inc.”.

On April 16, 2014, upon incorporation of Auxico, Auxico Mexico became a wholly-owned subsidiary of Auxico. Gencap Inc., the shareholder of Auxico Mexico, exchanged its shares of Auxico Mexico in return for 10,000,000 Common Shares of Auxico. Auxico Mexico has title to the mining concessions that comprise the Zamora Silver-Gold Property in Sinaloa, Mexico. The value of this share exchange was \$4,087.

The Company has entered into the Gold Loan Agreement on June 13, 2013 with Auxico Mexico and the Borboletta Foundation (the “**Lender**”) regarding the loan of \$300,000 by the Borboletta Foundation to Auxico Mexico in order to provide Auxico Mexico with working capital and to develop the Zamora Silver-Gold Property.

The Company has entered into the Assignment Agreement dated July 17, 2013 with Filipe Jesus Ortega Garcia, Alejandrina Luviano Castillo, Miguel de Jesus Ortega Garcia, and Auxico Mexico which entitles Auxico Mexico, a wholly owned subsidiary of Auxico, a 100% undivided interest in the Zamora Silver-Gold Property subject to a 2% Net Smelter Return Royalty (NSRR). A 1% NSRR may be purchased by Auxico at any time for US\$500,000.

2016 Developments

On June 30, 2016, the Company entered into an amalgamation agreement with Telferscot Resources Inc. (the “**Amalgamation Agreement**”), an Issuer listed on the CSE, for a possible reverse take-over or similar type of transaction. The amalgamation agreement with Telferscot Resources Inc. (“**Telferscot**”), signed June 30, 2016, was terminated on January 5, 2017. The agreement provided for a maximum break-up fee of \$150,000 in cash payable to Telferscot.

2017 Developments

On October 17, 2016, the Company signed a Memorandum of Understanding (“**MOU**”) with the Lender involved in the Gold Loan signed on June 13, 2013. Under the terms of the MOU, the Company had the option, but not the obligation, to cancel the Gold Loan by paying to the Lender a total of US\$400,000 in cash and by issuing a total of 1,000,000 Common Shares of the Company to the Lender, upon or after the Company’s listing on a registered Canadian stock exchange. The Company could exercise this option within 12 months of the signing of the MOU, or until October 16, 2017.

On February 10, 2017, the Board of Directors of the Company adopted an incentive Stock Option Plan, for the benefit of employees, consultants, officers and directors. The plan allows the Company to issue stock options up to a maximum of 10% of the issued and outstanding shares of the Company at the date of grant. The exercise price payable for each option is determined by the Board of Directors at the date of grant, and may not be less than the closing market price during the trading day immediately preceding the date of the grant of the options on the Exchange, for a minimum amount of \$0.10 per option. The vesting period and expiry date are determined by the Board of Directors for each vesting.

On February 10, 2017, the Corporation granted a total of 1,975,000 stock options to its directors and officers and 500,000 stock options to consultants to the Corporation, to purchase a total of 2,475,000 Common Shares of the Corporation at a price of \$0.25 per Common Share until February 9, 2022. The fair value of the options was estimated at \$0.182 per option at the grant date for a total of \$450,570 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.12%, expected volatility of 97% and expected option life of five years.

The Company was served on March 8, 2017 with a legal proceeding from Telferscot filed in the Superior Court of Quebec alleging that based on the Amendment to the Amalgamation Agreement signed June 30, 2016 and terminated January 5, 2017, a number of conditions would have not been met, and thus, the break-up fee is due and owing by the Company. The parties have agreed on and filed a case protocole. The exposure consists in the amount claimed in capital, interest and legal costs, which are limited to courts cost and fees and various disbursements but do not include counsel

legal fees. The parties will also explore the possibility of an out of court settlement, as provided by the *Quebec Code of civil procedure*.

On April 7, 2017, in accordance with the MOU signed on October 17, 2016, the Gold Loan Settlement Agreement was signed and provides that the Company shall pay to the Lender a total of US\$400,000 in cash on or before October 16, 2017 and shall issue a total of 1,000,000 Common Shares of the Company at a price of \$0.25 per share for a total consideration of \$250,000 on or before October 16, 2017 in repayment of the Gold Loan.

During the year ended September 30, 2017, the Company completed various brokered private placements, raising total gross proceeds of \$2,977,500 by issuing a total of 11,910,000 Common Shares from the share capital of the Company at a price of \$0.25 per Common Share of which 2,000,000 Common Shares were issued for consulting and advisory services and 127,700 issued through a crowd-funding agreement. The issuance of these Common Shares has been the principal source of cash flow and liquidity for the Company for the financial year ended September 30, 2017.

On August 28, 2017, the Company issued 16,600 common share purchase warrants (each a “**Warrant**”). The fair value of these Warrants was calculated using the Black-Scholes pricing model using a share and exercise price of \$0.25, risk-free rate of 1.567%, volatility of 107.5%, vesting immediately and expected life of five years from the date of grant, resulting in a fair value of \$3,235. Each Warrant will entitle its holder to subscribe for and purchase one fully paid and non-assessable Common Share of the Company at a price of \$0.25 per Common Share at any time until the five-year anniversary from the date of issuance of the Warrants.

On September 26, 2017, an amending agreement was made to the Gold Loan Settlement Agreement signed on April 7, 2017 in which the parties agreed to extend the repayment of the settlement to December 31, 2017.

Subsequent Events

On October 17, 2017, the Common Shares of the Company began trading on the Canadian Securities Exchange under the ticker symbol “AUAG”.

On October 23, 2017, the Corporation further granted a total of 1,100,000 stock options to various consultants to purchase 1,100,000 Common Shares of the Corporation at a price of \$0.40 per Common Share until October 22, 2022. Out of the 1,100,000 stock options granted on October 23, 2017, 200,000 stock options expired on the date that is three months following termination of the related consulting agreement between the Corporation and such consultant, the whole in accordance with the provisions of the Stock Option Plan.

On October 24, 2017, the Company reported that initial sampling results from a single trench yielded a 50m wide mineralized section grading 0.85 g/t gold including 3m of 13.07 g/t gold and 28.4 g/t silver at the Aguamas property. This trench is located about 100 metres southeast of the Aguamas 2 historical mine, which returned samples of 14.87 g/t gold and 192.22 g/t silver, and 25 metres northwest of the Aguamas 1 historical mine, where recent sampling returned 34.05 g/t gold and 97.78 g/t silver. Examination of these past workings and exposed rock outcroppings indicated a series of quartz veins at multiple angles within a silicified volcanic breccia.

On October 31, 2017, the Company announced encouraging results from a 2.095 kg sample taken from the volcanic breccia host rock material in the footwall of the Campanillas Mine, which is located at the northeast corner of the Zamora Property. The sample contained 1.98 kg/t of silver and 2.01 g/t of gold. Once treated, the sample’s recovery of gold was 71.6% and 92.9% for silver, which were recovered from less than 13% of the overall weight of the feed material, representing a concentration ratio of 8:1. Concentrates have a value of over USD 4,000 per tonne.

Metallurgical results - Campanillas

Process	Gold	Silver
Gravity feed	2.01 g/t	1,980 g/t
Gravity concentrate	8.12 g/t	5,000 g/t
Flotation concentrate	11.9 g/t	6,854 g/t
Recovery by gravity	13.8%	8.6%
Recovery by flotation	67.8%	89.1%
Total Recovery	71.6%	92.9%

On November 8, 2017, the Company announced that it intends to explore Los Olotes by means of a diamond drill program and rehabilitate the La Camichina shaft, which could allow access to the Los Olotes Mine. The shaft is believed to go down 110 m. Having access to the underground workings will allow the Company to reassess what resources are actually there.

On January 1, 2018, the Company signed a second amending agreement on the Settlement Agreement as described above. As repayment of the settlement, the Company will pay to the Lender a total of US\$400,000 in cash payable on or before June 30, 2018 and a total of 1,000,000 Common Shares of the Company.

On January 16, 2018, the Company announced that results from an exploration campaign consisting of mechanical trenching, channel sampling, and assaying over the Aguamas structure has returned encouraging results that demonstrate that the altered breccia host rock is widespread throughout the Property and contains lower grade as well as high grade gold and silver values. The work at Aguamas identified mineralized breccia with vertical and flat quartz veins and stockworks containing gold and silver, which can be followed for around 130 m.

The management believes that a gold corridor of at least 50m wide traverses the Aguamas area and is open in all directions. Trench 2 returned 14.4m of 0.79 g/t gold, including 0.5m of 9.90 g/t gold and 65.74 g/t silver. A chip sample from this interval returned 10.21 g/t gold and 362.59 g/t silver. In addition, a 6m long section of flat veins sampled in the wall of the trench assayed 0.70 g/t gold and 18.23 g/t silver. Most trenches returned gold and silver. Assays are still pending for a few of the trenches and are expected shortly. A parallel structure recently identified is located about 150m to the east of Aguamas and is characterized by a topographically high ridge with silicified breccia and quartz vein fragments, which can be followed on surface over several hundred metres. This ridge goes all the way to the Periguete historic mine located about 800m northeast of the Aguamas 2 adit. Auxico is planning to commence a trenching program shortly in this new area.

The hydrothermal breccia is shown to be silicified and mineralized in almost all 25 historic workings stretches some 8 km along strike and has variable widths up to several hundreds of metres. In the northeast part of Zamora, grab samples from a breccia sample from the Campanillas Mine returned 14.5 kg/t silver and 19.5 g/t gold, while at the La Franca Mine (which does not belong to Auxico but is within the boundaries of the Property) returned assays as high as 1.7 kg/t silver and 15 g/t gold in a stockwork breccia. These two mines are about 7 km north/northeast of Aguamas. Most of the historic workings are all aligned in a 7to8 km long structure, which the Company believes may be represented by this hydrothermal breccia and structurally controlled horizon.

The Company plans to conduct a diamond drilling program at Aguamas, as well as conduct more detailed exploration activities throughout the Property in order to properly evaluate the potential of this extensive breccia horizon.

On February 2, 2018, the Company announced the resignation of Mr. Robin Connors as a director and, consequently, the appointment of Salvador Brouwer to its Board of Directors, the whole was confirmed at the Annual General Meeting of the shareholders of the Company held on March 29, 2018, the whole as provided in the Company's Management Information Circular dated February 26, 2018 and filed on SEDAR at www.sedar.com.

On February 6, 2018, the Company announced that innovative metallurgical testing using a mix of acids composed of sulfuric acid and thioria conducted on gravity concentrates from the Campanillas and Aguamas properties resulted in the recoveries of over 98% of gold and 87% of silver within the same leach. The extraction is accelerated by the use of ultrasound technology and the process uses no external heat or pressure. Therefore, this process will likely reduce significantly both capital and operating expenditures to the Company, while having a much smaller environmental footprint.

On March 5, 2018, the Company announced the acquisition of thirteen (13) properties located 75 km southwest of the city of Bogota, Colombia. These properties represent a total of 65,000 hectares with each property averaging approximately 5,000 hectares. This area is known for high-grade gold and cobalt, as well as other base metals. Joel Scodnick, the Company's Qualified Person, visited the properties and validated the metal content from the samples. The first results from the Restopo property where volcanic boulders up to 1 ton in weight, yielded results of up to 16.3% copper. A certified technician from Symtek, affiliated with SGS Laboratories in Colombia, analyzed the samples.

On March 13, 2018 the Company announced the sampling results taken from the Metalor property in Columbia. A total of six selected samples were taken. Five of the six samples contain scandium within an average content of 1,300 grams of scandium per tonne. Five of the six samples contain gold with an average gold content of 21 g/t. Scandium oxide currently sells at \$4,200 US per kilogram and scandium metal sells at \$15,000 US per kilogram. The selected samples were taken over a distance of approximately 481m. This fault can now be observed over a width of at least 480m on the property and the high-grade scandium and gold values are associated with the fault, which is represented by an exhalative shale sequence containing disseminated to massive sulphide strata.

Recoveries of scandium and gold from the Metalor Property

Sample	Analysis / XRF mode	Sc (ppm) (g/t)	Au (ppm) (g/t)
M1	1	/	30.60
	2	1,315.01	/
	3	1,808.43	1.75
M2	1	1,695.39	/
	2	2,025.01	1.61
	3	2,461.35	/
M3	1	/	36.14
	2	237.46	40.08
	3	/	36.84
M4	1	167.01	/
	2	1,132.13	/
	3	4,627.06	4.10
M5	1	/	21.51
	2	/	10.03
	3	/	33.18
M6	1	234.53	/
	2	246.70	/
	3	580.05	/

All samples were taken by Jesus Eduardo Pimienta González, independent consulting mining engineer. They were tagged, located using a handheld Garmin GPS unit, put into separate sample bags, and brought into the Symtek laboratory in Bogota. The samples are from river floats, subcrops at the base of the mountains adjacent to the river, and also outcrops, and are not necessarily representative of the mineralization throughout the property, however, Auxico is planning a reconnaissance prospecting and sampling campaign which will begin shortly. This campaign will include detailed exploration work in the area of the fault where these samples were collected.

The samples were analyzed in Bogota, Colombia by Symtek, an SGS affiliate, using a Thermo Scientific Niton XL5 handheld XRF Analyzer, a mass spectrometer which measures 68 elements including gold and scandium in parts per million (ppm) with a 99.7% confidence interval. The samples were tested in the lab in three different modes as shown on the table above i.e. (1) rare earth mode, (2) soil mode and (3) geological mode. These same samples were recently sent to SGS laboratory in Medellin for sample preparation and will be analyzed for gold by fire assay with a gravimetric finish, and will also be analyzed using sodium peroxide fusion with an ICP-AES finish for 29 elements including Scandium.

Significant Acquisitions

The Company did not complete any significant acquisition in the most recently completed financial year.

RISK FACTORS

Investment in the securities of the Company is considered highly speculative due to the nature of the Company's business, which involves development and exploration for predominately gold and silver deposits. In evaluating the Company's securities, the following risks should be considered carefully in addition to any other information and risks set forth in this AIF and in the Company's other public filings:

Dependence on the Zamora Silver-Gold Property

The Company is an exploration stage company and as such does not anticipate receiving revenue from its mineral properties for some time. The Company will be solely focused on the exploration and development of the Zamora Silver-Gold Property. Unless the Company acquires additional property interests, any adverse developments affecting the Zamora Gold Property could have a material adverse effect upon the Company and would materially and adversely affect any profitability, financial performance and results of operations of the Company.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development programs at the Zamora Silver-Gold Property will result in the definition of bodies of commercial mineralization. There is also no assurance that even if commercial quantities of mineralization are discovered that Zamora Silver-Gold Property will be brought into commercial production. Failure to do so will have a material adverse impact on the Company's operations and potential future profitability. The discovery of bodies of commercial mineralization is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade and proximity to infrastructure), metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of the above factors are beyond the Company's control.

Exploration, Development and Production Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. In addition, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of properties in which the Company has an interest will have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's properties will be located, often in poor climate conditions.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Mineral Resources and Reserves

Mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Unless otherwise indicated, mineralization figures presented in this AIF are based upon estimates made by the Company, personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis which may prove to be unreliable. There can be no assurance that these estimates will be accurate; resource or other mineralization figures will be accurate; or such mineralization could be mined or processed profitably.

Insufficient Resources or Reserves

Substantial additional expenditures will be required to establish either resources or reserves on mineral properties and to develop processes to extract the minerals. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all.

Maintaining Interests in Mineral Properties

The Company's continuing right to maintain its interest in the Zamora Gold Property will be dependent upon compliance with applicable laws.

Obtaining and Renewing Licenses and Permits

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Zamora Silver-Gold Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time consuming process involving public hearings and costly undertakings on the part of the Company. The duration and success of the Company's efforts to obtain and renew licenses or permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by the licensing authority. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Company believes they can recover from the Zamora Silver Gold Property. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

No Assurances

There is no assurance that economic mineral deposits will ever be discovered, or if discovered, subsequently put into production. Most exploration activities do not result in the discovery of commercially mineable deposits. The Company's future growth and profitability will depend, in part, on its ability to identify and expand its mineral reserves through additional exploration of the Zamora Gold Property and on the costs and results of continued exploration and development programs. Mining exploration is highly speculative in nature, involves many risks and frequently is not productive. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any anticipated level of recovery of mineral reserves will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. There can be no assurance that the Company's exploration efforts at the Zamora Gold Property will be successful.

Title Matters, Surface Rights and Access Rights

The Zamora Silver Gold Property may be subject to prior unregistered agreements of transfer, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the Zamora Silver-Gold Property and any other mining or property interests derived from or in replacement or conversion of or in connection with the claims comprising the Zamora Silver-Gold Property or the size of the area to which such claims and interests pertain. The Company cannot guarantee that title to its mineral properties will not be challenged. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained.

Additional Funding Requirements

The exploration and development of the Zamora Silver-Gold Property will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favorable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets, the Company's status as a new enterprise with a limited history, the location of the Zamora Silver-Gold Property, the price of commodities and/or the loss of key management personnel. Further, if the price of gold, copper and other metals on the commodities markets decreases, then potential revenues from the Zamora Silver-Gold Property will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Zamora Silver Gold Property.

Dilution

Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to Share purchase warrants and the options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares could result in dilution to holders of Common Shares.

Environmental Risks

All phases of the Company's operations with respect to the Zamora Silver-Gold Property will be subject to environmental regulation. Environmental legislation involves strict standards and may entail increased scrutiny, fines and penalties for non-compliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist on the Zamora Silver-Gold Property that are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

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

The Company may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-

establish to some degree pre-disturbance landforms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Company's financial resources.

Limited Operating History and Early Stage Property

The Company is an early stage company and the Zamora Silver-Gold Property is an exploration stage property. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The current state of the Zamora Silver-Gold Property requires significant additional expenditures before any cash flow may be generated. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

The Zamora Silver-Gold Property is in the early exploration stage and is without resources or reserves. The proposed programs on the Zamora Gold Property are an exploratory search for a mineral deposit. Development of the Property will only follow upon obtaining satisfactory results. Exploration for minerals and their subsequent development involve a high degree of risk. Few properties that are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term success of the Company's operations will be in large part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Lack of Operating Cash Flow

The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue our business. Further exploration and development of the Zamora Gold Property will require the commitment of substantial financial resources. It may be several years before the Company will generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

Regulatory Requirements

Even if the Zamora Silver-Gold Property is proven to host economic reserves of precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of the Zamora Silver-Gold Property, environmental legislation and mine safety.

Volatility of Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars.

Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Zamora Gold Property. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Zamora Gold Property will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

Acquiring Additional Properties

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company may acquire other mineral claims and/or companies. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired company or mineral claims into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition.

Executive Employee Recruitment and Retention

The success of the Company will be dependent upon the performance of its management and key employees. The loss of any key executive or manager of the Company may have an adverse effect on the future of the Company's business. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, geologic and mining personnel as well as additional operations staff. There is no assurance that it will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mineral exploration sector, were impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates,

may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, the volatility of mineral prices would impact the Company's prospects, volatile energy, commodity and consumables prices and currency exchange rates would impact costs and the devaluation and volatility of global stock markets would impact the valuation of its equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

In recent years, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in developing assets, adding additional resources, establishing feasibility of deposits or creating revenues, cash flows or earnings. The value of securities will be affected by market volatility. An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a shareholder's investment may be limited and the price of the Common Shares may decline.

The Properties are all located in Mexico. Accordingly, the market value of the Zamora Silver-Gold Property is particularly sensitive to changes in the economic conditions and regulatory environments of Mexico. Adverse changes in the economic condition or regulatory environment of Mexico may have a material adverse effect on the Company's business, cash flows, financial condition and results of operations.

Claims and Legal Proceedings

The Company may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including relating to former employees. These matters may give rise to legal uncertainties or have unfavourable results. The Company may carry liability insurance coverage and mitigate risks that can be reasonably estimated; however, there is a risk that insurance may not be adequate to cover all possible risks arising from the Company's operations. In addition, the Company may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact the Company's financial position, cash flow, results of operations, and reputation, regardless of the specific outcome.

Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including the price of gold on world markets, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Competition

All aspects of the Company's business will be subject to competition from other parties. Many of the Company's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The

CBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA. To the proposed management of the Company's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Company and a proposed director or officer of the Company except as otherwise disclosed herein.

Dividends

To date, the Company has not paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Company will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions.

Litigation

The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Operating Hazards, Risks and Insurance

The ownership, exploration, operation and development of a mine or mineral property involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, explosions and third-party accidents, the encountering of unusual or unexpected geological formations, ground falls and cave-ins, mechanical failure, unforeseen metallurgical difficulties, power interruptions, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in environmental damage and liabilities, work stoppages, delayed production and resultant losses, increased production costs, damage to, or destruction of, mineral properties or production facilities and resultant losses, personal injury or death and resultant losses, asset write downs, monetary losses, claims for

compensation of loss of life and/or damages by third parties in connection with accidents (for loss of life and/or damages and related pain and suffering) that occur on Company property, and punitive awards in connection with those claims and other liabilities.

It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of our securities. Liabilities that the Company incurs may exceed the policy limits of insurance coverage or may not be covered by insurance, in which event the Company could incur significant costs that could adversely impact its business, operations, potential profitability or value. Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Company's interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses. These could include loss or forfeiture of mineral interests or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Company might undertake and legal claims for errors or mistakes by personnel.

NARRATIVE DESCRIPTION OF THE BUSINESS

Technical Report

The most recent Technical Report on the Zamora Gold Property authored by Joel Scodnick, B.Sc., P.Geol (the "**Author**"), of Sierra Geological Consulting Inc., who is a Qualified Person (as defined in NI 43-101) is dated March 25, 2016 and amended on January 2, 2017, prepared in accordance with the requirements of NI 43-101 and filed on SEDAR (www.sedar.com).

Property Description, Location and Access

The Zamora prospect is located 85 km southeast of the city of Culiacan and some 9 km northeast of the village of El Espinal, from which the property is easily accessible year round via gravel roads. historical underground workings date back to the 1800's, where an undetermined amount of ore was mined following the main vein structures. La Camichina and Los Olotes can be accessed by taking a secondary gravel road north for about 15 km from El Espinal which goes through the Los Mecates ranch. There is another secondary gravel road which connects from the Los Mecates ranch with highway no. 15, near the Las Tinas ranch.

The northern part of the claims can also be accessed from taking highway no. 15 east just past El Espinal and then taking highway no.1 which leads north towards the mining town of Cosala. The turnoff to Campanillas is at Ibonia which leads northeast towards to the portal. The drive from the city of Culiacan to the portal at Campanillas takes about 2 1/2 hours.



Table 1 below shows the various mines and/or prospects described in this report and are listed from north to south.

Table 1: Zamora Silver-Gold Property claim details

No.	Mine/Prospect	Best Sample (2014)	Best Historic Sample	Comments	Description
1	La Franca	1.72 kg/t Ag, 12.96 g/t Au	2.08 kg/t Ag, 7.0 g/t Au	Not part of Auxico's Claims	Mine
2	Campanillas	14.56 kg/t Ag, 15.53 g/t Au	970 g/t Ag, 3.0 g/t Au	625m southwest of La Franca	Mine
3	El Triunfo	286 g/t Ag, 2.54 g/t Au	970 g/t Ag, 8.4 g/t Au		Mine
4	Periguete	5 g/t Ag, 0.01 g/t Au	NA	Did not locate the shaft, extensive propylitic alteration	Shaft not exposed
5	El Nazareno	9.65 g/t Ag, 0.03 g/t Au	193.3 g/t Ag, nil Au		Mine
6	Las Jarillas	15.59 g/t Ag, 0.07 g/t Au	231.5 g/t Ag, 1.4 g/t Au	N-S structure, intense Silicification	Mine
7	Tahuanita	Not sampled	NA	Intense shearing, gossaned	Showing
8	Chico Pico	429.09 g/t Ag, 0.12 g/t Au	NA	Vuggy Quartz, breccia	Prospect Pit

9	Aguamas	Not explored	NA	None	none
10	La India	Not sampled	NA	Adit	Adit
11	Obotel – 17m level	Not sampled	799 g/t Ag, 4.6 g/t Au	Collapsed pit? N-S Vein	Pit
12	Los Olotes-Surface	46.42 g/t Ag, 0.24 g/t Au	NA	Adit/Decline, caved in after 5 m	Mine
	Los Olotes - 17m level	NA	3.15 kg/t Ag, 13.4 g/t Au (Weighted Ave. East Vein 123.21 g/t Ag, 0.58 g/t Au) (Weighted Ave. West Vein 152.08 g/t Ag, 0.88 g/t Au) (Weighted Ave. Zamora Vein 475 g/t Ag, 3.36 g/t Au)	Zamora Vein Los Olotes Vein Los Olotes Vein Zamora Vein	17m level – Mine
	Los Olotes – 23m level	NA	6.57 kg/t Ag, 44.0 g/t Au (Weighted Ave. 797 g/t Ag, 6.14 g/t Au)	Zamora Vein	23m level - Mine
13	La Camichina – 17m level	Not sampled	5.1 kg/t Ag, 23.5 g/t Au (Weighted Ave. 609.2 g/t Ag, 3.1 g/t Au)	Zamora Vein Vertical Shaft	17m level - Mine
14	Rosa Maria	Not explored	NA	None	None
15	Trincan	Not explored	NA	None	None
16	Juntas	Not explored	NA	None	None

The Property is comprised of five individual lots measuring a total of 3,376.6265 hectares or 8,343.6441 acres. A legal description of the lots is shown in Table 2 below and can also be found in Appendix 1 of the Technical Report. All taxes for Zamora have been paid to December 31, 2016 and the tax reports can be found in Appendix 10 of the Technical Report: Tax Reports. A Title Opinion is provided in Appendix 9 of the Technical Report: Title Opinion, and was prepared and signed off by Auxico's lawyer Abraham Urias, of Urias Romero Y Asociados S.C., located in Mazatlan, Mexico.

Lot Name	Concession Number	Area (He)	Taxes Owing (Pesos/USD)
Campanillas	224618	105.6427	0
Chio	227400	92.1787	0
Gaby	277399	80.0000	0
San Filipe	224654	100.0000	0
Zamora	225182	2998.8051	0
Total		3376.6265	0

Table 2: Legal Description of the Zamora Silver-Gold Property claims

The Los Olotes workings at Zamora, according to the work performed by the Consejo de Recursos Minerales (CRM, Mexican Mineral Resource Board) now referred to as the Servicio Geologico Mexicano (SRM, Geological Services of Mexico), was supervised by Mr. Martinez from 1979 to 1982. Channel samples were taken on the 17m level, 23m level

and the 30m level at 2 metre intervals (Report on Exploration Work Carried out in the Zamora Silver Mine District, 1982).

The remaining infrastructures at La Camichina and Los Olotes were partially restored in the early 1980's by the CRM in order to evaluate the mineral potential of the Zamora structure. This structure or what is referred to as the Zamora Vein runs through La Camichina and Los Olotes. The CRM conducted this work in order to promote the property and attract investors or mining companies with the intention of restoring the mine workings and bringing it back into commercial production. During this campaign, the main shaft was restored, over 100 metres of drifts were developed and over 250 metres of crosscuts and drifts were restored and/or cleaned up. In all, the Zamora prospect is host to over 400 metres of mapped underground workings; additional drifts are known to exist but, to this date, have not been mapped or documented.

The two major ore bodies are defined as “La Camichina” which was intensely mined and is characterized by the Zamora Vein, and the “Los Olotes” zone which is formed by the intersection of two vein structures and represents the main exploration and development focus due to its high-grade ore pockets. Los Olotes appears to be oriented more north-south (NS) than the Zamora Vein which is northeast-southwest (NE-SW). It is believed that this ore still exists at Los Olotes and was not mined out. The two vein structures are separated by a crosscut which runs from La Camichina to Los Olotes, approximately 115 metres apart see Figure 1).

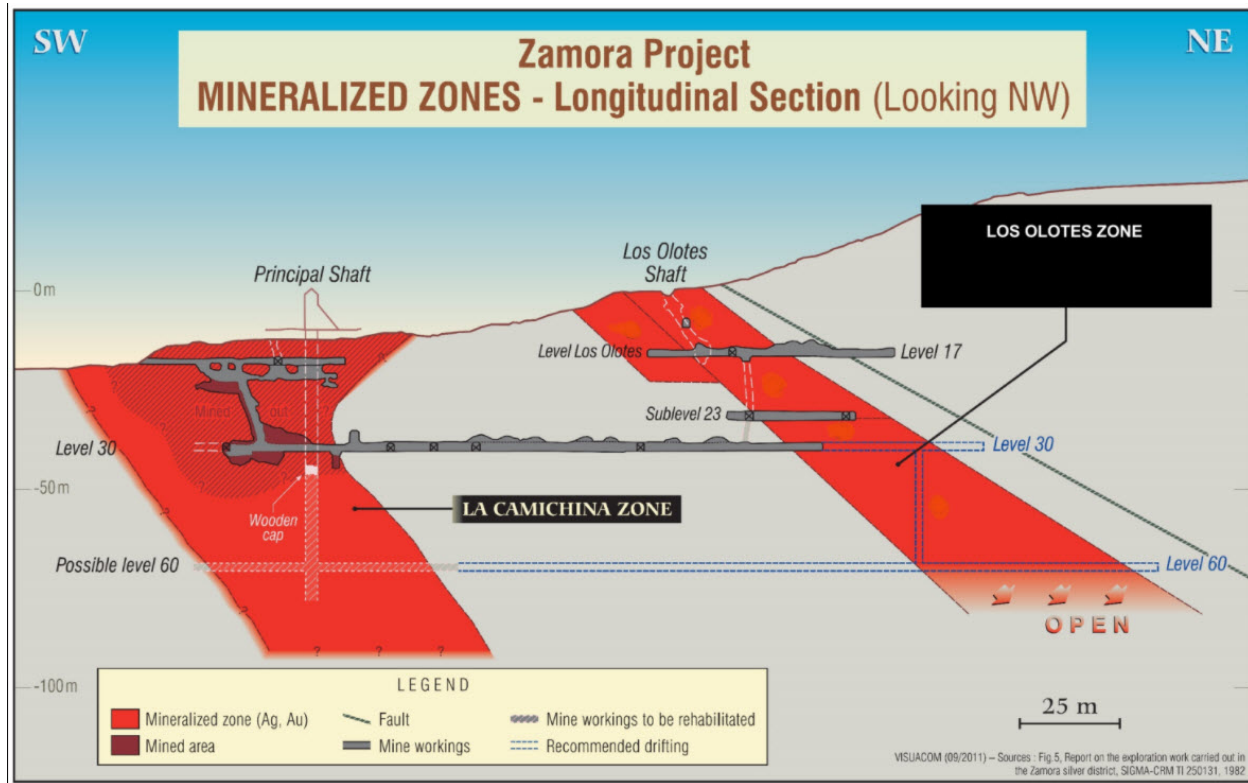


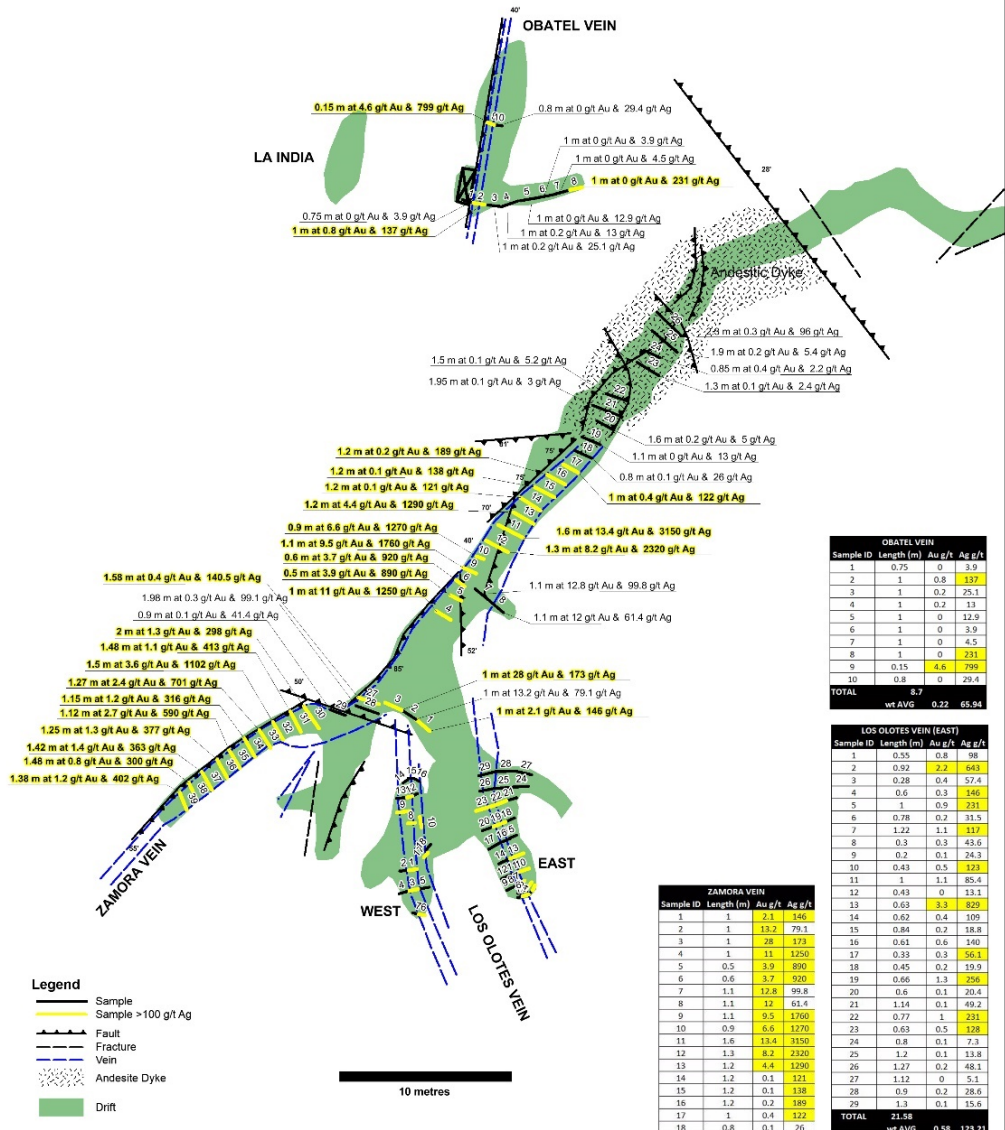
Figure 1: Cross Section Through La Camichina & Los Olotes

The area between la Camichina and Los Olotes is represented by low grade material according to historical records. Figure 2 which represents the 17m level at Los Olotes shows the degree of sampling that was initiated by the CRM as well as the high-grade nature of the silver and gold mineralization. It should also be noted, according to Mr. Martinez (personal communication) that only the vein material was channel sampled, not the hanging wall or foot wall, which later on in the report describes the volcanic breccia and stockwork zones adjacent to all of the quartz veins identified on

the property during the 2014 campaign. It is in this material where most of the higher grade samples were discovered. Samples were channeled every meter along the drift. Figure 3 represents the 23m level at Los Olotes and shows some very high-grade silver and gold values. Figure 4 shows the La Camichina 17m level which has reported values of up to 5.1 kg/t Ag and 23.5 g/t Au over 0.80m.

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ZAMORA SILVER-GOLD PROJECT LEVEL LOS OLOTES (LEVEL 17)

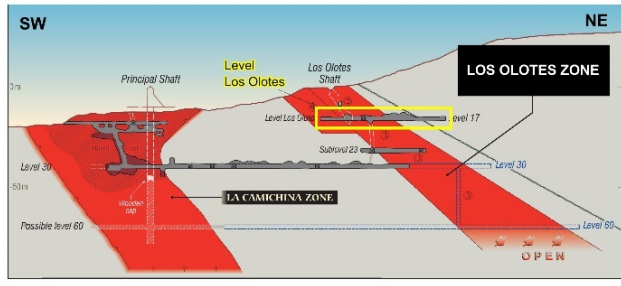


OBATEL VEIN			
Sample ID	Length (m)	Au g/t	Ag g/t
1	0.75	0	3.9
2	1	0.8	137
3	1	0.2	25.1
4	1	0.2	13
5	1	0	12.9
6	1	0	3.9
7	1	0	4.5
8	1	0	231
9	0.15	4.6	799
10	0.8	0	29.4
TOTAL		8.7	65.94
wt AVG		0.22	65.94

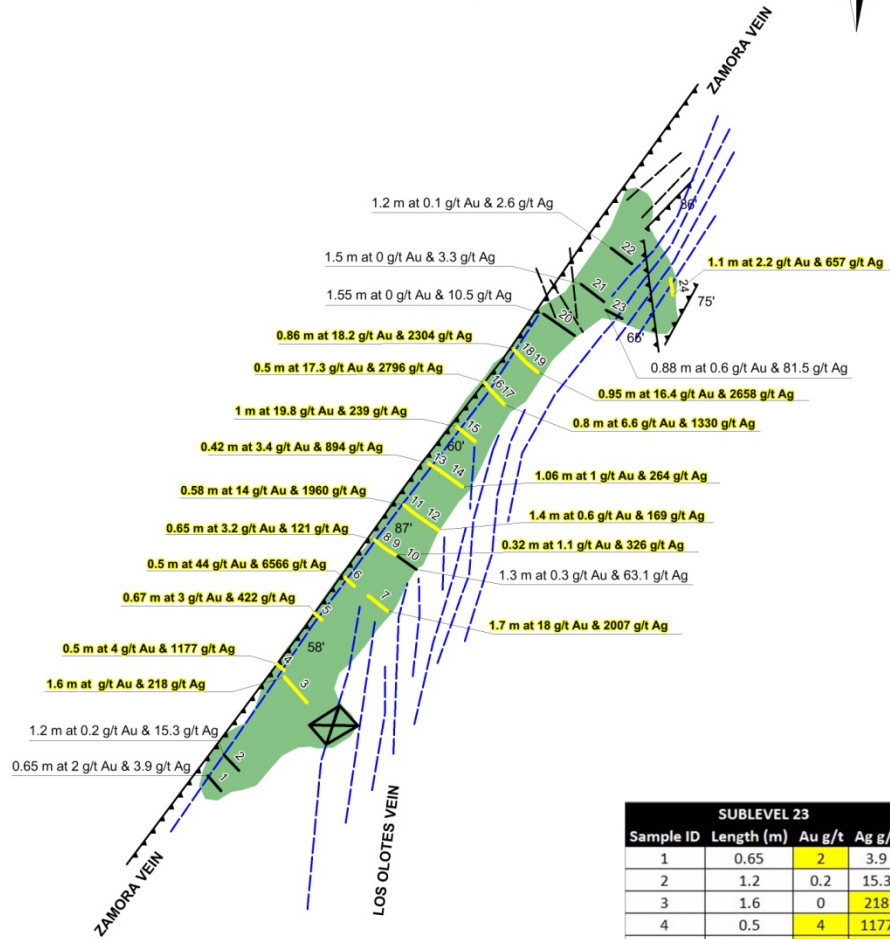
LOS OLOTES VEIN (EAST)			
Sample ID	Length (m)	Au g/t	Ag g/t
1	0.55	0.8	98
2	0.92	2.2	683
3	0.28	0.4	57.4
4	0.6	0.3	146
5	1	0.9	231
6	0.78	0.2	11.5
7	1.22	1.1	137
8	0.3	0.3	43.6
9	0.2	0.1	24.3
10	0.43	0.5	123
11	1	1.1	85.4
12	0.43	0	13.1
13	0.63	3.3	829
14	0.62	0.4	109
15	0.84	0.2	18.8
16	0.61	0.6	140
17	0.33	0.3	56.1
18	0.45	0.2	19.9
19	0.66	1.3	256
20	0.6	0.1	20.4
21	1.14	0.1	49.2
22	0.77	1	231
23	0.63	0.5	128
24	0.8	0.1	7.3
25	1.2	0.1	13.8
26	1.27	0.2	48.1
27	1.12	0	5.1
28	0.9	0.2	28.6
29	1.3	0.1	15.6
TOTAL		21.48	152.03
wt AVG		0.58	152.03

ZAMORA VEIN			
Sample ID	Length (m)	Au g/t	Ag g/t
1	1	2.1	146
2	1	13.2	79.1
3	1	28	173
4	1	11	1250
5	0.5	3.9	890
6	0.6	3.7	920
7	1.1	12.8	99.8
8	1.1	12	61.4
9	1.1	9.5	1760
10	0.9	6.6	1270
11	1.6	13.4	2150
12	1.3	6.2	2020
13	1.2	4.4	1290
14	1.2	0.1	121
15	1.2	0.1	138
16	1.2	0.2	189
17	1	0.4	122
18	0.8	0.1	26
19	1.1	0	13
20	1.6	0.2	5
21	1.59	0.1	3
22	1.5	0.1	5.2
23	1.3	0.1	2.4
24	0.85	0.4	2.2
25	1.9	0.2	5.4
26	2.3	0.3	96
27	1.58	0.4	140.5
28	1.98	0.3	99.1
29	0.9	0.1	41.4
30	2	1.3	298
31	1.48	1.1	413
32	1.5	3.6	1102
33	1.27	2.4	791
34	1.15	1.2	216
35	1.12	2.7	590
36	1.25	1.3	377
37	1.42	1.4	363
38	1.48	0.8	300
39	1.38	1.2	602
TOTAL		49.81	475.28
wt AVG		5.36	475.28

LOS OLOTES VEIN (WEST)			
Sample ID	Length (m)	Au g/t	Ag g/t
1	0.44	4.9	399
2	0.66	0.1	23.8
3	0.34	2.4	434
4	0.85	0	47.9
5	0.2	0.2	83.9
6	0.2	2	196
7	0.49	0	56.8
8	0.45	0.4	149
9	1.25	0.5	142
10	0.57	5.1	146
11	0.27	0.3	83.3
12	0.38	0.5	74.6
13	0.74	0.3	26.1
14	0.2	0.2	19.9
15	0.6	0.2	69.4
16	0.7	0.1	20.1
17	0.38	0.3	109
18	0.7	0.4	204
TOTAL		9.42	152.03
wt AVG		0.88	152.03

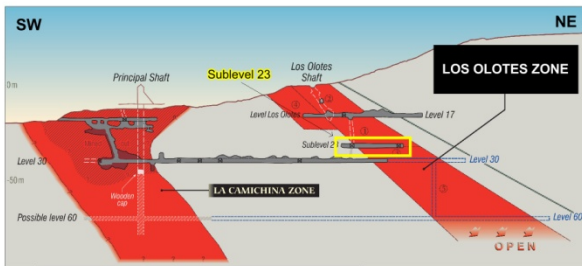


ZAMORA SILVER-GOLD PROJECT SUBLEVEL 23

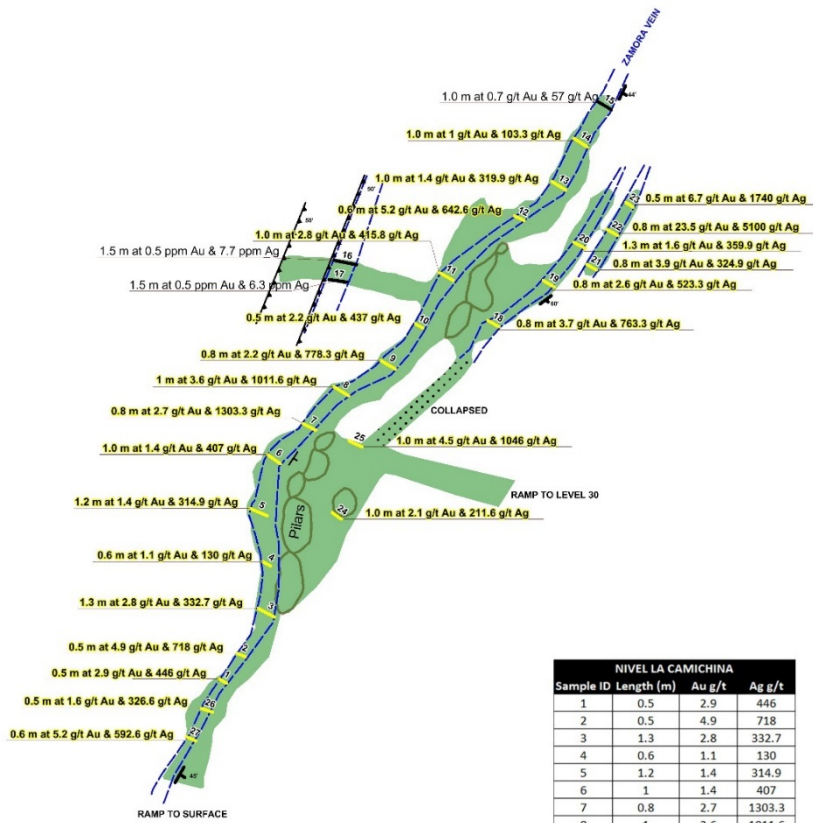


- Legend**
- Sample
 - Sample >100 g/t Ag
 - Fault
 - Fracture
 - Vein
 - Drift

SUBLEVEL 23				
Sample ID	Length (m)	Au g/t	Ag g/t	
1	0.65	2	3.9	
2	1.2	0.2	15.3	
3	1.6	0	218	
4	0.5	4	1177	
5	0.67	3	422	
6	0.5	44	6566	
7	1.7	18	2007	
8	0.65	3.2	121	
9	0.32	1.1	326	
10	1.3	0.3	63.1	
11	0.58	14	1960	
12	1.4	0.6	169	
13	0.42	3.4	894	
14	1.06	1	264	
15	1	19.8	239	
16	0.5	17.3	2796	
17	0.8	6.6	1330	
18	0.86	18.2	2304	
19	0.95	16.4	2658	
20	1.55	0	10.5	
21	1.5	0	3.3	
22	1.2	0.1	2.6	
23	0.88	0.6	81.5	
24	1.1	2.2	657	
TOTAL	22.89			
	wt AVG	6.14	797.55	

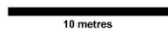


ZAMORA SILVER-GOLD PROJECT LEVEL LA CAMICHINA

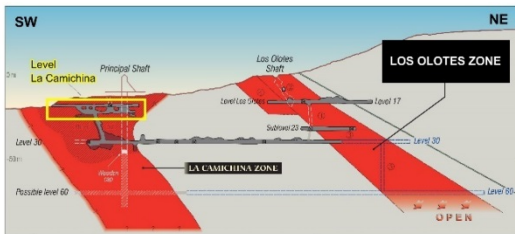


Legend

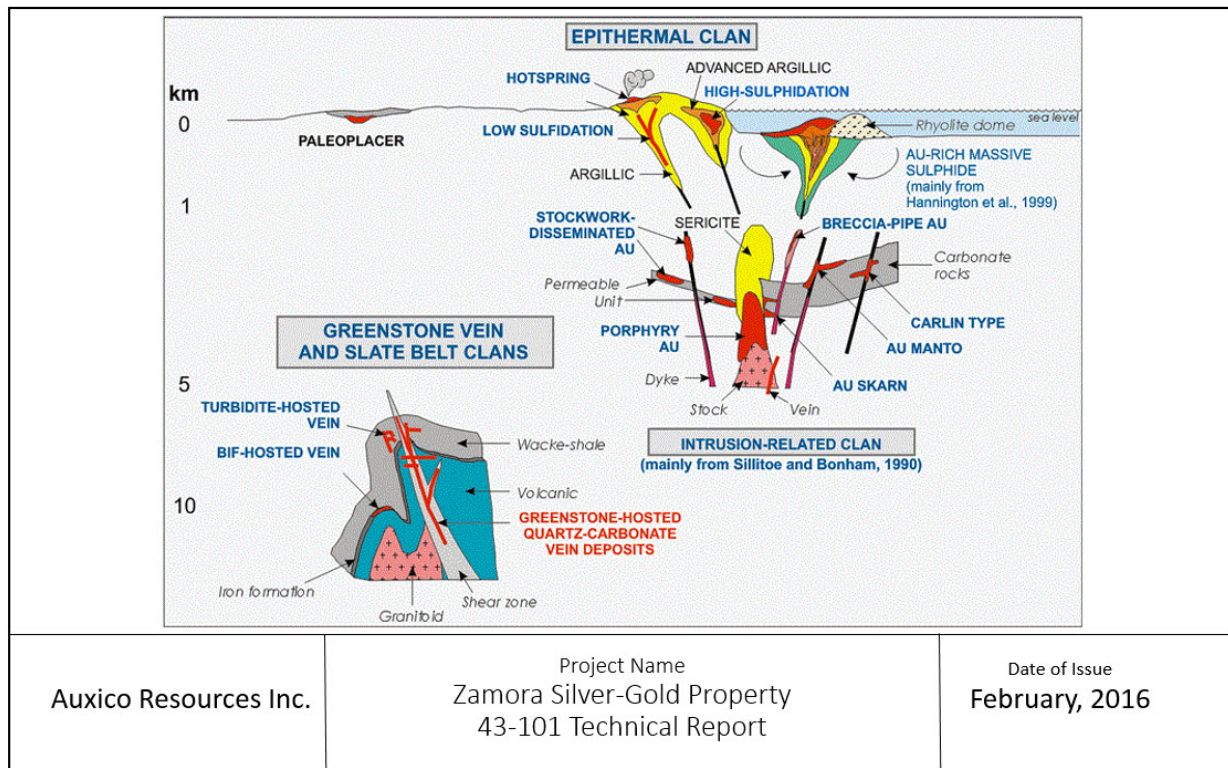
- Sample
- Sample >100 g/t Ag
- Fault
- Vein
- Collapse
- Drift



NIVEL LA CAMICHINA			
Sample ID	Length (m)	Au g/t	Ag g/t
1	0.5	2.9	446
2	0.5	4.9	718
3	1.3	2.8	332.7
4	0.6	1.1	130
5	1.2	1.4	314.9
6	1	1.4	407
7	0.8	2.7	1303.3
8	1	3.6	1011.6
9	0.8	2.2	778.3
10	0.5	2.2	437
11	1	2.8	415.8
12	0.6	5.2	642.6
13	1	1.4	319.9
14	1	1	103.3
15	1	0.7	57.1
16	1.5	0.5	7.7
17	1.5	0.5	6.3
18	0.8	3.7	763.3
19	0.8	2.6	523.3
20	1.3	1.6	359.9
21	0.8	3.9	324.9
22	0.8	23.5	5100
23	0.5	6.7	1740
24	1	2.1	211.6
25	1	4.5	1046
26	0.5	1.6	326.6
27	0.6	5.2	592.6
Total	23.9		
wt AVG	3.1	609.2	



The sampling campaign of 2014 in different areas of the Property validated the high-grade nature for the occurrence of some rather high silver and gold values which can be expected to occur at Los Olotes, and this confirms the chances of establishing a high-grade resource in that particular mine. The sixteen mines/prospects occur over a distance of 10 km x 5 km and the exploration program of 2014 has identified what is believed to be a low-sulphidation epithermal system for most of the Property which displays intense hydrothermal alteration patterns in every one of the historic mines visited, and sampled. At the Chico Pico prospect however, vuggy quartz displaying sponge-like features indicating highly acidic hydrothermal solutions would indicate a high-sulphidation epithermal system. The different Epithermal types of deposits are provided below in Figure 5: Geological Models.



The Zamora Project contains fifteen historical mines and/or prospects, not including the La Franca mine, and there has never been a concentrating plant on this Property; the ore was so rich that it was direct shipping ore. During the 2014 exploration campaign the author of the Technical Report had the opportunity to sample eight out of the sixteen historical mines and/or prospects. This exploration program confirmed the high-grade of the nature of the stockwork zone on the Property where one sample from the stockpile at Campanillas returned the following assays from two independent laboratories, SGS (sample number B00127713) and Dundee Sustainable Technologies (DST, sample number B00127713):

<i>Sample Number</i>	<i>Silver Assay</i>	<i>Gold Assay</i>	<i>Laboratory</i>
B00127713	14.56 kg/t	15.53 g/t	SGS
B00127713	14.40 kg/t	19.50 g/t	DST

Table 1: Assay Result from Campanillas

The sampling of the 2014 campaign at various locations on the Property validated the high-grade nature of at least two of the mines, those being Campanillas and La Franca. Overall it confirms the possibility of a high-grade occurrence on the Property, most of this based on the work performed by the CRM in 1982 on Los Olotes.

The occurrence of 16 mines and/or prospects occur over a distance of 10 km x 5 km and the exploration program of 2014 has identified an epithermal system with intense hydrothermal activity, and it has the potential to encompass a deposit of considerable size containing silver and gold.

Four pails of rocks (23 kg each) were received from Campanillas deposit in Mexico on July 30th, 2014. Below is a picture of these rocks.



The material was divided in two identical parts and one of these was crushed, dried at 45°C, then finely ground for analytical and flotation purposes. The second part was put aside for a potential different particle size, if a gravity concentration is required. The representative ground sample was digested in aqua regia and analyzed by ICP for metals, fire assay for Ag and Au, and Leco for sulfur and sulfide.

The composition of this material is presented in the following table:

Element	Content	Element	Content
Au (g/t)	1.36	Ca (%)	1.50
Ag (g/t)	16.7	Mg (%)	0.53
S ²⁻ (%)	2.21	Mn (%)	0.13
S _T (%)	2.78	Pb (%)	0.017
Fe (%)	3.02	Cu (%)	0.008
As (g/t)	0.0087	Zn (%)	0.026

This material contains very few base metals and arsenic, but contains enough sulfide to be concentrated by flotation by a factor of 15. The second pail of material was used for this flotation. The composition of this pail was different from the first one, as shown in the following table:

Element	Content	Element	Content
Au (g/t)	124	Ca (%)	1.71
Ag (g/t)	66.2	Mg (%)	0.54
S ²⁻ (%)	2.89	Mn (%)	0.54
S _T (%)	3.45	Pb (%)	0.030
Fe (%)	3.63	Cu (%)	0.011
As (g/t)	0.0495	Zn (%)	0.042

This material was very soft, creating very fine material after grinding. This gave bad conditions for an efficient flotation. Then, four flotation conditions were used to attempt solving this problem. The following table gives a summary of the flotation results:

	Au	Ag	Fe	S ²⁻	As	Mass Pull
Feed	1.24 g/t	66.2 g/t	3.63 %	2.89 %	0.0495 %	--
Concentrate 1	6.05 g/t	323.3 g/t	17.9 %	19.5 %	0.41 %	7.7%
Recovery 1	34.4 %	51.8 %	36.3 %	61.6 %	30.8 %	--
Concentrate 2	3.23 g/t	290.6 g/t	19.1 %	23.3 %	0.20 %	7.8 %
Recovery 2	28.6 %	66.2 %	38.2 %	56.0 %	8.3 %	--
Concentrate 3	2.56 g/t	356.8 g/t	18.0 %	16.7 %	0.047 %	11.6 %
Recovery 3	49.0 %	75.1 %	54.7 %	87.9 %	15.7 %	--
Concentrate 4	2.24 g/t	392.4 g/t	20.1%	22.4 %	0.048 %	11.2 %
Recovery 4	29.4 %	72.7 %	59.4 %	82.3 %	26.8 %	--

The best flotation was the third one, which recovered 88% of the sulfides and 75% of the silver, with a high silver grade in the concentrate. However, less than 50% of the gold was recovered, which indicates that it freed gold not associated with sulfide. In that case, a gravity concentration (Knelson or Falcon) could be better for gold recovery.

History and Exploration

There are no detailed reports available for any exploration, development, or production on any of the mines located on the Zamora Silver Property, however, there are several assumptions that can be ascertained to the degree of mining. The most important of the mines is La Camichina and although there is not a very big waste pile in the immediate area of the vertical shaft, it appears, according to a report written in 1982 by Antonio B. Flores Martinez, Ing. for the CRM, that La Camichina was sunk down to about 100m below the surface and a fair amount of ore was extracted down to at least the -60m level. La Camichina was abandoned for reasons that are unknown until today.

There are no references to any technical work of the previous miners, the knowledge gained of La Camichina has been provided through restoration and exploration. In 1977, the first reconnaissance work was initiated, and they were mining high-grade ore and sending it directly to the smelter, which is believed to have been in Cosala. The lower grade material was shipped to the La Minita processing facility close by. La Minita is still in operation today.

The Campanillas Mine located in the northern part of the property, and according to local miners from the town of Rincon de Ibonia who worked in the mine when it was in operation, they claim that the workings go down to the third level. Again, as in the case of La Camichina the stockpile outside the portal did not contain much material so limited production appears to have been done.

All of the other mines appear to have limited development only on one level, except La Franca which does not belong to Auxico. La Franca is mentioned here as a high-grade sample was selected from inside the old workings near the end of a stope which is only approximately 80m from the boundary with the Campanillas Lot. This sample was taken from the wallrock which was represented by a volcanic breccia and stockwork, and heavily mineralized with silver sulphides.

A 42kg sample was selected from the La Franca Mine at the end of the drift in a stoped area. One sample was collected from two areas and blended together which were from an area which was previously sampled within a silicified breccia which returned 1.72 kg/t Ag and 12.96 g/t Au. This more recent sample was from the same silicified breccia and a quartz vein with silver sulphides approximately 10m from the original sample. The results of this sampling returned 0.460 kg/t Ag and 2.9 g/t Au. This stope is located about 80m from Auxico's Campanillas Lot.

Geological Setting, Mineralization, and Deposit Types

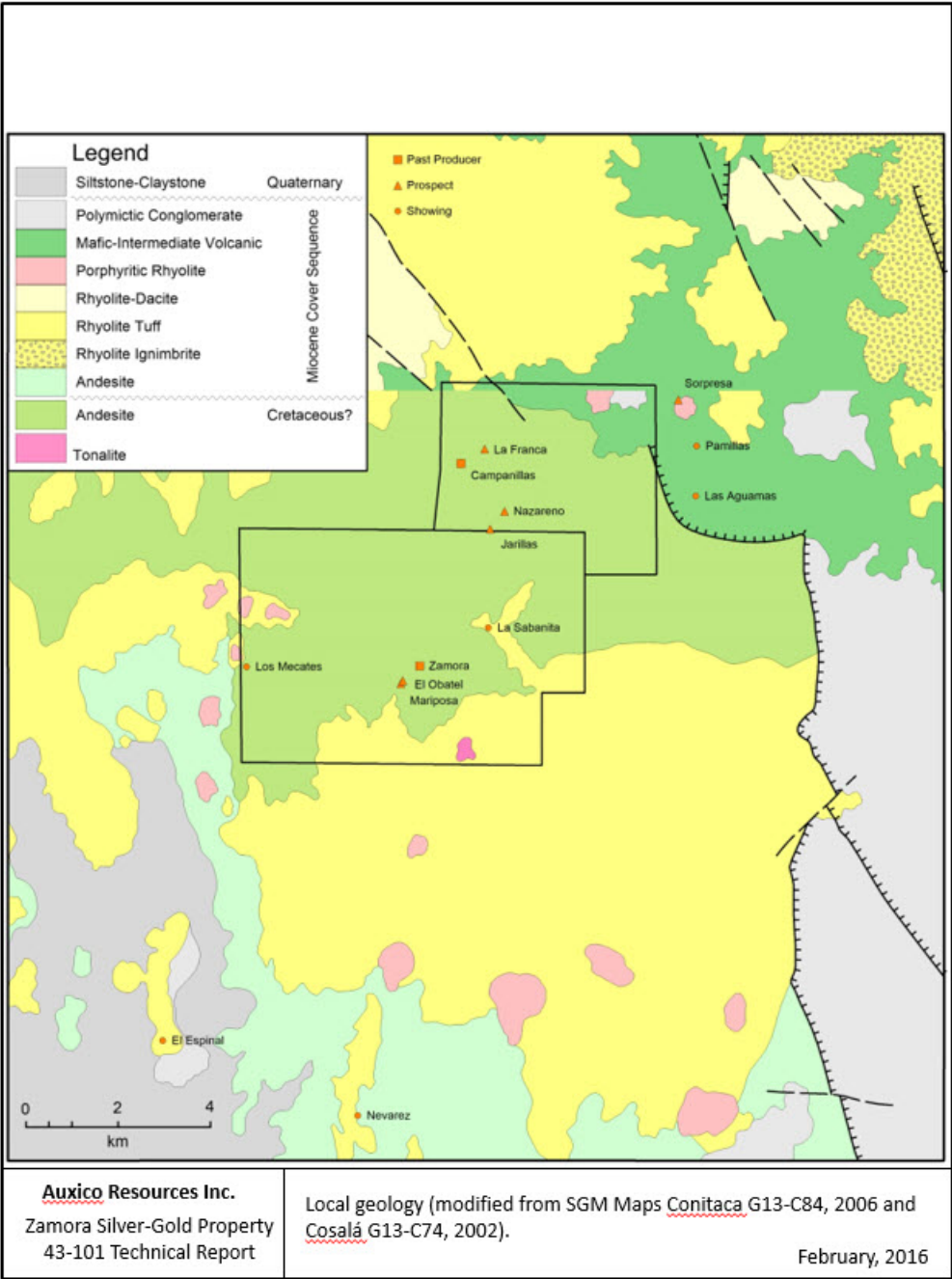
The basement of the area is represented by tuffaceous breccia consisting of subangular to angular fragments of andesite up to 10 centimetres in diameter. It is dark grey and a matrix of volcanics ashes and glass can be observed under the microscope. The host rock is affected by generally NE trending andesite dykes that are locally associated to the mineralized structures. This tuffaceous breccia unit, possibly of lower tertiary age, occupies the central portion of the studied area, as a window in the middle of the basin (Figure 7: Local Geology).

Based on the work completed to date, 16 historic mines and/or prospects including newly discovered areas demonstrate that an intense hydrothermal system trending in a N-S direction intersecting pervasive NE-SW structures is present within the claim boundaries and covers an area of interest of approximately 8 square kilometers. However, the N45oE structure appears to be a marker horizon for a breccia unit that always hosts the quartz veins that were mined in the past. This has never been demonstrated before and work done in the past only showed the presence of mostly NE-SW vein systems without any mention of the apparent importance of this breccia unit. At Campanillas the best sample thus far returned 14.4 kg/t Ag and 15 g/t Au providing evidence for the presence of very high-grade ore shoots within the system. Based on the field work which demonstrates that 90-95% of the mineralized zones line up, it could easily be demonstrated that a potential exists for hundreds of millions of tons of ore, possibly more if testing of the area between Los Olotes and Campanillas can prove that there is a continuous orebody. Over a strike length of almost 7km, this would represent a deposit of low to medium-grade with sections of high-grade ore and likely could make this opportunity a world class mine.

The Zamora Silver and Gold deposit consists of an epithermal hydrothermal vein system controlled by NE and NS trending structures. Mineralization is characterised by silver (proustite, pyrargyrite), gold and various amounts of sphalerite, pyrite and pyrrhotite, all of which is hosted within a silicified tuffaceous breccia overlain by tuffs, rhyolitic flows and a volcanic conglomerate. Some of the surface samples collected contain cinnabar, a mercury sulphide mineral.

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Figure 3: Local Geology Map



Drilling

There is no record of any drilling done on the Property.

Sustainability and Environment

Mexico has balanced environmental policies and well-tested mineral tenure laws. The country's federal government works toward sustainable development and environmental protection through the Ministry of Environment and Natural Resources (SEMARNAT). SEMARNAT aims toward the following targets:

- Conservation of ecosystems and their biodiversity
- Prevention and control of pollution
- Management of water resources
- Actions towards climatic change

In Mexico, mining companies must follow the environmental regulations laid out by the Mexican Secretariat of Labour (STPS) and SEMARNAT. SEMARNAT has aligned its policies to internationally accepted standards, so that mining operations have a diminished effect on environments. The industry is committed to developing sustainable projects that prioritize the safety of mine workers and protection of the environment. Under the Mexican Mining Law, concessionaires must adhere to federal environmental regulations, and their activities are subject to an environmental review. All mining companies are required to prepare and file an environmental impact statement for all extractive operations as well as for non-standard exploration work. This environmental impact statement must be approved by regulatory authorities. With environmental issues taking centre stage in the mining sector, SEMARNAT is introducing environment-friendly policies for the industry. Major mining companies in Mexico have started to invest in auxiliary areas of environmental responsibility, such as reforestation projects, environmental audits and certification, and residual management systems, among others.

Foreign Ownership and Taxation

For the mining sector, restrictions on foreign ownership of Mexican companies have been removed. Mining-specific royalties and taxes were revoked in the 1990s to attract international investment in the mining industry. Current law merely requires mining companies to be incorporated under the laws of Mexico, include exploration or exploitation of minerals under their corporate purpose and establish their corporate domicile within the Mexican Republic. The country retains ownership of all mineral resources, and the government grants concessions to private mining companies for exploration and extraction. In terms of taxation, mining companies in Mexico are treated much the same as companies in other sectors. Corporate income tax is levied at a rate of 30 percent. Unlike other Latin American jurisdictions, Mexico does not currently have any specific mining taxes. There have been proposals of discussion for a new mining tax in Mexico; however, finalization of these rules is in progress at this point in time.

Surface Rights

A small part of the Property is occupied by ranchers, mainly for cattle. To date, no issues have been reported and no restrictions have been made for accessing the Property.

Water Rights

There are currently no restrictions to the use of water within the limits of the Property.

Royalties

The Property is subject to a 2% Net Smelter Return Royalty (NSRR). A 1% NSRR may be purchased by Auxico at any time for US\$500,000.

Agreements

Pursuant to the Assignment Agreement signed on July 17, 2013 with Filipe Jesus Ortega Garcia, Alejandrina Luviano Castillo, Miguel de Jesus Ortega Garcia, and Auxico Resources S.A. de C.V. (Auxico Mexico), Auxico Mexico has a 100% undivided interest in the Zamora Silver-Gold Property (Appendix 4: Assignment Agreement of the Zamora Technical Report) subject to a 2% Net Smelter Return Royalty (NSRR). A 1% NSRR may be purchased by Auxico Mexico at any time for US\$500,000.

Auxico Resources S.A. de C.V. is a company duly incorporated and validly existing pursuant to the laws of the United Mexican States, having its corporate domicile at Avenida Carlos Canseco No. 6052 Plaza Nautica, Oficina 215, Marina Mazatlan, Mazatlan, Sinaloa, C.P. 82103, herein represented by Pierre Rene Gauthier acting as its legal representative holding general powers of attorney for acts of administration and domain.

Permits

No permits have been issued for the Zamora Silver-Gold Property.

Environmental

The author of the Technical Report has not seen anything on the Zamora Silver-Gold Property which would pose any environmental threat or concern and no permits have been issued.

Exploration potential

- *Zamora-Camichina*

It is widely accepted that the La Camichina shaft was sunk down to approximately 100m below the surface, however in 1982 when the CRM dewatered La Camichina they only went down to the -30m level where a wooden cap was encountered. The cap was removed and a plumb bob was dropped down another 70m or so according to Mr. Martinez. The CRM did not descend or dewater any of the lower areas of the mine since the mandate was to access and evaluate the mineral potential of Los Olotes (personal communication with Mr. Martinez). Based on the premise that silver and gold ore were extracted from La Camichina down to the -100m level and the fact that detailed sampling of Los Olotes which is only 115m along strike from the La Camichina vertical shaft, it can be established that there is a reasonable chance that the Los Olotes mineralized zone continues to at least the same depth as La Camichina.

- *Los Olotes*

The report written by Mr. Martinez as well as detailed sampling maps that are an interim part of that same report, as well as personal communication with Mr. Martinez demonstrate the high-grade nature of silver and gold mineralization in the Los Olotes Mine where the author has verified all the information available at the time of this report.

- *La India*

Prospect pit located very close to Los Olotes. Caved in Periguete. A site visit to Periguete failed to locate the historic mine, however, farming in the area appears to be the cause of this. A pit was excavated to retain water for cattle. It is believed that the old workings may be buried underneath or alongside of this pit. Outcrops in the immediate area display intense Propylitic alteration and stockwork quartz veins.

- *Campanillas*

A considerable amount of work was performed by the author in order to gain access to the main level and get an understanding of the vein system, breccia, and structural features represented in Campanillas. The most prominent feature is the fact that the hanging wall and footwall alongside of the main Campanillas vein are hosted by a breccia or stockwork. The stockwork veins are significant in number and can literally be followed from one end of the development drift to the other and transect the main Campanillas vein at right angles. This breccia or stockwork is typical of every historic minesite visited on the Property and it is in this structure where higher grade silver has been encountered, and which can add significant tonnage depending on the thickness of this unit, which so far is unknown since it has never been drilled or explored.

- *Chico Pico*

A day visit to Chico Pico revealed quartz fragments and boulders scattered throughout the entire mountain that the author traversed. Vuggy quartz was found near the top of the mountain close to the prospect pit which revealed some high-grade silver mineralization previously discussed. This is a very important area that requires a considerable amount of work as it could represent a large tonnage area based on field observations. One sample returned 429.09 g/t Ag hosted within a strong north-south structure, which appears to be an intensely silicified andesite with abundant quartz, and represents an area of high sulphidation.

- *Tahuanita*

Tahuanita was found just east of the Property boundaries but it appears to be associated with Chico Pico and is close by. This area shows a high-degree of shearing, veining, and intense silica alteration associated with gossans.

- *La Franca*

Although La Franca does not belong to Auxico, one sample in the stope represented by breccia and stockwork returned 1.72 kg/t Ag and 12.96 g/t Au. This sample was collected in a stope which appears to be no more than about 80m from the property boundary with Campanillas. During a one-day field mapping exercise the author was able to trace on surface numerous historic workings between Campanillas and La Franca which implies that it is one zone or one continuous vein system with a minimum strike length of 625m, and open along strike in both directions.

- *El Triunfo*

The best sample selected at the mine site was 286 g/t Ag and 2.54 g/t Au. North-south structures predominate.

- *Nazareno*

Low-grade values were returned but the north-south structure is present within the mine workings.

Sampling Method and Approach

Sampling programs, in and around the various historic mines and/or prospect pits included rock chips. All of the sampling conducted by SIERRA GEOLOGICAL CONSULTANTS INC. was carried out by the author, Antonio Martinez, and local support workers.

Metallurgical samples

Rock samples collected for metallurgy were carefully selected, prepared and sent off to Dundee Sustainable Technologies at Thetford Mines, Quebec.

Analytical laboratories

SGS in Durango, Mexico and Dundee Sustainable Technologies laboratories were used for analyzing all of the rock samples.

Assaying Sample preparation

Samples were delivered via FEDEX to SGS in Durango and via FEDEX to Dundee Sustainable Technologies at Thetford Mines, Quebec. At Dundee the entire sample was crushed using jaw and cone crushers. All samples were put into 5ml plastic bags with zip ties or 5-gallon plastic containers and then sealed with gorilla tape for security. Sample tags were placed inside the containers and marked on the outside of the container with a permanent marker. The information of all the samples is then entered into a database which can be accessed for future reference.

SGS Mineral Services from Durango then prepared the samples by:

- Crushing
- Grinding
- Froth flotation
- Separation by size, gravity, heavy media
- Magnetic separation
- Solvent extraction – electrowinning

The samples were weighed, dried (up to 3.0 kg) crushed to 75% passing a 2mm screen. A 250 g split was taken from this material and pulverized to 85% passing 75 microns. A 30 g or 50 g sample was then selected for Fire Assay with an Inductively Coupled Plasma – Atomic Emission Spectrometry (ICP-AES) finish. The rejects are all currently stored at the SGS facility in Durango, Mexico as well as the pulps.

Quality Assurance/Quality Control Programs (QA/QC)

Because of the limited campaign, no standards or blanks were used, however, as part of the QA/QC program the author send some samples to DST and the results were in line with the assays from SGS.

Databases

The grab sample and channel sample database for the Zamora Silver Property consists of samples from most of the historic mines located within the limits of the claims as well as from La Franca which lies within the Campanillas Lot and which does not belong to Auxico. Database samples describe values for gold and silver, and in the case of DST display results from some other elements including and not limited to Arsenic. Samples with less than detectable gold and silver values are recorded in the database at the detection limit.

Sample security

All of the samples were put into 6 ml poly bags and zip tied, then put into 5-gallon plastic containers. The lids for the containers were wrapped with tuck tape and taken to the author's place of residence in Culiacan in a secure location. They were then delivered to FEDEX in Culiacan and shipped off to SGS in Durango for analyses.

Sample storage

All of the pulps and rejects are stored at SGS laboratory in Durango, Mexico. There are no more pulps or rejects stored at Dundee Sustainable Technologies Lab in Thetford Mines, Quebec, they have been discarded.

Data verification

The author of this report checked the assay entry on all of the samples against the original assay certificates and found no transcription errors.

Mineral Processing and Metallurgical Testing

Metallurgical Testwork

Some of the samples were sent to Dundee Sustainable Technologies (“DST”) at Thetford Mines, Quebec for metallurgical testing using halide technology. The material was divided in two identical parts and one of these was crushed, dried at 45°C, then ground to 80% -200 mesh for analytical and flotation purposes. The second part was put aside for a potential different particle size, if a gravity concentration is required. The representative ground sample was digested in aqua regia and analyzed by ICP for metals, fire assay for Ag and Au, and for sulfur and sulfide. Flotation tests were then done with this material, in order to verify and calculate the gold and silver recovery in the concentrate.

Process description

DST has developed a novel process which uses chlorination in order to extract precious metals from refractory minerals. The Company’s process operates in a closed loop circuit, which implies that no liquid effluents are generated, eliminating the need for costly tailings ponds. The chemistry and process design allows precious metal deposits containing base metals to be treated viably. The tailings from the process are inert from toxic substances, sulphide depleted and not acid generating, and as a result, meet environmental norms. The efficiency of the process has demonstrated high gold recoveries within a fraction of the time needed for cyanidation to obtain similar results.

The efficiency of the process, coupled with its operating conditions, plant size, construction material allow for competitive operating and capital costs as confirmed by technical and economic validation done by recognized engineering firms.

DST has completed the construction of its demonstration plant. The plant is located in Thetford Mines and following a commissioning and demonstration period, the plant will process material on a commercial basis. The plant has a capacity of 15 Tonnes per day of mineral concentrate, and the ability to extract gold and silver utilizing DST’s chlorination technology.

Since the foundation of the company in 1997, the technology has evolved from laboratory experiment to optimization at the pilot scale. The demonstration plant will now demonstrate the technology at an industrial scale for further commercialization. The support from shareholders, institutions and other partners has made this development possible and allowed the Company’s cyanide free process to be ready for commercialization at the national and international level.

Arsenic Sequestration by Vitrification

The occurrence of arsenic bearing minerals is increasing in base and precious metal deposits. Materials with elevated arsenic contents are difficult to process without the associated environmental risks. Due to limited alternatives, the arsenic is volatilized or left in tailings exposed to lixiviation. Very few facilities in the world are capable of treating material containing high levels of arsenic. DST has developed in its portfolio of technologies a patented process for the capture and stabilisation of the arsenic from mining and processing operations.

DST’s approach is to form a very stable glass and vitrify the arsenic content. The cost of sequestering the arsenic using the vitrification technology is in the order of ten times lower than conventional approaches and produces a stable, insoluble glass residue.

Mineral Resource and Mineral Reserve

There are no NI 43-101 compliant mineral resources on the Property.

Mineral reserves

There are no NI 43-101 compliant mineral reserves on the Property.

Capital and Operating Costs

A budget of USD\$500,000 is required to conduct exploration initially at Los Olotes and Campanillas, dewater La Camichina to gain access to Los Olotes, and dewater the lower levels at Campanillas, and to lay the foundation for a bulk sample using a mobile gravity plant with a five-cell flotation circuit, producing both a gravity concentrate and flotation concentrate. A 1,500m diamond drilling program will be initiated to drill in the area of Los Olotes and Campanillas. Detailed mapping and sampling is recommended to be followed up by diamond drilling.

The author of the Technical Report recommends pursuing serious negotiations with the owner of La Franca for immediate acquisition. Back in 2014 discussions regarding the acquisition for La Franca were ongoing in Mexico.

Budget Phase 1: Ore Verification – Los Olotes

Description	Cost	Comments
1,500m Diamond Drilling Program at Los Olotes	300,000	All-in cost of USD 200/m
Environmental Water Permit	25,000	Dewater La Camichina
Sampling and Mapping Los Olotes Metallurgical Test Work	75,000	On the 17m, 23m, 30m & possibly the 60m level
Ventilation & Electrical, Clean up, Headframe Restoration	100,000	Restoration of the La Camichina Headframe for this part of the program
Total	500,000	

Additional Information

For additional information on the Property or the work performed by the Company on such Property, please refer to section entitled “Three Year History - Subsequent Events” of this AIF.

DIVIDENDS AND DISTRIBUTIONS

Three most recently completed financial years

Auxico has not declared any dividends on the Common Shares in the three most recently completed financial years and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Payment of any future dividends will be at the discretion of Auxico’s board of directors.

DESCRIPTION OF CAPITAL STRUCTURE

The Authorized Share Capital of the Company is composed of an unlimited number of common shares without par value having the preferences, rights, conditions, restrictions, limitations and prohibitions hereinafter set forth.

Common Shares

Holders of the Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company, and each Common Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

As of September 30, 2017 and as of the date of this AIF, there were 35,810,000 issued and outstanding Common Shares in the share capital of the Company.

Stock Options

The Company adopted a rolling Stock Option Plan on February 10, 2017, which authorizes the Board to grant options to directors, officers, employees and consultants to acquire Common Shares at a price no less than the closing market price of the Common Shares the business day before the Company notifies the Canadian Stock Exchange of the grant of the option for a minimum amount of \$0.10 per option. The number of Common Shares which may be granted to any one person shall not exceed 5% (2% for consultants) over a twelve-month period. Subject to earlier termination and in the event of dismissal for cause, termination other than for cause or in the event of death, all options granted under the Stock Option Plan will expire on the date of expiry set by the Board at the time of grant, which may not be later than ten years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

As at the date of the grant, the issued and outstanding Common Shares were 35,810,000. The Corporation may issue a maximum of 3,581,000 Common Shares under the Stock Option Plan.

On February 10, 2017, the Corporation granted a total of 1,975,000 stock options to its directors and officers and 500,000 stock options to consultants to the Corporation, to purchase a total of 2,475,000 Common Shares of the Corporation at a price of \$0.25 per Common Share until February 9, 2022.

On October 23, 2017, the Corporation further granted a total of 1,100,000 stock options to consultants to purchase 1,100,000 Common Shares of the Corporation at a price of \$0.40 per Common Share until October 22, 2022. The fair value of the options was estimated at \$342,980 using the Black-Scholes option pricing model. Out of the 1,100,000 stock options granted on October 23, 2017, 200,000 stock options expired on the date that is three months following termination of the related consulting agreement between the Corporation and such consultant, the whole in accordance with the provisions of the Stock Option Plan.

Therefore, as of the date of this AIF, there are a total of 3,375,000 stock options issued and outstanding in the share capital of the Corporation, so the Corporation may be able to grant an additional number of 206,000 stock options under its Stock Option Plan.

A continuity of the Company's stock options is as follows:

Date of Grant	Exercise Price	Expiry Date	Number of Options
February 10, 2017	\$0.25	February 9, 2022	2,475,000
October 23, 2017	\$0.40	October 22, 2022	1,100,000
Balance as of the date of this AIF			3,375,000 ⁽¹⁾

(1) 200,000 stock options that were issued to consultants on October 23, 2017, were cancelled following the termination of the related consulting agreements as per the terms of the Stock Option Plan.

Warrants

For the financial year ended September 30, 2017, the Company had 16,600 warrants issued and outstanding, in connection with the Company's private placement. These warrants have an exercise price of \$0.25 and expire on August 28, 2022.

	Number of Warrants	Weighted average exercise price (\$)	Weighted average number of years to expiry
Balance, September 30, 2017	16,600	0.40	4.91
Granted / (Expired)			
Balance, as of the date of this AIF	16,600	0.40	4.91
Granted / (Expired)			

Share-Based Payment Reserve

The share-based payment reserve records stock options and share purchase warrants recognized as stock-based compensation expense until such time that the stock options or warrants are exercised, at which time the corresponding balance is transferred to share capital or such time that the instruments expire at which time the corresponding balance is transferred to deficit.

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RELATED PARTY TRANSACTIONS

The Company's related parties include an entity with significant influence, companies owned by a director as well as key management personnel and a director. 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 receivable and advances payable are measured at fair value and occurred in the normal course of business.

For the year ended September 30 2017 (audited)	2017	2016
	\$	\$
<u>Management fees</u>		
Companies controlled by a director (<i>Gencap Inc.</i>)	128,000	146,000
Key management personnel and director (<i>Gestion Marengo Management Inc.</i>)	127,784	-
<u>Share-based compensation</u>		
Key management personnel and director	327,687	-
<u>Rent</u>		
Company controlled by a director (<i>Hitlab Inc.</i>)	39,916	23,416

	Year	Interest received (paid)	Amounts owed by related parties	Amounts owed to related parties
		\$	\$	\$
Key management personnel and director (<i>Hitlab Inc.</i>)	2017	-	20,562	-
	2016	2,108	1,000	-
Company controlled by a director (<i>Seed Capital Inc.</i>)	2017	-	27,246	-
	2016	(8,950)	-	53,713

Notes:

- (1) Gencap Inc., Hitlab Inc. and Seed Capital Inc. are companies that are fully owned by Mr. Pierre Gauthier.
- (2) Gestion Marengo Management Inc. is a company fully owned by Mr. Mark Billings.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the Exchange under the symbol "AUAG" since October 17, 2017. The following table indicates the high and low price and the volume of the Common Shares on the CSE for each month of the financial year ended September 30, 2017 and up to the date of this AIF:

Period	High (\$)	Low (\$)	Volume Traded
October 2015	Nil	Nil	Nil
November 2016	Nil	Nil	Nil
December 2016	Nil	Nil	Nil
January 2017	Nil	Nil	Nil
February 2017	Nil	Nil	Nil

March 2017	Nil	Nil	Nil
April 2017	Nil	Nil	Nil
May 2017	Nil	Nil	Nil
June 2017	Nil	Nil	Nil
July 2017	Nil	Nil	Nil
August 2017	Nil	Nil	Nil
September 2017	Nil	Nil	Nil
October 17 – 31 2017	0.45	0.265	2,960,000
November 2017	0.395	0.30	1,860,000
December 2017	0.34	0.24	799,160
January 2018	0.345	0.195	982,190
February 2018	0.42	0.25	3,030,000
March 2018	0.40	0.26	2,500,000
April 2018	0.31	0.22	1,330,000

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities held in escrow⁽¹⁾	Percentage of class
Common Shares	3,034,800	8.47%

Note:

(1) The Company's depository is Computershare Investors Inc.

Reproduced below is the schedule release for the Escrowed Securities of the Company:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the Escrowed Securities
6 months after the Listing Date	1/6 of the remaining Escrowed Securities
12 months after the Listing Date	1/5 of the remaining Escrowed Securities
18 months after the Listing Date	1/4 of the remaining Escrowed Securities
24 months after the Listing Date	1/3 of the remaining Escrowed Securities
30 months after the Listing Date	1/2 of the remaining Escrowed Securities
36 months after the Listing Date	the remaining Escrowed Securities

Assuming that no additional escrowed securities were deposited, automatic timed release escrow applicable to the Company resulted in a 10% release on the Listing Date, with the remaining escrowed securities being released every six months thereafter in accordance with the table above.

Pursuant to the terms of the Escrow Agreement, Gencap Inc., Mark Billings, Bernard Jun He, Marc Filion and Pierre Gauthier have agreed to deposit their Common Shares in escrow with the Escrow Agent. Pursuant to the Escrow Agreement, 337,200 Common Shares have been released from escrow on the Listing Date.

The next release from escrow of the Escrowed Securities shall be on April 17, 2018, when 1/6 of the remaining Escrowed Securities will be released.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth information regarding the directors and executive officers of the Company as of the date of this AIF. The term of office for the directors expires at the Company's next Annual General Meeting.

Name and Province of Residence and Position with the Company	Director/ Officer Since	Principal Occupation for the Past Five Years	Shares Beneficially Owned Directly or Indirectly (at the date of this AIF)
Pierre Gauthier, Quebec, CEO and Chairman of the Board	CEO of Auxico since April 16, 2014.	Dundee Sustainable Technologies, President & CEO July 1997 to December 2015; Creso Resources Inc., President & CEO February 2005 to December 2015; Hitlab Inc. Chairman October 2008 – present; Central America Nickel Inc. Chairman & CEO October 2015 – present	2,366,000 ⁽¹⁾ (7%)
Mark Billings, Quebec, President	President of Auxico since April 19, 2016	CEO of Canamex Resources, 2014 to 2016; CFO, Senior VP of Argex Titanium, 2009 to 2014 and director of Kintavar Exploration Inc. (KTR : TSX-V) from March 2017 to present.	500,000 (1%)
Marc Filion, Quebec, Director	April 19, 2016 to Present	ADF Group, Director March 2007 to May 2015; SAMA Resources Director May 2015 - Present SRG Graphite director December 2016 - Present Abcourt Mines Director	6,000 (0.017%)

		&CFO September 2006- March 2018	
Salvador Brouwer Dominican Republic, Director	, 2018 to Present	Consultant through his own wholly owned company Brouwer Geoconsultants	Nil
Jacques Arsenault, Quebec, CFO	February 10, 2017	CFO Manganese X Energy Corp. (formerly Sunset Cove Mining Inc.) (January 2016 – Present); CFO Caldera Resources Inc. (December 2008 – January 2012)	Nil
Rick Whittaker, Ontario, Director	June 10, 2016 to Present	AirShare Inc. Founder October 2015 – present; Sustainable Development Technology Canada VP Investments & CTO October 2002 – October 2015	Nil
Bernard He, Ontario, Director	February 2017 to Present	Director of Homeland Uranium from July 2012 to July 2015	500,000 (1%)
Michel Lebeuf Jr., Quebec, Corporate Secretary	May 1, 2017 to present	Director and Corporate Secretary of Tantalex Resources Corporation from November 2015 to present; Director of Bitumen Capital Inc. from February 2017 to present; Director and Corporate Secretary Komet Resources Inc. November 2009 – July 2014 Director, Ressources Northcore Inc. – March 2012 – October 2014	Nil

Note:

- (1) Mr. Pierre Gauthier personally holds 6,000 Common Shares in the share capital of Auxico and beneficially holds 2,360,000 Common Shares in the share capital of Auxico through Gencap Inc. a company controlled by Mr. Pierre Gauthier.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Company's knowledge, save and except as disclosed elsewhere herein, no existing or proposed director, officer, promoter or other member of management of the Company is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other company that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that company, was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Michel Lebeuf was named director of Bitumen Capital Inc. (TSXV-BTM.H) ("**Bitumen**"), a capital pool company listed on the NEX board of the TSX Venture Exchange during Bitumen's annual general meeting in February 2017, in order to meet the requirements of the Canada Business Corporation Act of at least three directors on the board. On May 8, 2017, Bitumen, having not enough cash to pay the audit of its annual financial statements was unable to file in due time said annual audited financial statements and received a cease trade in the Provinces of Quebec and Ontario

Mark Billings and Jacques Arsenault, respectively President, Director and CFO of the Company, are presently directors of Manganese X Energy Corp. (formerly Sunset Cove Mining Inc. (TSX-V: SSM) ("**Sunset Cove**")), which was issued a cease trade order ("**CTO**") by the British Columbia Securities Commission ("**BCSC**") on August 6, 2015 as a result of Sunset Cove's incapacity to file its annual audited financial statements, management's discussion and analysis and CEO and CFO certificates by the filing deadline of July 30, 2015, as prescribed by National Instrument 51-102 – Continuous Disclosure Obligations, due to a lack of funding to pay for the costs associated with the audit. This CTO was lifted by the BCSC on June 1, 2016 as Sunset Cove has met all of its continuous disclosure requirements.

On February 3rd, 2017 Michel Lebeuf filed a proposal with his creditors; such proposal was accepted by the Superior Court of Quebec on March 16, 2017. This proceeding was due to many contractual engagements taken by Mr. Lebeuf (namely for acting as personal guarantee) to various loans regarding his previous law firm Brière & Lebeuf Inc.

To the Company's knowledge, save and except as described hereinabove, no other existing or proposed director, officer, promoter or other member of management of the Company has, during the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

To the Company's knowledge, no existing or proposed director, officer, promoter or other member of management of the Corporation has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers and shareholders of other companies that are similarly engaged in the mining, exploration and development of mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any property or opportunity. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

Other Committees of the Board

The Board of Directors and management of Auxico consider good governance to be an important factor in the effective operation of the Company. The Board has responsibility for the overall stewardship of the conduct of the business of the Company and discharges this responsibility both directly and by the delegation of certain authority to committees of the Board and senior management of the Company. The Board of Directors and its various committees provide oversight and direction in the establishment of the Company's response to, and compliance with, the various securities requirements around internal controls, disclosure controls and officer certifications.

Audit Committee

During the financial year ended September 30, 2017, the Board of Directors of the Company had appointed an Audit Committee. The Audit Committee is comprised of Mark Billings, Marc Filion and Rick Whittaker and is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting of the Company, as well as internal controls to achieve the objectives of safeguarding the Company's assets; reliability of information; and compliance with policies and laws.

Audit Committee Charter

National Instrument 52-110 Audit Committees of the Canadian Securities Administrators ("**NI 52-110**") requires the Company to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its external auditor as set forth below. The text of the charter of the Company's Audit Committee is attached as Schedule A to this AIF.

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors, Mark Billings, Marc Filion and Rick Whittaker. Marc Filion and Rick Whittaker are considered "independent" as that term is defined in applicable securities legislation. As President of the Company, Mark Billings, is not independent.

All three Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and are therefore considered "financially literate".

All of the Audit Committee members are businessmen with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor.

Since the commencement of the Company's most recently completed financial year ended September 30, 2017, the Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of MI 52-110 (De Minimis Non-audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the financial year ended September 30, 2017 other than as described below in this AIF regarding the outstanding proceeding against Telferscot, there are no other legal proceedings to which the Company is a party to or to which any of its property is subject outside of the ordinary course of the Company's business, and no such proceedings are known to the Company to be contemplated.

The Company was served on March 8, 2017 with a legal proceeding from Telferscot filed in the Superior Court of Quebec alleging that based on the Amendment to the Amalgamation Agreement signed June 30, 2016 and terminated January 5, 2017, a number of conditions would have not been met, and thus, the break-up fee is due and owing by the Company. The parties have agreed on and filed a case protocole. The exposure consists in the amount claimed in capital, interest and legal costs, which are limited to courts cost and fees and various disbursements but do not include counsel legal fees. The parties will also explore the possibility of an out of court settlement, as provided by the *Quebec Code of civil procedure*.

The Company has provisioned an amount of \$156,600 for the year ended December 30, 2017 with respect to this proceeding, as provided in the Company's annual financial statements filed on SEDAR.

INTERESTS OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

To the best of the Company's knowledge, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the outstanding securities of the Company, or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Guimond Lavallée Chartered Professional Accountants Company is independent within the meaning given to this term in the *Harmonized rules of professional conduct of chartered professional accountants of Canada*.

Computershare Investor Services Inc., at its office in Montreal, is acting as the transfer agent and registrar for the Company.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business and those mentioned above, the following are the only material contracts entered into by the Company during the financial year ended September 30, 2017 and as at the date of this AIF, which are currently in effect and considered to be material:

1. The Gold Loan Agreement between the Company, Auxico Mexico and Borboletta Foundation and the Settlement Agreement dated April 7, 2017 regarding the replacement of the Gold Loan by a payment in cash and the issuance of Common Shares of the Company;
2. The Amending Agreement between the Company, Auxico Mexico and Borboletta Foundation with respect to the Settlement Agreement, in which the parties agreed to extend the repayment of the settlement to December 31, 2017;

3. The Second Amending Agreement between the Company, Auxico Mexico and Borboletta Foundation dated January 1, 2018 with respect to the Settlement Agreement as described above.

INTEREST OF EXPERTS

Names of Experts

The following are persons or companies whose profession or business gives authority to a statement made in this AIF as having prepared or certified a part of that document, report, or valuation described in this AIF:

- Guimond Lavallée Inc., Chartered Professional Accountants Company are the auditors of the Company, who prepared the audit report on the Company's consolidated Financial Statements as of September 30, 2016 included in and forming part of this AIF; and
- Joel Scodnick, P. Geo, a Qualified Person (as defined in NI 43-101), authored the Technical Report in accordance with the requirements of NI 43-101, the majority of which is reproduced in and forms part of this AIF and is available in its full form on the Company's profile on SEDAR. Joel Scodnick does not have any direct or indirect interest in the Company or the Zamora Silver-Gold Property, nor will any such interest materialize before or after Listing, and there are no circumstances that, when reasonably interpreted, could be thought to have interfered with the judgment of Joel Scodnick regarding the preparation of the Technical Report.

Interests of Experts

No person whose profession or business gives authority to a statement made by such person and who is named in this AIF has received or will receive a direct or indirect interest in the Company's property or any associate or affiliate of the Company.

Guimond Lavallée Inc., Chartered Professional Accountants Company has confirmed that it is independent of the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Quebec.

As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of the Company or its associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of the Company or of an associate or affiliate of the Company, or as a promoter of the Company or an associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's profile on SEDAR at www.sedar.com.

Additional information concerning Auxico, including directors' and officers' remuneration and indebtedness, principal holders of the Company's Common Shares and the Common Shares authorized for issuance under the Company's Stock Option Plan, is contained in the Company's management information circular filed on SEDAR that was held on March 28, 2018.

Additional financial information is provided in the Company's consolidated Financial Statements and Management's Discussion and Analysis for its financial year ended September 30, 2017.

SCHEDULE A

AUDIT COMMITTEE CHARTER



1. Mandate

The Audit Committee will be responsible for managing, on behalf of shareholders of the Auxico Resources Corporation (the “**Corporation**”), the relationship between the Corporation and the external auditors. In particular, the Audit Committee will have responsibility for the matters set out in this Charter, which include:

- (a) overseeing the work of external auditors engaged for the purpose of preparing or issuing an auditing report or related work;
- (b) recommending to the board of directors the nomination and compensation of the external auditors;
- (c) reviewing significant accounting and reporting issues;
- (d) reviewing the Corporation’s financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information;
- (e) focusing on judgmental areas such as those involving valuations of assets and liabilities;
- (f) considering management’s handling of proposed audit adjustments identified by external auditors;
- (g) being satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements of the Corporation;
- (h) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (i) evaluating whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities.

2. Membership of the Audit Committee

Composition

The audit committee will be comprised of at least such number of directors as required to satisfy the audit committee composition requirements of National Instrument 52-110, as amended from time to time. Each member will be a director of the Corporation.

Independence

The Audit Committee will be comprised of a number of independent directors required to enable the Corporation to satisfy:

- (a) the independent director requirements for audit committee composition required by National Instrument 52-110, as amended from time to time, and
- (b) the independent director requirements of the stock exchange on which the Corporation’s shares are traded from time to time.

Chair

The Audit Committee shall select from its membership a chair. The job description of the chair is attached as Exhibit 1 hereto.

Expertise of Audit Committee Members

Each member of the Audit Committee must be financially literate. Financially literate means the ability to read and understand a set of financial statements that represent a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Financial Expert

The Corporation will strive to include a financial expert on the Audit Committee. An Audit Committee financial expert means a person having: (i) an understanding of financial statements and accounting principles; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience in preparing, auditing, analyzing or evaluating financial statements that present a similar breadth and level of complexity as the Corporation's statements; (iv) an understanding of internal controls; and (v) an understanding of an Audit Committee's functions.

3. Meetings of the Audit Committee

The Audit Committee must meet in accordance with a schedule established each year by the board of directors, and at other times as the Audit Committee may determine. A quorum for transaction of business in any meeting of the Audit Committee is a majority of members. At least twice a year, the Audit Committee must meet with the Corporation's chief financial officer and external auditors separately.

4. Responsibilities of the Audit Committee

The Audit Committee will be responsible for managing, on behalf of the shareholders of the Corporation, the relationship between the Corporation and the external auditors. In particular, the Audit Committee has the following responsibilities:

External Auditors

- (a) the Audit Committee must recommend to the board of directors:
 - (i) the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit or review services for the Corporation; and
 - (ii) the compensation of the external auditors;
- (b) the Audit Committee must be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- (c) with respect to non-audit services:
 - (i) the Audit Committee must pre-approve all non-audit services provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries, except for tax planning and transaction support services in an amount not to exceed \$15,000 for each service in a fiscal year; and
 - (ii) the Audit Committee must pre-approve all non-audit services provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries, except *de minimis* non-audit services as defined in applicable law.
- (d) the Audit Committee must also:

- (i) review the auditors' proposed audit scope and approach;
- (ii) review the performance of the auditors; and
- (iii) review and confirm the independence of the auditors by obtaining statements from the auditors on relationships between the auditors and the Corporation, including non-audit services, and discussing the relationships with the auditors;

Accounting Issues

- (e) the Audit Committee must:
 - (i) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and,
 - (ii) ask management and the external auditors about significant risks and exposures and plans to minimize such risks.

Financial Statements, MD&A and Press Releases

- (f) the Audit Committee must:
 - (i) review the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information;
 - (ii) in reviewing the annual financial statements, determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles;
 - (iii) pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
 - (iv) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses, warranty, professional liability, litigation reserves and other commitments and contingencies;
 - (v) consider management's handling of proposed audit adjustments identified by the external auditors;
 - (vi) ensure that the external auditors communicate certain required matters to the committee;
 - (vii) be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure referred to in paragraph (f)(i) (above), and must periodically assess the adequacy of those procedures;
 - (viii) be briefed on how management develops and summarizes quarterly financial information, the extent to which the external auditors review quarterly financial information and whether that review is performed on a pre- or post-issuance basis;
 - (ix) meet with management, either telephonically or in person to review the interim financial statements;
 - (x) to gain insight into the fairness of the interim statements and disclosures, the Audit Committee must obtain explanations from management on whether:
 - (a) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (b) changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;

- (c) generally accepted accounting principles have been consistently applied;
- (d) there are any actual or proposed changes in accounting or financial reporting practices;
- (e) there are any significant or unusual events or transactions;
- (f) the Corporation's financial and operating controls are functioning effectively;
- (g) the Corporation has complied with the terms of loan agreements or security indentures; and
- (h) the interim financial statements contain adequate and appropriate disclosures;

Compliance with Laws and Regulations

- (g) the Audit Committee must:
 - (h) periodically obtain updates from management regarding compliance;
 - (iii) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
 - (iv) review the findings of any examinations by regulatory agencies such as the Ontario Securities Commission; and
 - (v) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements;

Employee Complaints

- (i) the Audit Committee must establish procedures for:
 - (j) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (iii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

Other Responsibilities

- (i) the Audit Committee must:
 - (j) review and approve the Corporation's hiring policies of employees and former employees of the present and former external auditors of the Corporation;
 - (iii) evaluate whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
 - (iv) focus on the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown;
 - (v) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;
 - (vi) periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Corporate Governance and Nominating Committee and the board for approval;

- (vii) review, and if deemed appropriate, approve expense reimbursement requests that are submitted by the chief executive officer or the chief financial officer to the Corporation for payment;
- (viii) assist the board to identify the principal risks of the Corporation's business and, with management, establish systems and procedures to ensure that these risks are monitored; and
- (ix) carry out other duties or responsibilities expressly delegated to the Audit Committee by the board.

5. Authority of the Audit Committee

The Audit Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) communicate directly with the internal and external auditors.