AUXICO RESOURCES CANADA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND SIX- MONTH PERIOD ENDED MARCH 31,2018

OVERVIEW

This following management's discussion and analysis (quarterly highlights) of the financial condition and results of operations ("MD&A") covers the operations of Auxico Resources Canada Inc. ("Auxico" or the "Company") for the three and six-month period ended March 31, 2018. All currency amounts referred to herein are in Canadian dollars unless otherwise stated. The MD&A should be read in conjunction with: the Company's unaudited condensed interim consolidated statements for the three and six-month period ended March 31, 2018; the Company's audited consolidated financial statements for the year ended September 30, 2017; and the Company's MD&A for the year ended September 30, 2017. The accompanying audited and unaudited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

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

This MD&A is dated May 30, 2018.

COMPANY DESCRIPTION

The Company was incorporated under the Canada Business Corporations Act on April 16, 2014. The Company has a wholly-owned subsidiary, Auxico Resources S.A. de C.V. ("Auxico Mexico"), which was incorporated under the laws of Mexico on June 16, 2011. The Company has an office at 230 Notre-Dame Street West, Montreal, Quebec, H2Y 1T3, Canada. Auxico is a mineral exploration company with silver-gold properties in the state of Sinaloa, Mexico; the Company owns 100% of the Zamora silver-gold property in Mexico ("Zamora Property").

OVERVIEW OF THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

On January 1, 2018, the Company signed a second amending agreement on the Gold Loan Settlement Agreement. 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 March 5, 2018, the Company announced the acquisition of 13 properties located 75 km southwest of the city of Bogota, Colombia (the "Metalor Property"). 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.

On March 13, 2018, Auxico announced the sampling results taken from the Metalor Property in Colombia. A total of six selected samples were taken. Five of the six samples contain scandium with 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.

The samples were analyzed in Bogota, Colombia by Symtek, an SGS affiliate, using a Thermo Scientific Niton XL5 handleld XRF Analyzer, a mass spectrometer which measures 68 elements including gold and scandium in parts per million (ppm) with a 99.7% confidence interval. These same samples were 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 on 29 elements.

During the three-month period ended March 31, 2018, the Company also continued geological work on the Zamora Property. More specifically, Auxico conducted trenching and channel sampling at the Aguamas mine, as well as metallurgical work on gravity concentrates from the Campanillas and Aguamas sections of the Zamora Property.

SUBSEQUENT EVENTS

On May 8, 2018, Auxico announced that it had signed a Memorandum of Understanding ("MOU") with the government of the Department of Bolivar to produce gold in this area of Colombia.

Under the terms of the MOU, both parties agree to work together to set up gold production operations in Bolivar, which will be managed by Auxico. For its part, the Bolivar government agrees to contribute the following:

- Property on which the gold production will take place;
- Physical security of the gold production operations;
- Help with the permitting process, including specifically any required environmental permits; and
- Liaison with local miners who will supply ore to the Auxico gold production operations.

For its part, Auxico agrees to contribute the following:

- Environmentally friendly technology that will not rely upon mercury or cyanide for gold production;
- Financing and construction of gold producing operations in Bolivar; and
- Management of the export and sale of gold and/or gold concentrates.

At present, there are two issues of importance to the Government of Bolivar that Auxico will address in this partnership. First, much of the current gold production is unlicensed and outside of any regulatory framework. Auxico does not intend to mine gold in Bolivar. Rather, it intends to form partnerships with local gold miners who will bring their ore to Auxico's facilities to be processed. In this way, the Government of Bolivar, through the operations of Auxico, will set up a legal and regulated framework for gold production in this Department of Colombia.

Second, the current unlicensed gold production in Bolivar is often occurring with the use of mercury, which is having a significant negative impact on the environment. By professionalizing the production of gold, and by eliminating the use of mercury in gold production, as outlined in the 2013 United Nations Minamata Convention on Mercury, Auxico will be conducting its operations in an environmentally responsible manner.

Auxico and the Government of Bolivar agree to work together in partnership in this regard and to share the profits of Auxico's gold production operations in Bolivar, with 75% of net profits going to Auxico and 25% going to the Government of Bolivar.

Both parties agree to negotiate and conclude definitive agreements as quickly as possible.

On May 25, 2018, the Company announced that it had acquired worldwide rights to a non-mercury, non-cyanide gold and silver extraction process that is currently patent-pending. The metallurgical extraction process was developed by Central America Nickel Inc. for the extraction of energy metals such as nickel, cobalt, vanadium, scandium, manganese and copper. The process was then applied to gold and silver samples originating from Auxico's Zamora gold and silver property located in Sinaloa, Mexico.

The process extracted over 90% of the gold and over 80% of the silver in less then one hour, without the use of cyanide and mercury. The process uses no pressure and no heat. Auxico has agreed to pay Central America Nickel Inc. a 2% net royalty on the production of gold on any deposit in the world where the process is used. Auxico has the option to buy back this 50% of this royalty (or 1% of the 2% royalty) at any time through the issuance of 2,000,000 common shares of the Company.

As at the date of this MD&A, there are 35,810,000 common shares issued and outstanding of Auxico.

FINANCIAL POSITION

The Company prepared its condensed consolidated financial statements in accordance with the International Financial Reporting Standards (''IFRS''). The Company's condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. For more detailed information, please refer to the Company’s condensed interim consolidated financial statements for the periods then ended. The financial position of Auxico at March 31, 2018 (unaudited) and September 30, 2017 (audited) is presented below:

Condensed Interim Consolidated Statements of Financial Position

As at	**March 31, 2018 (unaudited)**	**September 30, 2017 (audited)**
	$	**$**
Assets		
Current assets		
Cash & cash equivalents	221,890	1,165,415
Sales tax receivables	103,739	43,737
Prepaid expenses	104,836	67,381
Consulting and advisory services to be received	-	179,900
Advance to a director	-	20,562
Advance to a company controlled by a director	2,246	27,246
	432,711	1,504,241
Non-current assets		
Mining property acquisition costs	181,400	181,400
Exploration and evaluation expenses	961,760	651,622
Total assets	**1,575,871**	**2,337,263**
Liabilities		
Current liabilities		
Accounts payable and accruals	88,688	124,963
Provision	156,600	156,600
Income taxes payable	2,186	2,186
	247,474	283,749
Non-current liabilities		
Deferred income tax liabilities	31,025	31,025
Total liabilities	**278,499**	**314,774**
Shareholders’ Equity		
Share Capital	3,578,059	3,578,059
Contributed surplus	793,550	450,570
Warrants	3,235	3,235
Deficit	(3,077,472)	(2,009,375)
Total shareholders’ equity	**1,297,372**	**2,022,489**
Total liabilities & shareholders’ equity	**1,575,871**	**2,337,263**

Cash and cash equivalents at March 31, 2018 were $221,890, compared to $1,165,415 at September 30, 2017. This difference is due to operating expenses occurred in the six-month period ending March 31, 2018.

As at March 31, 2018, the Company had a contributed surplus of $793,550 (September 30, 2017 – $450,570). This is a non-cash charge associated with the value of options granted. In addition, as at March 31, 2018, the Company had an amount of $3,235 under Warrants (September 30, 2017 – $3,235). This is a non-cash charge associated with the value of warrants issued.

As at March 31, 2018, there is a provision on the statement of financial position for $156,600 (September 30, 2017 – $156,600). The Company was served on March 8, 2017 with a legal proceeding from Telferscot Resources Inc. 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 of 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.

As of March 31, 2018, Auxico had working capital of $185,237, compared to working capital of $1,220,492 at September 30, 2017.

Zamora Property (Mexico)

Auxico, through its wholly-owned Mexican subsidiary, Auxico Mexico, has a 100% interest in the Zamora Property, which is located 85 km southeast of the city of Culiacan in the state of Sinaloa, Mexico. The Zamora Property is comprised of five individual lots measuring a total of 3,376 hectares.

Under IFRS, the Company has chosen to capitalize all mining properties and exploration costs and assess the resulting asset for impairment on a periodic basis. Subsequent to the point of technical and economic feasibility, all costs must be evaluated against the capitalization criteria for property, plant and equipment and intangible assets. As at March 31, 2018, cumulative mining property acquisition costs and exploration and evaluation expenses incurred amounted to $1,143,160 (September 30, 2017 – $833,022). The details on these assets are presented below.

	Mining property acquisition costs	**Exploration and evaluation expenses**	**Total**
	$	**$**	**$**
Balance, as at Sep. 30, 2017 (audited)	181,400	651,622	833,022
Additions			
Exploration and evaluation expenses			
Geological	-	310,138	310,138
Balance, as at Mar. 31, 2018 (unaudited)	**181,400**	**961,760**	**1,143,160**

Metalor Property (Colombia)

In March 2018, the Company announced the acquisition of 13 properties in Colombia (the "Metalor Property"). As at March 31, 2018, the contractual agreements related to the acquisition of the Metalor Property had not been finalized. In addition, samples from the Metalor Property had only been analyzed with a mass spectrometer and not by other, more reliable, assaying methods. Given these two factors, the Company has decided not to capitalize amounts related to the Metalor Property as at March 31, 2018. Rather, for the period ended March 31, 2018, the Company expensed $55,869 in relation to work done on the Metalor Property.

RESULTS OF OPERATIONS

For the three-month period ended March 31, 2018, the Company recorded a net loss and comprehensive loss of $385,990, compared to a net loss and comprehensive loss of $719,514 for the three-month period ended March 31, 2017.

For the six-month period ended March 31, 2018, Auxico recorded a net loss and comprehensive loss of $1,068,097, compared to a net loss and comprehensive loss of $827,701 for the six-month period ended March 31, 2017. Details for the three and six-month periods ended March 31, 2018 and 2017 are presented below:

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three-month periods ended March 31	2018 $	2017 $	Variance $
Expenses			
Professional fees	118,459	43,591	74,868
Management fees	90,000	42,754	47,246
Legal fees	38,867	29,421	9,446
Travel expenses	34,779	36,667	(1,888)
Office expenses	3,535	3,025	510
Taxes and permits	4,159	-	4,159
Rent	9,000	(3,391)	12,391
Research and development	-	5,085	(5,085)
Other expenses	13,441	10,470	2,971
Interest and bank fees	1,562	2,323	(761)
Loss on settlement	-	100,000	(100,000)
Exploration expenses	55,869	-	55,869
Stock-based compensation	-	450,570	(450,570)
Losses (gains) on foreign exchange	16,319	(1,001)	17,320
	385,990	719,514	(333,524)
Net loss and comprehensive loss	**(385,990)**	**(719,514)**	**333,524**
Loss per share	(0.011)	(0.026)	
Weighted average number of shares outstanding	35,810,000	27,962,222	

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the six-month periods ended March 31	2018 $	2017 $	Variance $
Expenses			
Professional fees	349,312	52,615	296,697
Management fees	120,000	90,000	30,000
Legal fees	57,938	38,547	19,391
Travel expenses	56,883	52,843	4,040
Office expenses	4,869	4,461	408
Taxes and permits	6,929	-	6,929
Rent	18,000	20,350	(2,350)
Research and development	-	5,085	(5,085)
Other expenses	20,170	10,470	9,700
Interest and bank fees	3,416	3,703	(287)
Loss on settlement	-	100,000	(100,000)
Exploration expenses	55,869	-	55,869
Stock-based compensation	342,980	450,570	(107,590)
Losses (gains) on foreign exchange	31,731	(943)	32,674
	1,068,097	827,701	240,396
Net loss and comprehensive loss	**(1,068,097)**	**(827,701)**	**(240,396)**
Loss per share	(0.030)	(0.032)	
Weighted average number of shares outstanding	35,810,000	25,908,791	

For both the three and six-month period ended March 31, 2018, the Company incurred higher professional and management fees in connection with its listing on the Canadian Securities Exchange in October 2017. Subsequent to this listing, Auxico is incurring additional professional fees as a public company.

The loss on settlement of $100,000 is a provision recognized by the Company in relation to the termination of the Amalgamation Agreement with Telferscot, as described above. The stock-based compensation is a non-cash charge associated with the granting of options.

The exploration expenses incurred in the period ended March 31, 2018 are in relation to the Metalor Property in Colombia, as described above.

Auxico is a mining exploration company and currently has no mining operations to generate sales and revenues. The Company will have to rely on private placements of equity and/or debt in order to cover its operating expenses and geological work.

CASH FLOWS AND LIQUIDITY

The following table outlines the Company's cash flows for the six-month periods ended March 31, 2018 and 2017:

Condensed Interim Consolidated Statements of Cash Flows **For the six-month periods ended March 31**	**2018** **$**	**2017** **$**
Operating activities		
Net loss and comprehensive loss	(1,068,097)	(827,701)
Adjustments for:		
Stock-based compensation	342,980	450,570
Changes in non-cash working capital items		
Sales tax receivable	(60,002)	(27,588)
Prepaid expenses	(37,455)	(21,586)
Consulting and advisory services receivable	179,900	-
Accounts payable and accruals	(36,275)	(40,426)
Provision	-	100,000
Income taxes payable	-	(1,004)
	(678,949)	**(367,735)**
Investing activities		
Exploration and evaluation expenses	(310,138)	(124,783)
	(310,138)	**(124,783)**
Financing activities		
Advance to a shareholder	20,562	-
Advance to an entity with significant influence	25,000	-
Due to a company owned by a director	-	(42,215)
Proceeds from the issuance of equity	-	1,627,500
Proceeds from shares to be issued	-	100,000
Share issuance cost paid	-	(109,247)
	45,562	**1,576,038**
Increase (decrease) in cash and cash equivalents	(943,525)	1,083,520
Cash and cash equivalents, beginning of the period	1,165,415	7,542
Cash and cash equivalents, end of the period	**221,890**	**1,091,062**

For the six-month period ended March 31, 2018, Auxico used cash in the amount of $943,525, compared to an increase of cash of $1,083,520 for the six-month period ended March 31, 2017. This significant difference can be explained primarily by the private placements the Company concluded in the six-month period ended March 31, 2017.

Cash used in operating activities amounted to $678,949 in the six-month period ended March 31, 2018, compared to cash used in operating activities of $367,735 for the six-month period ended March 31, 2017.

Exploration and evaluation expenses for the six-month period ended March 31, 2018 were $310,138, as compared to $124,783 for the six-month period ended March 31, 2017. These amounts relate to geological work at the Company's Zamora Property in Mexico.

In the six-month period ended March 31, 2017, the Company generated cash of $1,576,038 through the issuance of common shares by way of private placement. There was no such private placement in the six-month period ended March 31, 2018.

At March 31, 2018, the cash balances and working capital of the Company were positive. As a mining exploration company, Auxico does not currently generate any revenues from operations and relies on access to equity and debt financings to cover operational expenses and geological work.

CAPITAL STRUCTURE

Shares issued

At March 31, 2018, there were 35,810,000 issued and fully paid common shares.

Warrants

At March 31, 2018, the Company had 16,600 warrants issued and outstanding, in connection with the Company's private placement. These warrants have a strike price of $0.25 and expire on August 28, 2022.

Stock options

At March 31, 2018, there were 3,575,000 stock options issued and outstanding to consultants, officers and directors of the Company. These stock options have no vesting period and are described below.

Number of stock options	Expiry date	Strike price
2,475,000	February 9, 2022	$0.25
1,100,000	October 22, 2022	$0.40
3,575,000		

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected financial information from the quarterly interim unaudited financial statements for the eight quarters ending March 31, 2018:

Quarter ending	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	June 30, 2017
	$	$	$	$
Revenue	-	-	-	-
Net loss	(385,990)	(682,107)	(737,189)	(194,031)
Net loss per share	(0.011)	(0.019)	(0.022)	(0.008)

Quarter ending	Mar. 31, 2017 $	Dec. 31, 2016 $	Sep. 30, 2016 $	June 30, 2016 $
Revenue	-	-	-	-
Net loss	(719,514)	(108,187)	(86,638)	(167,954)
Net loss per share	(0.026)	(0.005)	(0.004)	(0.007)

RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties include an entity with significant influence, companies owned by a director as well as key management personnel. Unless otherwise stated, none of the transactions incorporates 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 three-month period ended March 31 (unaudited)	2018 $	2017 $
Management fees		
Companies controlled by a director	45,000	12,754
Key management personnel and director	45,000	30,000
Rent		
Company controlled by a director	9,000	-

For the six-month period ended March 31 (unaudited)	2018 $	2017 $
Management fees		
Companies controlled by a director	60,000	30,000
Key management personnel and director	60,000	30,000
Share-based compensation		
Key management personnel and director	342,980	-
Rent		
Company controlled by a director	18,000	-

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

	As at	Amounts owed by related parties $
Key management personnel and director	March 31, 2018	-
	September 30, 2017	20,562
Companies controlled by a director	March 31, 2018	2,246
	September 30, 2017	27,246

COMMITMENTS AND CONTINGENCIES

Net Smelter Return Royalty ("NSRR")

The Company has a 100% undivided interest in the Zamora Property, pursuant to an assignment agreement signed on July 17, 2013 involving two vendors and Auxico Mexico. As per the terms of this agreement, the Zamora

Property is subject to a 2% NSRR from proceeds of first-hand sale of product proceeds from the mining concessions on commencement of commercial production. Half of this NSRR can be purchased by the Company at any time for US$500,000.

Farm-out Agreement

Pursuant to the Farm-out Agreement signed on June 13, 2013, the consideration received of US$300,000 is repayable on a quarterly basis starting 60 days after the start of production of gold from the Zamora Property. The quarterly payments shall be equal to 7.5% of the net profits (after taxes) for each tranche of US$100,000 lent by the lender (75% for a consideration of US$1,000,000) until full repayment of the consideration.

After the consideration is fully repaid, the Lender will be entitled to receive, on a quarterly basis, an amount equal to 5% of the net profits (after taxes) for each tranche of US$100,000 lent by the Lender (50% for a consideration of US$1,000,000) until an amount equal to three times the amount of the consideration is received by the Lender. After, the Lender will be entitled to receive, on a quarterly basis, an amount equal to 2.5% of the net profits (after taxes) for each tranche of US$100,000 lent (25% for a consideration of US$1,000,000) thereafter for the life of the mine.

On October 17, 2016, the Company signed a Memorandum of Understanding ("MOU") with the Lender involved in the Farm-out Agreement mentioned above. Under the terms of the MOU, the Company has the option, but not the obligation, to cancel the Farm-out Agreement 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, upon or after the Company's listing on a registered Canadian stock exchange. The Company can exercise this option within 12 months of the signing of the MOU, or until October 16, 2017.

On April 7, 2017, in accordance with the MOU signed on October 17, 2016, the agreement was signed and provides that the Company will pay to the Lender a total of US$400,000 in cash on or before October 16, 2017 and will 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.

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

On January 1, 2018, the Company signed a second amending agreement to the Gold Loan 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 of1,000,000 common shares of the Company.

RISKS AND UNCERTAINTIES

For a detailed list of risks and uncertainties related to the business of Auxico, please consult the Company's MD&A for the year ended September 30, 2017.

Dated this 30th day of May, 2018

"signed"	"signed"
Mark Billings	Jacques Arsenault
President	Chief Financial Officer