AUXICO RESOURCES CANADA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE-MONTH PERIOD ENDED JUNE 30,2018

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 nine-month period ended June 30, 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 nine-month period ended June 30, 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 August 29, 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"). The Company is also actively engaged in exploration mining opportunities in Colombia.

OVERVIEW OF THE THREE-MONTH PERIOD ENDED JUNE 30, 2018

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 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 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.

On June 1, 2018, the Company announced that it had discovered three historical mines containing unrecognized shafts and pits located along the Zamora Vein, including the La Campeona mine, which returned 30 cm of 10.1 g/t gold and 941.7 g/t silver. These discoveries extend the Zamora Vein and the parallel El Obatel Vein over a strike length of at least 800 metres. The Zamora Silver-Gold Property located in Sinaloa, Mexico, and is 100% owned by Auxico.

The Company discovered a report that was written in 1982 by Antonio Flores Martinez and Marco Bustamante Yanez who were both employed at the time with the Consejo de Recursos Minerales (Mexican Council of Mineral Resources, "CRM") and included all of the rehabilitation work done by the CRM on the Camichina Shaft, which gained access to the Los Olotes orebody. As well, this report documented all of the historic workings within a 1000m by 600m grid. Just recently, Auxico's management found a map showing all of this information in the archives.

On June 7, 2018, Auxico announced that it had signed a Memorandum of Understanding with Aucito S.A.S., a Colombian company, concerning the Villa Kelly Property in the Department of Bolivar, Colombia.

The Villa Kelly Property covers an area of 92.2 hectares. According to the report written by M.Sc. Eng. Rene Florencio Lugo Primelles of ITKnowLogics S.A.S, a total of 12 veins have been prospected on this property, and limited sampling of these veins has resulted in values up to 200 g/t Au. The Kelly vein has a shaft down to 14 metres and had been exploited from 2011 until 2014. There are 40 artisanal miners currently on this property.

Auxico is in the process of conducting due diligence on the Villa Kelly Property, which will include a site visit, sampling and grade verification of the veins, with a view to creating a joint venture for the full exploitation of three veins on this property. The Villa Kelly Property is accessible from the road and has infrastructure, such as a ball mill and Falcon concentrator, that should be upgraded in order to achieve economic profitability.

Once the due diligence is completed, a joint venture will be formalized, with the understanding that Auxico will invest 100% of the capital required to implement industrial production of the precious metals or base metals. If the due diligence process is successful, both parties will negotiate the terms of the joint venture, including specifically the sharing of profits.

SUBSEQUENT EVENTS

On July 10, 2018, the Company announced that it had entered into eight option agreements to acquire a 70% interest in the profits from the production of precious metals, base metals and coltan, originating from properties in Colombia and Venezuela.

The Company is pleased to report the following sampling results, which were analyzed for their metal content at the Centre de Technologie Minérale et de Plasturgie in Thetford Mines (Quebec):

Sample	**% Ta**	**% Nb**	**g/t Sc**	**% Sn**	**% TiO2**
V - M-8355_1	7.97	2.36	3,200	72.08	4.54
C - M-8355_2	1.03	3.78	/	/	49.02
C - M-8355_12	35.66	7.57	6,200	8.29	23.93
V - M-8355_234	26.66	7.70	4,200	5.35	23.32
C - M-8246_7	35.15	39.63	/	/	3.92
C - M-8246_8	31.14	36.99	/	/	3.33

The Company has also received copper/silver results from one of the option properties, as follows:

	C - M-8246_1	**C - M-8246_2**	**C - M-8246_4**	**C - M-8246_6**
% Cu	2.41	8.68	62.62	68.84
g/t Ag	/	/	600	500

The Company is currently conducting the metallurgical testing that targets the selective extraction of tantalum, niobium, scandium and copper on selected samples using the Ultrasound Assisted Extraction (UAEx) process.

Coltan is a metallic mineral composed of niobium and tantalite, which is refined to produce tantalum. Tantalite ore currently sells for US$186 per kg. Niobium currently sells for approximately US$50 per kg. Tantalum from coltan is used to manufacture batteries for electric cars, as well as almost every kind of electronic device, including cell phones and computers. Niobium is used in superconducting alloys. Scandium oxide sells for US$4,000 per kg. Added to various aluminum alloys, scandium has high-value commercial uses, especially in the automotive and aerospace industries. Tin presently sells for US$19 per kg, and the selling price of titanium dioxide ranges from US$1,700 per metric tonne to US$2,700 per metric tonne, depending on its quality and the application.

Auxico is currently preparing to establish detailed grids over the properties for extensive sampling using augers. The program will be supervised by Auxico's Qualified Person and will commence shortly. All of the samples will be sent to Quebec for metallurgical analysis, as well as to an accredited lab in Colombia.

Auxico also announced that it had engaged the services of Buffalo Associates Limited. Buffalo Associates will advise Auxico on matters relating to European strategic partners and investors. Marc Bamber, the CEO of Buffalo Associates, has extensive experience in the financial industry of London, including the financing of mining companies.

On August 21, 2018, Auxico announced that it had completed the first tranche of a non-brokered private placement of 2,550,000 units ("Units"), issued at a price of $0.20 per Unit, for gross proceeds of $510,000. Each unit consists of one common share ("Common Share") and one-half transferable common share purchase warrant ("Warrant"). Each full Warrant entitles the holder to acquire one additional Common Share of the Company at a price of $0.40 per Common Share for two years from the date of issuance. The Company paid finder's fees of $35,000 in connection with the private placement. The net proceeds of the private placement will be used for geological work on the Company's Zamora Property in Mexico and its mining interests in Colombia, and for general working capital.

On August 22, 2018, the Company issued 600,000 stock options to consultants. These stock options have a strike price of $0.25, no vesting period and expire in five years.

As at the date of this MD&A, there are 38,360,000 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 June 30, 2018 (unaudited) and September 30, 2017 (audited) is presented below:

Condensed Interim Consolidated Statements of Financial Position

As at	June 30, 2018 (unaudited)	September 30, 2017 (audited)
	$	$
Assets		
Current assets		
Cash & cash equivalents	105,350	1,165,415
Sales tax receivables	53,230	43,737
Prepaid expenses	72,185	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	-	27,246
	230,765	1,504,241
Non-current assets		
Mining property acquisition costs	181,400	181,400
Exploration and evaluation expenses	984,873	651,622
Total assets	**1,397,038**	**2,337,263**
Liabilities		
Current liabilities		
Accounts payable and accruals	90,570	124,963
Provision	156,600	156,600
Income taxes payable	2,186	2,186
	249,356	283,749
Non-current liabilities		
Deferred income tax liabilities	31,025	31,025
Total liabilities	**280,381**	**314,774**
Shareholders' Equity		
Share Capital	3,578,059	3,578,059
Contributed surplus	793,550	450,570
Warrants	3,235	3,235
Deficit	(3,258,187)	(2,009,375)
Total shareholders' equity	**1,116,657**	**2,022,489**
Total liabilities & shareholders' equity	**1,397,038**	**2,337,263**

Cash and cash equivalents at June 30, 2018 were $105,350, compared to $1,165,415 at September 30, 2017. This difference is due to operating expenses and exploration and evaluation expenses occurred in the nine-month period ending June 30, 2018.

As at June 30, 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 June 30, 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 June 30, 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 June 30, 2018, Auxico had a working capital deficit of $18,591, 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 June 30, 2018, cumulative mining property acquisition costs and exploration and evaluation expenses incurred amounted to $1,166,273 (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	-	333,251	333,251
Balance, as at June 30, 2018 (unaudited)	**181,400**	**984,873**	**1,166,273**

Metalor Property (Colombia)

In March 2018, the Company announced the acquisition of 13 properties in Colombia (the “Metalor Property”). As at June 30, 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 June 30, 2018. Rather, for the period ended June 30, 2018, the Company expensed $55,869 in relation to work done on the Metalor Property.

RESULTS OF OPERATIONS

For the three-month period ended June 30, 2018, the Company recorded a net loss and comprehensive loss of $180,715, compared to a net loss and comprehensive loss of $194,031 for the three-month period ended June 30, 2017.

For the nine-month period ended June 30, 2018, Auxico recorded a net loss and comprehensive loss of $1,248,812, compared to a net loss and comprehensive loss of $1,021,732 for the nine-month period ended June 30, 2017. Details for the three and nine-month periods ended June 30, 2018 and 2017 are presented below:

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three-month periods ended June 30	**2018**	**2017**	**Variance**
	$	**$**	**$**
Expenses			
Professional fees	86,621	80,943	5,678
Management fees	60,000	45,000	15,000
Legal fees	10,623	44,381	(33,758)
Travel expenses	29,620	9,923	19,697
Office expenses	1,474	1,731	(257)
Taxes and permits	5,178	-	5,178
Rent	9,000	10,175	(1,175)
Interest and bank fees	1,683	1,535	148
Losses (gains) on foreign exchange	(23,484)	343	(23,827)
	180,715	194,031	(13,316)
Net loss and comprehensive loss	**(180,715)**	**(194,031)**	**13,316**
Loss per share	(0.005)	(0.006)	
Weighted average number of shares outstanding	35,810,000	31,104,505	

For the three-month period ended June 30, 2018, the Company incurred $13,316 less in operating expenses, when compared to the operating expenses for the three-month period ended June 30, 2017. Management fees were higher in the three-month period ended June 30, 2018 as additional management resources were added after Auxico became a public company. Legal fees were down significantly in the three-month period ended June 30, 2018. In the three-month period ended June 30, 2017, the Company incurred additional legal fees in connection with Auxico's listing on the Canadian Securities Exchange. Travel expenses increased in the three-month period ended June 30, 2018 as the Company began to examine mining opportunities in Colombia. The foreign exchange losses and gains arise from the fluctuations in foreign currency between the Canadian dollar and the Mexican peso.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the nine-month periods ended June 30	**2018**	**2017**	**Variance**
	$	**$**	**$**
Expenses			
Professional fees	435,933	133,558	302,375
Management fees	180,000	135,000	45,000
Legal fees	68,561	82,928	(14,367)
Travel expenses	86,503	62,766	23,737
Office expenses	6,343	6,192	151
Taxes and permits	12,107	-	12,107
Rent	27,000	30,525	(3,525)
Research and development	-	5,085	(5,085)
Other expenses	20,170	10,470	9,700
Interest and bank fees	5,099	5,238	(139)
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	8,247	(600)	8,847
	1,248,812	1,021,732	227,080
Net loss and comprehensive loss	**(1,248,812)**	**(1,021,732)**	**(227,080)**
Loss per share	(0.035)	(0.037)	
Weighted average number of shares outstanding	35,810,000	27,640,696	

For the nine-month period ended June 30, 2018, the Company incurred $227,080 more in operating expenses, when compared to the operating expenses for the nine-month period ended June 30, 2017.

Professional fees were significantly higher in the nine-month period ended June 30, 2018. This increase is due to additional legal, accounting and consulting fees associated with the Company's listing on the Canadian Securities Exchange in October 2017. Management fees were higher in the nine-month period ended June 30, 2018 as additional management resources were added after Auxico became a public company. Travel expenses increased in the nine-month period ended June 30, 2018 as the Company began to examine mining opportunities in Colombia.

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 June 30, 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 nine-month periods ended June 30, 2018 and 2017:

Condensed Interim Consolidated Statements of Cash Flows **For the nine-month periods ended June 30**	**2018** **$**	**2017** **$**
Operating activities		
Net loss and comprehensive loss	(1,248,812)	(1,021,732)
Adjustments for:		
Stock-based compensation	342,980	450,570
Changes in non-cash working capital items		
Sales tax receivable	(9,493)	(6,788)
Prepaid expenses	(4,804)	(62,617)
Consulting and advisory services to be received	179,900	-
Accounts payable and accruals	(34,393)	(47,948)
Provision	-	100,000
Income taxes payable	-	(1,004)
	(774,622)	**(589,519)**
Investing activities		
Exploration and evaluation expenses	(333,251)	(193,767)
	(333,251)	**(193,767)**
Financing activities		
Advance to a shareholder	20,562	-
Advance to an entity with significant influence	27,246	(27,246)
Due to a company owned by a director	-	(42,215)
Proceeds from the issuance of equity	-	1,327,500
Proceeds from shares to be issued	-	500,000
Share issuance cost paid	-	(109,247)
	47,808	**1,648,792**
Increase (decrease) in cash and cash equivalents	(1,060,065)	865,506
Cash and cash equivalents, beginning of the period	1,165,415	7,542
Cash and cash equivalents, end of the period	**105,350**	**873,048**

For the nine-month period ended June 20, 2018, Auxico used cash in the amount of $1,060,065, compared to an increase of cash of $865,506 for the nine-month period ended June 30, 2017. This significant difference can be explained primarily by the private placements the Company concluded in the nine-month period ended June 30, 2017, as well as the increase in operating expenses and exploration and evaluation expenses.

Cash used in operating activities amounted to $774,622 in the nine-month period ended June 30, 2018, compared to cash used in operating activities of $589,519 for the nine-month period ended June 30, 2017.

Exploration and evaluation expenses for the nine-month period ended June 30, 2018 were $333,251, as compared to $193,767 for the nine-month period ended June 30, 2017. These amounts relate to geological work at the Company's Zamora Property in Mexico.

In the nine-month period ended June 30, 2017, the Company generated cash of $1,648,792 through the issuance of common shares by way of private placement. There was no such private placement in the nine-month period ended June 30, 2018.

At June 30, 2018, the Company had a working capital deficit of $18,591. 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 June 30, 2018, there were 35,810,000 issued and fully paid common shares.

Warrants

At June 30, 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 June 30, 2018, there were 3,075,000 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
2,325,000	February 9, 2022	$0.25
750,000	October 22, 2022	$0.40
3,075,000		

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 June 30, 2018:

Quarter ending	June 30, 2018 $	Mar. 31, 2018 $	Dec. 31, 2017 $	Sep. 30, 2017 $
Revenue	-	-	-	-
Net loss	(180,715)	(385,990)	(682,107)	(655,974)
Net loss per share	(0.005)	(0.011)	(0.019)	(0.020)

Quarter ending	June 30, 2017 $	Mar. 31, 2017 $	Dec. 31, 2016 $	Sep. 30, 2016 $
Revenue	-	-	-	-
Net loss	(194,031)	(719,514)	(189,402)	(86,638)
Net loss per share	(0.006)	(0.026)	(0.008)	(0.004)

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 June 30 (unaudited)	2018 $	2017 $
Management fees		
Companies controlled by a director	30,000	15,000
Key management personnel and director	30,000	30,000
Rent		
Company controlled by a director	9,000	-

For the nine-month period ended June 30 (unaudited)	2018 $	2017 $
Management fees		
Companies controlled by a director	90,000	45,000
Key management personnel and director	90,000	90,000
Share-based compensation		
Key management personnel and director	342,980	-
Rent		
Company controlled by a director	27,000	-

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	June 30, 2018	-
	September 30, 2017	20,562
Companies controlled by a director	June 30, 2018	-
	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 29th day of August, 2018

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