AUXICO RESOURCES CANADA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE-MONTH PERIOD ENDED JUNE 30, 2019

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, 2019. 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, 2019; the Company's audited consolidated financial statements for the year ended September 30, 2018; and the Company's MD&A for the year ended September 30, 2018. 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, 2019.

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 and Brazil. The Company also has a subsidiary (96% owned), C.I. Auxico Colombia, which was incorporated under the laws of Colombia on April 9, 2019.

OVERVIEW OF THE THREE-MONTH PERIOD ENDED JUNE 30, 2019

On April 1, 2019, the Company announced that Marc Filion had resigned from the board of directors, for personal reasons. At the same time, Auxico announced the appointment of Joseph Lau to the board of directors. Mr. Lau is the founder and chairman of Rockhound Limited, a private company based in Hong Kong that was established in 2006 to serve the mineral resources, mining and exploration sectors. He has a B.Sc. (Chemistry) from Concordia University and an MBA from the University of Ottawa. Since returning to Hong Kong in 1994, Mr. Lau has served in senior executive positions in various industries, including financial services, real estate, telecommunications and retail jewelry. He is a member of the Chemical Institute of Canada and the Canadian Institute of Mining, Metallurgy and Petroleum. Mr. Lau previously served as a director of Auxico prior to the Company's listing on the Canadian Securities Exchange in October 2017, and has been an advisor to Auxico over the past years.

SUBSEQUENT EVENTS

On July 22, 2019, Auxico announced that it had signed an option agreement to acquire a 100% interest in the Porto Grande Property (Cupixi) (the "Property"), located in the state of Amapá, Brazil. The Property is currently owned by Retiro Gonçalves / Mineração Tantaline and represents a surface area of approximately 739 hectares, located 60 km from the city of Porto Grande. The Property has exploration and commercialization (export) permits in place for tin, gold, tantalum and niobium. The Porto Grande Property has occurrences of tantalum, niobium, and tin, based on lab results submitted to Auxico. According to the Company's geological consultants in Brazil, Mineração Tantaline and Dr. Arnaldo do Nascimento Vieira, the Property is located within the Gleba-Matapi tantalum-niobium, gold and tin district in Brazil, situated 160 km from the city of Macapá.

Auxico can acquire 100% of the Porto Grande Property for total consideration of US$2 million, subject to due diligence. Auxico has 120 days to conduct this due diligence, which it intends to commence immediately. This due diligence will focus on, but not be limited to, geological sampling and testing on the Property.

As at the date of this MD&A, there are 44,885,000 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, 2019 (unaudited) and September 30, 2018 (audited) is presented below:

Condensed Interim Consolidated Statements of Financial Position

As at	**June 30, 2019 (unaudited)**	**September 30, 2018 (audited)**
	$	**$**
Assets		
Current assets		
Cash & cash equivalents	19,988	172,178
Sales tax receivables	32,106	26,585
Prepaid expenses	12,538	110,970
	64,632	309,733
Non-current assets		
Mining property acquisition costs	216,593	216,593
Exploration and evaluation expenses	1,275,715	866,641
Total assets	**1,556,940**	**1,392,967**
Liabilities		
Current liabilities		
Accounts payable and accruals	415,615	143,617
Provision	-	165,600
Due to directors	-	9,323
	415,615	318,540
Non-current liabilities		
Deferred income tax liabilities	69,810	69,810
Total liabilities	**485,425**	**388,350**
Shareholders' Equity		
Share Capital	5,044,259	4,048,169
Contributed surplus	1,012,903	940,437
Warrants	353,225	77,315
Deficit	(5,338,872)	(4,061,304)
Total shareholders' equity	**1,071,515**	**1,004,617**
Total liabilities & shareholders' equity	**1,556,940**	**1,392,967**

Cash and cash equivalents at June 30, 2019 were $19,988, compared to $172,178 at September 30, 2018. In the nine-month period ended June 30, 2019, Auxico closed tranches of a private placement that generated gross proceeds of $1,305,000 for the Company. Auxico issued a total of 6,525,000 units at a price of $0.20 per unit. Each unit consists of one common share and one-half transferable common share purchase warrant. Each full warrant entitles the holder to acquire one additional share of the Company at a price of $0.40 per share for two years from the date of issuance.

In March 2019, Telferscot Resources Inc. and Auxico settled their dispute for an amount of $110,000, resulting in a gain on settlement of $55,600 for Auxico. Therefore, there is no longer a provision recognized on the statement of financial position. As at June 30, 2019, accounts payable and accruals were $415,615, which were significantly higher than those at September 30, 2018 ($143,617).

As at June 30, 2019, the Company had a contributed surplus of $1,012,903 (September 30, 2018 – $940,437). This is a non-cash charge associated with the value of options granted. In addition, as at June 30, 2019, the Company had an amount of $353,225 under Warrants (September 30, 2018 – $77,315). This is a non-cash charge associated with the value of warrants issued.

As of June 30, 2019, Auxico had a working capital deficit of $350,983, compared to a working capital deficit of $8,807 at September 30, 2018.

Zamora Property in Mexico

Auxico, through its wholly-owned 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, 2019, cumulative mining property acquisition costs and exploration and evaluation expenses incurred amounted to $ (September 30, 2018 – $1,083,234). The details on these assets are presented below.

	Mining property acquisition costs $	**Exploration and evaluation expenses $**	**Total $**
Balance, as at Sep. 30, 2018 (audited)	216,593	866,641	1,083,234
Additions	-	409,074	409,074
Balance, as at June 30, 2019 (unaudited)	**216,593**	**1,275,715**	**1,492,308**

RESULTS OF OPERATIONS

For the three-month period ended June 30, 2019, the Company recorded a net loss and comprehensive loss of $367,797, compared to a net loss and comprehensive loss of $180,715 for the three-month period ended June 30, 2018. Details for the three-month periods ended June 30, 2019 and 2018 are presented below:

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three-month periods ended June 30 (unaudited)	2019 $	2018 $	Variance $
Expenses			
Professional fees	204,218	86,621	117,597
Management fees	60,000	60,000	-
Legal fees	39,364	10,623	28,741
Travel expenses	12,391	29,620	(17,229)
Office expenses	4,618	1,474	3,144
Taxes and permits	91	5,178	(5,087)
Rent	9,000	9,000	-
Other expenses	45,382	-	45,382
Interest and bank fees	1,610	1,683	(73)
Losses (gains) on foreign exchange	(8,877)	(23,484)	14,607
	367,797	180,715	187,082
Net loss and comprehensive loss	**(367,797)**	**(180,715)**	**(187,082)**
Loss per share	(0.008)	(0.005)	
Weighted average number of shares outstanding	44,885,000	35,810,000	

For the three-month period ended June 30, 2019, the expenses incurred were higher than the expenses incurred in the three-month period ended June 30, 2018. In the quarter ended June 30, 2019, the Company incurred additional professional fees associated with new consulting contracts signed by the Company. In the three-month period ended June 30, 2019, other expenses were higher than those incurred during the same period of 2018. This is due to additional expenses related to communications and marketing.

For the nine-month period ended June 30, 2019, Auxico recorded a net loss and comprehensive loss of $1,277,568, compared to a net loss and comprehensive loss of $1,248,812 for the nine-month period ended June 30, 2018. Details for the nine-month periods ended June 30, 2019 and 2018 are presented below:

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the nine-month periods ended June 30 (unaudited)	2019 $	2018 $	Variance $
Expenses			
Professional fees	751,678	435,933	315,745
Management fees	180,000	180,000	-
Legal fees	77,891	68,561	9,330
Travel expenses	69,970	86,503	(16,533)
Office expenses	11,620	6,343	5,277
Taxes and permits	753	12,107	(11,354)
Rent	27,000	27,000	-
Other expenses	132,450	76,039	56,411
Gain on settlement	(55,600)	-	(55,600)
Interest and bank fees	5,142	5,099	43
Stock-based compensation	72,466	342,980	(270,514)
Losses (gains) on foreign exchange	4,198	8,247	(4,049)
	1,277,568	1,248,812	28,756
Net loss and comprehensive loss	**(1,277,568)**	**(1,248,812)**	**(28,756)**
Loss per share	(0.005)	(0.035)	
Weighted average number of shares outstanding	41,956,429	35,810,000	

In the nine-month period ended June 30, 2019, professional fees and other expenses were both higher than those incurred in the nine-month period ended June 30, 2018 for the reasons mentioned above. In March 2019, the Company recognized a gain of $55,600 in relation to the settlement of the dispute with Telferscot Resources Inc. In the nine-month period ended June 30, 2018, the stock-based compensation expense recognized by Auxico was significantly higher than that for the nine-month period ended June 30, 2019, as the Company issued more stock options last year and hence recognized a greater expense. This is a non-cash expense.

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 at the Zamora Property in Mexico.

CASH FLOWS AND LIQUIDITY

The following table outlines the Company's cash flows for the nine-month periods ended June 30, 2019 and 2018:

Condensed Interim Consolidated Statements of Cash Flows

For the nine-month periods ended June 30 (unaudited)	**2019 $**	**2018 $**
Cash used in operating activities		
Net loss and comprehensive loss	(1,277,568)	(1,248,812)
Adjustments for:		
Share-based compensation	72,466	342,980
Net changes in non-cash working capital items		
Sales tax receivable	(5,521)	(9,493)
Prepaid expenses	98,432	(4,804)
Consulting and advisory services receivable	-	179,900
Accounts payable and accruals	271,998	(34,393)
Provision	(165,600)	-
	(1,005,793)	**(774,622)**
Cash used in investing activities		
Exploration and evaluation expenses	(409,074)	(333,251)
	(409,074)	**(333,251)**
Cash flows from financing activities		
Advance to a director	-	20,562
Due to a company owned by a director	-	27,246
Due to directors	(9,323)	-
Proceeds from the issuance of equity	1,305,000	-
Share issuance costs paid	(33,000)	-
	(1,262,677)	**47,808**
(Decrease) Increase in cash and cash equivalents	(152,190)	(1,060,065)
Cash and cash equivalents, beginning of period	172,178	1,165,415
Cash and cash equivalents, end of period	**19,988**	**105,350**

For the nine-month period ended June 30, 2019, Auxico generated a decrease of cash of $152,190, compared to a decrease of cash of $1,060,065 for the nine-month period ended June 30, 2018.

In the nine-month period ended June 30, 2019, cash used in operating activities was $231,711 higher than in the nine-month period ended June 30, 2018.

Exploration and evaluation expenses for the nine-month period ended June 30, 2019 were $409,074, as compared to $333,251 for the nine-month period ended June 30, 2018. These amounts relate to geological work at the Company's Zamora Property in Mexico.

In the nine-month period ended June 30, 2019, the Company generated cash of $1,305,000 through the issuance of common shares by way of private placement; there were no financings in the nine-month period ended June 30, 2018.

At June 30, 2019, the working capital position of the Company was negative. 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 at the Zamora Property.

CAPITAL STRUCTURE

Shares issued

At June 30, 2019, there were 44,885,000 issued and fully paid common shares (June 30, 2018 – 35,810,000).

Warrants

At June 30, 2019, the Company had 4,554,100 warrants issued and outstanding, as presented below:

Warrants Issued	Date of Issue	Expiry Date	Strike Price
16,600	August 29, 2017	August 28, 2022	$0.25
1,275,000	August 20, 2018	August 20, 2020	$0.40
787,500	November 2, 2018	November 2, 2020	$0.40
1,000,000	February 7, 2019	February 7, 2021	$0.40
1,000,000	March 11, 2019	March 11, 2021	$0.40
475,000	March 27, 2019	March 27, 2021	$0.40
4,554,100			

Stock options

At June 30, 2019, there were 3,875,000 stock options issued and outstanding to consultants, officers and directors of the Company, with no vesting period, as described below:

Options Issued	Date of Issue	Expiry Date	Strike Price	Options Expired	Balance
2,475,000	Feb. 10, 2017	Feb. 9, 2022	$0.25	(150,000)	2,325,000
1,100,000	Oct. 23, 2017	Oct. 22, 2022	$0.40	(650,000)	450,000
200,000	Mar. 13, 2018	Mar. 12, 2023	$0.40	-	200,000
600,000	Aug. 22, 2018	Aug. 21, 2023	$0.25	(200,000)	600,000
500,000	Mar. 28, 2019	Mar. 27, 2024	$0.25	-	500,000
					3,875,000

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, 2019:

Quarter ending	June 30, 2019 $	Mar. 31, 2019 $	Dec. 31, 2018 $	Sep. 30, 2018 $
Revenue	-	-	-	-
Net loss	(367,797)	(412,219)	(497,552)	(820,201)
Net loss per share	(0.008)	(0.010)	(0.013)	(0.022)

Quarter ending	June 30, 2018 $	Mar. 31, 2018 $	Dec. 31, 2017 $	Sep. 30, 2017 $
Revenue	-	-	-	-
Net loss	(180,715)	(330,121)	(682,107)	(737,189)
Net loss per share	(0.005)	(0.009)	(0.019)	(0.022)

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 and directors. 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 nine-month period ended June 30 (unaudited)	2019 $	2018 $
Management fees		
Key management personnel and directors	180,000	180,000
Share-based compensation		
Key management personnel and directors	72,466	342,980
Rent		
Company controlled by a director	27,000	18,000

For the three-month period ended June 30 (unaudited)	2019 $	2018 $
Management fees		
Key management personnel and directors	60,000	90,000
Share-based compensation		
Key management personnel and directors	-	-
Rent		
Company controlled by a director	9,000	9,000

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 to related parties $
Key management personnel and directors	June 30, 2019	34,493
	September 30, 2018	9,323
Companies controlled by a director	June 30, 2019	-
	September 30, 2018	11,498

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.

On May 8, 2018, the Company and the Government of Bolivar in Colombia agreed to work together in partnership and to share the profits of the Company's eventual gold production operations in Bolivar, with 75% of the net profits going to the Company and 25% going to the Government of Bolivar.

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

On August 30, 2018, the Company signed a third amending agreement to the Gold Loan Settlement Agreement signed April 7, 2017 in which the parties agreed to extend the repayment of the settlement to August 31, 2019.

On September 17, 2018, the Company and the Government of Guainia in Colombia agreed to work together in partnership and to share the profits of the Company's eventual mineral production operations in Guainia with 75% of the net profits going to the Company and 25% going to the Government of Guainia.

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, 2018.

Dated this 29th day of August, 2019.

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