AUXICO RESOURCES CANADA INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE-MONTH PERIODS ENDED DECEMBER 31, 2019 AND 2018

UNAUDITED, EXPRESSED IN CANADIAN DOLLARS

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Contents

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the interim periods ended December 31, 2019 and 2018 have been prepared in accordance with international accounting standards for interim financial reporting under IAS 34. The accompanying unaudited condensed interim consolidated financial statements are the responsibility of the Company's management.

The Company's independent auditors, Guimond Lavallée, Chartered Accountants, have not performed a review of these interim financial statements in accordance with the standards established for a review of condensed interim financial statements by an entity's auditor.

March 2, 2020

/s/ Mark Billings
President

Auxico Resources Canada Inc.
Condensed Interim Consolidated Statements of Financial Position
December 31, 2019 (unaudited) and September 30, 2019 (audited)
(Expressed in Canadian Dollars)

As at,	December 31, 2019 (unaudited) $	September 30, 2019 (audited) $
ASSETS		
Current assets		
Cash & cash equivalents	**5,184**	9,139
Sales tax receivable	**22,624**	20,057
Prepaid expenses	**47,814**	47,814
Advances to directors	**-**	3,098
TOTAL ASSETS	**75,622**	80,108
LIABILITIES		
Current liabilities		
Accounts payable and accruals	**577,387**	428,936
Income tax payable	**-**	2,740
Due to companies controlled by a director	**101,817**	95,817
Due to directors	**21,606**	21,606
	700,810	549,099
Non-current liabilities		
Deferred income tax liabilities	**56,887**	56,887
Total Liabilities	**757,697**	605,986
SHAREHOLDERS' EQUITY		
Equity (deficiency) attributable to shareholders	**(677,999)**	(528,050)
Equity attributable to non-controlling interests	**(4,076)**	2,172
Total equity (deficiency)	**(682,075)**	(525,878)
TOTAL LIABILITIES & EQUITY (DEFICIENCY)	**75,622**	80,108

Going Concern (note 2), Commitments and Contingencies (note 13) and Subsequent Events (note 14)

Approved on behalf of the Board:

Signed "Pierre Gauthier", Director

Signed "Mark Billings", Director

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Auxico Resources Canada Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three-month periods ended December 31, 2019 and 2018
(Unaudited, expressed in Canadian Dollars)

For the period ended,	Three months ended December 31, 2019 $	 December 31, 2018 (adjusted, see note 6) $
Revenues	**-**	-
Expenses		
Professional fees	**74,865**	355,076
Management fees	**60,000**	60,000
Legal fees	**-**	16,890
Exploration expenses	**475**	48,901
Travel expenses	**-**	19,241
Office expenses	**22**	1,692
Taxes and permits	**-**	662
Rent	**9,823**	9,000
Other expenses	**8,549**	31,824
Interest and bank fees	**1,366**	1,807
Losses (gains) on foreign exchange	**1,097**	1,360
	156,197	546,453
Net loss and comprehensive loss	**(156,197)**	(546,453)
Net loss and comprehensive loss attributable to:		
Shareholders	**(149,949)**	(546,453)
Non-controlling interest	**(6,248)**	-
	(156,197)	(546,453)
Loss per share - basic & diluted (note 8)	**(0.003)**	(0.014)
Weighted average number of shares outstanding	**44,885,000**	39,387,124

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Auxico Resources Canada Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the three-month periods ended December 31, 2019
(Unaudited, expressed in Canadian Dollars)

	SHARE CAPITAL		DEFICIT	WARRANTS	CONTRIBUTED SURPLUS	TOTAL EQUITY	NON-CONTROLLING INTEREST
	#	$	$	$	$	$	$
Balance as reported, September 30, 2017	**35,810,000**	**3,578,059**	**(2,009,375)**	**3,235**	**450,570**	**2,022,489**	**-**
Cumulative effect - Mining properties, exploration and evaluation assets accounting policy change	-	-	(817,484)	-	-	(817,484)	-
Balance as adjusted, September 30, 2017	**35,810,000**	**3,578,059**	**(2,826,859)**	**3,235**	**450,570**	**1,205,005**	**-**
Shares and warrants issued	2,550,000	510,000	-	74,080	-	584,080	-
in private placement						-	
Shares to be issued	-	40,000	-	-	-	40,000	-
Issuance costs	-	(79,890)	-	-	-	(79,890)	-
Share-based compensation	-	-	-	-	489,867	489,867	-
Net loss and comprehensive loss	-	-	(2,278,454)	-	-	(2,278,454)	-
Balance as adjusted, September 30, 2018	**38,360,000**	**4,048,169**	**(5,105,313)**	**77,315**	**940,437**	**(39,392)**	**-**
Shares and warrants issued in private placement	5,950,000	896,508	-	308,492	-	1,205,000	-
Shares and warrants issued for provision settlement	300,000	55,500	-	13,416	-	68,916	-
Contribution	-	-	-	-	-	-	3,417
Shares and warrants issued to consultant for services	275,000	-	-	-	-	-	-
Issuance costs	-	(28,000)	-	-	-	(28,000)	-
Share-based compensation	-	-	-	-	76,163	76,163	-
Net loss and comprehensive loss	-	-	(1,810,737)	-	-	(1,810,737)	(1,245)
Balance, as at September 30, 2019	**44,885,000**	**4,972,177**	**(6,916,050)**	**399,223**	**1,016,600**	**(528,050)**	**2,172**
Net loss and comprehensive loss	-	-	(149,949)	-	-	(149,949)	(6,248)
Balance, as at December 31, 2019	**44,885,000**	**4,972,177**	**(7,065,999)**	**399,223**	**1,016,600**	**(677,999)**	**(4,076)**

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Auxico Resources Canada Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three-month periods ended December 31, 2019 and 2018
(Unaudited, expressed in Canadian Dollars)

For the period ended,	Three months ended	
	December 31, 2019	December 31, 2018 (adjusted, see note 6)
	$	$
Operating activities		
Net loss	**(156,197)**	(546,453)
Changes in non-cash working capital items:		
Sales tax receivable	**(2,567)**	(1,053)
Prepaid expenses	**-**	(19,819)
Accounts payable and accruals	**148,451**	96,507
Income taxes payable	**(2,740)**	-
	(13,053)	(470,818)
Financing activities		
Advance to a director	**3,098**	-
Due to a company owned by a Director	**6,000**	9,602
Due to directors	**-**	(9,323)
Proceeds from the issue of equity	**-**	315,000
Share issuance cost paid	**-**	(5,000)
	9,098	310,279
Increase (decrease) in cash and cash equivalents	**(3,955)**	(160,539)
Cash and cash equivalents, beginning of the period	**9,139**	172,178
Cash and cash equivalents, end of the period	**5,184**	11,639

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

Auxico Resources Canada Inc. ("Auxico" or the "Company") was incorporated under the Canada Business Corporations Act on April 16, 2014. Auxico has two wholly-owned subsidiaries, Auxico Resources S.A. de C.V., which was incorporated under the laws of Mexico on June 16, 2011 and C.I. Auxico Colombia S.A., which was incorporated under the laws of Colombia on April 9, 2019. Auxico is a mineral exploration company with silver-gold properties in the state of Sinaloa, Mexico. The Company's head office and primary place of business is located at 230 Notre-Dame Street West, Montréal, Québec, H2Y 1T3, Canada.

2. GOING CONCERN DISCLOSURE

The business of mining exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Although the Company has taken steps to verify the title to the properties on which it is conducting exploration and has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims and non-compliance with regulatory requirements.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. Auxico is not currently generating any revenue from its operations and for the three-month period ended December 31, 2019, the Company recorded a net loss and comprehensive loss of $156,197 (December 31, 2018 - $546,453) and deficit of $682,075 (deficit of $525,878 as at September 30, 2019). Its ability to continue as a going concern is uncertain and is dependent upon its ability to fund its working capital, complete the development of its explorations, and eventually to generate positive cash flows from operations. Management plans to explore all alternatives possible, including joint ventures, debt and equity financings, and merger opportunities.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. BASIS OF PREPARATION

Statement of compliance
These interim consolidated financial statements of the Company were prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, of the International Financial Reporting Standards (IFRS, as published by the International Accounting Standards Board (IASB)), considering the accounting policies adopted by the Company for its consolidated financial statements for the year ended September 30, 2019. The accounting policies have been applied consistently for all the periods presented. They do not include all the information required by the IFRS for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2019. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these condensed interim consolidated financial statements. Operating results for the three-month period ended December 31, 2019 may not be indicative of the results that may be expected for the year ending September 30, 2020. These condensed interim consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on March 2, 2020.

Basis of measurement
The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments carried at fair value where applicable.

Basis of consolidation

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company.

The Company's subsidiaries, as at December 31, are:

	2019	2018
Auxico Resources S.A. de C.V. ("Auxico Mexico")	100%	100%
C.I. Auxico de Colombia S.A ("Auxico Colombia")	96%	N/A

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

4. CHANGES IN ACCOUNTING POLICIES

Readers should refer to the September 30, 2019 annual audited consolidated financial statements for the accounting policies used in the preparation of these interim consolidated financial statements. The IASB (International Accounting Standards Board) continues to amend and add to current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual consolidated financial statements will be determined as at September 30, 2020. In the event that accounting policies adopted at September 30, 2020 differ materially from the accounting policies used in the preparation of these Financial Statements, these Financial Statements will be restated to retrospectively account for the application of those policies adopted at September 30, 2020.

Information on new standards, amendments and interpretations that are expected to be relevant to the Company's interim consolidated financial statements is provided in the Company's annual audited consolidated financial statements for the year ended September 30, 2019. Certain other new standards and interpretations have been issued but had no material impact on the Company's interim consolidated financial statements.

5. ACCOUNTING PRONOUNCEMENTS

Accounting standard issued for adoption in future periods

The following standard have been issued but are not yet effective. The Company is assessing the impact of this new standard but does not expect it to have a significant impact on the consolidated financial statements.

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. There are optional exemptions for short-term leases and leases of low value items. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on April 1, 2019 and does not expect the adoption of IFRS 16 to have a material effect on its consolidated financial statements as the Company currently not subject to any leases.

(Unaudited, expressed in Canadian Dollars)

6. CHANGE IN ACCOUNTING POLICY

The Company has historically capitalized expenditures of mining properties and exploration and evaluation activities after they had reached a certain stage under IFRS 6 – Exploration and Evaluation of Mineral Resources.

In the fourth quarter of the year ended September 30, 2019, the Company adopted a voluntary change in accounting policy with respect to mining properties and exploration and evaluation expenses. The Company's new policy is to expense mining properties and exploration and evaluation expenses in the consolidated statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval.

The Company has determined that such voluntary change in accounting policy results in consolidated financial statements providing more relevant information as well as bringing the Company in line with a similar accounting policy adopted by its peers. This change has been applied to all the Company's mining properties and exploration and evaluation activities.

Under the previous accounting policy, the Company was required to perform an impairment assessment on the carrying value of the mining properties and exploration and evaluation assets. As of September 30, 2019, certain impairment indicators were noted, and may have resulted in an impairment charge, however, no impairment test was required given the change in policy adopted by the Company.

In accordance with *IAS 8 – Accounting policies, changes in accounting estimates and errors*, the change in accounting policy has been made retrospectively and the comparatives have been adjusted accordingly to all periods presented, as if the policy had always been applied.

The following tables summarises the impact of the change in accounting policy on affected line items within the Company's consolidated financial statements:

Adjustments to the Consolidated statements of financial position as at December 31, 2018:

	As at December 31, 2018 Previously stated $	Adjustments $	As at December 31, 2018 Adjusted $
Mining property acquisition costs	216,593	(216,593)	-
Exploration and evaluation expenses	915,542	(915,542)	-
Deferred income tax liabilities	(69,810)	39,225	(30,585)
Total shareholder's equity	(817,065)	1,092,910	275,845

7. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at December 31, 2019, there were 44,845,000 issued and fully paid common shares.

No shares were issued during the three-month period ended December 31, 2019.

(Unaudited, expressed in Canadian Dollars)

Warrants

No warrants were issued in the three-month period ended December 31, 2019. The following tables summarize the information on outstanding warrants as at December 31, 2019:

	Warrants \#	Weighted average exercise price $
Balance - September 30, 2018	**1,291,600**	0.40
Issued	3,262,500	0.40
Balance - September 30, 2019	**4,554,100**	0.40
No transactions	-	-
Balance - December 31, 2019	**4,554,100**	0.40

The following table summarizes the information on outstanding warrants as at December 31, 2019:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
$0.40	1,275,000	0.76	August 2020
$0.40	787,500	0.92	November 2020
$0.40	1,000,000	1.17	February 2021
$0.40	1,000,000	1.25	March 2021
$0.40	475,000	1.25	March 2021
$0.25	16,600	2.67	August 2022

Stock options

On February 10, 2017, the Board of Directors of the Company adopted an incentive stock option plan (the "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.

No options were issued or exercised, nor did any expire, in the three-month period ended December 31, 2019. The following tables summarize the information on outstanding options as at December 31, 2019:

	Options \#	Weighted average exercise price $
Balance - September 30, 2018	**3,675,000**	0.31
Expired	(100,000)	0.40
Expired	(200,000)	0.25
Issued	500,000	0.25
Balance - September 30, 2019	**3,875,000**	0.30
No transactions	-	-
Balance - December 31, 2019	**3,875,000**	0,30

(Unaudited, expressed in Canadian Dollars)

The following table summarizes the information on outstanding options at December 31, 2019:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
$0.25	2,325,000	2.17	February 2022
$0.40	450,000	2.83	October 2022
$0.40	200,000	3.25	March 2023
$0.40	400,000	3.67	August 2023
$0.40	500,000	4.25	March 2024

8. LOSS PER SHARE ("EPS")

(a) *Basic EPS* - Basic EPS is computed by dividing net loss for a period by the weighted average number of common shares outstanding during that period.

(b) Diluted EPS - Diluted EPS is computed by dividing net loss for a period by the diluted number of common shares. Diluted common shares includes the effects of instruments, such as share options, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the three-month period ended December 31, 2019. The Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the statements of loss and comprehensive loss.

9. SEGMENTATION INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral property interests and in two geographical segments, Canada, Mexico and Colombia. The total assets and the capital assets identifiable with these geographic areas are as follows:

	For the period ended,		
	December 31, 2019 (unaudited) $	December 31, 2018 (unaudited) $	September 30, 2019 (audited) $
Canada	70,287	56,311	71,887
Mexico	4,971	113,755	4,941
Columbia	364	-	3,280
Total assets	**75,622**	**170,066**	**80,108**
Canada	661,048	440,228	509,080
Mexico	90,753	5,683	92,377
Columbia	5,896	-	4,529
Total liabilities	**757,697**	**445,911**	**605,986**
Canada	859,237	1,265,467	1,015,434
Mexico	(1,513,596)	(1,513,596)	(1,513,596)
Columbia	(27,716)	(27,716)	(27,716)
Net equity	**(682,075)**	**(275,845)**	**(525,878)**
Canada	(192,224)	(559,337)	1,455,158
Mexico	35,163	12,884	325,690
Columbia	864	-	31,134
Net loss	**(156,197)**	**(546,453)**	**1,811,982**

10. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support the planned exploration and development of mineral property interests. Management has not established a quantitative capital structure. Capital needs are reviewed on a regular basis by management relative to the stage of development of the business entity. The Company currently is dependent on externally provided equity financing to fund its future exploration activities. In order to carry out planned exploration and development and fund administrative costs, the Company will allocate its existing capital and plans to raise additional amounts as needed through equity and related party advances if available.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company, the current state of the markets and exploration industry. There were no changes in the Company's approach to capital management during the years. The Company's capital items are the following:

For the period ended,	**December 31, 2019 (unaudited) $**	**September 30, 2019 (audited) $**
Cash & cash equivalents	**5,184**	9,139
Advance to directors	**-**	3,098
Due to directors	**21,606**	21,606
Due to companies controlled by directors	**101,817**	95,817
Share capital	**4,972,177**	4,972,177

11. FINANCIAL INSTRUMENTS

As at December 31, 2019, the Company's financial instruments include cash and cash equivalents, advance to directors, accounts payable and accruals, income tax payable, due to directors and due to companies controlled by directors, for which there are no differences in the carrying values and fair values, due to their short-term nature. The types of risk exposures are detailed in Note 12 of the audited consolidated financial statements for the year ended September 30, 2019.

12. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flows and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these risks.

Market risk

Foreign exchange risk: Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's financial assets is denominated in United States dollars and in Mexican Pesos. Consequently, certain financial assets are exposed to exchange fluctuations. Most of the Company's operations are conducted in Canadian dollars. The Company does not hold derivative financial instruments to manage the fluctuation of exchange rate risk. The financial assets denominated in United States dollars and in Mexican Pesos, translated into Canadian dollars at the closing rate, which expose the Company to exchange risk are:

For the period ended,	**December 31, 2019 (unaudited) $**	**September 30, 2019 (audited) $**
Cash & cash equivalents in United States dollars (USD)	**72**	98
Cash & cash equivalents in Mexican Pesos (MXN)	**4,971**	4,942

(Unaudited, expressed in Canadian Dollars)

A 10% change in the exchange rate would not have a significant impact.

Cash flows and fair value interest rate risk: The Company is exposed to fair value interest rate risk arising from assets and liabilities negotiated at a fixed rate such as are cash and cash equivalents, advance to a shareholder without interest, advance to an entity with significant influence and the due to a company owned by a Director.

However, as these financial instruments mature in a short time, the impact is unlikely to be significant.

Commodity price risk: while the value of the Company's core mineral resource is related to the price of precious metals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities. Precious metal prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors. Adverse movements in the prices of precious metals may also negatively impact the Company's ability to raise capital and meet its financial commitments.

Credit risk
Credit risk arises from cash with banks and financial institutions. The Company reduces this risk by dealing with creditworthy financial institutions. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash and cash equivalents.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuance. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At June 30, 2019, the Company has a working capital deficit of $625,188 (September 30, 2019 - $468,991 deficit).

The following are the contractual maturities of the financial liabilities amounts:

	Less than 1 year	**1 to 5 years**	**> 5 years**
Accounts payable and accruals	$577,387	-	-
Provision and others	-	-	-

13. 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 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 receivables and advances payable are measured at fair value and occurred in the normal course of business.

Transactions with related parties for the period ended December 31, 2019 were as follows:

(Unaudited, expressed in Canadian Dollars)

Three-months ended,	**December 31, 2019 (unaudited) $**	December 31, 2018 (unaudited) $
Management fees		
Key management personnel and Director	**60,000**	60,000
Rent		
Company controlled by a Director	**9,823**	9,000

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

	Period	**Interest received (paid) $**	**Amounts owed by related parties $**	**Amounts owed to related parties $**
Key management personnel and Director	December 31, 2019	-	-	21,606
	September 30, 2019	-	3,098	21,606
Companies controlled by a Director	December 31, 2018	-	-	101,817
	September 30, 2019	-	-	95,817

14. 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 products proceed from the mining concessions on commencement of commercial production. Half of this NSRR can be purchased by the Company at any time for US $500,000.

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 sixty days after the start of the 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 $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 $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 $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. 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 May 8, 2018, the Company and the Government of Bolivar agreed to work together in future partnership and to share the profits of the Company's eventual gold production operations in Bolivar, with 75% of 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 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 September 17, 2018, the Company and the Government of Guainia agreed to work together in future partnership and to share the profits of the Company's mineral production operations in Guainia, with 75% of net profits going to the Company and 25% going to the Government of Guainia.

15. SUBSEQUENT EVENTS

There were no subsequent events to the reporting period.