AUXICO RESOURCES CANADA INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

UNAUDITED, EXPRESSED IN CANADIAN DOLLARS

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Contents

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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 June 30, 2021 and 2020 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.

August 30, 2021

/s/ Mark Billings
President

AUXICO RESOURCES CANADA INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at,	June 30, 2021 (unaudited) $	September 30, 2020 (audited) $
ASSETS		
Current assets		
Cash & cash equivalents	**3,663,291**	288,780
Accounts receivable	**114,882**	-
Subscription receivable	**75,000**	-
Sales tax receivable	**156,866**	103,733
Prepaid expenses	**91,638**	156,469
Deposit on acquisition (note 7)	**56,068**	-
Inventory	**1,976,886**	47,171
Advances to directors	**-**	3,098
Advance to companies controlled by a director	**7,000**	8,646
Advance to a joint operation (note 8)	**414,420**	288,360
TOTAL ASSETS	**6,556,051**	896,257
LIABILITIES		
Current liabilities		
Accounts payable and accruals	**507,506**	578,628
Income tax payable	**-**	4,314
Due to companies controlled by a director	**-**	34,000
Due to directors	**-**	36,530
Convertible debentures (note 9)	**398,176**	215,433
	905,682	868,905
Non-current liabilities		
Deferred income tax liabilities	**70,972**	70,972
Convertible debentures (note 9)	**13,983,788**	3,609,300
Total Liabilities	**14,960,442**	4,549,177
SHAREHOLDERS' EQUITY		
Equity (deficiency) attributable to shareholders	**(8,405,872)**	(3,654,952)
Equity attributable to non-controlling interests	**1,481**	2,032
Total equity (deficiency)	**(8,404,391)**	(3,652,920)
TOTAL LIABILITIES & EQUITY	**6,556,051**	896,257

Going Concern (note 2), Commitments and Contingencies (note 18) and Subsequent Events (note 19)

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.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited, expressed in Canadian Dollars)

	Three months ended		Nine months ended	
For the period ended,	**June 30, 2021**	June 30, 2020	**June 30, 2021**	June 30, 2020
	$	$	**$**	$
Revenues	**609,288**	-	**797,055**	-
Costs and expenses				
Cost of sales	**466,834**	-	**597,880**	-
Commissions	**-**	-	**15,688**	-
Professional fees	**238,023**	74,220	**648,298**	213,962
Management fees	**145,000**	80,000	**265,000**	150,000
Legal fees	**20,509**	-	**50,723**	12,740
Exploration expenses (note 17)	**455,094**	38,903	**914,246**	39,378
Insurance	**20,243**	-	**30,364**	-
Rent	**9,000**	-	**27,000**	12,000
(Gain) Loss on foreign exchange	**(5,519)**	1,735	**(13,572)**	4,409
Financing fees (note 9)	**-**	-	**123,907**	-
Interest and bank fees	**2,666**	5,411	**7,684**	7,305
Interest on convertible debentures (note 9)	**118,702**	-	**468,582**	-
Share-based compensation	**89,451**	-	**433,071**	-
Accreted interest on convertible debentures (note 9)	**118,700**	-	**472,251**	-
Unrealized loss on derivative financial instrument (note 9)	**-**	-	**977,261**	-
Fair value adjustment of the conversion option	**4,417,255**	-	**8,003,387**	-
Other expenses	**204,653**	12,287	**332,517**	86,048
	6,300,611	212,556	**13,354,287**	525,842
Net loss and comprehensive loss	**(5,691,323)**	(212,556)	**(12,557,232)**	(525,842)
Net loss and comprehensive loss attributable to:				
Shareholders	**(5,691,073)**	(204,054)	**(12,556,681)**	(504,807)
Non-controlling interest	**(250)**	(8,502)	**(551)**	(21,035)
	(5,691,323)	(212,556)	**(12,557,232)**	(525,842)
Loss per share - basic & diluted (note 8)	**(0.097)**	(0.005)	**(0.241)**	(0.012)
Weighted average number of shares outstanding	**58,414,879**	44,885,000	**52,015,941**	44,885,000

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

AUXICO RESOURCES CANADA INC.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	SHARE CAPITAL (note 10)		DEFICIT	WARRANTS (note 10)	CONTRIBUTED SURPLUS	TOTAL EQUITY	NON-CONTROLLING INTEREST
	#	$	$	$	$	$	$
Balance, as at September 30, 2019 (audited)	**44,885,000**	**4,972,177**	**(6,916,050)**	**399,223**	**1,016,600**	**(528,050)**	**2,172**
Share-based compensation	-	-	-	-	63,772	63,772	-
Net loss and comprehensive loss	-	-	(3,190,674)	-	-	(3,190,674)	(140)
Balance, as at September 30, 2020 (audited)	**44,885,000**	**4,972,177**	**(10,106,724)**	**399,223**	**1,080,372**	**(3,654,952)**	**2,032**
Warrants issued in a private placement	-	-	-	56,136	-	56,136	-
Conversion of debentures	300,000	84,000	-	61281	-	145,281	-
Stock-options exercised	175,000	43,750	-	-	-	43,750	-
Net loss and comprehensive loss	-	-	(5,857,399)	-	-	(5,857,399)	(257)
Balance, as at December 31, 2020 (unaudited)	**45,360,000**	**5,099,927**	**(15,964,123)**	**516,640**	**1,080,372**	**(9,267,184)**	**1,775**
Shares and warrants issued in a private placement	9,744,000	2,641,254	-	1,954,646	-	4,595,900	-
Warrants exercised	1,900,000	710,000	-	-	-	710,000	-
Stock-options exercised	170,000	79,000	-	-	-	79,000	-
Share-based compensation	-	-	-	-	343,620	343,620	-
Net loss and comprehensive loss	-	-	(1,008,209)	-	-	(1,008,209)	(44)
Balance, as at March 31, 2021 (unaudited)	**57,174,000**	**8,530,181**	**(16,972,332)**	**2,471,286**	**1,423,992**	**(4,546,873)**	**1,731**
Warrants exercised	1,900,000	320,000	-	-	-	320,000	-
Stock-options exercised	200,000	50,000	-	-	-	50,000	-
Conversion of debentures	2,300,000	709,048	-	663,575	-	1,372,623	-
Share-based compensation	-	-	-	-	89,451	89,451	-
Net loss and comprehensive loss	-	-	(5,691,073)	-	-	(5,691,073)	(250)
Balance, as at June 30, 2021 (unaudited)	**61,574,000**	**9,609,229**	**(22,663,405)**	**3,134,861**	**1,513,443**	**(8,405,872)**	**1,481**

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

AUXICO RESOURCES CANADA INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, expressed in Canadian Dollars)

For the period ended,	Nine months ended	
	June 30, 2021	June 30, 2020
	$	$
Operating activities		
Net loss	**(12,557,232)**	(525,842)
Share-based compensation	**433,071**	-
Unrealized loss on derivative financial instrument	**977,261**	-
Fair value adjustment of the conversion option	**8,003,387**	-
Accreted interest	**472,251**	-
Amortization of issuance costs	**10,833**	-
Changes in non-cash working capital items:		
Accounts receivable	**(114,882)**	-
Subscription receivable	**(75,000)**	(150,000)
Sales tax receivable	**(53,133)**	(53,392)
Prepaid expenses	**64,831**	47,814
Inventory	**(1,929,715)**	-
Accounts payable and accruals	**(71,122)**	231,394
Income taxes payable	**(4,314)**	(2,740)
	(4,843,764)	(452,766)
Investing activities		
Deposit on acquisition (note 7)	**(56,068)**	-
Advance to a joint operation	**(126,060)**	(223,791)
Advance to company controlled by a director	**1,646**	(5,000)
	(180,482)	(228,791)
Financing activities		
Advance to directors	**3,098**	3,098
Advance to companies controlled by a director	**(34,000)**	(95,817)
Due to directors	**(36,530)**	(21,606)
Proceeds from the issue of equity	**7,372,690**	-
Proceeds from issuance of debentures	**1,093,499**	1,554,000
	8,398,757	1,439,675
Increase in cash and cash equivalents	**3,374,511**	758,118
Cash and cash equivalents, beginning of the period	**288,780**	9,139
Cash and cash equivalents, end of the period	**3,663,291**	767,257

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 Corporation Act on April 16, 2014. Auxico has two subsidiaries, Auxico Resources S.A. de C.V., which was incorporated under the laws of Mexico on June 16, 2011 and C.I. Auxico de 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 is also actively engaged in exploration mining opportunities in Colombia, the Democratic Republic of Congo ("DRC") as well as Brazil.

The Company's head office and primary place of business is located at 500-201 Notre-Dame Street West, Montréal, Québec, H2Y- 1T4, 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 Company's continued existence is dependent upon the preservation of its interest in its mining 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. 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 now currently generating revenue from its operations and for the nine-month period ended June 30, 2021, the Company recorded a net comprehensive loss of $12,557,232 (June 30, 2020 - $525,842) and a deficit of $22,663,405 (deficit of $10,106,724 as at September 30, 2020). 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. In that regard, for the year ended September 30, 2020, the Company created a joint operation in DRC and entered into agreements with Brazilian suppliers to purchase a significant quantity of columbite.

These 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, 2020. 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, 2020. 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 nine-month period ended June 30, 2021 may not be indicative of the results that may be expected for the year ending September 30, 2021. These condensed interim consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on August 30, 2021

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 are:

	2020	**2019**
Auxico Resources S.A. de C.V. (« Auxico Mexico »)	100%	100%
C.I. Auxico de Colombia S.A (« Auxico Colombia »)	96%	96%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Non-controlling interests represent equity interests in the subsidiary owned by outside parties. The share of net assets of the subsidiary attributable to non-controlling interests is presented as a component of equity. Their share of net loss and comprehensive loss is recognized directly in equity.

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. SIGNIFICANT ACCOUNTING POLICIES

Readers should refer to the September 30, 2020 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, 2021. In the event that accounting policies adopted at September 30, 2021 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, 2021.

See the annual consolidated financial statements for the year ended September 30, 2020 for a list of accounting policies considered significant by management.

5. ACCOUNTING PRONOUNCEMENTS

Future accounting changes
Information on new standards, amendments and interpretations that are expected to be relevant to these interim consolidated financial statements is provided in the Company's annual consolidated financial statements for the year ended September 30, 2020. Certain other amendments and interpretations have been issued but had no material impact on the Company's interim consolidated financial statements ended June 30, 2021.

See the annual consolidated financial statements for the years ended September 30, 2020 for a list of accounting pronouncements.

6. INCIDENCE OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services for some periods have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. There have been business closures and a substantial reduction in economic activity in a large number of countries. Management is closely monitoring the situation by diminishing costs where it can and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance. Beside the fact that longer delays are to be expected for upcoming sales and purchases transactions, there was no other material impact on the Company's operations at the date of these consolidated financial statements.

7. DEPOSIT ON ACQUISITION

On December 15, 2020, the Company announced that it had been granted an exclusive option to acquire the silver-gold La Franca mine, located in the state of Sinaloa, Mexico. The Company has a right to purchase 100% of the La Franca mine for US$500,000 payable over a 5-year period, and is subject to a 2% Net Smelter Return Royalty (NSRR) which can be re-purchased at any time from the owners for US$500,000 for each percentage point. A payment deposit of $56,068 was made in December 2020.

8. ADVANCE TO A JOINT OPERATION

On June 2, 2020, the Company entered into a joint venture agreement with Kibara Minerals s.a.r.l. ("Kibara"), a company based in the Democratic Republic of the Congo ("DRC"), concerning the trading of high-grade tantalum and niobium ores from the DRC. Kibara has exclusive supply agreements with local cooperatives in the DRC for the purchase of such ores. The Company has access to buyers worldwide for these ores. Under the terms of the joint venture agreement for the export of tantalum and niobium-bearing ore from the DRC, the Company will provide financing of up to $1,000,000 (CDN) for the trading of these ores. These funds will be used for:

- Site mobilization for the resumption of production;
- Working capital for the extraction and purchase of ore;
- Transportation of the ore from deposit to the port of Matadi in the DRC;
- Related export taxes; and
- Warehousing of the ore.

Kibara will be responsible for managing the relationship with the cooperatives in the DRC and for sourcing the ore and obtaining the necessary permits and licenses for the export of this ore from the DRC. The profits generated from the trading of tantalum and niobium-bearing ores from the DRC will be shared by the two parties, with 70% going to the Company, with 30% going to Kibara. As at June 30, 2021, the Company has advanced $414,420 to Kibara. The joint operation will only be effective at the commencement of trading activities of tantalum and niobium ores. Since such activities were not started as of June 30, 2021, the amount advanced by the Company remains an advance to a joint operation without interest.

9. CONVERTIBLE DEBENTURES

On October 26, 2020, the Company announced that it has completed a non-brokered private placement, raising aggregate gross proceeds of $2,788,000 in participating convertible debentures ("Debentures"). Each Debenture consists of $1 principal amount of participating, secured, non-redeemable convertible debenture maturing on October 23, 2023 ("Maturity Date") and convertible at the option of the Debenture holder into:

- units ("Units") of the Company that are equal to the principal amount of each Debenture being converted at a deemed price of $0.20 per Unit. Each Unit is comprised of one common share ("Share") in the capital of the Company and one warrant ("Warrant"). Each Warrant is exercisable into one Share at a price of $0.25 for a period of three years from the date of issuance; or

(Unaudited, expressed in Canadian Dollars)

- the number of common shares of Central America Nickel Inc. ("CAN") (a private company based in Montreal, Canada) at a conversion price of $1.00 per CAN share; and
- a cash payment equal to the principal amount that such holder would receive if the holder held the Debenture from the date of conversion until the Maturity Date.

The Debenture holders will receive a total of 13.94% of the net profits generated by Auxico, to be paid quarterly in arrears; this represents 1% of the profits for every $200,000 principal amount of Debentures ("Participating Feature"). The Participating Feature well apply to any profits generated for Auxico from the sale of tantalum, niobium and other minerals from Brazil, Colombia, the Democratic Republic of the Congo and other jurisdictions. This Participating Feature will expire on the earlier of the conversion of the Debentures into Shares of the Company, and the Maturity Date. The Company paid finder's fees of $266,800 in cash in connection with the private placement and issued a total of 500,000 finders' warrants ("Finders' Warrants"). Each Finder's Warrant is exercisable into one Share at a strike price of $0.20 for a period of three years from closing. The Debentures issued pursuant to the private placement are subject to a four-month hold period in Canada. The fair value of those Debentures was evaluated following the same evaluation technique as those issued during the year ended September 30, 2020. The fair value was estimated at $3,539,672. The following assumptions were used to determine the fair value: estimated life: 3 years, stock price: $0.54, volatility: 99.1%, risk free rate: 3.55% and dividend yield: Nil

	Host Component **$**	**Conversion options** **$**	**Total** **$**
Balance September 30, 2019	-	-	-
Initial proceeds	1,650,000	-	1,650,000
Fair value adjustment	464,662	850,139	1,314,801
Transaction costs allocated to host component	(32,870)	-	(32,870)
Accretion	100,977	-	100,977
Amortization of transaction costs (a)	2,204	-	2,204
Change in fair value of the derivative	-	789,621	789,621
Balance September 30, 2020	**2,184,973**	**1,639,760**	**3,824,733**
Initial proceeds	2,788,000	-	2,788,000
Fair value adjustment	(300,937)	1,278,198	977,261
Transaction costs allocated to host component	(241,093)	-	(241,093)
Conversion into units	(44,360)	(36,425)	(80,785)
Accretion	187,220	-	187,220
Amortization of transaction costs (a)	10,833	-	10,833
Change in fair value of the derivative	-	3,887,124	3,887,124
Balance December 31, 2020	**4,584,636**	**6,768,657**	**11,353,293**
Fair value adjustment	-	(300,992)	(300,992)
Accretion	166,331	-	166,331
Balance March 31, 2021	**4,750,967**	**6,467,665**	**11,218,632**
Conversion into units	(339,974)	(1,032,649)	(1,372,623)
Fair value adjustment	-	4,417,255	4,417,255
Accretion	118,700	-	118,700
Balance June 30, 2021	**4,529,693**	**9,852,271**	**14,381,964**
Current portion (b)	398,176	-	398,176
Long term	4,131,517	9,852,271	13,983,788

(a) The amortization of transaction costs was presented as an expense with the transaction's costs allocated to the derivative component and was recorded in the consolidated statements of loss and comprehensive loss.

(b) For the period ended June 30, 2021, the Company estimated the current portion of the Debentures payable for an amount of $398,176, which represent the interest payments and the participating feature.

10. 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 June 30, 2021, there were 61,574,000 (44,885,000 as at September 30, 2020) issued and fully paid common shares.

Shares issued
On December 3, 2020, 300,000 units of the Company were issued as a result of conversion of $30,000 principal amount of participating debentures. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at a price of $0.15 for a period of three years from the date of issuance.

During the quarter ended December 31, 2020, a holder of stock options exercised 175,000 options for a total consideration of $43,750.

On February 3, 2021, the Company announced the closing of a non-brokered private placement, issuing a total of 9,744,000 units at a price of $0.50 per Unit raising gross proceeds of $4,872,000. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each full Warrant is exercisable at $1.00 for a period of 3 years from the date of issuance. The Company paid finder's fees of $276,100 in connection with the Private Placement.

During the quarter ended March 31, 2021, 170,000 stock options were exercised for a total consideration of $79,000 and 1,900,000 warrants were exercised for a total consideration of $710,000.

On May 19, 2021, 800,000 units of the Company were issued as a result of conversion of $80,000 principal amount of participating debentures. Each unit is comprised of one common share and one warrant.

On June 9, 2021, 600,000 units of the Company were issued as a result of conversion of $120,000 principal amount of participating debentures. Each unit is comprised of one common share and one warrant.

On June 11, 2021, 900,000 units of the Company were issued as a result of conversion of $90,000 principal amount of participating debentures. Each unit is comprised of one common share and one warrant.

During the quarter ended June 30, 2021, 200,000 stock options were exercised for a total consideration of $50,000 and 1,900,000 warrants were exercised for a total consideration of $320,000.

Warrants
On October 26, 2020, the Company issued a total of 500,000 finders' warrants as finder's fees with a private placement (see note 9). Each Finder's Warrant is exercisable into one Share at a strike price of $0.20 for a period of three years from closing. The warrants issued pursuant to the private placement are subject to a four-month hold period in Canada. The fair value of those warrants was evaluated following the same evaluation technique as those issued during the year ended September 30, 2020. The fair value was estimated at $64,300. The following assumptions were used to determine the fair value, estimated life: 3 years, stock price: $0.19, volatility: 100.4%, risk free rate: 3.08% and dividend yield: Nil

On December 3, 2020, 300,000 units of the Company were issued as a result of conversion of $30,000 principal amount of participating debentures. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at a price of $0.15 for a period of three years from the date of issuance.

During the quarter ended March 31, 2021, 1,900,000 warrants were exercised for a total consideration of $710,000 and 4,872,000 warrants were issued as part of the private placement closed on February 3, 2021. The following assumptions were used to determine the fair value, estimated life: 3 years, stock price: $0.59, volatility: 132.74%, risk free rate: 0.2518% and dividend yield: Nil

(Unaudited, expressed in Canadian Dollars)

On May 19, 2021, 800,000 units of the Company were issued as a result of conversion of $80,000 principal amount of participating debentures. Each warrant is exercisable into one common share at a price of $0.15 for a period of three years from the date of issuance.

On June 9, 2021, 600,000 units of the Company were issued as a result of conversion of $120,000 principal amount of participating debentures. Each warrant is exercisable into one common share at a price of $0.25 for a period of three years from the date of issuance.

On June 11, 2021, 900,000 units of the Company were issued as a result of conversion of $90,000 principal amount of participating debentures. Each warrant is exercisable into one common share at a price of $0.15 for a period of three years from the date of issuance.

During the quarter ended June 30, 2021, 1,900,000 warrants were exercised for a total consideration of $370,000.

The following tables summarize the information on outstanding warrants as at June 30, 2021:

	Warrants #	Weighted average exercise price $
Balance - September 30, 2019	**4,554,100**	0.40
Expired	(1,275,000)	0.40
Balance - September 30, 2020	**3,279,100**	0.40
Expired	(787,500)	0.40
Issued	500,000	0.20
Issued	300,000	0.15
Balance - December 31, 2020	**3,291,600**	0.35
Expired	(575,000)	0.40
Issued	4,872,000	1.00
Exercised	(1,650,000)	0.40
Exercised	(250,000)	0.20
Balance - March 31, 2021	**5,688,600**	0.89
Issued	1,700,000	0.15
Issued	600,000	0.25
Exercised	(500,000)	0.20
Exercised	(800,000)	0.15
Exercised	(600,000)	0.25
Balance - June 30, 2021	**6,088,600**	0.84

The following table summarizes the information on outstanding warrants as at June 30, 2021:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
$0.25	16,600	1.17	August 2022
$0.15	300,000	2.50	December 2023
$1.00	4,872,000	2.67	February 2024
$0.15	900,000	3.00	June 2024

(Unaudited, expressed in Canadian Dollars)

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.

During the quarter ended December 31, 2020, 175,000 stock-options were exercised for a total consideration of $43,750.

During the quarter ended March 31, 2021, 170,000 stock-options were exercised for a total consideration of $79,000 and 900,000 stock-options were issued. The following assumptions were used to determine the fair value, estimated life: 5 years, stock price: $0.44, volatility: 134.08%, risk free rate: 0.9532% and dividend yield: Nil

During the quarter ended June 30, 2021, 200,000 stock-options were exercised for a total consideration of $50,000. On June 21, 2021, 500,000 stock options were issued. The following assumptions were used to determine the fair value, estimated life: 6 months, stock price: $0.68, volatility: 136.2%, risk free rate: 0.1362% and dividend yield: Nil.

The following tables summarize the information on outstanding options as at June 30, 2021:

	Options **#**	**Weighted average exercise price** **$**
Balance - September 30, 2019	**3,875,000**	0.30
Issued	600,000	0.105
Balance - September 30, 2020	**4,475,000**	0.27
Exercised	(175,000)	0.25
Balance - December 31, 2020	**4,300,000**	0.27
Issued	900,000	0.45
Expired	(175,000)	0.25
Exercised	(120,000)	0.25
Exercised	(50,000)	0.11
Balance - March 31, 2021	**4,855,000**	0.31
Exercised	(200,000)	0.25
Issued	500,000	0.75
Balance - June 30, 2021	**5,155,000**	0.36

The following table summarizes the information on outstanding options at June 30, 2021:

Exercise price	**Number outstanding and exercisable**	**Weighted average remaining contractual life (years)**	**Expiry**
$0.75	500,000	0.50	December 2021
$0.25	1,655,000	0.67	February 2022
$0.40	450,000	1.33	October 2022
$0.40	200,000	1.75	March 2023
$0.25	400,000	2.17	August 2023
$0.25	500,000	2.75	March 2024
$0.105	550,000	4.25	September 2025
$0.45	900,000	4.75	March 2026

(Unaudited, expressed in Canadian Dollars)

11. LOSS PER SHARE ("EPS")

Basic EPS

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

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 periods ended June 30, 2021 and 2020. The Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the consolidated statements of loss and comprehensive loss.

12. SEGMENTATION INFORMATION

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

	For the period ended,		
	June 30, 2021 (unaudited) $	**June 30, 2020 (unaudited) $**	**September 30, 2020 (audited) $**
Canada	4,147,241	1,214,162	556,813
Mexico	17,504	4,971	371
Columbia	-	364	3,542
DRC	414,420	-	288,360
Brazil	1,976,886	-	47,171
Total assets	**6,556,051**	**1,219,497**	**896,257**
Canada	14,842,165	2,151,370	4,355,379
Mexico	118,277	113,951	193,697
Columbia	-	5,896	101
Total liabilities	**14,960,442**	**2,271,217**	**4,549,177**
Canada	(6,440,442)	576,120	(1,941,200)
Mexico	(1,915,689)	(1,587,662)	(1,680,514)
Columbia	(48,260)	(40,178)	(33,238)
Total deficiency	**(8,404,391)**	**(1,051,720)**	**(3,654,952)**
Canada	12,307,035	442,732	3,020,406
Mexico	235,175	74,066	166,918
Columbia	15,022	9,044	3,490
Net loss and comprehensive loss	**12,557,232**	**525,842**	**3,190,814**

13. 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,	**June 30, 2021 (unaudited) $**	**September 30, 2020 (audited) $**
Cash & cash equivalents	**3,663,291**	288,780
Advance to directors	**-**	3,098
Advance to companies controlled by a director	**7,000**	8,646
Advance to a joint operation	**414,420**	288,360
Due to directors	**-**	36,530
Due to companies controlled by directors	**-**	34,000
Share capital	**5,099,927**	4,972,177

14. FINANCIAL INSTRUMENTS

As at June 30, 2021, the Company's financial instruments include cash and cash equivalents, accounts receivable, inventories advance to directors, advance to companies controlled by a director, advance to a joint venture, accounts payable and accruals, due to directors, due to companies controlled by directors and the convertible debentures – host component, 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 14 of the audited consolidated financial statements for the year ended September 30, 2020.

15. 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, in Mexican Pesos and in Colombian 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,	**June 30, 2021 (unaudited) $**	**September 30, 2020 (audited) $**
Cash & cash equivalents in United States dollars (USD)	**889,651**	2,589
Cash & cash equivalents in Mexican Pesos (MXN)	**17,504**	371

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

(Unaudited, expressed in Canadian Dollars)

i) Fair value interest rate risk:
Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate, because of changes in interest rates. The Company's financial liabilities other than current liabilities, are comprised of medium to long-term fixed interest rate debt.

Cash & cash equivalents	Fixed interest rates
Advance to directors	Non-interest bearing
Advance to companies controlled by a director	Non-interest bearing
Accounts payables and accruals	Non-interest bearing
Due to companies controlled by a director	Non-interest bearing
Due to directors	Non-interest bearing
Convertible debentures	Fixed interest rates

If the variable interest rates had increased by 1% during the nine-month period ended June 30, 2021, the Company's net loss would have increased by approximately $11,324.

ii)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, 2021, the Company has a working capital of $5,650,369 (September 30, 2020 – $27,352). 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	507,506	-	-
Convertible debentures – Host component	398,176	4,131,517	-

(Unaudited, expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS

The Company's related parties include an entity with significant influence, companies controlled 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 June 30, 2021 were as follows:

Three-months ended,	**June 30, 2021 (unaudited) $**	June 30, 2020 (unaudited) $
Management fees		
Company controlled by a director	**60,000**	2,177
Key management personnel and directors	**30,000**	10,000
Share-based compensation		
Key management personnel and directors	**-**	-
Rent		
Company controlled by a director	**9,000**	-
Consulting fees		
Company controlled by a director	**30,000**	-

Nine-months ended,	**June 30, 2021 (unaudited) $**	June 30, 2020 (unaudited) $
Management fees		
Company controlled by a director	**120,000**	70,000
Key management personnel and directors	**60,000**	12,000
Share-based compensation		
Key management personnel and directors	**343,620**	-
Rent		
Company controlled by a director	**18,000**	-
Consulting fees		
Company controlled by a director	**60,000**	-

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

		Amounts owed by related parties $	**Amounts owed to related parties $**
Key management personnel and directors	**June 30, 2021**	**-**	**-**
	September 30, 2020	3,098	36,530
Companies controlled by a director	**June 30, 2021**	**7,000**	**12,360**
	September 30, 2020	8,646	34,000
Joint operation	**June 30, 2021**	**414,420**	**-**
	September 30, 2020	288,360	-

(Unaudited, expressed in Canadian Dollars)

17. EXPLORATION AND EVALUATION EXPENDITURES

	Geology and prospection $	Mining claims $	Total E&E Expenditures $
Balance at September 30, 2019	1,086,150	291,529	1,377,679
Expenditures for the year	29,544	73,494	103,038
Balance at September 30, 2020	**1,115,694**	**365,023**	**1,480,717**
Expenditures for the period	51,927	169,184	221,111
Balance at December 31, 2020	**1,167,621**	**534,207**	**1,701,828**
Expenditures for the period	185,688	52,353	238,041
Balance at March 31, 2021	**1,353,309**	**586,560**	**1,939,869**
Expenditures for the period	455,094	-	455,094
Balance at June 30, 2021	**1,808,403**	**586,560**	**2,394,963**

18. 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 above. Under the terms of the MOU, the Company had 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 could initially exercise this option within 12 months of the signing of the MOU. The extension of this option, currently expired, was first prolonged to December 31, 2017, subsequently to June 30, 2018 and finally to August 31, 2019.

Net royalty – Central America Nickel
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 the Company. 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.

Purchase agreements - Columbite
On August 18, 2020, the Company signed two purchase contracts for columbite. According to those contracts, as of the reporting date, there is still a quantity to be purchased by the Company. The Company estimated this commitment to approximate $322,000.

19. SUBSEQUENT EVENTS

On July 19, 2021, the board of directors of Auxico granted 675,000 stock options to directors and consultants of the Company. Each option entitles its holder to purchase one common share at a price of $0.79 for a period of five years, expiring on July 19, 2026.

On July 30, 2021, Auxico announced that the Company had signed a technology license agreement with Central America Nickel ("CAN") for the use of CAN's patent-pending ultrasound assisted extraction process for mineral extraction.

On August 9, 2021, 1,650,000 units of the Company were issued as a result of conversion of $330,000 principal amount of participating debentures. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at a price of $0.25 for a period of three years from the date of issuance.

On August 27, 2021, 500,000 units of the Company were issued as a result of conversion of $50,000 principal amount of participating debentures. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at a price of $0.15 for a period of three years from the date of issuance.