AUXICO RESOURCES CANADA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2023

OVERVIEW

The following management's discussion and analysis (quarterly highlights) of the financial condition and results of operations ("MD&A") covers the operations of Auxico Resources Canada Inc. ("Auxico" or the "Company") for the three and six-month periods ended March 31, 2023. All currency amounts referred to herein are in Canadian dollars unless otherwise stated.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with: the Company's unaudited condensed interim consolidated financial statements for the six-month period ended March 31, 2023; the Company's audited consolidated financial statements for the year ended September 30, 2022; and the Company's MD&A for the year ended September 30, 2022.

The accompanying audited and unaudited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

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

This MD&A is dated May 30, 2023.

FORWARD-LOOKING INFORMATION

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A are forward-looking statements that involve various risks and uncertainties. Forward-looking statements in this MD&A include: statements with respect to drilling, bulk sampling and geological work at the Company's Zamora Property in Sinaloa, Mexico; the potential mineralization and geological merits of the Zamora Property and the Company's prospects in Colombia, Brazil, the Democratic Republic of the Congo, Bolivia and elsewhere; and other future plans, objectives, or expectations of the Company. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's plans or expectations include the risk that actual results of planned exploration activities will not be consistent with the Company's expectations; the geology, grade and continuity of any mineral deposits and the risk of unexpected variations in mineral resources, grade and/or recovery rates; fluctuating metals prices; possibility of accidents, equipment breakdowns and delays during exploration; exploration cost overruns or unanticipated costs and expenses; uncertainties involved in the interpretation of drilling results and geological tests; availability of capital and financing required to continue the Company's future exploration programs and preparation of geological reports and studies; delays in the preparation of geological reports and studies; the metallurgical characteristics of mineralization contained within the Zamora Property are yet to be fully determined; general economic, market or business conditions; competition and loss of key employees; regulatory changes and restrictions including in relation to required permits for exploration activities (including drilling permits) and environmental liability; timeliness of government or regulatory approvals; and other risks detailed herein and from time to time in the filings made by the Company with securities regulators. In connection with the forward-looking information contained in this MD&A, the Company has made numerous assumptions. Auxico expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation.

COMPANY DESCRIPTION

The Company was incorporated under the Canada Business Corporations Act on April 16, 2014.

The Company has four subsidiaries: Auxico Resources S.A. de C.V. ("Auxico Mexico"), which was incorporated under the laws of Mexico on June 16, 2011; C.I. Auxico de Colombia S.A., which was incorporated under the laws of Colombia on April 9, 2019; Sociedad Minera Auxico S.A.S., incorporated under the laws of Colombia on May 11, 2022; and Minera Auxico Bolivia S.A., which was incorporated under the laws of Bolivia on December 8, 2021.

The Company has an office at 201 Notre-Dame Street West, 5th Floor, Montreal, Quebec, H2Y 1T4, 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 and mining opportunities in Colombia, Brazil, the Democratic Republic of the Congo ("DRC"), and Bolivia. The following are descriptions of the Company's activities in these jurisdictions.

MEXICO: THE ZAMORA SILVER-GOLD PROPERTY IN SINALOA

Auxico has a 100% interest in the Zamora Silver-Gold Property, which is located 85 km southeast of the city of Culiacan and some 9 km northeast of the village of El Espinal in the state of Sinaloa, Mexico. The Zamora Property is comprised of five individual lots measuring a total of 3,376.6265 hectares or 8,343.6441 acres.

A description of the lots is shown in the table below.

Lot Name	Lot Number	Area (He)
Campanillas	224618	105.6427
Chio	227400	92.1787
Gaby	277399	80.0000
San Felipe	224654	100.000
Zamora	225182	2,998.8051
Total		**3,376,6265**

The Zamora Silver-Gold Property, according to historical records, is characterized by 25 mines / prospects, all of which have varying degrees of exploration, development, and production. There has never been a concentrating plant on this property; the ore was sent as direct shipping ore to the La Minita plant located approximately 25 km from Zamora.

Net Smelter Return Royalty ("NSRR")

Auxico 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, the Company's wholly-owned Mexican subsidiary. As per the terms of this agreement, the Zamora Property is subject to a 2% NSRR; half of this NSRR can be purchased by Auxico at any time for US$500,000.

Option to Purchase La Franca Property

On November 9, 2020, the Company announced that it had been granted an exclusive option to acquire the historic high-grade silver-gold La Franca mine, located in the state of Sinaloa, Mexico for US$500,000 payable quarterly 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. The La Franca claim, measuring 12 hectares, is located within Auxico 's Zamora gold-silver property.

BRAZIL: THE MASSANGANA TIN TAILING PROJECT

On January 6, 2022, Auxico announced that it had entered into a Memorandum of Understanding ("MOU") with the Brazilian mining cooperative Cooperativa Estanífera de Mineradores da Amazônia Legal Ltda ("CEMAL"), with regard to the exploitation and commercialization of rare earths from the tin tailings originating from deposits located over an estimated area of 18,000 hectares in Massangana, counties of Ariquemes and Monte Negro, in the state of Rondonia, Brazil.

Independent analysis published jointly by the German Mineral Resources Agency (DERA) and the Geological Survey of Brazil (CPRM) in 2018 estimated that the property could contain 30,000,000 tonnes of tin tailings (not NI 43-101 compliant), however, the data for this estimate has neither yet been reviewed nor verified on the ground by Auxico's Qualified Person. The deposits are located within the Rondonia Tin Province, which hosts one of the world's largest cassiterite (tin ore) resources.

Samples of the concentrates taken by the property owners from the Massangana property, and therefore are not NI 43-101 compliant. The samples were analyzed in 2022 by Coalia Research Institute in Thetford Mines, Quebec. The results of selected concentrate samples are presented in the table below, indicating a total rare earth oxide content of 63.49%.

Element	Symbol	Grade (%)
Cerium	CeO_2	35.90
Dysprosium	Dy_20_3	0.28
Gadolinium	Gd_2O_3	0.17
Lanthanum	La_2O_3	15.17
Neodymium	Nd_2O_3	9.04
Praseodymium	Pr_6O_{11}	0.89
Samarium	Sm_2O_3	0.90
Yttrium	Y_2O_3	1.14
Total Rare Earth Oxide (TREO)		**63.49**

The above sample results were provided with the use of XRF (X-ray fluorescence) by Coalia. Under the terms of the MOU, Auxico had an exclusive 180-day period to conduct due diligence, for which the Company paid a one-time fee of US$100,000 to CEMAL. On June 7, 2022, Auxico announced that a final agreement had been signed with CEMAL concerning the production of tin, niobium and rare earths from the Massangana tailings. Auxico will earn 85% of the profits of the Joint Venture ("JV") by first, paying US$2,000,000 over the next year, and second, by providing the JV with the necessary capital to engage in the production of the above-mentioned concentrates.

Under the agreement, Auxico made payments as follows: a first payment of US$300,000 within five days of signing the Agreement (this payment was made during the period ended June 30, 2022); a second payment of US$200,000 within 30 days of the execution of the Agreement (this payment was made in the second week of August 2022) and a third payment of US$250,000 was made on or before September 30, 2022. A further payment of US$250,000 was made shortly after December 31, 2022, and final payment of US$1,000,000 will be made on the anniversary of the first payment.

On August 23, 2022, Auxico announced the signing of an offtake agreement with the company Cuex Metal AG ("Cuex"), for the purchase of commercial tin concentrates (cassiterite) from Massangana. The agreement represents a purchase of 3,600 tonnes per year, over a period of five years, for a total of 18,000 tonnes of commercial tin concentrates. At current London Metal Exchange prices, the material is valued at US$330 million. Cuex is the Swiss subsidiary of Shangai Qunxian Industrial (Group) Co., Ltd., a bulk commodity Chinese trading company.

Auxico intends to build a 2,500 tonne-per-day processing facility in Rondônia that may produce on a yearly basis (actual outputs will be subject to a 2023 field sampling program): 6,000 tonnes of cassiterite, 90,000 tonnes of ilmenite, 13,500 tonnes of columbite, 90,000 tonnes of zirconium and 37,500 tonnes of monazite. Of note, the monazite contains radioactive thorium and Central America Nickel has successfully removed the thorium content, making the concentrate non-radioactive and eligible for international shipping. Using the ultrasound-assisted extraction ("UAEx") process, the thorium content in the concentrate was reduced to less than 0.1%. This procedure was done in the lab. It has not yet been done in a commercial application.

COLOMBIA: THE MINASTYC PROPERTY IN VICHADA

On March 28, 2022, Auxico filed on SEDAR its National Instrument (NI) 43-101 Technical Evaluation Report ("Report") on the Minastyc Property in Vichada, Colombia. Provided below are selected highlights from the Report:

- In August of 2021, Joel Scodnick, P.Geo., & Qualified Person ("QP") for Auxico took a representative 3.2 tonne bulk sample from two locations of the Area 50 pit. A 7.7 kg fine concentrate returned Total Rare Earth Oxides (TREO) grading 68.32% and 65.67% respectively from the two locations;

- The presence of radioactive Thorium has always been an issue with many rare earth deposits, however, working with Impact Global Solutions (IGS), the Thorium is precipitated from the monazite concentrate using acid bake, which results in recoveries of 99%+ rendering the rare earth concentrate safe for transportation, thus virtually eliminating the Thorium;

- Auxico initiated a project with Central America Nickel to develop a metallurgical process using acid bake and the Ultrasound Assisted Extraction technology ("UAEx"). Recoveries of over 80% have been demonstrated at IGS on the Rare Earth Elements (REE's);

- The TA Area and Area 50 are approximately 1.6 km apart, with both areas returning various high grades in concentrates including the following elements:

Element	**Symbol**	**Industrial Use**
Cerium	Ce	Catalytic converters, ceramics, glass
Dysprosium	Dy	Permanent magnets, data storage, lasers
Erbium	Er	Fiber optics, optical amplifiers, lasers
Gadolinium	Gd	Medical imaging, permanent magnets
Hafnium	Hf	Nuclear control rods, alloys & high-T ceramics
Lanthanum	La	catalyst ceramics, glass polishing, metallurgy & batteries
Neodymium	Nd	permanent magnets, rubber catalysts, medical & industrial lasers
Niobium	Nb	Steel and superalloys
Palladium	Pd	Catalytic converters & catalyst agent
Platinum	Pt	Catalytic converters
Praseodymium	Pr	Permanent magnets, batteries, aerospace alloys, ceramics & colorants
Samarium	Sm	Permanent magnets, absorber in nuclear reactors & cancer treatments
Tantalum	Ta	Electronic components & superalloys
Tin	Sn	Protective coatings & alloys
Titanium	Ti	White pigment & metal alloys
Ytterbium	Yb	Catalysts, scintillometers, lasers & metallurgy
Yttrium	Yt	Ceramic, catalysts, lasers, metallurgy & phosphors
Zirconium	Zr	High-T ceramics & corrosion-resistant alloys

- Gold, Silver, Platinum, and Palladium were also detected in coarse concentrates in the TA Area, returning values as high as 63 g/t Gold, 32 g/t Silver, 53 g/t Platinum, and 19 g/t Palladium. One sample from a 5.7 kg laterite in the main TA Area pit returned 15 g/t Gold and 38 g/t Platinum. The presence of these precious metals indicates a relationship with upstream basements or serpentine or olivine or pyroxene-rich ultramafic rocks.

On May 16, 2022, Auxico announced that the National Mining Agency of Colombia ("ANM" or *Agencia Nacional de Minería*) had granted a mining permit for the Minastyc Property in Vichada, Colombia, which is controlled by Auxico; more specifically, the ANM has authorized the Company's work plan ("PTO" or *Programa de trabajo y obras*).

On April 12, 2023, Auxico announced that it had received approval of the Environmental Impact Assessment ("EIA") for the Minastyc Property from Corporinoquia, which is the Colombian environmental agency. The Company is now able to move equipment on-site, including heavy machinery for bulk sampling and a processing facility, which will enable Auxico to move towards making a production decision for small-scale mining operations.

The goal of the Company is to produce and export rare earth elements, transition metals and post-transition metals, such as tin, from the Minastyc Property. With critical minerals and rare earth elements hosted in monazite sands on the property, at surface, this makes for a very advantageous geological structure that would allow the Company to initiate sales and exports near term, with a limited infrastructure requirement. With approval of the EIA, Auxico can commence operations planning to put the Minastyc Property into small-scale production with the intention to achieve a volume of up to 300 tonnes per month.

In addition to the approval of the PTO, the Company is required to have an authorization from Corporinoquia, which is the Colombian environmental agency. Once the authorization from Corporinoquia is obtained, the Company will be able to move equipment on-site, including heavy machinery for bulk sampling and a processing facility, which will enable Auxico to move towards making a production decision for small-scale mining operations. As of the date of this MD&A, the Company has not yet received the authorization from Corporinoquia.

In the summer of 2022, Auxico conducted an exploration program on the Minastyc Property. A systematic initiative of digging approximately 250 pits using shovels was executed via a grid system. The samples were sent to an accredited lab. The purpose of this exercise was to test the first couple meters depth of the mineralized gravels, specifically for transition metals (gold, platinum, palladium, tantalum, niobium, hafnium, zirconium and scandium), actinoids (thorium and uranium), alkali metals (lithium, rubidium and cesium), post-transition metals (tin and aluminum) and rare earth elements (lanthanum, cerium, praseodymium and neodymium).

In December 2022, the technical team of Auxico met to review the work done on Minastyc and to contemplate next steps. After reviewing the splitting procedure at the laboratory, it was concluded that this smaller sample fraction may have accounted for lower grades than expected. In 2023, the Company will continue its geological work on the Minastyc Property. This will include larger volume sampling, and without splitting, on the most prospective zones of the property, as well as consolidation of all technical information into one database. Other proposed activities in 2023 include:

- Hiring of a geological firm with expertise in alluvial economic deposits
- Pits and trenches sampling program
- Design of stratigraphic columns (sedimentary units interpolation)
- Implementation of exploration mapping / logging techniques (Anaconda method)
- Lithogeochemical analyses (rock classification, economic sedimentary layers, etc.)
- Design of 2D-3D geological modeling (integration with the historical information geophysics, DEM, LIDAR, etc.)
- Publication of a technical report in compliance with National Instrument 43-101, including a mineral resource estimate

Tin Trading

As of the date of this MD&A, the Company has begun the purchase and sale of tin from different indigenous communities in Vichada. Fifteen (15) metric tonnes of tin have been obtained and are en route to Bogota for export. Auxico will retain 70% of the net profits from this tin trading, with the remaining 30% going to Gracor. Auxico will continue this trading of tin during this current fiscal year. The sales of tin from Vichada will represent one of the two income streams for Auxico during this coming year. The second is the sale of rare earth concentrates from the Democratic Republic of the Congo, as described below.

Joint Venture Agreement with Gracor

On October 26, 2022, Auxico announced that it had signed a joint venture agreement for high-grade tin trading operations in Colombia, which provides the Company with a 70% profit share on all sales of tine ore executed with Gracor S.A.S ("Gracor"). The remaining 30% goes to Gracor. Gracor's principal business is the purchase of tin from the indigenous population in the state of Vichada, Colombia, close to the Minastyc Property that is controlled by Auxico. Auxico will be providing the working capital to increase direct purchases of tin concentrates. Auxico will also arrange the sales of tin according to international standards.

DEMOCRATIC REPUBLIC OF THE CONGO: SALES AGENT FOR RARE EARTH CONCENTRATES

In April 2022, Auxico signed a sales agency agreement with Central America Nickel ("CAN"), whereby Auxico will be the exclusive sales agency for rare earth concentrates from the Democratic Republic of the Congo ("DRC").

As the exclusive sales agent, Auxico will retain a commission equal to 15% of the sales price.

As of the date of this MD&A, a total of four trades have been concluded, the highlights of which are below:

- A total of 949 metric tonnes of rare earth concentrates have been sold and shipped from the DRC.
- This material was sold for approximately US$5 million.
- This represents an average price of approximately US$5,275 per metric tonne.
- The rare earth concentrates, contained in the non-radioactive monazite sands, are purchased from various cooperatives in the province of North Kivu, DRC.
- Samples of the material, analyzed by SGS South Africa, had on average over 14% neodymium and 3% praseodymium. The lab analysis confirmed that the samples had approximately 60% total rare earth oxide content (TREO).
- Based on the demand from existing and potential customers of these rare earth concentrates, Auxico and CAN are targeting to reach a monthly export of 1,000 to 1,500 tonnes of material from the DRC.

BOLIVIA: THE LUZ ANGELICA CONCESSION

On November 3, 2021, a Memorandum of Understanding ("MOU") was signed between Auxico and Mr. Rolando Chavez, the sole owner of the concession Luz Angelica, consisting of 825 hectares located in the region of Santa Cruz in Bolivia, province of Nuflo de Chávez.

Based on Auxico's due diligence, the Luz Angelica concession lacks basic infrastructure needed to develop a mining project, and there were no geological merits to continue with this project. Auxico has therefore abandoned this project.

Auxico will continue, however, to monitor other opportunities in Bolivia, given its rich mining history and potential.

OTHER CORPORATE HIGHLIGHTS

Issuances of shares through the conversion of debentures

On October 17, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,479 of interest into 514,794 units (514,794 shares and 514,794 warrants that can be exercised at $0.15 over a 3-year period). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On October 31, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,671 of interest into 516,712 units (516,712 shares and 516,712 warrants that can be exercised at $0.15 over a 3-year period). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On November 2, 2022, there was a conversion of $100,000 of the initial Debentures plus $3,397 of interest into 1,033,972 units (1,033,972 shares and 1,033,972 warrants that can be exercised at $0.15 over a 3-year period). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On November 16, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,890 of interest into 518,904 units (518,904 shares and 518,904 warrants that can be exercised at $0.15 over a 3-year period). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On February 28, 2023, the Company issued 4,125,000 units of the capital of the Company following the conversion of debentures issued in October 2020 at a price of $0.20 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.25 per common share for three years from the date of issuance.

Issuance of shares through exercise of options and warrants

During the period, the Company issued 155,000 common shares of the capital of the Company following the exercise of 155,000 options in exchange for $60,525. The options exercised had an exercise price of $0.40 and $0.105. Following the exercise of those options, $47,301 was reclassified from contributed surplus to share capital.

During the period, the Company issued 200,000 common shares of the capital of the Company following the exercise of 200,000 warrants in exchange for $30,000. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $21,807 was reclassified from warrants reserve to share capital.

Issuance of warrants through conversion of debentures

On October 17, 2022, the Company issued 514,794 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $270,185.

On October 31, 2022, the Company issued 516,712 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $198,708.

On November 2, 2022, the Company issued 1,033,972 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $402,704.

On November 16, 2022, the Company issued 518,904 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $114,762.

On February 28, 2023, the Company issued 4,125,000 warrants following the conversion of debentures issued in October 2020. The fair value of the warrants calculated under the relative fair value method was estimated at $1,056,091.

Issuance of options

On November 15, 2022, the Board of Directors issued 750,000 stock options to directors and officers of the Company. These stock options have a strike price of $0.42, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.3019 per option at the grant date for a total of $226,425 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 3.2336%, expected volatility of 106.0% and expected option life of five years.

On December 20, 2022, the Board of Directors issued 300,000 stock options to consultants of the Company. These stock options have a strike price of $0.45, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.3809 per option at the grant date for a total of $114,270 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 2.9647%, expected volatility of 107.30% and expected option life of five years.

Share Information

As at the date of this MD&A, there are 78,854,578 common shares issued and outstanding of Auxico. Between March 31, 2023, and the date of this MD&A, a total of 200,000 common shares were issued, as follows:

- Two hundred thousand (200,000) common shares were issued as a result of the exercise of warrants at an exercise price of $0.15 per common share.

Additional Information

Additional information on Auxico, the Zamora Property and the Company's opportunities in Colombia, Brazil and the DRC can be accessed on the Company's website (www.auxicoresources.com) and on SEDAR (www.sedar.com).

Qualified Person

The technical content for the Zamora Property in this MD&A has been reviewed and approved by Ricardo Sierra, B.Sc., a Qualified Person ("QP") as defined by Canadian Securities Administration National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101").

FINANCIAL POSITION OVERVIEW MARCH 31, 2023

The Company prepared its interim 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 consolidated financial position of Auxico at March 31, 2023 (unaudited) and September 30, 2022 (audited) is presented below:

Interim Consolidated Statements of Financial Position

As at,	**March 31, 2023**	September 30, 2022
	$	$
ASSETS		
Current assets		
Cash	**56,782**	2,115,889
Receivables	**259,595**	676,939
Promissory notes	**-**	200,000
Prepaid and deposits	**352,043**	185,526
Advances to directors	**3,098**	3,098
Advance to companies controlled by a director	**-**	364,464
	671,518	3,545,916
Non-current assets		
Equipment	**62,254**	81,662
Prepaid and deposits	**500,000**	500,000
Other assets	**684,120**	680,019
Exclusive sales agency distribution agreement	**374,100**	561,150
Conversion right	**676,650**	693,000
TOTAL ASSETS	**2,968,642**	6,061,747
LIABILITIES		
Current liabilities		
Accounts payable and accruals	**1,170,890**	1,977,326
Farm-out agreement debt	**791,320**	798,280
Finder's fees payable	**78,096**	218,724
Convertible debentures	**9,644,667**	20,639,170
	11,684,973	23,633,500
Non-current liabilities		
Convertible debentures	**-**	12,716,048
Total Liabilities	**11,684,973**	36,349,548
SHAREHOLDERS' DEFICIENCY		
Issued capital	**34,946,222**	29,947,709
Deficit	**(43,663,644)**	(60,236,601)
Equity attributable to non-controlling interests	**1,091**	1,091
Total equity (deficiency)	**(8,716,331)**	(30,287,801)
TOTAL LIABILITIES & EQUITY	**2,968,642**	6,061,747

As of March 31, 2023, Auxico had negative working capital of $11,013,455, compared to $20,087,584 at September 30, 2022, representing a decrease of $9,670,867 in Auxico 's working capital position.

Cash at March 31, 2023, were $56,782, compared to $2,115,889 at September 30, 2022, a decrease of $2,059,107. This is due primarily to more explorations and investing activities during the period when compared to year ended September 31, 2022.

Receivables as at March 31, 2023, are $259,595 (September 30, 2022 - $676,939), a decrease of $417,344. Receivables contain various items such as trade accounts receivable ($104,138), sales tax receivable ($144,164) and other receivables ($11,293).

At March 31, 2023, Auxico had prepaid expenses (current portion) of $352,043, which was a decrease of $166,517, compared to prepaid expenses (current portion) of $185,526 at September 30, 2022.

At March 31, 2023, and September 30, 2022, the Company had prepaid expenses (non-current portion) of $500,000. On July 28, 2021, the Company signed an agreement with Central America Nickel ''CAN'' (a related company) to use the license developed by CAN for a period of 10 years upon the signing of the agreement. The Company had to pay a deposit of $500,000 that will be applied against future license royalties.

At March 31, 2023, the Company had other assets of $684,120 (September 30, 2022 - $680,019). A deposit on the Minastyc property was made on December 14, 2020, the Company signed an agreement to purchase a parcel of land in Colombia. As at March 31, 2023, the Company paid a total deposit of $235,375 ($225,090 as of September 30, 2021). However, the transfer of property of the land has not been completed at the date of these consolidated financial statements. The Company has made a payment of US$3,000 ($4,101) during the quarter ended March 31, 2023.

On December 8, 2021, the Company announced the acquisition of the surface rights to 1,293 hectares of land titled Agualinda, located in the municipality of Puerto Carreño, in the department of Vichada, Colombia. The land adjoins the Minastyc property, which the Company agreed to purchase in December 2020. As per the signed agreement, the Company has the obligation to pay to the vendors a purchase price of US $315,000, which was payable as US$35,000 upon signature and $US280,000 upon completion of the succession documents.

As of September 30, 2022, the Company has made an initial payment of US$41,100 (or $53,000) and a payment of US$7,000 (or $7,848), for taxes and legal fees. The succession documents were completed and therefore the amount of $US280,000 (or $383,796) is payable as of March 31, 2023, and was recorded accordingly. In addition, the Company has committed to pay a yearly fee in the amount of US$100,000 for a period of three years following the beginning of production.

On March 30, 2022, the Company signed an exclusive sales agency distribution agreement with Central America Nickel Inc. ''CAN'' (a related company) for the sales of CAN's rare earths. The contract gives the Company the exclusive rights to distribute CAN's rare earths in exchange for a payment of $1,247,000 (US$1,000,000) that was paid on April 1, 2022. The term of the contract is for two years. The contract entitles the Company to receive a 15% commission on CAN'S rare earth gross revenues. The commission revenues for the quarter ended March 31, 2023, were $175,517 (December 31, 2021 - $Nil). Anytime during the two year's contract period, the Company has the right to convert the full value of the $1M USD into the number of common shares of CAN resulting from a conversion ratio of $2CAD/common share based on the exchange rate on conversion date, otherwise this amount is not repayable by CAN. No additional payment is required to convert.

The fair value as at March 31, 2023, of the intangible assets, amortized over the 2 years period, was $748,200 (September 30, 2022- $748,200). The net carrying amount as at March 31, 2023, was $374,100 (September 30, 2022 - $561,150). The amortization for the period ended March 31, 2023, was $187,050 (September 30, 2022 - $187,050).

At inception, the fair value of the conversion right was estimated assuming a share price of $0.80 CAD for CAN and a number of shares of 623,500 resulting in an initial fair value of $498,800. At March 31, 2023, the fair value of the conversion was $677,200 (September 30, 2022 - $693,000), due to the variability in the number of shares resulting from changes in foreign exchange, resulting in a foreign exchange loss of $15,800 which was recorded within selling and administrative expenses as a foreign exchange loss.

Auxico had accounts payable and accruals of $1,170,890 as at March 31, 2023, compared to $1,977,326 at September 30, 2022, a decrease of $806,436. These are trade payables in the normal course of the Company's operations.

On April 7, 2017, the Company entered into a Gold Loan Settlement Agreement (the "Settlement Agreement") related to the June 13, 2013, Farmout Agreement. Pursuant to the Settlement Agreement, the Company agreed to pay US$400,000 and issue 1,000,000 common shares in settlement of the Farm-Out Agreement in exchange for cash consideration of $250,000. The Settlement Agreement was revised several times, with the most recent amendment being on September 1, 2019, pursuant to which the Company was to pay the amount on or before August 30, 2020. The amount remains unpaid and the shares have not yet been issued. The total liability at March 31, 2023, was $791,320 (September 30, 2022 – $798,280)

Convertible Debentures

The most significant item that has impacted the interim consolidated financial statements for the period ended March 31, 2023, is the participating convertible debentures ("Debentures"). The accounting treatment for these Debentures is complex and has resulted in the Company recognizing a significant total liability of $9,644,667 as at March 31, 2023, a decrease of $23,710,551 over the amount of $33,355,218 recognized as at September 30, 2022, which had a serious impact on the interim consolidated financial statements as at March 31, 2023, and 2022. This is attributable primarily to the fluctuation in the share price of Auxico, Since the share price is significantly higher than the conversion price of the Debentures, a significant liability is recognized, which is highly sensitive to variations in the share price of the Company.

The current liability of the convertible debentures was $9,644,667 as at March 31, 2023, a decrease of $10,994,503 over the amount of $20,639,170 recognized as at September 30, 2022.

The non-current liability was $Nil as at March 31, 2023, a decrease of $12,716,048 over the amount of $12,716,048 recognized as at September 30, 2022.

As at March 31, 2023, the debentures have a nominal value of $6,425,000 (September 30, 2022 - $7,500,000).

For the six-month period ended March 31, 2023, no convertible debentures were issued.

Convertible debenture

The management of the Company has determined that the methodology used to calculate the fair value of the conversion option of the convertible debentures issued during the September 30, 2020, and September 30, 2021, years (Note 14 of the audited annual financial statements) was inappropriate. The fair values of the embedded derivative liabilities were not adequately determined. Furthermore, the Company recognized a loss at inception by measuring the host component at fair value rather than an allocation of the residual amount of the transaction price.

Following that restatement, the Company has determined that a correction was required, for the comparative period as of March 31, 2022, which resulted in an increase of $15,615,134 ($49,815,198 – September 30, 2021) in the carrying value of the convertible debenture as at March 31, 2022. The correction is a direct result of the restatement in opening balance for $49,815,198 and a decrease to the fair value adjustment on embedded derivatives of $33,532,659 and an increase in accreted interests for $123,908 during the six-month period ended March 31, 2022.

Farm-out agreement debt

The management of the Company has determined that there was an erroneous extinguishment of a liability related to the Farm-out agreement (note 14). The amount of US$400,000 for the agreed upon cash settlement and the liability to issue the number of common shares that aggregates to a value of $250,000 based on market price of the shares on that date has been reincorporated on the October 1, 2020.

The correction resulted in an increase to the liability of $748,800 (September 30, 2021 - $759,640) at March 31, 2022. The correction is a direct result of the restatement in opening balance of $759,640 and a decrease in selling and administrative expenses of $10,840, related to foreign currency translation during the quarter.

Consolidated Statement of Financial Position as at March 31, 2022

	As restated $	As previously reported $	Restatement $
Farm-out agreement debt	748,800	-	748,800
Convertible debentures	34,282,600	18,667,466	15,615,134
Total Liabilities	36,999,722	20,635,788	16,363,934
Deficiency attributable to shareholders	(52,534,595)	(31,308,651)	(21,225,944)
Issued capital	26,511,649	21,649,223	4,862,426
Total equity (deficiency)	(26,021,859)	(9,657,925)	(16,363,934)

Consolidated statement of Income (Loss) and Comprehensive Income (Loss) for the three-month period ended March 31, 2022

	As restated $	As previously reported $	Restatement $
Selling and administrative expenses	1,679,895	1,637,201	42,694
Loss before finance income, finance costs and income taxes	(1,679,895)	(1,637,201)	(42,694)
Finance earnings (costs)	(380,264)	(290,463)	(89,801)
Fair value adjustment on embedded derivatives	39,059,575	11,676,714	27,382,861
Net income (loss) and comprehensive income (loss)	37,001,646	9,751,280	27,250,366
Loss per share (basic)	0.55	0.14	

Consolidated statement of Income (Loss) and Comprehensive Income (Loss) for the six-month period ended March 31, 2022

	As restated $	As previously reported $	Restatement $
Selling and administrative expenses	3,098,162	2,979,528	118,634
Loss before finance income, finance costs and income taxes	(3,098,162)	(2,979,528)	(118,634)
Finance earnings (costs)	(594,967)	(471,059)	(123,908)
Fair value adjustment on embedded derivatives	46,480,647	12,947,988	33,532,659
Net income (loss) and comprehensive income (loss)	42,789,748	9,499,631	33,290,117
Loss per share (basic)	0.64	0.14	

RESULTS OF OPERATIONS

THREE-MONTH PERIOD ENDED MARCH 31, 2023 AND 2022

For the three-month periods ended March 31, 2022, the Company recorded a net income and comprehensive income of $7,099,613, compared to a net income and comprehensive income of $37,001,646 for the three-month period ended March 31, 2022, representing a difference of $29,902,033. Details for the three-month periods ended March 31, 2023, and 2022 are presented below:

Interim Consolidated Statements of Income and Comprehensive Income

For the three-month period ended March 31,	**2023**	2022	Variance
	$	$	$
Sales commissions	**90,574**	-	90,574
Selling and administrative expenses	**1,100,460**	1,679,895	(579,435)
Loss before finance income, finance costs and income taxes	**(1,009,886)**	(1,679,895)	670,009
Finance income	**-**	2,230	(2,230)
Finance costs	**(631,392)**	(380,264)	(251,128)
Gain on debentures conversion	**51,269**	-	51,269
Gain on debentures extension	**67,179**	-	67,179
Fair value adjustment of the embedded derivatives	**8,622,443**	39,059,575	(30,437,132)
Net finance earnings	**8,109,499**	38,681,541	(30,572,042)
Net income and comprehensive income	**7,099,613**	37,001,646	(29,902,033)
Net comprehensive income (loss) attributable to:			
Shareholders	**7,099,613**	37,001,646	(29,902,033)
Non-controlling interest	**-**	-	-
	7,099,613	37,001,646	(29,902,033)
Income (loss) per share to equity holders of Auxico Resources Canada Inc.			
Basic	**0.09**	0.55	
Diluted	**0.09**	0.54	
Weighted average number of shares outstanding			
Basic	**75,996,245**	67,645,174	
Diluted	**80,536,185**	68,094,095	

Sales and sales commissions

There were no sales recorded in the three-month period ended March 31, 2023, and 2022.

In the three-month period ended March 31, 2023, Auxico recorded sales commissions of $90,574 (March 31, 2022 – $Nil) in connection with its agreement with CAN as the exclusive sales agent of rare earth elements from the DRC, as described above.

Selling and Administrative Expenses

In the quarter ended March 31, 2023, selling and administrative expenses amounted to $1,100,460, which was a decrease of $579,435, compared to selling and administrative expenses of $1,679,895 for the quarter ended March 31, 2022.

For the three-month period ended March 31,	**2023**	2022	Variance
	$	$	$
Professional fees	**402,497**	624,832	(222,335)
Exploration and evaluation expenditures (note 24)	**217,324**	467,508	(250,184)
Share-based compensation (note 15)	**-**	320,008	(320,008)
Legal fees	**124,025**	83,761	40,264
Management fees	**105,000**	90,000	15,000
Amortization exclusive sales agency distribution agreement	**93,525**	-	93,525
Travel expenses	**37,380**	41,087	(3,707)
Advertising	**11,025**	16,804	(5,779)
Public listing fees	**48,161**	36,377	11,784
Office expenses	**26,795**	(78,877)	105,672
Loss (gain) on foreign exchange	**9,526**	(7,652)	17,178
Rent	**15,000**	9,000	6,000
Depreciation	**9,704**	9,439	265
Write-off of sales tax receivable	**498**	25,785	(25,287)
Kibara Minerals' advance reimbursement	**-**	-	-
Bad debt	**-**	37,479	(37,479)
Other expenses	**-**	4,344	(4,344)
Total selling and administrative expenses	**1,100,460**	1,679,895	(579,435)

Professional fees decreased by $222,335 if compared to March 2022 as the Company spent less on consultants, professionals and investor relations in the quarter ended March 31, 2023.

In the three-month period ended March 31, 2023, the Company recorded share-based compensation expense of $Nil, which was a decrease of $320,008 compared to share-based compensation expense of $320,008 in the three-month period ended March 31, 2022. This is a non-cash expense associated with the granting of options.

Exploration and evaluation expenditures decreased by $250,184. In the quarter ended March 31, 2023, the Company recorded amortization of the exclusive rights (as described above) of $93,525 (March 31, 2022 – $Nil). Legal fees increased by $40,264, as the Company was involved in studying and negotiating several options and opportunities. Travel expenses decreased by $3,707.

Finance Income and Finance Costs

Details of the finance costs for the three-month periods ended March 31, 2023, and 2022 are presented below:

For the three-month period ended March 31,	2023	2022	Variance
	$	$	$
Accreted interest	**501,838**	319,956	181,882
Interest on convertible debentures	**122,943**	55,274	67,669
Interest and bank fees	**6,611**	5,034	1,577
Total finance costs	**631,392**	380,264	251,128

Total finance costs for the three-month period ended March 31, 2023, are $631,392, an increase of $251,128 over the same period in Fiscal 2022, a total amount of $380,264.

The accreted interest increased by $181,882 in this quarter and interest on convertible debentures increased by $67,669.

Fair value adjustment of the embedded derivatives

The Debentures have had the most significant impact on the Company's interim consolidated financial statements, due to the complex accounting treatment of this financial instrument.

In the three-month period ended March 31, 2023, the Company recorded an earning of $8,622,443 on the fair value adjustment on the embedded derivative (March 31, 2022 – $39,059,575).

In the three-month period ended March 31, 2023, the Company recorded a gain on debenture conversion of $51,269 and a gain on debenture extension of $67,179.

Earnings (loss) per share

The diluted weighted average number of shares has been calculated as follows:

	March 31, 2023	September 30, 2022	March 31, 2022
Weighted average number of common shares – basic	**75,996,245**	68,904,453	67,645,174
Addition to reflect the dilutive effect of stock options	**322,628**	1,899,980	149,038
Addition to reflect the dilutive effect of warrants	**4,217,312**	2,956,048	299,883
Weighted average number of common shares - diluted	**80,536,185**	73,760,481	68,094,095

Options and warrants that are anti-dilutive because the exercise price was greater than the average market price of the common shares is not included in the computation of net earnings per share. For the six-month period ended March 31, 2023, 4,785,000 options (September 30, 2022, – 960,000) and 7,879,823 warrants (September 30, 2022, – 818,080) were excluded from the above computation.

Net income is the measure of the income used to calculate the earnings per share. Convertible debenture is anti-dilutive due to the impact of adjustments related to them would have on net income.

SIX-MONTH PERIOD ENDED MARCH 31, 2023 AND 2022

For the six-month periods ended March 31, 2022, the Company recorded a net income and comprehensive income of $16,572,957, compared to a net income and comprehensive income of $42,789,748 for the six-month period ended March 31, 2022, representing a difference of $26,216,791. Details for the six-month periods ended March 31, 2023, and 2022 are presented below:

Interim Consolidated Statements of Income and Comprehensive Income

For the six-month period ended March 31,	**2023**	2022	Variance
	$	$	$
Sales commissions	**264,091**	-	264,091
Selling and administrative expenses	**2,618,851**	3,098,162	(479,311)
Loss before finance income, finance costs and income taxes	**(2,354,760)**	(3,098,162)	743,402
Finance income	**4,822**	2,230	2,592
Finance costs	**(1,253,556)**	(594,967)	(658,589)
Gain on debentures conversion	**51,269**	-	51,269
Gain on debentures extension	**67,179**	-	67,179
Fair value adjustment of the embedded derivatives	**20,058,003**	46,480,647	(26,422,644)
Net finance earnings	**18,927,717**	45,887,910	(26,960,193)
Net income and comprehensive income	**16,572,957**	42,789,748	(26,216,791)
Net comprehensive income (loss) attributable to:			
Shareholders	**16,572,957**	42,789,748	(26,216,791)
Non-controlling interest	**-**	-	-
	16,572,957	42,789,748	(26,216,791)
Income (loss) per share to equity holders of Auxico Resources Canada Inc.			
Basic	**0.22**	0.64	
Diluted	**0.21**	0.59	
Weighted average number of shares outstanding			
Basic	**74,725,101**	66,575,570	
Diluted	**79,908,728**	71,928,844	

Sales and sales commissions

There were no sales recorded in the six-month period ended March 31, 2023, and 2022.

In the six-month period ended March 31, 2023, Auxico recorded sales commissions of $264,091 (March 31, 2022 – $Nil) in connection with its agreement with CAN as the exclusive sales agent of rare earth elements from the DRC, as described above.

Selling and Administrative Expenses

In the period ended March 31, 2023, selling and administrative expenses amounted to $2,618,851, which was a decrease of $479,311, compared to selling and administrative expenses of $3,098,162 for the period ended March 31, 2022.

For the six-month period ended March 31,	2023	2022	Variance
	$	$	$
Professional fees	**923,025**	851,079	71,946
Share-based compensation	**429,228**	926,556	(497,328)
Exploration and evaluation expenditures	**340,695**	759,184	(418,489)
Amortization exclusive sales agency distribution agreement	**240,373**	101,036	139,337
Legal fees	**210,000**	180,000	30,000
Management fees	**187,050**	-	187,050
Travel expenses	**115,751**	92,322	23,429
Advertising	**83,213**	23,127	60,086
Loss (gain) on foreign exchange	**63,471**	45,562	17,909
Public listing fees	**36,911**	5,685	31,226
Rent	**34,327**	743	33,584
Office expenses	**30,000**	18,000	12,000
Depreciation	**19,408**	15,380	4,028
Write-off of sales tax receivable	**991**	32,989	(31,998)
Kibara Minerals' advance recovery	**(95,592)**	-	(95,592)
Bad debts	**-**	37,479	(37,479)
Other expenses	**-**	9,020	(9,020)
Total selling and administrative expenses	**2,618,851**	3,098,162	(479,311)

Professional fees decreased by $71,946 if compared to March 2022 as the Company spent more on consultants, professionals and investor relations in the six-month period ended March 31, 2023.

In the six-month period ended March 31, 2023, the Company recorded share-based compensation expense of $429,228, which was a decrease of $497,328 compared to share-based compensation expense of $926,556 in the six-month period ended March 31, 2022. This is a non-cash expense associated with the granting of options.

Exploration and evaluation expenditures decreased by $418,489. In the six-month period ended March 31, 2023, the Company recorded amortization of the exclusive rights (as described above) of $240,373 (March 31, 2022 – $101,036). Legal fees increased by $30,000, as the Company was involved in studying and negotiating several options and opportunities. Travel expenses increased by $23,429, given the increased activity outside of Canada.

Finance Income and Finance Costs

Details of the finance costs for the three-month periods ended March 31, 2023, and 2021 are presented below:

For the six-month period ended March 31,	2023	2022	Variance
	$	$	$
Accreted interest	**989,745**	459,877	529,868
Interest on convertible debentures	**251,452**	126,603	124,849
Interest and bank fees	**12,359**	8,487	3,872
Total finance costs	**1,253,556**	594,967	658,589

Total finance costs for the six-month period ended March 31, 2023, are $1,253,556, an increase of $658,589 over the same period in Fiscal 2022, a total amount of $594,967.

The accreted interest increased by $529,868 in this period and interest on convertible debentures increased by $124,849.

Fair value adjustment of the embedded derivatives

The Debentures have had the most significant impact on the Company's interim consolidated financial statements, due to the complex accounting treatment of this financial instrument.

In the six-month period ended March 31, 2023, the Company recorded an earning of $20,058,003 on the fair value adjustment on the embedded derivative (March 31, 2022 – $46,480,647).

In the six-month period ended March 31, 2023, the Company recorded a gain on debenture conversion of $51,269 and a gain on debenture extension of $67,179.

Earnings (loss) per share

The diluted weighted average number of shares has been calculated as follows:

	March 31, 2023	September 30, 2022	March 31, 2022
Weighted average number of common shares – basic	**74,725,101**	68,904,453	66,575,570
Addition to reflect the dilutive effect of stock options	**393,352**	1,899,980	2,036,089
Addition to reflect the dilutive effect of warrants	**4,790,275**	2,956,048	3,317,186
Weighted average number of common shares - diluted	**79,908,728**	73,760,481	71,928,844

Options and warrants that are anti-dilutive because the exercise price was greater than the average market price of the common shares is not included in the computation of net earnings per share. For the six-month period ended March 31, 2023, 4,785,000 options (September 30, 2022, – 960,000) and 7,879,823 warrants (September 30, 2022, – 818,080) were excluded from the above computation.

Net income is the measure of the income used to calculate the earnings per share. Convertible debenture is anti-dilutive due to the impact of adjustments related to them would have on net income.

CASH FLOWS AND LIQUIDITY

The following table outlines the Company's cash flows for the six-month periods ended March 31, 2023, and 2022:

For the six-month period ended March 31,	**2022**	2021
	$	$
Cash used in operating activities		
Net income (loss)	**16,572,957**	42,789,748
Depreciation	**19,408**	15,380
Share-based compensation	**340,695**	759,184
Bad debts	**-**	37,479
Amortization exclusive sales agency distribution agreement	**187,050**	-
Write-off of sales tax receivable	**-**	7,204
Unrealized foreign exchange gain	**9,390**	(10,840)
Accreted interest	**998,184**	390,309
Gain on debentures conversion	**(51,269)**	-
Gain on debentures extension	**(67,179)**	-
Fair value adjustment of the conversion option	**(20,058,003)**	(46,480,647)
Net changes in non-cash working capital items	**(555,609)**	(576,168)
	(2,604,376)	(3,068,351)
Cash flows used in investing activities		
Advance to companies controlled by a director	**364,464**	(50,498)
Promissory notes to third party	**200,000**	(200,000)
Other assets (note 9)	**(4,101)**	-
Acquisition of equipment	**-**	(116,450)
	560,363	(366,948)
Cash flows from financing activities		
Due to directors	**-**	(3,883)
Due to companies controlled by a director	**-**	(12,733)
Finder's fees payable	**(105,619)**	(112,494)
Exercise of warrants	**30,000**	163,116
Exercise of options	**60,525**	325,000
Proceeds from issuance of units, net of issuance cost	**-**	3,343,124
Proceeds from issuance of convertible debentures, net of issuance cost	**-**	3,510,000
	(15,094)	7,212,130
(Decrease)/Increase in cash	**(2,059,107)**	3,776,831
Cash beginning of the period	**2,115,889**	2,563,533
Cash end of the period	**56,782**	6,340,364

For the six-month period ended March 31, 2023, Auxico generated a decrease in cash of $2,059,107, compared to an increase in cash of $3,776,831 for the six-month period ended March 31, 2022.

Cash used in operating activities amounted to $2,604,376 in the six-month period ended March 31, 2023, compared to cash used in operating activities of $3,068,351 for the six-month period ended March 31, 2022. In the six-month period ended March 31, 2023, generated cash in investing activities amounted for $563,363, compared to cash used in investing activities of $366,948 for the six-month period ended March 31, 2022. In the six-month period ended March 31, 2023, the Company generated cash used from financing activities of $15,094, compared to cash flows of $7,212,130 for the six-month period ended March 31, 2022.

Auxico will continue to rely on access to equity and debt financings to cover operational expenses and geological work.

CAPITAL STRUCTURE

Shares issued

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 March 31, 2023, there were 78,654,578 (71,590,196 as at September 30, 2022) issued and fully paid common shares.

Warrants

At March 31, 2023, the Company had 17,139,205 warrants issued and outstanding, as presented below:

Date of Issue	Expiry Date	Strike Price	Balance
February 3, 2021	February 2, 2024	$1.00	4,872,000
June 14, 2021	June 13, 2024	$0.15	400,000
August 9, 2021	August 8, 2024	$0.25	1,650,000
August 25, 2021	August 24, 2024	$0.15	500,000
January 19, 2022	January 18, 2025	$1,50	818,080
March 21, 2022	March 20, 2025	$0,90	158,355
March 21, 2022	March 20, 2025	$1,20	1,031,388
June 22, 2022	June 21, 2025	$0,90	1,000,000
October 17, 2022	October 16, 2025	$0,15	514,794
October 31, 2022	October 30, 2025	$0,15	516,712
November 2, 2022	November 1, 2025	$0,15	1,033,972
November 16, 2022	November 15, 2025	$0,15	518,904
February 28, 2023	February 28, 2026	$0,25	4,125,000
			17,139,205

Stock options

At March 31, 2023, there were 6,180,000 stock options issued and outstanding to consultants, officers, and directors of the Company, with no vesting period, as described below:

Date of Issue	Expiry Date	Strike Price	Balance
August 22, 2018	August 21, 2023	$0,25	100,000
March 28, 2019	March 27, 2024	$0,25	300,000
September 16, 2020	September 15, 2025	$0,105	245,000
March 17, 2021	March 16, 2026	$0,45	900,000
July 19, 2021	July 19, 2026	$0,79	575,000
September 1, 2021	September 1, 2026	$1,26	510,000
November 24, 2021	November 24, 2026	$1,39	450,000
April 19, 2022	April 18, 2027	$0,85	2,050,000
November 15, 2022	November 14, 2027	$0,42	750,000
December 20, 2022	December 20, 2027	$0,45	300,000
			6,180,000

RELATED PARTY TRANSACTIONS AND BALANCES

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 receivable and advances payable are measured at fair value and occurred in the normal course of business. Transactions with related parties for the period ended March 31, 2023, were as follows:

For the three-month periods,	March 31, 2023 $	March 31, 2022 $
Management fees		
Company controlled by a director	**75,000**	60,000
Key management personnel and director	**30,000**	30,000
Share-based compensation		
Key management personnel and director	**-**	343,620
Rent		
Company controlled by a director	**15,000**	9,000
Consulting fees		
Key management personnel and director	**33,000**	30,000
Interest on private placement		
Key management personnel and directors	**2,466**	-

For the six-month periods,	March 31, 2023 $	March 31, 2022 $
Management fees		
Company controlled by a director	**150,000**	120,000
Key management personnel and director	**60,000**	60,000
Share-based compensation		
Key management personnel and director	**226,425**	343,620
Rent		
Company controlled by a director	**30,000**	18,000
Consulting fees		
Key management personnel and director	**58,547**	60,000
Interest on private placement		
Key management personnel and directors	**7,124**	-

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	**March 31, 2023**	**3,098**	**32,090**
	September 30, 2022	3,098	-
Company with common directors	**March 31, 2023**	**104,138**	**-**
	September 30, 2022	879,609	-
Companies controlled by a director	**March 31, 2023**	**-**	**-**
	September 30, 2022	-	28,675

The dues and advances to directors are unsecured, payable on demand and bear no interest. The dues and advances to companies controlled by a director are unsecured, payable on demand and bear no interest.

COMMITMENTS

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.

Net royalty – Central America Nickel Inc.

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.

Agreement with the École Polytechnique and Impact Global Systems

On February 1, 2021, the Company signed an agreement with École Polytechnique and IGS concerning the recovery of critical minerals from ore tailings. As per the terms of this contract, the Company has agreed to provide to École Polytechnique $15,000 in each of 2022 and 2023.

Joint venture agreement with Impact Global Systems

On May 25, 2021, the Company signed a joint venture agreement with Impact Global Systems ("IGS") concerning the processing of ores bearing tantalum, niobium, iridium and possibly other minerals. As per the terms of this agreement, the Company will assume all costs related to the purchase and transport of ores to the IGS facility in Delson, Québec, as well as providing funds for the purchase of equipment and working capital. In return, the Company will receive 80% of the net profits from the sale of these minerals, with the remaining 20% going to IGS.

Joint venture agreement with Cooperativa Estanifera de Mineradores da Amazonia Legal Ltda.

On June 3, 2022, Auxico signed a joint venture agreement ("Agreement") with CEMAL, concerning the production and sale of concentrates from the Massangana tailings in the state of Rondonia, Brazil. During Fiscal 2022, the Company has made payments of $648,435 (US$500,000) and subsequent to year-end made payments of $682,510 (US$500,000), which was accrued at September 30, 2022. A payment of $344,250 (US$250,000) was made in October 2022 and a second payment of $338,260 (US$250,000) was completed in January 2023, for a combined amount of $682,510 (US$500,000). These have been recorded as exploration and evaluation expenditures.

Pursuant to the Agreement, the Company is to obtain licenses and permits by June 20, 2023, and has a commitment to make a final payment of US$1,000,000 in August 2023. The Company has the right to terminate the agreement prior to the final payment being due.

Purchase of Agualinda Property

On December 8, 2021, the Company announced the acquisition of the surface rights to 1,293 hectares of land titled Agualinda, located in the municipality of Puerto Carreño, in the department of Vichada, Colombia. The land adjoins the Minastyc property, which the Company purchased in December 2020. As per the signed agreement, the Company will pay to the vendors a purchase price of US$315,000 (of which US$35,000 was paid as of September 30, 2022, and US$280,0000 is due as of September 30, 2022), in addition to a yearly fee in the amount of US$100,000 for a period of three years following the signing of the agreement upon revenues generated from production.

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, 2022.

SUBSEQUENT EVENTS

There were no subsequent events for the period ended March 31, 2023.

This MD&A is dated the 30th day of May, 2023

"signed" Mark Billings

Auxico Resources Canada Inc