

Form 62-103F1

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

- 1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares (“Common Shares”) of Auxico Resources Canada Inc. (“Auxico”) – 201 Notre Dame W. Suite 500, Montreal, QC H2Y 1T4

- 1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The Transaction took place through the facilities of the Canadian Securities Exchange (the “CSE”).

Item 2 – Identity of the Acquiror

- 2.1 State the name and address of the acquiror.

Central America Nickel Inc. (“CAN”) - 201 Notre Dame W. Suite 500, Montreal, QC H2Y 1T4

- 2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On July 18, 2023, CAN acquired the principal amount of \$1,175,000 from current debenture holder Caroline Freymond. The debentures (the “Debentures”) are convertible into units each comprised of one Common Share priced at \$0.20 and one warrant (each a “Warrant”), for a total of 5,875,000 Common Shares and 5,875,000 Warrants in the capital of Auxico; the Warrants have a strike price of \$0.25 for a period of 3 years from the date of issuance. The maturity date of the Debentures is October 23, 2023. The \$1,175,000 principal amount of Debentures also carries a 5.875% profit interest in the operations of Auxico. In addition, CAN has acquired 4,125,000 Common Shares and 4,125,000 Warrants in the capital of Auxico from Caroline Freymond; each Warrant is convertible into one Common Share at a strike price of \$0.25, until February 28, 2026.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's security holding percentage in the class of securities.

Prior to this Transaction, CAN held 7,550,000 shares and 4,275,000 Warrants in Auxico. Inclusive of this acquisition of Common Shares from Caroline Freymond, CAN now holds 12.64% of the issued and outstanding Common Shares of Auxico, an increase of 4.47% of the total issued and outstanding shares of Auxico.

Inclusive of this transaction and pending complete conversion of the Debentures into units and the exercise of Warrants, on a partially diluted basis CAN would hold a total of 31,825,000 Common Shares in the capital of Auxico. Based on the current share capital outstanding as of today's date, 31,825,000 Common Shares in the capital of Auxico would represent approximately 27.28% of Auxico on a partially diluted basis.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

CAN acquired the principal amount of \$1,175,000 from current debenture holder. The Debentures are convertible into units each comprised of one Common Share priced at \$0.20 and one Warrant, for a total of 5,875,000 Common Shares and 5,875,000 Warrants in the capital of Auxico. In addition, CAN acquired 4,125,000 Common Shares and 4,125,000 Warrants that triggered the filing of the report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to this Transaction, CAN held 7,550,000 shares and 4,275,000 Warrants in Auxico. Inclusive of this acquisition of Common Shares from Caroline Freymond, CAN now holds 12.64% of the issued and outstanding Common

Shares of Auxico, an increase of 4.47% of the total issued and outstanding shares of Auxico.

With the current transaction and pending complete conversion of the Debentures into units and the exercise of Warrants, on a partially diluted basis CAN would hold a total of 31,825,000 Common Shares in the capital of Auxico.

Based on the current share capital outstanding of 92,390,191 as of today's date, 31,825,000 Common Shares in the capital of Auxico would represent approximately 27.28% of Auxico on a partially diluted basis.

However, CAN has agreed to not convert Debentures into units and/or exercise Warrants into Common Shares if that would put CAN into a position where it would own 20% or more of the issued and outstanding Common Shares of Auxico.

- 3.5 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities referred to in Item 3.4 over which
- (a) the acquiror, either alone or together with any joint actors, has ownership and control,

See section 3.4 above.
 - (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.
 - (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.
- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.
- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the

arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Information as disclosed herein.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

The total value paid is \$2,000,000.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Transfer of securities from an existing shareholder, warrant holder and debenture holder.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

In accordance with applicable securities laws, CAN may, from time to time and at any time, acquire additional shares and/or other equity, debt or other securities or instruments (collectively, "Securities") of Auxico in the open market or otherwise, and reserves the right to dispose of any or all of their Securities in the open market or otherwise at any time and from time to time and to engage in similar transactions with respect to the Securities, the whole depending on market conditions, the business and prospects of Auxico and other relevant factors.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except

that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Information as disclosed herein.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: July 20, 2023

“Pierre Gauthier”

Signature

Name/Title: Pierre Gauthier, Chairman and CEO of Central America Nickel Inc.