

GOLD LOAN SETTLEMENT AGREEMENT

BETWEEN:

AUXICO RESOURCES CANADA INC., a company duly incorporated under the *Canada Business Corporation Act*, having its principal place of business located at 230 rue Notre-Dame West Montreal (Quebec) H2Y 1T3 Canada, represented by its President, Mr. Mark Billings, duly authorized as he so declares;

("Auxico Canada").

AND

AUXICO RESOURCES S.A DE C.V., a Mexican company with a registered address at Av. Carlos Canseco, No. 6052, Local 215, Plaza Nautica, Marina Mazatlan, C.P. 82103, Mazatlan, Sinaloa, Mexico

("Auxico Mexico")

(Auxico Mexico and Auxico Canada collectively referred to as the "Borrowers")

AND:

MARIA NAYVALT, of [REDACTED]

(the "Lender")

AND

GENCAP INC., a company duly incorporated under the *Business Corporation Act (Quebec)*, having its principal place of business located at 6150 avenue du Boisé, Suite 7D, Montreal, Quebec H3S 2V2, Canada represented by its President, Mr. Pierre

Gauthier, duly authorized as he so declares;

(the "Guarantor")

(the Borrowers, the Lender and the Guarantor collectively referred to as the "Parties")

WITH THE INTERVENTION OF

DUNTON RAINVILLE LLP., a law firm, counsel of Auxico Canada, having its principal place of business located at 800 Square Victoria Street, 43rd Floor, Montreal, Quebec H4Z 1A1, represented by one of its partners, Michel Lebeuf Jr., duly authorized as he so declares.

(the "Escrow Agent")

WHEREAS

- a) The Borrowers, the Guarantor and the Borboletta Foundation, a Liechtenstein foundation, with a registered office at Aeulestrasse 5, 9490, Vaduz (the "**Foundation**"), concluded on June 13, 2013 the Gold Loan Agreement pursuant to which terms and conditions the Foundation loaned US\$300,000 to the Borrowers (the "**Gold Loan**");
 - b) The Foundation has been dissolved and all of the assets of the Foundation, including the Gold Loan Agreement, have been transferred to the Lender;
 - c) On October 17th, 2016, the Parties signed a Memorandum of Understanding (the "**MOU**") providing the Borrowers with an option to replace the Gold Loan Agreement by a separate agreement;
 - d) As general and continuing collateral security for the repayment of the Gold Loan, the Guarantor agreed to pledge 1,500,000 common shares of Auxico Canada in Favour of the Lender (the "**Pledged Shares**");
 - e) Auxico Canada is currently seeking opportunities in order to get its common shares listed on a recognized Canadian Stock Exchange and is willing to settle the Gold Loan with the Lender under the terms and conditions of this agreement (the "**Agreement**") and according to the provisions set forth in the MOU;
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- f) Up to the date of this Agreement, Auxico Canada has raised over \$2.5 million (Canadian dollars) in various equity financings to sustain its general working capital requirements;
- g) It is the Borrowers' intention to exercise the option granted to them by the MOU, and to cancel the Gold Loan by replacing it with this Agreement in accordance with the terms and conditions detailed herein;

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. RECITAL

The recital forms an integral part of this Agreement and binds the Parties as if it was the terms and provisions of this agreement.

2. OBJECT

As per the terms and conditions of the MOU, it is mutually agreed between the Parties that:

- a) As repayment of the Gold Loan, Auxico Canada will repay the Lender an amount of US\$400,000 (the "**Settlement Amount**") in cash payable on or before October 16th, 2017;
- b) In addition to the payment of the Settlement Amount by Auxico Canada to the Lender, Auxico Canada will issue, on or before October 16th, 2017, 1,000,000 common shares from its share capital to the Lender, at a price of CDN\$0.25 per common share or such other price as the Exchange may deem appropriate at the date such issuance shall occur (the "**Settlement Shares**"), for total consideration of CAD\$250,000; and
- c) The Parties hereby agree that the Settlement Shares issued by Auxico Canada may be subject to a 4-month hold period pursuant to the provisions of *Regulation 45-102 respecting Resale of Securities*.

3. EVENT OF DEFAULT

The occurrence of any of the following events shall constitute an event of default (each an "**Event of Default**") under the terms of this Agreement:

- a) Any representation or warranty made by the Borrower in this Agreement shall become untrue or incorrect in any material respect;
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- b) The Borrowers are unable to pay the Settlement Amount or issue the Settlement Shares, are judged or declared bankrupt, insolvent according to any Bankruptcy Laws or, except in the ordinary course of business, sell or transfer all or any substantial part of their assets;

The Borrowers shall immediately notify the Lender in writing of the occurrence of any Event of Default.

4. PLEDGED SHARES AND ESCROW

- a) In order to secure the payment of the Settlement Amount and the issuance of the Settlement Shares by Auxico Canada to the Lender, the Guarantor hereby grants a security interest, hypothecates and pledges the Pledged Shares in favour of the Lender;
 - b) The Parties hereby appoint the Escrow Agent in order to hold in escrow the Pledged Shares of the Guarantor during the time of this Agreement;
 - c) The Parties hereby agree that the Pledged Shares shall be released from escrow and remitted to the Guarantor shall the following event occur:
 - 1. Following the payment by Auxico Canada of the Settlement Amount to the Lender and the issuance by Auxico Canada of the Settlement Shares to the Lender;
 - 2. The release from escrow of the Pledged Shares to the Guarantor by the Escrow Agent shall occur when the Escrow Agent receives an instruction letter signed by the Lender requesting that the Pledged Shares be remitted to the Guarantor.
 - d) The Parties hereby agree that the Pledged Shares shall be released from escrow and remitted to the Lender shall the following event occur:
 - 1. After receiving prior written notice of default by the Lender of Auxico Canada's default under the provisions of Section 3 of this Agreement (the "Default"), the Escrow Agent shall remit the Pledged Shares to the Lender.
 - 2. Following the receipt by the Escrow Agent of the notice of default from the Lender, Auxico Canada shall be able to remedy this Default within fifteen (15) days from the date of receipt of such notice of default by the Escrow Agent.
 - 3. In the event that Auxico Canada is still in default under either one of the payment of the Settlement Amount or the issuance of the Settlement Shares as provided herein, the amount of Pledged Shares to be remitted to the Lender shall be calculated proportionally to the Default of Auxico Canada.
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5. REPRESENTATIONS AND WARRANTIES OF THE BORROWERS

The Borrowers hereby represent and warrant the Lender that:

- a) Auxico Canada and Auxico Mexico are duly incorporated and validly existing respectively under the laws of Canada and under the laws of Mexico;
- b) The Borrowers have the corporate power and capacity to enter into this Agreement;
- c) The Borrowers have taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement.

6. REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

The Guarantor represents and warrants to the Lender that:

- a) The Guarantor is duly incorporated and validly existing under the laws of Canada;
- b) The Guarantor has the corporate power and capacity to enter into this Agreement and to grant a security interest in the Pledged Shares and to perform its obligations under this Agreement;
- c) The Borrower has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement;
- d) The Borrower is the legal and beneficial owner of the Pledged Shares with good, marketable and transferable title, free and clear of any liens, encumbrances, hypothecs, privileges, or security interest of whatsoever nature and it does not own or hold the Pledged Shares on behalf or for the account of any other person;
- e) No third party has any option, warrant, right or privilege or any agreement capable of becoming an option, warrant, right or privilege, for the purchase of any of the Pledged Shares.

7. FULL AND FINAL RELEASE

Following the payment of the Settlement Amount and the Issuance of the Settlement Shares by Auxico Canada to the Lender, full and final release is hereby mutually given by the Lender and the Borrowers with respect of the Gold Loan.

8. COSTS AND EXPENSES

Except as otherwise provided herein, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement

and the transactions contemplated hereby shall be paid by the party incurring such expenses.

9. LIABILITY OF THE ESCROW AGENT

The Escrow Agent shall not in any case be held responsible for the acts or declarations of the Parties hereto or of their representatives, its only duty being to hold and to remit the Pledged Shares as indicated by the provisions of this Agreement.

The Escrow Agent shall only be responsible for his own acts, negligence or omissions. He shall not be responsible in any case where he has acted or refused to act on the written notice of a legal counsel.

The Escrow Agent may resign at any time upon giving five (5) days prior written notice to the Parties or on any shorter notice that they may accept.

10. LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein. The Parties hereby attorn to the jurisdiction of the Courts of Quebec, judicial district of Montreal in any dispute that may arise hereunder.

11. COUNTERPARTS

For the convenience of the Parties, this Agreement may be executed in several counterparts, each of which when so executed shall be, and be deemed to be, an original instrument and such counterparts together shall constitute one and the same instrument (and notwithstanding their date of execution shall be deemed to bear date as of the date of this Agreement). A signed facsimile, portable document format (PDF) or telecopied copy of this Agreement shall be effective and valid proof of execution and delivery.

12. ENTIRE AGREEMENT

This Agreement, together with the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth herein and therein. This Agreement may not be amended or modified in any respect except by written instrument signed by all Parties.

13. SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein and this Agreement shall be construed as if such invalid or unenforceable provision or covenant were omitted.

14. CONFIDENTIALITY

The Parties hereby agree that this Agreement and the matters described herein are confidential and agree not to transmit any copy hereof, in whole or in part, or otherwise disclose the subject matter hereof except to legal counsel or as required by law.

Auxico Canada, pursuant to its listing on a registered Canadian Stock Exchange, is hereby authorized to disclose to any regulatory authorities or any registered Canadian Stock Exchange, the terms and conditions of this Agreement.

15. BINDING AGREEMENT

This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the successors and permitted assigns of the parties hereto.

The Parties have specifically requested that this Agreement and all related documents be drafted in the English Language. *Les parties ont spécifiquement exigé que la présente convention ainsi que toute la documentation s'y rapportant soient rédigées en anglais.*

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of April 7, 2017.

(Signatures appear on the following page)

LENDER

[Redacted]

Maria Nayvalt

BORROWERS

[Redacted]

Auxico Resources Canada Inc.
By: Mark Billings, President

[Redacted]

Auxico Resources S.A de C.V
By: Mark Billings, Director

GUARANTOR

[Redacted]

Gencap Inc.
By : Pierre Gauthier, President

ESCROW AGENT

[Redacted]

Dunton Rainville LLP
By Michel Lebeuf Jr., Partner

Schedule 1: Escrow Agreement



ESCROW AGREEMENT

executed in Montreal, this 7th day of April 2017.

BETWEEN:

AUXICO RESOURCES CANADA INC., a company duly incorporated under the Canada Business Corporation Act, having its principal place of business located at 230 rue Notre-Dame West Montreal (Quebec) H2Y 1T3 Canada, represented by its President, Mr. Mark Billings, duly authorized as he so declares;

("Auxico Canada").

AND

AUXICO RESOURCES S.A DE C.V., a Mexican company with a registered address at Av. Carlos Canseco, No. 6052, Local 215, Plaza Nautica, Marina Mazatlan, C.P. 82103, Mazatlan, Sinaloa, Mexico

("Auxico Mexico")

(Auxico Mexico and Auxico Canada collectively referred to as the "Borrowers")

AND:

MARIA NAYVALT, of [REDACTED];

(the "Lender")

AND

GENCAP INC., a company duly incorporated under the Business Corporation Act (Quebec), having its principal place of business located at 6150 avenue du Boisé, Suite 7D, Montreal, Quebec H3S 2V2, Canada represented by

its President, Mr. Pierre Gauthier, duly authorized as he so declares;

(the "**Guarantor**")

(the Borrowers, the Lender and the Guarantor collectively referred to as the "**Parties**")

AND:

DUNTON RAINVILLE LLP, a Law Firm, having a place of business at 800 Square Victoria Street, 43rd Floor, Montreal (Quebec) H4Z 1H1, represented by one of its partners, Me Michel Lebeuf;

(hereinafter referred to as the "**Escrow Agent**").

WHEREAS the Borrower and the Lender concluded the Gold Loan Settlement Agreement on April 7, 2017 (the "**Settlement Agreement**") pursuant to which the Lender agreed to grant the Borrower the possibility to settle the Gold Loan by the payment of the Settlement Amount and the issuance of the Settlement Shares, the whole as provided in the Settlement Agreement;

WHEREAS pursuant to the terms and conditions of the Settlement Agreement, it is the intention of the Parties to hold in escrow the Pledged Shares (as this term is defined in the Settlement Agreement) held by the Guarantor in the share capital of Auxico Canada and representing 1,500,000 common shares issued in the share capital of Auxico Canada, and to appoint Dunton Rainville LLP, counsel of Auxico, as escrow agent;

WHEREAS it is in the Parties' best interest to write down the terms and conditions of their agreement within an escrow agreement (the "**Escrow Agreement**");

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants, agreements and undertakings of the parties contained herein, Borrower, Lender and the Escrow Agent agree as follows:

1. DEFINITIONS

- 1.1 For the purposes of this Escrow Agreement, unless the context indicates otherwise, the capitalized terms and expressions have the meaning ascribed to them in the Settlement Agreement.
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2. OBJECT

- 2.1. Pursuant to the Settlement Agreement, the Guarantor has agreed to grant the Lender a security interest, to hypothecate and to pledge the Pledged Shares (as this term is defined in the Settlement Agreement), in favour of the Lender, in order to secure the payment of the Settlement Amount and the issuance of the Settlement Shares by Auxico Canada, the whole as provided in the Settlement Agreement;

3. DEPOSIT

- 3.1. The Guarantor hereby delivers to, and the Escrow Agent hereby acknowledges receipt of the Pledged Shares. The Escrow Agent shall hold the Pledged Shares during the term of this Escrow Agreement (hereinafter referred to as the "Deposit").
- 3.2. The Deposit shall be held by the Escrow Agent in trust for the benefit of the Lender and shall be held by the Escrow Agent on the trusts and subject to the terms and conditions hereinafter provided.

4. REMITTANCE OF THE DEPOSIT

4.1 Remittance of the Deposit to Guarantor

The Parties hereby agree that the Deposit shall be remitted by the Escrow Agent to the Guarantor shall the following event occur:

- i) Following the payment by Auxico Canada of the Settlement Amount to the Lender and the issuance by Auxico Canada of the Settlement Shares to the Lender, as provided in the Settlement Agreement; and
- ii) The remittance of the Deposit by the Escrow Agent to the Guarantor shall occur when the Escrow Agent receives an instruction letter signed by the Lender requesting that the Pledged Shares be remitted to the Guarantor, Borrower having satisfied its obligations under the Settlement Agreement.

4.2 Remittance of the Deposit to Lender

The Parties hereby agree that the Deposit shall be remitted by the Escrow Agent to the Lender shall the following event occur:

- i) After receiving prior written notice of default by the Lender of Auxico Canada's default under the provisions of Section 3 of the Settlement Agreement (the "Default"), the Escrow Agent shall remit the Deposit to the Lender, the whole as provided in the Settlement Agreement.
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- ii) Following the receipt by the Escrow Agent of the notice of default from the Lender, Auxico Canada shall be able to remedy this Default within fifteen (15) days from the date of receipt of such notice of default by the Escrow Agent.

5. LIABILITY OF THE ESCROW AGENT

- 5.1 The Escrow Agent shall not in any case be held responsible for the acts or declarations of the parties hereto or of their representatives, its only duty being to hold the Deposit and to remit the Deposit as indicated by the provisions of this Escrow Agreement.
- 5.2 The Escrow Agent shall only be responsible for his own acts, negligence or omissions. He shall not be responsible in any case where he has acted or refused to act on the written notice of a legal counsel.
- 5.3 The Escrow Agent may resign at any time upon giving five (5) days prior written notice to the parties or on any shorter notice that they may accept.

6. MISCELLANEOUS

- 6.1. This Escrow Agreement shall be governed by and interpreted in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable hereto.
- 6.2. The captions of the articles and sections of this Escrow Agreement are for convenience of reference only and shall not be referred to for purposes of interpretation.
- 6.3. The parties have specifically requested that this Escrow Agreement and all related documents be drafted in the English Language. *Les parties ont spécifiquement exigé que la présente convention d'entiercement ainsi que toute la documentation s'y rapportant soient rédigées en anglais.*

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of April 7, 2017.

(Signatures appear on the following page)

SIGNATURES

LENDER

[Redacted Signature]

Maria Nayvalt

BORROWERS

[Redacted Signature]

Auxico Resources Canada Inc.
By: Mark Billings, President

[Redacted Signature]

Auxico Resources S.A de C.V
By: Mark Billings, Director

GUARANTOR

[Redacted Signature]

Gencap Inc.
By : Pierre Gauthier, President

ESCROW AGENT

[Redacted Signature]

Dunton Rainville LLP
By Michel Lebeuf Jr., Partner