

**MEMORANDUM OF UNDERSTANDING
BETWEEN**

**Auxico Resources Canada Inc.
AND
Central America Nickel Inc.**

This **MEMORANDUM OF UNDERSTANDING** (the “**MoU**”) is hereby made and entered into on May 24, 2018 by and between the following parties:

PARTY A

Auxico Resources Canada Inc., a Canadian company with a registered address at 230 Notre-Dame Street West, Montreal, Quebec, H2Y 1T3 (“**Auxico**”);

PARTY B

Central America Nickel Inc., a Canadian company, with a registered address at 230 Notre-Dame Street West, Montreal, Quebec, H2Y 1T3 (“**CAN**”);

Party A and **Party B** are collectively referred to as the “**Parties**”.

WHEREAS:

- 1) Auxico is a publicly traded company on the Canadian Securities Exchange (“**CSE**”) engaged in mineral exploration (primarily gold and silver) in Mexico and Colombia;
- 2) Auxico recently signed an agreement with the Government of the Department of Bolivar in Colombia (“**Bolivar**”) whereby Auxico and Bolivar will work together to produce gold in an economic and environmentally friendly manner in this area of Colombia;
- 3) Bolivar intends to reduce and eventually eliminate the use of mercury in the mining industry in this department of Colombia; and
- 4) CAN has developed a patent-pending ultrasound technology that does not use mercury or cyanide to extract silver, gold and other materials from ore (the “**Technology**”).

PURPOSE:

This MoU sets forth the mutual understanding between the Parties. It is the Parties’ intention that these terms will be incorporated into a formal agreement (“**Agreement**”) within 30 business days of the signing of this MoU.

AGREEMENT:

The Parties each agree to the following:

1. CAN agrees to provide Auxico an exclusive worldwide licence to use the Technology for the extraction of gold and silver on its properties (both current and

future), as well as for any joint venture arrangements (current or future) entered into by Auxico involving the production of gold or silver.

2. In return, Auxico agrees to pay to CAN a licensing fee, or royalty, equal to 2% of the revenues generated through the use of the Technology.
3. Auxico shall have the option to buy back 50% of the royalty (or 1% of the 2% royalty) through the issuance of 2,000,000 of its common shares. These common shares may be subject to a hold period, as required by Canadian securities law.
4. If CAN has not generated \$1,000,000 (Canadian) in royalties from the licensing of the Technology to Auxico through this Agreement within two (2) years from the signing of this MoU, CAN shall have the option, in its sole discretion, to cancel this Agreement, thereby ending the licensing of the Technology to Auxico.
5. If there is a change in control of Auxico, as such term is defined by the CSE, CAN shall have the option, in its sole discretion, to cancel this Agreement, thereby ending the licensing of the Technology to Auxico.
6. This Agreement is subject to approval of the Boards of Directors of the Parties and any regulatory approvals, as required.
7. The Parties are responsible for their own legal and due diligence fees.

CONFIDENTIALITY:

The Parties acknowledge that this MoU 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.

GOVERNING LAW:

This MoU shall be governed by the laws of Canada and the applicable laws of the Province of Quebec.

LEGAL BINDING:

This MoU shall be legally binding on each of the Parties, although it is not intended to be an exhaustive list of key issues to be covered in the Agreement.

The undersigned Parties hereby agree to the terms and conditions specified above.

Party A: Auxico Resources Canada Inc.



Mark Billings, President

Party B: Central America Nickel Inc.



Pierre Gauthier, CEO & Chairman