

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: Auxico Resources Canada Inc. ("Auxico") (the "Issuer").

Trading Symbol: AUAG

Number of Outstanding Listed Securities: 78,854,578 common class

Date: June 9, 2023

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

*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 mining opportunities in Colombia, Brazil and the Democratic Republic of the Congo ("DRC").*

#### *Central America Nickel*

*It is important early on to mention Central America Nickel Inc. (CAN) as this unlisted entity is a key source of access for Auxico to transactions and has somewhat of a symbiotic relationship with the subject of this initiation. CAN has a shareholding of ~3.56% in Auxico.*

*This is a Canadian corporation focused on the processing and purification of energy and critical metals (Ni, Li, Co, Cu, Mn, V, Sc, Nb, Ta, Ir and REE) using a patented ultrasound extraction technology (called UAEx). This process eliminates the use of pressure processing, thereby minimizing temperature, energy use, chemical use, emissions and waste, while increasing overall recovery rates.*

#### *The Connection*

*CAN is a significant shareholder of Auxico, and also a joint venture partner in two ways: (1) CAN has licensed its patented ultrasound assisted extraction technology to Auxico, to be used at any of its projects and (2) Auxico is the exclusive sales agent for trading out of the DRC - for every monazite sale that is conducted.*

#### *CAN's Assets*

*However, the asset of most relevance as far as the Auxico story is concerned is the trading entity, Kibara Minerals. Auxico has access to Rare Earth ore in the DRC through CAN's 76% owned subsidiary, Kibara Minerals.*

*Kibara has the exclusive option to purchase nodular monazite (a mineral sand) from a mining cooperative in DRC.*

#### *DRC Rare Earth Resource*

*A recent report by the engineering firm RD Consultants has estimated this Rare Earth deposit with a volume exceeding one million tonnes in the first metre of the deposit containing the following: Gadolinium (Gd): 1.03%; Lanthanum (La): 8.10%; Neodymium (Nd): 11.50%; Samarium (Sm): 1.99%; Praseodymium (Pr): 2.92%; Dysprosium (Dy): 0.20%; Europium (Eu): 0.29%; Yttrium (Y): 0.41%; Cerium (Ce): 19.90%. Samples have returned amounts of Terbium oxide (4.17%), Neodymium oxide (11.05%) and Praseodymium oxide (18.2%). CAN is actively producing and selling Rare Earths hosted in monazite sands with average grades over 50% TREO.*

*Since the start of export operations in April 2022, the Company has sold a total of 949 tonnes of monazite, as per the signed sales agency agreement with Central America Nickel Inc., exporting material with up to a total of ~15% of Neodymium and Praseodymium, and ~60% total rare earth oxide content (TREO). The rare earth concentrates contained in the non-radioactive monazite sands are purchased from various cooperatives in the province of North Kivu, in the Democratic Republic of the Congo.*

## **Brazil**

### *Massangana Tin Tailings, Brazil:*

*A preliminary sampling program conducted in 2022 indicated several areas of attractive tailings trends with one specific 3-kilometre-long trend located in the southern part of the tailings area; tailings have been observed to a maximum depth/thickness of approximately 15 metres, while they typically range 2-10 metres.*

*The Company is about to commence a geological sampling program to collect samples for a maiden NI 43-101 compliant resource report. The program will be conducted by a team of Brazilian and Canadian geologists and should begin at the end of March 2023. The NI 43-101 report completion could be expected as early as Q3 2023.*

*The Company intends to install a 100 tonnes per day (tailings) Pilot Processing Plant, to be located in the southern part of the tailings area. A preliminary processing design for the Pilot Processing Plant is completed and it will test the separation process expected to be used by the larger 2,500 tonnes per day plant expected to be operational in 2024. Phase 1 of the Pilot Processing Plant is expected to be operational in Q3 2023.*

*Based on current understanding of the mineral content of the tailings, Phase 1 of the Pilot Plant is expected to produce approximately 25 tonnes per month of tin for export sales. The expected export grade target is 70% tin with other unseparated heavy minerals including ilmenite, columbite, monazite and zircon to be stockpiled for future processing. A second processing phase can potentially be added to the Pilot Processing Plant to further process the columbite for sale once the initial operations have been optimized.*

### **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.*

*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.*

## **Colombia**

*The Colombian assets of Auxico are a very intriguing melange of specialty metals. The company acquired the surface rights to 1,482 hectares in the province of Vichada, Colombia. The project stretches across two adjoining properties: the Agualinda and the Mynastic projects. The concession is close to the Orinoco River (the second largest river in the northern half of South America, after the Amazon) which represents the border between Colombia and Venezuela.*

### *Tin Export, Colombia*

*The first trade of 15 tonnes of tin will be executed in cooperation with the local partner Gracor S.A.S., as per the signed joint venture agreement which will provide Auxico with 70% profit share. The Company's objective is to have consistent monthly exports of high-grade tin, with sales made under the Auxico's offtake agreement with Cuex Metal AG. Auxico will continue to develop and nurture community relations in the area to assist the indigenous peoples to expand their supply business.*

### *Minastyc Property, Colombia*

*The Minastyc Property has been identified by the National Mining Agency ("ANM" or Agencia Nacional de Minería) as a project of national interest for Colombia, positioning the country as a major mining investment destination in Latin America. This approval follows the grant of a small-scale mining permit by the National Mining Agency of Colombia and authorization of the Company's work plan ("PTO" or Programa de trabajo y obras), as announced on May 16th, 2022.*

*On April 12, 2023, the Company received the approval of the Environmental Impact Assessment ("EIA") for its Minastyc Property, from the Colombian Environmental Authority, the Regional Autonomous Corporation of the Orinoquía (Corporinoquia). The Minastyc Property is located in Puerto Carreño, Vichada, Colombia, and is a 100% Company-controlled mineral rich project. This approval enables the Company to advance its operation to the next phase and to complete the underlying licences and secondary permits necessary.*

*This is a concession that represents a vast deposit of alluvial minerals, with a mass of on-surface material that includes high-grade tin, material containing > 56% total rare earth oxide content (TREO), and other critical minerals including tantalum and niobium. In parallel, Auxico's in-country geological team continues with planned sampling programs on Minastyc, as well as the areas adjacent to the concession, with encouraging initial results on samples taken up to 50 kilometres from the property that indicate that the property is situated in a prolific region for tin and other critical minerals.*

*A NI-43101 technical report has already been conducted on the Company-controlled Minastyc Property which indicates minerals present including tin, tantalum, niobium, titanium, and rare earth elements. The report further identifies fine concentrates from bulk sampling with results up to 68.25% total rare earth oxide content and includes elements cerium, dysprosium, erbium, gadolinium, hafnium and lanthanum, among others (full report accessible on the Company's website: <http://www.auxicoresources.com/reports>). Previously announced test results on samples taken from the Area 50, TA Area and two other areas, identified a surface discovery of high-grade gold, tin, tantalum, niobium, platinum, titanium, zirconium, hafnium and iridium (see press releases dated April 7th, 2022, and October 20th, 2021). 72 kilograms of samples collected from the Minastyc Property are currently being tested, pending results, the current NI 43-101 technical report will be updated to include a mineral resource estimate, with a work plan to be formulated thereafter.*

*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.*

#### **EITI Membership – Auxico joins EITI Transparency Initiative**

*Auxico supports the Extractive Industries Transparency Initiative (EITI), the global standard for improving transparency of revenues from natural resources, as a new member under the EITI banner. The EITI is a global coalition of governments, companies and civil society organizations working together to improve transparency and accountability in the natural resource sector. The EITI has set a standard for the governance of the mining and oil production industries, and Auxico regards the EITI as the most comprehensive mechanism for the disclosure of relevant information to the public in a comprehensive and responsible manner, as its guidelines are fundamental components of responsible trade and better-governed natural resource activities. Auxico's support for the EITI includes establishing policies in line with voluntary disclosure of information that aligns with EITI principles and transparency requirements and reflects the Company's commitment to uphold progressive policies and practices as it further develops its various mining operations across various jurisdictions. The EITI outlines priorities for improving extractives governance in a volatile and changing energy landscape, and Auxico, being an imminent major supply source in the critical mineral and rare earth element space, recognizes its position in promoting transparency and accountability in this rapidly developing sector.*

2. Provide a general overview and discussion of the activities of management.

*The Company continues to conduct metallurgical tests on rare earth concentrates from its different projects; please refer to the press release by clicking [here](#).*

*Regular activities of management.*

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

*There were none.*

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

*There were none.*

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements, etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

*There were none.*

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

*There were none.*

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

*There were none.*

8. Describe the acquisition of new customers or loss of customers.

*There were none.*

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

*There were none.*

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

*There were none.*

11. Report on any labour disputes and resolutions of those disputes if applicable.

*There were none.*

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

*There were none.*

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

*There were none.*

14. Provide details of any securities issued and options or warrants granted.

Common shares issued	Date of issuance	Detail of issuance	Use of proceeds
200,000	May 10, 2023	Exercise of warrants	N/A
200,000 shares			

15. Provide details of any loans to or by Related Persons.

*There were none.*

16. Provide details of any changes in directors, officers, or committee members.

*There were none.*

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

*The Issuer has properties and activities in Mexico, Colombia, Brazil, the Democratic Republic of the Congo and Bolivia. The Issuer monitors trends and developments in these jurisdictions to determine what material effects, if any, such developments could have on the Issuer, its operations and its current and future profitability. At this time, the Issuer is unaware of any trends or changes, either actual or proposed, which could have a material impact on the Issuer.*

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated June 9, 2023.

Mark Billings  
Name of Director or Senior  
Officer

  
Signature

Executive Chairman  
Official Capacity



<b>Issuer Details</b>		For Month End	Date of Report
Name of Issuer		YY/MM/DD	
Auxico Resources Canada Inc.		May 2023	June 9, 2023
Issuer Address			
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