

## FORM 7

### **MONTHLY PROGRESS REPORT**

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

Trading Symbol: AUAG

Number of Outstanding Listed Securities: 44,885,000 common shares

Date: July 8, 2020

#### **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.**

On June 3, 2020, the Issuer announced that it had signed a joint venture agreement with Kibara Minerals ("Kibara") for the concentration and export of tantalum and niobium ores from the Democratic Republic of the Congo ("DRC").

Kibara has access to high-grade tantalite mineral deposits in the DRC. More specifically, Kibara has an exclusive supply agreement with a cooperative for the purchase of tantalite ore from the Bafwasende artisanal deposit located 200 km from the city of Kisangani in the north-central part of the DRC.

Tantalite ore from the Bafwasende deposit has been tested by two groups. Impact Global Solutions, based in Delson, Quebec, performed laboratory tests on samples from the Bafwasende despoit, which produced the following grades: 46% Ta<sub>2</sub>O<sub>5</sub> (tantalum pentoxide) and 22% Nb<sub>2</sub>O<sub>5</sub> (niobium pentoxide). One of the Issuer's potential buyers of this tantalite ore performed its own tests, which resulted in 42.04% Ta<sub>2</sub>O<sub>5</sub> and 22.93% Nb<sub>2</sub>O<sub>5</sub>. The Issuer is finalizing a long-term supply agreement with this party for the sale of specific quantities of tantalite ore per year.

Given this opportunity, both the Issuer and Kibara wish to work together to launch the trading operation of tantalum and niobium-bearing ores from the Bafwasende deposit. Kibara has the local connections and expertise in the DRC. The Issuer and its partner Covemin, which is a commodities trading firm in Europe with an expertise in tantalum and niobium, have established relationships with the buyers of tantalite ore worldwide. As both parties complement each other, it seems logical to form a joint venture.

Under the terms of the joint venture, the Issuer will provide the working capital to concentrate and export the tantalite ore from the DRC. This will include the purchase of the ore from the cooperative, transportation of the tantalite ore from Kisangani to the port of Matadi, warehousing, sampling and shipping. In return, the Issuer will receive 70% of the profits from the sale of the ore, while Kibara will retain 30%.

The DRC has the largest known reserves of tantalite ore in the world. The ore from the Bafwasende deposit is extracted from a traceable non-conflict artisanal site. Both tantalum and niobium are on the list of critical minerals of the United States government. Tantalum is used specifically in electrolytic capacitors for the electronics industry. Niobium is used in steel superalloys. Recently, the price of tantalum was US\$165,000 per metric tonne and the price of niobium was US\$40,000 per MT.

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

Please see 1. above.

**COVID-19**

Together with other companies and people in Canada, the Issuer is affected by the Corona Virus / COVID-19 pandemic. The Issuer is complying with all federal, provincial and municipal regulations. The officers and directors of the Issuer are working remotely during this pandemic.

**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.**

No new drilling, exploration or production programs began in June 2020. Please see 1. above for information on the joint venture with Kibara Minerals.

**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.**

Please see 1. above.

**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.**

Please see 1. above.

- 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.**

Please see 1. above.

- 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.**

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds<sup>(1)</sup></b>
Convertible Debentures	1,600,000	Please see below.	Kibara joint venture, working capital.

(1) *State aggregate proceeds and intended allocation of proceeds.*

On June 22, 2020, the Issuer announced that it has completed a non-brokered private placement, raising aggregate gross proceeds of \$1,600,000 in participating convertible debentures (the “**Debentures**”).

Each Debenture consists of \$1 principal amount of participating, secured, non-redeemable 10% convertible debenture maturing on June 19, 2023 (the “**Maturity Date**”) and convertible at the option of the Debenture holder into:

- (i) units (“**Units**”) of the Issuer that is equal to the principal amount of each Debenture being converted at a deemed price of \$0.10 per Unit. Each Unit is comprised of one common share (“**Share**”) in the capital of the Issuer and one warrant (“**Warrant**”). Each Warrant is exercisable into one Share at a price of \$0.15 for a period of three years from the date of issuance; or
- (ii) the number of common shares of Central America Nickel Inc. (“**CAN**”) (a private company based in Montreal, Canada) at a conversion price of \$1.00 per CAN share; and
- (iii) a cash payment equal to the principal amount and an amount corresponding to the interest that such holder would receive if the holder held the Debenture from the date of conversion until the Maturity Date.

Interest at a rate of 10% per annum will be paid to Debenture holders semi-annually in arrears.

In addition, Debenture holders will receive a total of 16% of the net profits generated by the Issuer from the sale of tantalum and niobium-bearing ores, to be paid quarterly in arrears; this represents 1% of the profits for every \$100,000 principal amount of Debentures (“**Participating Feature**”). As previously announced in its news release of June 3, 2020, the Issuer has entered into a joint venture with Kibara Minerals in the Democratic Republic of the Congo in this regard, and the Issuer’s share of the profits will be 70%. The Participating Feature will apply to any profits generated for the Issuer from this joint venture, as well as from other jurisdictions (such as Brazil). This Participating Feature will expire on

the earlier of the conversion of the Debentures into Shares of the Issuer, and the Maturity Date.

The Issuer paid finder's fees of \$46,000 in connection with the private placement. The Debentures issued pursuant to the private placement are subject to a four-month hold period in Canada.

The net proceeds of the private placement will be used to begin trading of tantalum and niobium-bearing ores from the Democratic Republic of the Congo and Brazil, as well as for general working capital purposes.

**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 and the Democratic Republic of the Congo. 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 July 8, 2020.



Mark Billings  
President

<b>Issuer Details</b>	For Month End	Date of Report
Name of Issuer		
Auxico Resources Canada Inc.	June 2020	20/07/08
Issuer Address		
230 Notre-Dame Street West		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Montreal	( N/A )	(514) 296-1641
Contact Name	Contact Position	Contact Telephone No.
Mark Billings	President	(514) 296-1641
Contact Email Address	Web Site Address	
<a href="mailto:mb@auxicoresources.com">mb@auxicoresources.com</a>	<a href="http://www.auxicoresources.com">www.auxicoresources.com</a>	