

AUXICO RESOURCES CANADA INC.

NEWS RELEASE

AUXICO CLOSES PRIVATE PLACEMENT OF \$2,788,000

Montreal, Quebec / October 26, 2020 – Auxico Resources Canada Inc. (CSE: AUAG) is pleased to announce that it has completed a non-brokered private placement, raising aggregate gross proceeds of \$2,788,000 in participating convertible debentures (the “**Debentures**”).

Each Debenture consists of \$1 principal amount of participating, secured, non-redeemable convertible debenture maturing on October 23, 2023 (the “**Maturity Date**”) and convertible at the option of the Debenture holder into:

- (i) units (“**Units**”) of the Company that is equal to the principal amount of each Debenture being converted at a deemed price of \$0.20 per Unit. Each Unit is comprised of one common share (“**Share**”) in the capital of the Company and one warrant (“**Warrant**”). Each Warrant is exercisable into one Share at a price of \$0.25 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 that such holder would receive if the holder held the Debenture from the date of conversion until the Maturity Date.

In addition, Debenture holders will receive a total of 13.94% of the net profits generated by Auxico, to be paid quarterly in arrears; this represents 1% of the profits for every \$200,000 principal amount of Debentures (“**Participating Feature**”). The Participating Feature will apply to any profits generated for Auxico from the sale of tantalum, niobium and other minerals from Brazil, Colombia, the Democratic Republic of the Congo and other jurisdictions. This Participating Feature will expire on the earlier of the conversion of the Debentures into Shares of the Company, and the Maturity Date.

The Company paid finder’s fees of \$266,800 in cash in connection with the private placement and issued a total of 500,000 finders’ warrants (“**Finders’ Warrants**”). Each Finder’s Warrant is exercisable into one Share at a strike price of \$0.20 for a period of three years from closing. 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, Brazil and Colombia, as well as for general working capital purposes.

About Auxico Resources Canada Inc.

Auxico Resources Canada Inc. (“Auxico”) is a Canadian company that was founded in 2014 and based in Montreal. Auxico is engaged in the acquisition, exploration and development of mineral properties in Colombia, Brazil, Mexico and the Democratic Republic of the Congo.

Additional information on Auxico can be found on the Company’s website (www.auxicoresources.com) or on SEDAR (www.sedar.com) under “Auxico Resources Canada Inc.”

ON BEHALF OF THE BOARD OF DIRECTORS

« signed »

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« signed »

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The Canadian Securities Exchange (CSE) has not reviewed and does not accept responsibility for the adequacy or the accuracy of the contents of this release.