Auxico Announces Acquisition of 20,000,000 Common Shares by Central America Nickel, on a Diluted Basis and Filing of Early Warning Report

written by Raj Shah | July 20, 2023

July 20, 2023 (Source) – **Auxico Resources Canada Inc.** (CSE: AUAG) (OTCQB: AUXIF) (the "Company" or "Auxico") is pleased to announce that Central America Nickel Inc. ("CAN") has made a subsequent meaningful acquisition of Auxico's outstanding Debentures in the principal amount of $1,175,000 from current debenture holder Caroline Freymond (the "Transaction"). The Debentures are convertible into units each comprised of one common share priced at $0.20 and one warrant, for a total of 5,875,000 common shares and 5,875,000 warrants in the capital of Auxico; the warrants have a strike price of $0.25 for a period of 3 years from the date of issuance. The maturity date of the Debentures is October 23, 2023. The $1,175,000 principal amount of Debentures also carries a 5.875% profit interest in the operations of the Company. In addition, CAN has acquired 4,125,000 common shares and 4,125,000 warrants in the capital of Auxico from Caroline Freymond; each warrant is convertible into one common share at a strike price of $0.25, until February 28, 2026.

CAN is a Canadian-based mining and technology firm with common directors and management as Auxico, and has acquired these Debentures as a long-term investor due to the strategic importance and substantial quantity of rare earth and other

critical minerals contained in Auxico's highly-prospective Colombian and Brazilian projects. Prior to this Transaction, CAN held 7,550,000 shares and 4,275,000 warrants in Auxico. Inclusive of this acquisition of common shares from Caroline Freymond, CAN now holds 12.64% of the issued and outstanding common shares of Auxico. Pending complete conversion of the Debentures into units and the exercise of warrants, on a partially diluted basis CAN would hold a total of 31,825,000 common shares in the capital of Auxico. Based on the current share capital outstanding as of today's date, 31,825,000 common shares in the capital of Auxico would represent approximately 27.28% of Auxico on a partially diluted basis.

Auxico has agreed with CAN the following:

- This acquisition of Debentures on CAN's part does not constitute a change in control of Auxico on the part of CAN.
- CAN does not intend to seek board additional representation or other management changes.
- CAN has acquired these Debentures strictly for investment purposes.
- CAN has agreed to not convert Debentures into units and/or exercise warrants into common shares if that would put CAN into a position where it would own 20% or more of the common shares of the Company.

Auxico is issuing this news release in compliance with Canadian securities regulations.

This represents a significant transaction for the Company as it further solidifies the relationship with its joint venture partner CAN; the companies continue to collaborate on the development of proprietary metallurgical processes and

technology licensing, as well as on the export of monazite (rare earth concentrates) from the Democratic Republic of the Congo as per the signed sales agency agreement. The visions of the two companies are strategically aligned; CAN is focused on sourcing and processing of critical minerals and energy metals, including rare earth elements, and the company controls directly or indirectly, various resource properties including world-class nickel, lithium, and rare earth deposits integral to the transition towards a clean energy and green economy.

Early Warning

This press release is issued pursuant to National Instrument 62-104 – T*ake-Over Bids and Issuer Bids* and National Instrument 62-103 – T*he Early Warning System and Related Take-Over Bid and Insider Reporting Issues*. As a result of this meaningful acquisition, CAN will hold 12.64% of the issued and outstanding common shares of Auxico. If all the Debentures of CAN are converted into units and subsequently all warrants of CAN are exercised, CAN will own 27.28% of the issued and outstanding common shares of Auxico, on a partially diluted basis. However, as stated above, CAN will not exercise any securities if doing so would put CAN in an ownership of more than 20% of the issued and outstanding common shares of Auxico. The Acquisition was made for investment purposes.

This acquisition constitutes a related party transaction pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") as Mr. Pierre Gauthier is an officer and director of Auxico and CAN and Mr. Mark Billings is an officer and director of CAN and Auxico. However, Auxico expects such participation would be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as the fair market value of the acquisition and the consideration for the acquisition, would

not exceed 25% of Auxico's market capitalization. Auxico did not file a material change report in respect of the related party transaction at least 21 days before the acquisition, which the Company deems reasonable in the circumstances to complete the execution of the acquisition in an expeditious manner.

In accordance with applicable securities laws, CAN may, from time to time and at any time, acquire additional shares and/or other equity, debt or other securities or instruments (collectively, "**Securities**") of Auxico in the open market or otherwise, and reserves the right to dispose of any or all of their Securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the Securities, the whole depending on market conditions, the business and prospects of Auxico and other relevant factors.

A report respecting this acquisition will be electronically filed with the Securities Commission in each jurisdiction where Auxico is reporting and will be available for viewing on SEDAR at www.sedar.com.

About Auxico Resources Canada Inc.

Auxico Resources Canada Inc. ("Auxico") is a Canadian company that was founded in 2014 and based in Montreal, trading on the Canadian Stock Exchange (CSE) under symbol AUAG and on the OTCQB Market under symbol AUXIF. 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. »
« signed. »

Pierre Gauthier
Mark Billings
CEO & President, Auxico Resources Canada Inc Chairman, Auxico Resources Canada Inc.
pg@auxicoresources.com
mb@auxicoresources.com
Cell: +1 514 299 0881
Cell: +1 514 296 1641

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.

Cautionary Note Regarding Forward-Looking Statements

The CSE has neither approved nor disapproved the contents of this press release. Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this press release.

This press release contains statements that constitute "forward-statements." Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or developments to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements.

Although the Company believes, in light of the experience of its officers and directors, current conditions and expected future

developments and other factors that have been considered appropriate that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Company can give no assurance that they will prove to be correct. When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. The forward-looking statements and information in this press release include information relating to the planned studies, drill program and the development of the Minastyc or Massangana Project, its sampling program, indications and other mining projects and prospects thereof, related to the Company's operations in Brazil, Colombia and/or the Democratic Republic of Congo. Such statements and information reflect the current view of the Company. Risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The forward-looking information contained in this news release represents the expectations of the Company as of the date of this news release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. The Company undertakes no obligation to update these forward-looking statements in the event that

management's beliefs, estimates or opinions, or other factors, should change.

The Company cautions investors that any forward-looking information provided by the Company is not a guarantee of future results or performance, and that actual results may differ materially from those in forward-looking information as a result of various risk factors. These factors include, among others, uncertainties arising from the COVID-19 pandemic, and general economic conditions or conditions in the financial markets. The reader is referred to the Company's public filings for a more complete discussion of such risk factors, and their potential effects, which may be accessed through the Company's profile on SEDAR at www.sedar.com. Except as required by securities law, the Company does not intend, and does not assume any obligation, to update or revise any forward-looking information, whether as a result of new information, events or otherwise.

SOURCE Auxico Resources Canada Inc.

For further information: Pierre Gauthier, CEO & President, Auxico Resources Canada Inc, pg@auxicoresources.com, Cell: +1 514 299 0881; Mark Billings, Chairman, Auxico Resources Canada Inc., mb@auxicoresources.com, Cell: +1 514 296 1641