

## EITI International Secretariat's Final Assessment

### Company progress in meeting the Expectations for EITI supporting companies

<b>Company name</b>	Auxico Resources Canada
<b>Sector</b>	Mining
<b>Headquarters</b>	Montreal, Canada
<b>Type</b>	Public
<b>Date of submission to company (month/year)</b>	June 2023
Pursuant to the Guidance on the Expectations for EITI supporting companies, companies are encouraged to participate in national EITI multi-stakeholder groups (MSGs). For information purposes.	
<b>Does the company, directly or through a subsidiary (including joint-ventures) participate in a multi-stakeholder group?</b>	No
<b>If yes, indicate in which countries your company is participating in MSGs?</b>	
<b>Secretariat comment</b>	The Secretariat notes and thanks the many companies directly and indirectly participating in MSGs in EITI implementing countries.
<b>EXPECTATION 1</b>	Publicly declare and publish support for the EITI and the objective of the EITI Association to make the EITI Principles

EITI International Secretariat

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and the EITI Standard the internationally accepted standard for transparency in the oil, gas and mining sectors.	
<b>Does the company publish a statement of support for the EITI and the objective of the EITI Association?</b>	Yes
<b>URL for Statement Support</b>	<p>Website: <a href="https://www.auxicoresources.com/eiti">https://www.auxicoresources.com/eiti</a></p> <p>Source document: <a href="https://www.auxicoresources.com/files/ugd/6f9bc0_635026b04e7742b48cb96cc87932dc2f.pdf">https://www.auxicoresources.com/files/ugd/6f9bc0_635026b04e7742b48cb96cc87932dc2f.pdf</a></p>
<b>Secretariat's assessment on Expectation 1</b>	Expectation met
<b>Secretariat comment</b>	Statement of support published on website. See URLs.
<b>EXPECTATION 2</b>	
Make comprehensive disclosures in accordance with the EITI Standard in all EITI implementing countries where the company or its controlled subsidiaries operate. Where not disclosed in other company reporting, publicly disclose a list of controlled subsidiaries operating in the oil, gas or mining sectors in EITI implementing countries.	
<b>Does the company publish a list of controlled subsidiaries?</b>	Yes
<b>URL for controlled list of subsidiaries</b>	<p>Management's discussion and analysis document: <a href="https://www.auxicoresources.com/files/ugd/6f9bc0_d eb791bc774345afa7e0a76d1f79e663.pdf?index=true">https://www.auxicoresources.com/files/ugd/6f9bc0_d eb791bc774345afa7e0a76d1f79e663.pdf?index=true</a></p>

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<p><b>EITI implementing countries where the company operates. The countries visible here are based on desk research of EITI Reports.</b></p>	<p>COLOMBIA, DEMOCRATIC REPUBLIC OF THE CONGO</p>
<p><b>Does the company make disclosures with EITI Standard in or in relation to EITI implementing countries? Please see attachment on subsidiaries and complete the information, as requested.</b></p>	<p>Yes</p>
<p><b>Secretariat's assessment on Expectation 2</b></p>	<p>Expectation met</p>
<p><b>Secretariat comment</b></p>	<p>List of controlled subsidiaries published. See URL p. 1.</p> <p>Company assessed as making disclosures in accordance with EITI Standard.</p>
<p><b>EXPECTATION 3</b></p> <p>Publicly disclose taxes and payments to governments at a project level in line with the EITI Standard in all non-EITI implementing countries where the company operates unless disclosure is not feasible. Where not feasible, the country-specific legal or practical barriers to disclosure should be publicly explained.</p>	
<p><b>Does the company publicly disclose taxes and payments to governments in non- EITI implementing countries where the company operates in the oil, gas and mining sectors?</b></p>	<p>N/A</p>

<p><b>URL to disclosures of taxes and payments to governments in non-EITI implementing countries</b></p>	<p>Quarterly Highlights Dec 31, 2022: <a href="https://www.auxicoresources.com/files/ugd/6f9bc0_d eb791bc774345afa7e0a76d1f79e663.pdf?index=true">https://www.auxicoresources.com/files/ugd/6f9bc0_d eb791bc774345afa7e0a76d1f79e663.pdf?index=true</a></p>
<p><b>Are the disclosures disaggregated by project?</b></p>	<p>N/A</p>
<p><b>Secretariat's assessment on Expectation 3</b></p>	<p>Expectation not applicable</p>
<p><b>Secretariat comment</b></p>	<p>The company does not yet operate in non-EITI implementing countries.</p> <p>The International Secretariat notes that Auxico Resources Canada started a mining project in Brazil by signing a Memorandum of Understanding with the Brazilian mining cooperative Cooperativa Estanífera de Mineradores da Amazônia Legal Ltda (“CEMAL”) to explore and commercialise rare earths. See Quarterly Highlights Dec 31, 2022, URL p. 5 and p. 9. The Massanga Tin Tailing Project in Brazil is in an early stage: “Auxico will earn 85% of the profits of the Joint Venture (“JV”) by first, paying US\$2,000,000 over the next year [2023], and second, by providing the JV with the necessary capital to engage in the production of the above-mentioned concentrates.” The International Secretariat understands that the production of these rare earths has not started yet, and thus no taxes have been paid yet to the Brazilian government. The International Secretariat further notes that the Luz Angelica Concession in Bolivia has been abandoned by the company due to a lack of basic infrastructure (ibid. p. 9).</p>

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	<p>The company explains that there are currently no payments (royalties or otherwise) to be paid to governments as properties are not in production. Accordingly, Auxico Resources Canada will report under ESTMA when payments to governments are made in non-EITI implementing countries.</p>
<b>EXPECTATION 4</b>	<p>Companies buying oil, gas and/or mineral resources from the state in EITI implementing countries, disclose volumes received and payments made in line with the EITI Standard and the EITI reporting guidelines for companies buying oil, gas and minerals from governments unless disclosure is not feasible.</p>
<b>Does the company buy oil, gas, and/or mineral resources from the state in EITI-implementing countries?</b>	No
<b>If yes, which countries?</b>	
<b>Does the company make disclosures in line with the EITI Standard/reporting guidelines?</b>	Not applicable
<b>URL for disclosure</b>	
<b>Secretariat's assessment on Expectation 4</b>	Expectation not applicable

<b>Secretariat comment</b>	Auxico Resources Canada does not buy oil, gas and/or mineral resources from the state in EITI implementing countries.
<b>EXPECTATION 5</b> In line with the EITI Standard, publicly disclose audited financial statements, or the main items (i.e., balance sheet, profit/loss statement, cash flows) where financial statement are not available.	
<b>Does the company disclose its audited financial statements?</b>	Yes
<b>URL audited financial statements</b>	<p>Website link to all documents : <a href="https://www.auxicoresources.com/investorzone">https://www.auxicoresources.com/investorzone</a></p> <p>Link to direct document: <a href="https://www.auxicoresources.com/files/ugd/6f9bc0_d eb791bc774345afa7e0a76d1f79e663.pdf?index=true">https://www.auxicoresources.com/files/ugd/6f9bc0_d eb791bc774345afa7e0a76d1f79e663.pdf?index=true</a></p> <p>2021-2022 AFS: <a href="https://www.auxicoresources.com/files/ugd/6f9bc0_c 00c3d014fc64000adb95d2325fd2870.pdf">https://www.auxicoresources.com/files/ugd/6f9bc0_c 00c3d014fc64000adb95d2325fd2870.pdf</a></p>
<b>Secretariat's assessment on Expectation 5</b>	Expectation met

<b>Secretariat comment</b>	Auxico Resources Canada discloses audited financial statements on its website. See URLs.
<p><b>EXPECTATION 6</b></p> <p>Publicly declare and publish support for beneficial ownership transparency and publicly disclose beneficial owners in line with EITI Standard, recognising that listed companies will disclose the name of the stock exchange, include a link(s) to stock exchange filings where they are listed and otherwise do what is required by applicable regulations and listing requirements.</p>	
<b>Does the company publish a statement of support for beneficial ownership transparency?</b>	No
<b>URL statement of support for beneficial ownership</b>	<p>Website: <a href="https://www.auxicoresources.com/eiti">https://www.auxicoresources.com/eiti</a></p> <p>Source document: <a href="https://www.auxicoresources.com/files/ugd/6f9bc0635026b04e7742b48cb96cc87932dc2f.pdf">https://www.auxicoresources.com/files/ugd/6f9bc0635026b04e7742b48cb96cc87932dc2f.pdf</a></p>
<b>Does the company disclose beneficial owners, either directly or according to stock exchange regulations and listing requirements?</b>	Yes
<b>Where disclosures are made according to stock exchange regulations, please provide the name of the stock exchange</b>	Canada Securities Exchange

<b>URL to stock exchange</b>	<a href="https://www.thecse.com">https://www.thecse.com</a>
<b>URL for recent beneficial ownership disclosures</b>	<a href="https://sedar-filings-backup.thecse.com/00042268/2303101419244158.pdf">https://sedar-filings-backup.thecse.com/00042268/2303101419244158.pdf</a>
<b>Secretariat's assessment on Expectation 6</b>	Expectation partially met
<b>Secretariat comment</b>	Auxico Resources does not publish a statement of support for beneficial ownership transparency.  The company discloses beneficial owners in line with applicable regulations and listing requirements.
<b>EXPECTATION 7</b>	All EITI supporting companies are expected to engage in rigorous due diligence processes and publish an anti-corruption policy setting out how the company manages corruption risk, including how the company collects and takes risk-based steps to use beneficial ownership data regarding joint venture partners, contractors, and suppliers in its processes.
<b>Does the company publish an anti-corruption policy?</b>	Yes
<b>URL to the policy</b>	Website: <a href="https://www.auxicoresources.com/governance">https://www.auxicoresources.com/governance</a>  Governance documents PDF including the Code of Ethics and Conduct and the Anti-Bribery and Anti-Corruption Policy: <a href="https://www.auxicoresources.com/files/ugd/6f9bc0a2ef1e825eb94908b999b62771040073.pdf?index=true">https://www.auxicoresources.com/files/ugd/6f9bc0a2ef1e825eb94908b999b62771040073.pdf?index=true</a>



<p><b>Does the company's anti-corruption policy describe how the company manages corruption risk with regards to identification and use of beneficial ownership data?</b></p>	<p>Yes</p>
<p><b>Secretariat's assessment on Expectation 7</b></p>	<p>Expectation met</p>
<p><b>Secretariat comment</b></p>	<p>Auxico Resources Canada publishes an anti-corruption policy. See URLs.</p> <p>The company's anti-corruption framework sets out how the company manages corruption risk through the identification and use of beneficial ownership data.</p> <p>The International Secretariat notes that Auxico Resources Canada's "Anti-Corruption and Anti-Bribery Policy" includes a section on "Third Party Obligations" (PDF p. 25) where it establishes due diligence provisions applying to agents, intermediaries, representatives, consultants, distributors, teaming partners, contractors, suppliers, business partners and joint venture partners. Due diligence measures include "background checks including qualifications, financial background, government and political ties, number and reputation of clientele, reputation in community, criminal record checks and possible associations with criminal, terrorist or other proscribed persons or groups [...] If the background check reveals problematic information, Auxico will not, in the absence of extenuating circumstances, enter into an agreement with that third party." The section indicates as red flags: "shell companies, and entities owned or controlled by Government Officials or their relatives or associates"; "reluctance or refusal to disclose ownership"; "family ties of a third party with a</p>

	Government Official”; “third party requests that identity not be disclosed” (p. 26-27).
<b>EXPECTATION 8</b>	Publicly declare and publish support for governments’ efforts to publicly disclose contracts and licenses that govern the exploration and exploitation of oil, gas and minerals in line with the EITI Standard, and contribute to public disclosure of contracts and licenses in EITI implementing countries consistent with government procedures.
<b>Does the company publish a statement of support for contract transparency?</b>	No
<b>URL for statement of support for contract transparency</b>	
<b>Does the company contribute to public disclosure of contracts and licenses in EITI-implementing countries consistent with government procedures?</b>	Yes
<b>Secretariat’s assessment on Expectation 8</b>	Expectation partially met
<b>Secretariat comment</b>	<p>Auxico Resources Canada does not publish statement of support for governments’ efforts to publicly disclose contracts and licenses.</p> <p>The company is assessed to contribute to the disclosure of contracts and licenses in EITI implementing countries.</p>

<b>EXPECTATION 9</b>	
Publish a commitment and/or policy on gender diversity in the oil, gas or mining sectors and support reporting by EITI implementing countries under the EITI Standard by disclosing employment in the sectors disaggregated by gender.	
<b>Does the company publish a commitment/policy on gender diversity?</b>	Yes
<b>Does the company disclose employment data disaggregated by gender?</b>	Partial
<b>URL for relevant information</b>	<a href="https://www.auxicoresources.com/governance">https://www.auxicoresources.com/governance</a>
<b>Secretariat's assessment on Expectation 9</b>	Expectation partially met
<b>Secretariat comment</b>	<p>Auxico Resources Canada publishes commitment and/or policy on gender diversity on its website. See URL.</p> <p>Company partially discloses employment data disaggregated by gender. The Secretariat notes Auxico's commitment to promoting gender diversity and inclusion (25% of upper management is female, as well as 25% of technical advisors, 40% of consultants and 16% of the Board of Directors).</p>