



**AUXICO RESOURCES CANADA INC.**

Governance documents

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## Definitions

“Accounting Irregularity”: all accounting, auditing, or other financial matters which are the subject of an Incident;

“Audit Committee”: committee of individuals appointed by the Directors to handle disclosure, Insider Trading and anti-bribery matters;

“Authorized Spokespersons”: the persons designated by Auxico which may communicate on its behalf;

“Auxico”: Auxico Resources Canada Inc.;

“Blackout Period”: varying periods of time, determined by the CEO, CFO and two Directors, during which all Personnel Members who are in possession of a Material Fact or a Material Change which has not been disclosed to the general public are prohibited from trading in Auxico securities;

“Board”: Auxico’s Board of Directors;

“CEO”: Auxico’s Chief Executive Officer;

“CFO”: Auxico’s Chief Financial Officer;

“Chairman”: the individual designated to preside over a meeting;

“Code”: Auxico’s Code of Ethics and Conduct;

“Confidential Information”: includes but is not limited to proprietary information which is not in the public domain that could be of use to competitors, or that could, if disclosed, harm Auxico, its Personnel Members, its customers, suppliers or business partners;

“COO”: Auxico’s Chief Operating Officer;

“Director”: the individuals elected by Auxico’s shareholders who are responsible for supervising Auxico’s activities and making decisions regarding those activities;

“Discloser”: an Employee who makes a disclosure under this policy;

“EHS”: Environmental Health and Safety;

“Employee”: all Employees and consultants of Auxico;

“Facilitating Payment”: a minor payment made to expedite routine governmental action that does not involve obtaining, retaining or directing business;

“Government Official”: includes :

- a person who holds a legislative, administrative or judicial position at any level of government of a country;

- a person who performs public duties or functions for any level of government of a country, including a person employed by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the country, or is performing such a duty or function;
- an official or agent of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations;
- any person holding or running for political office;
- close relatives of any of the foregoing; and
- employees of government owned or government controlled businesses, joint-venture partnership or banks, as well as members of royal families.

“Incident”: any possible concern that is identified and reported upon;

“Insider”: Personnel Member who is a Director or Officer of Auxico, or a Director or Officer of a subsidiary of Auxico;

“Insider Report”: the report that Reporting Insiders are required to file with securities regulators any time they trade in shares, debt securities, options (including the grant and exercise of options), deferred share units or restricted stock units or other Auxico securities;

“Insider Trading”: when a person with knowledge of a Material Fact or a Material Change trades in Auxico securities, before such fact or change has been disclosed to the general public, and when a person with knowledge of an undisclosed fact Material Fact or Material Change regarding Auxico that may affect another public company, trades in such public company;

“Major Subsidiary”: one of the following cases:

- the assets of the subsidiary, as included in Auxico’s most recent annual audited or interim balance sheet, or a statement of financial position, are 30 per cent or more of the consolidated assets of Auxico, reported on that balance sheet or statement of financial position, as the case may be; or
- the revenue of the subsidiary, as included in Auxico’s most recent annual audited or interim consolidated statements of operations and comprehensive (loss) income is 30 per cent or more of the consolidated revenue of Auxico reported on that statement.

“Material Change”: a change in the business, operations, assets or ownership of Auxico that would reasonably be expected to have a significant effect on the market price or value of any of Auxico’s securities, or a decision to implement such a change made by:

- the Board of Directors; or
- senior management of Auxico who believe that confirmation of the decision by the Board of Directors of Auxico will have such an effect.

“Material Fact”: a fact that:

- would reasonably be expected to have a significant effect on the market price or value of Auxico’s securities; or

- a reasonable investor would consider important in making a decision to buy, sell or hold Auxico's securities.

“Material Information”: information relating to Auxico when one of the following conditions is met:

- such information results in or would reasonably be expected to result in, a significant change in the market price or value of Auxico's securities; or
- there is a substantial likelihood that a reasonable investor would consider it important while making an investment decision.

“Officer”: the individuals appointed by Auxico's Directors;

“Personnel Member”: Directors, Officers, contractors, agents and Employees of Auxico;

“Reprisal”: examples include demotion, suspension, disciplinary action, denial of compensation or benefits, suspension of promotion or termination;

“Reporting Insider”:

- the CEO, CFO or COO of Auxico, of a Significant Shareholder of Auxico or of a Major Subsidiary of Auxico;
- the Directors of Auxico, of a Significant Shareholder of Auxico or of a Major Subsidiary of Auxico;
- a person or company responsible for a principal business unit, division or function of Auxico;
- a Significant Shareholder of Auxico;
- a Significant Shareholder based on post-conversion beneficial ownership of Auxico's securities and the CEO, CFO, COO and every Director of the Significant Shareholder based on post-conversion beneficial ownership;
- a management company that provides significant management or administrative services to Auxico or a Major Subsidiary of Auxico, every Director of the management company, every CEO, CFO and COO of the management company, and every Significant Shareholder of the management company;
- an individual performing functions similar to the functions performed by any of the Insiders described in the preceding paragraphs; and
- Auxico itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or any other Insider that:
  - in the ordinary course receives or has access to information as to Material Facts or Material Changes concerning Auxico before the Material Facts or Material Changes are generally disclosed; and

- directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of Auxico.

“Restricted Insiders”: all Reporting Insiders and any Personnel Member designated by the Audit Committee;

“SEDI”: the System for Electronic Disclosure by Insiders;

“Significant Shareholder”: a person or company that owns securities possessing more than ten percent of the total combined voting power of all classes of Auxico’s securities;

“Thing of Value”: includes but is not limited to money, rewards, advantage, benefit, loans, the provision of facilities or services at less than full costs, kickbacks, extravagant gifts, entertainment and hospitality;

“Tipping”: when a person informs any other person of a Material Fact or Material Change before such fact has been disclosed to the general public;

“Vice Chairman”: the individual who is designated to assist the Chairman;

“Wrongdoing”: any Accounting Irregularity, illegal act, or a violation of company policies. Examples of Wrongdoings include a misuse of company assets or funds; a breach of the Code or any other company Policy; or knowingly directing or counselling another Employee to commit a Wrongdoing.

## **Code of Ethics and Conduct**

### General

The Board of Directors of Auxico has adopted this Code, in order to:

- promote integrity, and honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest;
- promote compliance with applicable governmental laws, rules and regulations;
- promote the protection of Auxico's assets, including corporate opportunities and Confidential Information;
- promote fair dealings practices;
- deter Wrongdoing; and
- ensure accountability for adherence to this Code.

Auxico's policy is to promote high standards of integrity by conducting its affairs honestly and ethically. The purpose of this Code is to guide Auxico's Personnel Members on how to carry out their duties in an honest and ethical manner.

Every Personnel Member must act with integrity and observe the highest ethical standards of business conduct in his or her dealings with Auxico's Employees and anyone else with whom he or she has contact in the course of performing his or her job. While this Code does not, and cannot, deal with every situation that may arise, the principles outlined should be seen as providing a baseline for honest and ethical decision-making.

Auxico shall ensure that every Personnel Member is provided with a copy of this Code and signs an acknowledgment of receipt and review.

All Personnel Members are required to be familiar with this Code, comply with its provisions and report any suspected violations as described below.

This Code is not intended to be a comprehensive guide to all of Auxico's policies or to all Personnel Members' responsibilities under applicable laws and regulations. It provides general parameters to help Personnel Members resolve the ethical and legal issues they may encounter in conducting Auxico's business.

To help Personnel Members determine whether a situation might contravene with this Code, the following questions should be asked:

- is the conduct legal?
- does the conduct violate Auxico's policies and procedures?
- is the conduct ethical and honest?
- would the conduct be authorized by the supervisor?
- would the conduct harm other Personnel Members, partners, suppliers, shareholders or the community?
- would the conduct, if disclosed, be concerning to internal and/or external parties?



### Conflicts of Interest

Personnel Members are prohibited from engaging in any activity or practice which conflicts with, or appears to conflict with, Auxico's interests, and shall ethically handle all actual or apparent conflicts of interest between personal and professional relationships. Personnel Members shall avoid conflicts of interest and promptly disclose and/or refer questions and concerns about potential conflicts to their supervisor or to the designated individual responsible for human resources.

Unless specific permission has been provided by the Board, no Employee or Officer shall be a consultant to, or a director, officer or employee of, or otherwise operate an outside business that:

- directly competes with Auxico;
- supplies products or services to Auxico;
- have any financial interest, or have immediate relatives who have any financial interest, including significant share ownership, in any entity with which we do business that might create or give the appearance of a conflict of interest;
- seek or accept any personal loan or services from any entity with which Auxico does business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- stake mineral claims or acquire mineral properties in their own interest or in the interest of any syndicate not owned, controlled or directed by Auxico within 15 kilometers of any of Auxico mineral properties;
- use Auxico properties or projects for any activities not associated with the discharge of official duties without prior authorization from their administrative superior or the Chairman of the Board;
- be a consultant to, or a director, officer or employee of, or otherwise operate an outside business if the demands of the outside business would interfere with the officer's or employee's responsibilities to us;
- demand, accept or offer to accept from a person or company having dealings with Auxico, a commission, reward, advantage or benefit of any kind, directly or indirectly, except for casual benefits such as hospitality or small gift items within normal and reasonable expressions of business courtesy;
- accept any personal loan or guarantee of obligations from Auxico, except to the extent such arrangements are legally permissible and approved in advance by the Chairman of the Board; or
- in the performance of their duties, accord or influence others to accord preferential treatment to immediate family members, which includes spouses, children, parents,

siblings and persons sharing the same home whether or not legal relatives, or to organizations in which they or their family members have any interest.

Unless specific permission has been provided by the Chairman of the Board, no Director or consultant shall:

- stake mineral claims or acquire mineral properties in their own interest or in the interest of any syndicate not owned, controlled or directed by Auxico within 15 kilometers of any of Auxico mineral properties or projects;
- use Auxico property or projects for any activities not associated with the discharge of official duties without prior authorization from their administrative superior or the Chairman of the Board;
- demand, accept or offer to accept from a person or company having dealings with Auxico, a commission, reward, advantage or benefit of any kind, directly or indirectly, except for casual benefits such as hospitality or small gift items within normal and reasonable expressions of business courtesy;
- accept any personal loan or guarantee of obligations from Auxico, except to the extent such arrangements are legally permissible and approved in advance by the Chairman of the Board; or
- in the performance of their duties, accord or influence others to accord preferential treatment to immediate family members, which includes spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives, or to organizations in which they or their family members have any interest.

A Personnel Member shall not represent Auxico in any transaction in which he or she, or a related party, has any material connection or substantial financial interest, unless such transaction has been approved by Auxico's Board. Transactions involving close personal friends may also present a potential conflict of interest.

Personnel Members are prohibited from self-dealing or otherwise using their positions with Auxico to further their own interests and must immediately disclose to their supervisor or to Auxico's CEO, any potential conflict of interest of which they are aware, including those in which they have inadvertently become involved due to business or personal relationships with customers, suppliers, business associates or competitors of Auxico.

All dealings with customers, prospects, suppliers, and competitors must be conducted in accordance with the law and on terms that are fair and in Auxico's best interest. Decisions relating to placement of Auxico's business with current or prospective customers and suppliers must be based solely on business considerations. Personnel Members must not allow personal relationships with current or prospective customers or suppliers to influence business decisions.

### Compliance

Auxico and its Personnel Members must comply, both in letter and in spirit, with all applicable laws, rules, and regulations in the jurisdictions in which Auxico operates.

Although not all Personnel Members are expected to know the details of all applicable laws, rules, and regulations, it is important to know enough to determine when to seek advice from appropriate personnel. Questions about compliance should be addressed to the CEO or the Audit Committee.

Specifically, Auxico is committed to:

- conducting its activities in compliance with all applicable safety and environmental laws;
- not impeding or obstructing any investigations by Auxico or any government or regulatory agency;
- promoting a workplace that is free from discrimination, intimidation, or harassment of, or by, employees on the basis of race, gender, age, marital status, national origin, religious beliefs, sexual orientation, disability or on the basis of any other personal characteristics protected by law;
- supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- prohibiting any illegal payments, gifts, or gratuities to any Government Official or political party; and
- complying with all applicable securities laws, including financial reporting requirements.

### Disclosure and Confidentiality

This section summarizes the Disclosure Policy. Personnel Members are invited to consult the full Policy.

Any Personnel Member who contributes in any way to the preparation or verification of Auxico's financial statements and other financial information must ensure that Auxico's books, records, and accounts are accurately maintained. Every Personnel Member must cooperate fully with Auxico's accounting and internal audit departments, as well as Auxico's counsel.

Every Personnel Member must preserve and protect the confidentiality of Confidential Information entrusted to them by Auxico or its customers and suppliers, and which they come into contact with in their work, except when disclosing information which is expressly approved by an Officer of Auxico with authority to give such approval, including if legally mandated.

This obligation to protect Confidential Information continues after leaving Auxico.

Confidential Information includes but is not limited to proprietary information which is not in the public domain that could be of use to competitors, or that could, if disclosed, harm Auxico, its Personnel Members, its customers, suppliers or business partners, such as :

- technical or scientific information about current and future projects;

- business opportunities or projections
- earnings and other internal financial data;
- Personnel Members' information; and
- other non-public information.

Personnel Members must not use or disclose to Auxico any proprietary information or trade secrets of any former employer or other person or entity with whom obligations of confidentiality exist.

Auxico is determined to provide its shareholders and investors with full, fair, accurate, timely and understandable disclosure in the reports that are filed with the provincial securities regulators. To this end, all Personnel Members shall:

- not make false or misleading entries in our books and records;
- not condone any undisclosed or unrecorded bank accounts or assets established for any purpose;
- comply with generally accepted accounting principles and adhere to both the form and spirit of technical and ethical accounting standards;
- notify the Chairman of the Board if there is a significant unreported transaction;
- maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded and that the potential loss, theft or misuse of Auxico assets is minimized or prevented;
- maintain books and records that accurately and fairly reflect our transactions;
- maintain a system of internal controls that will provide reasonable assurances to our management that Material Information about Auxico is made known to management, particularly during the periods in which our periodic reports are being prepared;
- present information in a clear and orderly manner;
- provide full reporting of facts, professional judgments and opinions, whether favourable or unfavourable; and
- comply with any applicable disclosure policies in place at the time.

Employees responsible for establishing and managing the financial reporting systems must ensure that:

- all business transactions are properly authorized;
- all records fairly and accurately reflect the transactions or occurrences to which they relate;
- all records fairly and accurately reflect in reasonable detail Auxico's assets, liabilities, revenues and expenditures;

- the accounting records do not contain any false or intentionally misleading entries;
- no transactions are intentionally misclassified as to accounts, departments or accounting periods; and
- all transactions are supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.

#### Personal information

Any information requested during the period of employment with Auxico is gathered for reasonable business purposes: payroll, benefits, government required deductions. All Personnel Members will be required to provide Auxico with the consent to use the information gathered for purposes of managing the employment contracts.

Should Auxico ever wish to revisit this information for any purpose other than employment agreements/contracts, Auxico will contact the concerned person and request their consent at that time.

#### Prohibited Conduct

Auxico is committed to providing a workplace free from harassment, violence, and discrimination. Every Personnel Member is expected to foster a respectful work environment that adheres to the requirements of applicable human rights law and related workplace legislation. Auxico undertakes to encourage its subsidiaries to consider adopting similar guidelines to meet the above-mentioned objectives.

Auxico will not tolerate acts of discrimination based on age, ancestry, colour, race, citizenship, ethnic origin, creed, disability, family status, marital status, gender, sex, sexual orientation or any other ground of discrimination prohibited by law. Auxico expects and encourages all Personnel Members to report harassment or other inappropriate conduct as soon as it occurs, whether they are victim or a witness of such conduct.

Auxico is committed to a work environment that is free from bullying and harassment, and is supportive of the productivity, dignity and self-esteem of all its Employees. Auxico will not tolerate and is dedicated to preventing, where possible, or otherwise minimizing, bullying and harassment. Bullying and harassment includes any inappropriate conduct or comment by a person towards a Personnel Member, when the person knew or reasonably ought to have known, would cause that Personnel Member to be humiliated or intimidated. Bullying and harassment also includes any unwelcome or objectionable conduct or comment which would be considered discriminatory under applicable legislation.

All threats or acts of physical violence or intimidation are prohibited.

### Use of E-Mail and Internet

E-Mail systems and Internet services are provided to help all Personnel Members' work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose.

It is prohibited to access, send or download any information that could be insulting or offensive to another person, such as sexually explicit material or jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as bullying or harassment. Flooding the systems with junk mail and trivia hampers the ability of the systems to handle legitimate business and is prohibited.

Personnel Members should not download copyrighted materials, should not copy material that is not licensed to Auxico and should follow the terms of a license when using material that is licensed to Auxico. No changes should be made to licensed materials without the prior consent of Auxico. In addition, Personnel Members are discouraged from downloading games and screensavers, as these are common sources of viruses.

Messages (including voice mail) and computer information are Auxico's property and Personnel Members should not have any expectation of privacy. Except when prohibited by law, Auxico reserves the right to access and disclose this information as necessary for business purposes. Personnel Members must use good judgment and not access, send messages or store any information that they would not want to be seen or heard by other individuals.

### Political activities

Personnel Members may participate in political activities as long as they do not do so on Auxico time and do not use Auxico's financial or other resources, such as telephones, computers or supplies.

### Insider Trading

This section summarizes the Insider Trading Policy. Personnel Members are invited to consult the full Policy.

Personnel Members are prohibited from buying or selling Auxico securities, or securities of a corporation in a special relationship with Auxico, while in possession of Material Information concerning Auxico or the special relationship corporation that has not been disclosed to the general public. Personnel Members are also prohibited from disclosing such Material Information to third parties except in the necessary course of business.

These prohibitions on trading also apply to any persons to whom Employees or Directors disclose such Material Information (for eg. immediate family members, agents and advisors of Auxico).

A corporation is in a special relationship with Auxico if Auxico owns, directly or indirectly, 10% or more of the shares of the corporation or Auxico is proposing to make a take-over bid for the corporation, proceed with a reorganization, amalgamation, merger or similar business combination with the corporation or acquire a substantial interest in the corporation or its property.

Securities legislation in Canada provides for criminal and civil liability for persons who engage in illegal Insider Trading or illegal transmission of undisclosed Material Information relating to Auxico. These sanctions are intended to ensure that no one who is in possession of or has knowledge of undisclosed Material Information takes advantage of such information through trading in securities of Auxico.

Personnel Members also must comply with any further share trading directives issued by Auxico and any applicable trading policies or restrictions in place at the time.

#### Environment, Health and Safety

This section summarizes part of the Environmental Health and Safety Policy. Personnel Members are invited to consult the full Policy.

Auxico is sensitive to the environmental, health and safety consequences of its operations. Accordingly, Auxico's policy is to comply with all applicable environmental laws and regulations within all jurisdictions in which it operates. If any Personnel Member has any doubt as to the applicability or meaning of a particular environmental, health or safety regulation, he or she should immediately discuss the matter with his or her supervisor, or with a member of Auxico's senior management.

Auxico is committed to making its work environment safe, secure, and healthy for its Personnel Members and others. Auxico expects all Personnel Members to promote a positive working environment for all. Every Personnel Member is expected to consult and comply with all of Auxico's rules regarding workplace conduct and safety.

Personnel Members should immediately report any unsafe or hazardous conditions or materials, injuries, and accidents connected with Auxico's business and any activity that compromises corporate security to a senior Officer of Auxico.

Personnel Members must not work under the influence of any substances that would impair their safety and that of others.

#### Preventing the Corruption of Foreign Public Officials

This section summarizes part of the Anti-Bribery and Anti-Corruption Policy. Personnel Members are invited to consult the full Policy.

In Canada, the *Corruption of Foreign Public Officials Act* makes it illegal to corrupt officials of foreign governments or to engage in certain related acts. This Canadian law applies to all of Auxico's acts, as it is a Canadian corporation.

The law applies to Auxico, its Employees, Officers and Directors, and their agents and representatives. For these purposes, the law considers that an action by a foreign agent or representative is the equivalent of an action by Auxico. The law may apply in whole or in part to

a foreign company and joint venture which Auxico controls, authorizes, directs or participates in activity by the foreign corporation or joint venture.

Auxico is prohibited from offering or providing money or any Thing of Value for the personal benefit or:

- i. any foreign Government Official or any official of a public international organization (such as the International Monetary Fund, regional development banks or other multilateral organizations); or
- ii. any foreign political party or its officials or any political candidate for the purpose of:
  - a. influencing that official in the exercise of his or her duties (or non-exercise of those duties);
  - b. having any such person influence foreign government activity; or
  - c. otherwise securing an improper advantage for the purpose of aiding Auxico in obtaining, retaining or directing business.

The law is violated if Auxico knows, or should have known, that a payment to any foreign Government Official, political party or political candidate, was made for an illegal purpose.

Foreign government-owned corporations and other instrumentalities usually receive the treatment of a foreign government, and their Employees, Officers and Directors are usually treated as Government Officials.

Facilitating Payments are exempt from the above prohibitions. A Facilitating Payment is a minor payment made to expedite routine governmental action that does not involve obtaining, retaining or directing business. Examples include payments made in order to:

- secure processing of paperwork, such as visas, work orders, and permits;
- induce customs officials to process legally transmitted goods;
- obtain police protection;
- obtain installation and maintenance of utility connections; and
- induce minor government functionaries to complete their jobs in the manner required, where the situation does not involve the securing of business.

Auxico must make and keep records of all conduct related to Facilitating Payments.

Unconditional gifts having nominal value, when made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local customs, will generally be exempted from the above prohibitions.



It is important to note that these exceptions apply to Auxico's Personnel Members in the following ways:

- all payments, including but not limited to Facilitating Payments, travel or lodging expenses, must receive prior written approval of the CEO; and
- all unconditional gifts of nominal value made as a social amenity or a token of esteem, gratitude or regard in accordance with local custom, must not exceed the monetary limit imposed by the CEO without his or her prior written consent.

Auxico's policy regarding this law is firm and unconditional: under no circumstances will it pay a prohibited bribe to a Government Official.

If any Personnel Members are ever solicited for such a payment, or if they become aware of any instance where another Personnel Member suggests to offer such a payment or is otherwise involved in such illegal activity, they must report the matter to their immediate superior or to Auxico's CEO.

Any Personnel Member which is found to participate in any illegal situation will be terminated immediately.

#### Reporting violations and questions

Any Personnel Member who has knowledge of a potential or suspected violation of this Code has an obligation to report relevant information to the Chairman of the Board.

Auxico shall ensure prompt action against violations of this Code.

All Personnel Members are expected to cooperate in any internal and external investigations of misconduct.

Failure to comply with this Code, or any other Auxico policies, may be cause for termination and criminal penalties. Auxico is not obligated to defend any violator against a lawsuit or criminal charge by a regulatory authority, shareholder, or any other person.

Any questions or violation reports will be addressed immediately and seriously and can be made anonymously. Auxico will attempt to foster a work environment in which ethical issues and concerns may be raised and discussed with supervisors or with others without the fear of retribution. This reporting procedure is intended to encourage and enable employees and others to raise serious concerns within Auxico rather than seeking resolution outside of Auxico.

Auxico will not permit retaliation of any kind against:

- good faith reports or complaints of violations of law, this Code, or other policies, or other illegal or unethical conduct; or

- cooperation in an investigation by a governmental authority or by Auxico, where the person cooperating has a good faith belief that a violation of law, this Code, of other Auxico policies or unethical or illegal activities have occurred.

Personnel Members with concerns regarding matters related to this Code may report their concerns or complaints on a confidential, anonymous basis in writing directly to the Chairman of the Board, who will be accountable to management of the complaint or report, and who may award mandate to a third-party, non-conflict of interest, an investigating officer, to conduct further inspection where needed.

The complaint should:

- be in writing so as to assure a clear understanding of the issues raised;
- factual rather than speculative;
- contain as much specific information as possible to allow for proper assessment;
- be candid and set forth all the information that the person knows regarding the allegation or concern;
- contain sufficient corroborating information to support the commencement of an investigation.

Auxico may, in its reasonable discretion, determine not to commence an investigation, if a complaint contains only unspecified or broad allegations of Wrongdoing and without appropriate information support.

Personnel Members with concerns or complaints regarding this Code or suggestions and ideas for process improvements may report such concerns, complaints, suggestions or ideas on a confidential and anonymous basis to the Chairman of the Board at [mb@auxicoresources.com](mailto:mb@auxicoresources.com)

Upon receipt of the complaint by the Chairman of the Board, the investigating officer shall decide, in his or her reasonable judgment, whether a reasonable basis exists for commencing an investigation into the complaint. To assist in making this determination, the investigating officer may conduct an initial, informal inquiry. At the request of the investigating officer, other parties may become involved in the inquiry based on their oversight responsibility or expertise.

To the extent possible, all complaints will be handled in a confidential manner. In no event should information concerning the complaint be released to persons without a specific need to know. Investigation of complaints should be prompt. The determination by the investigating officer will be communicated to the person who brought the complaint, unless anonymous, to the Chairman of the Board and to relevant management, as appropriate.

Upon deciding to recommend a formal investigation, the investigating officer will promptly notify the members of the Board of Directors. The Chairman of the Board will then determine, in its reasonable judgment, whether a reasonable basis exists for commencing a formal investigation into the complaint. If the Chairman of the Board makes such a determination, then it shall instruct

the investigating officer to proceed with a formal investigation. The investigating officer shall oversee all investigations under the authority of the Chairman of the Board. The Chairman of the Board shall ensure coordination of each investigation and shall have overall responsibility for implementation of this policy. The Chairman of the Board shall have the authority to retain outside legal or accounting expertise in any investigation, as it deems necessary to conduct the investigation in accordance with its charter and this policy.

At each meeting of the Chairman of the Board shall prepare a report to the Board stating the nature of each complaint submitted during the quarter, if any, immediately preceding the meeting of the Board, whether or not the complaint resulted in the commencement of a formal investigation, and the status of each investigation.

The Chairman of the Board, with the input of the investigating officer and Auxico's management, if requested, will determine the validity of a complaint and any corrective action, as appropriate. It is the responsibility of the Chairman of the Board to report to the full Board and to Auxico's management any non-compliance with legal and regulatory requirements and to assure that management takes corrective action including, where appropriate, reporting any violation to the relevant governmental or regulatory authorities.

Personnel Members that are determined to have violated any laws, governmental regulations or this Code will face appropriate, case-specific disciplinary action, which may include demotion, re-assignment, suspension with or without pay or immediate termination.

If a Personnel Member makes a complaint in good faith pursuant to this policy and any facts alleged are not confirmed by subsequent investigation, no action will be taken against the Personnel Member making the complaint. In making a complaint, a Personnel Member should exercise due care to ensure the accuracy of the information disclosed. If after investigation a matter raised under this procedure is found to be without substance and to have been made not in good faith but for malicious or frivolous reasons, the Personnel Member making the complaint could be subject to disciplinary action.

Where alleged facts disclosed pursuant to this policy are not substantiated, the conclusions of the investigation will be made known both to the person who made the complaint and to the person(s) against whom any allegation was made in the complaint. The finding that the allegations were not substantiated will be made a part of the record.

At the direction of the Board, the Chairman of the Board will maintain a log of all complaints, tracking their receipt, investigation and resolution. All complaints submitted regarding alleged violations or concerns will remain confidential to the extent practicable. In addition, all written statements, along with the results of any investigations relating thereto, shall be retained by Auxico for a minimum of three (3) years.

Waiver

A request for a waiver with respect to a particular provision of the Code must be made to the CEO at the address set out below, unless it involves a Director or an Officer. Any waiver of the Code with respect to Directors and Officers may only be granted by the Board of Directors (or the Board, in exclusion of the Chairman, if the potential conflict involves the Chairman of the Board), and requests for such waivers should be made to the communications Director at the address set out below.

**COMMUNICATIONS DIRECTOR OF AUXICO RESOURCES INC.**

“Personal and Confidential”

201 NOTRE-DAME STREET WEST, SUITE 500, MONTREAL, QUEBEC, H2Y 1T4, CANADA

Or by email to:

*Attn: Mark Billings, Chairman of the Board and Chairman of Audit Committee - [mb@auxicoresources.com](mailto:mb@auxicoresources.com) which will be concurrently delivered to the CEO and President, Frederick Kozak.*

## **Anti-Bribery and Anti-Corruption Policy**

### Statement of General Prohibition

Auxico's Anti-Bribery and Anti-Corruption Policy has been adopted by the Board of Directors. Auxico has a firm and irrevocable commitment to respect all anti-bribery and anti-corruption laws in every jurisdiction where it operates or otherwise has a presence.

All Personnel Members and outside parties acting directly or indirectly on behalf of Auxico including, where appropriate, agents and representatives are prohibited from engaging in bribery or any corrupt activity in relation to Government Officials or private parties, or enabling or facilitating such activity.

Personnel Members must be aware of, acknowledge and understand that Auxico is subject to strict laws and regulations prohibiting bribery and other corrupt practices by reason of the fact that it is headquartered in Canada, and therefore subject to the provisions of the *Corruption of Foreign Public Officials Act* and the *Criminal Code* (Canada). Violation of these laws can potentially lead to imprisonment of Personnel Members for significant periods of time, as well as very large fines and other heavy penalties.

Individuals at all levels of Auxico must comply with this Anti-Bribery and Anti-Corruption Policy.

### Definition of Bribery and Corruption

Bribery is the offer, promise, or payment of cash or the offer or provision of gifts, excessive entertainment or inducements of any other kind made to a person in a position of trust to influence that person's views, conduct, or business decisions, or to obtain an improper advantage.

Corruption is the misuse of public power or authority for private profit, or the misuse of entrusted power or authority for private gain. Forms of corruption may include nepotism, favoritism, conflicts of interest and abuse of authority.

Bribery payments can take many forms, including the provision or acceptance of:

- cash payments;
- phony jobs or "consulting" relationships;
- kickbacks;
- political contributions;
- charitable contributions;
- social benefits or influence; or
- gifts, hospitality, and reimbursement of expenses.

Examples of benefits that might be sought from paying bribes include:

- influencing a Government Official to award a mining concession or other business opportunity;
- issuance of a discretionary government authorization, approval, permit or license;
- granting relief from government obligations such as paying taxes, obtaining licenses or passing inspections; and
- influencing legislative or judicial proceedings.

### Obligations

#### **No payment of facilitation of bribes**

Personnel Members are strictly prohibited from offering, paying, promising or authorizing any bribe, or other Thing of Value to any Government Official or to any person for the benefit of a Government Official directly, or indirectly through a third party, for the purpose of influencing an official act, omission or decision, gaining an advantage, obtaining or retaining business, influencing the enactment, modification or enforcement of any law, regulation or decision or official act or directive concerning Auxico or securing any selective treatment to secure any contract, concession or other advantage for Auxico or Personnel Member.

Personnel Members who make such payments are subject to appropriate disciplinary action by Auxico, up to and including termination of employment, as well as to all penalties provided under applicable laws.

Use of Auxico's systems, facilities, resources and networks for illegal purposes, including the facilitation of corruption or money laundering, is absolutely prohibited.

#### **No solicitation or extortion**

Personnel Members must not solicit gifts, entertainment, money, or any Thing of Value from any person, corporation or party.

#### **Gifts, hospitality and entertainment**

Gifts, hospitality and entertainment shall not ever be given, directly or indirectly, to Government Officials to improperly influence or reward decisions, acts or inactions.

Auxico recognizes that in certain circumstances, however, the provision of small gifts and entertainment may be appropriate. Such activities are subject to strict rules. Providing gifts, hospitality or entertainment must always be done in accordance with local law and business practices. In principle, they should only be provided if they are occasional and reasonable in amount. Determining what is "occasional and reasonable" is a matter of judgment. As a guide, the higher the monetary value of the gift, hospitality or entertainment, the greater the level of transparency that is required and the less likely the gift is permissible. Gifts, hospitality and

entertainment of any kind must never be solicited from a supplier, customer, business partner or other party with whom Auxico does business.

Except as otherwise specifically authorized by senior management, hospitality and related expenditures must be directly connected to a legitimate business promotional activity or performance of an existing contract.

Gift-giving and entertainment are subject to the following general rules:

1. the cost of the gift or entertainment must be reasonable in the particular circumstances. The cost of gifts, meals, and entertainment should always remain at or below that permitted by local law and in no event should the amount be greater than the legitimate and customary expenditure for such activities by private business persons in the country concerned;
2. Auxico's books and records must properly record all gifts, identifying the value of the gift, the date the gift was given, and the name of the recipient.
3. in instances where officials are making discretionary decisions affecting Auxico's interests, Personnel Members must exercise particular caution in offering any gifts or other benefits. In case of doubt, Auxico's counsel should be consulted immediately.
4. gifts include: cash and cash equivalents; service discounts not available to all people; gifts over the stipulated limit without approval; and favours or any form of hospitality or entertainment in return for, or in exchange for, business services or information or a business advantage. Such action may create an actual or perceived conflict of interest or may give the impression of anti-competitive behaviour.
5. entertainment includes: entertainment in forums that would damage Auxico's reputation; gifts, hospitality or entertainment of an inappropriate value or nature or at inappropriate venues; and gifts, hospitality or entertainment not designed to further the promotion, demonstration or explanation of Auxico's products and services, or pursuant to the execution or performance of a contract between Auxico and the Government Official.

### **Travel expenses for Government Officials or technical personnel**

Travel expenses relating to Government Officials or technical personnel are only to be paid when deemed necessary by senior management. Each case is to be dealt with on its own particular facts and merits.

The following principles will be applied in determining what form of support and in what amount is appropriate:

1. payment of travel expenses will only be permitted where allowed by local law; in cases of doubt, the approval of Auxico's counsel should be sought.
2. travel and accommodation expenses for Government Officials will normally only be provided for specific events involving the promotion, demonstration or explanation of Auxico's products and services, or contract execution or performance;

3. Auxico will not pay travel expenses for recreation or entertainment purposes, and normally not for anyone but the relevant Government Officials themselves, excluding their friends or family members;
4. travel and related expenses should normally be paid directly by Auxico, rather than funds being given to the individual to make arrangements themselves;
5. cash payments should be avoided to the extent possible. Other monetary payments should be made by traceable instruments to government entities rather than to specific individuals where possible;
6. *per diem* allowances should only be paid as required, as permitted by local law and in modest amounts.

### **Auxico's support for public infrastructure, political contributions, sponsorship and other charitable contributions**

Support for the construction or provision of public infrastructure should normally only be an element in the project agreements themselves, forming part of the initial project contracts. Such negotiations should be open and transparent and should relate or bear some relation to the project, however indirect. An example might be the provision of a local school or water treatment facility to a community proximal to a mine site. Any such payments must be properly recorded in books and records. Care must be taken to ensure that projects are legitimate, not for the direct or indirect benefit of a Government Official.

To the extent political contributions are deemed appropriate by Auxico's senior management, they may only be: done in accordance with local and applicable laws; made only after obtaining written authorization from the CEO; be modest in amount; made without an expectation of favorable treatment in return; and reflected in an accurate and timely manner in books and records.

Any sponsorship or charitable contributions must be carefully examined by senior management to ensure they are legitimate and not covert instruments for activities that are otherwise inappropriate, to the benefit a Government Official, or illegal.

### **Exceptions**

If there is an immediate and credible threat or risk to physical health, safety or security, a Personnel Member may make a payment to avoid that risk. When such payment is made it must be accurately reflected in books and records and reported to Auxico's counsel.

### **Books and record keeping obligations**

Laws that govern Auxico's international business activities require that Auxico's books and records be complete and accurate. These books and records must correctly record both quantitative and qualitative aspects of transactions and dispositions of assets. Quantitative aspects refer to the amount of the transaction. Qualitative aspects include the written description of the transaction and the accounts that are credited or debited for the transaction. Personnel Members must ensure



that the substance of a transaction or disposition of assets be accurately described in a timely fashion in Auxico's books and records, and be sufficiently detailed to allow a full understanding and audit trail.

Misuse of financial and privileged information, concealment and misrepresentation of facts and figures, manipulation of accounting, financial, personnel, environmental and operational records and plans are strictly prohibited.

If any Personnel Member has concerns or complaints regarding accounting or auditing issues, he or she is encouraged to submit those concerns to the CFO or a member of the Audit Committee of the Board. Further, the Whistleblower Policy will be extended to cover any violations of this policy and/or applicable anti-corruption laws.

Business records and communications can become public through legal or regulatory investigations or the media. Personnel Members should avoid exaggeration, derogatory remarks, legal conclusions or inappropriate characterizations of people and companies. This applies to communications of all kinds, including e-mail and informal notes or inter-office memos. Records should be retained and destroyed in accordance with Auxico's records retention system in effect from time to time.

### Third Party Obligations

The activities of third parties can result in serious civil and/or criminal liability for Auxico and its Personnel Members. Their activities accordingly must comply fully with this Anti-Bribery and Anti-Corruption Policy, Auxico standards and applicable laws.

### **Third parties**

Third parties whose activities may engender legal liability for Auxico and who are therefore obligated to comply with the provisions of this Anti-Bribery and Anti-Corruption Policy include agents, intermediaries, representatives, consultants, distributors, teaming partners, contractors, suppliers, consortia, business partners and joint venture partners.

### **Due diligence**

Before entering into any agreement with any third party, the following due diligence enquiries must be undertaken. The scope of the enquiries will depend upon the nature of their engagement. Due diligence enquiries may 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. Background checks should be performed by Auxico officials, assisted where necessary by outside investigators or consultants;
- ensuring that compensation requested by a third party is appropriate and justifiable for legitimate services rendered;

- review by senior management of the results of background checks on third parties. If the background check reveals problematic information, Auxico will not, in the absence of extenuating circumstances, enter into an agreement with that third party; and
- consultation with Auxico’s counsel, in instances where senior management is unsure as to whether the third party’s background check has revealed problematic information.

The results of these inquiries must be documented and retained by Auxico.

**Obligations on third parties**

Third parties are prohibiting from engaging in bribery on Auxico’s behalf. All third parties will be provided the Anti-Bribery and Anti-Corruption Policy, and are required to read, understand and comply with it.

**Third party contracts**

All contracts concluded with third parties must contain provisions to protect Auxico’s interests including commitments from the third party to:

1. abide by applicable laws, this Anti-Bribery and Anti-Corruption Policy, the Code, as well as such other business conduct commitments as Auxico considers necessary;
2. provide full, complete and timely access of books and records to Personnel Members or such outside parties representing Personnel Members;
3. participate in training and certification relating to anti-bribery or other issues as determined necessary by Auxico;
4. otherwise cooperate with Auxico in any investigations Auxico deems necessary, including after termination of contracts with Auxico; and
5. provide written undertakings setting out agreement to the above provisions.

Contracts with third parties will provide that failure to comply with the above conditions will be grounds for immediate termination of the contract.

**Red flags**

It is important not to turn a “blind eye” to risks that a third party might be engaging in bribery. Third party actions can create liability for Auxico, and ignorance of their actions may not be a defence. Auxico considers that the following “red flags” constitute indicators of possible irregularities and consequently of a need for Personnel Members to exercise higher levels of due diligence in relation to third party relationships:

1. unusual or secretive financial arrangements, such as payments to:
  - an account in the name of another party or at a location unrelated to the transaction, for example an offshore bank account,
  - shell companies, and

- entities owned or controlled by Government Officials or their relatives or associates;
2. donations or ‘gifts’ to individuals or outside organizations including charities;
  3. requests for cash transactions, or cheques payable to “bearer” or “cash”;
  4. request for a large credit line for a customer;
  5. request for unusual bonuses, extraordinary payments, unorthodox or substantial up-front payments;
  6. reluctance or refusal to disclose ownership;
  7. family ties of a third party with a Government Official;
  8. third party requests that identity not be disclosed;
  9. third party is new to the business;
  10. refusal to certify that it will comply with Auxico’s Anti-Bribery and Anti-Corruption Policy;
  11. lack of transparency in expenses and accounting records;
  12. apparent lack of qualifications, staff, facilities or resources to perform required services;
  13. doing business with “known briber” entities or in countries where bribery is common; and
  14. requests for false or misleading documentation, including inflated, undervalued or backdated receipts.

### **Monitoring and compliance**

After a third party has been retained, Personnel Members must monitor activities for compliance with this Policy. This monitoring must be documented and the documents retained.

If a Personnel Member knows or reasonably believes the third party is engaged in bribery or any other violation of this Policy or Code, the Personnel Member shall immediately advise Auxico’s counsel and attempt to prevent the payment from occurring.

### *Communicating and monitoring of Anti-Bribery and Anti-Corruption Policy*

#### **Communication of policies**

Auxico will ensure that the Anti-Bribery and Anti-Corruption Policy, standards and procedures are effectively communicated to all Personnel Members and third parties as appropriate.

The Anti-Bribery and Anti-Corruption Policy will be communicated by providing:

- a copy of the Policy to all new Personnel Members, and to all Personnel Members after amendments are made to the Policy, and third parties as appropriate;

- periodic training for all Personnel Members and, where appropriate, third parties; and
- annual certifications by all Personnel Members and, where appropriate, third parties, certifying compliance with the training requirements and Anti-Bribery and Anti-Corruption Policy, and confirming compliance with all laws, rules and regulations in the jurisdictions where they carry out their duties and where Auxico is conducting its business activities.

Upon receipt of a written mandate, Auxico's counsel shall be responsible for ensuring that annual certifications are obtained on or before the end of the first fiscal quarter of each year for all Personnel Members and third parties as appropriate, and for providing written confirmation to the Board that such certifications have been obtained and summarizing the results thereof.

### **Annual review**

The Anti-Bribery and Anti-Corruption Policy and anti-corruption compliance standards and procedures including internal controls, ethics and compliance programs will be reviewed by Auxico at least annually, and shall be updated as appropriate taking into account relevant developments in the field and evolving international and industry standards.

Any amendments to the Anti-Bribery and Anti-Corruption Policy will be subject to approval by the Board of Directors.

Personnel Members are strongly encouraged to actively consider Auxico's business practices and to offer suggestions as to how to improve Auxico's commitment to honesty, integrity and accountability in its business practices.

### **Monitoring compliance**

Responsibility for implementing and overseeing the Anti-Bribery and Anti-Corruption Policy and related standards and procedures has been given to the CFO. The CFO shall have direct reporting obligations to the Audit Committee, and shall have an adequate level of autonomy as well as sufficient resources and authority to maintain this autonomy. CFO will respond to any reports of violations and will undertake appropriate action in response.

Auxico will conduct periodic review and testing of its Policy and related standards and procedures, designed to evaluate and improve their effectiveness in preventing and detecting violations of the Policy, standards and procedures and anti-corruption laws, taking into account relevant developments in the field and evolving international and industry standards.

### *Obligation to enforce*

#### **Incident reporting and guidance**

All Personnel Members are expected to take all reasonable steps to prevent violations of the Anti-Bribery and Anti-Corruption Policy, and to seek guidance when necessary. If violations of laws, regulations or the Anti-Bribery and Anti-Corruption Policy occur they must be reported promptly to Auxico's counsel.

Personnel Members and, where appropriate third parties, with questions about compliance with the Anti-Bribery and Anti-Corruption Policy may contact Auxico's counsel, on an urgent and confidential basis.

Alternatively, any of Auxico's Employees may submit, on a confidential or anonymous basis, any concerns regarding violations of this Anti-Bribery and Anti-Corruption Policy to the Chairman of the Audit Committee in accordance with Auxico's Whistleblower Policy.

Any Personnel Member, or if appropriate third parties, who make good faith reports of suspected Wrongdoing will not suffer adverse consequences, even if Auxico loses business as a result.

At the same time, anyone who files a report with the intention of spreading falsehoods or to threaten or damage any employee's reputation will be subject to disciplinary action.

### **Consequences of non-compliance**

Failure to comply with this the Anti-Bribery and Anti-Corruption Policy may result in severe consequences, including internal disciplinary action and in serious instances, dismissal or termination. In addition, a failure to comply with the Anti-Bribery and Anti-Corruption Policy could amount to a violation of applicable laws or regulations. If it appears that a Personnel Member may have violated such laws or regulations, Auxico may be required to refer the matter to the appropriate regulatory authorities, which could result in penalties, fines or even possibly imprisonment.

### **Remedial procedures**

Auxico will implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent similar misconduct including assessing the internal controls, ethics and compliance program and making modifications necessary to ensure the program is effective.

## **PRIVATE AND CONFIDENTIAL NOTICE**

AUXICO RESOURCES CANADA INC.

201 NOTRE-DAME STREET WEST, SUITE 500, MONTREAL, QUEBEC, H2Y 1T4

[WWW.AUXICORESOURCES.COM](http://WWW.AUXICORESOURCES.COM)

*Attn: Mark Billings, Chairman of the Board and Chairman of Audit Committee - [mb@auxicoresources.com](mailto:mb@auxicoresources.com)*

## Disclosure Policy

### General

All Personnel Members are required to comply with securities laws and the disclosure, confidentiality and Insider Trading rules set out in Auxico's policies and Code. This Policy supplements those provisions and is intended to raise awareness of our approach to disclosure among Personnel Members.

The objectives of this Policy are to:

- ensure that Material Information about Auxico is disclosed in a timely, consistent and appropriate manner, in accordance with applicable law; and
- prevent the improper use or disclosure of Material Information or Confidential Information about Auxico.

This Policy relates to all types of disclosure by Auxico, namely to regulators, investors, lenders, the investment community, the media, industry counterparts, partners, governments and other stakeholders.

The CEO and the CFO are ultimately responsible for the design and effectiveness of disclosure controls and procedures. To assist the CEO and CFO in fulfilling this mandate, an Audit Committee has been established with responsibility for:

- (i) determining whether information is Material Information;
- (ii) ensuring the timely disclosure of Material Information in accordance with applicable law;
- (iii) overseeing the disclosure procedures and practices of the company; and
- (iv) monitoring the effectiveness of and compliance with this Policy.

### Material Information

Information relating to Auxico is considered to be material if:

1. such information results in or would reasonably be expected to result in, a significant change in the market price or value of Auxico's securities; or
2. there is a substantial likelihood that a reasonable investor would consider it important while making an investment decision.

In other terms, there must be a substantial probability that the information would be viewed by a reasonable investor as having significantly altered the information available in the market concerning Auxico.

Information about the following matters could be material, depending on the circumstances:

- earnings, results or projections;
- unexpected operational developments, including with respect to cybersecurity;
- acquisitions, divestitures, amalgamations or mergers;

- changes in the value of assets;
- significant borrowing, lending or financings;
- defaults regarding significant agreements or entering into significant agreements;
- failure or alleged failure to comply with terms of licenses or relevant law or regulation;
- the occurrence of high risk safety events or fatalities;
- litigation or regulatory enforcement action, whether actual, pending or threatened;
- labor disputes, whether actual, pending or threatened;
- changes to distribution policies or payments;
- public or private sales of securities;
- plans to repurchase or redeem securities;
- changes in capital or corporate structure;
- changes to accounting policies or disagreements with auditors;
- a change of control;
- changes in management or in the Board of Directors; or
- a credit rating downgrade or upgrade.

Note that this list is not exhaustive, these are only examples.

*Disclosure of Material Information*

The Audit Committee must be informed about events and developments that may be material. If any Personnel Member becomes aware of events or developments that may constitute Material Information about Auxico, they must promptly contact the CEO or, in his or her absence, the CFO.

For clarity, Personnel Members are not responsible for making a determination as to whether an event or development constitutes Material Information. Their responsibility is to recognize events or developments that might constitute Material Information and report such information promptly. The Audit Committee, or a designated member thereof, is responsible for making the determination of whether or not the reported events or developments, considered together with the totality of the other information in the possession of the Audit Committee, is Material Information.

Also, if a Personnel Member becomes aware of an error or omission in any of Auxico’s publicly disclosed information, whether in regulatory filings, news releases or otherwise, they must promptly contact the CEO or, in his or her absence, the CFO.

Material Information about Auxico will be promptly disclosed in a news release, regulatory filing, or other permitted electronic means (to the extent permitted under applicable law), unless it is determined by the Audit Committee, or a designated member thereof, that the information must remain confidential.

No news release will be publicly disseminated by Auxico until it has been reviewed and approved by the Audit Committee, or a designated member thereof.

### Securities laws considerations

Personnel Members who have Material Information about Auxico are not permitted to buy or sell securities (or any financial instruments) of Auxico until after the information has been generally disclosed to the public by way of a news release or other disclosure document filed with a securities regulator, and sufficient time has passed so the information may be considered to be broadly disseminated.

These obligations also apply if Personnel Members have Material Information regarding any other entity, regardless of whether it is an Auxico-related entity and whether they obtained the information through Auxico.

If Personnel Members are not sure whether information is undisclosed Material Information, they must consult internal legal counsel before engaging in a transaction.

Personnel Members are also prohibited by law from communicating undisclosed Material Information about Auxico or an entity with which it does business or that it has invested in to other people (except in the necessary course of business), such as relatives or friends, who may trade on the basis of the information or disclose this information to others.

Securities laws prohibit trades made on the basis of these “tips”.

Personnel Members are also prohibited from encouraging or recommending that anyone purchase or sell securities of Auxico or an entity with which it does business or has invested in while in possession of relevant undisclosed Material Information. Auxico imposes trading Blackout Periods on those people who have access to Material Information which has not been disclosed and during periods when financial statements are being prepared but results have not yet been publicly released.

Auxico’s Insider Trading Policy has more information on these matters.

### Confidentiality

If Personnel Members are privy to Confidential Information (regardless of whether such information is also Material Information), they are prohibited from communicating that information to anyone other than authorized personnel who have a legitimate need to know such information in connection with their duties and who have been advised of the confidential nature of such information.

No one in possession of Confidential Information should disclose that information to any outside party, unless required to do so in the necessary course of business.

The following are examples of circumstances that could require disclosure of Confidential Information with outside parties in the necessary course of business:

- communications with Auxico’s vendors, suppliers, or strategic partners regarding its needs or preferences;



- communications with Auxico’s lenders, legal counsel, auditors, underwriters, and financial and all other professional advisors;
- communications during negotiations with counterparties;
- communications with labour unions, industry associations, government agencies, regulators and stakeholders about Auxico’s interests or business; and
- communications with credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency’s ratings generally are or will be publicly available).

Where practical, outside parties who are given Confidential Information about the company will be asked to confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

When Personnel Members are unsure about whether the information they have is confidential or whether they are permitted to disclose it to an outside party, they must consult internal legal counsel.

In order to prevent the misuse or inadvertent disclosure of Confidential Information, Personnel Members are invited to respect the following guidelines:

- do not discuss confidential matters in public places or in a manner where the discussion may be overheard;
- do not read confidential documents in public places or discard them where others may retrieve them;
- keep confidential documents in a safe place (inside as well as outside the office) with access restricted to individuals who “need to know”;
- only transmit confidential documents by electronic means if it is reasonably believed that transmission can be made and received securely; and
- use passwords to protect confidential electronic data and use code names in communications and within confidential documents as appropriate in the circumstances.

Auxico’s communications

Auxico designates a limited number of persons who are authorized to communicate with the media or the investment community (which includes investors, potential investors, analysts and brokers) on its behalf.

Auxico’s Authorized Spokespersons are the: (i) Chairman; (ii) CEO; (iii) CFO; (iv) Director, Investor Relations; (v) Chairman Emeritus.

These Authorized Spokespersons may, from time to time, designate others to speak on behalf of the company as back-ups or to respond to specific inquiries from the investment community or the media.

Only Authorized Spokesperson may respond to inquiries about Auxico from the investment community or the media, whether regarding Material Information or otherwise. Anyone who is not an Authorized Spokesperson must refer any request they receive to an Authorized Spokesperson.

The Board of Directors (or a committee thereof) will review and approve the following disclosures in advance of their public release by the company: (i) earnings guidance; and (ii) news releases containing material financial information based on the company's financial statements prior to the release of such statements. When the Board of Directors (or a committee thereof) has reviewed and approved disclosures, such disclosures will include a reference to this review.

In addition to otherwise publicly disclosed information, Auxico will only provide, through its Authorized Spokespersons, non-Material Information in any meetings or communications with the investment community and the media. Acceptable topics of discussion may, depending on the circumstances, include the Auxico's general prospects, the business environment, management's philosophy and long-term strategy. Auxico will, upon request, provide the same sort of information that is not Material Information to individual investors or reporters that it has provided to analysts and institutional investors.

#### *Inadvertent disclosure and errors in disclosure*

If inadvertent disclosure of Material Information is made in a selective forum, such as a meeting with analysts or institutional investors, Auxico will promptly issue a news release in order to ensure that such information is broadly disseminated.

If inadvertent disclosure or an error in disclosure occurs, Auxico shall take appropriate remedial action which may include notification of the appropriate regulator of the inadvertent error, the making of broad public disclosure of the information or correction of the information through a press release or a filing with the securities regulators.

#### *Analyst reports*

Auxico shall, upon request, review analysts' draft research reports or models. Auxico will review the report or model for the purpose of pointing out errors in fact based on publicly disclosed information.

Auxico will limit its comments in responding to these types of inquiries to the correction of factual errors based on publicly disclosed information. Auxico will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and earnings estimates.

Auxico regards an analyst's report as proprietary information belonging to the analyst's firm. In addition, re-circulating a report by an analyst may be viewed as Auxico's endorsement of the report. For these reasons, analysts' reports must not be circulated to persons outside of Auxico,

other than in response to requests from regulatory authorities or to outside advisors or consultants to Auxico.

#### Electronic media

Personnel Members are prohibited from participating in discussions on Internet chat rooms or otherwise communicating via electronic media on matters pertaining to Auxico's activities or its securities.

If a Personnel Member encounters a discussion or posting on electronic media pertaining to Auxico that they deem significant or troubling, they must advise the department of human resources and/or their supervisor.

Generally, Auxico's policy is to neither confirm nor deny rumours (whether in the media, on the internet or otherwise) when asked to comment. However, when authorized by the Audit Committee, Authorized Spokespersons may make exceptions and respond as prescribed by the Audit Committee.

#### Access to this Policy and consequences of non-compliance

Upon commencement of employment, each Personnel Member will be provided with a copy of this Policy. The version of this Policy available on the intranet may be more current and up-to-date and supersedes any paper copies, should there be any discrepancy between paper copies and what is posted online.

Anyone subject to this Policy who violates it may face Reprisals up to and including termination of his or her employment for cause and without notice. A violation of this Policy may also constitute a violation of certain securities laws. If Auxico discovers a violation of any securities laws, it may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment and other liability.

#### Approval of this Policy

This Policy has been approved by the Board of Directors. Any future revisions to this Policy will be approved by the Board of Directors and made available to all Personnel Members.

## Insider Trading Policy

### General

The objectives of this Policy are to:

- educate Auxico's Personnel Members about their legal obligations with respect to Insider Trading and Tipping;
- facilitate compliance with applicable laws to prevent transactions by Personnel Members that would not be in full compliance with applicable legal requirements;
- help satisfy Auxico's obligations to prevent Insider Trading and Tipping and to help Personnel Members avoid the severe consequences associated with violations of securities laws; and
- help protect against Auxico violating securities laws related to selective disclosure.

### Insider Reports and Insider Trading

The legislation governing Auxico's Insiders includes but is not limited to the *Canadian Business Corporation Act*, *Quebec Business Corporations Act*, the *Quebec Securities Act*, *Regulation 45-106 Respecting Prospectus Exemptions* and the securities legislation of the other provinces of Canada.

Insiders must, within 10 days of becoming an Insider, file an Insider Report through SEDI on [www.sedi.com](http://www.sedi.com) in the required form effective the date on which the person became an Insider disclosing any direct or indirect beneficial ownership or control or direction over Auxico's securities (however that it is not necessary for an individual who has become an Insider to file a "nil" Insider Report).

In addition, Insiders must file an Insider Report disclosing a change in such Insider's securities holdings (including the grant or exercise of stock options). Insider Reports disclosing changes in an Insider's securities holdings must be filed through SEDI on [www.sedi.com](http://www.sedi.com) within 10 days after the date of a trade, or within such shorter period as may be prescribed.

Under applicable securities laws and Auxico policy, Reporting Insiders are required to file a report with securities regulators any time they trade in shares, debt securities, options (including the grant and exercise of options), deferred share units or restricted stock units or other Auxico securities. Reporting Insiders must file an Insider Report electronically through SEDI on [www.sedi.com](http://www.sedi.com) within 5 days after each trade.

### Insider Trading and Tipping

Securities legislation prohibits anyone from trading in Auxico securities with knowledge of a Material Fact or Material Change that has not been disclosed to the general public. This prohibited activity is commonly known as Insider Trading.

Securities legislation also prohibits anyone from trading in the securities of any public company other than Auxico when he or she has knowledge of an undisclosed Material Fact or Material Change regarding Auxico that may affect the other public company.

Securities legislation prohibits any person from informing any other person of a Material Fact or Material Change before the Material Fact or Material Change has been generally disclosed. This prohibited activity is commonly known as Tipping. Both the person who provides the information and the person who receives the information could be liable under securities laws if the person who receives the information trades in securities based on the provided non-public information.

#### *Obligations on all Personnel Members*

Auxico's Personnel Members cannot trade in securities of Auxico, including exercising stock options, while in possession of Material Information with respect to Auxico that has not yet been generally disclosed.

Likewise, Auxico's Personnel Members cannot trade in securities of another public company while in possession of Material Information with respect to Auxico that has not yet been generally disclosed and that would affect such other public company.

Auxico's Personnel Members cannot inform other people of Material Information regarding Auxico or any other public company before that Material Information has been generally disclosed.

The provisions of this section and the following section also apply to all family members of a Personnel Member who reside with said member.

#### *Guidelines for trading Auxico securities*

No Insider may trade, sell, purchase or otherwise monetize Auxico securities if such person has knowledge of Material Information that has not been disclosed to the general public. In general, this will require waiting for 48 hours after release of the information by Auxico.

No Insider shall pass on Material Information to other people before the Material Fact or Material Change has been generally disclosed. There is an exception from this restriction on Tipping which applies if Material Information is provided to another person "in the necessary course of business".

Such circumstances would include disclosure of Material Information to Auxico's bankers, counsel and other persons having a business association with Auxico where it is necessary to make such disclosure.

No Insider shall trade, without prior clearance by the CEO, during any period designated as a Blackout Period.

In situations not related to the above, it will generally be appropriate for Insiders only during the period commencing two full business days after a release of quarterly or annual results, which includes adequate comment on new developments during the period (particularly if results have

been mailed to shareholders), and ending on the date that is one month preceding the release of quarterly results or two months preceding the release of annual results; provided that the trading or dealing is reported to the CEO, or, in his or her absence, the CFO.

### Blackout Periods

All of Auxico's Personnel Members in possession of Material Information which has not been generally disclosed, including Restricted Insiders, are prohibited from trading in securities of Auxico, including exercising Auxico stock options, during an applicable Blackout Period.

Notwithstanding the foregoing, Auxico's Personnel Members (Insiders or not) are prohibited from trading in securities of Auxico, even during the applicable trading timeframe while such Personnel Members possess Material Information which has not been generally disclosed.

When Material Information is deemed worthy of a Blackout Period or anticipated to have an impact (e.g., when significant merger & acquisition discussions are ongoing, a significant financing is contemplated), either positive or negative, on the price of Auxico shares after review by the designated persons, a Blackout Period will be instituted for Personnel Members.

No one may disclose to any outside third party or any other Personnel Member who is not subject to the Blackout Period, that a Blackout Period has been instituted.

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction, the procedures set forth below must be followed by Auxico's Personnel Members (and certain other people as determined by the Audit Committee from time to time) who may have access to Material Information which has not been generally disclosed (Restricted Insiders).

At no time may any Restricted Insider, directly or indirectly, trade in Auxico's securities unless such person obtains the prior approval of the Audit Committee (or its designated representative). Pre-clearance requirements also apply to trades by a Restricted Insider's coworkers.

Pre-clearance requests, which should outline the trading request (i.e., purchase or sale, possible level of securities to be traded, if any automatic trading plan is to be instituted as a result) are to be sent by email to Auxico's CEO.

Pre-clearance also applies to sales of Auxico stock in connection with exercises of stock options.

Auxico's policy will be to err on the side of caution in granting or denying trading clearance, in recognition of the fact that trades which create notoriety, even if they are ultimately found to be proper, may tarnish Auxico's goodwill and reputation.

If the CEO denies trading clearance to a Restricted Insider, Auxico will immediately impose a Blackout Period and the Restricted Insider must keep the matter confidential.

Clearance for a transaction is valid only for a 48-hour period. If the transaction order is not placed within that 48-hour period, clearance for the transaction must be re-requested. If clearance is denied, then the fact of such denial of clearance must be kept confidential by the Restricted Insider.

Trading restrictions during Blackout Periods will normally not be applicable when Auxico's Personnel Member has entered into a plan allowing him or her to purchase or sell Auxico securities on an automatic basis according to a pre-established set of instructions with respect to timing and price, regardless of whether a Blackout Period may be in effect and regardless of whether the Personnel Member may be in possession of undisclosed Material Information about Auxico at the time of such purchase or sale.

These plans must be preapproved by the CEO, acting in its sole discretion, and must meet the following conditions:

- at the time the plan is entered into, Auxico's Personnel Member is not in possession of any undisclosed Material Information relating to Auxico;
- trading parameters are clearly documented in writing at the time the plan is established;
- the plan contains meaningful restrictions on the ability of the Personnel Member to profit from material undisclosed information by varying, suspending, or terminating the plan;
- the plan provides that the broker may not consult with the Personnel Member regarding any sales under the plan and that the Personnel Member cannot disclose information to the broker that might influence the broker's execution of the plan; and
- the plan is entered into in good faith.

Plans of this nature include automatic securities purchase plans, dividend reinvestment plans and automatic pre-arranged sales plans structured in compliance with applicable securities laws. It should be noted that the Insider reporting obligations discussed above continue to apply in respect to trades made pursuant to these plans.

#### No Speculating

Purchases of securities of Auxico should be for investment purposes only and not short-term speculation. This includes all dealings in puts and calls, all short sales and all buying or selling on the market with the intention of quickly re-selling or buying back at a profit. In addition, there should be no trading in securities of other companies with the knowledge that Auxico is contemplating or engaged in acquiring such company or its securities or negotiating significant business arrangements. Auxico also strongly discourages Personnel Members from making purchases using "margin loans" in order to remove the risk of their being put into a difficult situation as a result of a margin loan shortfall (margin call).

#### No Hedging

Insiders are not permitted to enter into any transaction that has the direct or indirect effect of offsetting the economic value of any such Insider's interest in any security of Auxico. This includes the purchase of financial instruments such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market

value of securities granted to such Insiders as compensation or otherwise held directly or indirectly by such Insiders.

#### Discretionary Account

If any Personnel Member has a discretionary account with a broker or other investment manager (i.e. the broker or other investment manager has a certain amount of discretion to buy and sell stock on behalf of the Personnel Member), they must be advised in writing that there are to be no purchases or sales of Auxico shares in the discretionary account without first discussing it with such Personnel Member, in order to ensure compliance with this Policy and applicable securities laws.

#### Confidentiality

In the course of conducting business, Personnel Members may be in possession of information which may be of a market sensitive nature. Access to such information must be limited strictly to those persons who require it in order to perform the duties expected of them. Precautions must be adopted by each Personnel Member to ensure that sensitive information within their department is not available or accessible to individuals inside or outside of Auxico who have no requirement for such information. Personnel Members are reminded to review Auxico's Disclosure Policy for further information.

#### Penalties

The consequences of prohibited Insider Trading or Tipping where required on a timely basis can be severe and may include dismissal, fines, as well as civil and criminal sanctions.



## **Whistleblower Policy**

### General

The purpose of this Policy is to establish the procedure for reporting of concerns about illegal activities or other Wrongdoings by Auxico's Personnel Members or business partners.

This Policy applies to all Personnel Members, suppliers, and customers of Auxico.

Auxico is committed to providing a work environment where Personnel Members are dedicated to working with integrity and supporting ethical behavior.

Through this Policy, Auxico provides a confidential and anonymous avenue for Personnel Members to report concerns that may lead to an Accounting Irregularity, illegal activity, or a violation of Auxico's policies.

### Responsibilities and procedure

All Personnel Members must immediately report any Incident that they believe constitutes Wrongdoing to the Audit Committee, following the procedure set out in the following section.

The Personnel Member, the Discloser, must keep any information relating to the process strictly confidential. This Policy protects any Personnel Member who in good faith submits any complaint to the Audit Committee regarding any Wrongdoing, included but not limited to financial statements disclosures, accounting, internal accounting controls, auditing matters or violations to the Code or any of Auxico's policies, in accordance with the procedures set out herein.

Upon receiving a complaint, the Audit Committee will promptly conduct a thorough investigation on the matter. The Audit Committee shall notify the Board of Directors and the CEO of all investigations, and it is the obligation of all Personnel Members to cooperate in all investigations. Those responsible for an investigation will maintain the confidentiality of the allegations of the complaint and the identity of the persons involved, subject to the need to conduct a full and impartial investigation, remedy any violations of Auxico's policies, or monitor compliance with or administer Auxico's policies.

The investigation will generally include, but will not be limited to, discussion with the complainant (unless the complaint was submitted on an anonymous basis), the party against whom allegations have been made, and witnesses, as deemed appropriate.

In the event an investigation establishes that a Personnel Member has engaged in conduct or actions constituting a Wrongdoing, Auxico will take immediate and appropriate corrective action up to and including termination of a Personnel Member's employment or contract.

Nothing contained in this Policy limits Personnel Members' ability to file a charge or complaint with a governmental regulatory agency and nothing herein limits their ability to communicate with any such agencies or otherwise participate in any investigation or proceeding that may be

conducted by any such agency, including providing documents or other information, without notice to Auxico.

*The Audit Committee's procedure*

The Audit Committee has adopted the following procedure:

1. any of Auxico's Personnel Members may submit, on a confidential or anonymous basis if they so desire, any concerns regarding a Wrongdoing. All such concerns shall be set forth in writing and forwarded in a sealed envelope to the Chairman of the Audit Committee labeled with a legend such as "To be opened by the Audit Committee only, being submitted pursuant to the Whistleblower Policy." If the Discloser would like to discuss any matter with the Audit Committee, he or she should indicate this in the submission and include a telephone number at which he or she might be contacted if the Audit Committee deems it appropriate. If management receives any such envelope, it shall be forwarded promptly and unopened to the Chairman of the Audit Committee;

The Chairman of the Audit Committee can be reached as follows:

**PRIVATE AND CONFIDENTIAL NOTICE**

AUXICO RESOURCES CANADA INC.

201 NOTRE-DAME STREET WEST, SUITE 500, MONTREAL, QUEBEC, H2Y 1T4

[WWW.AUXICORESOURCES.COM](http://WWW.AUXICORESOURCES.COM)

*Attn: Mark Billings, Chairman of the Board and Chairman of Audit Committee - [mb@auxicoresources.com](mailto:mb@auxicoresources.com)*

2. following the receipt of any complaints submitted hereunder, the Audit Committee will investigate each matter so reported and take corrective and disciplinary actions where appropriate, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension without pay or termination of employment. The Audit Committee shall notify the Board of Directors and the CEO of such investigations.

During investigations, the Audit Committee shall endeavour to act in a prudent and reasonable manner, with minimal disruption to Auxico's business and affairs and with sensitivity to the personal circumstances of the individual being investigated.

In circumstances of impropriety alleged against the Board of Directors, as a whole or any member thereof, the CEO shall be responsible to investigate such allegations and the CEO shall report his or her findings to the Board of Directors.

The Audit Committee may enlist Auxico's Personnel Members and/or counsel, accounting or other advisors, as appropriate, to conduct any investigation of complaints regarding a Wrongdoing. In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the confidentiality and anonymity of the Discloser.

The Audit Committee shall retain as a part of the records of the Audit Committee any such complaints or concerns for a period of no less than six (6) years.

The Audit Committee will review and evaluate this Policy on an annual basis to determine whether it is effective in providing appropriate procedures to report violations or complaints regarding Auxico's policies. The Audit Committee will submit recommended changes to the Board for approval.

*Auxico's commitment*

Auxico is committed to investigating and dealing with all concerns, complaints, or Incidents of Wrongdoings in a fair and timely manner while respecting the confidences and sensitivities of all persons involved; except where disclosure is required to investigate the Incident or to take appropriate action, including disciplinary measures.

Auxico will inform the Discloser of the investigation results and will take appropriate remedial or disciplinary action up to and including termination of Personnel Member who is in breach of applicable human rights legislation, federal or provincial laws and/or company policies.

Allegations that are not made in good faith will be viewed as a serious offence and may be subject to discipline up to and including termination.

Auxico will not permit any Personnel Members to harass, retaliate or discriminate against Disclosers, who, in good faith, report an Incident. Retaliation in any form will not be tolerated.

## **Board of Directors Mandate**

### General

The purpose of this mandate of Auxico's Board of Directors is to provide guidance to Board members as to their duties and responsibilities. The power and authority of the Board is subject to the provisions of applicable law and its constitutive documents.

The Board is responsible for the stewardship of Auxico. This requires the Board to oversee the conduct of Auxico's business and affairs. The Board discharges some of its responsibilities directly while others are discharged through committees of the Board. The Board is not responsible for the day-to-day management and operation of Auxico's business, as this responsibility has been delegated to management. The Board is, however, responsible for supervising management in carrying out this responsibility.

### Directors

The Board consists of Directors elected by the shareholders as provided for in Auxico's constitutive documents, and in accordance with applicable law and any policies adopted from time to time by the Board.

Each member of the Board must act with honesty and in good faith with a view to Auxico's best interests, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Directors have many roles and responsibilities regarding the Board's affairs, and they are also responsible for other duties as they arise in the Director's role itself.

All members of the Board must have suitable experience and skills given Auxico's nature and its businesses and have a proven record of sound judgment. Directors must possess characteristics and traits that reflect:

- high ethical standards and integrity in their personal and professional dealings;
- the ability to provide thoughtful and experienced counsel on a broad range of issues and to develop a depth of knowledge of Auxico's businesses in order to understand and assess the assumptions on which Auxico's strategic and business plans are based;
- the ability to form an independent judgment with respect to the appropriateness and probability of achieving such plans, all in Auxico's best interest;
- the ability to monitor and evaluate Auxico's financial performance; and
- an openness for the opinions of others and the willingness to listen, as well as the ability to communicate effectively and to raise tough questions in a manner that encourages open and frank discussion.

Directors are expected to commit the time and resources necessary to properly carry out their duties. Among other matters, Directors are expected to adequately prepare for and attend all

regularly scheduled Board meetings. New Directors are expected to understand fully the role of the Board, the role of the committees of the Board and the contribution individual Directors are expected to make.

Members of the Board shall carry out their responsibilities objectively, honestly and in good faith with a view to Auxico's best interests. Directors are expected to conduct themselves according to the highest standards of personal and professional integrity. Directors are also expected to set the standard for ethical conduct and ensure ethical behaviour and compliance with laws and regulations. If an actual or potential conflict of interest arises, a Director shall promptly inform the Chairman or Vice Chairman and shall refrain from voting or participating in discussion of the matter in respect of which he has an actual or potential conflict of interest. If it is determined that a significant conflict of interest exists and cannot be resolved, the Director should resign.

Directors are expected to act in accordance with applicable law, Auxico's constitutive documents, its Code and all other policies applicable to Directors as are adopted from time to time, namely the Disclosure Policy, the Insider Trading Policy, the Whistleblower Policy and the Environmental Health and Safety Policy.

#### Board Meetings

The Board shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine. Meeting agendas shall be developed in consultation with the Chairman or Vice Chairman. Board members may propose agenda items through communication with the Chairman, Vice Chairman or the Personnel Member assisting the Chairman in drafting the Board meeting agenda and related documents. The Chairman is responsible for ensuring that a suitably comprehensive information package is sent to each Director in advance of each meeting. At the discretion of the Board, members of management and others may attend Board meetings, except for separate meetings of the independent Directors of the Board.

Directors are expected to be fully prepared for each Board meeting, which requires them, at a minimum, to have read the material provided to them prior to the meeting. At Board meetings, each Director is expected to take an active role in discussion and decision-making. To facilitate this, the Chairman is responsible for fostering an atmosphere conducive to open discussion and debate.

Where applicable, independent Directors shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings. The Chairman shall be responsible for presiding over meetings of the independent Directors. Independent Directors may propose agenda items for meetings of independent Directors members through communication with the Chairman or Vice Chairman.

### The Board's responsibilities

The Board is responsible for approving Auxico's goals, objectives and strategies. The Board is also responsible for overseeing the implementation of appropriate risk assessment systems to identify and manage principal risks of Auxico's business.

In addition to the other matters provided in its mandate, including the matters delegated to Board committees, the Board is also responsible for the following specific matters:

- review and approve management's strategic plans;
- review and approve Auxico's financial objectives, business plans and budgets, including material capital expenditures;
- monitor corporate performance against the strategic plans and business, operating and capital budgets;
- management succession planning, including appointing and monitoring the CEO;
- assess its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual Directors;
- ensure the integrity of Auxico's internal control system and management information systems;
- develop Auxico's approach to corporate governance, including developing a set of corporate governance principles and guidelines; and
- satisfy itself that appropriate policies and procedures are in place regarding public disclosure and restricted trading by Insiders, including the review and approval of Auxico's corporate Disclosure Policy and confirmation that a process is in place to disclose all Material Information in compliance with Auxico's timely disclosure obligations and to prevent selective disclosure of Material Information to analysts, institutional investors, market professionals and others.

A Director has an important and positive role as an Auxico representative. A Director is also expected to participate in outside activities that enhance Auxico's image to investors, Employees, customers and the public.

The Board recognizes the importance of having procedures in place to ensure the effective and independent operation of the Board. In addition to the policies and procedures provided elsewhere in their mandate and in the position descriptions of the Chairman of the Board and the Vice Chairman of the Board, the Board has adopted the following procedures:

- the Board has complete access to Auxico's management;
- the Board requires timely and accurate reporting from management and shall regularly review the quality of management's reports;
- subject to the approval of the Board, individual Directors may engage an external advisor at Auxico's expense, in appropriate circumstances;
- the Chairman of the Board shall monitor the nature and timeliness of the information requested by and provided by management to the Board to determine if the Board can be more effective in identifying problems and opportunities for Auxico; and

- the Chairman, together with the CEO, shall develop a position description for the CEO, which shall be approved by the Board.

Subject to limits on delegation contained in corporate law applicable to Auxico, the Board has the authority to establish and carry out its duties through committees and to appoint Directors to be members of these committees. The Board assesses the matters to be delegated to committees of the Board and the constitution of such committees annually or more frequently, as circumstances require. From time to time the Board may create *ad hoc* committees to examine specific issues on behalf of the Board.

Board committees

The Board has established the Audit Committee, which can be reached at the following address:

AUXICO RESOURCES CANADA INC.

201 NOTRE-DAME STREET WEST, SUITE 500, MONTREAL, QUEBEC, H2Y 1T4

[WWW.AUXICORESOURCES.COM](http://WWW.AUXICORESOURCES.COM)

*Attn: Mark Billings, Chairman of the Board and Chairman of Audit Committee -*  
[mb@auxicoresources.com](mailto:mb@auxicoresources.com)

## **Environmental Health and Safety Policy (EHS)**

Auxico is committed to environmental consciousness, as well as the health and safety of its Personnel Members and communities, which are essential to embodying its corporate values of serving customers, acting with integrity, empowering its Employees and consistently improving itself.

Auxico's EHS responsibility exists whether in an office or in a transportation vehicle.

Auxico implements its EHS Policy through its management system that guides its actions and tracks key performance indicators to manage risks and solicit continuous improvement.

Guided by its values and in accordance with its Code, Auxico ensures the following:

- meet or exceed all applicable EHS regulations and Auxico standards;
- follow established policies, procedures, and share best practices to create safe and compliant workplaces and environmentally responsible operations;
- encourage and empower Personnel Members to identify, understand and mitigate, when possible, the safety risks associated with their roles;
- promote a “speak-up” culture which will ensure that Personnel Members report all potential and actual risks and Incidents and will provide a culture that promotes physical and mental well-being to help our Employees live healthy, full and productive lives.

While Auxico is committed to operating responsibly and seeking to reduce adverse environmental impacts from its operations, Personnel Members and key partners have a responsibility to comply with all applicable EHS requirements. To manage its environmental risks, Auxico follows a path of continuous improvement: investigating, assessing, understanding, and improving environmental aspects and impacts.

Auxico uses EHS goal-setting and achievement as a motivator of innovation and sustainable growth within all areas of business. Auxico believes that progress toward its goals should be transparent and accessible to all our stakeholders, including our Employees and the community within which it operates.

Auxico recognizes and rewards EHS performance because it believes engagement, diversity of thought, and active dialogue helps everyone learn, increase transparency, and foster trust among Personnel Members and key partners.



**ACKNOWLEDGEMENT STATEMENT ON GOVERNANCE DOCUMENTS**

To be completed by all Personnel Members of Auxico. I have recently read Auxico’s governance documents, listed as follows:

- Code of Ethics and Conduct;
- Disclosure Policy;
- Insider Trading Policy;
- Whistleblower Policy;
- Board of Directors Mandate; and
- Environmental Health and Safety Policy;

and I certify that, except as specifically noted below:

1. I understand the content and consequences of contravening to the documents and agree to abide by them;
2. I am in compliance with the documents;
3. All facts and dealings that I am aware of, which I believe to be non-compliant with the documents, have been communicated to the appropriate level of management of Auxico and are detailed below; and
4. I have and will continue to exercise my best efforts to assure full compliance with the documents by myself and (if applicable) all Employees, and or independent contractors under my direct supervision.

Print Name \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_