

The Colombian sun rises for Auxico Resources with a mining permit for its rare earths and PGM project

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A pleasant surprise is always a nice thing. These days it seems that any time you see the S&P 500 or the Nasdaq in positive territory on the day it's considered a pleasant surprise. But that's not what I'm talking about. What I'm referring to is a situation where you are a junior mining company in hot pursuit of a valuable and globally in-demand commodity, like rare earths, and you come across decent grades of gold, platinum and titanium, at surface no less. I believe that is what you call "having your cake and eating it too", if you are at all familiar with that expression. If that phrase means nothing to you, then let's stick with a pleasant surprise.

The company that looks like it's blessed with an abundance of riches is [Auxico Resources Canada Inc.](#) (CSE: AUAG), a Canadian company engaged in the acquisition, exploration and development of mineral properties in Colombia, Brazil, Bolivia, Mexico, and the Democratic Republic of Congo (DRC). They are a combination project generator, miner, processor and marketer all rolled up into one, with a focus on the production of critical minerals and high-value metals, including niobium, tantalum, platinum group metals (such as platinum and iridium), and rare earth elements. Additionally, Auxico is the exclusive trade agent for rare earth concentrates from the DRC. The Company owns directly or through joint ventures, mineral rights in Colombia, Bolivia, and Brazil, with access to close to 4 million tonnes of critical

minerals and rare earth elements – the largest deposits outside of China.

But today we are going to focus on their Minastyc Property in Vichada, Colombia, where Auxico recently announced the [granting of a mining permit](#) (specifically a Work Plan Authorization) from the National Mining Agency of Colombia. This is a very significant development for the Company because Auxico will now be able to move forward with the formal purchase of the Minastyc Property from its current owner. The approval of the Work Plan was the last condition in the purchase agreement. This leaves one step left, a site visit by representatives of Corporinoquia (the Colombian environmental agency), before the Company will be able to move equipment on site, including heavy machinery for bulk sampling and a processing facility, which will enable Auxico to move towards making a production decision for small-scale mining operations.

In the meantime, Auxico has been busy at the Minastyc Property having previously announced [a NI 43-101 Technical Evaluation Report](#) on March 28th of this year with highlights including a 3.2 tonne bulk sample from two locations of the Area 50 pit resulting in a 7.7 kg fine concentrate returning Total Rare Earth Oxides (TREO) grading 68.32% and 65.67% respectively from the two locations. Back in October 2021 the Company reported the [discovery of platinum group metals](#) (PGM's) in samples including Sample 1 with 42.8% titanium, 25.4% niobium, and 8.3% tantalum while Sample 2, found in a different zone on the property, originating from a rock sample containing 30.4% tantalum, 23.3% niobium and 24.5% titanium.

But the fun doesn't end there. The latest results published by Auxico show [gold, platinum, titanium, zirconium and hafnium test results](#) on samples taken from the Area 50, TA Area and two other areas from the Minastyc property. At this point, it's almost

easier to talk about what metal or mineral they don't have on this property. All joking aside, highlights from the latest fourteen samples, taken from pits in the first metre from surface in these areas, gave an average head grade of 9.5 g/t of gold, and 13.5 g/t of platinum from 8 of the 14 samples that returned grade. Additionally, the Company reported the discovery of 24.5% titanium, 7.8% zirconium, and 2.4 kilograms of hafnium. And if those grades aren't enough to get your attention, then perhaps the fact that the Company suggests that based on these field observations and from the satellite interpretation, an estimated minimum of 250,000 tonnes of material is represented by this Ferricrete layer in the first metre from surface at Area 50 and the TA area.

All this explains why Auxico is presently coordinating the site visit with Corporinoquia and expects the visit to occur near term. With these kinds of grades literally at surface they could be generating a decent revenue stream in short order to help finance further exploration, a preliminary resource estimate or whatever they determine is the best use of funds.

With a market cap of C\$55 million, this isn't one of those undiscovered companies that provides an almost free option on their exploration. However, with almost every valuable hard rock commodity on the planet concentrated in one spot with pretty impressive grades, any expansion in size could be a boon to shareholders. And I didn't even touch on the myriad of other interesting opportunities going on at Auxico Resources that you can explore on your own at their [website](#).

Auxico Resources, producing and selling ores of critical EV metals and precious metals

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Today we take a look at a company that is focused on some of the most valuable metals, critical and precious, globally. This company has both mining and exploration stage project interests in multiple countries as well as its own high-value metals cracking and leaching technology. It is also involved in non-fuel minerals marketing and trading.

[Auxico Resources Canada Inc.](#) (CSE: AUAG) (“Auxico”) is focused on the production and trading of critical and other high-value metals such as tantalum, niobium, iridium, tin, and the rare earths; as well as gold and the platinum group metals. Auxico owns directly or through joint ventures mineral rights in the Democratic Republic of Congo, Bolivia, Colombia, Brazil, and Ivory Coast. Auxico also has the worldwide rights to an environmentally friendly, non-mercury, non-cyanide gold and silver extraction process; and it is proposing to build mercury and cyanide-free gold and silver processing plants. Auxico’s cracking and leaching extraction technology (UAEx) can be used in the processing of a variety of critical and high-value metals to improve yields and economics.

Auxico’s global projects location map



Source: [Auxico Resources company presentation](#)

Auxico’s high-grade rare earths projects, plus tantalum and

niobium

Auxico's recent focus is on two very high-grade rare earths projects, in Colombia and Brazil, with a strategy of positioning the Company to be a major supplier of rare earths to North America.

Auxico Columbia properties

Auxico has acquired a total of [1,482](#) hectares of mineral rights and surface rights to properties (Minastyc, Agualinda) located in the municipality of Puerto Carreño, Colombia. The Properties are located within a strategic area designated by the Colombian Government for its potential for tantalum, niobium and the rare earths.

Auxico [state](#) (January 2022 company presentation):

"AUXICO has made a significant discovery of high-value rare earth ore in Colombia, **with a total rare earth content of 56.81%**. Subsequent to a sampling program of 23 pits, samples from the Company-controlled property were sent to Canada and analyzed by Coalia Research Institute in Thetford Mines, Canada. Test results on a sample from a separate pit on the property **resulted in 47% tin content**, as well as with tantalum, niobium, scandium and rare earth credits. The pitting program was conducted on the property subsequent to a satellite imagery interpretation study which identified in excess of 20 priority exploration targets that are in the process of being sampled."

Note: Bold emphasis by the author.

Auxico Columbia has the highest global TREO content by weight at 56.81 wt%



Source: [Auxico Resources company presentation](#)

Auxico Brazil JV

Auxico has an option to enter into a JV for the development of their properties in Brazil with a total rare earth oxide content of up to [63.49%](#). This is also exceptionally high.

Auxico's business strategy is a mix between high value metals exploration, processing, marketing & trading from multiple projects globally



Source: [Auxico Resources company presentation](#)

Note: Coltan is an ore that contains niobium and tantalum. Niobium was originally named "columbium" thus columbium and tantalum = coltan.

In addition to the above rare earth projects, Auxico has an MOU agreement with Minampro Asociados S.A.S for the exploitation and trading of industrial sands (tantalum ore) originating from Vichada, Colombia.

Auxico also recently signed [a JV to acquire a 70% interest in a rare earth property](#) in Bolivia. What is very interesting is that the property has "confirmed the presence of pegmatite veins containing lithium mineralization, as well as high-grade cesium and rubidium mineralization, and various rare earths."

High-value metals extraction and processing

Auxico has several agreements in place to process high-value metals. In Columbia, Auxico plans to build a 10,000 square meter rare earth refining facility. In the DRC, Auxico has signed a JV agreement with Kibara Minerals for the concentration and export

of tantalum and niobium ores.

Auxico [state](#): “AUXICO has licensed a patent-pending environmentally friendly extraction technology (UAEx) for the processing of high-value metals. The UAEx process is very effective on high-value rare earth samples, achieving +80% recoveries of select rare earth elements over a 2-hour leaching time.”

Marketing and trading of metal ores

Auxico is also involved with marketing and selling [manganese ore from Brazil](#), an [MOU for exploitation and commercialization](#) of tantalum, niobium, iridium and tin from industrial sands located in Bolivia, and has a [LOI for the exploitation and trading](#) of tantalum and iridium bearing minerals from the Ivory Coast.

Closing remarks

Auxico is certainly an adventurous company with projects in several high-risk countries. However, by diversifying across many countries, many projects, many valuable metals, and mining exploration and processing, marketing & trading; Auxico aims to lessen the risks and achieve success. In many ways, Auxico reminds me of a very early stage version of Glencore.

Auxico Resources Canada trades on a market cap of [C\\$44 million](#) and looks suitable for adventurous and risk-tolerant investors hoping to prosper from Auxico's efforts across a wide range of valuable metals. A very interesting company with plenty of paths to profitability and success.

Multitasking across the critical material supply chain, Auxico Resources is focused on rare earths in Colombia

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Every once in a while, I get to discuss a company of which it is hard to capture the true essence. For the most part, when we look at junior mining (exploration and early development) companies, they are focused either geographically or by resource, but one way or the other, they are a junior mining, basically exploration, company. Occasionally, they are also dabbling in special or creative ways to process the particular ore at the heart of their operations. But today we are going to dig into a company that does all of the above, as well as getting into the marketing and sales of the finished products, whether it be theirs or not. And at first glance, it's almost hard to tell which opportunity has the most upside. Given my background, my bias is the marketing side of things, but I will try and keep an open mind as we dig into this interesting and somewhat unique company.

Without further ado, let's have a look at [Auxico Resources Canada Inc.](#) (CSE: AUAG), which is a combination project generator, miner, processor and marketer all rolled up into one. Auxico is a Canadian company, founded in 2014 and based in Montreal, engaged in the acquisition, exploration and development of mineral properties in Colombia, Brazil, Bolivia, Mexico, the Democratic Republic of the Congo and the Ivory Coast

(so far). Across these countries, Auxico is involved in gold, silver, coltan (which I had never even heard of before but is a dull black metallic ore from which the elements niobium (aka, columbium) and tantalum are extracted), iridium, tin, manganese and last but certainly not least a full basket of Rare Earths.

Perhaps you might be starting to get a feel for why this is a tough Company to talk about but wait there's more...a lot more. The Company has numerous agreements in place to market various products to generate cash flow today, which is not typical for a junior mining company. A great example is [manganese ore sales from Brazil](#) to India, China and the UAE. Auxico has purchased and sold a total of 15,000 metric tons of manganese ore, with a minimum grade of 46% Mn (~15% net profit margin), as part of two contracts with customers to provide for shipments of up to 120,000 MT per month cumulative of manganese ore. Additional marketing agreements include an [MOU for exploitation and commercialization](#) of tantalum, niobium, iridium and tin from industrial sands located in Bolivia, and an [LOI for the exploitation and trading](#) of tantalum and iridium in Ivory Coast. These and other similar arrangements serve the company in two ways. As noted, it provides a source of revenue to the Company, so they don't always have to go to the market and raise cash to drill more on their exploration properties and it gets them into the deal flow to potentially acquire interests in some of these mining plays if they so desire.

I also made mention early about being an innovator on the processing side of the equation. On July 30th Auxico [signed a technology license agreement](#) with Central America Nickel for the use of a patent-pending ultrasound assisted extraction process ("UAEx") for mineral extraction. The UAEx process is a sustainable metallurgical process for the refining of critical minerals using ultrasound technology. In particular, artisanal

gold miners, who produce an estimated 15 million ounces of gold yearly, use mercury in their process plants. The UAEx process is able to extract gold and silver in less than one hour in a closed-loop system and does not use cyanide or mercury, which can solve the environmental issues created by artisanal mining. Additionally, this process will dramatically reduce capital and operating costs as most known metallurgical processes that use sulfuric acid, cyanide or hydrochloric acid do so in a 24-hour cycle. As you could well imagine, this could be Auxico's diamond in the rough, but it might not even be the most exciting aspect of the Company.

I think I've saved the best for last, at least as things currently stand for Auxico, and that's the rare earths project in Columbia. Auxico has [discovered high-value rare earths](#) with total rare earth oxide content over 56% at the Company controlled Vichada property. And if that's not good enough, they've also [discovered platinum group metals](#) on the property along with tantalum, niobium and tin. The Company has an MOU agreement with the Colombian company Minampro Asociados S.A.S., to earn a 70 % interest. Auxico's partner has an exclusive purchase agreement for industrial sands within 20,000 hectares of land owned by the indigenous community Guacamayas-Maipore.

The graph below is an eye opener:



Source: Auxico Resources MD&A for the period ended June 30, 2021

My head is starting to spin thinking about all the things on the go at Auxico so I will leave it here for now. To summarize they have impressive exploration prospects, a sustainable, environmentally friendly mineral extraction process, and marketing agreements that are already generating revenue. That's quite a bit going on for a company that currently has a market

cap of roughly \$84 million. I don't think I'd even know where to start to try and value all the various parts, but the Colombian assets have definitely caught my eye.