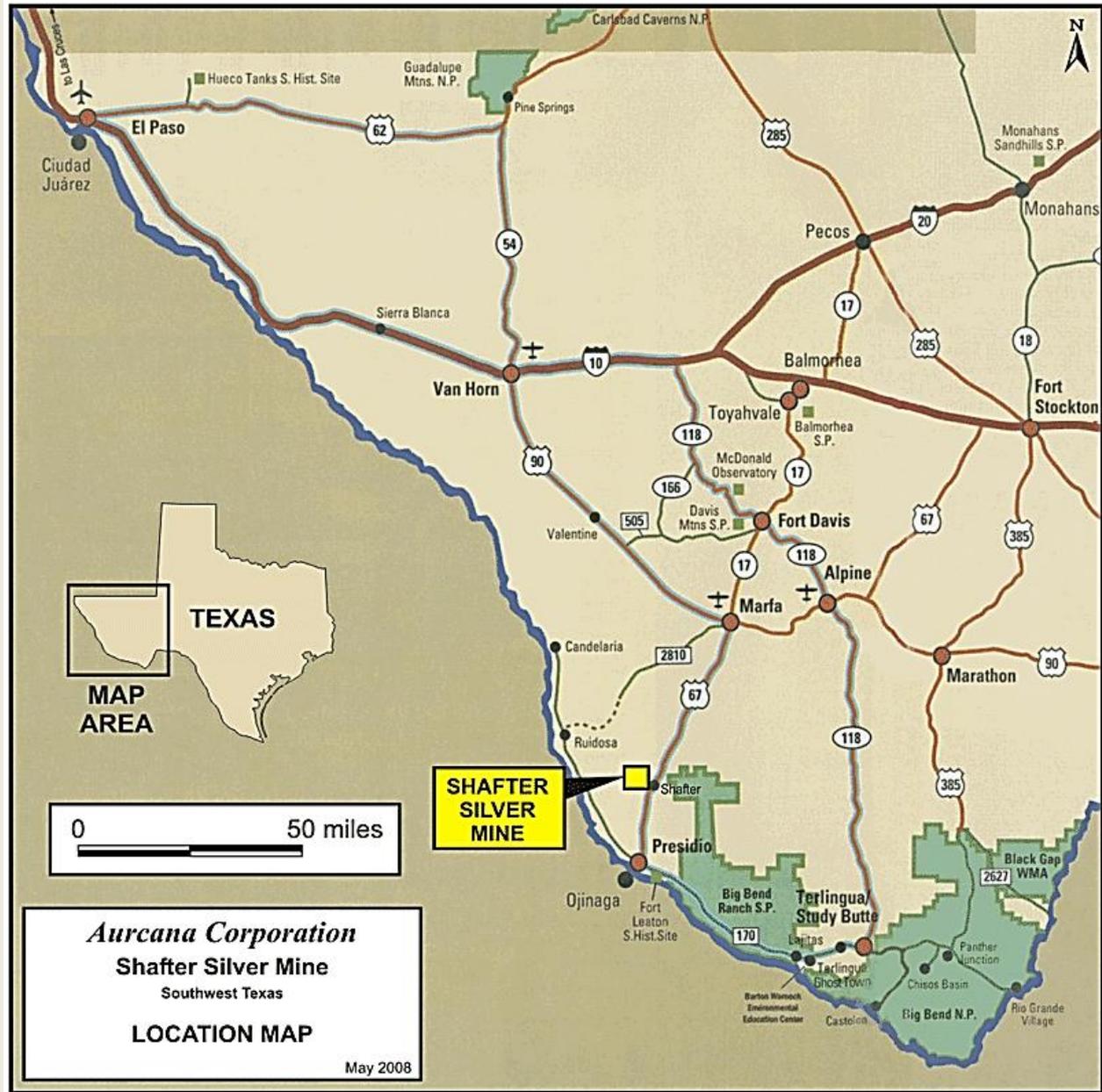


# ***Shafter Silver Project***

- Acquired by Aurcana Corporation in 2008.
- Owned by US subsidiary Rio Grande Mining Company.
- Developed by Aurcana 2011 to 2013.
- Project placed on care & maintenance December 2013. Mobile equipment sold. Site maintained by 3-man crew.
- Important permitting remains in place.
- Project database reviewed in detail during 2014 and 2015.
- Database updated to include more historic information, maps and reports, wire frame model, redevelopment scenarios.
- Operating records archived at site.
- Aurcana views Shafter as a going concern if silver bullion prices exceed and are sustained over US \$ 17.50/oz.
- Rate of return is highly leveraged to the price of silver.

Located in south-central Presidio County in southwestern Texas

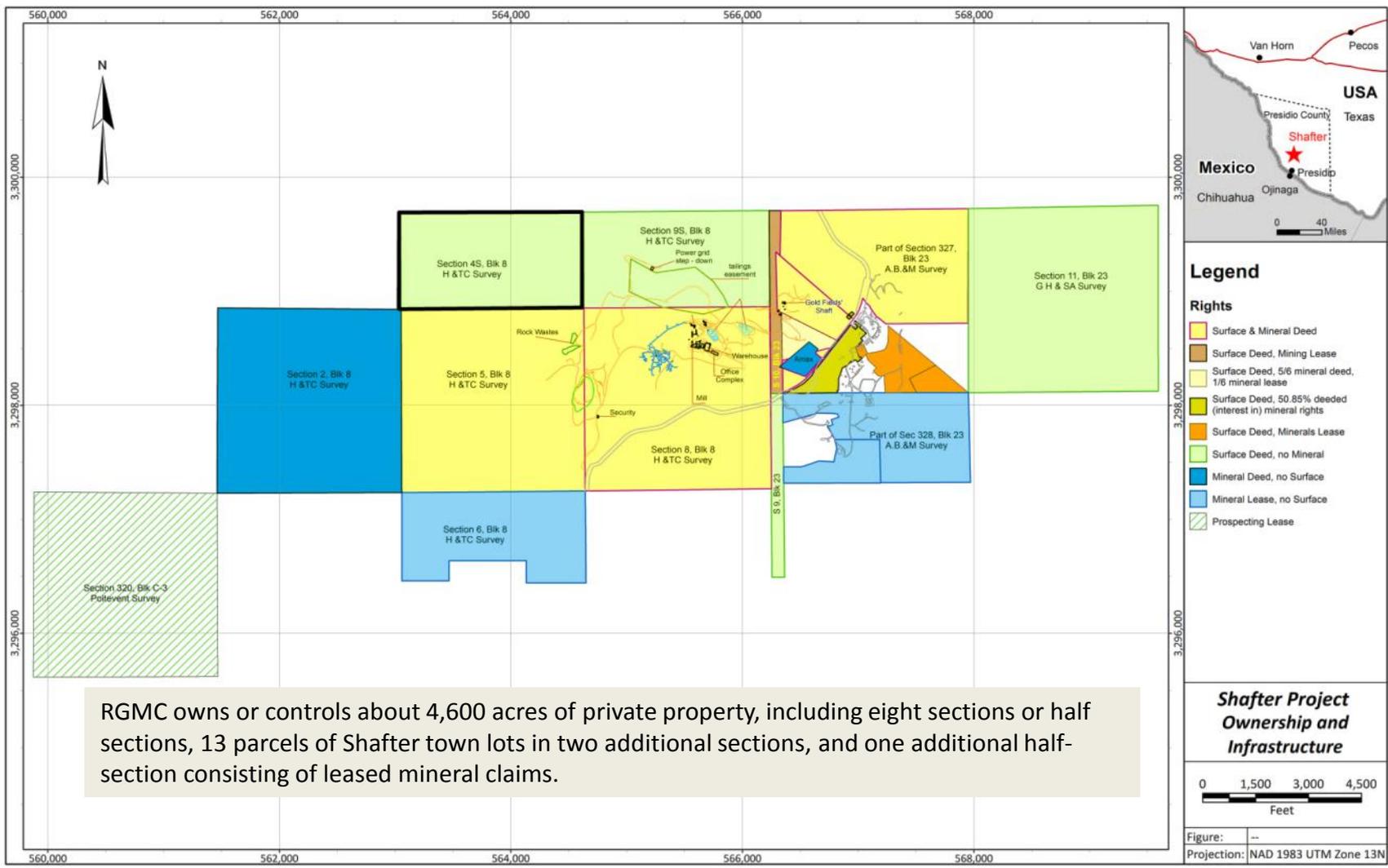
Town of Shafter on the eastern side of the property, 44 miles south of Marfa and 21 miles northeast of Presidio, which borders the Mexican State of Chihuahua



# *History of the Shafter Mining District*

- 1880 Silver Discovery at Shafter (John Spencer)
- 1883-1926 Presidio Mining Company
- 1926-1977 American Metal Company of Texas
- 1883-1942 Shafter Produced > 35 Million Ounces of Silver
- 1942 Presidio Mine Closed (World War II)
- 1977-1994 Gold Fields Mining Company, Discovers Shafter Deposit
- 1994-2000 owned by Rio Grande Mining Company ("RGMC")
- 2000-2008 RGMC acquired by Silver Standard Resources Incorporated
- 2008 RGMC acquired by Aurcana.
- 2011 RGMC commences construction of underground ramp and mine complex.
- 2013 Project placed on care and maintenance at year-end

# Ownership



RGMC owns or controls about 4,600 acres of private property, including eight sections or half sections, 13 parcels of Shafter town lots in two additional sections, and one additional half-section consisting of leased mineral claims.

# Infrastructure

- Infrastructure currently in place includes:
  - Regional 69 kV power line connected to a substation on site
  - Highway 67 which runs through the property
  - Local towns (Marfa and Presidio) for accommodation, general supplies and support services
  - Situated on private property
  - Sparsely populated region with an arid climate
- Approximately 100 miles south of major Permian Basin petroleum district
  - Heavy equipment, skilled labor available
  - Professional miners, geologists and mine supervisors housed in nearby centers.
- Several industrial mineral mining operations also in Presidio and Brewster Counties



# Invested Capital

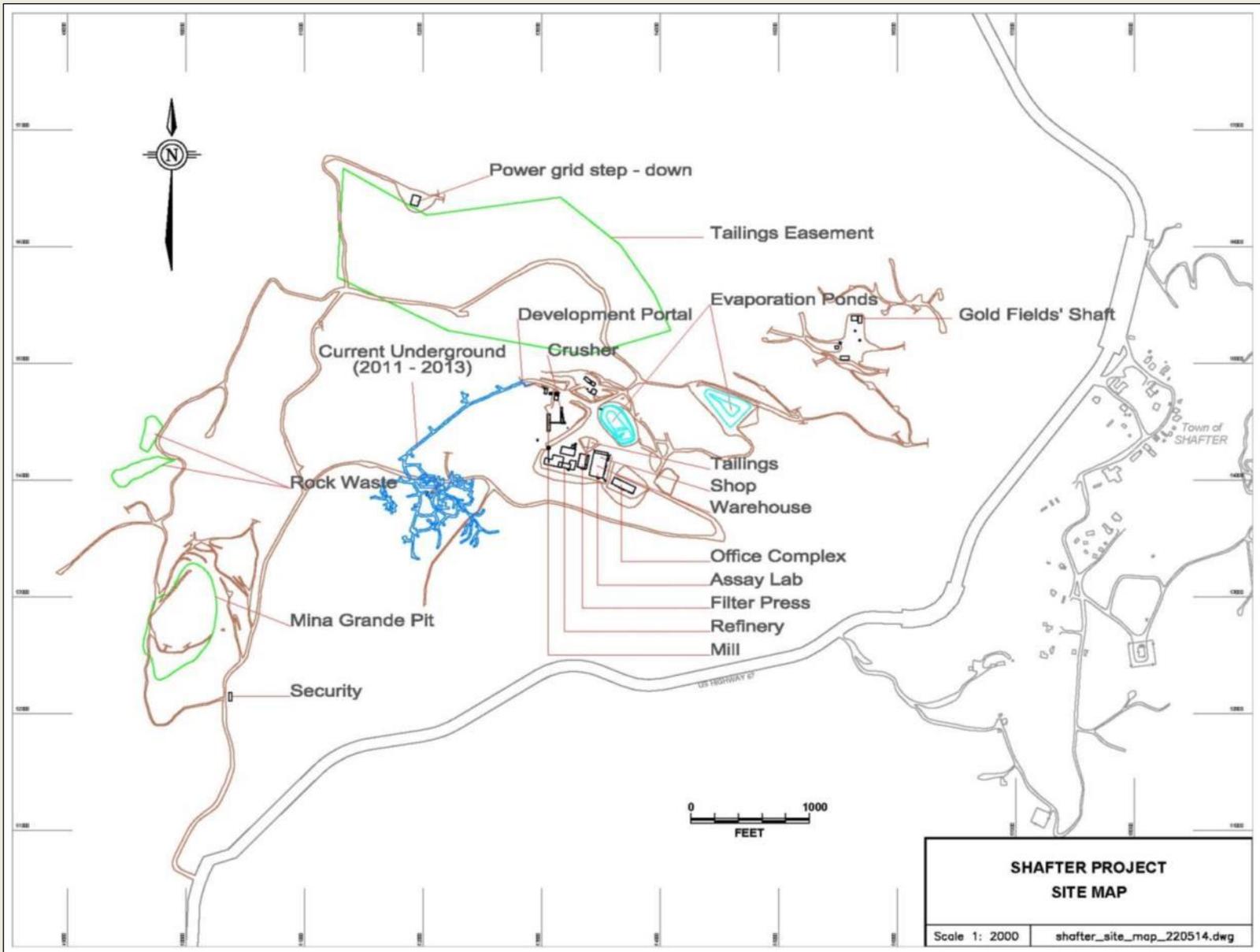
- Aurcana has made a significant investment into Shafter since its acquisition, including resource development, infrastructure, plant and equipment expenditures
- Milling equipment on site
  - Underground development, processing plant and tailings facility
  - Newly installed and commissioned precipitate filter presses, along with a larger drying oven and retorts to improve recovery and quality of doré
- Opportunity exists to capitalize on Aurcana's experience of the last 3 years:
  - Estimate resources, then reserves, develop a life-of-mine plan
  - Complete the underground development into the high grade, un-mined Gold Fields zone
  - Implement recommended process modifications



Gold Fields Headframe



Silver Recovery Equipment



**SHAFTER PROJECT  
SITE MAP**

Scale 1: 2000 shafter\_site\_map\_220514.dwg

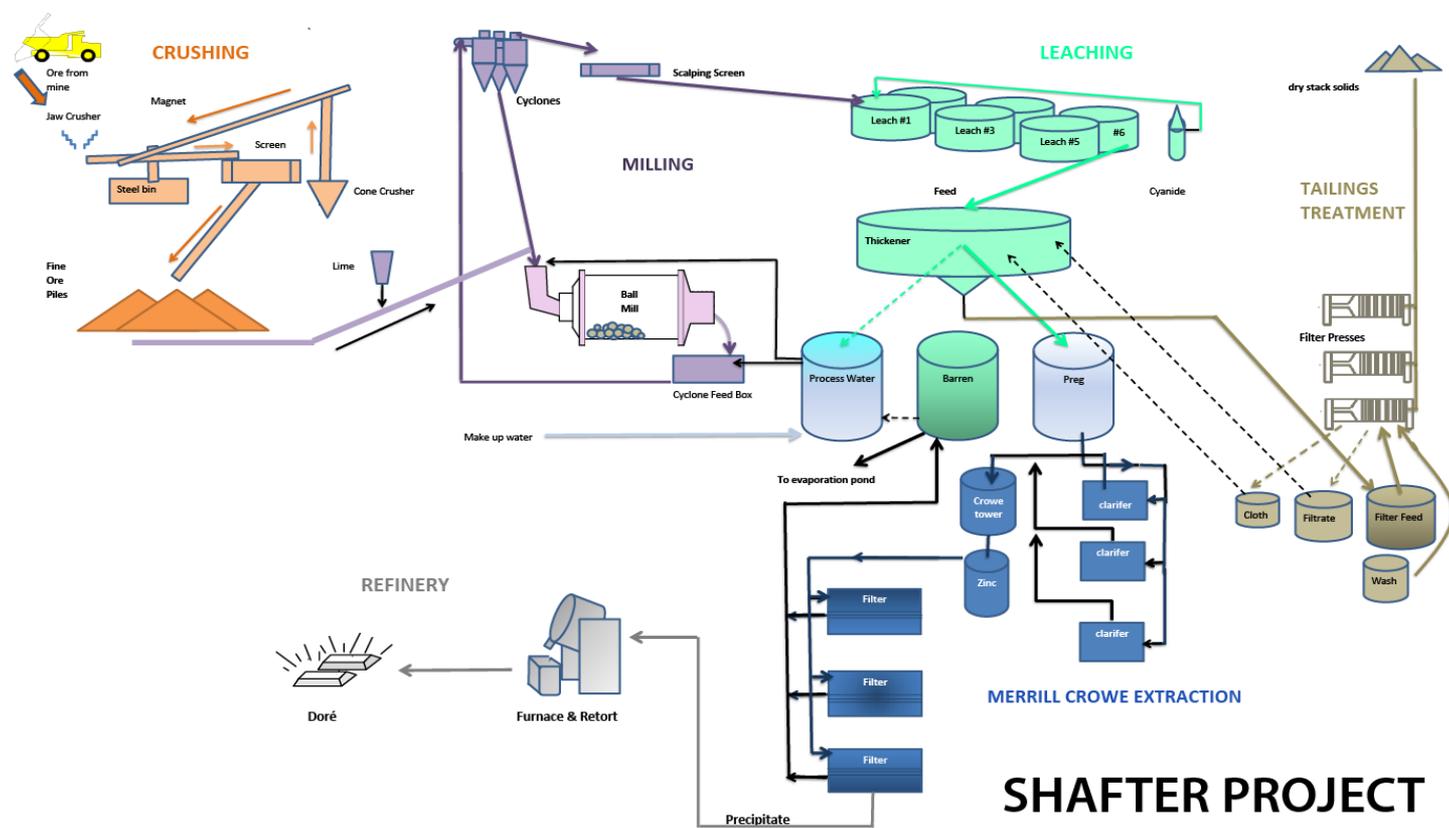
## Ore Processing

- Ore processing designed around 1500 tpd, 8 opt silver and 80+% recovery, (tpd to be revised)
- Open stope mining, “random pillars”
- Plan was to develop ramp and connect to Gold Fields exploration development area, but producing along the way (to be re-considered)



- Simple, conventional design with primary crusher, ball mill, thickener stages and Merrill-Crowe recovery from pregnant solution
- Leach time 40 hours
- Filter-press tailings to reduce moisture below 18%; dry-stacked
- No gravity or flotation circuits installed
- Refinery installed, assay laboratory, warehousing and administration complex





Solid arrows denote process pathways  
 Dashed arrows indicate recirculation options

# SHAFTER PROJECT Process Flow Diagram

# GEOLOGY OF SHAFTER - STRATIGRAPHY

- Tertiary volcanic rocks cover a large portion of the area and lay unconformably upon an inlier of Permian and Cretaceous strata.

## Lower Cretaceous - Presidio and Shafter Formations

- Shafter Fm: Alternating fossiliferous and nodular limestone.
- Presidio Fm; sandstone and conglomerate (clasts from underlying Permian units and fossiliferous limestone).

## Permian - Mina Grande Formation

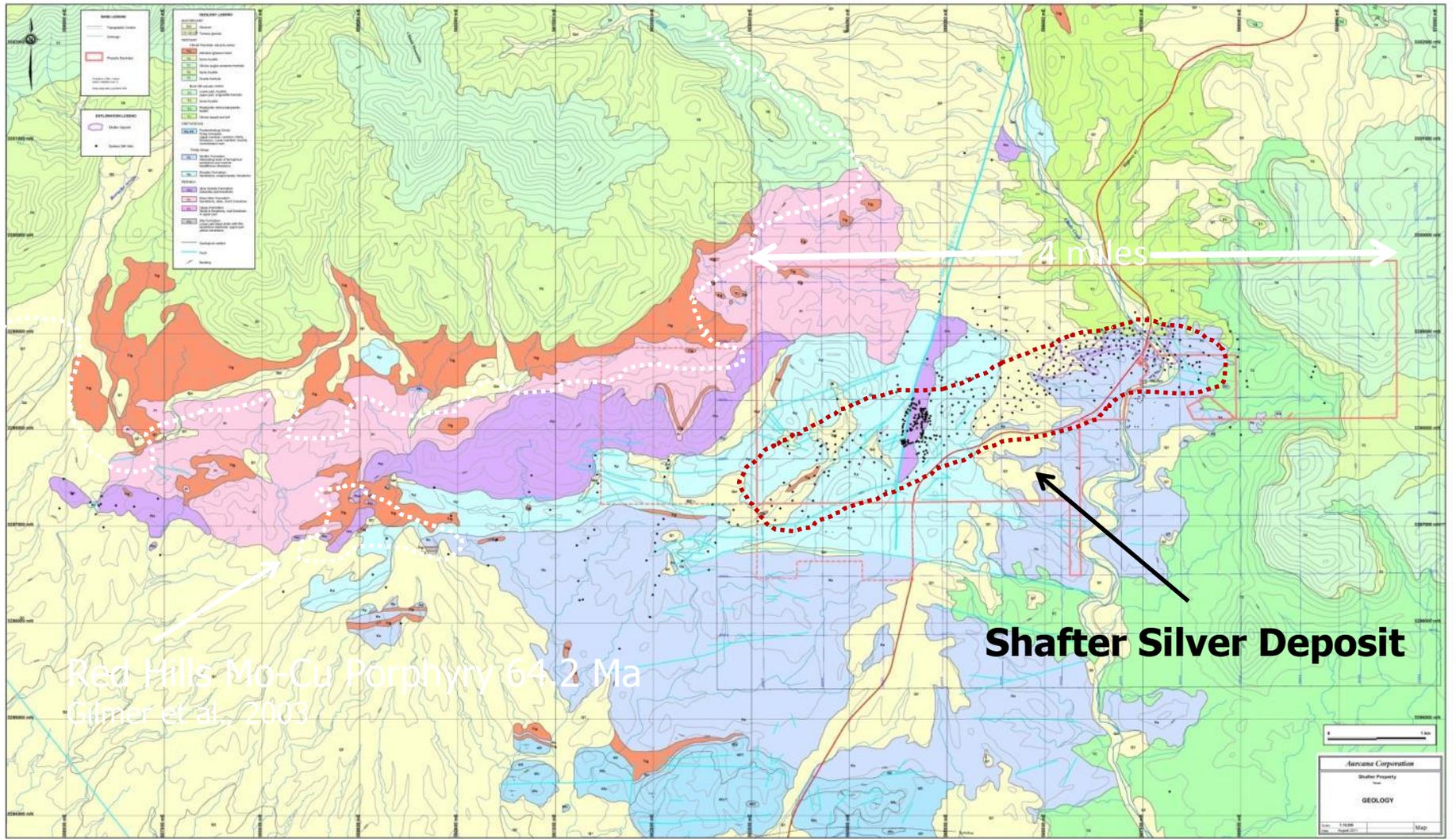
**Ore zone**

- Ore-hosting Mina Grande is composed of massive to thin bedded wackestone to packstone and carbonate mudstone, deposited as debris flow and turbidite units (Bogle 2000).

## Ross Mine Fm.

- Interbedded bioclastic packstone to wackestone (with chert nodules at top), carbonate mudstones and bedded quartz sandstone, siltstone and shale (Bogle 2000).

# Geological Map of the Shafter - Red Hills Districts



# Shafter Mineralization

- Considered to be a Carbonate Replacement Deposit, northern Mexico style
- Stratabound in Permian near post-Permian / pre-Cretaceous unconformity. (Mina Grande Fm)
- Mineralization likely occupies an ancient karst feature, and was initially mixed Ag-Pb-Zn sulphide minerals.
- Oxidation now extends to a depth of at least 1000 feet.

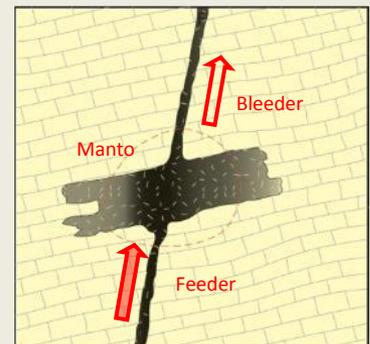
Mineralization largely confined a zone near the unconformity. Does not extend into Cretaceous.

Basis of 2013 exploration drilling:

Megaw championed the concept of “Feeders and Bleeders”

Drill holes targeted postulated crosscutting fracture-hosted mineralization which would lead to another manto at depth. Drilling was designed to test this concept.

Some encouragement but never fully tested.



# Mineralization in Core

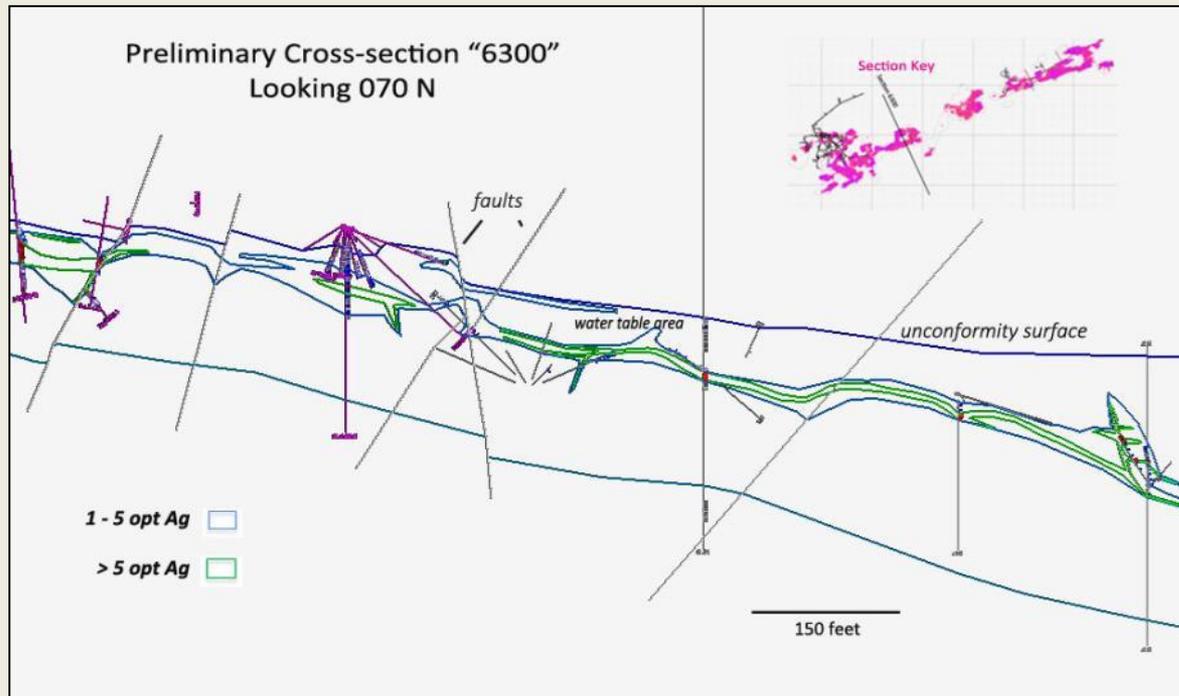
## Drill hole S-12-441



From	To	Interval	Ag OPT
604	606	2	3.6
612	618	6	11
624	630	6	3.5
632	636	4	5.9
646	652	6	27

## Geology

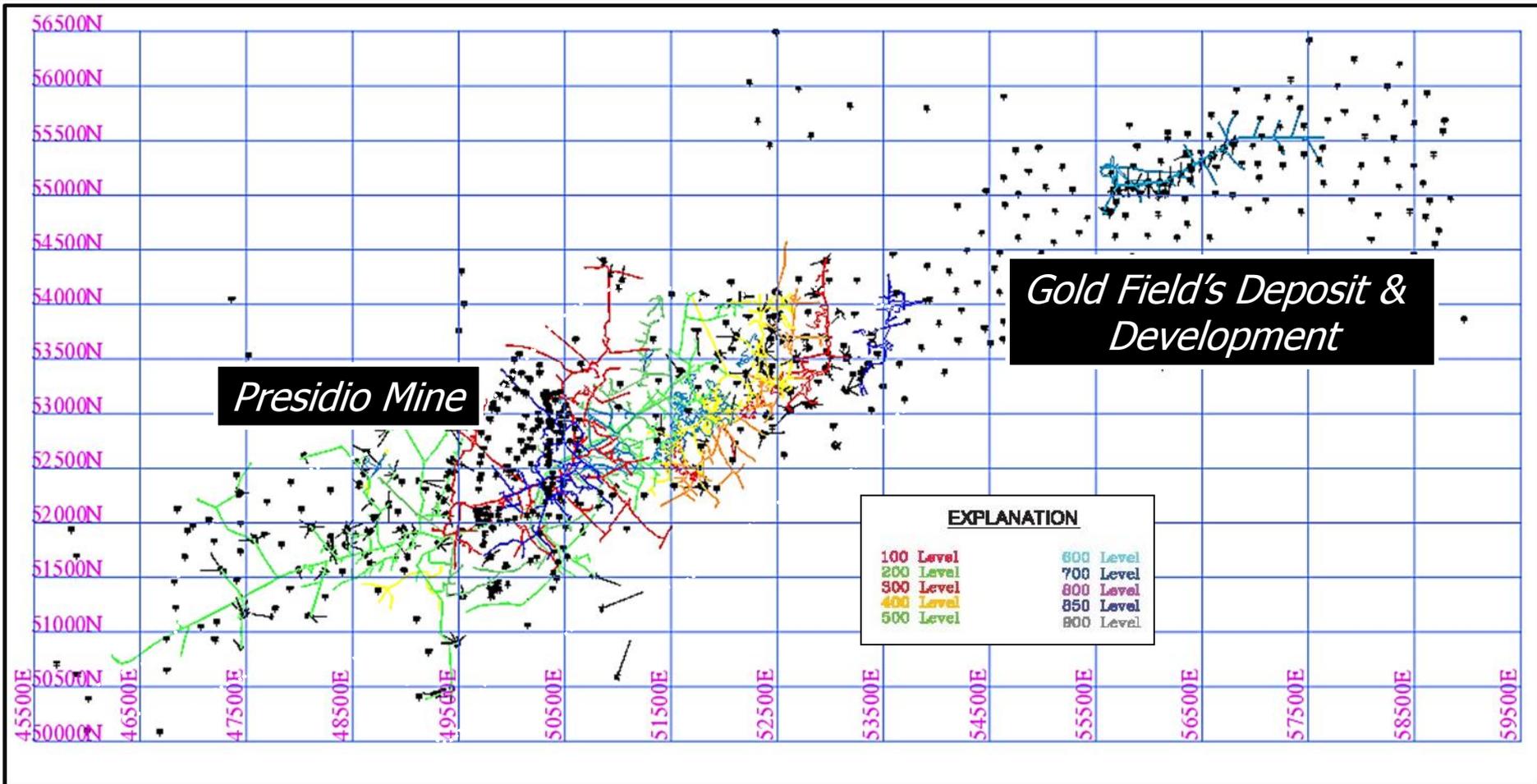
- Regional geology in southwestern Texas is similar to Northern Mexico with a thick Permian to Cretaceous sedimentary basin intruded by Tertiary dykes, sills and stocks
- Silver-lead-zinc deposits in these basin sequences are “carbonate-replacement deposits”
- Shafter mineralization occurs in the upper units of a Permian limestone immediately beneath a Cretaceous clastic unit
- Mineralization is mainly as tabular replacement bodies along bedding, locally along faults and fractures
- Mineralization is “oxide”; silver occurs mostly as acanthite, argentian jarosite and cerargyrite (83-85% recovery by Merrill-Crowe). Zinc as hemimorphite/willemite, lead as cerrusite. Trace sulphides minerals. Gangue is dolomite, calcite and quartz with varying amounts of goethite.
- Silver mineralization appears to extend over 6000 feet of length plunging gently from surface to at the historic Presidio Mine to at least 900 feet deep in the Gold Fields Zone



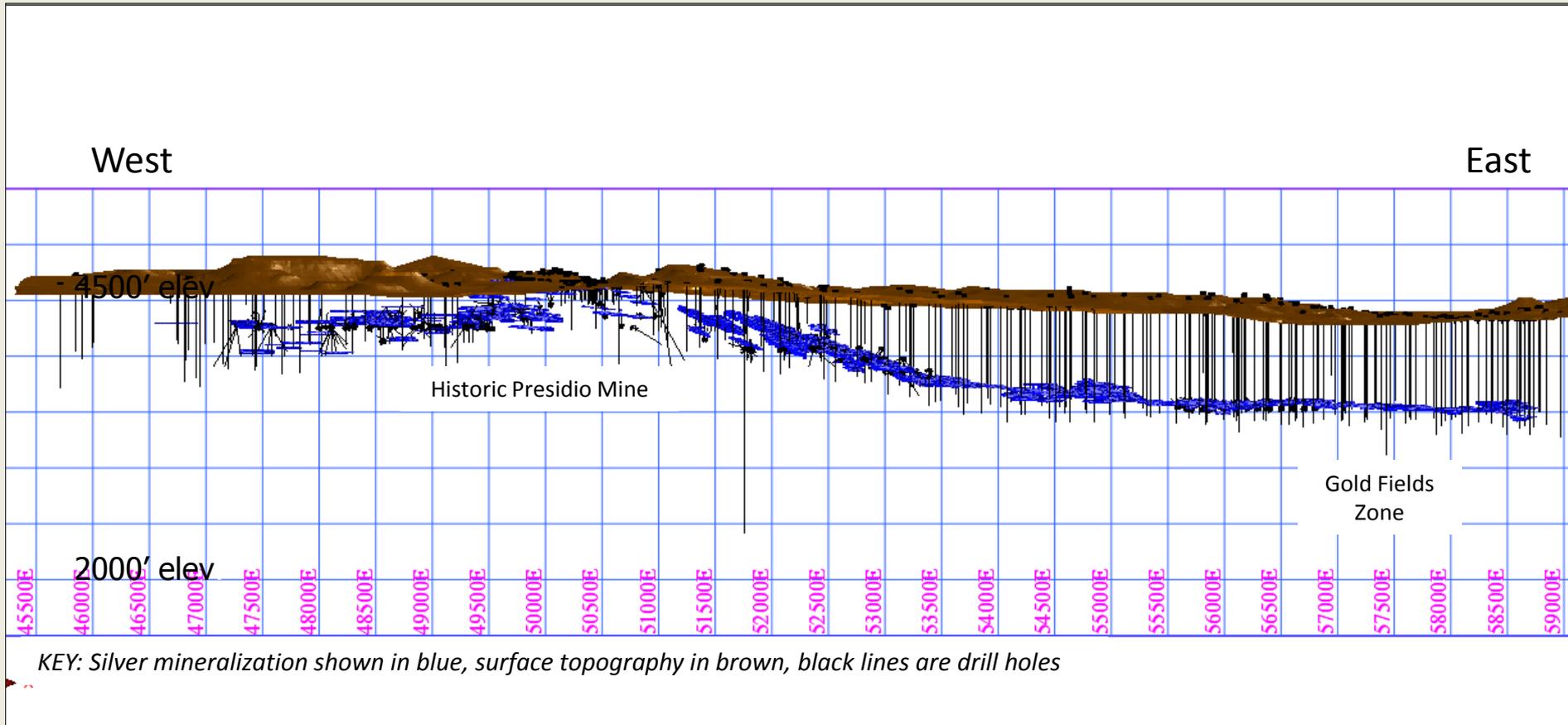
## RGMC Underground - 2011 to 2013

- Underground ramp started in August 2011 and to October 2013 extended 3,800 feet
- Stopes were developed off the ramp in 8 areas , with over 4,100 feet of development (821,000 ft<sup>3</sup>)
- Mining found the historic resource model unreliable at predicting grades in the Presidio Mine segment
- Unexpected pre-WW II workings were encountered
- Unmined Gold Fields extensions appears to be more thoroughly tested and is well-documented
- Revised model focuses on geological controls, removing mined-out areas, capping grades, composites and using cell sizes that are realistic with respect to ore thicknesses and mining conditions
- Result should be a resource model that shows a high-grade linear body that displays good consistency along strike, is relatively variable across its width, and high grade
- Opportunities exist to add to Resource by both infill drilling between blocks as well as step-out

# PRE-AURCANA MINE WORKINGS IN PLAN VIEW



# East-West Long Section Looking North



# Shafter Modelling Snapshot-(2015)

- Silver mineralization at Shafter occurs as a *Manto* - thickness and silver grades can be variable - often related to near-vertical structures that may have served as mineral conduits and/or plumbing traps.
- The Shafter drill-hole database contains 1,694 holes for total drill footage of 466,288 ft..
- Of these holes, 65 are surface core holes and 90 are underground core holes for a total of 63,087 ft. that were drilled by RGMC since its acquisition by Aurcana.
- The majority of drill holes (992 holes) in the database are underground core holes completed by Amax in the 1930's and early 1940s.
- The Shafter drill-hole assay database contains 20,006 silver assays, 8,144 lead assays, and 5,584 zinc assays.
- The new geologic model is based on 150 cross-sections spaced 50 ft. to 100 ft. apart and looking northeast at 70°.
- Methodology for the revised resource model will be by inverse-distance to the third power. Assays will be capped. It will be fully diluted to 10 by 10 by 4 -foot blocks. Blocks with greater than 5% underground workings will be deleted from the model.