

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF
THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, C. C-44, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF
CIVIL PROCEDURE***

**AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF
AURCANA CORPORATION AND 9490298 CANADA CORPORATION
AND INVOLVING SILVER ASSETS, INC., CANE SILVER INC.,
PERFORADORA AURCANA S. DE R.L. DE C.V., MINERA AURCANA
S.A. DE C.V., RIO GRANDE MINING COMPANY, SHAFTER
PROPERTIES INC., MINERA LA NEGRA, S.A. DE C.V., REAL DE
MACONI, S.A. DE C.V.**

AURCANA CORPORATION AND 9490298 CANADA CORPORATION

Applicants

SUPPLEMENTARY AFFIDAVIT OF KEVIN DROVER

(Sworn November 3, 2015)

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SUPPLEMENTARY AFFIDAVIT OF KEVIN DROVER

(Sworn November 3, 2015)

I, Kevin Drover of the City of Vancouver, in the Province of British Columbia, **MAKE OATH
AND SAY:**

1. I am the President and CEO of Aurcana Corporation (the “**Company**” or “**Aurcana**”), a Canadian mining, exploration and mineral development company. I was appointed as President and CEO of Aurcana on July 10, 2014 and have served as a director of Aurcana since November 18, 2013. I am also a director and officer of 9490248 Canada Corporation (“**Aurcana ArrangeCo**”). Aurcana and Aurcana ArrangeCo are collectively referred to herein as the Applicants.

2. On October 30, 2015, I swore an affidavit in support of the application (the “**Application**”) by the Applicants pursuant to sections 192(3) and 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, C. c-44, as amended (the “**CBCA**”), for a final order in substantially the form attached as Tab 3 to the Application Record (the “**Final Order**”) approving the proposed arrangement (the “**Arrangement**”) pursuant to the plan of arrangement of the Applicants (the “**Plan of Arrangement**”), a copy of which is attached as Schedule A to the proposed Final Order.

3. On October 24, 2015, Aurcana engaged KSV Advisory Inc. (“**KSV**”) to prepare a report to be filed in connection with the Application setting out KSV’s views on (i) the sales process that was conducted by the Company and its investment banker, BMO Capital Markets and (ii) the proposed restructuring transaction that is the subject of the Arrangement.

4. KSV was selected by Aurcana and its advisors because of KSV’s considerable experience with distressed companies, mining companies and judicially-supervised restructuring processes. Based on KSV’s qualifications and experience, Aurcana and its advisors were of the view that a report from KSV on the sales process and on the proposed restructuring transaction would be of assistance to the Company’s stakeholders and to the Court in assessing the proposed Arrangement.

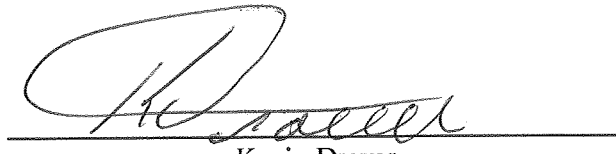
5. KSV delivered its report on November 3, 2015, a copy of which is attached hereto as Exhibit “A”.

6. As announced in the Company's news release issued on October 30, 2015, a copy of which is attached hereto as Exhibit "B", a filed copy of the Application Record was posted on the Company's web page on October 30, 2015.

7. A filed copy of this supplemental affidavit, and the KSV report attached hereto as Exhibit "A", will also be posted promptly on the Company's web page.

SWORN before me at the City of
Vancouver, on November 3, 2015


A Commissioner for taking affidavits


Kevin Drover

J. MORGAN HAY
AXIUM LAW CORPORATION
Barrister and Solicitor
Suite 910 - 800 West Pender Street
Vancouver, BC V6C 2V6
Phone: 604-685-6100 Fax: 604-692-4900

THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF KEVIN DROVER
SWORN BEFORE ME ON NOVEMBER 3, 2015



A Commissioner of Oath

J. MORGAN HAY
AXIUM LAW CORPORATION
Barrister and Solicitor
Suite 910 - 800 West Pender Street
Vancouver, BC V6C 2V6
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**Report of
KSV Advisory Inc.
Re: Aurcana Corporation**

November 3, 2015

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COURT FILE NO: CV-15-11157-00CL

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AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF AURCANA CORPORATION AND INVOLVING SILVER ASSETS, INC., CANE SILVER INC., PERFORADORA AURCANA S. DE R.L. DE C.V., MINERA AURCANA S.A. DE C.V., RIO GRANDE MINING COMPANY, SHAFTER PROPERTIES INC., MINERA LA NEGRA, S.A. DE C.V. AND REAL DE MACONI, S.A. DE C.V.

AURCANA CORPORATION

APPLICANT

REPORT OF
KSV ADVISORY INC.

NOVEMBER 3, 2015

1.0 Introduction

1. On October 30, 2015 Aurcana Corporation (the "Company") filed an application to commence proceedings under the *Canada Business Corporations Act* ("CBCA") to seek, *inter alia*, approval from the Ontario Superior Court of Justice - Commercial List ("Court") of a Plan of Arrangement dated October 30, 2015 (the "Plan").
2. On October 24, 2015 the Company engaged KSV Advisory Inc. ("KSV") to prepare and file a report with this Honourable Court to comment on the Company's sale process and the proposed transaction contemplated under the Plan, as more fully detailed herein ("Transaction"). This report is filed by KSV pursuant to its engagement letter dated October 24, 2015.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) Provide background information about the Company, its financial position and these proceedings;

- b) Summarize the Transaction between the Company and its secured lender, Orion Mine Finance (Master) Fund I L.P. (or an affiliate thereof) ("Orion"), pursuant to which:
- i. Orion will be entitled to acquire, in full satisfaction of the Company's indebtedness to it, the Company's shares in its Mexican subsidiaries, including Minera La Negra, S.A. de C.V. ("La Negra"), the entity which owns and operates the La Negra Mine in Mexico ("La Negra Mine"), and certain ancillary mining equipment;
 - ii. the Company will provide certain support services to Orion; and
 - iii. the Company will retain its mining interests in the Shafter silver project located in Presidio County, Texas ("Shafter Mine") and will have realized approximately \$4 million from the sale of the ancillary mining equipment and the provision of the support services, which is estimated to provide the Company with working capital for the next 18 months.
- c) Provide KSV's perspective on:
- i. the sale process ("Sale Process") carried out by the Company and its investment banker, BMO Capital Markets ("BMO"); and
 - ii. the opinions, dated October 15, 2015, prepared by Primary Capital Inc. ("PCI"), a financial advisor to the Special Independent Committee of the Company's Board of Directors (the "Fairness Opinions") on:
 - the fairness of the consideration to be paid by Orion under the Transaction;
 - whether the shareholders would be in a better financial position under the Plan than if the Company were liquidated;
- d) Summarize BMO's qualifications to carry out the Sale Process, including the background of its investment bankers who worked on this assignment;
- e) Summarize PCI's qualifications in respect of the Fairness Opinions;
- f) Provide background information on KSV, including its qualifications to prepare this Report; and
- g) Set out KSV's findings concerning the Transaction and the Sale Process.

1.2 Restrictions

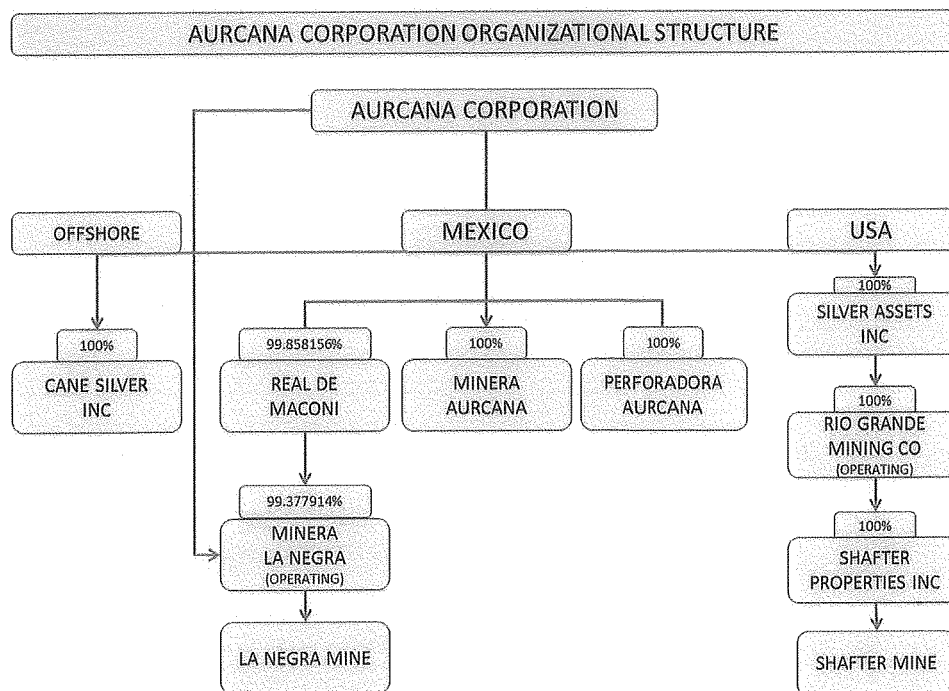
1. In performing its mandate, KSV has relied upon audited and unaudited financial information, the Company's books and records, discussions with the Company's legal counsel and with representatives of BMO and PCI, as more fully described in Section 4 of this Report. KSV has not performed an audit or other verification of such information, except as otherwise detailed in this Report. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in US dollars.

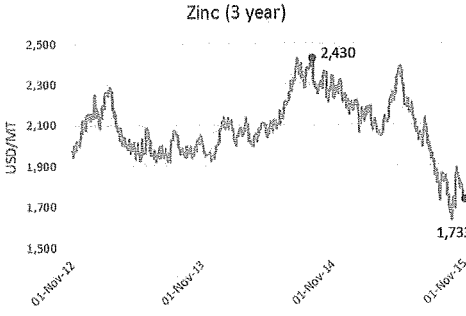
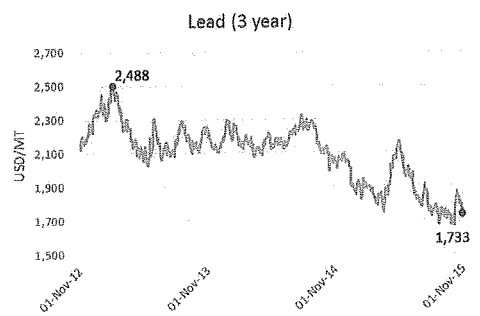
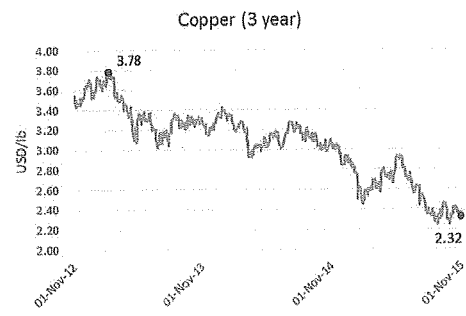
2.0 Background

1. The common shares of the Company are publicly traded on the TSX Venture Exchange (TSX.V: AUN) and the OTCQX Exchange (OTCQX: AUNFF).
2. The Company owns and operates two silver mines, being the La Negra Mine in Queretaro State, Mexico and the Shafter Mine located in Presidio County, Texas. The Company's corporate chart is as follows:



*0.01% BELONGS TO REYNA MINING WHICH IS MINORITY INTEREST

3. The Company presently employs approximately 370 individuals. The majority of these individuals are employed by La Negra and are represented by Sindicato Nacional de Trabajadores Mineros, Metalurgicos, Siderurgicos y Similares de la Republica Mexicana, a union.
4. In September, 2013 the Company entered into a \$50 million lending facility with Orion. The Orion loan as amended charges substantially all of the Company's business and assets, including the shares of its subsidiaries that own the La Negra Mine and the Shafter Mine (the "Orion Facility"). The Company and Orion also entered into an Off-Take Agreement, whereby the Company agreed to sell to Orion silver and gold produced from the Shafter Mine.
5. The Company produces silver (39%), copper (33%), zinc (21%) and lead (7%)¹. Charts reflecting the downward trends in these commodities are provided below².



6. The Shafter Mine was placed on care and maintenance in December, 2013 as a result of the decline in silver prices and prevailing economic conditions at that time. This caused a default under the Orion Facility. The Shafter Mine continues to be on care and maintenance.

¹ Amounts are a percentage of revenue.

² Data obtained from S&P Capital IQ.

7. In April, 2014 the Company entered into an amended and restated credit facility with Orion (the "Amended Facility"), which reduced the principal indebtedness by over \$10 million in exchange for Orion taking an equity position in the Company. Orion is presently owed approximately \$39 million and owns approximately 19.5% of the Company's common shares.
8. During 2014 and 2015, as a result of the continuing volatility in the price of metals, and most notably the decline in silver prices, the Company was not able to generate sufficient cash flow from operations at its La Negra Mine to meet its obligations under the Amended Facility.
9. In March, 2013 BMO was engaged by the Company to perform a strategic review of the Company's options. In July, 2014 its engagement was amended to identify a buyer for the Company and/or to refinance the Amended Facility. The results of BMO's efforts are provided in Section 5.3 of this Report.

2.1 Financial Position

1. The Company's financial position as at December 31, 2014 and June 30, 2015 is presented below.

(\$000s)	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Cash	292	1,607
Trade and other receivables	2,789	4,691
Inventory	2,145	2,255
Other current assets	2,003	6,241
Total current assets	7,229	14,794
Property, plant and equipment	61,036	62,088
Mineral properties	17,205	17,329
Other non-current assets	3,011	3,378
Total assets	88,481	97,589
Current portion of borrowings	14,495	9,128
Accounts payable and accruals	12,754	12,873
Other current liabilities	104	4,355
Total current liabilities	27,353	26,356
Borrowings	19,156	23,510
Derivative liability	2,628	2,690
Other non-current liabilities	7,604	8,767
Total liabilities	56,741	61,323
Share capital	181,814	181,814
Contributed surplus	34,261	34,256
Accumulated other comprehensive income (loss)	873	(472)
Deficit	(185,239)	(179,368)
Non-controlling interest	31	36
Total equity	31,740	36,266
Total liabilities and equity	88,481	97,589

2. The balance sheet reflects that:
 - a) The Company's working capital deficit on December 31, 2014 and June 30, 2015 was \$11.6 million and \$20.1 million, respectively, representing erosion in the Company's working capital of approximately \$8.5 million (73%) during that six month period;
 - b) The Company's current ratio was 0.26 as at June 30, 2015, representing a 54% decrease from its current ratio of 0.56 as at December 31, 2014³; and
 - c) The erosion in working capital and the current ratio both reflect that the Company had limited liquidity as at June 30, 2015.
3. KSV understands that the Company's liquidity has continued to erode since June 30, 2015.
4. As at the date of this Report, the total indebtedness owing to Orion under the Amended Facility is approximately \$39 million (\$33.7 million as at June 30, 2015). Annual principal repayments total approximately \$11 million until 2017, with the remaining balance payable in 2018. Notwithstanding that principal repayments on the Orion debt are due monthly, the Company has not made any repayments during fiscal 2015.
5. The Company continues to be in default of its credit facilities with Orion. Accordingly, absent the indulgence of Orion, the Company would not be able to continue to operate in the normal course and Orion would be entitled to commence enforcement proceedings against it.

2.2 Operating Results

1. The Company's operating results for the six months ended June 30, 2015 and its fiscal year ended December 31, 2014 are summarized in the table below.

(\$000s)	Six months ended June 30, 2015 (unaudited)	Year ended December 31, 2014 (audited)
Revenue	15,397	42,746
Cost of sales	(16,141)	(40,292)
Earnings/(Loss) from mine operations	(744)	2,454
Margin %	(5%)	6%
SG&A	(6,175)	(21,790)
Loss before income taxes	(6,919)	(19,336)

³ Represents the ratio of current assets over current liabilities, calculated as \$7,229/\$27,353 and \$14,729/\$26,356 as at June 30, 2015 and December 31, 2014, respectively.

2. The Company's operating results have continued to deteriorate throughout 2015 as a result of, *inter alia*, the downward trend in silver prices. Throughout the period ending June 30, 2015 the Company incurred a loss before taxes of approximately \$7 million, as reflected in the table above.

2.3 Going Concern Note

1. As a result of its eroding financial position and continuing losses, the Company's September 30, 2014 unaudited financial statements included a "going concern" note. The note states that "*several adverse conditions and material uncertainties cast significant doubt upon the Company's ability to continue as a going concern*". The going concern note was also included in the Company's most recent audited and interim financial statements for its fiscal year ended December 31, 2014 and the six months ended June 30, 2015, respectively.

2.4 CBCA Proceedings

1. On October 30, 2015, the Company filed application materials seeking approval to implement the Transaction pursuant to the Plan filed under the CBCA. The Plan is subject to Court approval and the receipt of all necessary regulatory and stock exchange approvals.
2. On October 15, 2015, the Company, Orion and the guarantors⁴ entered into a Support Agreement ("Support Agreement") pursuant to which, *inter alia*, Orion agreed to support the Plan. Under the Support Agreement, the Transaction and the Plan must be approved and implemented as follows:
 - a) CBCA proceedings to be commenced by October 30, 2015;
 - b) Court approval by November 13, 2015; and
 - c) Implementation by December 4, 2015.

2.5 Transaction Overview

1. An overview of the Transaction is as follows:
 - a) The shares of the Company's Mexican subsidiaries, including La Negra, are to be sold to an affiliate of Orion ("Newco") in full satisfaction of the Company's secured debt obligations owing to Orion, which presently total approximately \$39 million;
 - b) All intercompany claims and indebtedness between the Company, its subsidiaries and the guarantors of the Orion debt would be extinguished;

⁴ The guarantors of the Orion debt are Silver Assets Inc., Rio Grande Mining Company, Shafter Properties Inc., Cane Silver Inc., Real de Maconi, S.A. De C.V., Minera Aurcana S.A. De C.V., Minera La Negra, S.A. De C.V. and Perforadora Aurcana, S. de R.L. de C.V.

- c) Newco is to purchase \$3.5 million of equipment located at the Shafter Mine, of which \$2.5 million is payable on closing and \$1 million is payable on April 30, 2016;
 - d) Newco will pay \$40,000 per month for a period of 12 months for consulting services to be provided by certain officers of the Company to Newco in connection with the operation of the La Negra Mine;
 - e) The amounts realized from the sale of the equipment ("c", above) and the provision of the support services ("d", above) will provide the Company with working capital, which is projected to be sufficient to fund its operations for 18 months; and
 - f) The Transaction is to be implemented pursuant to a Plan under the CBCA.
2. Further details on the Transaction are included in the Company's application materials and, accordingly, are not repeated herein.

3.0 Professional Qualifications

3.1 BMO

1. BMO Capital Markets is a leading full-service North American-based investment bank offering equity and debt underwriting, corporate lending and project financing, mergers and acquisitions ("M&A") advisory services, securitization, treasury management, market risk management, debt and equity research and institutional sales and trading. It has expertise dealing with large and middle-market metals and mining companies and is regarded as a top M&A advisor to North American metals and mining companies. Its credentials include:
- a) An integrated team of mining engineers, geologists and financial professionals in Toronto, Vancouver, Chicago, New York, London, Melbourne, Beijing & Delhi;
 - b) An industry leading underwriter of equity issues for mining companies; and
 - c) The world's largest mining research group, covering over 150 metals, mining and fertilizer stocks.
2. The professionals leading BMO's mandate, Morten Eisenhardt and Geoff Barsky, are Directors in BMO's Global Metals & Mining and M&A groups. Messrs. Barsky and Eisenhardt have over 20 years of combined experience in the mining sector, including significant capital market transaction experience. Copies of the CVs of Messrs. Barsky and Eisenhardt are attached as Appendix "A".

3.2 PCI

1. PCI provides M&A advisory services to exploration, development and production companies involved in most natural resource sectors. A primary focus of PCI is public mining companies. PCI has offices in Toronto and Vancouver.
2. PCI's qualifications and credentials are summarized in Appendix "B", which also includes the CV of Rob Klassen, PCI's Managing Director with principal oversight over this mandate. Mr. Klassen has extensive experience in the mining industry, having worked as a Managing Director at Dundee Securities, a Vice President of Mining Research and an exploration geologist prior to joining PCI in 2010.

3.3 KSV

1. For close to 40 years, KSV and its predecessor businesses have been advising distressed businesses and their stakeholders, including in court-supervised mandates and informal restructuring processes.
2. Prior to December, 2011, the professionals at KSV comprised the Toronto restructuring practice of RSM Richter Inc. That practice was acquired by Duff & Phelps Canada Restructuring Inc. ("D&P") on December 11, 2011. On July 1, 2015, KSV acquired the shares of D&P and all professionals at D&P at that time were retained by KSV.
3. KSV, through its wholly-owned subsidiary, KSV Kofman Inc., performs mandates as a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) ("BIA"). KSV acts as Monitor under the *Companies' Creditors Arrangement Act* ("CCAA"), receiver, receiver and manager, interim receiver, trustee in bankruptcy and proposal trustee in BIA proceedings and as liquidator in CBCA proceedings.
4. KSV has considerable experience performing mandates in the mining industry. Recent and ongoing mining mandates are detailed below and assist to illustrate the present state of the mining industry.

Debtor	Filing Date	KSV's Role	Outcome
United Silver Corp. ("USC") USC:TSX Silver mine in Idaho	January 9, 2014	Receiver	Court-approved foreclosure by secured creditor
First Nickel Inc. ("First Nickel") FNI:TSX Nickel mine in Sudbury, Ontario	August 20, 2015	Receiver	Court-approved abandonment of the mine to the Ministry of Northern Development and Mines
RB Energy Inc. ("RB Energy"), Quebec Lithium Inc. et al RBI:TSX Lithium mine in northern Quebec and Iodine mine in Chile	CCAA: October 14, 2014 Receivership: May 8, 2015	Receiver	Sale process in CCAA proceedings resulting in receivership application; process is ongoing

Debtor	Filing Date	KSV's Role	Outcome
Tamerlane Ventures Inc. ("Tamerlane") TAM:TSX Base metal projects in Canada and Peru	CCAA: August 23, 2013 Receivership: January 30, 2014	CCAA Monitor, now Receiver (conducting realization process)	Sale process in CCAA proceedings resulting in receivership application; process is ongoing
Colossus Minerals Inc. ("Colossus") COLUF:TSX Gold mine in Brazil	January 13, 2014	Proposal Trustee	Court approved proposal
Labrador Iron Mines Ltd. ("Labrador") LIM:TSX Iron ore mine in Labrador	April 2, 2015	CCAA Monitor	Ongoing

5. The above proceedings illustrate the challenges completing mining transactions in the present market:
- a) The USC proceedings resulted in a secured lender foreclosure;
 - b) The Colossus proceeding was a proposal that transferred control of the business to the secured lender⁶;
 - c) The RB Energy⁶ and Tamerlane⁷ proceedings (which commenced in October, 2014 and August, 2013, respectively) converted from CCAA proceedings to receivership proceedings after their sale processes failed to identify buyers;
 - d) The First Nickel mine in Sudbury was abandoned shortly after the receivership commenced as it could not economically continue to operate - the Company's pre-receivership efforts to find a buyer or investor were unsuccessful; and
 - e) Labrador remains in CCAA as it has been adversely impacted due to multi-year lows of iron ore.

⁶ The proposal has not yet been implemented due to regulatory issues.

⁸ RB retained Rothschild Inc. to conduct the sale process.

⁷ Tamerlane retained PWC Corporate Finance to conduct the sale process.

4.0 Scope of Mandate

1. On October 24, 2015, the Company engaged KSV (on an hourly basis) to prepare and file a report in this proceeding to comment on the Sale Process and the Transaction.
2. In order to formulate its findings and conclusions, KSV's procedures included:
 - a) Reviewing Company information, including publicly filed information and information made available by the Company in a data room;
 - b) Performing research on the Company and the industry, including on the breadth of the buyers identified by BMO in the Sale Process;
 - c) Corresponding with the Company's legal counsel, Goodmans LLP, including in respect of the Plan, the Transaction and the Company generally;
 - d) Reviewing Sale Process materials prepared by BMO, including a teaser, buyer list, summaries of proposals submitted by prospective purchasers and BMO's update presentations to the Company issued at each milestone in the Sale Process;
 - e) Corresponding with BMO's representatives involved in the Sale Process;
 - f) Reviewing the Fairness Opinions and their underlying assumptions; and
 - g) Corresponding with PCI's representatives involved in its mandate.

5.0 Findings

5.1 BMO Sale Process

1. An overview of the Sale Process undertaken by BMO is as follows:
 - a) The Sale Process commenced in July, 2014. BMO marketed the opportunity as a share acquisition but also considered a sale of assets;
 - b) BMO's high-yield team based in New York concurrently approached approximately 20 parties to raise capital on a private placement basis in order to refinance the Company's obligations owing to Orion;
 - c) BMO prepared an investment profile summarizing the opportunity, which was distributed to 48 prospective purchasers comprised of strategic parties (i.e. silver and gold mining companies) and private equity firms, including those that focus on the mining sector;

- d) BMO's sale process materials did not include a confidential information memorandum ("CIM"). BMO advised that a CIM is not required nor typically prepared for mining deals of this nature as the technical reports, data room information and publicly available information contain the key data that interested parties require for diligence purposes. This is consistent with KSV's experience;
- e) Interested parties were required to execute a confidentiality agreement ("CA"), following which they were provided access to an online data room;
- f) Interested parties were provided with the opportunity to meet with the Company's executives prior to submitting non-binding proposals;
- g) The deadline for "Phase I" non-binding proposals was September 8, 2014;
- h) BMO worked with the Company's legal counsel to provide prospective purchasers with certain legal documentation required to be submitted in connection with the Phase II bid deadline for binding offers, which was to be on or around December 10, 2014;
- i) BMO arranged site visits and/or management meetings for prospective purchasers, including all Phase II participants; and
- j) BMO defined Phase III of the Sale Process as the period during which definitive documentation was to be negotiated. Phase III was to conclude in the first quarter of 2015.

5.2 December, 2014 Technical Report

1. In December, 2014 the Company released a technical report in accordance with the requirements of National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "December 2014 Technical Report") regarding metal resources at the La Negra Mine. The report indicated that the Company's prior estimates (released in October, 2012) of measured and indicated mine resources at the La Negra Mine had to be restated substantially downward, as follows:

	(000s)			
	December 2014 Technical Report	October 2012 Technical Report	Decrease (weight)	Decrease (%)
Silver (oz.)	11,578	115,096	(103,518)	-90%
Copper (lbs.)	54,206	269,529	(215,323)	-80%
Lead (lbs.)	14,982	539,498	(524,516)	-97%
Zinc (lbs.)	160,427	1,418,664	(1,258,237)	-89%

2. The December 2014 Technical Report reflected that the overall measured and indicated mine resources had been reduced by approximately 90% and that the mine life had been reduced from 27 years to five years.

5.3 Sale Process Results

1. The results of the Sale Process are summarized as follows:
 - a) 12 parties executed a CA and performed diligence on the Company;
 - b) Six parties submitted non-binding proposals under Phase I of the Sale Process;
 - c) No binding offers were submitted under Phase II of the Sale Process; and
 - d) No parties wished to recommence discussions in September, 2015 (as further detailed in Section 5.4 below).
2. Based on feedback from prospective purchasers and financiers, the results of the Sale Process (i.e. no bids) were influenced by, *inter alia*, the following factors:
 - a) the December 2014 Technical Report;
 - b) the value of the Company relative to the Orion debt; and
 - c) declining commodity market conditions throughout the duration of the Sale Process.
3. Of the approximately 20 parties approached by BMO to refinance the Orion debt, only one party expressed interest. Ultimately, discussions with this party were terminated due to the significant reduction in the Company's resource as outlined in the December 2014 Technical Report.

5.4 Revisiting the Sale Process in September, 2015

1. In September, 2015, BMO assisted the Company to reach out to parties that had advanced to Phase II of the Sale Process in order to determine if they had an interest in re-engaging in discussions concerning a transaction.
2. The efforts in September, 2015 were impacted by all of the above factors detailed in Section 5.3.2 above. Accordingly, none of the parties contacted wished to re-engage.

5.5 Fairness Opinions

1. KSV has reviewed two Fairness Opinions rendered by PCI[®], which, subject to PCI's qualifications and other matters described in the opinions, conclude that:
 - a) The Transaction is fair, from a financial point of view, to the Company; and
 - b) The shareholders would be in a better financial position under the Plan than if the Company were liquidated.
2. The Fairness Opinions state that PCI considered the following:
 - a) In the current commodity price environment, the Company is not able to produce sufficient cash flow from its operations at the La Negra mine or otherwise to meet its internal capital needs or its debt obligations;
 - b) The Company, with its current capital structure, is unable to execute its business plan or service its debt;
 - c) The Company is currently in default under the Orion facility and Orion is in a position to take enforcement proceedings against the Company and all of its assets;
 - d) The Company has been unable to attract a buyer for itself or its assets;
 - e) The Company has been unable to arrange additional debt or equity;
 - f) In a liquidation process, prospective buyers or investors will be aware that the Company is compelled to sell the assets, which may have a negative impact on the value realized;
 - g) Additional legal and financial advisory costs would be incurred to implement the liquidation and engage in the associated legal proceedings. These costs would be recovered out of sale proceeds that would otherwise be available to the shareholders;
 - h) The Transaction allows the Company to retain the Shafter mine, eliminate its negative working capital position and continue as a going concern without disruption; and
 - i) PCI and the Company are not aware of any feasible alternatives that are better than the Transaction.

[®] The Special Independent Committee of the Company's Board of Directors requested that PCI deliver two Fairness Opinions, one supporting each conclusion in Paragraph 1 (a) and (b).

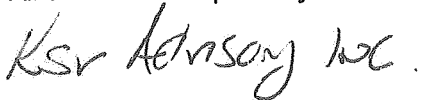
3. KSV concurs with the foregoing – the business and assets are fully encumbered in favor of Orion and, absent the Transaction, Orion would be able to commence enforcement proceedings against the Company, which are likely to result in Orion acquiring all of the Company's business and assets, without any value remaining for the Company's shareholders.

6.0 Conclusions

1. KSV believes the Transaction is appropriate in the circumstances for the following reasons:
 - a) In KSV's view, the Sale Process was commercially reasonable, including the timelines, breadth of BMO's canvassing of the market, the information made available to interested parties, including the information in the data room and the availability of management for meetings and site visits. The process did not result in any offers to purchase nor identify any viable refinancing opportunities for the Company;
 - b) KSV does not believe that further time spent marketing the business and assets will result in a superior transaction. The Company is without liquidity and Orion is entitled to enforce its security, which, based on the Sale Process, could enable Orion to acquire all of the Company's business and assets without any consideration being available to any other stakeholder;
 - c) The commodities market is in a trough with no end in sight. Conditions have declined during 2015 and it is difficult to complete transactions in this market;
 - d) Given the Company's illiquidity, there is urgency to complete a transaction;
 - e) BMO and PCI are highly qualified and have extensive experience in the mining sector; and
 - f) The Transaction is structured to provide the Company with working capital to fund its business for 18 months, which provides it with the opportunity to continue to operate.
2. Based on the foregoing, KSV is of the view that the Sale Process was conducted appropriately and that completing the Transaction provides value for shareholders that is unlikely to be available if Orion enforces its security. Accordingly, KSV is of the view that the Transaction is fair and reasonable in the circumstances.

* * *

All of which is respectfully submitted,



KSV ADVISORY INC.

Appendix "A"

BMO Capital Markets Team



MORTEN EISENHARDT

Director,
Global Metals & Mining,
Investment & Corporate Banking

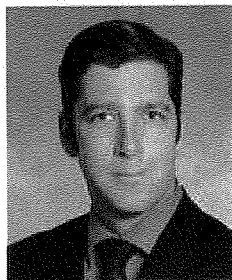
Vancouver

+1 604 443 1445

morten.eisenhardt@bmo.com

Morten joined BMO Capital Markets in 2005. He specializes in equity and debt financing, merger, acquisition, sale and defence transactions for metals and mining clients ranging from junior growth companies to senior companies. Morten holds a Bachelor of Applied Science in Mechanical Engineering from the University of British Columbia and an MBA from the Rotman School of Management at the University of Toronto.

Key transactions include: Minefinders' C\$1.5 billion sale to Pan American; Goldcorp's US\$505 million sale of Escobal project to Tahoe Resources and US\$275 million sale of Marigold mine to Silver Standard; Continental Minerals' C\$450 million sale to Jinchuan; and Orko Silver's C\$350 million sale to Coeur Mining; Ivanplats' C\$300 million initial public offering; Platinum Group Metals' C\$180 million and C\$175 million common share offerings; and Bear Creek Mining's C\$130 million common share offering.



GEOFF BARKSKY

Managing Director,
Mergers &
Acquisitions

Vancouver

+1 604 443 1448

geoff.barsky@bmo.com

Geoff joined BMO Capital Markets in 2006 and has over 14 years of experience. Geoff has been involved in a wide array of M&A assignments. Geoff focuses his time advising clients in the natural resources sector with a specific focus on mining and energy.

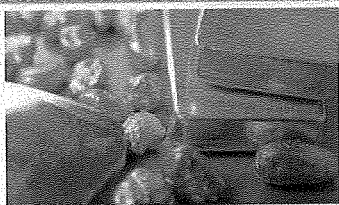
Notable advisory mandates include: Rainy River's sale to New Gold; Corsa Coal's reverse take-over of Kopper-Glo Fuels; Orko Silver's sale to Coeur D'Alene; First Majestic Silver's acquisition of Silvermex; European Goldfield's sale to Eldorado Gold; Golden Minerals' merger with ECU Silver; Anatolia Minerals' merger with Avoca Resources; Kinross' acquisition of Red Back Mining; Moto Gold Mines' sale to Randgold; Teck's sale of various gold assets; Teck's acquisition of Global Copper; China Minmetals/ Jiangxi Copper's acquisition of Northern Peru Copper; and Cambior's sale to IAMGOLD.

Appendix "B"

PRIMARY
CAPITAL

Primary Capital Inc.

Primary Capital Inc. (PCI) is a privately owned exempt market dealer with offices in Toronto and Vancouver. PCI finances, and provides M&A advice to exploration, development and production companies involved in most natural resource sectors. We focus mainly on public companies that are active worldwide. PCI's principals draw on decades of experience in the Canadian capital markets. The PCI team has a respected corporate finance team.



PROVIDING CAPITAL • IMPARTING
KNOWLEDGE • CREATING VALUE



Introduction

Since 2006, Primary Capital Inc. has been dedicated to serving companies in the Mining Sector.

2015 marks Primary Capital's 9th year serving companies in the Mining Sector.

Our focus on the Mining Sector is supported by a veteran team of seasoned Industry professionals with backgrounds in Canadian Capital Markets, Exploration, Development and Mining Operations.

Our professionals offer clients financing options and merger and acquisition advice.

Primary's Mining Team consists of 9 professionals all with expertise in Canadian Capital Markets and combined extensive operational experience in Metallurgical Engineering, Geology, and Construction and Operations.

We invite you to get to know us a little better and allow us to assist you in your strategic growth.

Our Business

As your business evolves so do your needs. Primary Capital's team approach gives you access to our entire team of professionals.

As an ***independent*** Exempt Market Dealer we leverage off our relationships fostered over decades of experience in the Canadian Capital Markets to provide you with access to both equity and debt funding options.

When your firm is considering a strategic transformation our Mining Team provides an ***independent*** perspective backed by individuals providing deep bench strength in Capital Markets, Exploration, Development and Operations.

We offer comprehensive ***independent*** solutions to your strategic needs:

Access to Capital

- Equity financing
- Private equity financing
- Debt

Strategic Solutions

- Mergers
- Acquisitions
- Valuations
- Fairness Opinions
- Divestures

Our Capabilities

Primary Capital has an intimate understanding of the capital markets influence on the Mining Sector. Our Mining Team's network allows access to a variety of financing sources.

Access to Capital

We understand that growth requires capital. Our network provides a wide array of financing options depending on your corporate situation.

Our team members have decades of experience in the private placement market and public equity issuance.

Market Presence

Providing marketing support through our Sales Team has been one of Primary Capital's core business values since our inception. Our network has the ability to put you in front of interested institutional and high net worth investors.

Primary Capital has been involved in raising over C\$500M in the Mining Sector since 2009.

Our Capabilities

Primary Capital's Mining Team's members have been involved in structuring transactions with junior explorers to producers for decades.

Advisory

The core of our Mining Team has been working together for over 20 years providing strategic advice from minor asset sales to highly transformational transactions.

Backed by strong Capital Markets experience and education, our team's strength comes from our experience in Mining and Exploration. Our team's background includes Mining Engineering, Mechanical Engineering and Geology. We bring this experience in industry and Capital Markets to every transaction. We are proud of this competitive advantage. Let us put it to work for you.

Services

- Mergers & Acquisitions
- Strategic Advisory
- Valuations & Fairness Opinions
- Takeover Bids & Defenses
- Joint Ventures

Primary Capital has been involved in over 20 public and private transactions exceeding C\$2 Billion in value since 2009.

Our Track Record

Primary Capital's Mining Team bring our experience in Industry and Capital Markets to every transaction. We are proud of this competitive advantage. Let us put it to work for you.


Select Advisory Transactions

 <p>Bayfield VENTURES CORP.</p>  <p>Financial Advisor & Fairness Opinion to Bayfield on sale to New Gold Inc.</p> <p>2015</p>	 <p>Anthem RESOURCES INC.</p>  <p>Financial Advisor & Fairness Opinion to Anthem on merger with Boss</p> <p>2015</p>	<p>Corona Gold Corporation</p>  <p>Financial Advisor & Fairness Opinion to Corona on merger with Oban</p> <p>2015</p>
<p>RYAN GOLD CORP.</p>  <p>Financial Advisor & Fairness Opinion to Ryan on merger with Oban</p> <p>2015</p>	  <p>Fairness Opinion to Alpha on merger with Lakeland</p> <p>2015</p>	 <p>AURYN</p> <p>Financial Advisor and Fairness Opinion to NCG on merger with Aurn</p> <p>2015</p>
 <p>Financial Advisor</p> <p>2015</p>	  <p>Financial Advisor & Fairness Opinion to Avala on the merger with Dunav</p> <p>2014</p>	  <p>Financial Advisor & Fairness Opinion to Elgin on sale to Mandalay</p> <p>2014</p>
 <p>Fairness Opinion on \$944M Production Financing Transaction</p> <p>2014</p>	  <p>Financial Advisor to Brigus on sale to Primero</p> <p>2014</p>	 <p>Fairness Opinion to Bear Lake Gold on sale to Kerr Mines</p> <p>2014</p>
 <p>Financial Advisor & Fairness Opinion to Kimber on sale to Investure Group</p> <p>2014</p>	  <p>Financial Advisor & Fairness Opinion to Canada Lithium on Acquisition of Sirocco</p> <p>2014</p>	 <p>Financial Advisor & Fairness Opinion to San Gold on merger with Kerr Mines</p> <p>2014</p>

Our Track Record


Primary Capital's Mining Team bring our experience in Industry and Capital Markets to every transaction. We are proud of this competitive advantage. Let us put it to work for you.

Select Advisory Transactions




Financial Advisor on sale of company to Denison Mines

2013




Fairness Opinion on acquisition by Chalice Gold

2013




Financial Advisor to Osisko on Purchase of Queenston

2012




Financial Advisor

2012




Financial Advisor

2011



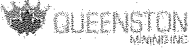
Financial Advisor to Fission Energy on Purchase of Pitchstone Exploration

2012




Defense Mandate, Fairness Opinion and sale of company to Claude

2012




Financial Advisor & Fairness Opinion Sale of SMC JV Interest to Kirkland Lake

2012



Financial Advisor, Fairness Opinion and sale of company to Premier Gold

2011



Defense Mandate, Fairness Opinion and sale of company to NovaGold Resources

2011

Our Track Record

Since 2006, Primary Capital has shown an unwavering commitment to the Mining Sector with the ability to bring together quality companies and capable investors.

Select Mining Sector Financings

<p>\$1,939,000</p>  <p>Flow Through Units Lead Agent 2015</p>	<p>\$50,000,000</p>  <p>Common and FT Shares Agent 2014</p>	<p>\$8,000,000</p>  <p>Flow Through Units Lead Agent 2014</p>
<p>\$5,750,000</p>  <p>Units Lead Agent 2014</p>	<p>\$43,450,000</p>  <p>Convert Co - Lead 2013</p>	<p>\$8,000,000</p>  <p>Units Agent 2013</p>
<p>\$15,000,000</p>  <p>Units Agent 2013</p>	<p>\$10,000,000</p>  <p>Flow Through Shares Lead Agent 2012</p>	<p>\$10,048,445</p>  <p>Flow Through Shares Agent 2012</p>
<p>\$34,500,575</p>  <p>Flow Through Shares Underwriter 2012</p>	<p>\$20,100,000</p>  <p>Flow Through Shares Lead Underwriter 2010</p>	<p>\$10,000,000</p>  <p>Flow Through Shares Lead Agent 2012</p>
<p>\$10,515,990</p>  <p>Units Agent 2012</p>	<p>\$33,100,000</p>  <p>Common Shares Agent 2012</p>	<p>\$44,000,000</p>  <p>Flow Through Shares Lead Underwriter 2011</p>

Our Team



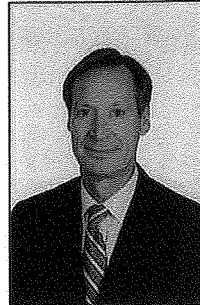
The heart of our business is solid advice backed by years of experience in both the Capital Markets and Industry regardless of market conditions. Our combined experience stretches back through many business cycles beginning in the late-1970's.

We believe a good partner adds value through fully understanding your business. Because our roots are in Mining, we see things others miss.



Rick Cohen
Managing Director

+1-604-566-8722
rcohen@primarycapital.ca



Rob Klassen
Managing Director

+1-604-566-8721
rklassen@primarycapital.ca

Rick Cohen joined Primary Capital as a Managing Director in 2011. Prior to that he was with Dundee Securities from 1998-2010 as a Managing Director in Investment Banking. Rick was also a mining analyst with Goepel McDermid (1991-1998), BBN James Capel (1986-1991) and Prudential Bache Securities (1983-1986). From 1979 to 1981, Rick worked as a mill metallurgist for Utah Mines Ltd. at their Island Copper Mine. He has traveled to more than 50 countries looking at mining projects over his career.

Rick received his B.A.Sc. in Mineral Engineering from the University of British Columbia in 1979 and his MBA from the University of Western Ontario in 1983. Mr. Cohen is designated as a Professional Engineer in the Provinces of British Columbia and Ontario.

He is currently a director of Peregrine Diamonds Ltd. and a former director of Peregrine Metals Ltd. which was acquired by Stillwater Mining Company in 2011.

Rob Klassen served as the Managing Director of Investment Banking at Dundee Securities from 2001 to 2010. Prior to that, he was Vice President of Mining Research with Goepel Shields from 1996 to 2001. Rob worked as an exploration geologist from 1987 until transitioning to the Capital Markets in 1996. He earned a Bachelor of Science (Geology) from the University of Saskatchewan and MBA from the University of Western Ontario. He's also a Member of the Association of Professional Engineers and Geoscientists of British Columbia and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM).

Our Team



Olav Langelaar
Managing Director

+1-604-566-8723
olangelaar@primarycapital.ca

Olav Langelaar served as a Director, Dundee Securities Investment Banking from 2007 to 2011. Prior to that, he had industry roles with OspraieGold and Amerigo Resources (VP Corporate Development), Placer Dome (Manager of Corporate Finance and Insurance), Cameco, Cominco, and Agrium (Engineer, Maintenance and Construction). Olav has 15 years in the Canadian capital markets with specific expertise in mining operations and investment banking. He earned his BSc in Mechanical Engineering from the University of Waterloo, and a MBA from the Richard Ivey School of Business. He is also a member of the Association of Professional Engineers and Geoscientists of British Columbia.



Justin Ginetz
Executive Vice President

+1-604-566-8724
jginetz@primarycapital.ca

Justin Ginetz joined Primary Capital in early 2011. Prior to that he advanced through several roles in Investment Banking and Advisory at Dundee Securities between 2001 and 2011. Justin was appointed to the Investment Banking Mining Team in 2004 starting as an associate and later promoted to Vice President in 2007 until his departure in 2011. Between 2001 and 2004 he worked as an advisor to both retail and institutional investors. Justin began his career at Canadian Western Capital as a Research Associate in 1999 until moving to Dundee Securities in 2001. He has earned multiple undergraduate degrees, holds the Chartered Financial Analyst designation and the Canadian Investment Manager Designation. Justin continues to leverage his years of experience in Mining Finance and M&A to create value for our clients.


Our Team**Barry Gordon****Chairman**

+1-416-619-3169

bgordon@primarycapital.ca

Barry Gordon's career began in 1966, when he joined Playfair & Company as a research assistant. By age 26, Barry was retail sales manager and a shareholder. During the 1970s, Barry worked as an institutional salesman. In 1979, he joined BBN in Toronto, and became President of the company eight years later. By 1994, Barry had founded a new brokerage firm called Eagle and Partners Inc., an equal partnership with Dundee Bancorp Inc. In 1998, Barry expanded the firm by purchasing Deacon and Company. Dundee eventually purchased Barry's interest in Eagle and Partners and changed the name of the firm to Dundee Securities Inc., where Barry assumed the role of Vice-Chairman and Director of Dundee Securities. In the spring of 2006, Barry founded Primary Capital Inc. as a limited market dealer. He continues to leverage his decades of experience in the Canadian Capital Markets and relationships with investors to create value for his clients.

Robert Pollock**CEO**

+1-416-619-3166

rpollock@primarycapital.ca

Rob Pollock served as Senior Vice President of Quest Capital Corp from September 2003 to October 2006. Rob was formerly Vice President – Investment Banking at Dundee Securities Corporation and has many years of experience in the Canadian capital markets with specific experience in merchant banking, institutional sales and investment banking. Rob holds an MBA from St. Mary's University and BA from Queen's University.

**Our Team****Tim Sorensen**
President

+1-416-619-3163
tsorensen@primarycapital.ca

Tim Sorensen served as the Head of Institutional Sales , Macquarie Capital Markets Canada, from January 2008 until September 2010. Prior to that, he was an institutional sales person with Orion Financial Inc., which became Macquarie Group in 2007. He has a CFA designation and holds an MBA and BComm from the University of Windsor.

Joe Hamilton
Managing Director

+1-416-619-3164
jhamilton@primarycapital.ca

Joe Hamilton served as the CEO of exploration/development companies (London AIM/TSX listed) in Africa and Canada from 2005 to 2010. As well as, being a Corporate Director (Aurelian Resources Inc, Mirabela Nickel Limited, Noront Resources Ltd, Unigold Inc. Malbex Resources Inc, African Copper Plc, Atikwa Resources Inc, GA capital Corp) from 2005 to 2010. Prior to that, he was a Senior Mining Analyst at Eagle and Partners, Dundee Securities and RBC Capital Markets from 1997 to 2004. He earned his Bachelor of Science (Geology) from the University of Toronto, M.Sc. (Applied) in Mineral Exploration from Queen's University.



Our Team

Chris Naprawa **Managing Director**

+1-416-705-1144

cnaprawa@primarycapital.ca

Prior to joining Primary, Chris was EVP and Head of Institutional Equity Sales at Dundee Capital Markets from 2011 to 2013. He was previously Co-Head, Institutional Equity Sales at Macquarie Capital Markets, having been promoted from Senior Vice-President, Institutional Equity Sales a position he held from 2004 to 2011. Before entering the capital markets arena, Chris founded and was CEO of Startcast Solutions, an Internet software company that was sold to Bell Canada in 2003 and also served as President of GDI Global Data Wireless from 1998 to 2000. Chris has a Bachelor of Arts degree from Queens University.

Vancouver

Main Line: 604-566-8720

Office Address: 1055 Dunsmuir St., Suite 2624
Vancouver, BC
V7X 1G4

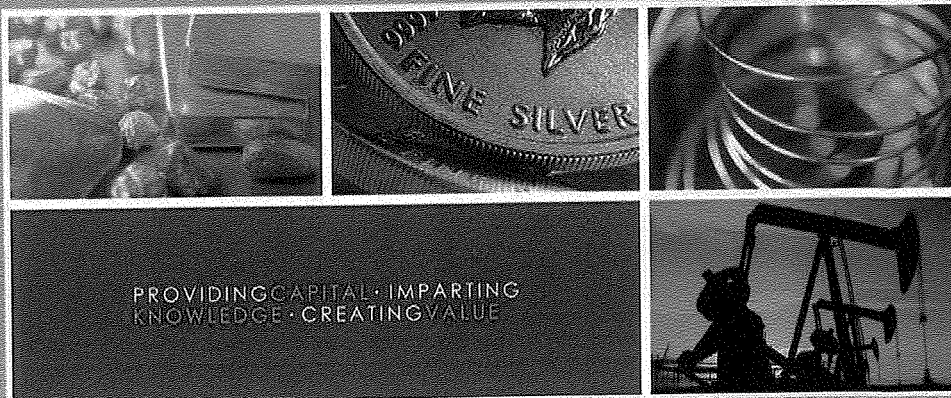
Rick Cohen	Managing Director	604-566-8722
Robert Klassen	Managing Director	604-566-8721
Olav Langelaar	Managing Director	604-566-8723
Justin Ginetz	Executive Vice President	604-566-8724

Toronto

Office Address: 130 King St. W., Suite 2110
Toronto, Ontario
M5X 1B1

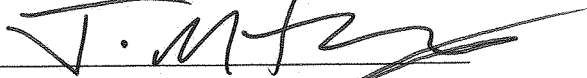
Main Line: 416-214-9672

Barry Gordon	Chairman	416-619-3169
Robert Pollock	CEO	416-619-3166
Tim Sorensen	President	416-619-3163
Joe Hamilton	Managing Director	416-619-3164
Chris Naprawa	Managing Director	416-705-1144



PRIMARY CAPITAL

THIS IS EXHIBIT "B"
TO THE AFFIDAVIT OF KEVIN DROVER
SWORN BEFORE ME ON NOVEMBER 3, 2015


A Commissioner of Oath

6509654

J. MORGAN HAY
AXIUM LAW CORPORATION
Barrister and Solicitor
Suite 910 - 800 West Pender Street
Vancouver, BC V6C 2V6
Phone: 604-685-6100 Fax: 604-692-4900



NEWS RELEASE

Aurcana Corporation Announces Commencement of CBCA Proceedings to Implement Restructuring Transaction

Vancouver, BC, October 30, 2015 - Aurcana Corporation (TSX VENTURE:AUN) (the "Company" or "Aurcana") announces that it is today commencing proceedings under the *Canada Business Corporations Act* (the "CBCA Proceedings") to implement the restructuring transaction announced by the Company on October 16, 2015 (the "Restructuring Transaction") under which all of the Company's debt obligations to Orion Mine Finance (Master) Fund I L.P. (the "Lender"), as lender under the Company's amended and restated senior secured credit facility dated April 29, 2014 (the "Facility"), will be extinguished.

As announced in the Company's news release dated October 16, 2015, the Restructuring Transaction has the following key elements:

- all of the debt obligations due and in default under the Facility will be exchanged for the Company's interests in its Mexican subsidiaries that own the La Negra mine, resulting in the elimination of approximately US\$38.7 million of principal amount of secured debt due and in default under the Facility on completion of the Restructuring Transaction;
- the Company's annual interest costs will be reduced by approximately US\$2.3 million;
- a newly incorporated affiliate of the Lender ("Newco") will purchase certain non-core equipment from Aurcana and certain of its subsidiaries for a total purchase price of US\$3.5 million;
- Newco will pay Aurcana US\$40,000 per month for a total period of 12 months for certain consulting services to be provided to Newco by specified officers of Aurcana in connection with the operation of the La Negra mine;
- the Company will retain all of its other assets, including the Shafter mine, with no dilution to shareholders; and
- the Restructuring Transaction is expected to be implemented on or before December 4, 2015.

Aurcana's trade creditors, as well as its obligations to employees, are unaffected by the Restructuring Transaction and will continue to be paid or satisfied in the ordinary course of business. Further details regarding the Restructuring Transaction and the facts and circumstances that led to the Restructuring Transaction are available in the Company's letter to shareholders dated October 19, 2015, which has been posted on the Company's web page (www.aurcana.com), and in the audio play-back of the Company's investor call held on October 21, 2015, which is available through the play-back instructions set out in the Company's October 19, 2015 news release.

The Restructuring Transaction will be implemented by way of a Plan of Arrangement to be approved by the Ontario Superior Court of Justice (Commercial List) (the "Court"), and is subject to Court approval and the receipt of all necessary regulatory and stock exchange approvals. A hearing for approval of the Restructuring Transaction by the Court is scheduled for November 13, 2015 at 330 University Avenue, Toronto, Ontario at 10:00 a.m. A copy of the Company's application materials for the hearing to be held before the Court on November 13, 2015 will also be posted on the Company's web page today.

1750-1188 W Georgia St
Vancouver, BC V6E4A2

Phone 604 331 9333
Toll Free US 1 866 532 9333
Toll Free Mx 001 800 514 5557

aurcana.com



About Aurcana Corporation

Aurcana Corporation is a primary silver producing company with two properties: the La Negra Mine in Mexico and the Shafter Silver Project in Texas, US. The latter was put on care and maintenance in December 2013, in part due to depressed silver prices.

ON BEHALF OF THE BOARD OF DIRECTORS OF AURCANA CORPORATION

"Kevin Drover", President & CEO

For further information, visit the website at www.aurcana.com or contact:

Aurcana Corporation
Phone: (604) 331-9333
Toll Free: (866) 532-9333
Fax: (604) 633-9179

Gary Lindsey, Corporate Communications
Phone: (720)-273-6224
Email: gary@strata-star.com

NR 11-15

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements, including statements regarding forecast metals production, metals grades, operational costs, recoveries, potential mineralization, exploration result, future plans and objectives of the Company, including the ability of the Company to restructure or otherwise settle its outstanding debt and the business and anticipated financial performance of the Company. These statements are forward-looking statements that involve various risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to mining and processing of mineralized material, achieving projected recovery rates, anticipated production rates and mine life, operating efficiencies, costs and expenditures, changes in mineral resources and reserves, and other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking statements.

Actual results may differ materially from results contemplated by the forward-looking statements. Important factors that could differ materially from the Company's expectations include, among others, risks related to metals prices, international operations, unsuccessful exploration results, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as changes in the availability of funding for mineral exploration and development, unanticipated changes in key management personnel and general economic conditions. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Company does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf, except as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking statements.

1750-1188 W Georgia St
Vancouver, BC V6F 4A2
Phone 604 331 9333
Toll Free US 1 866 532 9333
Toll Free Mx 001 800 514 5557
aurcana.com

AURCANA CORPORATION
AND 9490298 CANADA
CORPORATION
Applicants

IN THE MATTER OF AN APPLICATION UNDER SECTION
192 OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, C. C-44, AS AMENDED, AND RULES 14.05(2)
AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

Court File No: CV-15-11157-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SUPPLEMENTARY
AFFIDAVIT OF KEVIN DROVER
(Sworn November 3, 2015)**

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
Brendan D. O'Neill LSUC#: 43331J
Caroline Descours LSUC#: 58251A

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

6509512

