Aurcana Announces Transformational Transaction

PROPOSED REVERSE TAKEOVER WITH OURAY SILVER MINES

EQUIPMENT PURCHASE AGREEMENT FOR SHAFTER EQUIPMENT

UPDATED SHAFTER-PRESIDIO MINE PRELIMINARY ECONOMIC ASSESSMENT ("PEA")

VANCOUVER, British Columbia, July 30, 2018 (GLOBE NEWSWIRE) -- Aurcana Corporation (TSX-V: AUN) ("**Aurcana**" or the "**Company**") is pleased to announce a series of transactions to enable the Company's plan to become a multi-asset mid-tier silver producer. The Company will announce its funding approach in the near future and is already in discussions with potential equity partners and non-dilutive capital providers.

All dollars herein are in United States Dollars unless otherwise noted.

1) <u>Material Acquisition and Reverse Take Over</u>:

Aurcana has entered into a letter of intent dated July 27, 2018 (the "**LOI**") with certain wholly owned investment vehicles controlled by Lascaux Resource Capital Fund I LP (collectively, the "**LRC Group**") pursuant to which Aurcana will effect a business combination and reverse takeover transaction that will result in, among other things, Aurcana acquiring all of the issued and outstanding shares of common stock of Ouray Silver Mines, Inc. a corporation incorporated under the laws of Colorado ("**Ouray**" and together with the LRC Group, the "**OSM Group**") on a debt free basis in exchange for newly issued common shares of Aurcana (collectively, the "**Proposed Transaction**"). Ouray is a private company wholly owned by the LRC Group. The OSM Group is at arm's length to Aurcana and owns 100% of the Revenue-Virginius Mine ("**RV Mine**") in Ouray, Colorado which is a fully permitted past producing (last production 2015) polymetallic deposit that derives the majority of its revenue from silver. In June 2018, SRK Consulting (U.S.), Inc. ("**SRK**") completed a feasibility study (the "**RV Mine FS**") in compliance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**") of the Canadian Securities Administrators on the RV Mine demonstrating a Base Case[1] After-Tax Net Present Value using a 5% discount rate ("**NPV5**") of $74.9 million and an After-Tax Internal Rate of Return ("**IRR**") of 71.2%. In connection with the Proposed Transaction, Aurcana also intends to complete an offering of subscription receipts to raise gross proceeds of not less than C$10 million (the "**Offering**") to close concurrent with the Proposed Transaction. Terms and the ultimate size of the Offering will be announced at a later date. The Proposed Transaction has the support of the Board of Directors of Aurcana, as well as Orion Mine Finance ("**Orion**"), the largest (15%) shareholder of Aurcana, and Orion and each of the directors and senior officers of Aurcana have executed support agreements in favor of the Proposed Transaction. The Proposed Transaction is contemplated to be completed by a Plan of Arrangement pursuant to the *Business Corporations Act* (British Columbia) (the "**Plan**"). The Parties target closing the Proposed Transaction in early November.

2) <u>Equipment Purchase Agreement:</u>

Aurcana has entered into a purchase agreement (the "**Equipment Purchase Agreement**") with entities controlled by Orion to purchase equipment owned by the Orion entities and that remains located at Aurcana's wholly owned oxide silver Shafter-Presidio Mine (the "**SP Mine**") in Texas. The consideration paid under the Equipment Purchase Agreement will total $4.5 million, of which $500,000 will be paid in cash and the remainder of which will be paid by the issuance of 23,894,535 pre-Share Consolidation Aurcana Shares (see definition herein), which will be issued to Orion under the Plan of Arrangement. This Equipment Purchase Agreement is anticipated to reduce the overall capital cost of placing the SP Mine into production.

3) <u>Updated PEA for the SP Mine</u>:

Aurcana has received results of an updated PEA for the SP Mine based on the Company's current mineral resource estimate, as disclosed in the Company's news release dated January 12, 2016 (the "**Resource Estimate**"). The Resource Estimate was combined with an updated capital cost (in part based on the Equipment Purchase Agreement), updated operating cost, and an optimized mine plan. The updated PEA demonstrates a Base Case[2] After-Tax NPV5 of $15.9 million and an After-Tax IRR of 38.1%. *The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the economic results described in the PEA will be realized.*

Aurcana's President and CEO Kevin Drover states "As many of our shareholders know we have been very active over the past few years evaluating opportunities to enhance shareholder value. This proposed transaction with Ouray represents an excellent opportunity for Aurcana to finally realize on this goal and is, in my opinion, a transformative transaction for the company that will propel Aurcana once again into a mid-tier status as a silver producer."

Elliot Rothstein and David Kaplan, co-managers of the LRC Group, stated: "We are extremely pleased to have been able to partner the OSM Group and our team at Ouray with Kevin Drover and the Shafter-Presidio mine. We see synergies in the assets and in the people, and we look forward to partnering with Aurcana to take the Revenue-Virginius project into production and provide a platform for future growth with the Shafter-Presidio mine."

Material Acquisition and Reverse Take Over

About Ouray Silver Mines

Ouray owns a 100% interest in the RV Mine located in Ouray, Colorado.

The RV Mine is a fully permitted past producing (last production 2015) polymetallic deposit that derives the majority of its revenue from silver. In June 2018, SRK completed the RV Mine FS, a NI 43-101 feasibility study on the RV Mine, demonstrating a Base Case[3] After-Tax (NPV5) of $74.9 million and an After-Tax IRR of 71.2%.

The RV Mine FS outlines a restart plan for the RV Mine that requires approximately $36.8 million of initial capital (including working capital, contingency and concentrate payment terms). First production is scheduled in month 7 from the project start date, and positive cash flow occurs in month 9. The project is break even in month 16 after the commencement of production (23 months from the project start date) and will produce roughly 18 million payable silver equivalent ("**Ag Equivalent**" or "**Ag Equiv**.") ounces at an all in sustaining Ag Equivalent cost of $11.01 per Ag Equivalent ounce over the current 6.4 year mine life based on the currently defined mineral reserves ($10.71 per Ag Equivalent ounce over the first 5 years). The defined mineral reserve has 575,000 short tons at an Ag Equivalent grade of 39.9 ounces/short ton (1,264 grams/metric ton). The restart plan initially focuses on higher grade and accordingly the production is front loaded, with the first 5 years of production producing 15.5 million payable Ag Equivalent ounces (3.1 million / year).

Table 1 below shows the mineral reserves and resources of the RV Mine.

Table 1: RV Mine Mineral Reserves and Resources

Mineral Resources:

Classification	Tons (kst)	Ag (oz/st)	Au (oz/st)	Pb (%)	Zn (%)	Ag (koz)	Au (koz)	Pb (klb)	Zn (klb)	Ag Equiv (koz)	Ag Equiv (oz/st)
Measured	315	23.1	0.06	4.86	1.92	7,273	19	30,634	12,093	11,048	35.1
Indicated	672	18.1	0.05	3.74	2.00	12,135	32	50,230	26,879	18,842	28.0
Total M&I	987	19.7	0.05	4.10	1.97	19,408	51	80,864	38,972	29,891	30.3
Inferred	331	27.2	0.07	4.61	2.35	8,996	22	30,529	15,542	13,200	39.9

Mineral Reserves:

Classification	Tons (kst)	Ag (oz/st)	Au (oz/st)	Pb (%)	Zn (%)	Ag (koz)	Au (koz)	Pb (klb)	Zn (klb)	Ag Equiv (koz)	Ag Equiv (oz/st)
Proven	244	23.75	0.06	4.94	1.84	5,805	15	24,153	9,011	8,729	35.7
Probable	331	25.39	0.05	4.99	2.37	8,397	18	32,985	15,696	12,472	37.7
Total P+P	575	24.70	0.06	4.97	2.15	14,202	33	57,138	24,707	21,201	36.9

Notes:

(1) Based on the RV Mine FS prepared by SRK and Ouray analysis. The effective date of the mineral reserve and resource estimates in the RV Mine FS is June 15, 2018.

(2) Notes for mineral resources: (i) mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves. Mineral resources inclusive of mineral reserves; (ii) mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding; (iii) all measured and indicated mineral resource estimates with the defined wireframes are considered to have potential for economic extraction as entire level will be mined; (iv) inferred mineral resources are limited using a net smelter return ("**NSR**") cut-off US$200/st; (v) metal price assumptions considered for the calculation of metal equivalent grades are: Gold (US$/oz 1,300), Silver (US$/oz 18.50), Lead (US$/lb 1.00) and Zinc (US$/lb 1.20). Metal equivalent calculation excludes copper; (vi) cut-off calculations assume average metallurgical recoveries equal to: Gold (65%), Silver (96%), Lead (96%), Copper (94%) and Zinc (89%); and (vii) the mineral resources were estimated by Benjamin Parsons, BSc, MSc Geology, MAusIMM (CP) #222568 of SRK, a qualified person within the meaning of NI 43-101.

(3) Notes for mineral reserves: (i) all figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding; (ii) mineral reserves are reported at NSR CoGs based on metal price assumptions, metallurgical recovery assumptions, mining costs, processing costs, general and administrative (G&A) costs, and treatment and refining charges. Mining costs,

processing costs, and G&A costs total US$240.62/st. Metal price assumptions considered for the calculation of metal equivalent grades are: Gold (US$/oz 1,300), Silver (US$/oz 18.50), Lead (US$/lb 1.00) and Zinc (US$/lb 1.20); Metallurgical recoveries for payable items in the Pb concentrate are: Gold (60%), Silver (95%), and Lead (95%). Metallurgical recoveries for payable items in the Zn concentrate are: Zinc (54%); (iii) mineral reserves have been stated on the basis of a mine design, mine plan, and cash-flow model. Full mining recovery of designed areas is assumed. Mining dilution is applied at zero grade and ranges from 5.9%-26.8%. 4) The mineral reserves were estimated by Ouray. Joanna Poeck, (BS Mining, MMSA, SME-RM) of SRK, a qualified person within the meaning of NI 43-101, reviewed and audited the mineral reserve estimates.

(4) There are no known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resources or mineral reserves described in the RV Mine FS. For additional information on legal, political, environmental and other factors considered in respect of the RV Mine FS, readers are encouraged to refer to the full text of the RV Mine FS which will be filed in connection with the Proposed Transaction.

Table 2 provides a summary of the capital cost estimates for the RV Mine described in the RV Mine FS.

Table 2: RV Mine Capital Cost Estimates

Description	**Construction**	**Ramp Up**	**Total Initial Capital**	**Sustaining Capital**	**Total LOM Capital**
Revenue Mine	($3,207)	($383)	($3,590)	($301)	($3,890)
Revenue Mill	($3,899)	($124)	($4,023)	($94)	($4,117)
Surface	($910)	$0	($910)	($222)	($1,132)
Site Infrastructure	($712)	$0	($712)	($179)	($891)
Engineering & Construction Contracts	($14,522)	($1,463)	($15,894)	($6,837)	($22,821)
Subtotal	**($23,250)**	**($1,970)**	**($25,219)**	**($7,632)**	**($32,852)**
Pre-Production Costs	($6,982)	$0	($6,982)	$0	($6,982)
Subtotal	**($30,232)**	**($1,970)**	**($32,202)**	**($7,632)**	**($39,834)**
Contingency	($1,899)	($172)	($2,060)	($723)	($2,784)
Total Capital	**($32,121)**	**($2,141)**	**($34,262)**	**($8,356)**	**($42,618)**
Operating Costs During Ramp Up		($2,838)	($2,838)		
Net Revenue During Ramp Up		$306	$306		
Total Net Capital and Start Up Costs	**($32,121)**	**($4,673)**	**($36,794)**		

Table 3 provides a summary of the operating cost estimates for the RV Mine described in the RV Mine FS.

Table 3: RV Mine Operating Cost Estimates

Revenue Mine Operating Costs	**LOM**		**First Five Years**	
	US$000's	**US$/st RoM**	**US$000's**	**US$/st RoM**
Revenue Mining	$54,895	$95	$47,990	$103
Revenue Milling	$29,291	$51	$23,796	$51
G&A	$53,530	$93	$41,894	$90
Surface Operating Costs	$6,671	$12	$5,383	$12
Total Operating Costs	**$144,387**	**$251**	**$199,062**	**$254**

For the past two years Ouray has been under the direction of CEO Brian Briggs and a core team who will join Aurcana. Mr. Briggs will remain the CEO of Ouray following the completion of the Proposed Transaction and will report directly to Kevin Drover, President and CEO of Aurcana.

In connection with the RV Mine FS, SRK verified sampling, analytical, and test data underlying the information or opinions contained in the RV Mine FS. In particular, SRK reviewed 10% of the database of both historical and new data against assay certificates and found less than 2% error in the database. No major changes were made to the assay database except where Ouray geologists averaged samples that had multiple assays. SRK also completed a detailed review of the historical logging to gain more geological information and a statistical review of the channel and drilling database which supports the use of both the chip and drilling samples. SRK is of the opinion that no material bias is being introduced by using the database as presented by Ouray and that it is adequate for use in the geological modelling and mineral resource estimation. Additional information concerning data verification is contained in the RV Mine FS.

Additional information concerning the RV Mine is contained in the RV Mine FS which will be made available on Aurcana's SEDAR profile at www.sedar.com in connection with the Proposed Transaction. Technical information in this press release regarding Ouray and the RV Mine has been approved by Jeff Osborn of SRK, who is a qualified person as defined by NI 43-101 and independent of Aurcana and Ouray.

Financial information with respect to Ouray will be disclosed in the management information circular of Aurcana ("**Circular**") to be filed in connection with Aurcana shareholder approval of the Proposed Transaction.

Table 4 below shows the highlights of the pro-forma Company upon completion of the Proposed Transaction.

Table 4: Key Statistics and Technical Study Highlights for SP Mine and RV Mine[4]

	Units	AUN	OSM	AUN+OSM
Study Phase		**PEA**	**DFS**	
P&P Reserves	M Ag Equiv Oz		21.2	21.2
Ag Equivalent	Oz/st		36.9	36.9
M&I Resources	M Ag Equiv Oz	11.1	29.9	40.9
Ag Equivalent	Oz/st	9.1	30.3	24.6
Inferred Resources	M Ag Equiv Oz	6.5	13.2	19.7
Ag Equivalent	Oz/st	7.5	39.9	29.2
Avg Annual Production	M Ag Equiv Oz	1.6[1]	3.1[2]	4.8
AISC[3]	$/Ag Equiv Oz	$11.01[5]	$10.71[6]	$10.81
Capital Required	$ M	$20.6	$36.8	$57.4
After-Tax NPV5	$ M	$15.8	$74.9	$90.8
After-Tax IRR	%	37.0%	71.2%	

Technical reports supporting the SP Mine PEA and RV Mine FS will be filed on SEDAR within 45 days.

Summary of the Proposed Transaction

Under the LOI, the parties have agreed to diligently and in good faith negotiate a definitive agreement (the "**Definitive Agreement**") that will provide the basis upon which the parties will complete the Proposed Transaction in compliance with the policies of the TSX Venture Exchange (the "**Exchange**"). The Proposed Transaction will be effected by way of a court approved plan of arrangement under the *Business Corporations Act* (British Columbia). As of the date hereof, Aurcana currently has 109,989,387 common shares (each, an "**Aurcana Share**") issued and outstanding. Pursuant to the terms of the Proposed Transaction:

- Aurcana will complete a share consolidation (the "**Share Consolidation**") on a 5:1 basis (resulting in approximately 21,997,877 outstanding Aurcana Shares);
- Aurcana will complete the purchase of all equipment currently owned by an entity controlled by **Orion** and currently located at Aurcana's Shafter project (the "**Shafter Equipment Purchase**") in exchange for $500,000 and 4,778,909 post-Share Consolidation Aurcana Shares; and
- Following completion of the Share Consolidation and Shafter Equipment Purchase, Aurcana will then, via a wholly-owned newly formed United States subsidiary, acquire all of the issued and outstanding shares of common stock of Ouray and a related amended and restated metal prepay agreement between Ouray and an investment fund controlled by the LRC Group (the "**PFA**") in exchange for 83,240,359 post-Share Consolidation Aurcana Shares, and Ouray will become a subsidiary of Aurcana.

The Aurcana Shares issuable pursuant to the Proposed Transaction will be freely trading common shares of Aurcana, subject to any escrow provisions pursuant to requirements of the Exchange and any trading restrictions under applicable securities laws. Following completion of the Proposed Transaction, but prior to giving effect to the Offering, the LRC Group and the then current Aurcana shareholders will hold approximately 75% and 25% respectively of Aurcana.

As of the date of this press release, an affiliate of Orion owns 16,499,501 Aurcana Shares (representing approximately 15% of the current issued and outstanding Aurcana Shares) and, the Proposed Transaction is a "business combination" for purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Orion has entered into a customary voting support agreement with Aurcana pursuant to which it has agreed to vote its shares in favour of the Proposed Transaction in any shareholder vote in respect of which it is permitted to vote. All of the directors and officers of Aurcana have also entered into customary voting and support agreements to vote in favour of the Proposed Transaction.

Completion of the Proposed Transaction is subject to a number of conditions, including among other things: (a) receipt of a favourable vote of at least (i) 66 2/3% of the shares voted by holders of Aurcana at the meeting and (ii) a simple majority of the votes cast by disinterested shareholders of Aurcana, voted at a special meeting of shareholders expected to be held in late October or early November 2018; (b) approval of the Exchange; and (c) standard closing conditions, including the conditions described below. The Proposed Transaction will constitute a Reverse Takeover of Aurcana pursuant to Policy 5.2 – *Changes of Business and Reverse Takeovers* of the Exchange. Upon completion of the Proposed Transaction, Aurcana will continue on with the business of Aurcana and remain a Tier 1 mining issuer, with Ouray as its principal operating subsidiary (the Company after the completion of the Proposed Transaction being referred to herein as the "**Resulting Issuer**").

The Circular in connection with a special meeting of the shareholders of Aurcana to approve the Proposed Transaction will be prepared and filed on SEDAR at www.sedar.com in accordance with the policies of the Exchange and applicable Canadian securities laws. A press release will be issued by Aurcana once the Circular has been filed.

The parties have agreed that during the period ending on the earlier of December 31, 2018 and the date upon which the either of the parties advises the other party that it has received a "Superior Proposal" to the Proposed Transaction, the parties will deal exclusively with each other in connection with the Proposed Transaction. If, during such exclusivity period or before a date which is three (3) months from the end of such exclusivity period, a party that terminates the LOI enters a transaction involving a "Superior Proposal", such terminating party shall pay the other party a cash break fee equal to $1,000,000. If the Proposed Transaction is not completed, each of the parties will bear their own respective costs and expenses associated with the Proposed Transaction (excluding the preparation of the Circular, the costs of which shall be split equally between the parties in such case). If the Proposed Transaction is completed, the Resulting Issuer will pay all reasonable costs of the parties in relation to the Proposed Transaction.

The shares of the Company were halted effective prior to the market open July 30, 2018 and will remain halted until the completion of the Proposed Transaction.

Conditions to the Proposed Transaction

The closing of the Proposed Transaction will be subject to the following mutual conditions precedent, among others:

- the execution of the Definitive Agreement;
- the completion of the Offering;
- the receipt of all necessary regulatory, corporate and third party approvals, including the approval of the Exchange for the Proposed Transaction, the requisite approval of the shareholders of Aurcana and the investment committee of the LRC Group and compliance with all applicable regulatory requirements and conditions in connection with the Proposed Transaction;
- compliance by Aurcana with the listing requirements of the Exchange;
- the confirmation of the representations and warranties of each party to the Definitive Agreement as set out in such agreement;
- the absence of any material adverse effect on the financial and operational condition or the assets of each of the parties to the Definitive Agreement;
- the delivery of standard completion documentation including, but not limited to, customary legal opinions from legal counsel, officers' certificates and certificates of good standing or compliance; and
- the delivery of letters of resignation of all directors and officers of Ouray and Aurcana that will not be continuing in their positions post-Proposed Transaction, conditional upon the completion of the Proposed Transaction and reciprocal releases of such individuals in connection therewith; and
- other condition precedents customary for a transaction such as the Proposed Transaction.

The completion of the Proposed Transaction is also subject to the following conditions precedent in favour of the OSM Group:

- at closing, other than as agreed between the parties, Aurcana will have no liabilities or obligations (contingent or otherwise) inclusive of liabilities relating to the fees and disbursements of its counsel appointed in connection with this Proposed Transaction;
- other than as agreed between the parties, the termination of all agreements involving Aurcana relating to administration or leases without any further liability to Aurcana after the closing of the Proposed Transaction; and
- at closing, Aurcana will have cash of not less than C$2,000,000 (net of expenses relating to the completion of the Proposed Transaction incurred by Aurcana, which shall not exceed such amount).

The completion of the Proposed Transaction is also subject to the following conditions precedent in favour of Aurcana:

- at closing, Ouray will have no liabilities or obligations that have not been transferred to the benefit of Aurcana (contingent or otherwise) inclusive of liabilities relating to (x) the PFA, and (y) the fees and disbursements of its counsel appointed in connection with the Proposed Transaction.

The parties will be seeking a waiver from the Exchange of any requirement for a sponsor, but in the event a waiver is not available, will seek a sponsorship relationship for this Proposed Transaction with an Exchange member firm.

Closing of the Proposed Transaction shall occur on the day which is the tenth business day following the satisfaction or waiver of the conditions precedent (other than those conditions precedent to be completed concurrent with the closing) or such other date as mutually agreed to by the parties, but in any event no later than December 31, 2018, or such extended date as mutually agreed by the parties in writing.

The Resulting Issuer – Summary of Proposed Directors and Officers

Upon completion of the Proposed Transaction, each of the current directors of Aurcana will resign and a new board of directors of Aurcana (the "**Board**") will be reconstituted and comprised of five directors, subject to the policies of the Exchange and Canadian securities and corporate laws. The LRC Group will have the right to nominate three (3) of the five directors. The other two board seats will be open to the CEO of Aurcana and a nominee of Orion Mine Finance. Additional information concerning the individuals to be appointed to the Board will be set forth in the Circular.

On closing of the Proposed Transaction, Aurcana will enter into a customary investors agreement with the LRC Group, which agreement will memorialize, among other things, the foregoing rights of Board representation, and which shall be subject to customary sunset provisions, which shall be determined in definitive documentation, based on reductions in the LRC Group's shareholdings of Aurcana.

The parties anticipate that the current senior management of both Aurcana and Ouray will continue in their current respective capacities following completion of the Proposed Transaction.

Corporate Governance

On May 28, 2018, the Board of Directors of Aurcana formed a special committee (the "**Special Committee**"), consisting of members of the Board of Directors of Aurcana who are independent of management, and who have no direct or indirect interest in any of the transactions contemplated by the Proposed Transaction, including the Shafter Equipment Purchase, to consider the planned Proposed Transaction. The Special Committee met on numerous occasions and oversaw the negotiations in respect of the Proposed Transaction and the Shafter Equipment Purchase.

After considering the terms of the Proposed Transaction, including the Shafter Equipment Purchase, and having regard to the alternatives available to the Company, the financial position of the Company, as well as certain advice and opinions it received from the Company's management, the Special Committee concluded that the Proposed Transaction, including the Shafter Equipment Purchase, is in the best interests of the Company and unanimously recommended that the Board approve the LOI. After receipt of the recommendation by the Special Committee, the Board determined that the Proposed Transaction and the Shafter Equipment Purchase are in the Company's best interests, and unanimously approved the LOI.

Further Information

All information contained in this press release with respect to Aurcana and the OSM Group was supplied by the parties, respectively, for inclusion herein, and Aurcana and its directors and officers have relied on the OSM Group for any information concerning such party, including information concerning the Revenue-Virginius Project.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance. The Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Circular to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. The Exchange has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

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

This press release does not constitute and the subject matter hereof is not, an offer for sale or a solicitation of an offer to buy, in the United States or to any "U.S. Person" (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "1933 Act")) of any equity or other securities of Aurcana or Ouray. The securities of the Resulting Issuer to be issued in connection with the Offering have not been registered under the 1933 Act and may not be offered or sold in the United States (or to a U.S. Person) absent registration under the 1933 Act or an applicable exemption from the registration requirements of the 1933 Act.

Equipment Purchase Agreement

Aurcana has entered in the Equipment Purchase Agreement with entities controlled by Orion to purchase equipment owned by the Orion entities and that remains located at the SP Mine. The consideration paid under the Equipment Purchase Agreement will total $4.5 million, of which $500,000 will be paid in cash (the "**Cash Proceeds**") and the remainder of which will be paid by the issuance of 23,894,535 pre-Share Consolidation Aurcana Shares, which will be issued to Orion under the Plan of Arrangement. Pursuant to the terms of the Equipment Purchase Agreement, Orion has agreed to use the aggregate amount of the Cash Proceeds to subscribe for subscription receipts in the Offering. The Equipment Purchase Agreement is anticipated to reduce the overall capital cost of placing the SP Mine into production.

The completion of the Shafter Equipment Purchase is subject to, among other things, the following conditions precedent in favour of Aurcana:

- the receipt of all necessary regulatory, corporate and third party approvals, including the approval of the Exchange and the requisite approval of the shareholders of Aurcana; and
- the concurrent closing of the Shafter Equipment Purchase and Proposed Transaction.

Pursuant to MI 61-101, the Shafter Equipment Purchase will constitute a related party transaction, and therefore certain shareholder approval and valuation requirements would apply to such transactions, unless an exemption is available therefrom under the terms of MI 61-101. Section 4.4(1)(a) of MI 61-101 provides for an exemption from the formal valuation requirement of MI 61-101 where an issuer's securities are not listed or quoted on a specified market. The shares of Aurcana are not listed or quoted on a specified market for purposes of MI 61-101 and therefore the Shafter Equipment Purchase is exempt from the formal valuation requirements. To the knowledge of the directors and officers of Aurcana, after reasonable enquiry, there have been no prior valuations (as defined in MI 61-101) prepared in respect of the equipment in connection with the Shafter Equipment Purchase within the 24 months preceding the date of this press release. Additionally, Aurcana intends to obtain the approval of the majority of the minority of its shareholders in connection with the Shafter Equipment Purchase at the Special Meeting. In particular, Orion and any other interested party will be excluded from voting their Aurcana Shares in connection with the approval of the Shafter Equipment Purchase.

As of the date of this press release, an affiliate of Orion owns 16,499,501 pre-Share Consolidation Aurcana Shares (representing approximately 15% of the current issued and outstanding Aurcana Shares). Following the completion of the Shafter Equipment Purchase and the completion of the Proposed Transaction, but prior to the completion of the Offering, Orion will hold approximately 8,078,809 post-Share Consolidation Aurcana Shares (representing approximately 7% of the then-outstanding Aurcana Shares).

Updated PEA for the SP Mine

The PEA incorporates the results of the Company's current mineral resource estimate, as disclosed in the Company's news release dated January 12, 2016 (the "**Resource Estimate**"). The PEA is based on reopening the existing Aurcana underground access ramp, recommissioning of the milling operation at 600 tons per day ("**TPD**") utilizing the existing silver recovery process. This approach will focus on higher-grade mineralization and improved silver recovery.

Kevin Drover, President & CEO of Aurcana noted, "The new mine plan developed for this PEA has improved the pre-tax economics of the Project. It provides a solid foundation for advancing the Project to the next stages of development. The fully permitted Shafter-Presidio Mine is ideally poised in terms of project economics, with existing underground development, a mill and established infrastructure."

All currencies in the PEA section are expressed in US Dollars unless otherwise noted.

PEA HIGHLIGHTS:

- Base Case* after-tax NPV5 of $15.8 million, IRR of 37.0%.
- Initial capital costs of approximately $20.6 million, including $2.3 million contingency.
- Pre-production development time is less than one year.
- Mine production of over 3 years.
- Net average after-tax undiscounted operating cash flow of approximately $11.0 million per full year of operation.
- Life of Mine payable production of 6.6 million ounces of silver
- Average annual silver production during first three years of operation of 1.8 million ounces
- Life of mine average silver recovery of 85.4%
- Payback is approximately 1.8 years

*Base Case uses $18.50/oz silver.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the economic results described in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The SP Mine has previously incurred significant losses which may be available to offset U.S. Federal tax liability of the SP Mine should sufficient taxable income be generated by Aurcana at the SP Mine prior to their expiry. These potential tax loss carry forwards are not reflected in the results presented herein.

The Base Case discounted cash flows in the PEA are provided as both pre-tax and after-tax figures, and are prepared in compliance with NI 43-101. The PEA was completed by Mine Development Associates ("**MDA**"), Cementation USA Inc. ("**Cementation**"), Samuel Engineering, Inc. ("**Samuel**") and Gault Group, each independent engineering firms. Due to rounding, some of the totals in the tables in this news release may not sum exactly.

Table 5 summarizes key economic indicators from the PEA. A pre-tax analysis of the cash flow from the Project was completed and the assumed US Federal Tax rate was applied. The Texas Franchise Tax (0.075% of adjusted revenue) was included in both the pre-tax and after-tax cases.

Table 5: Key Economic Indicators ($18.50/oz Silver Base Case)

Parameter	**PEA Base Case Results**
Pre-tax IRR	48.0%
Pre-tax NPV (5%)	$21.6 million
After-tax IRR	37.0%
After-tax NPV (5%)	$15.8 million
After-tax Payback from 1st production	1.8 years
Initial CAPEX *(Including contingency)*	$20.6 million
Total CAPEX *(Including sustaining and contingency)*	$22.1 million
Average Annual Silver Production for first 3 years	1.8 million ounces
Life of Mine Silver Production	6.6 million ounces

Table 6 summarizes the metal price sensitivity of the main economic outputs of the PEA.

Table 6: Sensitivity of SP Mine PEA Key Economic Indicators

Economic Indicators		Low Case	Base Case	High Case
Silver Price	$/oz	16	**18.50**	21
Pre Tax NPV (5%)	$ Million	7.8	**21.6**	35.4
Pre Tax IRR	%	21.2	**48.0**	73.4
After Tax NPV (5%)	$ Million	4.4	**15.8**	27.1
After Tax IRR	%	14.4	**37.0**	58.3
After Tax Payback Period from 1st production	Years	2.8	**1.8**	1.4
Net Average Annual Operating Free Cash Flow Per Full Year of Operation (After Tax)	$ Million	7.3	**11.0**	14.7

Note: The Base Case metal price is based on the May 2018 Standard and Poor's Market Intelligence Consensus price for 2020 of $18.50 per ounce.

The key economic indicators are summarized on an annual basis in Table 7.

Table 7: Key Economic Indicators by Year
Totals may not sum due to rounding

Key Economic Indicator	Year 0	Year 1	Year 2	Year 3	Year 4	Life of Mine
Recovered Ag Ounces (millions)		1.9	1.8	1.7	1.1	6.6
State Franchise Tax ($millions)		0.11	0.11	0.09	0.07	0.38
Total After Franchise Tax Revenue ($millions)		35.1	33.1	31	18.8	118
Total Operating Costs ($millions)		20	18.9	19.1	9.9	67.9
Total Pre Tax Profit ($millions)		15.1	14.1	11.9	8.9	50.0
Depletion Taken ($millions)		5.3	5.0	4.7	2.8	17.7
Taxable Income ($million)		9.8	9.2	7.2	6.1	32.3
Tax ($million)[8]		2.1	1.9	1.5	1.3	6.8
After Tax Net Profit ($million)		13.0	12.2	10.4	7.6	43.2
Total Capital Cost ($millions)	20.6	0.4	0.9	1.2	-1.1	22.1
Working Capital ($millions)		3.3	-3.3			0
After Tax Cash Flow ($ million)	-20.6	9.3	14.6	9.1	8.7	21.2
$/Ton Milled		95.19	90.21	91.04	83.38	90.76
All In Sustaining Cost per Ounce[9] ($/oz Ag)		10.84	11.20	12.21	9.04	11.01

MINING OPERATION

The PEA contemplates mining to commence in the Presidio mine area accessed by a decline that was established between 2011 and 2013. Mining will generally proceed from Presidio toward the Shafter area and feed the modified existing mill at a rate of 600 tons per day (TPD) or 210,000 tons annually.

Mining is planned by room and pillar methods for primary extraction and long hole slashing with partial pillar recovery for secondary extraction. The mine design is based on a 6.8 ounce silver per ton cutoff grade. Stope shapes account for internal dilution. External dilution is added at 10% with an average grade of 5.1 ounce silver per ton (based on 75% of cutoff grade). Primary and secondary extraction account for 78 percent and 11 percent of the resource, respectively, providing an overall extraction of 89 percent. Extraction losses account for the remaining 11%. The extraction rate was developed using planned stopes with widths of 28 feet, with 24 ft by 24 ft pillars.

Vulcan mining software was used to outline and design the areas to be mined. A minimum mining height of 8 feet was used to define minable areas. The grade model used blocks that were 10 ft x 10 ft x 4 ft high. The outlines were done in plan views at 8 feet mid-block elevation intervals of the block-diluted resource model. The minimum mining height of 8 feet was used to allow mechanized mining. The outlines include all internal dilution (i.e. material below cutoff).

The total mill throughput in the PEA is estimated to be 748.7 thousand tons, of which 68% are currently classified in the Resource Estimate as measured and indicated mineral resources, and 32% are currently classified as inferred mineral resources. A 6.8 oz/t cutoff grade was reflected in the underground mine design. The cut-off grade incorporates mine and process plant operating costs and recovery data.

MINERAL RESOURCE ESTIMATE

MDA completed the updated Resource Estimate for the SP Mine in January 2016 – see Aurcana's news release dated January 12, 2016 and the technical report dated January 11, 2016, titled "Technical Report on the Shafter Silver Project, Presidio County, Texas", which is filed on SEDAR.

Key Features:

- The SP Mine drill-hole assay database contains 20,006 silver assays from 1,694 drill holes. Of the drill holes, 155 were drilled by Aurcana. The majority of drill holes (992 holes) in the database are underground core holes completed by American Metal Company prior to 1942, followed by Gold Fields Mining with 403 holes.
- Silver grades fall into two natural populations as low- and high-grade silver domains. The low-grade domain is associated with weakly fractured and silicified limestone characterized by silver grades between 0.8 ounces Ag/ton and 5.0 ounces Ag/ton. The high-grade domain (>5.0 ounces Ag/ton) is associated with strongly silicified, fractured limestone.
- Resource blocks having five percent or greater underground workings were removed from the classified mineral resource.
- Compositing was done to 4-foot down-hole lengths, matching the model block size and honoring all mineral-domain boundaries.
- Four tonnage factors ranging from 12 to 14 ft^3/ton were used, reflecting low-grade, high-grade domains, non-mineralized units and zones of clay or rubble.
- The reported mineral resources were estimated by inverse-distance to the third power to estimate the grade of each block; ordinary kriging and nearest-neighbor estimates were used for comparison and validation. The stated resource is fully diluted to 10 ft by 10 ft by 4 ft blocks and is tabulated on a silver cutoff grade of 4.0 ounces Ag/ton.

Additional drilling, underground mapping and sampling, geotechnical work and targeted metallurgical tests are recommended by MDA.

Table 8 shows the mineral resources at a series of silver cutoff grades, 4 oz/t silver cutoff grade is the basis for the reported resource estimate. The effective date of the resource estimate is December 11, 2015 and the resource estimate was prepared by Paul Tietz, C.P.G of MDA, an independent qualified person within the meaning of NI 43-101.

Table 8: SP Mine Deposit Mineral Resources – December 11, 2015.

SP Mine Measured Resources

Cutoff (oz Ag/ton)	Tons	Ag oz/t	Contained Silver Ounces
2	220,000	5.55	1,200,000
3	170,000	7.39	1,006,000
4	**100,000**	**8.73**	**888,000**
5	80,000	9.77	799,000
6	70,000	10.70	719,000
7	60,000	11.68	637,000
8	50,000	12.53	567,000
9	40,000	13.49	494,000
10	30,000	14.48	426,000
12	20,000	16.84	299,000
15	10,000	20.14	185,000
20	3,000	25.71	80,000

SP Mine Indicated Resources

Cutoff (oz Ag/ton)	Tons	Ag oz/t	Contained Silver Ounces
2	2,490,000	5.60	13,967,000
3	1,940,000	7.56	11,646,000
4	**1,110,000**	**9.15**	**10,171,000**
5	880,000	10.41	9,114,000
6	710,000	11.53	8,230,000
7	580,000	12.69	7,363,000
8	470,000	13.89	6,550,000
9	380,000	15.22	5,757,000
10	310,000	16.47	5,122,000
12	210,000	19.07	4,039,000
15	130,000	22.67	2,954,000
20	60,000	28.71	1,772,000

Measured and Indicated Resources

Cutoff (oz Ag/ton)	Tons	Ag oz/t	Contained Silver Ounces
2	2,710,000	5.60	15,167,000
3	2,110,000	6.00	12,652,000
4	**1,210,000**	**9.14**	**11,059,000**
5	960,000	10.33	9,913,000
6	780,000	11.47	8,949,000
7	640,000	12.50	8,000,000
8	520,000	13.69	7,117,000
9	420,000	14.88	6,251,000
10	340,000	16.32	5,548,000
12	230,000	18.86	4,338,000
15	140,000	22.42	3,139,000
20	63,000	29.40	1,852,000

Inferred Resources

Cutoff (oz Ag/ton)	Tons	Ag oz/t	Contained Silver Ounces
2	2,610,000	4.29	11,189,000
3	1,370,000	6.00	8,193,000
4	**870,000**	**7.47**	**6,511,000**
5	650,000	8.49	5,518,000
6	490,000	9.47	4,649,000
7	370,000	10.41	3,887,000
8	280,000	11.45	3,160,000
9	200,000	12.50	2,549,000
10	150,000	13.57	2,044,000
12	70,000	16.25	1,207,000
15	40,000	19.28	712,000
20	10,000	24.34	267,000

Notes:

(1) MDA is reporting the resources at cutoff grades that are reasonable for deposits of this nature that will be mined by underground methods. As such, some economic considerations were used to determine cutoff grades at which the resource is presented. MDA considered reasonable metal prices and extraction costs and recoveries, albeit in a general sense, and then reduced the resource cut-off grade to account for that material that would become mill feed using internal cutoffs.
(2) No assumptions were made for mining recovery.
(3) An external dilution factor was not considered during this resource estimation.
(4) Internal dilution within a 10 foot x 10 foot x 4 foot SMU (selective mining unit) was considered.
(5) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
(6) Rounding errors may occur.

METALLURGY AND PROCESSING

Samuel was retained to review the metallurgy of the SP Mine as well as assess the suitability of the existing 1,500 TPD process plant and estimate process operating and capital costs. The SP Mine has a history of operations and test work that indicate the mineralization is amenable to several techniques of beneficiation and extraction. Though slight improvements in recovery can be achieved through concentration of the mill feed and focused leaching, the main factor for achieving desirable recovery is affected by grinding and cyanide leaching.

Predicted recovery rates are dependent on the head grade due to a relatively constant tails grade. The consistency of the tails grade is due to occluded silver and silver mineral, locked in quartz or jarosite minerals at or below 10 micron range. Practically all the non-encapsulated silver appears to be recoverable, making the recovery prediction highly dependent on the mill feed head grade.

The SP Mine processing facility proposed in the PEA will use whole ore cyanide leach to extract silver from the mill feed. Metal recovery will be accomplished using a standard counter-current decantation (CCD) and Merrill Crowe method. Run of mine material will be crushed to a nominal 1 inch crushed product using a single jaw crusher for primary crushing and a cone crusher in closed circuit with a product screen for secondary crushing.

Milling to the final leach feed product size of 80 percent passing 74 microns will be achieved by a single ball mill in closed circuit with cyclones for classification. The leach tanks are designed for 72 hour retention to achieve an estimated silver extraction rate of 85.4 percent. The slurry from the leach circuit will report to the CCD circuit using four thickeners for cleaning of the slurry of pregnant leach solution at an anticipated efficiency of 96 percent. The pregnant solution from the CCD circuit will flow to the Merrill Crowe circuit. Cleaned residue from the CCD circuit is pumped to the tailings plate and frame filters for one final wash before the residue cake is conveyed to a tailings load out area where it will be haul to a lined dry stacked tailings storage facility.

Silver precipitate cake from Merrill Crowe is transferred to a retort for drying and to remove any contained mercury which will be collected for offsite disposal. The dried cake from the retort is then mixed with flux and melted in a gas fired furnace for pouring into silver doré. The silver doré is stored in a safe until it is shipped off site to a refiner.

CAPITAL COSTS

The pre-production capital cost estimate includes the mine capital expenditures, environmental costs, owner's and indirect costs, refurbishment of the existing mill, new mine equipment fleet, expansion of the tails rinsing circuit, addition of instrumentation and contingency.

Sustaining capital costs include mine equipment rebuilds.

Development capital costs for the PEA are reflective of the condition of the present underground workings and work necessary to recommence underground mining operations.

Initial capital and sustaining capital costs for the PEA, summarized below in Table 9, were estimated using current data and pricing, and assume the prior completion of the equipment purchase pursuant to the Equipment Purchase Agreement.

Table 9: Summary of SP Mine capital cost estimates.

	Capital Cost ($000's)		
Category	**Pre-Production**	**Sustaining Capital**	**Total Capital**
Mine	16,062	2,019	18,081
Processing	2,221	0	2,221
Contingency	2,302	585	2,887
Equipment - Salvage		-1,123	-1,123
Total	**20,586**	**1,481**	**22,067**

OPERATING COSTS

Total operating costs for the Project are estimated to be $90.76/ton of mill feed. Mining costs were estimated as $56.76/ton milled. Table 10 below shows a breakdown of the operating cost categories on an average cost per ton of mill feed basis.

Table 10: Summary of PEA operating cost estimates.

Operating Cost	$/ton milled
Mining (mill feed and waste)	56.76
Tails Transport	2.00
Processing	22.42
G&A	8.72
Reclamation	0.86
Total On-Site Costs	**90.76**

PERMITTING

Permits required for the development of the SP Mine are in place. Aurcana is not aware of any permitting-related impediment to commencing operations.

AURCANA NEAR-TERM EXPLORATION PLANS

With the release of a positive PEA study, Aurcana believes future work should include confirmation of resources in the early years of the mine plan and conversion of inferred resources.

Additional exploration and advanced engineering studies include:

- In-fill and step-out drilling;
- Variability tests of potential mill feed to confirm process plant performance; and
- Refinement of engineering studies (mining, process, geotechnical, infrastructure, operating and capital cost estimation, etc.).

PEA PREPARATION AND QUALIFIED PERSONS

The PEA, with an effective date of July 11, 2018, was completed independently by Mine Development Associates, Reno NV, Cementation, Salt Lake City UT, Samuel Engineering, Denver CO and Gault Group, Cortez CO. The information in this news release that relates to the geology and resources of the PEA was prepared by: Paul Tietz, CPG, of MDA. The information in this news release that relates to the mine plan, mine capital and mine operating costs was prepared by Bill Tilley P.E. of Cementation The information in this news release that relates to processing, process operating and process capital costs and metallurgy portions of the PEA was prepared by: Matt Bender P.E., of Samuel Engineering. The information in this news release related to permitting was prepared by Martin Demarse, P.E. of Gault Group. The information in this news release related to the financial model was prepared by Neil Prenn P.E. of MDA.

Mr. Prenn, Mr. Tilley, Mr. Tietz, Mr. Bender and Mr. Demarse are each independent qualified persons within the meaning of NI 43-101.

Kevin Francis, SME Registered Member, Vice President – Project Development of Aurcana, a Qualified Person as defined by NI 43-101, reviewed and approved the technical information regarding the SP Mine in this news release.

A technical report supporting the PEA will be filed on SEDAR within 45 days.

ABOUT AURCANA CORPORATION

Aurcana Corporation owns the Shafter-Presidio Silver Project in Texas, US. The Shafter-Presidio Silver Project 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

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CAUTIONARY NOTES

This press release contains forward looking statements within the meaning of applicable securities laws. The use of any of the words "anticipate", "plan", "continue", "expect", "estimate", "objective", "may", "will", "project", "should", "predict", "potential" and similar expressions are intended to identify forward looking statements. In particular, this press release contains forward looking statements concerning, without limitation, the completion of the Proposed Transaction and the Offering (including the timing of completion and receipt of shareholder and regulatory approvals therefor), the anticipated terms and conditions of the Definitive Agreement, matters concerning the governance of the Resulting Issuer, future mineral reserves and mineral resources, and the anticipated future results of mining activities at the SP Mine and the RV Mine (including economic results thereof). Although the Company believes that the expectations and assumptions on which the forward looking statements are based are reasonable, undue reliance should not be placed on the forward looking statements because the Company cannot give any assurance that they will prove correct. Since forward looking statements address future events and conditions, they involve inherent assumptions, risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of assumptions, factors and risks. These assumptions and risks include, but are not limited to, assumptions and risks associated with the result of drilling and exploration activities, that contracted parties provide goods and/or services on the agreed timeframes, risks related to future metals prices, that equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred, that plant and equipment function as specified, that no unusual geological or technical problems occur, and that laboratory and other related services are available and perform as contracted.

Management has provided the above summary of risks and assumptions related to forward looking statements in this press release in order to provide readers with a more comprehensive perspective on the Company's future operations. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. These forward looking statements are made as of the date of this press release, and, other than as required by applicable securities laws, the Company disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise.

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[1] The Base Case in the RV Mine FS uses a price deck of $18.50 Ag, $1,300 Au, $1.00 Pb, and $1.20 Zn.

[2] The Base Case in the SP Mine PEA uses a price deck of $18.50 Ag.

[3] The Base Case in the RV Mine FS uses a price deck of $18.50 Ag, $1,300 Au, $1.00 Pb, $1.20 Zn.

[4] Aurcana, Ouray and combined pro-forma Aurcana-Ouray figures are based on both (a) the RV Mine FS prepared by SRK and Ouray analysis and (b) the NI 43-101 Aurcana Preliminary Economic Analysis issued by Mine Development Associates effective July 11, 2018 ("**PEA**"). All mineral resources are shown inclusive of mineral reserves.

[5] Life of time ("**LOM**") of 4 years.

[6] First 5 full years of production.

[7] AISC or All In Sustaining Costs is a non-IFRS and Non-GAAP measure; AISC includes all production costs related to extraction and processing as well as costs associated with transportation, treatment, refining and other selling costs plus capital costs

[8] Assumes 21% Federal Tax Rate and no application of tax loss carry forwards

[9] AISC or All In Sustaining Costs is a non-IFRS and Non-GAAP measure; AISC includes all production costs related to extraction and processing as well as costs associated with transportation, treatment, refining and other selling costs plus capital costs