



# Revenue-Virginus Mine Supplemental Materials

August 2019



# Forward-Looking Information Cautionary Statement

## *Cautionary Statement Regarding Forward-Looking Information*

This presentation contains certain forward-looking statements, including statements regarding, metals grades, potential mineralization, exploration results, and future plans and objectives of Aurcana Corporation ("Aurcana" or the "Company"). These statements are forward-looking statements that involve various risks and uncertainties. Forward-looking statements include, but are not limited to, the Company's strategic vision to enhance value, potential mineral grades or tonnages at the Shafter property (the "SP Mine" or "Shafter") and the Revenue-Virginus Mine (the "RV Mine"), mining and processing of mineralized material, achieving projected recovery rates, anticipated production rates and mine life, potential future cash flows, 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 receipt of regulatory or shareholder approvals, unsuccessful further exploration results, metals prices, fluctuations in currency prices, international operations, 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.

This presentation includes disclosure of scientific and technical information, as well as information in relation to the estimation of resources, with respect to the SP Mine and the RV Mine. Aurcana's disclosure of mineral reserve and resource information is governed by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as may be amended from time to time by the CIM. Certain information in this presentation is derived from reports titled "*Preliminary Economic Assessment and Updated Technical Report on the Shafter Project, Presidio County, Texas*" dated July 29, 2018 and "*NI 43-101 Technical Report Feasibility Study Revenue-Virginus Mine, Ouray, Colorado*" dated July 30, 2018". A copy of the reports is available on the SEDAR website under Aurcana's profile at [www.sedar.com](http://www.sedar.com). All scientific and technical disclosure in this document related to the SP Mine has been reviewed and approved by Kevin Francis, a qualified person pursuant to NI 43-101 and SME Registered Member, Vice President – Project Development of Aurcana. All scientific and technical disclosure in this document related to the RV Mine has been reviewed and approved by Val Pratico, P.Geol, Chief Geologist, OSMI, a qualified person pursuant to NI 43-101.

## Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources:

These tables use the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" are considered too speculative geologically to have economic considerations applied to them. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies except in limited circumstances. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.

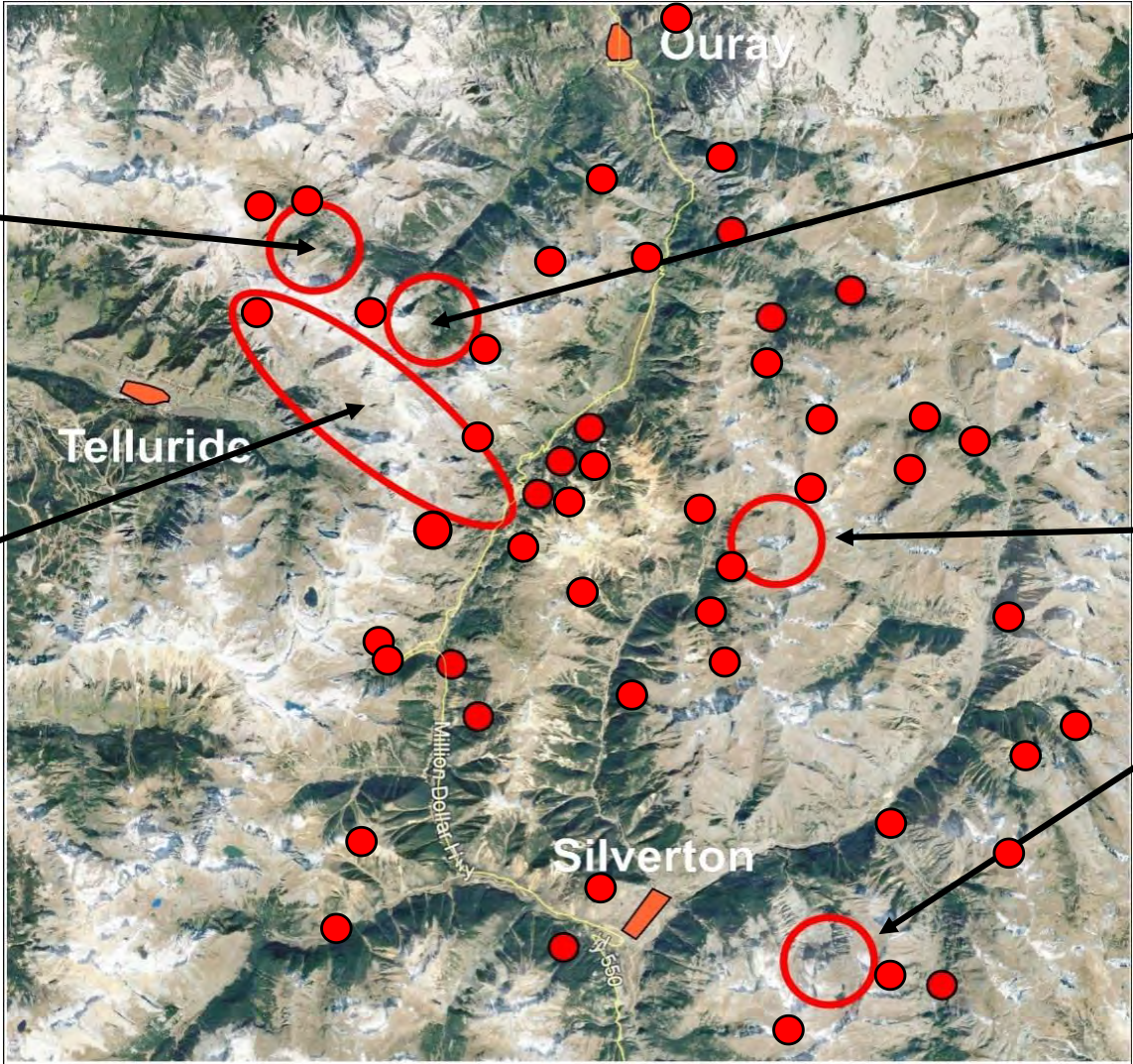




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# Regional Historical Production



Revenue-Virginius  
25,000,000 oz Ag

Camp Bird  
2,297,000 short tons ore  
>1,000,000 oz Au

Idarado  
10,900,000 short tons ore

Sunnyside  
8,000,000 short tons ore  
>2,000,000 oz Au

Silver Lake  
(Shenandoah-Dives)  
17,575,000 oz Ag  
616,000 oz Au

● Mines  
<1,000,000 short tons ore but > 100,000 short tons ore

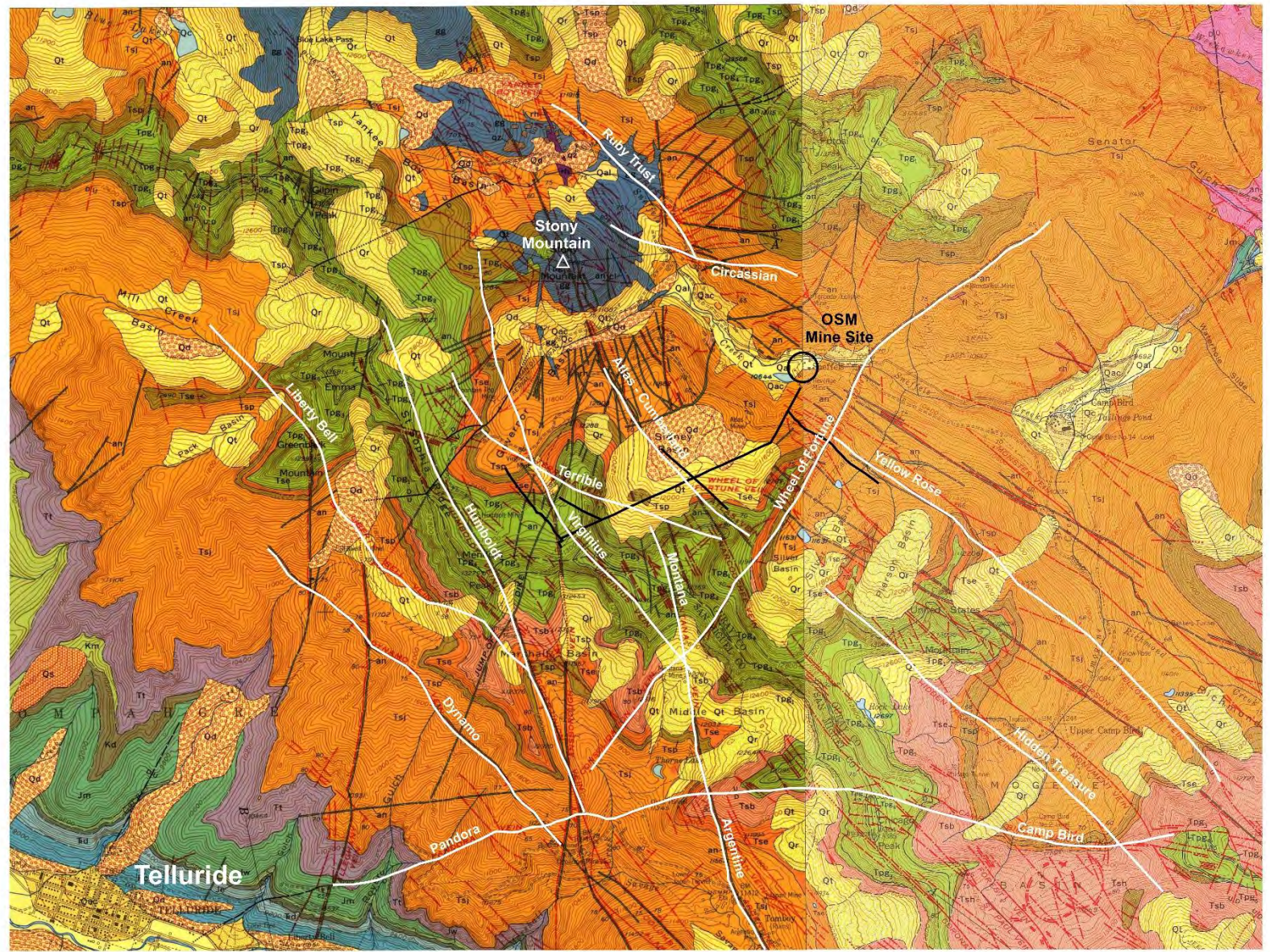
Source: OSMI Research. Historical production figures are based on OSMI research of historical reports which are not NI 43-101 compliant



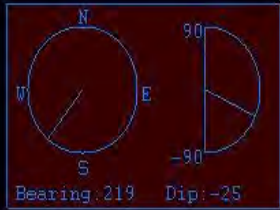
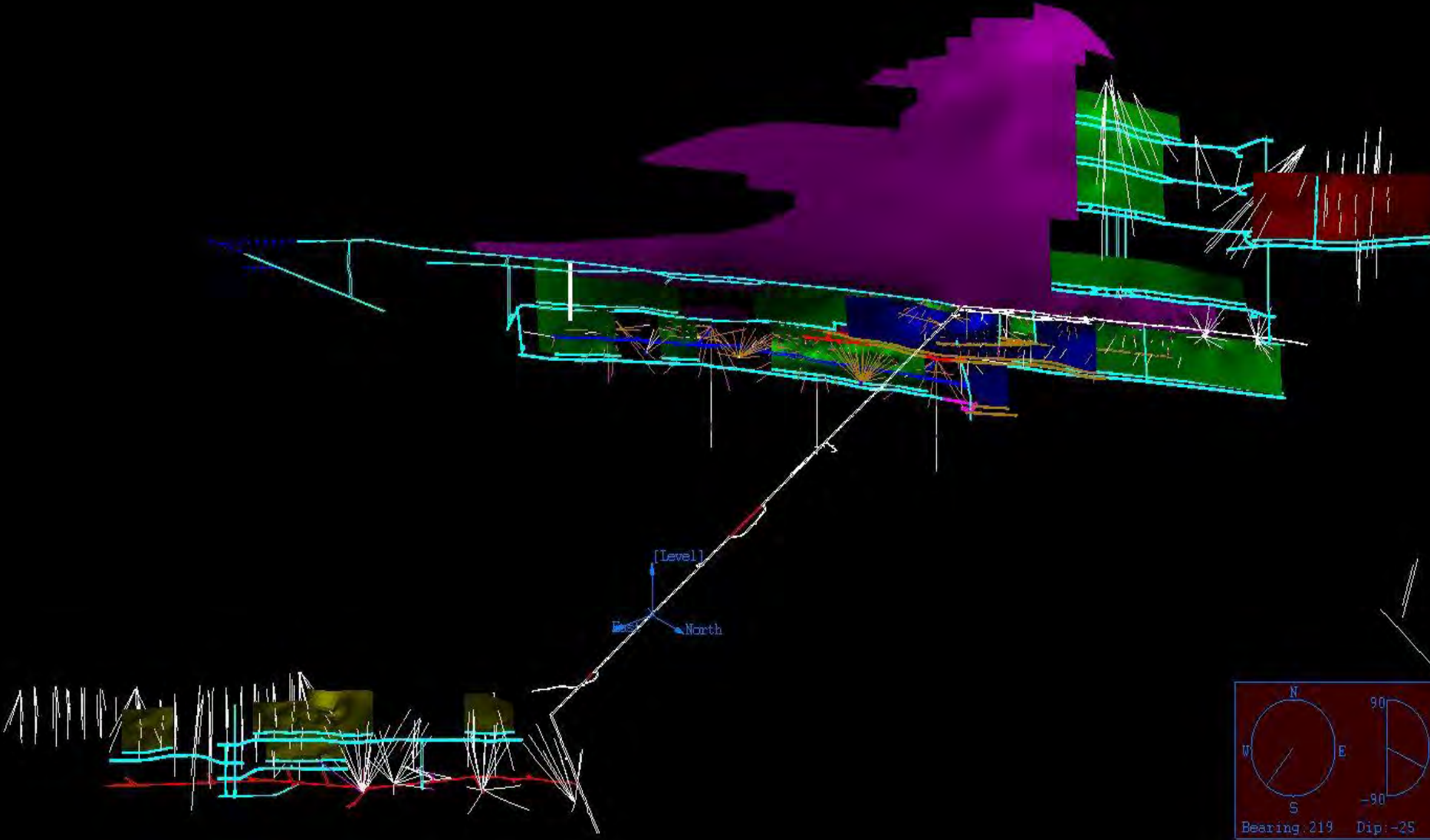
# Geologic Overview

- The Sneffles and Telluride Mining Districts in the San Juan mountains have a significant history of Ag-Au-Pb-Zn production and are prospective for new resource development due to multiple vein systems in close proximity to underground access.
- The Revenue Tunnel provides access to several veins where historical records provide targets for resource expansion and additional exploration.
- Virginius vein extensions, the Terrible vein, the Atlas-Cumberland vein and the Wheel of Fortune vein have documented mineralization that have potential to yield new Ag-Au-Pb-Zn resources with additional level development and diamond drilling. Strike and dip dimensions are in the order of thousands of feet.
- All veins mentioned above have the potential for additional replacement-style Ag-Au-Pb-Zn mineralization within the underlying basal conglomerate (Telluride Conglomerate) unit. Over 10 million tons has been mined from replacement ore bodies associated with veins in both the Sneffels and the adjacent Telluride Mining Districts is recorded.

# Geology Map of Ouray-Telluride District



# Mining Current & Planned Development





# Current Mine Reserves

Description	Area	Tons	Ag	Au	Pb	Zn	Aq	Au	Pb	Zn	Aq Equiv	Aq Equiv
		(kst)	(oz/st)	(oz/st)	(%)	(%)	(koz)	(koz)	(klb)	(klb)	(koz)	oz/st
Proven	Virginus	203.5	24.5	0.06	5.09	1.75	4,980	12.6	20,720	7,124	7,448	36.6
	Terrible											
	Yellow Rose	40.9	20.2	0.05	4.20	2.31	825	2.1	3,433	1,887	1,281	31.3
Proven Subtotal		244.4	23.8	0.06	4.94	1.84	5,805	14.7	24,153	9,011	8,728	35.7
Probable Subtotal	Virginus	206.6	30.4	0.06	5.11	2.80	6,270	13.1	21,133	11,571	9,083	44.0
	Terrible	44.9	18.0	0.05	7.40	1.37	806	2.2	6,642	1,229	1,399	31.2
	Yellow Rose	79.2	16.7	0.04	3.29	1.83	1,321	2.8	5,209	2,896	1,987	25.1
Probable Subtotal		330.7	25.4	0.05	4.99	2.37	8,397	18.1	32,984	15,696	12,470	37.7
P&P	Virginus	410.1	27.4	0.06	5.10	2.28	11,250	25.7	41,853	18,695	16,531	40.3
	Terrible	44.9	18.0	0.05	7.40	1.37	806	2.2	6,642	1,229	1,399	31.2
	Yellow Rose	120.1	17.9	0.04	3.60	1.99	2,146	4.9	8,642	4,783	3,268	27.2
P&P Subtotal		575.1	24.7	0.06	4.97	2.15	14,202	32.8	57,137	24,707	21,198	36.9

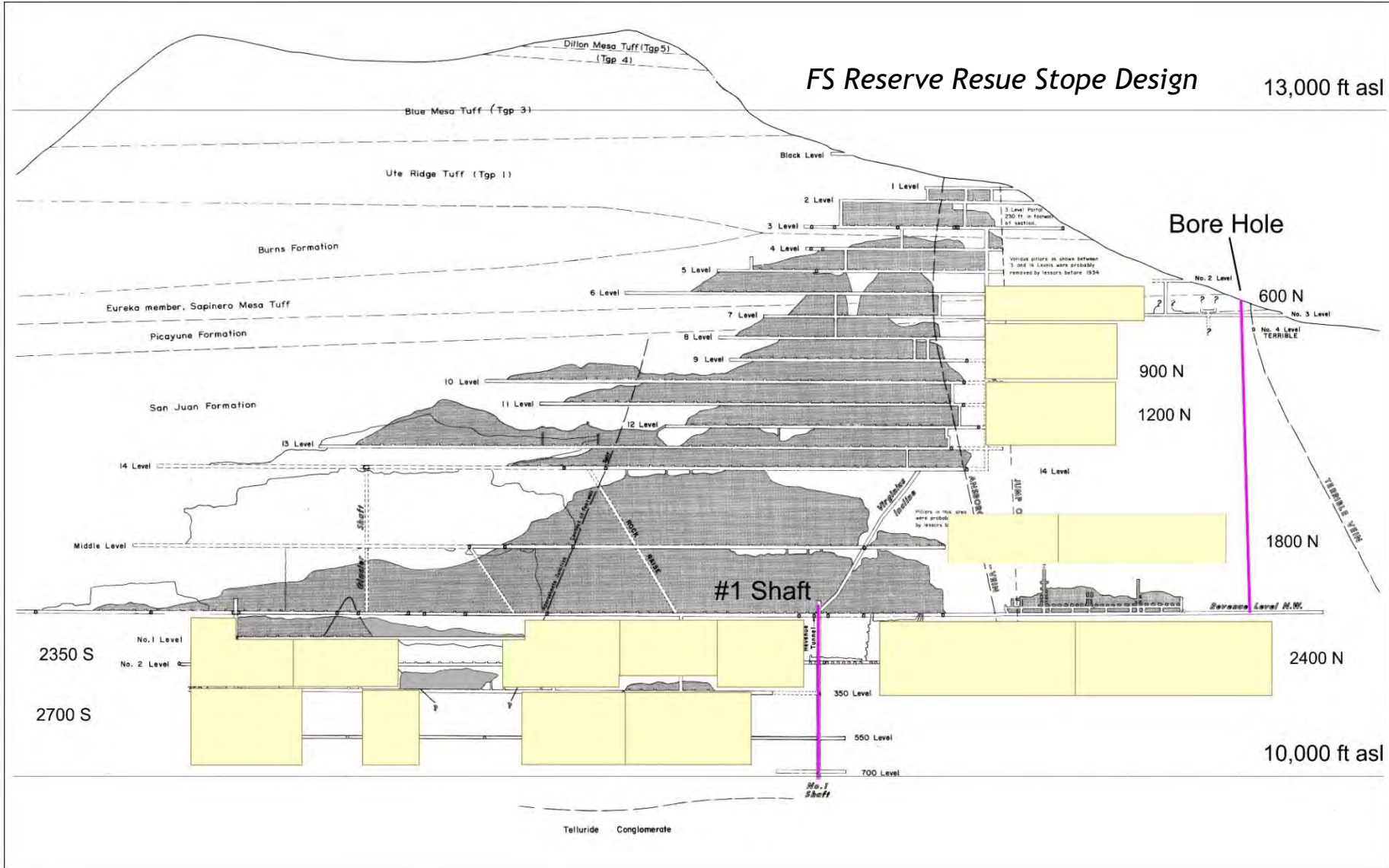
Based on the NI 43-101 OSMI Feasibility Study prepared by SRK Consulting (U.S.), Inc. effective June 15, 2018 ("FS") and OSMI analysis

1) All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding. 2) Ore 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%). 3) Ore 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 ore reserves were estimated by OSMI. Joanna Poeck, (BS Mining, MMSA, SME-RM) a Qualified Person.

For further information see Aurcana Corporation's ("Aurcana") news release dated July 30, 2018 titled "Aurcana Announces Transformational Transaction", which is available on Aurcana's website and is filed on SEDAR [www.sedar.com](http://www.sedar.com)



# Stope Layout & Development Long Section

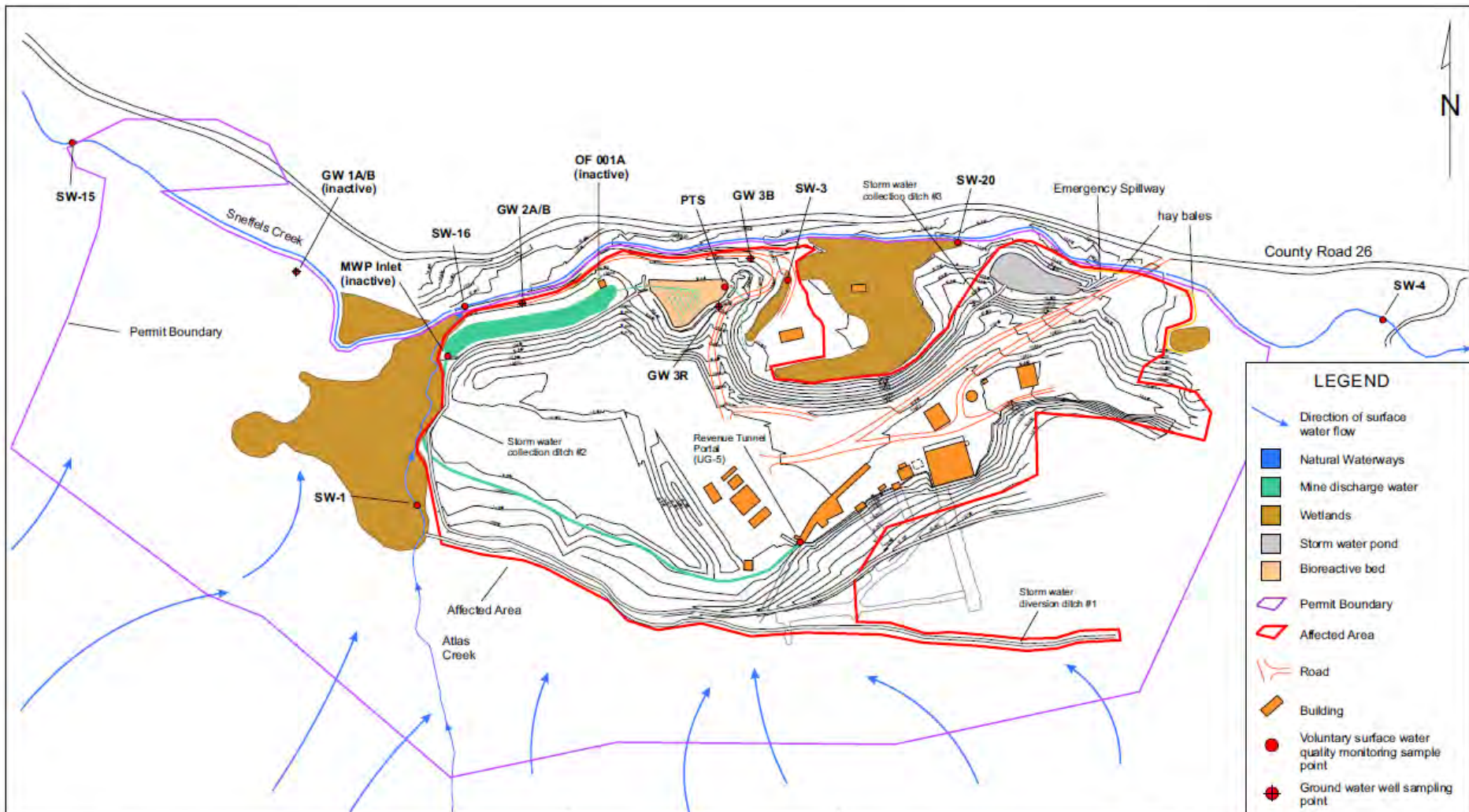













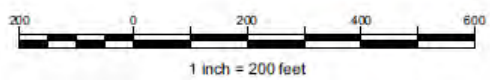
# Stope General Layout – Resue Mining Method



# Environmental Site Overview



LEGEND	
	Direction of surface water flow
	Natural Waterways
	Mine discharge water
	Wetlands
	Storm water pond
	Bioreactive bed
	Permit Boundary
	Affected Area
	Road
	Building
	Voluntary surface water quality monitoring sample point
	Ground water well sampling point



January 2018

**ENGINEER'S CERTIFICATION**

I, Brian K. Briggs being a registered engineer in the State of Colorado, do hereby certify that this drawing has been made by me or under my direct supervision and that it is true and accurate to the best of my knowledge and belief.



**REVENUE - VIRGINIUS MINE**  
**Surface Map**

Locations of sampling stations for water quality monitoring at surface



# Permit List

Permit/Agency (Original Permit Date)	Purpose	Expiration Date	Comments
M2012-032/DRMS (2/5/2012)	112d-1 Mining Permit, regulates mining, reclamation, and groundwater for mining operations that affect less than 50 acres and extract less than one million tons per year	Renewed Annually temporary cessation on 6 months without activity	<b>Amendment 1 (8/20/2015):</b> Modified to update facilities and allow for ore processing for Governor Basin (abandoned). Includes TR-01, TR-02, TR-03, TR-04, TR-05, and TR-06
			<b>TR-08 (7/5/2016):</b> Authorizes passive treatment and ground water infiltration
			<b>TR-09 (3/16/2017):</b> Updated groundwater standards, allowed sale of mixed tailings and waste rock, building upgrades
			<b>TR-10 (9/27/2018):</b> Permitted 5-stage passive treatment system with DRMS. <b>TR-11 (pending):</b> Update underground monitoring stations, Mill discharge with treatment
P2015-003/DRMS (3/31/2015)	Governor Basin Exploration Notice of Intent	3/31/2020	Reclamation and closure occurring summer 2019
CO0000003/CDPHE (8/1/2013)	Point Source Discharge to Sneffels Creek, Surface Water	8/31/2018	<b>Modification 3 (11/23/2015):</b> Adjust effluent limits for hardness based on additional winter sampling.
		administratively continued	<b>Modification 5 (8/31/2018):</b> 5-Stage Passive Treatment with Outfall002A, adjust permit standards based on upstream discharges.
COR040289/CDPHE (9/19/2012)	Storm water (formerly Permit # COR040273)	administratively continued	Storm water discharge monitoring required, but no discharge has ever occurred.
CO0246283/CDPHE (Pending)	Potable Water	N/A	Submitted under Fortune, additional source water sampling required once employee threshold reached.
APEN/CDPHE (N/A)	Air Quality	4/1/2021	Currently permit exempt, new APEN may be required if equipment changes. 14OU1123F.XP 14OU1124.XA
COR000241828 / CDPHE – HMWMD (8/26/2016)	Hazardous Waste Generator ID	Annual	Relates to hazardous waste management
Maintenance Agreement / USFS (2/22/2016)	Road Use	N/A	Allows OSM to use and maintain CR 26 and 361 during winter months.
Materials/ Ouray County (10/7/2014)	Provides for use of waste rock on County Roads	N/A	Annual SPLP analysis required

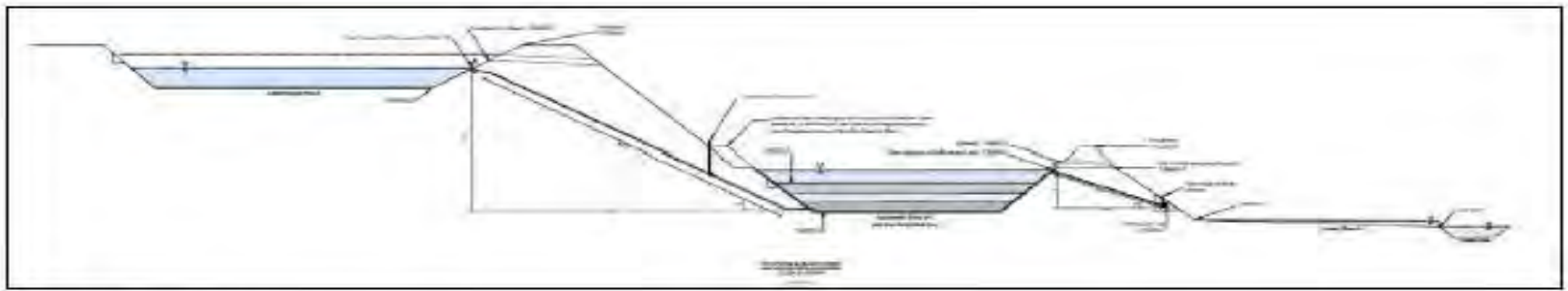


# Key Permit Revisions: TR08

## DRMS – TR08, Phase I Passive Water Management System

- On July 5, 2016 DRMS approved Technical Revision 8 (TR-08) to Amendment 1 of DRMS Permit M2012-032.
- The integrated passive treatment system approved in TR08 intends the following:
  - Passive treatment pond to polish water during operations and into closure.
  - Groundwater infiltration facilitates regulatory simplicity.
  - Increase Alkalinity and Hardness with calcite rich rock.
    - Facilitates water quality standard achievement by raising acceptable concentration of zinc, cadmium, and lead.
    - Promotes sequestration of metals as carbonates.
  - Encourage Sorption
    - Lots of surface area
  - Promote precipitation of sulfides
    - Bacteria
    - Plants to help provide long-term food for bacteria
- The system is designed to treat water during operations as well as into closure, providing long-term improvements in discharge water quality.
- The system uses established natural mechanisms to provide polished water with an environmentally friendly, sustainable, low/no maintenance, long-term solution. It is a win-win for the company and the environment.

# Phase I Passive Treatment System



**Passive Water Treatment System Cross-Section**



## DRMS - TR09, Tailings Management

- OSMI filed Technical Revision 9 (TR-09) with DRMS on February 7, 2017
  - Sale and use of tailings blended with waste rock for aggregate use
  - Reduces the need for large tailings impoundments.
  - Creates a useful byproduct from a previous waste product.
  - 30 day submittal of testing on materials prior to a sale or donation of material required by DRMS permit.
- TR09 also allowed construction of additional surface buildings and infrastructure and increased the reclamation bond appropriately.





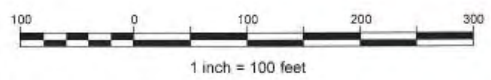


# Key Permit Revisions: TR10

## **DRMS – TR10, Phase II 5 - Stage Passive Water Management System**

- Construction of a five-stage passive treatment system for Mine effluent with surface water discharge to Sneffels Creek.
- Installation of a new monitoring well (GW-4) between Pond 3 and Sneffels Creek to facilitate monitoring of the new passive treatment system.
- Move the diesel tanks from near the Mill Building to the western end of the Administrative buildings.

# Phase II Passive Treatment: DRMS & CPDHE Permitted



Updated 14 September 2017

Operating Arrangement



**REVENUE - VIRGINIUS MINE**  
**Conceptual Arrangement**  
**Bioreactive Treatment System Modifications**  
**Not For Construction**



# Reclamation and Closure

- DRMS permit M2012-032 includes updated closure plan and associated costs
- Cash bond held by Alpine Bank in the amount of \$467,269, which reflects an increase of \$11,935 associated with approval of TR-09
- Post closure water will be managed as permitted under TR-09 and TR-10 through the Passive Water Treatment System.
- Mill permitted as non-discharge currently. TR-11 in design phase to allow treatment before being comingled with mine discharge water.