



## NEWS RELEASE

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### **AURCANA ANNOUNCES EXECUTION OF ARRANGEMENT AGREEMENT FOR PREVIOUSLY ANNOUNCED TRANSFORMATIVE ACQUISITION AND REVERSE TAKE-OVER OF OURAY SILVER MINES**

**VANCOUVER, B.C., September 21, 2018** – Aurcana Corporation (TSX-V: AUN) (“Aurcana” or the “Company”) is pleased to announce that, further to the letter of intent announced July 30, 2018, Aurcana has entered into a definitive arrangement agreement (the “**Arrangement Agreement**”) with LRC-FRSM and LRC-FRSM II (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. (“**Ouray**”) on a debt free basis in exchange for newly issued common shares of Aurcana (“**Aurcana Shares**”), all pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**Arrangement**”).

#### **Transaction Summary**

Pursuant to the terms and conditions of the Arrangement Agreement:

Aurcana will complete the purchase of all equipment currently owned by an entity controlled by Orion Mine Finance (“**Orion**”) and currently located at Aurcana’s Shafter project (the “**Shafter Equipment Purchase**”) in exchange for US\$500,000 and 23,894,545 pre-Share Consolidation Aurcana Shares;

Aurcana will complete a share consolidation (the “**Share Consolidation**”) on a 5:1 basis (resulting in approximately 26,776,786 outstanding 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 in exchange for 83,240,359 post-Share Consolidation Aurcana Shares, and Ouray will become a wholly-owned indirect subsidiary of Aurcana.

In connection with the Arrangement, 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 Arrangement. Terms and the ultimate size of the Offering will be announced at a later date.

The Aurcana Shares issuable pursuant to the Arrangement will be freely trading common shares of Aurcana, subject to any escrow provisions pursuant to requirements of the TSX Venture Exchange (the “**Exchange**”) and any trading restrictions under applicable securities laws. Upon completion of the

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Arrangement, 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.

Aurcana's President and CEO Kevin Drover stated "The signing of the definitive agreement brings Aurcana one step closer to achieving our goal of becoming a mid-tier producer again. The Revenue-Virginus Mine owned by Ouray Silver Mines is one of the highest grade primary silver mines in the world and, when in operation, is expected to create a strong base of cash flow to support our ongoing growth plans."

Elliot Rothstein and David Kaplan, co-managers of the LRC Group, added: "The signing of this definitive agreement is yet another milestone in the ongoing process to see Ouray return to profitable production, and the first of many steps for the growth of the next mid-tier precious metals mining company. It is clear from the smooth process to date that we selected the right partner to work with our capable team at Ouray to deliver on our goals and objectives, and we look forward to completing the transaction in the near future."

The Arrangement will be completed pursuant to a court-approved plan of arrangement and will require receipt of a favourable vote of at least (i) 66 2/3% of the shares voted by holders of Aurcana 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. 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 Arrangement 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 Arrangement 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 Arrangement.

In addition to shareholder and court approvals, the Arrangement will be subject to applicable regulatory approvals and the satisfaction of certain other customary conditions, including approval of the Exchange given that the Arrangement will constitute a reverse take-over of Aurcana pursuant to Exchange Policy 5.2 – *Changes of Business and Reverse Takeovers*.

The Arrangement Agreement also includes customary provisions, including mutual covenants not to solicit other acquisition proposals, a right of each party to match any superior proposal and termination and expense fees payable in certain circumstances. The parties target closing the Arrangement around the middle of November 2018.

The Board of Directors of Aurcana has determined that the Arrangement is in the best interest of the Company and fair to its shareholders, having taken into account advice of their financial advisors, and has unanimously approved the execution of the Arrangement Agreement. The Board of Directors of Aurcana will recommend that shareholders vote in favour of the Arrangement. Aurcana formed a special committee of independent directors to consider the Arrangement. Dundee Securities Ltd. has provided an opinion to the Board of Directors of Aurcana that the consideration to be paid by Aurcana

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for the acquisition of Ouray and related assets under the Arrangement is fair, from a financial point of view, to Aurcana shareholders.

This press release is not intended as, and does not constitute, a solicitation of proxies or votes in connection with the requisite Aurcana shareholders' approval of the Arrangement. A management information circular in connection with a special meeting of the shareholders of Aurcana to approve the Arrangement will be prepared and filed on SEDAR at [www.sedar.com](http://www.sedar.com) and sent to Aurcana Shareholders in accordance with the policies of the Exchange and applicable Canadian securities laws. A press release will be issued by Aurcana once the management information circular has been filed.

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 Arrangement.

### **Advisors and Counsel**

Aurcana has retained Dundee Securities Ltd. to act as financial advisor and Maxis Law Corporation and Dorsey and Whitney LLP to act as legal advisor. LRC Group has retained Stikeman Elliott LLP, Mayer Brown LLP and Davis Graham & Stubbs LLP to act as legal advisors.

### **Disclaimers**

*Completion of the Arrangement is subject to a number of conditions, including but not limited to, Exchange acceptance. The Arrangement cannot close until the required shareholder approval is obtained. There can be no assurance that the Arrangement 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 Arrangement, any information released or received with respect to the Arrangement may not be accurate or complete and should not be relied upon. The Exchange has in no way passed upon the merits of the Arrangement 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 an offer for sale or a solicitation of an offer to buy, in the United States or to, or for the account or benefit of, 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. None of the securities to be issued pursuant to the Arrangement have been or will be registered under the 1933 Act or any applicable securities laws of any state of the United States, and any securities issued in the Arrangement are anticipated to be issued in reliance upon the exemptions from such registration requirements of the 1933 Act provided by Section 3(a)(10) thereof and/or Section 4(a)(2) thereof and in accordance with applicable exemptions under any applicable securities laws of any state of the United States. The securities of the Resulting Issuer to be issued in connection with the Offering have not been and will not be registered under the 1933 Act or any applicable securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. Person absent registration under the 1933 Act or*

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*an applicable exemption from the registration requirements of the 1933 Act and in accordance with all applicable securities laws of any state of the United States.*

#### 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

For further information, visit the website at [www.aurcana.com](http://www.aurcana.com) or contact:

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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 Arrangement and the completion and gross proceeds of the Offering (including the timing of completion and receipt of shareholder and regulatory approvals therefor). 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 receipt of regulatory or shareholder approvals, and risks related to the state of financial markets or future metals prices.*

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*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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