



EMERGING SENIOR SILVER PRODUCER



# Emerging Senior Silver Producer

## Corporate Presentation – September 2012



## General

## Disclaimer:

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This presentation includes disclosure of scientific and technical information, as well as information in relation to the calculation of reserves and resources, with respect to the Shafter and La Negra Projects. 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 the following technical reports, "Technical Report on Shafter Feasibility Study", dated June 23, 2011, "Mineral Resource Estimate Maravillas Deposit La Negra Mine", dated February 16, 2010, "Mineral Resource Estimate Monica Deposit La Negra Mine" dated July 22, 2008 and "Technical Report on the Mineral Resources and Mineral Reserves of the el Alacran Deposit of the La Negra Silver, Lead, Zinc, Copper Mine Queretaro, Mexico", dated February 2008 and "A Statement of Measured and Indicated Resources for all deposits and all blocks with a minimum recovered value of US\$ 40 as of February 29, 2012" at the La Negra Operation, dated August 27, 2012. Copies of the Technical Reports are available on the SEDAR website under Aurcana's profile at [www.sedar.com](http://www.sedar.com).

Jerry Blackwell, P.Geo, and Technical Advisor to Aurcana and a Qualified Person ("QP") as defined by National Instrument 43-101 (Standards of Disclosure for Mineral Projects) acts as Aurcana's QP.

## 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" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. 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. 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.

## Aurcana Highlights

High-Quality Assets in Favourable Mining Jurisdictions

Emerging Senior Silver Producer with Leading Growth Profile

Significant Production Upside Potential

Strong Balance Sheet and Cash Flow Generation

Attractive Relative Valuation and Re-Rating Potential

Experienced Management Team with Track Record of Value Creation





## High-Quality Assets in Favourable Mining Jurisdictions

### Shafter – Pure Ag Mine

- 100% ownership
- Commercial production expected in Q4 2012
- Expecting 3.8mm Ag oz at US\$8.73/oz cash cost in the first full year of operation

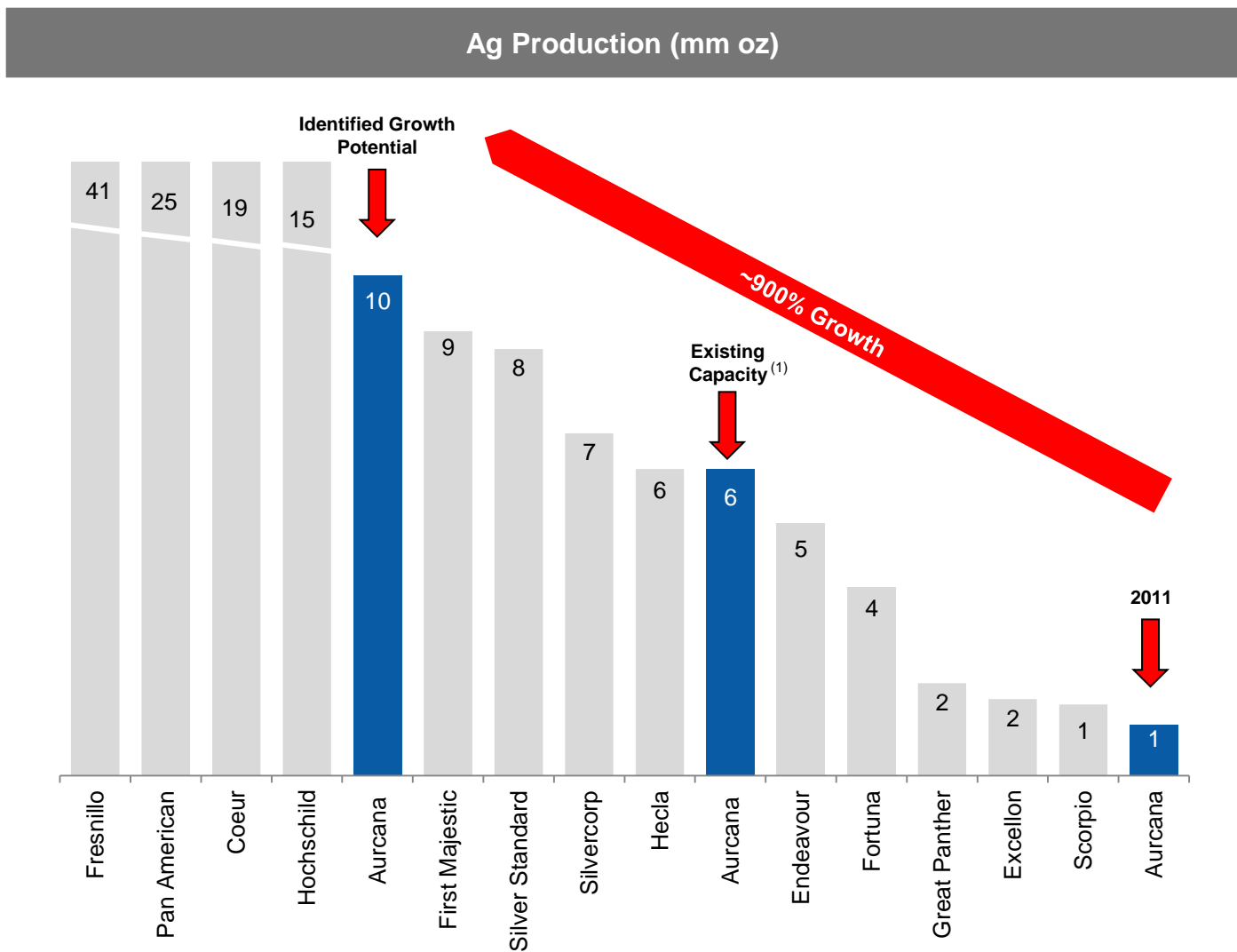
### La Negra – Ag-Cu-Zn-Pb Mine

- 99.9% ownership
- 2012 expected Ag production of 1.3mm oz at US\$1.00 to US\$1.50/oz cash costs net of by-products



✕ Current and past producing silver mines and deposits

## Emerging Senior Silver Producer with Leading Growth Profile



Source: Public Disclosure

Note: 2012E Ag production unless otherwise indicated

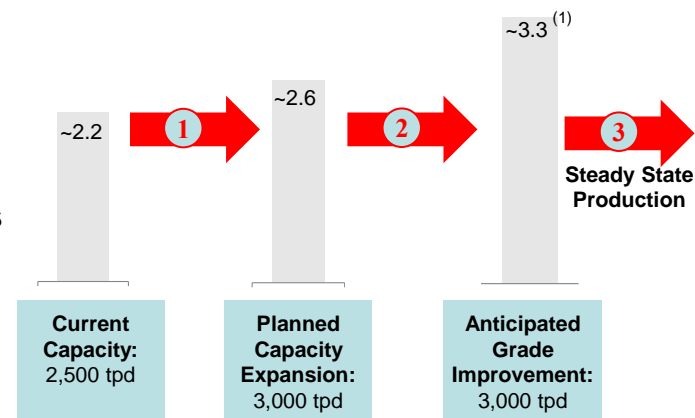
(1) Based on a rolling 12 month production rate (Shafter based on feasibility study year 1 production of 3.8mm oz Ag and production of 2.2mm oz Ag at La Negra based on current throughput capacity of 2,500 tpd and average mill head grade of ~80g/t)

## Significant Production Upside Potential

### La Negra

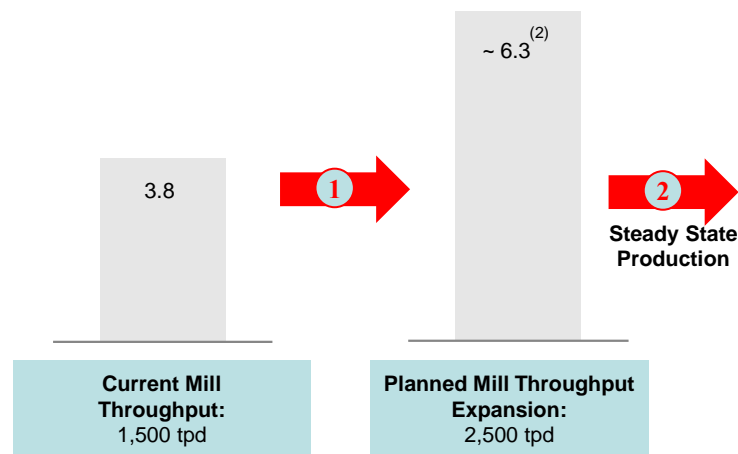
- ① Capacity Expansion
- ② Mill Head Grade Improvements
- ③ Resource Expansion

### Production Potential (mm oz Ag)



### Shafter

- ① Capacity Expansion
- ② Resource Conversion and Expansion



**Identified growth opportunities support potential for combined annual production of up to ~10mm oz Ag per year**

(1) Assumes average mill head grade of 100 g/t

(2) Assumes linear increase in production from Shafter feasibility study with throughput expansion from 1,500 to 2,500 tpd

## Strong Balance Sheet and Cash Flow Generation

### Financial Snapshot <sup>(1)</sup>

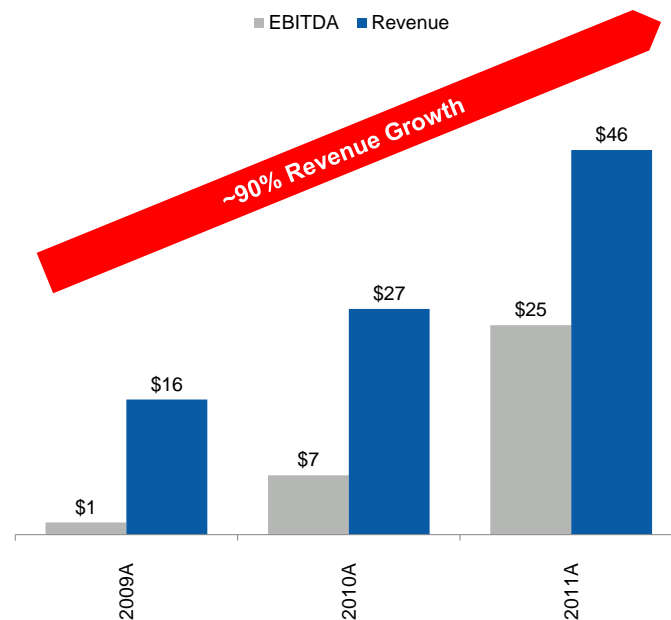
Share Price	(C\$)	\$1.05
Basic Shares Outstanding	(mm)	455
Options Outstanding	(mm)	31
Warrants Outstanding	(mm)	80
Fully Diluted ITM Market Cap	(C\$mm)	\$595
Cash	(C\$mm)	\$15
Investments	(C\$mm)	\$1
Debt	(C\$mm)	\$8

Top 5 Shareholders		% Basic
Wellington	(%)	12%
Sprott	(%)	9%
Van Eck	(%)	7%
Fidelity	(%)	5%
Global X Management	(%)	1%

Source: Bloomberg, Factset

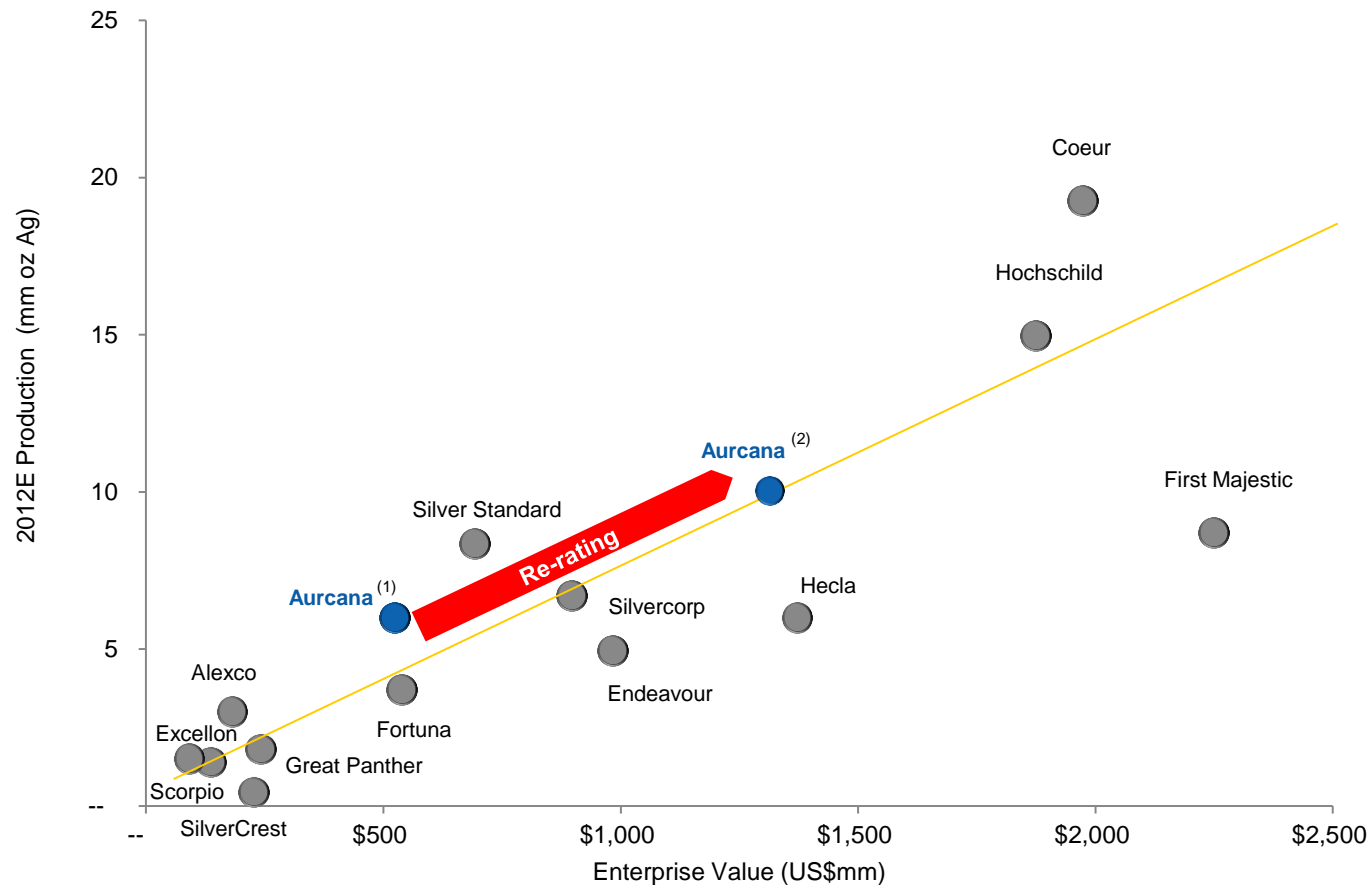
(1) As of August 31, 2012

### Financial Performance (C\$mm)



**Does not include impact of Shafter**

## Attractive Relative Valuation and Re-Rating Potential



Source: Public Disclosure, Bloomberg

- (1) Based on a rolling 12 month production rate (Shafter based on feasibility study year 1 production of 3.8mm oz Ag and production of 2.2mm oz Ag at La Negra based on current throughput capacity of 2,500 tpd and average mill head grade of ~80g/t)
- (2) Based on identified growth opportunities outlined on page 6



## Experienced Management Team with Track Record of Value Creation

### Management

**Lenic Rodriguez**  
President, CEO  
& Director

- Over 15 years experience in senior management
- 20 years of experience in international finance
- Instrumental from day one on the acquisition and financing of the La Negra mine
- Honors Business graduate from Universidad Iberoamericana. M. Sc. Iberoamericana Univeristy

**Salvador Huerta**  
CFO

- Over 25 years experience as a CFO for international companies
- Extensive knowledge in business, finance and mergers & acquisitions

**Nils von Fersen**  
VP, Exploration

- Professional Geologist with over 30 years of experience with base and precious metals exploration programs in Canada, Chile, Mexico and Guatemala
- Spent 18 years with Kidd Creek Mines and Falconbridge in exploration and project evaluation in Western Canada and Chile (Collahuasi)
- Consulting geologist since 1989 with a focus on projects in B.C., Mexico and Central America

### Board Of Directors

**Bob Tweedy**  
Non-Executive  
Chairman

- Chairman of Useppa Holdings
- Trustee of Dundee REIT

**Adrian Aguirre**

- Vice Chairman of Maxcom Telecomunicaciones

**Ken Collison**

- Senior VP Project Development of Avanti Mining
- Former COO at Thompson Creek Mines

**Paul Matysek**

- Former President & CEO of Potash One
- Director of Lithium One, Nevada Copper and Forsys Metals

### Technical Advisors

**Jerry Blackwell**

- Advisor to Comstock Metals
- P.Geo and QP

**Dr. Peter Megaw**

- Professional geologist with 30+ years experience
- Primary expertise in epithermal veins and CRD deposits

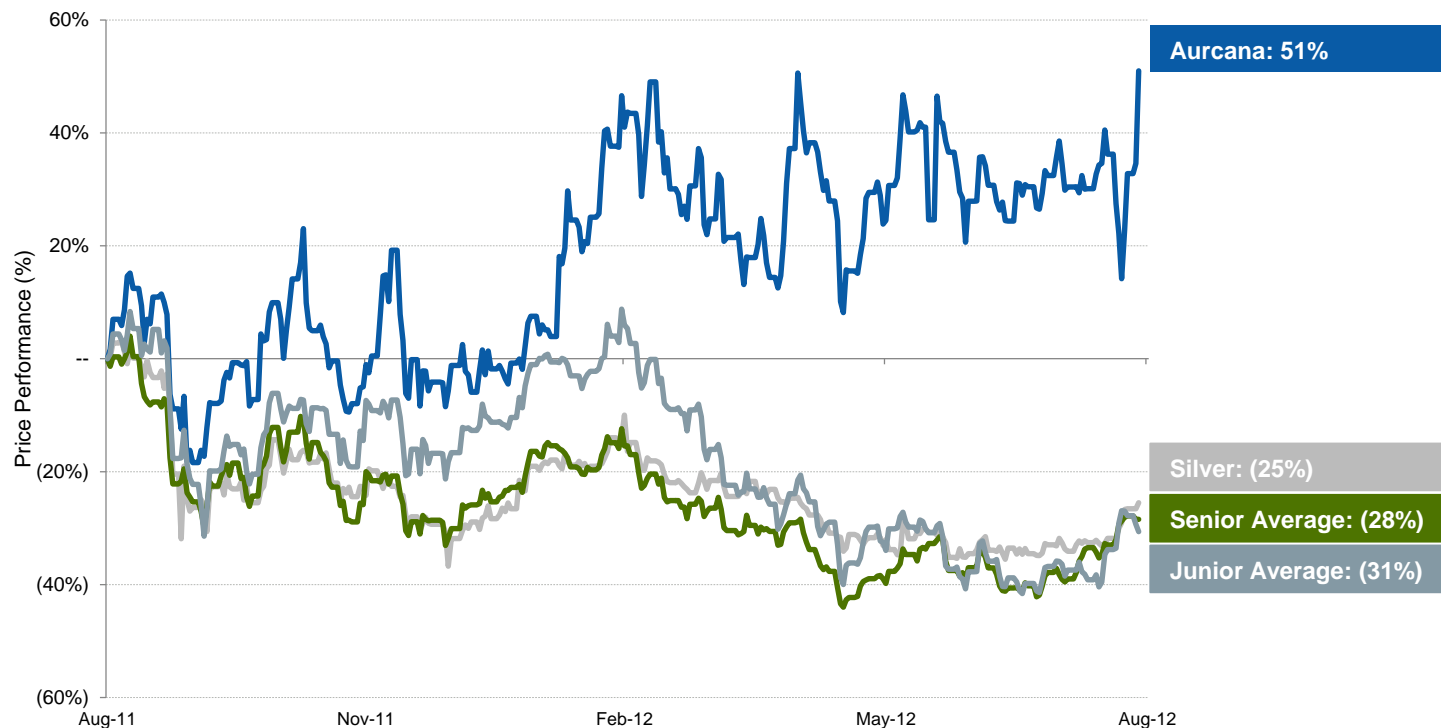
### Historical Share Price Performance



Source: Factset

(1) Based on August 31, 2012 closing price of C\$1.05

## Track Record of Value Creation



**Aurcana has significantly outperformed its peers and spot silver through the delivery of production growth and completion of key milestones**

Source: Factset

Note: Last 12 months as of August 31, 2012

Junior average includes Endeavour, Fortuna, Alexco, Scorpio, Great Panther, Excellon and Silvercrest

Senior average includes Fresnillo, Silver Wheaton, Pan American, Hochschild, Coeur d'Alene, First Majestic, Hecla, Silvercorp and Silver Standard



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La Negra



## La Negra – 99.9% owned Primary Silver Mine

- Located 180 km north of Mexico City in a historic mining jurisdiction
- Power, housing and water infrastructure are all in place and in good order
- Permits and agreements are in place with a high level of local community support
- Successful restart by Aurcana in 2007 at throughput of 1,000 tpd
- Recently completed mill expansion to 2,500 tpd and expanded tailings facility to accommodate up to 10 additional years of mine life
- 2012 expected Ag production of 1.3 oz at US\$1.00 to US\$1.50/oz cash costs net of by-products
- Significant production and exploration upside potential
- Ag production increase and mine life extension confirmed by new M&I resource estimate



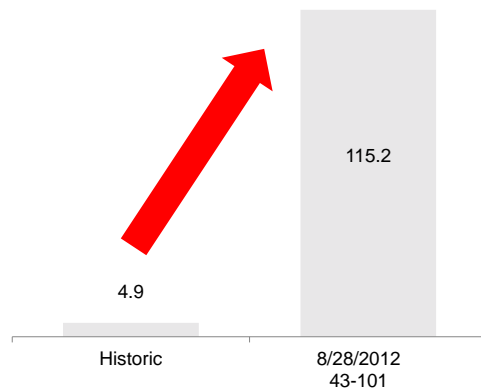


## La Negra – Initial 43-101 Resource Statement

- August 28, 2012 – announced initial 43-101 resource statement at La Negra with 115mm M&I Ag oz
  - Includes significant base metal credits (Pb, Zn and Cu)
- Increase in resource base supports extended mine life of operations and identified plans to increase throughput and Ag production
  - Supports extended mine life
- Resource upside remains
  - Deposit remain open in multiple directions
  - Large system of underground levels and workings provides access to carry out additional exploration on surface identified targets

Resource (mm oz Ag)

Significant resource increase with remaining upside



43-101 Resource (August 28, 2012 )

	M&I	Inferred
Tonnes (kt)	27,021	50
Ag (g/t)	131.3	39.1
Pb (%)	0.91%	0.12%
Zn (%)	2.36%	1.68%
Cu (%)	0.49%	0.47%
Pb (mm lbs)	539.5	0.1
Zn (mm lbs)	1,418.7	1.8
Cu (mm lbs)	269.5	0.5
Ag (mm oz)	115.1	0.1

## La Negra - History

- District was discovered during the colonial period and mined by the Spanish and Belgians through the 1800's
- The La Negra mine was brought into commercial production by Industriales Peñoles in 1970 and put into care and maintenance in 2000
- During that period 6.6mm tonnes of ore were processed yielding; 36mm oz Ag, 323mm lbs Zn, 70mm lbs Cu and 161mm lbs Pb



**2006**

**May 2006: La Negra 80% acquisition closed, mine redevelopment commenced**

**2007**

April 2007: Commenced production

June 2007: Achieved 1,000 tpd throughput

**2008**

June 2008: Sold 50% of silver metal production to Silver Wheaton for US\$25mm upfront

**2009**

July 2009: Increased interest from 80% to 92%

**2010**

June 2010: Completed mill expansion to 1,500 tpd

December 2010: Completed buyback of silver stream from Silver Wheaton

**2011**

April - June 2011: Brought the lead circuit fully online

**2012**

**February 2012: Increased ownership to 99.9%**

**April 2012: Completed mill expansion increasing capacity to 2,500 tpd**

**August 2012: Announced significant increase in M&I resource to 115mm oz Ag**

## La Negra – Operations

### Mine



- Multiple mining faces enables targeting higher grade ore
- Low cost long hole open stope mining and room and pillar mining methods



- \$34/tonne milled <sup>(1)</sup>
- Silver cash costs: \$0.91/oz <sup>(1)(2)</sup>
- Grades improving on new zones

### Mill



- July 2007 to June 2012 2.1mm Tonnes Milled
- Average mill head grades of Silver ~80 g/t, Copper ~0.5% and Zinc ~1.2%



- 150 tonne per hour crushing capacity (avoids peak power rates)

(1) Year to date numbers based on Q2 2012 financials, costs are before general and administrative costs

(2) Silver cash costs net of by-products

## La Negra – Growth Objectives

### ① Capacity Expansion

- Plan to expand capacity to 3,000 tpd
- Minimal required capex of ~US\$0.8mm

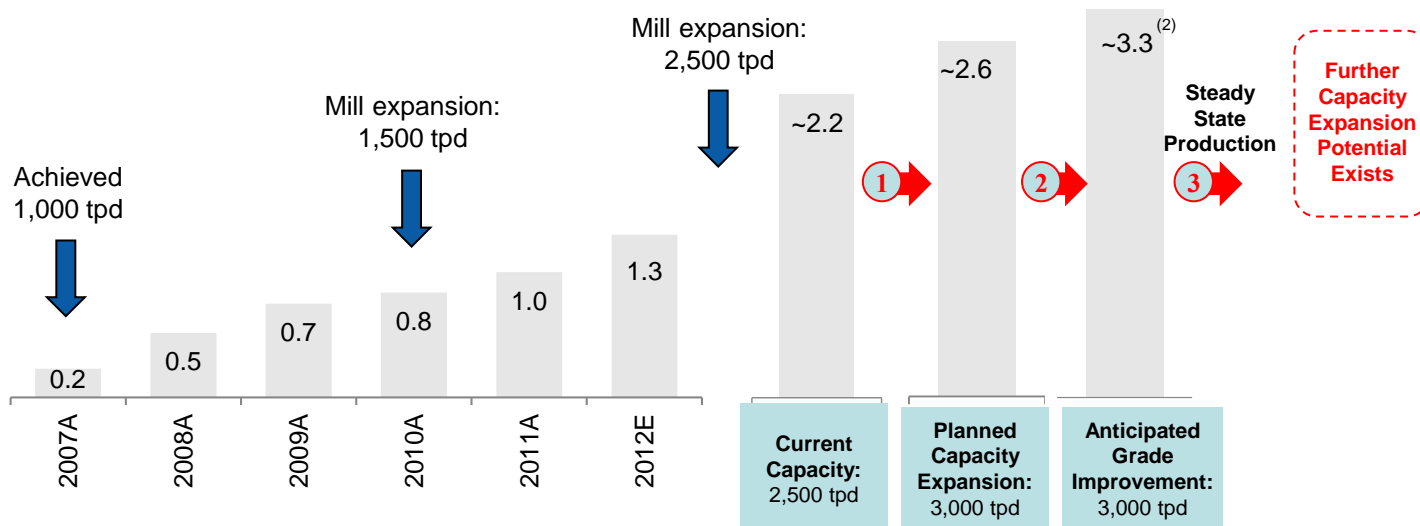
### ② Mill Head Grade Improvements

- Potential for average mill head grade to increase as ore from higher grade northwest trend is accessed
- Potential to increase average mill head grade to up to 100 g/t versus current ~80 g/t

### ③ Resource Expansion

- Recently announced 43-101 resource supports long mine life at targeted capacity rates <sup>(1)</sup>
- Significant resource expansion potential with deposit open at depth and along strike
- Targeting updated resource estimate by Q1 2013

### Production Growth Potential (mm oz Ag)



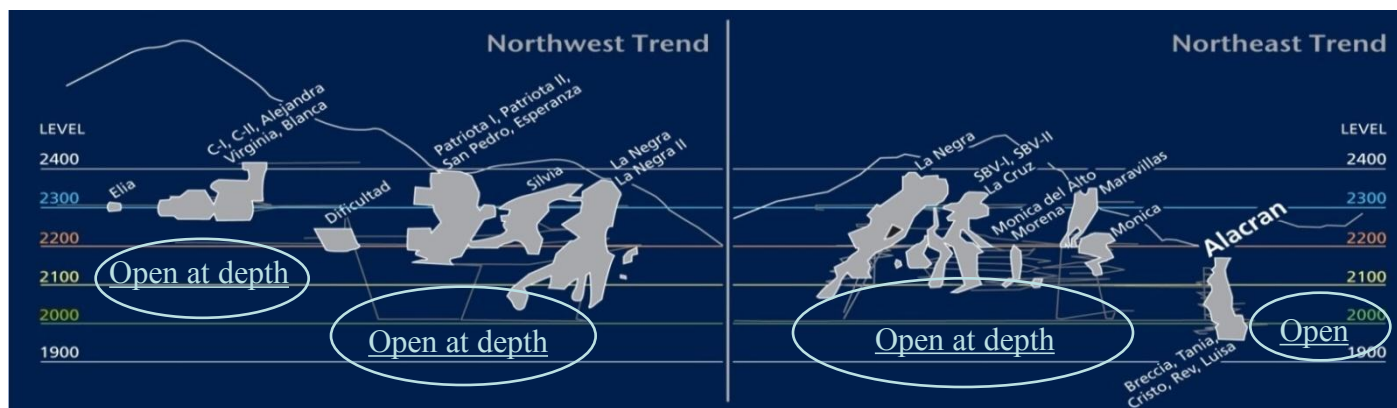
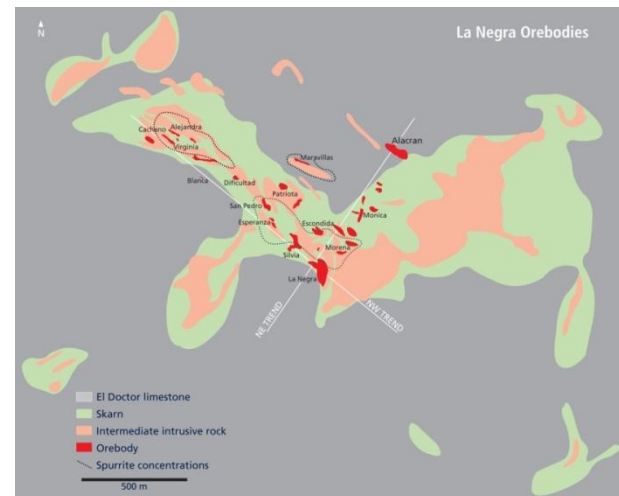
**Significant production and exploration upside potential identified**

(1) Assumes production from measured and indicated mineral resources and inferred mineral resources  
 (2) Assumes average mill head grade of 100 g/t



## La Negra – Significant Exploration Upside Potential

- Drifting and drilling have been employed to expand tonnage to the current volume
- Surface exploration has added potential targets that can be explored cheaply from underground
- Regional structural controls (NW and NE) and intrusive/dike contacts are the main controls for ore bodies
  - Intersections of these structures are good targets for underground exploration
  - Large system of underground levels and workings provides access to carry out additional exploration to test these targets
- Complexity (i.e., multiple pulses of intrusion/mineralization) have been observed
- Additional concessions were staked by Aurcana along the regional trend which will be explored for similar targets
- 14,000m annual drilling program



**Attractive exploration opportunities support potential for long life mine**



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# Shafter

## Shafter – 100% Owned Pure Silver Mine

- Located 375km southeast of El Paso, Texas in a historic mining region
  - Extension of the ore body from the historic Presidio Mine
- Commenced mining in April 2012
- Commercial production expected by Q4 2012
- Expected annual production of 3.8mm oz at US\$8.73/oz cash cost in the first full year of operation
  - Will be the largest pure silver mine in the US <sup>(1)</sup>
- Significant production and exploration upside potential



### Current 43-101 Resource

Category	Tons	Ag (oz/ton)	Contained Silver Oz
<b>Resources</b>			
Measured	855,000	8.7	7,480,210
Indicated	1,940,000	8.5	16,517,640
<b>Measured and Indicated</b>	<b>2,795,000</b>	<b>267.1</b>	<b>23,997,850</b>
Inferred	2,167,000	327.2	22,796,840
<b>Reserves</b>			
Proven	748,125	8.0	5,972,480
Probable	1,697,500	7.8	13,188,303
<b>Proven and Probable</b>	<b>2,445,625</b>	<b>243.7</b>	<b>19,160,783</b>

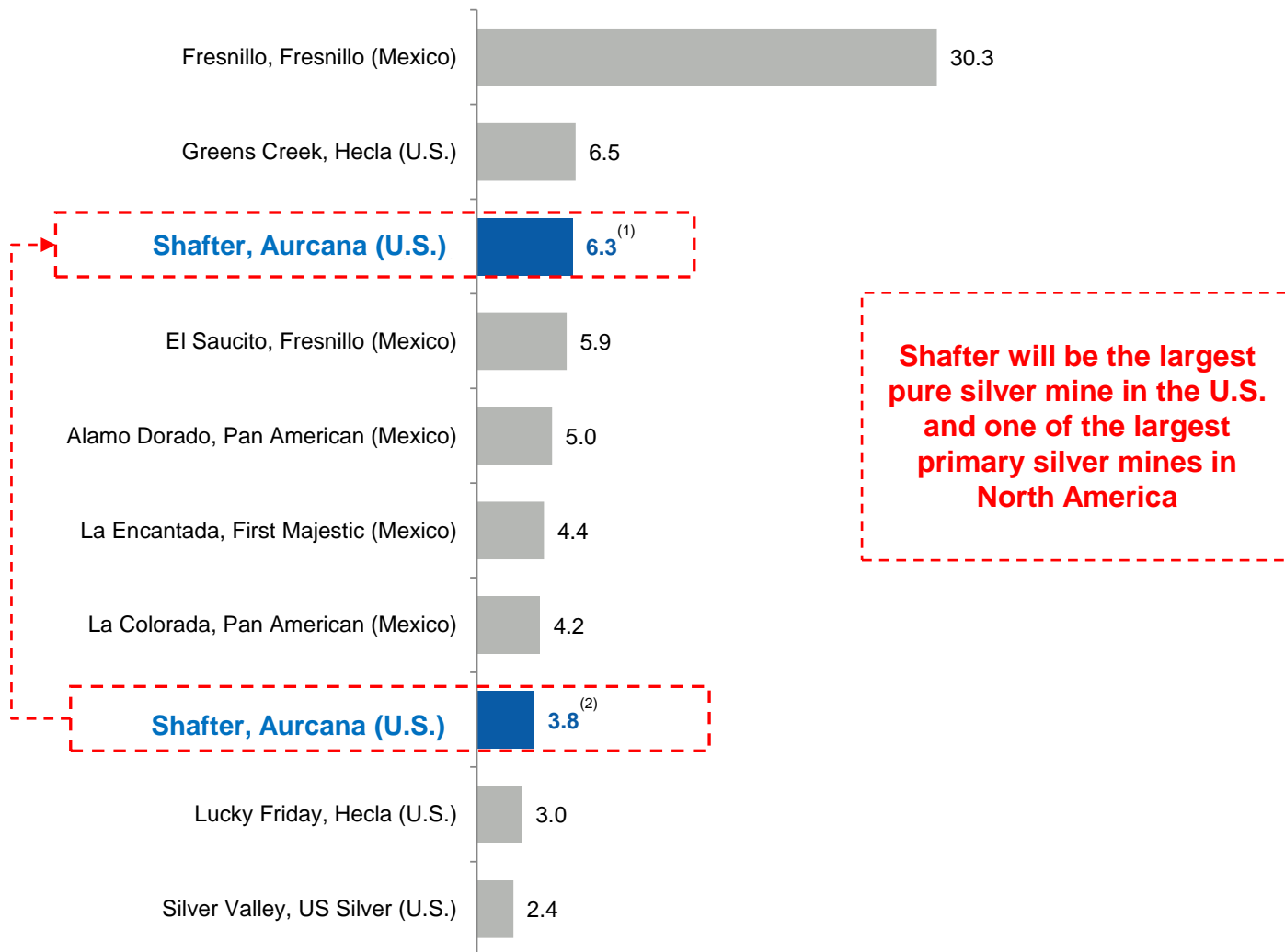
Source: June 23, 2011 amended Shafter Feasibility Study

Note: Measured and indicated resource includes reserves

(1) Based on year 1 of Shafter feasibility study

## Shafter – Significant Production Scale

### North America's Largest Primary Silver Mines (2011 Ag mm oz)



Source: Metals Economics Group

(1) Based on capacity expansion to 2,500 tpd

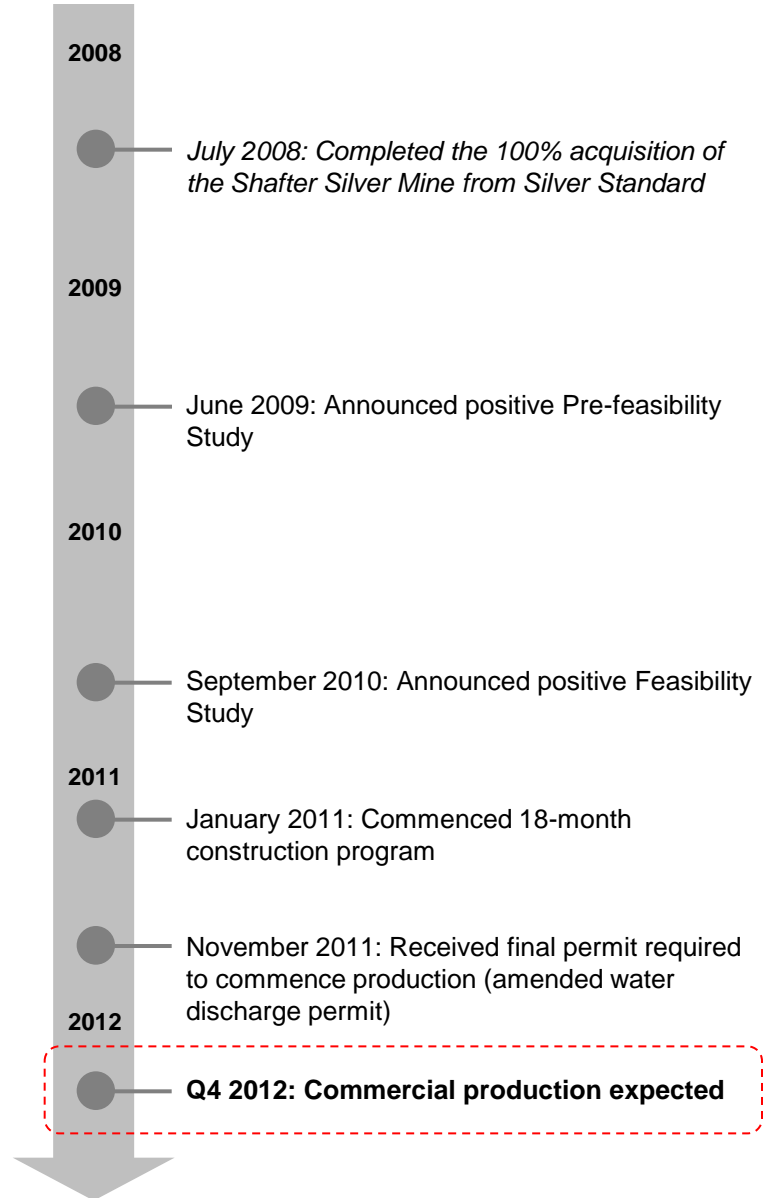
(2) Based on year 1 of Shafter feasibility study





## Shafter – History

- Silver from the Presidio workings was mined from 1883 until 1942 when the mine was closed due to declining silver prices and the War Act
- Total production during that period was 2.3mm tons of ore containing 35.2mm oz of silver at an average grade of 15.24 oz of silver per ton
- Old mine workings comprise close to 100 miles of drifts, declines, adits and stopes, and includes four previous production shafts
- Gold Fields Mining (“GFMC”) acquired the Presidio Mine in 1977 and from 1977 to 1982 spent over \$20mm on exploration and mine development including the outlining of the new Shafter CRD deposit and construction of a 1,050 ft shaft serviced by a 80 tph hoist and 5,100 ft of underground development
- In 1994 the project was acquired by the Rio Grande Mining Company
- Silver Standard Resources subsequently acquired Rio Grande in 2001 and in 2003 relocated a 900 tpd mill to site



## Shafter – Operations

### Mine



- Underground development completed to Block III
- Mining to commence from two faces within Block III by Q4 2012



- Mining contractors to advance decline and ensure sufficient labour will be selected shortly

### Mill



- Mill commissioning and testing ongoing
- Plant improvements underway including the addition of a Counter Current Decantation (CCD) circuit to support full commercial production
  - CCD will also support increased capacity to 2,500 tpd
  - All permits in place for 2,500 tpd

## Shafter Growth Objectives

①

### Capacity Expansion

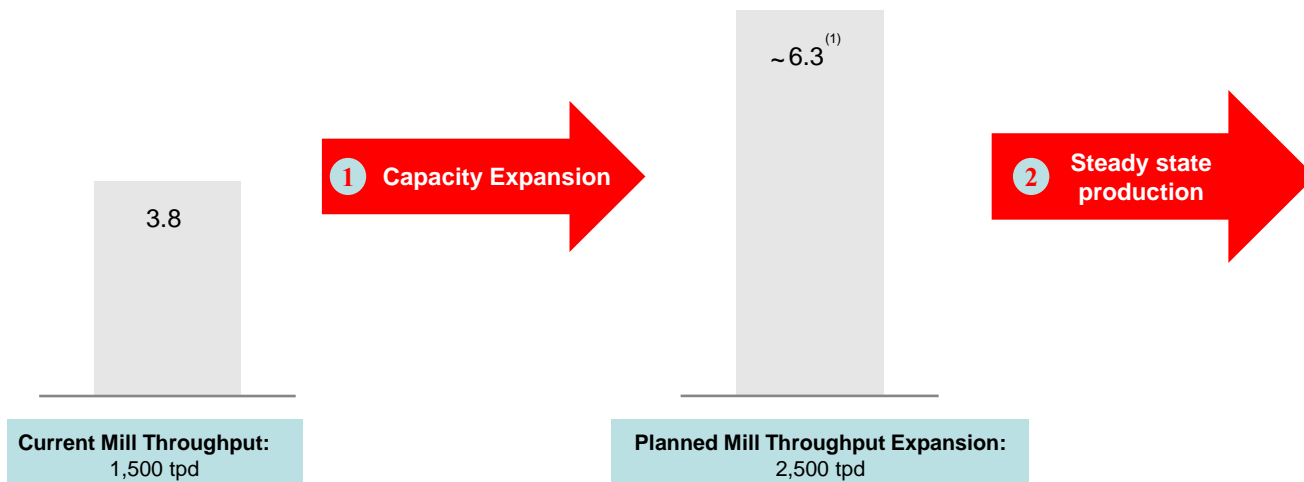
- Expand mill capacity to 2,500 tpd from 1,500 tpd
- Minimal capex of ~US\$3mm
  - Includes costs of adding CCD circuit which is currently underway

②

### Resource Conversion and Expansion

- Significant potential to expand mine life through conversion and expansion of mineral resource
  - Resource remains open along strike, and potentially, at depth
- 2012E exploration budget of US\$3mm

### Production Growth Potential (mm oz Ag)



**Significant production and exploration upside potential identified**

(1) Assumes linear increase in production from Shafter feasibility study with throughput expansion from 1,500 to 2,500 tpd

## Shafter Exploration Opportunities

### Locate Potential CRD “Feeder” System

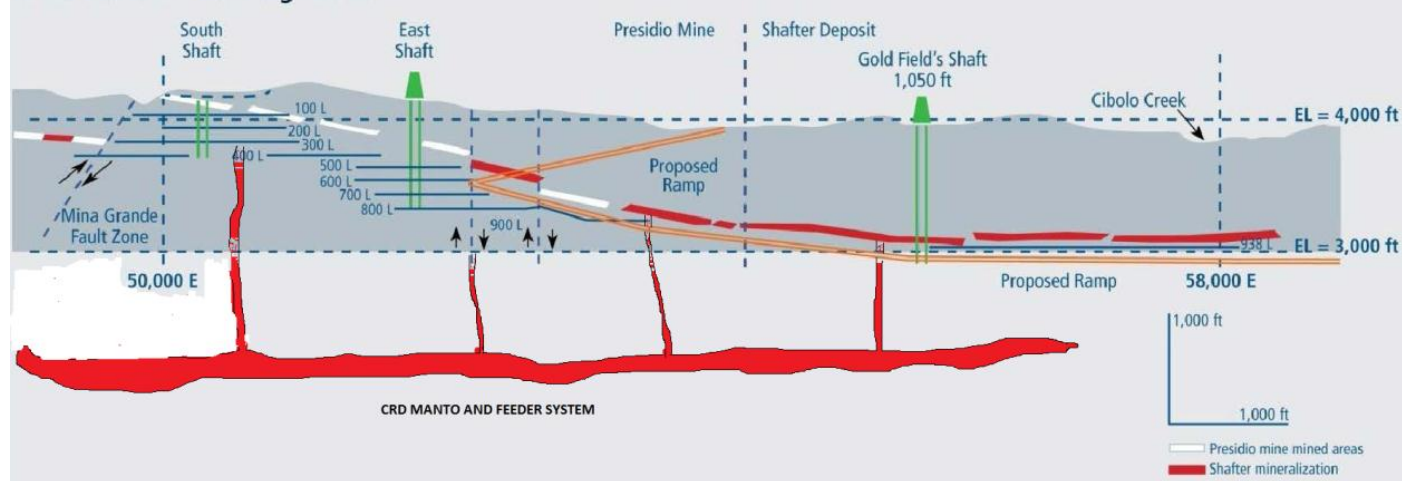
- Deposit classified as an oxidized Carbonate Replacement Deposit (“CRD”)
- Potential to encounter additional mineralized mantos in favourable limestone beds at depth
- Similar Mexican CRD deposits support the existence of stacked mineralized mantos
- Current exploration focused on locating potential “feeder” system that formed the Shafter deposits

### Stepout Drilling to East and West

- Existing resource open along strike to the east
- Historic drilling stopped before end of mineralization
- Historic geophysical anomalies remain untested in east and west sectors

## Shafter - Ore Body Cross Section

Cross Section – Looking North





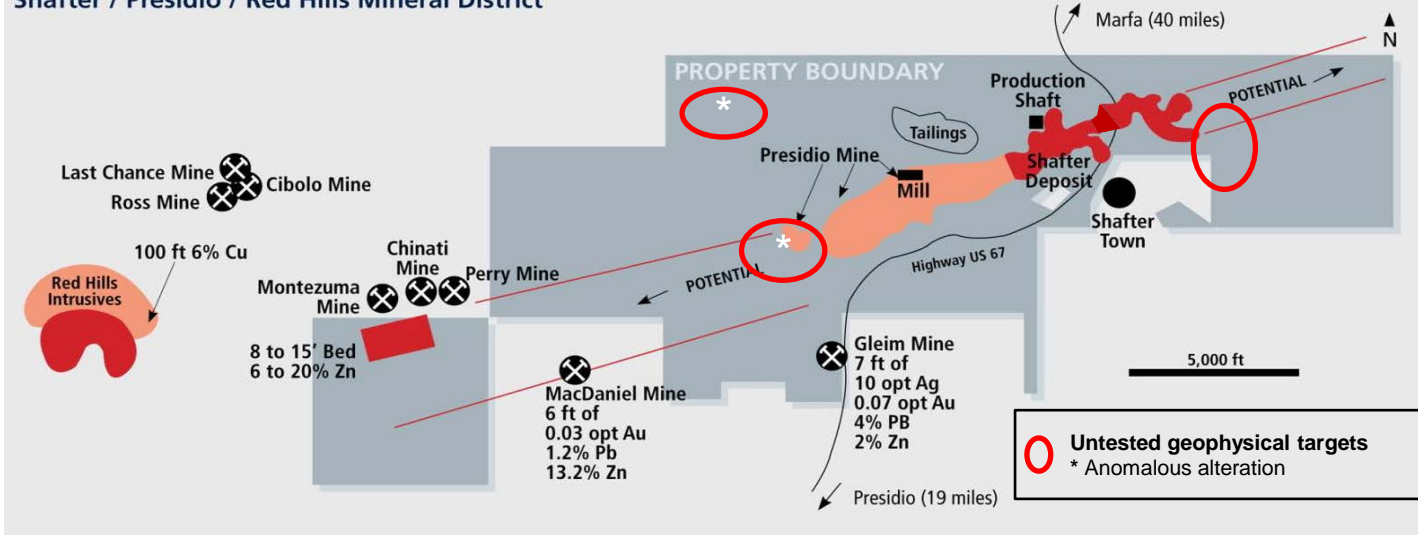
## Shafter Exploration Opportunities (Cont'd)

### Additional Targets

- Numerous past-producing mines and prospects in the area
- Anomalous silica/oxide concentrations NW of Shafter deposit
- Possible evidence of buried mineralization

## Shafter - Property Boundaries

### Shafter / Presidio / Red Hills Mineral District



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# Appendix

## Appendix A – Trading Comparables

Company	Share Price	Market Cap.	Enterprise Value	Ag Eq. <sup>(1)</sup>	EV / Ag Eq. Resource <sup>(1)</sup>
	(US\$)	(US\$ mm)	(US\$ mm)	(mm oz)	(US\$/oz)
Fresnillo	\$24.77	\$17,762	\$17,484	2,528	\$6.92
Silver Wheaton	\$34.55	\$12,398	\$12,011	1,721	\$6.98
Pan American	\$17.55	\$2,697	\$2,216	1,713	\$1.29
Hochschild	\$6.86	\$2,447	\$1,874	583	\$3.21
First Majestic	\$19.72	\$2,396	\$2,250	624	\$3.61
Coeur	\$22.99	\$2,070	\$1,973	802	\$2.46
Hecla	\$5.41	\$1,666	\$1,372	504	\$2.72
Silver Standard	\$14.84	\$1,198	\$692	1,754	\$0.39
Endeavour	\$8.88	\$1,031	\$983	167	\$5.89
Silvercorp	\$5.88	\$1,008	\$897	237	\$3.79
Fortuna	\$4.71	\$619	\$538	118	\$4.57
Great Panther	\$1.96	\$273	\$242	28	\$8.53
Silvercrest	\$2.75	\$272	\$228	123	\$1.86
Alexco Resource	\$3.54	\$220	\$182	47	\$3.86
Scorpio	\$0.85	\$169	\$135	73	\$1.86
Excellon	\$0.38	\$105	\$91	19	\$4.70
Average		\$2,896	\$2,698	690	\$3.92
Aurcana	\$1.06	\$603	\$522	162	\$3.23

Source: Public Disclosure, Bloomberg, Factset

Note: As of August 31, 2012

(1) Long term street consensus prices (US\$22.00/oz Ag and US\$1,250 Au) excludes base metals



## Appendix B – Historical Production

	Units	Jun-2012	Mar-2012	Dec-2011	Sep-2011	Jun-2011	Mar-2011	Dec-2010	Sep-2010	Jun-2010	Mar-2010	Dec-2009	Sep-2009	Jun-2009
<b>Production</b>														
Ore Mined	(mt)	143,718	132,438	131,776	134,072	143,290	129,612	127,353	128,666	113,711	108,029	89,208	84,204	78,228
Ore Milled	(mt)	176,591	130,570	125,262	119,772	133,700	127,231	124,345	125,050	94,201	79,007	86,358	72,716	72,323
<b>Average Grade</b>														
Zinc	(%)	1.49%	1.53%	1.53%	1.42%	1.34%	1.09%	1.17%	1.46%	1.18%	0.90%	0.95%	0.90%	1.18%
Copper	(%)	0.42%	0.37%	0.40%	0.39%	0.42%	0.44%	0.45%	0.48%	0.48%	0.48%	0.50%	0.56%	0.52%
Silver	(g/t)	80	81	81	75	78	74	79	78	73	74	91	89	113
Lead	(%)	0.41%	0.45%	0.46%	0.47%	0.42%	-	-	-	-	-	-	-	-
<b>Metal Production</b>														
Zinc Concentrate	(mt)	4,255	3,109	3,065	2,885	2,731	1,582	1,324	1,964	1,124	933	929	765	925
Containing: Zinc	(mt)	1,950	1,478	1,380	1,253	1,131	668	560	850	552	365	344	326	433
Containing: Zinc	(%)	46%	48%	45%	43%	41%	42%	42%	43%	49%	39%	37%	43%	47%
Copper Concentrate	(mt)	2,517	1,474	1,679	1,600	1,882	2,994	3,274	3,766	2,852	2,053	2,483	2,211	1,958
Containing: Copper	(mt)	541	326	358	362	398	466	456	492	388	335	376	356	433
Containing: Copper	(%)	22%	22%	21%	23%	21%	16%	14%	13%	14%	16%	15%	16%	22%
Lead Concentrate	(mt)	979	772	730	727	778	108	-	-	-	-	-	-	-
Containing: Lead	(mt)	575	482	465	455	439	49	-	-	-	-	-	-	-
Containing: Lead	(%)	59%	62%	64%	63%	56%	45%	-	-	-	-	-	-	-
Silver	(oz)	373,037	287,486	265,230	244,243	257,508	240,275	251,020	250,953	182,009	154,095	211,244	167,559	205,108
Implied Recovery	(%)	82%	85%	81%	84%	77%	79%	80%	80%	82%	82%	84%	81%	78%
Silver Equivalent	(oz)	690,162	491,056	467,235	430,090	455,516	431,035	385,942	416,035	302,805	249,533	313,150	264,069	325,388