

1 Summary

This report is prepared as a Technical Report for Ouray Silver Mines, Inc. (OSMI or Company) and Aurcana Silver Corporation (Aurcana) by SRK Consulting (U.S.), Inc. (SRK) and is based on a 2022 Revenue-Virginus Mine (the Project) Feasibility Study (FS) update.

1.1 Property Description and Ownership

The Project is located in southwestern Colorado approximately 5.5 miles (mi) southwest of the town of Ouray. The Revenue Tunnel, the site of the current surface activity, is located at longitude 107.750° W, latitude 37.974° N (mine grid coordinates of 100,630 ft E, 99,100 ft N).

The Project is a past silver producer in the Sneffels Mining District. Silver was reportedly discovered at the Project in 1876 with underground production beginning in 1880 and continuing through 1906 when, according to Ranchers Exploration and Development Corp. (Ranchers), the mine flooded (Ranchers, 1980). Additional testwork and planning began on the property in 2012 by Star Mine Operations (Star Mines). In May 2014 Star Mines sold a portion of mine ownership to Fortune Revenue Silver Mines, Inc. (FRSM), a wholly owned subsidiary of Fortune Minerals Limited (FML), which operated the property for a short time under this structure. In October 2014, FRSM received senior secured financing, (the PFA), guaranteed by FML, from LRC-FRSM, LLC (LRC-FRSM), and used that financing plus shares of FML to acquire the balance of 100% of the assets and finalize commissioning of the mine. After default on the PFA, on July 17, 2015, Fortune Minerals and LRC-FRSM entered into a Master Restructuring Agreement (MRA). As part of the MRA, FML transferred 100% ownership of FRSM to LRC-FRSM II, LLC (an affiliate of LRC-FRSM) and on July 21, 2015, the name of the operating entity was changed from Fortune Revenue Silver Mines, Inc. to Ouray Silver Mines, Inc (OSMI).

On December 27, 2018, Aurcana completed a reverse takeover transaction pursuant to a plan of arrangement under the CBCA (the Arrangement) with OSMI, which holds the “Revenue-Virginus Mine” located in Colorado, pursuant to an arrangement agreement dated September 20, 2018, between the Company and LRC-FRSM LLC and LRC-FRSM II LLC (collectively, the LRC Group). Under the Arrangement, Aurcana acquired all of the issued and outstanding shares of common stock of OSMI from the LRC Group on a debt free basis in exchange for newly issued common shares of Aurcana.

On March 31, 2020, pursuant to a definitive agreement between OSMI and Caldera Mineral Resources (Caldera), the Company closed the acquisition of the Blue Grass claim located on the Virginus Vein contiguous to the Revenue-Virginus Mine. In return, Caldera received certain non-core claims of the Revenue-Virginus Mine from OSMI. The swap of mineral properties has been considered a non-monetary transaction for which the fair value of the asset received was not reliably measurable. As a result, the original carrying value of the properties given up by the Company has been allocated to the Blue Grass claim acquired from Caldera. Upon the completion of the swap, Blue Grass claim became a part of the Revenue-Virginus Mine.

1.2 Geology and Mineralization

The Virginus, Terrible and Yellow Rose veins located within the current OSMI property are the focus for the current Mineral Resource update. All three are quartz veins containing silver (Ag), gold (Au), copper (Cu), lead (Pb) and zinc (Zn) minerals hosted primarily in the San Juan volcanic rocks. Veins