AURCANA CORPORATION
Management Discussion and Analysis
For the Three Month Period Ended 31 March 2008

30 May 2008

This Management Discussion and Analysis supplements, but does not form part of, the unaudited consolidated financial statements of the Company and the notes thereto for the period ended March 31, 2008. Consequently, the information set forth below should be read in conjunction with the unaudited consolidated financial statements for the period ended March 31, 2008 and related notes therein, which have been prepared in accordance with Canadian generally accepted accounting principles.

Additional information, including the audited consolidated financial statements and the notes thereto, for the year ended December 31, 2007, can be found on SEDAR at www.sedar.com. All amounts are expressed in Canadian dollars unless otherwise indicated.

To the Shareholders

General
We are pleased to report the results for the period ended 31 March 2008 including the results from our silver-copper-lead-zinc mining operations at the La Negra mine, as well as the continuing development of the Rosario project. Net profit for the three months ended 31 March 2008 was $389,745 ($0.00. per share basic and diluted) before non-cash items and the net loss was $438,417) ($0.00 per share basic and diluted) after non-cash items. Sales for the period under review were $3,347,273.

Nature of Business
Aurcana Corporation (the Company) was incorporated under the laws of Ontario on October 12, 1917 under the name "Cane Silver Mines Limited" and was continued under the Canadian Business Corporations Act on September 14, 1998 under the name Aurcana Corporation. Aurcana is a reporting issuer in British Columbia, Alberta and Ontario.

The Company is listed on the TSX Venture Exchange under the symbol AUN and is engaged in the business of mining, exploration and development of mineral properties. The principal focus is the operation and development of mineral properties, primarily silver-copper-zinc-lead mines in Mexico. The Company is currently operating the La Negra mine, through its 80% joint venture share in Real de Maconi S.A. de C.V. in the state of Queretaro and is redeveloping the Rosario mine, through it 100% owned subsidiaries Aurcana de Mexico S.A. de C.V. and Minera Aurcana S.A. de C.V in the state of Sinaloa.

The Company began recognizing revenues from the La Negra mine on 01 July 2007, upon reaching consistent production targets beyond 75% of production in the month of June. Acquisition of the Rosario silver-lead-zinc-gold property located in south eastern Sinaloa State, Mexico was completed during the quarter and development is well underway.

Overall Performance

La Negra
The Company continues to benefit from strong metal prices and has good cash and working capital position.

During the first quarter of fiscal 2008 the Company experienced a strike at the La Negra mine, which impacted work for a period of approximately one week. The negative impact of this was more than offset by the increased results noted in March as the anticipated equipment began to arrive.

Morale at the mine continues to be high and recent monthly production levels at the mine are on target with expectations of an average of 1,000 tonnes per day and monthly sales on target with expectations. A significant level of the stock pile inventory has been processed through the mill.

During the month of January the Company announced the results of a NI 43-101 compliant reserve estimation on the Alacran deposit of the La Negra mine Queretaro State, Mexico provided by independent consultants Wardrop Engineering Inc. The report increased the total of minable reserves to 434,825, a

98% increase from historically reported reserves. The previous historical reported reserve was established in 2000.

During the month of February the Company announced the approval of capital expenditures to expand the production at the 1,000 tonne per day La Negra mine. A jumbo drill and two scoop trams have been ordered to expand the Company's ability to exploit multiple ore bodies, resulting in efficiencies in blending and recovering ore.

Rosario
On 22 February 2007, the Company received Exchange approval to enter into an Option Agreement to acquire, through its subsidiary, Aurcana de Mexico, a 100% interest in a silver- lead-zinc-gold property called Rosario located in Sinaloa State, Mexico for $US 3,000,000.

Following a technical and legal review of the Rosario property, on 7 August 2007 the Company exercised the Option to Purchase and executed a Sale and Purchase Agreement to acquire a 100% undivided interest in Rosario, under the following terms:

22 February 2007 US $250,000 upon signing the option agreement *(paid)*
7 August 2007 US $250,000 upon signing the purchase agreement *(paid)*
7 February 2008 US $1,250,000 *(paid)*
7 February 2009 US $ 1,250,000

During March 2008 the Company engaged Britton Hermanos, out of Hermosillo Mexico, to commence a 3,000 metre surface diamond drilling program. The focus of the drill program, which commenced April 1st, is to confirm the extent of mineralization associated with the San Francisco and Yecora vein systems, which occur adjacent to the high grade San Juan vein area. The drill program will consist of 10 to 12 holes from 3 drill stations on the San Francisco vein, and 6 to 8 holes from 2 drill stations on the Yecora vein.

In addition to the Company's exploration program, Aurcana acquired a critical piece of mill equipment. Currently, lead times in the mining industry for both mill equipment and mining equipment are becoming increasingly longer but Aurcana has been successful in securing a SAG ("Semi-Autogenous Grinding") mill that will be instrumental in the refurbishment of the Rosario mill. The SAG mill is capable of processing up to 1200 tonnes per day.

Shafter
On 03 April 2008 the company announced that it has agreed to acquire a 100% interest in the Shafter Silver Mine ("Shafter") from Silver Standard Resources Inc. Shafter is located in southwest Texas and is fully accessible via paved highway from El Paso, Texas. Shafter has an estimated measured and indicated resource of 21,000,000 ounces of silver and an inferred resource of 20,200,000 ounces of silver. This estimate is based on a previously prepared technical report for Silver Standard by Pincock Allen and Holt on the Shafter Silver Mine dated 10 April 2001 and filed on SEDAR 3 June 2002. The Company plans to commission a NI 43-101 compliant technical report to confirm the resource estimate.

The acquisition terms require Aurcana to pay Silver Standard $23 million in cash; 15 million Aurcana common shares; and a $10 million convertible debenture paying a 3% coupon with a three year term and convertible into 6.62 million Aurcana common shares at $1.51 per share. Total consideration based on Aurcana's closing price of $0.64 on 1 April 2008 is $42.6 million. The acquisition is subject to the signing of a definitive agreement and a closing on or before 30 June 2008. The acquisition is subject to certain conditions including acceptance of the TSX Venture Exchange.

Financial Data for the last Eight Quarters

Quarter Ended		31 March 2008		31 December 2007		30 September 2007		30 June 2007
Total Revenues	$	3,347,273	$	2,643,781	$	3,936,456	$	-
Purchase of Equipment	$	216,494	$	2,694,527	$	330,771	$	358,418
Expenditures on Mineral Properties	$	580,220	$	1,297,335	$	1,495,895	$	845,276
Income (loss) before other items	$	(466,474)	$	236,230	$	(144,422)	$	(164,761)
Net Income (loss)	$	(438,417)	$	236,230	$	(144,422)	$	102,261
Income (loss) per share	$	(0.00)	$	(0.00)	$	(0.00)	$	0.00

		31 March 2007		31 December 2006		30 September 2006		30 June 2006
Total Revenues	$	-	$	-	$	-	$	-
Purchase of Equipment	$	138,504	$	80,339	$		$	190,212
Expenditures on Mineral Properties	$	2,161,753	$	3,293,897	$	120,804	$	2,688,219
Income (loss) before other items	$	(3,086,219)	$	(1,395,015)	$	(1,482,114)	$	(34,968)
Net Income (loss)	$	(3,331,634)	$	(1,922,656)	$	(1,210,249)	$	(45,874)
Income (loss) per share	$	(0.04)	$	(0.03)	$	(0.01)	$	(0.00)

The first quarter of 2008 marks only the third quarter in which the Company has recognized sales and therefore comparatives are difficult to provide, but compared to the fourth quarter of fiscal 2007 sales are up 27% primarily due to increased mining capacity from added equipment and improved grade recovery from the added flexibility provided by increased investment. The Company previously commented on the need for increased machinery in the mine to enable the work to develop on multiple fronts and is encouraged by the improved results. The Company has continued to commit resources to improving the equipment and developing the operation.

Results of Operations

Production and Sales

The budget for 2008 forecasts 300,000 tonnes of production for the year for consistent productions levels however management expects that recent asset additions will result in improved grade recovery and consequently better results in fiscal 2008.

Operating Margin

The Company's gross margin for the period is 31% or $1,036,000. The cost of sales for the period was $2,311,000. As this is only the third quarter of production comparatives with the previous year are not possible.

Operating expenses are flat over the last two periods.

Administrative expenses net of other items, totaled $282,000 as follows:

		2008		2007
Management fees	$	50,000	$	44,000
Rent and overhead		19,000		12,000
Travel and accommodation		41,000		17,000
Licenses		30,000		-
Office and stationary		22,000		11,000
Insurance		25,000		6,000

Consulting	95,000	34,000
	$ 282,000	$ 124,000

The two predominant increases in administrative costs are in office and consulting, the former is a result of the recognition of the office costs at La Negra (including specific administrative management fees) and the latter a one-time charge for the work on a 43-101 report on the mineral properties at La Negra.

Cash Flows
Cash flow from operating activities (before changes in non-cash working capital) for the period was $390,000 compared to a cash outflow of $467,000 for the previous period.

Within non-cash working capital for the period, the most notable changes for the period ended March 31, 2008 were:

- Accounts Receivable increase of $1,546,000 (2007 – ($600,000)) this results from delays in receipts from the primary customer as result of issues in determining the final settlement prices on shipments and a large uncollected amount of value added tax in Mexico.
- An increase in Prepaid amounts of $704,000 (2007 – (170,000)) for deposits on purchases expected in the second quarter.
- Accounts payable decrease of $245,000 (2007 – (1,248,000), providing a net cash outflow of $2,476,000 from changes in non-cash working capital items.

During the period, the Company repaid financing obligations of $1,494,000.

At 31 March 2008, cash and cash equivalents totaled $7,314,000.

Liquidity
The working capital position of the Company is positive. Current assets exceed current liabilities by $10,388,000 compared to a working capital deficiency of $12,152,000 at 31 December 2007. While management expects positive cash flow from the La Negra operation, considerable capital outflows are expected in the near term in order to complete the recently announced purchase of Shafter and to further advance the Rosario Project. The Company anticipates meeting these capital requirements through the placement of additional equity and / or debt.

Outstanding Share Capital

As at the date hereof, the Company had outstanding 90,543,933 common shares. In addition, the Company has outstanding 5,650,000 share purchase options and 10,106,950 share purchase warrants for total diluted shares outstanding of 106,300,883.

Risk an Uncertainties

The operations of Aurcana are speculative due to the high risk nature of its business which involves the copper and zinc production and exploration and development of mining properties. The following is a brief discussion of those distinctive or special characteristics of Aurcana's operations and industry which, may have a material impact on, or constitute risk factors in respect of Aurcana's financial performance.

Mining Risks and Insurance

The mining business is subject to certain types of risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected changes to rock formations, changes in the regulatory environment, cave-ins and flooding. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Any payments made with regards to such liabilities may have a material adverse effect on Aurcana's financial performance and results of operations. The Company carries insurance to protect itself against certain risks of mining and processing to the extent that is economically feasible but which may not provide adequate coverage in all circumstances.

Uncertainty of Mineral Reserves

Mineral reserves and mineral resources are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The ore grade actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. Prolonged declines in the market price of copper or zinc may render mineral reserves containing relatively lower grades of mineralization uneconomic to exploit and could materially reduce the Company's reserves. Should such reductions occur, the Company could be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

The Company adjusts its mineral reserves annually by the amount extracted in the previous year, by the additions and reductions resulting from new geological information and interpretation, actual mining experience, and from changes in operating costs and metal prices. Mineral reserves are not revised in response to short-term cyclical price variations in metal markets.

Replacement of Mineral Reserves

There are a number of uncertainties inherent in any program relating to the location of economic mineral reserves, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities and the appropriate financing thereof. Accordingly, there can be no assurance that the Company's programs will yield new mineral reserves to replace mined reserves and to expand current mineral reserves.

Reclamation Obligations

Reclamation requirements may change and do vary depending on the location and the government regulatory body, but they are similar in that they aim to minimize long term effects of exploration and mining disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree predisturbance land forms and vegetation. The Company calculates its estimates of the ultimate reclamation liability based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing its operating mine site. It is possible that the Company's estimate of its ultimate reclamation liability could change in the near term due to possible changes in laws and regulations and changes in cost estimates

Exploration Risks
The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned will result in a profitable commercial mining operation.

Whether any mineral deposit is commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Aurcana not receiving an adequate return on invested capital.

Conflicting Interests
Certain of the directors and officers of Aurcana also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by such directors and officers involving Aurcana will be made in accordance with their duties and obligations to deal fairly and in good faith to Aurcana and such other companies. In addition, such directors and officers are required to declare and refrain from voting on any matter in which such directors and officers may have a conflict of interest.

Permitting and Title
Aurcana's operations may require licenses and permits from various governmental authorities. There can be no assurance that Aurcana will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and production operations on Aurcana's properties.

Any of Aurcana's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect or defects do exist, it is possible that Aurcana may lose all, or a portion, of its interest in the affected mineral claims. Aurcana has no present knowledge of any defect in the title of any of the properties in which the company has or may acquire an interest.

Management Services
m) The success of Aurcana depends, to a large extent, on the ability and judgment of the senior management of Aurcana and upon Aurcana's ability to retain the services of senior management. The loss of their services may have a material adverse affect on Aurcana.

Market Influences
o) The Company's Common Shares are listed for trading on the TSX Venture Exchange. Shareholders of the Company may be unable to sell significant quantities of the Common Shares into the public trading markets without a significant reduction in the price of the shares, if at all. The market price of the Common Shares may be affected significantly by factors such as changes in the Company's operating results, the availability of financings, fluctuations in the price of metals, the interest of investors, traders and others in small exploration stage public companies such as the Company and general market conditions. In recent years the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small capitalization exploration companies similar to the Company, have experienced wide fluctuations, which have not necessarily been related to the operating performances, underlying asset values or future prospects of such companies. There can be no assurance that future fluctuations in the price of the Company's shares will not occur.

Off-Balance Sheet Arrangements
The Company had no off-balance sheet arrangements as at 31 March 2008 or as at the date hereof.

Transactions with Related Parties

During the 3 month period ended 31 March 2008, the Company paid or accrued

- Management fees of $58,000 (2007 - $68,000) to a company controlled by common directors;
- Administrative management fees of $120,000 (2007 - $Nil) to a company controlled by a director.
- Technical, geological and consulting services of $40,000 (2007 - $30,000) to a company controlled by a director;
- Consulting fees of $44,000 (2007 - $Nil) to officers or a company controlled by an officer;

As at 31 March 2008:

- Prepaid expenses and deposits included an amount of $9,000 (2007 - $6,625) for management fees paid to a company controlled by common directors; and consulting fees of $7,000 (2007 $Nil) to a company controlled by an officer.

These fees were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

Commitments

Supply agreement

On 14 November 2006, Minera La Negra signed a purchase contract with Trafigura Beheer B.V. ("Trafigura") whereby Trafigura agreed to purchase 100%, evenly spread from January to December, of copper concentrate to be produced during the years 2007, 2008 and 2009 by the La Negra Mine. Production is estimated to be 8,000 to 10,000 tonnes per year for prices based on the published prices in the Metal Bulletin in London in US dollars.

Acquisition of Rosario property

The Company has commitments, through its subsidiary Aurcana de Mexico S.A. de C.S.V., on the acquisition of the Rosario property requiring payment of US$1,250,000 on each of 07 February 2008 *(paid)* and 2009.

Office Lease
Effective 01 May 2007, the Company executed a lease for new office space for a period of 36 months, expiring on 31 May 2010. The minimum annual payments are as follows:

2008	$ 49,331
2009	$ 50,391
2010	$ 21,180

Changes in Accounting Policies

Amortization, Depletion and Impairment

Mining machinery, plant and property are depleted on a unit of production basis, based on estimated recoverable reserves. Estimated recoverable reserves include proven and probable reserves and the portion of mineralized zones expected to be classified as reserves.

The carrying values of producing mineral properties and property, plant and equipment, are reviewed when events or changes in circumstances arise that may result in impairments in the carrying value of those assets. An impairment loss would be recognized when the carrying amount of a long-lived asset is not recoverable based on a comparison to the undiscounted future net cash flows. The impairment loss is based on the present value of expected future net cash flow. Estimated future net cash flows calculated for each property using: estimated recoverable reserves; estimated future metal price realization (considering historical and current prices, price trends and related factors); and, estimated operating, capital and other cash flow. Estimates of future cash flow are subject to risks and uncertainties. It is possible that changes could occur which may affect the recoverability of the carrying value of mineral properties.

Plant and equipment is amortized on a straight-line basis over their estimated useful lives. Amortization begins when Property plant and equipment are put into use.

In accordance with EIC 152 - “Mining Assets - Impairment and Business Combinations” the Company includes value beyond proven and probable reserves in its estimate of future cash flow when testing for impairment and determining fair value.

Inventory

Mine stores and finished concentrates are valued at the lower of average cost and net realizable value. Cost of finished concentrates inventory includes direct mining and production costs, direct mine overhead costs, amortization and depletion. Cost of sales includes costs of finished concentrates plus shipping costs less amortization and depletion, which is disclosed separately in the statement of income.

Financial Instruments

Effective 01 January 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants:

- Section 3855 – Financial Instruments – Recognition and Measurement This standard prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based methods are used to measure the recorded amounts. It also specifies how financial instrument gains and losses are to be presented. The adoption of this standard had no significant effect on these financial statements.
- Section 1530 – Comprehensive Income – This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. Accordingly, the Company now includes comprehensive income (loss) disclosures within the consolidated statement of operations, comprehensive income (loss) and deficit.
- Section 3865 – Hedges - This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the previous AcG–13 “Hedging Relationships” and Section 1650 “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The adoption of this standard had no significant effect on these financial statements.

Accounting Changes

Effective 01 January 2007, the Company adopted the recommendations of the CICA Handbook Section 1506, Accounting Changes. This new standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting practices and estimates, and correction of errors, replacing CICA Handbook Section 1506. This section also requires disclosure of new accounting pronouncements, issued but which have not yet become effective.

Recent Pronouncements

Section 1535 – Capital Disclosures This section requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes of managing capital. These recommendations are effective for the Company's annual reporting period beginning 01 January 2008. This new standard is not expected to have a material effect on the Company's financial statements or on its results of operations.

Sections 3862 and 3863 Financial Instruments – Disclosure and Presentation These sections require disclosure of qualitative and quantitative information in their financial statements that enable users to evaluate, the significance of financial instruments for the entity's financial position and performance and, the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives policies and procedures for managing such risks. These recommendations are effective for the Company's annual reporting period beginning 01 January 2008. Disclosure of the measurement basis used and the criteria used to determine classification for different types of financial instruments are also required.

Section 3031 Inventories – This new section, is effective 01 January 2008 and establishes standards for the measurement and disclosure of inventories. The Company does not expect its financial statements to be significantly impacted by the application of section 3031.

Financial Instruments

Fair value - The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, approximate their fair values because of the short-term maturity of these financial instruments.

The carrying value of notes payable approximates their fair value as this financial instrument bears interest at an approximate market rate of interest.

Credit risk - The Company's financial assets that are exposed to credit risk consist primarily of cash and accounts receivable. This risk is minimized to the extent that cash is placed with major financial institutions and accounts receivable consist of amounts due from Government Agencies.

Currency risk - The Company is exposed to foreign currency fluctuations to the extent expenditures incurred by the Company are not denominated in Canadian dollars. As at 31 March, the Company had investments in mineral properties that require the Company to make payments in US dollars and Mexican pesos, and US dollar and Mexican pesos work commitments. The Company's ability to make these payments to satisfy its obligations for work commitments will be affected by foreign currency rate fluctuations. The Company does not utilize derivatives or other techniques to manage foreign currency risk.

Forward Looking Statements

This report contains “forward-looking statements”, including, but not limited to, statements regarding the Company’s expectations as to the market price of minerals, strategic plans, future commercial production, production targets and timetables, mine operating costs, capital expenditures, work programs, exploration budgets and mineral reserve and resource estimates. Forward-looking statements express, as at the date of this report, the Company’s plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and Aurcana assumes no obligation to update forward-looking information in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, risks of delays in construction and other risks. Actual results may differ materially from those currently anticipated in such statements.