Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

This Management Discussion and Analysis ("**MD&A**") should be read in conjunction with Aurcana Corporation's (the "**Company**" or "**Aurcana**") unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2012 and audited consolidated financial statements for the year ended 2011, and the related notes thereto, which have been prepared in accordance with International Financing Reporting Standards ("IFRS"). This MD&A 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. The information in this MD&A is current to November 9, 2012.

Forward-Looking Statements

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, except as required by law.

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, capital and operating and cash flow estimates contained in the Company's technical reports and feasibility studies; and the access to financing and appropriate equipment and sufficient labour, and other risks. Actual results may differ materially from those currently anticipated in such statements.

The forward looking information in this MD&A is based on management's current expectations and Aurcana assumes no obligations to update such information to reflect later events or developments, except as required by law. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "anticipated", "is targeted", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information include, but are not limited to, statements or information with respect to known or unknown risks, uncertainties and other factors which may cause the actual industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Additional information, about the risks and uncertainties of the Company's business is provided in its disclosure materials include its most recent annual and quarterly filings, filed with the securities regulatory authorities in Canada available at www.sedar.com.

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Forward-looking statements or information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks and uncertainties relating to: requirements for additional capital; dilution; loss of its material properties; interest rate fluctuations; the global economy; future metals price fluctuations, the speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labour disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; legal and regulatory proceedings and community actions; title matters; regulatory restrictions; permitting and licensing; volatility of the market price of Common Shares; insurance; competition; hedging activities; currency fluctuations; loss of key employees; and those risks identified herein under the heading "Risks and Uncertainties".

This information can be found on SEDAR at www.sedar.com and on the Company's website www.aurcana.com. The reader should be aware that historical results are not necessarily indicative of future performance.

Figures are expressed in United States dollars, unless otherwise stated. The MD&A is prepared as of November 9, 2012.

Qualified Persons

Baltazar Solano-Rico (M.Sc., Geol. Eng.) and Mrs. Betty Gibbs (E.M., MSc.) of Behre Dolbear are the independent Qualified Persons pursuant to NI 43-101 for the Company. Ken Collison (P.Eng), one of the Directors of the Company and Nils von Fersen (PGeo), Vice President, Exploration are also certified Qualified Persons of the Company. The technical contents of this MD&A have been reviewed and approved by Nils von Fersen for QP technical disclosures.

Baltazar Solano-Rico and Betty Gibbs have reviewed the technical information reported in the National Instrument 43-101 technical reports regarding the La Negra Silver Mine. All National Instrument 43-101 technical reports can be found on the Company's website at www.aurcana.com or on SEDAR at www.sedar.com.

AURCANA
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Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Highlights:

	Third Quarter 2012	Third Quarter 2011	Change Year-on-Year	Year to date 2012	Year to date 2011	Change Year-on-Year
Revenues ($ million) [3]	$15.0	$12.5	Up 20%	$40.6	$36.6	Up 11%
Earnings from mining operations ($million)	6.4	6.8	Down 6%	17.4	17.5	Down 1%
Net Income ($million)	3.4	3.8	Down 11%	7.0	6.1	Up 15%
Operating Cash Flow after taxes before movements in working capital ($ million)	$4.83	$5.57	Down 13%	$15.23	$14.27	Up 7%
Silver Ounces produced	376,687	244,243	Up 54%	1,037,210	742,026	Up 40%
Silver Ounces sold (Payables at 95%) [1] [3] [4]	323,825	235,981	Up 37%	905,899	718,039	Up 26%
Silver Ounces equivalent produced [1]	718,063	430,090	Up 67%	1,899,280	1,316,641	Up 44%
Silver Ounces equivalent sold [1] [3] [4]	581,726	405,478	Up 43%	1,619,960	1,243,204	Up 30%
Production Cash cost per silver equivalent oz [1]	$9.31	$11.32	Down 18%	$9.05	$10.71	Down 15%
Total Cash Cost per silver oz net of by-products [1] [3]	$0.10	$0.29	Down $0.19	$(0.21)	$0.03	Down $0.24
Cost per milled ton. [1] [2]	$32.41	$33.85	Down 4%	$34.03	$37.25	Down 9%
Copper, lead and zinc concentrates produced (tonnes)	8,603	5,212	Up 65%	21,710	15,287	Up 42%
Ore mined (tonnes)	196,401	134,072	Up 46%	472,557	406,974	Up 16%
Ore milled (tonnes)	196,843	119,772	Up 64%	504,005	380,703	Up 32%
Avge., revenue per payable eq. Silver oz sold [1] [3]	$25.79	$30.83	Down 16%	$25.06	$29.44	Down 15%

[1] A non IFRS measure
[2] Depreciation and amortization not included
[3] Revenues from the sale of concentrates are recorded net of charges for treatment, refining, and smelting (TCRC).
[4] Difference between silver ounces produced vs sold is mainly due to change in concentrates inventory for the period.
Remarks: Revenues, earnings from mining operations and production figures originate from La Negra mine.

- On August 28, 2012 La Negra released a new NI 43-101 compliant resource estimated at 115 million silver ounces Measured & Indicated;
- Ore milled was 196,843 tonnes in Q3 2012, of which 57% (112,781 tonnes) was, mined from NI 43-101 Measured & Indicated Resources and 43% (84,062 tonnes) was mined from other mineralized zones.
- 32% increase in milled tonnes processed for a total of 504,005 milled tonnes during the nine months ended September 2012, (2011: 380,703 tonnes).
- La Negra Mine in Mexico completed its second consecutive mine expansion from 1,500 tonnes per day (tpd) to 2,500 tpd installed capacity, on time and on budget, and started additional production in April 2012 as planned. The mine is now milling at a rate greater than 2,300 tpd.
- In order to allow for an increase in future production, La Negra mine is now working to increase mill capacity to 3,000 tpd by the end of Q1, 2013.
- The commissioning and testing phase is currently underway at Shafter Mine with a plan to achieve commercial production at the end of Q4 2012.

Basis of Presentation:

The accompanying condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Nature of Business:

Aurcana 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 ("TSX-VE") under the symbol AUN and was elevated to Tier 1 Status in October 2008.

The principal business of the Company is the acquisition, exploration and development of mineral properties, primarily silver-copper-zinc-lead mines. Since 2007, the Company has been operating the La Negra mine ("**La Negra"**). On February 17, 2012, the Company increased its ownership in Real de Maconi S.A. de C.V. ("Real Maconi") from 92% to 99.86 % in the state of Queretaro, Mexico. In addition, in 2008 the Company acquired a 100% indirect interest in the Shafter Silver Mine in Texas, USA ("**Shafter**").

Company Description

Aurcana 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 operations located in Mexico and the United States. The Company is currently operating the La Negra silver-copper-zinc-lead mine ("La Negra"), located in the state of Queretaro, through Real de Maconi S.A. de C.V. In addition to the Mexico operations, the Company holds the Shafter Silver Mine located in Presidio County, southwest Texas through the Company's 100% owned US subsidiary, Silver Assets Inc.

La Negra Mine

- 196,843 tonnes of ore processed during the current period (2011: 119,772 tonnes);
- La Negra mine current installed capacity is 2,500 tpd. The mine is now milling at an average rate greater than 2,300 tpd In order to allow for an increase in future production, La Negra mine is now working to increase mill capacity.
- Copper, Zinc and Lead concentrate produced during current period – 8,603 tonnes (2011: 5,212 tonnes);
- Silver produced during current period–376,687 ounces (2011: 244,243 ounces);
- The average grade of silver increased 7% YTD to an average of 80 grams per ton in 2012, compared to 75 grams per ton in 2011;
- Behre Dolbear and Company (USA), an independent mining consulting firm, has recently prepared a new Mineral Resource estimate (announced on Aug 28th, 2012 and filed on SEDAR on Oct 11th, 2012) at the Company's La Negra mine in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), CIM Standards. The Estimate is based on 16,422 diamond drill holes, 22,289 channel

samples collected by Minera La Negra. A summary of the new mineral resource estimate is tabulated below:

Classification	Tonnes	Average			
		Silver (g/t)	Copper (%)	Lead (%)	Zinc (%)
Measured	11,862,000	133.42	0.5	0.9	2.6
Indicated	15,159,000	130.12	0.41	0.92	2.19
Measured plus Indicated	**27,021,000**	131.31	0.49	0.91	2.36
Inferred	13,278,000	126.1	0.42	0.88	2.14

Classification	Quantities				Average Recovered Value ($/t) 2
	Silver (oz) 1	Copper (lb)1	Lead (lb) 1	Zinc (lb) 1	
Measured	50,070,000	130,834,000	228,825,000	673,603,000	180.06
Indicated	65,026,000	138,695,000	310,673,000	745,060,000	166.63
Measured plus Indicated	**115,096,000**	269,529,000	539,498,000	1,418,664,000	172.53
Inferred	56,500,000	132,300,000	263,000,000	657,400,000	

1. Ounces and pounds of in situ metal are calculated using only resource blocks with a recovered value of US$40 or greater.
2. Metal prices and recoveries used for the average recovered value estimate are calculated using a trailing 12-quarter average spot price and actual recoveries as documented in the company's net smelter returns reports from January through May 2012.as follows: Silver - $28.29/84.87%; Copper - $3.33/81.02%; Lead - $0.88/74.62%; Zinc - $0.84/70.66%.

Mining operations and exploration drilling at La Negra continue to delineate additional mineralized zones, either between or as extensions of existing mineralized zones. Drill crews have completed 9,399 metres of diamond drilling during 2012 (2011:10,613 metres).

The tailings facility currently has the capacity to accept tailings from the plant for 5 more years. A new tailings area has been identified to assure continued mine operations beyond 10 years. Environmental studies and other permit requirements have been initiated.

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Shafter Mine

- In July 2008, the Company completed the acquisition of the Shafter Silver Mine from Silver Standard Resources Inc. for $38.7 million.
- In July 2008 Tetra Tech Inc., of Golden, Colorado completed a NI 43-101 compliant report disclosing a measured and indicated resource estimated at 24.6 million ounces of silver (2,090,000 tonnes average 8.48 silver Oz/ton) and an inferred resource estimated at 22.8 million ounces of silver (2,167,000 tonnes average 10.52 silver Oz/ton) using a four ounce per ton cut off. The full report can be viewed on the Aurcana website www.aurcana.com or on SEDAR www.sedar.com.
- In October 2010, the Company completed a NI 43-101 compliant feasibility study, which estimated production at a rate of 1,500 tons per day.
- The feasibility study estimated payback at under 2 years based on a silver price of $15.53 per ounce and 1,500 tonnes per day through the mill from the underground; an internal rate of return ("IRR") estimated at 32% pre tax; net present value ("NPV") estimated at $34 million; an initial capital expenditure estimated at $45 million; annual silver production estimated at 3.8 million ounces.
- The commissioning and testing phase commenced in April 2012.
- Underground development continued during Q3. Underground production ore will commence once the secondary escape way is completed. The secondary escape way is scheduled to be completed by end of November 2012. Production is targeted at 600 tons per day during the remainder of Q4. Continued development is required in order to sustain the ramp up to the 1,500 tons per day. The open pit development continued during Q3.
- During the third quarter, the Shafter Silver Mine in Texas continued the commissioning and testing of the processing plant. In order to maintain consistent and continuous feed, additional thickeners have been ordered. The additional equipment will improve the dewatering process of the plant capacity enabling the mill feed to work towards 1,500 tons per day. The additional thickener tanks are expected to be commissioned by the start of Q1, 2013. They are expected to have a positive contribution to our production ramp up. The need for additional filter presses is also currently being assessed in order to understand the improvements they could provide. Starting in late November 2012, the plant is planning to operate at at throughput of 600 tons per day.
- Shafter mine has hired skilled and experienced personnel and is continuously running training programs for the local workforce. During Q3 technical personnel from La Negra mine have been providing valuable technical and operational advice to Shafter.
- The commissioning and testing phase is currently underway at Shafter Mine working towards achieving commercial production by the end of Q4 2012.

Groundwater in the Shafter area

- Groundwater in the Shafter area occurs in three separate systems. Shallow groundwater is found in the Quaternary alluvium along Cibolo Creek. A deeper local aquifer is found in the ore body. Perched water is occasionally found in sandstones located west of the mine. Due to the dynamic nature of groundwater movement in the local geologic formations, the influx of groundwater to the tunnels will vary throughout mining. Based on historical records, there will be approximately 200 to 300 gallons per minute inflow to the tunnels. However records indicate that perched water has been intercepted in the past with flow as much as 500 gallons per minute for short periods of time. The anticipated usage of water for the mill falls within the range of available groundwater resources, with potential excess water during high inflow periods. Retention ponds will store several millions gallons of water. After environmental monitoring, any excess water will be delivered to neighboring ranches, irrigation plots and storage ponds, with the contingency to discharge down a dry arroyo if necessary. It is anticipated that all excess water will be used for beneficial use.

- Our water needs are expected to have no impact on the nearby Cibolo Creek. This is because the creek and its drainage basin are separated from the deep aquifer by 900 feet of limestone and shale. Historically, when the mine was in operation and the tunnels were dry the Cibolo Creek was running water. Currently the creek is dry even though we have not yet dewatered the tunnels. This is an important indication to the water experts that there is no connection between the two aquifers.
- Aurcana is working to improve the milling process in order to re-use the mill water and reduce the demand of fresh water and plans to use water pumped from the tunnels for beneficial use.

Community Relations

- Aurcana Corporation through its wholly owned subsidiary RGMC prides itself in the cooperative efforts to aid in refurbishing the old company store in Shafter. The company store will be a mixture of museum, historic mining information, coffee shop and convenience store for the locals and visitors. The store will also offer crafts by local artist. Currently, RGMC provides potable water to the town of Shafter at no cost to the residents.
- RGMC Shafter Mine is the largest tax payer and the largest employer in the county. Our goal is to have a positive contribution in the local economy and local community.

Shafter Exploration

- During the third quarter the surface core drilling program was expanded with the addition of a second drill dedicated to the “near mine” area. The program focus continued to be the discovery of a plumbing system below the Presidio and Shafter deposits. Drill targets were selected on the basis of well mineralized historic intersections and or associated fault structures. Twenty holes have been completed to the end of the third quarter for a total of 23,764 feet (7,797 m).
- Ten holes intersected mineralization in the Shafter and Presidio mine horizons, results for which will be incorporated into the mine model.
- Two separate holes tested the Mina Grande Fault as a potential conduit for mineralizing fluids. The holes did not return favourable results.
- Reconnaissance mapping and sampling in the northwest sector of the property shows that a large part of the area exhibits prospective iron-rich, structurally controlled silica alteration. Two small workings have been re-located where discarded rock waste is anomalous in silver and zinc. This new zone of interest is near an IP resistivity anomaly detected in an old survey, but was never followed up on.

AURCANA CORPORATION

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Overall Performance

Earnings

The Company had earnings from La Negra mining operations of:

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Earnings from Mine Operations ($ million)	**6.4**	6.8	**17.4**	17.5
Income before Taxes ($ million)	**4.5**	4.3	**9.3**	7.6
Net Income ($ million)	**$ 3.4**	$ 3.8	**$ 7.0**	$ 6.1

The decrease in earnings from La Negra mining operations for the quarter ended September 30, 2012 as well as for the nine months ended September 30, 2012 was mainly related to lower metal prices offsetting increased volumes.

Revenue

During the quarter ended September 30, 2012, the Company generated total net revenues of $15 million (2011 - $12.5 million). During the nine months ended September 30, 2012, the Company generated total net revenues of $40.6 million (2011 - $36.5 million) from sales of the La Negra mine.

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Sales:				
Zinc concentrate (tonnes)	4,235	2,913	11,745	6,944
Copper concentrate (tonnes)	2,559	1,690	6,554	6,572
Lead concentrate (tonnes)	867	736	2,549	1,582
Silver (oz)	323,825	235,981	905,899	718,039

The sale of concentrates is recorded net of charges for treatment, refining and smelting (TCRC).

AURCANA CORPORATION

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
TCRC:				
Copper/Silver Concentrate	12%	11%	12%	12%
Lead/Silver Concentrate	22%	18%	22%	18%
Zinc Concentrate	32%	35%	34%	36%

Metals payable at: Silver 95%, Lead 95%, Copper 96.5% and Zinc 85%.

Breakdown of revenues based on concentrates is as follows:

	Three months ended September 30,		Nine months ended September 30,	
Revenues derived from:	**2012**	**2011**	**2012**	**2011**
Zinc	14%	12%	15%	10%
Copper	28%	22%	25%	27%
Lead	6%	8%	7%	5%
Silver	52%	58%	53%	58%
Total	**100%**	**100%**	**100%**	**100%**

The average prices for sales of zinc, copper, silver and lead before metals' payable and TCRC are as follows:

	Three months ended September 30,		Nine months ended September 30,	
Price of metals sold:	**2012**	**2011**	**2012**	**2011**
Zinc	$0.85	$0.98	$0.87	$1.02
Copper	$3.51	$3.98	$3.56	$4.18
Lead	$0.95	$1.03	$0.92	$1.10
Silver	$31.63	$37.24	$30.71	$35.49

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Cost of Sales

The cost of sales of La Negra mine for the quarter ended September 30, 2012 was $8.5 million (2011: $5.7 million), which includes royalties, depletion, depreciation and amortization in the amount of $1.8 million for the current period (2011: $1.4 million). The cost of sales for the nine months ended September 30, 2012 was $23.2 million (2011: $19.1 million), which includes royalties, depletion, depreciation and amortization in the amount of $5.1 million for the current period (2011: $4.2 million).

The cost per milled tonne (excluding delivery freights, royalties, depletion, depreciation and amortization) for the quarter ended September 30, 2012 was $32.41 (2011: $33.85). For the nine months ended September 30, 2012 was $34.03 (2011: $37.25). Current cost per milled tonne is lower than the previous year due to higher volumes and productivity, although there was an increase in salaries of 10% starting January 1, 2012 for hourly labour miners plus 22 more miners and 7 more geologists were hired to access the new mineralized zones.

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

La Negra mine:

Quarter Ended	Sep-30 2012	Jun-30 2012	Mar-31 2012	Dec-31 2011	Sep-30 2011	Jun-30 2011	Mar-31 2011	Dec-31 2010
Mine Days	90	89	88	92	89	88	87	78
Mill Days	86	85	85	87	80	89	84	80
Inventory (start of period)								
Ore stockpiles (tonnes)	70,032	102,906	101,038	94,524	80,224	70,634	66,265	63,834
Zinc concentrate (tonnes)	83	79	242	76	104	40	94	41
Copper/silver concentrate (tonnes)	158	67	162	30	120	70	100	241
Lead concentrate (tonnes)	109	75	39	31	40	108	-	-
Production								
Ore mined (tonnes)	196,401	143,718	132,438	131,776	134,072	143,290	129,612	127,353
Ore milled (tonnes)	196,843	176,591	130,570	125,262	119,772	133,700	127,231	124,345
Ore milled daily average (tonnes)	2,278	2,075	1,534	1,441	1,497	1,506	1,520	1,554
Average Grade								
Zinc (%)	1.43%	1.49%	1.53%	1.53%	1.42%	1.34%	1.09%	1.17%
Copper (%)	0.48%	0.42%	0.37%	0.40%	0.39%	0.42%	0.44%	0.45%
Silver (g/t)	80	80	81	81	75	78	74	79
Lead (%)	0.36%	0.41%	0.45%	0.46%	0.47%	0.42%		
Zinc concentrate (tonnes)	4,637	4,255	3,109	3,065	2,885	2,731	1,582	1,324
Containing: Zinc (tonnes)	2,120	1,950	1,478	1,380	1,253	1,131	668	560
Containing: Zinc (%)	46%	46%	48%	45%	43%	41%	42%	42%
Copper concentrate (tonnes)	3,063	2,517	1,474	1,679	1,600	1,882	2,994	3,274
Containing: Copper (tonnes)	732	541	326	358	362	398	466	456
Containing: Copper (%)	24%	22%	22%	21%	23%	21%	16%	14%
Lead concentrate (tonnes)	903	979	772	730	727	778	108	
Containing: Lead (tonnes)	553	575	482	465	455	439	49	
Containing: Lead (%)	61%	59%	62%	64%	63%	56%	45%	
Silver (oz)	376,687	373,037	287,486	265,230	244,243	257,508	240,275	251,020
Total Ag Eq. (Oz Ag Eq)	718,063	690,162	491,056	467,235	430,090	455,516	431,035	443,736
Inventory (end of period)								
Ore stockpiles (tonnes)	69,590	70,032	102,906	101,038	94,524	80,224	70,634	66,265
Zinc concentrate (tonnes)	479	83	79	242	76	104	40	94
Copper/silver concentrate (tonnes)	662	158	67	162	30	120	70	100
Lead/silver concentrate (tonnes)	145	109	75	39	31	40	108	
Sales								
Zinc concentrate (DMT)	4,235	4,244	3,266	2,892	2,913	2,667	1,364	1,248
Containing payable 85%: Zinc (tonnes)	1,574	1,607	1,293	1,069	1,107	929	479	426
Copper concentrate (tonnes)	2,559	2,425	1,570	1,547	1,690	1,832	3,050	3,310
Containing payable:96.5% Copper (tonn	566	478	319	305	349	392	436	417
Lead concentrate (tonnes)	867	945	737	721	736	846		
Containing payable:95% Lead (tonnes)	481	532	426	431	430	485		
Silver (oz) payable at 95%	323,825	323,307	258,767	235,811	235,981	263,357	218,701	244,052

Sales figures are before treatment and refining charges (TCRC).

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Market trend for metal prices is as follows:

Market Average Price	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Silver ($/ounce)	29.80	29.42	32.62	31.82	38.79	38.25	31.70	26.43
Copper ($/lb)	3.50	3.57	3.77	3.40	4.08	4.15	4.38	3.92
Zinc ($/lb)	0.86	0.87	0.92	0.86	1.01	1.02	1.09	1.05
Lead ($/lb)	0.90	0.89	0.95	0.90	1.12	1.16	1.18	1.08

* Source: London Metal Exchange

The Company is currently reviewing its options with respect to hedging. Currently the Company is able to fix prices on a monthly basis with its concentrate buyer.

Administrative Costs

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Administrative costs[1]	**$ 682,083**	$ 569,914	**$ 2,512,261**	$ 2,366,631
Professional fees	**25,486**	105,012	**144,538**	393,153
Investor relations	**122,418**	103,286	**693,335**	492,226
Listing and filing fees	**3,828**	28,251	**84,930**	111,589
	$ 833,815	$ 806,463	**$ 3,435,064**	$ 3,363,599

[1] Administrative costs break down:

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Management fees	**$ 120,589**	$ 99,153	**$ 767,022**	$ 829,422
Rent and overhead	**39,476**	37,903	**113,609**	109,496
Travel and accommodation	**62,351**	59,992	**226,807**	281,953
Office	**20,452**	30,784	**174,174**	121,113
Insurance	**69,730**	5,047	**125,971**	18,515
Salaries and Consulting fees	**270,269**	226,910	**704,751**	713,687
Directors Fees	**51,715**	47,742	**149,242**	88,692
Other	**47,501**	62,382	**250,685**	203,752
	$ 682,083	$ 569,914	**$ 2,512,261**	$ 2,366,631

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Professional fees

The Company incurred professional fees for the quarter ended September 30, 2012 of $25,486 (2011: $105,012). For the nine months ended September 30, 2012 professional fees were $144,538 (2011: $393,153), decrease was mainly related to the legal fees incurred in the comparative period.

Investor Relations

The Company incurred investor relations expenditures for the quarter ended September 30, 2012 of $122,418 (2011: $103,286). For the nine months ended September 30, 2012, investor relations expenditures were $693,335 (2011:$492,226). During this period, the Company sought additional exposure through advertising on TV (Bloomberg) and magazines and attendance at trade shows and conferences.

The Company's financial quarterly information is as follow:

Quarter Ended	Sep-30 2012	Jun-30 2012	Mar-31 2012	Dec-31 2011
Total Revenues	$ 14,950,026	$ 13,739,509	$ 11,948,533	$ 10,989,500
Earnings from mine operations	$ 6,407,942	$ 5,480,639	$ 5,507,440	$ 5,708,583
Net Income	$ 3,411,744	$ 1,586,989	$ 1,992,127	$ 1,574,320
Income per share	$ 0.01	$ -	$ 0.01	$ 0.01

	Sep-30 2011	Jun-30 2011	Mar-31 2011	Dec-31 2010
Total Revenues	$ 12,493,057	$ 12,863,082	$ 11,199,220	$ 10,051,004
Earnings from mine operations	$ 6,811,070	$ 5,304,988	$ 5,357,171	$ (1,835,492)
Net Income (loss)	$ 3,825,034	$ 1,566,798	$ 690,694	$ (7,859,234)
Income (loss) per share	$ 0.01	$ -	$ -	$ (0.06)

Revenues have been increasing mainly as a result of higher metal content of the concentrate and since the second quarter of 2012 due to the Company's expansion of its mill installed capacity from 1,500 tonnes to 2,500 tonnes per day. Partially offsetting these increases was a decline in metal prices.

During Q4 (December 2010) there was a net loss of $ 7,859,234, mainly attributed to the cost of terminating a silver stream purchase agreement with Silver Wheaton Cayman.

AURCANA CORPORATION

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Liquidity

At September 30, 2012 the Company had working capital of $10.5 million (Dec 2011 –$33.7 million), which consisted of $13.5 million held in cash and short term deposits; account receivables of $6.6 million (trade & others); inventory of $4.3 million; Short-term investment of $0.8; amount receivables $0.5; and prepaid expenses of $0.9 million. These amounts are offset by accounts payable of $13.2 million; and the current portion of the Company's notes payable of $2.9 million in relation to equipment purchases at the La Negra and Shafter Silver Mine.

Outstanding Share Capital:

The Company is authorized to issue an unlimited number of common shares without par value.

As at November 7, 2012, the Company had 461,825,205 common shares issued and outstanding.

As at November 7, 2012, the Company had 27,493,750 common share purchase options outstanding at various exercised prices and maturing at various future dates.

As at November 7, 2012, the Company had 77,111,014 common share purchase warrants outstanding as follows:

Number of Warrants		Exercise Price (CDN)	Expiry Date
2,430,000	$	0.40	June 30, 2013
24,960	$	0.35	June 30, 2013
45,260,763	$	0.41	December 7, 2013
2,968,791	$	0.41	December 7, 2012
26,426,500	$	1.00	November 18, 2013
77,111,014			

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Related Parties Transactions

The Company's related parties consist of companies owned by executive officers and directors and payments to these parties are as follows:

	Note	September 30 2012	September 30 2011
Technical and consulting fees	(i)	$ 171,127	$ 464,622
General and administrative expenses	(ii)	125,788	92,921
Management fees	(iii)	767,022	829,422
Related party transactions fees		$ 1,063,937	$ 1,386,965

i) To companies controlled by officers or directors.
ii) To a company controlled by corporate secretary for management services performed as an officer.
iii) To a company controlled by President & CEO for management services performed.

Compensation of key management personnel:

	September 30 2012	September 30 2011
Related party transactions fees	$ 1,063,937	$ 1,386,965
Directors' fees	149,242	88,692
Officer salaries	182,583	125,806
Share-based payment	4,369,364	4,409,992
	$ 5,765,126	$ 6,011,455

Commitments:

Supply agreement

On November 14, 2006, 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. Prices are based on the published average prices in the Metal Bulletin in London in US dollars of the month following the month in which the shipment is made. In August 2010 the copper purchase contract was extended to 2012 and the parties reviewed the zinc purchase contract at the end of 2011, as per current market conditions.

On March 2011, La Negra signed a purchase contract with Glencore International AG, whereby Glencore's Mexican subsidiary (Metagri), agreed to purchase 100% of lead concentrate to be produced during the years 2011 and 2012. Prices are based on the published prices in the Metal Bulletin in London in US dollars within five days after each monthly lot is closed.

Office Lease

Effective May 1, 2010, the Company executed a lease for new office space for a period of 60 months, expiring on April 30, 2015. The minimum annual payments are $86,160 (May 1, 2010 to April 30, 2012), $89,750 (May 1, 2012 to April 30, 2013) and $93,340 (May 1, 2013 to April 30, 2015).

Financial Instruments:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, the United States of America and Mexico. A portion of its assets and liabilities are denominated in currencies other than the functional currency of the related entity in Canada and Mexico. A significant change in the currency exchange rates between the non-functional currency balances and the functional currency has an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At September 30, 2012, the Company's Canadian operations are exposed to currency risk through the following assets and liabilities denominated in USD dollars:

		September 30, 2012
Cash and cash equivalents	USD$	1,839,238
Other receivable		498,585
Accounts payable		(32,355)
	USD$	2,305,468
CDN$ Equivalent		**2,310,732**

Based on the above net exposures as at September 30, 2012, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US Dollar against the CDN Dollar would result in a $231,073 change to the Company's loss in terms of unrealized exchange.

At September 30, 2012, the Company's Mexican operations are exposed to currency risk through the following assets and liabilities denominated in Mexican Pesos:

		September 30, 2012
Cash and cash equivalents	MXP$	208,413
Other receivable		2,310,190
Accounts payable		(71,793,714)
	MXP$	(69,275,111)
USD$ Equivalent		**(5,390,178)**

Based on the above net exposures as at September 30, 2012, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the USD Dollar against the Mexican Peso would result in a $539,018 change to the Company's loss in terms of unrealized exchange.

Management of Capital:

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company's investment policy is to limit investments to guaranteed investment certificates, banker's acceptance notes, investment savings accounts or money market funds with high quality financial institutions in Canada and treasury bills, selected with regards to the expected timing of expenditures from operations.

Risks and Uncertainties*:*

The operations of Aurcana are speculative due to the high risk nature of its business which involves silver, 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.

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Mining Risks and Insurance

The business of mining 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 of payable metals 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 silver, 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

Some 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 an interest.

Management Services

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

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. 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 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 operating performance, underlying asset values or future prospects. There can be no assurance that future fluctuations in the price of the Company's shares will not occur.

Controls and Procedures:

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Management Discussion and Analysis for the quarter and nine months ended September 30, 2012

Disclosure Controls and Procedures

Disclosure controls and procedures ("**DC&P**") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("**ICFR**") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional information on the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.aurcana.com**.**