Management Discussion and Analysis for the quarter ended September 30, 2014

This Management Discussion and Analysis ("**MD&A**") should be read in conjunction with Aurcana Corporation's (the "**Company**" or "**Aurcana**") interim condensed consolidated financial statements for the period ended September 30, 2014 and 2013, and the related notes thereto, which have been prepared in accordance with International Financing Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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, 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 28, 2014.

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 the Company's expectations of sufficient liquidity and capital resources to meet its ongoing obligations and future contractual commitments, 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; the access to financing, appropriate equipment, 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. 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, including its most recent annual and quarterly filings, filed with the securities regulatory authorities in Canada available at www.sedar.com.

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 and financing; 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 the Company's common shares; insurance; competition; hedging activities; currency fluctuations; loss of key employees; and those risks identified herein under the heading "Risks and Uncertainties".

The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities; in particular the market prices of silver, copper, zinc and lead. The major factors which could affect the Company's cash flows are the price at which the Company sells its concentrates, the incremental cost and capacity currently planned, and the ability of the Company's operating mines to meet production budget for concentrates produced at budgeted costs. See also the factors discussed herein under the heading "Liquidity".

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QUALIFIED PERSON

A Director of the Company, Mr. Jerry Blackwell, (PGeo.) acts as a technical advisor to Aurcana and is a Qualified Person as defined by National Instrument 43-101. He has reviewed and approved the technical information contained herein.

Disclosure documents, including technical reports filed by Aurcana can be found under the Company's profile on SEDAR at www.sedar.com.

NATURE OF BUSINESS AND COMPANY DESCRIPTION

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-V") under the symbol AUN and was elevated to Tier 1 status in October 2008.

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 Querétaro, through Real de Maconi S.A. de C.V. ("Real de Maconi"). Aurcana acquired an interest in Real de Maconi in 2007 and on February 17, 2012, the Company increased its ownership in Real de Maconi from 92% to 99.86%. The Company also holds the Shafter Silver property ("Shafter"), located in Presidio County, southwest Texas through the Company's 100% owned US subsidiary, Silver Assets Inc.

After consideration and review of the development and mining options for the Shafter project under current economic conditions and low silver prices, the Company elected to put the Shafter project on "care and maintenance" on December 19, 2013.

Basis of presentation and going concern

The Company's interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the IFRS Interpretations Committee as applicable to interim financial reports including International Accounting Standard 34 'Interim Financial Reporting'.

The 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 until at least September 30, 2015. Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. The Company had cash and cash equivalents of $1.7 million, a working capital deficit of $10.2 million, a deficit of $174 million and losses of $15 million as at and for the nine months ended September 30, 2014.

The Company anticipates that silver and base metal prices will remain under pressure through the end of 2014 and the beginning of 2015, which will continue to impact the Company's margins and liquidity. Therefore, the Company is actively seeking additional sources of financing to continue operating and meeting its objectives, while continuing to be focused on minimizing uncommitted capital expenditures and preserving the Company's growth options. As of the date hereof, the Company is actively seeking sources of financing in order to pay the principle and interest due under its current borrowings. If it does not do so, or if it fails to secure additional capital or otherwise restructure or refinance its business in order to address its cash requirements through September 30, 2015, then the Company is unlikely to have sufficient capital resources or cash flows from mining operations in order to satisfy its ongoing obligations and future contractual commitments. As a result, the Company may not be able to continue as a going concern. If for any reason, the Company is unable to secure the additional sources of financing and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material.

The Corporation's Financial Statements and MD&A may 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.

OVERVIEW

	Q3 2014	Q2 2014	Q3 2013	2014 YTD	2013 YTD
Revenues ($ million) [1]	$ 11.4	$ 9.2	$ 10.4	$ 33.7	$ 34.5
Earnings from mining operations ($ million)	$ 0.6	($1.4)	$ 2.6	$ 2.8	$ 9.9
Net (loss) Income ($ million)	($3.7)	($7.4)	($15.5)	($15.3)	($14.8)
Operating Cash Flow before movements in working capital items ($ million)	$ 0.5	($0.9)	($3.2)	$ 0.5	$ 0.1
Average price per silver oz sold [2]	$ 19.01	$ 20.43	$ 22.30	$ 19.72	$ 23.87
Cash cost of sales per silver equivalent oz sold [2] [3]	$ 16.45	$ 20.84	$ 15.20	$ 16.42	$ 15.53
Total Cash Cost per silver oz net of by-products [2] [3]	$ 11.83	$ 13.41	$ 6.90	$ 11.80	$ 7.97
Silver equivalent ounces produced [4]	997,530	786,505	754,788	2,704,024	2,165,865
Total equiv Silver net payable oz (after TCRC) [4]	597,967	452,333	464,558	1,706,811	1,443,589
Production Cash Cost per milled tonne [2] [3]	$ 33.01	$ 34.68	$ 32.08	$ 33.14	$ 35.35
Cash cost per silver eq. oz produced (before TCRC) [2] [3]	$ 7.79	$ 10.26	$ 9.40	$ 8.89	$ 10.23
Cash cost per silver Equivalent oz produced [2] [3] [5]	$ 11.86	$ 14.55	$ 12.60	$ 13.12	$ 13.69
Mineralization mined (tonnes)	217,011	208,931	207,458	633,486	656,988
Mineralization milled (tonnes)	235,485	232,763	221,118	725,388	626,587
Silver Ounces produced	412,063	329,368	312,122	1,102,222	973,886
Copper, lead and zinc concentrates produced (tonnes)	8,693	7,621	8,118	26,126	23,095

[1] Revenues from the sale of concentrates are recorded net of charges for treatment, refining, and smelting (TCRC).
[2] A non IFRS financial measure - See additional information on non-IFRS financial measures page 27.
[3] Depreciation and amortization not included.
[4] Difference between silver ounces equivalent produced vs sold is mainly due to change in concentrates inventory and percentage
[5] after the deduction of treatment and refining charges (TCRC).

THIRD QUARTER HIGHLIGHTS

- Net loss for the period decreased to $(3.7) million or $(0.04) per share, compared with a net loss of $(15.5) million or $(0.26) per share in the comparable 2013 period. Other key financial metrics include:
  - Earnings from mining operations of $0.6 million (2013 – $2.6 million).
  - Operating cash flow before changes in working capital of $0.5 million (2013 – $(3.2) million).

- Working capital of $(10.0) million at September 30, 2014 compared to a deficiency of $3.7 million at December 31, 2013.

- Key production metrics include:
    - Silver ounces produced increased to a record 412,063 ounces, an increase of 25% compared to 329,368 ounces of silver in the second quarter of 2014 and an increase of 32% compared to 312,122 ounces produced in the third quarter of 2013.
    - Silver equivalent production increased by 27% to a record 997,530 ounces, compared to 786,505 ounces in the second quarter of 2014 and an increase of 32% compared to 754,788 silver equivalent ounces produced in the third quarter of 2013.
    - Cash costs of sales per silver equivalent ounce (inclusive of Treatment, Refining and Smelting Charges, "TCRC") decreased to $16.45 compared to $20.84 in the second quarter of 2014, but increased compared to $15.20 from the third quarter of 2013 due to higher TCRC.

CORPORATE DEVELOPMENTS

During the three and nine months ended September 30, 2014:

- On April 29, 2014 Aurcana announced that it had completed the re-financing of a loan with Orion Mine Finance (Master) Fund I LP, an affiliate of Orion Mine Finance Group.

- To improve the company's short term liquidity, Orion Mine Finance (Master) Fund I LP, an affiliate of Orion Mine Finance Group has agreed to waive principal and interest payments for July 31, 2014, August 31, 2014 and September 30, 2014. This amount will be amortized over the remaining 43 months of the loan commencing October 31, 2014. In return, Aurcana has agreed to extend the Off-Take Agreement with Orion for one additional year to 2021.

- In July, 2014, Kevin Drover was appointed President and Chief Executive Officer of Aurcana. Kevin has more than 40 years' experience in mining operations including as VP of Operations at Kinross Gold Corporation.

- In July, 2014, Mr. Jose Manuel Borquez was been appointed as a director of Aurcana Corporation.

- In August, 2014, Donna Moroney was appointed Corporate Secretary of the Company.

- In August, 2014 the TSX Venture Exchange approved an amendment to the Company's Stock Option Plan (the "Plan"), which is a fixed plan, to increase the number of shares reserved for issuance under the Plan to 8,379,852 The number reserved for issuance remains less than 10% of the total issued and outstanding shares of the Company.

- Recovery of $1.1 million sales taxes paid in prior years for the Shafter Project. This amount is disclosed as other income in the condensed interim consolidated statement of comprehensive income for the period ended September 30, 2014.

Subsequent to the quarter ended September 30, 2014:

- On October 8th, the Company completed the sale of a significant number of pieces of mobile equipment located on the Shafter property in Texas, USA. The sales value of $2.9 million resulted in the Company recognizing a loss of $ 0.4 million on the transaction. Part of this equipment is allocated in the Aurcana's Balance Sheet as Assets held for sale.

(All figures reported in US Dollars, unless otherwise noted)

- Upon review it was determined that a recently purchased Robbins raise bore machine was no longer suitable for operation at the La Negra mine resulting in a decision to offer it for sale. The equipment was sold for the same purchase price of the original transaction for a total of $3.2 million (50% up front and the remaining 50% over 12 monthly equal instalments at an 8% annual interest rate).

- On September 24, 2013, the Company signed an operating lease agreement with Varilease Finance Inc. to buy the Robbins raise bore machine and a filter press. During 2013, Varilease paid to the vendors a total of $2.0 million prior to discontinuing payments in response to the announcement of the Company's decision to place the Shafter mine under Care & Maintenance. After several discussions with Varilease, it was mutually agreed to cancel the agreement for $1.6 million, which was paid on November 3rd, 2014.

REVIEW OF FINANCIAL RESULTS

Selected Quarterly Financial Information

Quarter Ended	September 30 2014	June 30 2014	March 31 2014	December 31 2013
Total Revenues	$ 11,364,478	$ 9,241,156	$ 13,045,780	$ 10,513,695
Earnings from mine operations	$ 551,549	$ (1,108,322)	$ 3,360,700	$ 1,569,125
Net Income (loss)	$ (3,650,343)	$ (7,165,030)	$ (4,496,612)	$ (126,833,875)
(loss) per share	$ (0.04)	$ (0.10)	$ (0.08)	$ (2.17)

Quarter Ended	September 30 2013	June 30 2013	March 31 2013	December 31 2012
Total Revenues	$ 10,359,644	$ 11,337,026	$ 12,761,811	$ 16,290,724
Earnings from mine operations	$ 2,565,765	$ 2,551,101	$ 4,793,279	$ 7,615,012
Net Income	$ (15,468,790)	$ 254,689	$ 391,738	$ 2,960,480
Income per share	$ (0.26)	$ -	$ -	$ 0.01

Three months ended September 30, 2014 compared to the three months ended September 30, 2013

The net loss for the third quarter of 2014 was $(3.7) million, or $(0.04) per share, compared to a net loss of $(15.5) million, or $(0.26) per share, for the third quarter of 2013. The decrease in net loss was impacted by the following factors:

- Revenues in the third quarter increased by $1.0 million compared to the third quarter of 2013. The increase resulted from increased production of metals including record production of silver equivalent ounces totalling 997,530 ounces. The increased revenues from production were offset by significantly lower metal prices compared to the third quarter of 2013.

- The increased production levels contributed to an increase in cost of sales of $3.0 million compared to the same period in 2013 and reduced inventory levels. The cash cost of sales per equivalent silver ounce sold was $16.45 in the third quarter of 2014 compared to $15.20 in 2013. These Q3, 2014 figures were impacted by increased costs related to TCRC and increased mine and mill maintenance costs.

- In the third quarter of 2013 the company recognized an impairment charge of $6.1 million on its property, plant and equipment and mining interests related to the Shafter Project. No such impairment charges were recognized in the third quarter of 2014.

- Care and maintenance costs at the Shafter project totalled $0.6 million for the third quarter of 2014 compared with $6.8 million in idled mine costs during the equivalent 2013 period.

Nine months ended September 30, 2014 compared to the nine months ended September 30, 2013

The net loss for the nine months ended September 30, 2014 was $(15.3) million, or $(0.22) per share, compared to a net loss of $(14.8) million, or $(0.25) per share, for the comparable 2013 period. The increase in net loss was impacted by the following factors:

- Revenues in the period decreased by $0.8 million compared to 2013. While the Company's production figures improved, including a 25% increase in silver equivalent ounces produced, the significant drop in metal prices resulted in lower revenue figures.

- The increased production levels contributed to an increase in cost of sales of $6.3 million compared to the same period in 2013 and reduced inventory levels. The cash cost of sales per equivalent silver ounce sold was $16.42 in the nine months ended September 30, 2014 compared to $15.53 in the equivalent 2013 period. The year to date ("YTD"), 2014 figures were impacted by increased costs related to TCRC and increased mine and mill maintenance costs.

- In the first nine months of 2013 the company recognized an impairment charge of $6.1 million on its property, plant and equipment and mining interests related to the Shafter Project. No such impairment charges were recognized in 2014.

- Care and maintenance costs at the Shafter project totalled $1.6 million for the nine months ended September 30, 2014 compared with $6.8 million in idled mine costs during the equivalent 2013 period.

- During the year, the Company restructured its loan and offtake agreement with its primary lender. This resulted in a one-time loss and a change in derivative fair value of $5.0 million (2013 – Nil).

- During the year ended September 30, 2014, the Company incurred $5.9 million in financing fees (2013 - $1.7 million) primarily consisting of interest and accretion charges on its primary loan.

Earnings from mining operations

The Company had earnings (losses) from mining operations at La Negra for the quarter ended September 30, 2014 in the amount of $0.6 million (2013: $2.6 million), and $2.8 million for the first nine months of 2014 (2013: $9.9 million). In addition to the effects from revenue changes as discussed in the previous section, the decrease in earnings from mining operations at La Negra for the current three month period against the same period of the previous year resulted from an increase in mine and mill supply costs of $1.0 million and costs related to changes in inventory totaling $2.2 million. For the year ended September 30, 2014, mine and mill supply costs were $1.5 million higher and costs related to changes in inventory increased by $3.6 million from the same period in 2013.

Revenue

During the quarter ended September 30, 2014, the Company generated revenues from the sale of 333,254 ounces of silver (Q3, 2013: 245,149 ounces); 3,127 tonnes of copper concentrate (Q3, 2013: 2,338 tonnes); 4,667 tonnes of zinc concentrate (Q3, 2013: 4,026 tonnes); and 950 tonnes of lead concentrate (Q3, 2013: 739 tonnes); for total net revenues of $11.4 million (Q3, 2013: $10.4 million), mainly due to an increase in the silver grade offset by a combination of lower metal prices and higher TCRC deductions.

The average price for sales of silver, copper, zinc and lead during the quarter were Ag $19.01 (Q3, 2013: $22.30) per ounce; Cu $3.17 (Q3, 2013: $3.27) per pound; Zn $1.05 (Q3, 2013: $0.86) per pound; and Pb $0.99 (Q3, 2013: $0.97) per pound.

Revenues:	**Three months ended September 30,**		**Nine months ended September 30,**	
La Negra mine	**2014**	2013	**2014**	2013
Revenues from mining operations	**$ 11,364,478**	$ 10,359,644	**$ 33,651,414**	$ 34,458,481
Figures in $million:				
Gross revenues from mining operations	**$ 15.4**	**$ 12.8**	**$ 45.1**	**$ 41.9**
Deductions treatment charges, refining and smelting charges deducted by the customers	**4.0**	**2.4**	**11.4**	**7.4**
Revenues from mining operations	**$ 11.4**	**$ 10.4**	**$ 33.7**	**$ 34.5**

Revenues derived from:	**Three months ended September 30, 2014**	**2013**	**Nine months ended September 30, 2014**	**2013**
Silver	44%	43%	43%	47%
Copper	29%	30%	30%	28%
Zinc	19%	20%	20%	18%
Lead	8%	7%	7%	7%
Total	**100%**	**100%**	**100%**	**100%**

Revenues are recorded net of TCRC.

(All figures reported in US Dollars, unless otherwise noted)

TCRC deducted from revenues for each concentrate is as follows (TCRC as a percentage of revenue):

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
TCRC:				
Copper/Silver Concentrate	34%	13%	35%	12%
Zinc Concentrate	36%	27%	37%	28%
Lead/Silver Concentrate	30%	20%	27%	18%

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

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

	Three months ended September 30,		Nine months ended September 30,	
Price of metals sold:	**2014**	2013	**2014**	2013
Silver ($/oz)	$ 19.01	$ 22.30	$ 19.72	$ 23.87
Copper ($/lb)	$ 3.17	$ 3.27	$ 3.13	$ 3.31
Zinc ($/lb)	$ 1.05	$ 0.86	$ 0.98	$ 0.86
Lead ($/lb)	$ 0.99	$ 0.97	$ 0.97	$ 0.97

Cost of Sales

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Mine and Mill supplies	$ 3,398,532	$ 2,384,206	$ 9,558,749	$ 8,094,036
Power	682,921	696,415	2,348,072	1,943,920
Salaries and benefits	3,356,924	3,585,932	11,015,932	10,713,061
Profit Sharing Employees	64,188	130,791	230,441	497,206
Royalties	270,520	295,439	883,101	903,704
Freight and delivery	519,270	617,784	1,590,526	1,512,347
Change in Inventories	1,543,726	(649,594)	2,400,610	(1,245,763)
Depreciation and amortization	934,623	706,649	2,739,176	2,086,318
Depletion of mineral properties	42,225	26,257	80,880	43,508
Total Cost of Sales	$ 10,812,929	$ 7,793,879	$ 30,847,487	$ 24,548,337

The production cash cost per milled tonne for the quarter ended September 30, 2014 was $33.01 (2013: $32.08). The production cash cost per milled tonne for the nine months ended September 30, 2014 was $33.14 (2013: $35.35). (*For a discussion of this non-IFRS financial measure please see the related section below*).

(All figures reported in US Dollars, unless otherwise noted)

General and Administrative Costs

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Administrative costs[1]	$ 605,892	$ 675,146	$ 1,662,026	$ 2,160,334
Professional fees	208,755	167,316	436,553	545,712
Investor relations	20,234	46,149	105,143	303,689
Marketing	514	71,567	61,315	380,329
Listing and filing fees	9,284	7,652	105,146	108,530
	$ 844,679	$ 967,830	$ 2,370,183	$ 3,498,594

[1] Administrative costs break down:

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Management, salaries and consulting fees	$ 384,094	$ 386,541	$ 999,781	$ 1,166,534
Rent and overhead	38,098	45,715	113,453	137,805
Travel and accommodation	45,801	48,492	89,155	198,009
Office	30,141	60,810	77,951	206,067
Directors Fees	48,899	65,402	135,332	205,809
Other	58,859	68,186	246,354	246,110
	$ 605,892	$ 675,146	$ 1,662,026	$ 2,160,334

(Restructuring severance payments relate to one-time severance fees due to reorganization of labour at the La Negra Mine.

Market trend for metal prices

Market Average Price	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**	**Q4 2012**
Silver ($/oz)	$ 19.76	$ 19.62	$ 20.48	$ 20.82	$ 22.56	$ 23.16	$ 30.08	$ 32.66
Copper ($/lb)	$ 3.17	$ 3.08	$ 3.19	$ 3.24	$ 3.25	$ 3.23	$ 3.60	$ 3.59
Zinc ($/lb)	$ 1.05	$ 0.94	$ 0.92	$ 0.86	$ 0.84	$ 0.84	$ 0.92	$ 0.88
Lead ($/lb)	$ 0.99	$ 0.95	$ 0.96	$ 0.96	$ 0.95	$ 0.93	$ 1.04	$ 1.00

* Source: London Metal Exchange

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

(All figures reported in US Dollars, unless otherwise noted)

RESULTS OF OPERATIONS – LA NEGRA MINE

Quarter Ended	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Mine Production										
Mine Days	92	91	90	91	92	89	88	90	90	89
Mill Days	85	77	85	85	84	77	78	83	86	85
Mineralization mined (tonnes)	217,011	208,931	207,544	212,039	207,458	249,036	200,494	198,373	196,401	143,718
Mineralization milled (tonnes)	235,485	232,763	257,140	198,427	221,118	235,388	170,081	187,255	196,843	176,591
Average tonnes milled per day	2,770	3,023	3,025	2,334	2,632	3,057	2,181	2,256	2,289	2,078
Average Grade										
Silver (g/t)	65	55	55	58	55	59	71	72	80	80
Copper (%)	0.41%	0.37%	0.39%	0.45%	0.44%	0.40%	0.40%	0.44%	0.48%	0.42%
Zinc (%)	1.14%	1.01%	1.31%	1.25%	1.21%	1.27%	1.27%	1.27%	1.43%	1.49%
Lead (%)	0.34%	0.27%	0.26%	0.29%	0.28%	0.31%	0.39%	0.32%	0.36%	0.41%
Recovery										
Silver	84%	81%	80%	79%	81%	81%	81%	81%	82%	83%
Copper	75%	72%	72.3%	71.6%	73.9%	70.2%	68.9%	74.1%	73.3%	71.1%
Zinc	80%	80%	76.5%	71.3%	73.7%	72.6%	70.4%	73.3%	74.6%	74.4%
Lead	78%	72%	73.4%	74.0%	74.8%	79.3%	80.6%	79.9%	80.1%	81.1%
Metal Production (contained in concentrates)										
Silver (oz)	412,063	329,368	360,791	281,558	312,122	351,210	310,554	336,956	376,687	373,037
Copper (tonnes)	710	582	724	642	714	683	514	618	732	541
Zinc (tonnes)	2,118	1,759	2,579	1,766	1,965	2,210	1,530	1,611	2,120	1,950
Lead (tonnes)	607	421	496	426	452	558	518	491	553	575
Silver Equivalent (oz)	997,530	786,505	919,989	702,595	754,788	818,060	593,017	624,159	718,063	690,162
Concentrate grades										
Copper (%)	23%	22%	22%	23%	23%	23%	24%	26%	24%	22%
Zinc (%)	46%	42%	46%	46%	46%	46%	46%	47%	46%	46%
Lead (%)	63%	55%	60%	63%	61%	64%	64%	62%	61%	59%

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

Production

Silver, copper, zinc and lead production increased in the third quarter compared to the second quarter of 2014 due to improved average grades for silver (increased 10g/t), copper (increased 0.04%), zinc (increased 0.13%) and lead (increase 0.07%). Average tonnes milled per day decreased to 2,770 compared with 3,023 in the prior quarter due to the focus on improving metal grades. Metal recoveries improved over the previous quarter by 3% for silver and copper, and 6% for lead.

During the three months ended September 30, 2014, average silver grades improved by 10g/t, or 18%, over the comparable 2013 period, in addition to a 3% improvement in recovery. This contributed to an overall increase in silver production of 99,941oz, or 32%, from the comparable period in 2013. These improvements in silver production, in addition to higher recoveries in copper, zinc, and lead resulted in an increase of 242,742oz, or 32%, in silver equivalent production compared to the third quarter of 2013. There were no significant changes to copper, zinc and lead grades during the quarter compared to the equivalent period in 2013. A total of 235,485 tonnes were milled during the quarter, up 6% from 221,118 tonnes in Q3, 2013.

YTD September 30, 2014 silver production increased by 128,336oz, or 13%, over the comparable 2013 period, in addition to an increase of 538,159oz, or 25%, in silver equivalent production. An increase in mineralization milled of 98,801 tonnes, or 16%, contributed to the higher production of silver and silver equivalents. The average silver grade was 58g/t during the first nine months of 2014, compared to 61g/t in the same period of 2013. The decrease in silver grade during this period was due to increased throughput of lower grade mineralization, a result of higher internal waste at some zones and blending of different mineral-types in order to meet concentrate specifications, in addition to increased mine development to support higher mine production rates in the future.

Operations Overview at La Negra

During the quarter, management initiated a review of all facets of the company including capital expenditures, staffing levels, cost controls and resource estimate. At La Negra the immediate focus is on cost reductions, productivity and efficiency improvements, reducing mining dilution and improving grade estimation practices and control. During the quarter the Company implemented changes in staff levels at La Negra resulting in severance payments of $0.6 million. Changes in leadership and mining methods has resulted in an improvement in the average silver grade to 65g/t in the third quarter of 2014 compared to an average of 55g/t in previous quarter, a 18% improvement.

The La Negra mill upgrade to a nominal 3,000 tpd was partially completed at the end of March 2013, resulting in an increase in mill capacity and the amount of mineralization mined. Additional concentrate filter capacity was installed and commissioned during Q1 of 2014, to complete the expansion to allow for sustainable production at this level.

Underground diamond drilling and mine development at La Negra continue to delineate extensions to mineralized zones. Drill crews completed 10,367 metres of diamond drilling during Q3 2014 versus 10,128 meters in the same period of 2013.

The existing tailings facility currently has approximately three years of capacity at a milling rate of 3,000 tpd. Studies are being undertaken to determine the best option for increasing tailings storage capacity; a new tailings facility, expansion of the existing facility, dry stacked tailings and hydraulic/paste backfill are all being considered.

In addition, Aurcana has commissioned a new resource estimate for its La Negra mining operation at Queretaro, Mexico. Updated details of the Company's operations at La Negra, including the resource estimate, will be contained within a Technical Report issued within 45 days of the Company's initial reporting of the results of the resource estimate.

In preparation for the new resource estimate management initiated a review of the assay, drill hole and production databases, geological models of individual deposits and underground surveys. Historically mined areas were identified so to avoid inclusion in the new estimate.

The resource estimate will be done in accordance with CIMM Standards for the Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines and supported by a Technical Report conforming to NI 43-101, Standards of Disclosure for Mineral Projects. The Company engaged AMC Mining Consultants (Canada) Ltd to complete this work during the fourth quarter of 2014.

The objective in preparing a new resource estimate is to provide shareholders with updated information on the grade, tonnages and metal potential at La Negra and to provide Aurcana's mine management with a reliable and current model for production planning.

Since the previous resource estimates dated June 30, 2012, mining operations at La Negra have ramped-up to approximately 3,000 tonnes per day, resulting in a larger draw-down of lower grade mineralization. Over the past 26 months there have been significant downward movements in metal prices and while the Company expects commodity prices to improve over time, the changes call into question the underlying assumptions in the resource model. At the La Negra operation the Company has been able to successfully explore and develop new zones of mineralization as well as extend known zones such that approximately 35% of production comes from outside the earlier block models. Aurcana's new management group feels that these factors dictate the need for a revised resource estimate.

The outlook for silver equivalent production in 2014 continues to be 3.6 to 4 million ounces.

OTHER PROJECTS – SHAFTER PROJECT

On December 19, 2013 the Shafter Project was placed on "care and maintenance" following consideration and review of the development in light of existing economic conditions, lower silver prices and the likelihood of diminished resources that limited mining developments.

- During the nine months ending September 30, 2014, the Company completed road upgrades, maintained and serviced equipment, completed interim reclamation measures including securing and stabilizing the tailings and the evaporation pond. Other activities included preparing for the anticipated de-watering of the historic Goldfields Exploration Shaft which includes discussions with State regulators regarding permits.

- During the comparable period ending September 30, 2013, the Shafter Project was under active development with the Company focused on increasing production, identifying higher grade zones and making capital improvements to the processing facility in order to improve throughput rate and recoveries.

- During the year ending December 31, 2013, the Company engaged Mine Development Associates ("MDA") to prepare a new resource estimate for the Shafter Project. This was made necessary by the inability of previous resource models to adequately predict grades and tonnages of those mineralized domains targeted for exploitation during ramp development towards the unmined deeper, eastern extension. Concurrently, plans were being developed to rehabilitate the mine shafts, hoisting systems and mine dewatering system in the eastern extension of the mineralized zone thereby allowing early access to this non-mined area delineated by Goldfields in the late 1970's and early 1980's. Following the decision to place the Shafter project on care and maintenance, the Company deferred completing the new resource estimate in order to reduce costs.

- For the three months ended September 30, 2014, the Company recorded expenses related to putting the mine into care and maintenance of $0.5 million ($1.0 million for Q2, 2014 and $6.8 million in idled mine costs for Q3, 2013). This amount is mainly attributable to property taxes, maintenance, insurance premiums, rental equipment, supplies, contractor services and general expenses.

- The Company did not conduct any exploration activities during the nine months ending September 30, 2014. During the comparable nine months ending September 30, 2013, the Company's exploration group undertook a limited field programme of detailed mapping, sampling and laid-out a drill plan.

- Continuing pressure from mining operations caused a transfer of several exploration geologists and technicians into the mining group during the second and third quarters of 2013. The exploration group at Shafter was disbanded in late October, 2013.

- During late March through November of 2014, the Company engaged several consultants to complete detailed reviews of the current and historic technical databases for the Project.

LIQUIDITY AND FINANCIAL POSITION

The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities; in particular the prices of silver, copper, zinc and lead. Despite the current liquidity challenges, the La Negra mine is a valuable long-life asset, which is currently producing operating cash flows for the Company.

On June 20, 2014 the Company issued an aggregate of 9,200,000 units (each unit a "Unit") of the Company at a purchase price of Cdn$0.55 per Unit (the "Purchase Price") for gross proceeds to the Company of Cdn$5,060,000. Each Unit consists of one common share (a "Share") of the Company and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase an additional common share (a "Warrant Share") of the Company at an exercise price of Cdn$0.80 per Warrant Share for a period of 36 months from the closing of the Offering. The Company paid to the Underwriter a commission of 6% of the gross proceeds of the Offering which was paid by the issuance of an aggregate of 532,908 Units. In addition, the Company issued to the Underwriter a compensation warrant which entitles the Underwriter to purchase up to 532,908 common shares of the Company (equal to 6% of the number of Units sold under the Offering), exercisable at the Purchase Price for a period of 24 months from the Closing.

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions.

Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. In order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transaction to provide it with additional liquidity. If the Company fails to generate sufficient operating cash flows, secure additional capital or otherwise restructure or refinance its business in order to address its cash requirements through September 30, 2015, it will not have adequate liquidity to fund its operations and meet its obligations (including its debt payment obligations), it may not be able to continue as a going concern (refer to Note 1 of the interim condensed consolidated financial statements for the period ended September 30, 2014).

If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material.

Readers are cautioned that there are many factors which may impact cash provided by operations which are difficult to predict and forecast.

Working capital

As at September 30, 2014, the Company had a consolidated working capital deficiency of $10.0 million compared with a deficiency of $3.7 million as at December 31, 2013. The major components of working capital at September 30, 2014 included $1.7 million of cash and equivalents, $3.1 million of inventories, $4.2 million of assets held for sale, and $6.0 million of trade and other receivables, offset by $24.8 million of current liabilities (including $15.1 million in accounts payable and $8.9 million for the current portion of borrowings).

Current assets

Current assets decreased $14.2 million to $15.0 million at September 30, 2014 compared with $29.2 million at December 31, 2013. Contributing to the change was an $18.6 million decrease in cash and equivalents partially offset by an increase in assets held for sale of $4.2 million following the Company's decision to sell some of its mobile equipment at the Shafter site. The decrease in cash and equivalents resulted from cash losses from operating activities of $1.4 million, property, plant and equipment expenditures of $5.7 million, financing and interest costs of $2.5 million and payments against long-term debt and borrowings of $14.7 million. These were offset by cash inflows from the sale of equipment totalling $1.3 million and the net proceed of a private placement of $4.5 million (discussed above).

Mineral properties, plant and equipment ("PP&E")

PP&E decreased to $88.1 million at September 30, 2014 from $89.0 million at December 31, 2013. This decrease of $0.9 million is comprised of the following:

- Additions of $7.9 million
    - Development of mineral properties - $3.6 million
    - Plant and equipment - $4.0 million
    - Assets under construction - $0.2 million
- Depletion and amortization of $2.8 million
- Reclassification of equipment to assets held for sale - $5.2 million

Assets held for sale

Following management's decision to transition the Shafter Project to care and maintenance, it was determined that a significant number of mobile equipment located at the site would not be necessary for future operations at Shafter. This resulted in a reclassification of $4.2 from PP&E to assets held for sale.

Subsequent to the quarter ended September 30, 2014, mobile equipment with a book value of $3.3 million was sold to a third party for total of $2.9 million. The company recognized a loss of $0.4 million on the transaction.

Current liabilities

Current liabilities decreased to $25.0 million at September 30, 2014 compared with $32.9 million at December 31, 2013. Contributing to the decrease was a reduction in equipment lease obligations of $1.9 million and a reduction in the current portion of borrowings by $5.8 million due to the amended loan agreement as discussed in the next section.

Borrowings

During 2013, MF2 Investment Holding Company (Cayman) Limited ("Orion"), an affiliate of Orion Mine Finance Fund I, entered into a loan agreement (the "Loan Agreement"), pursuant to which Orion provided the Company with a $50 million loan. Orion and the Company also entered into an offtake agreement (the "Offtake Agreement") related to Shafter production to sell silver and gold produced from the Shafter mine to Orion at market prices for either a 6 year period, or until Aurcana has sold a minimum of 27 million oz. of silver, whichever is later, subject to an early buy-out provision. The loan proceeds were used by the Company to finance the construction and upgrade work for the Shafter mine and the balance of the loan was used to repay certain indebtedness and for operating purposes of the La Negra properties. The loan was for 39 months and required monthly payments commencing 4 months after closing, which occurred September 19, 2013. The Loan Agreement provided for an early repayment option at any time without charge. Interest payable was set at 3 month US$ LIBOR (subject to a 1% minimum) plus 5.5%. The related offtake agreement required the Company to sell silver and gold produced from the Shafter mine to Orion at the prices selected by Orion as either spot price at the delivery date or an average spot price during the first, second or third week after the delivery date for either a 6 year period, or until Aurcana sold a minimum of 27 million oz. of silver, whichever is later, subject to an early buy-out provision.

(All figures reported in US Dollars, unless otherwise noted)

On December 19, 2013, the Company placed the Shafter Mine on care and maintenance and in January 2014 the Company entered into negotiations with Orion to amend the terms of the loan and the offtake agreement.

On April 29, 2014, Aurcana entered into an agreement to amend the terms of its US$50,000,000 outstanding unsecured loan (the "Loan") owing to MF2 Investment Holding Company (Cayman) Limited (the "Original Lender"), an affiliate of Orion Mine Finance Group, as originally announced on September 19, 2013. The Original Lender assigned all of its rights and obligations under the original Loan Agreement and related transaction documents to Orion Mine Finance (Master) Fund I LP (the "Lender"), an affiliate of Orion Mine Finance Group. Pursuant to an amended and restated credit facility agreement (the "Amended Credit Facility Agreement") between the Company and the Lender dated April 29, 2014, the principal amount under the Loan has been reduced to US$40,000,000. In consideration for an aggregate debt settlement of US$10,333,333, Aurcana issued 16,499,501 common shares of the Company (the "Settlement Shares") to the Lender at an issue price of US$0.62 or Cdn$0.69, in consideration for reducing the principal amount outstanding under the Loan and terminating the Offtake Agreement in respect of the Shafter Mine. The Loan is to be repaid in 48 equal monthly installments. Early prepayment may occur at any time without charges. Interest on the Loan continues to accrue at a rate equal to LIBOR (subject to a minimum of 1%) plus 5.5% per annum. Concurrently, Aurcana entered into offtake agreements with the Lender in respect of copper, zinc and lead concentrate produced at its La Negra mine for the period from January 1, 2017 to December 31, 2020.

In order to improve Aurcana's liquidity in the short term, Orion agreed to waive principal and interest payments on the loan for July 31st, August 31st, and September 30th amounting to approximately $3.1 million. This amount, including unpaid interest, will be amortized over the remainder of the loan period commencing October 2014. In return, the Company has extended the offtake agreements by one year to 2021. This amendment has been accounted for as a modification of the Amended Loan with the resulting changes in the value of the expected cash flows applied to the carrying balance of the loan.

Long-term debt

a) The Company has commitments for capital expenditures as of September 30, 2014 related to capital equipment contracts for the amount of $895,876 due as follows:

Schedule of principal repayments is as follows:		**September 30 2014**	December 31 2013
	2014	**$ 271,118**	$ 2,782,667
	2015	**609,944**	2,442,923
	2016	**14,814**	14,814
		$ 895,876	$ 5,240,404

The Company expects to ultimately meet these commitments with the cash flow generated by operations, and the proceeds of the Loan or other financing activities.

(All figures reported in US Dollars, unless otherwise noted)

b) The Company has commitments for operating expenditures as of September 30, 2014 related to leased equipment contracts for the amount of $2,426,772, due as follows:

Operating Leasing	**September 30 2014**	December 31 2013
2014	**$ 299,286**	$ 1,197,144
2015	**1,197,144**	1,197,144
2016	**930,342**	663,540
	$ 2,426,772	$ 3,057,828

OUTSTANDING SHARE CAPITAL

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

As at November 28, 2014, the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	Shares and Potential Shares
Common shares outstanding	84,644,973
Warrants (Exercise price C$1.70)	15,538,139
Stock options (average exercise price C$6.30)	1,698,438
Total common shares and potential common shares	**101,881,550**

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.

(All figures reported in US Dollars, unless otherwise noted)

TRANSACTIONS WITH RELATED PARTIES

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 2014	September 30 2013
Technical and consulting fees	(i)	$ 73,981	$ 361,860
General and administrative expenses	(ii)	210,553	360,437
Consulting fees		$ 284,534	$ 722,297

i) To companies controlled by officers or directors.
ii) To a company controlled by the former President & CEO for management services performed.

During the nine months period ended September 30, 2014, transactions with related parties were measured at fair value. On September 11, 2013, the Company was advanced a $5 million bridge loan ("Bridge Loan") by First Access Financial Group, Inc. ("First Access"), a company controlled by the President and Chief Executive Officer of the Company. The Bridge Loan was intended to provide additional liquidity to the Company until the closing of the loan with Orion. The terms of the Bridge Loan provided interest at a rate of 1.25% per month, with the first 90 days of interest being prepaid in advance and an origination fee of US$125,000 and the issuance of 1,000,000 common share purchase warrants. The Warrants expire on September 26, 2014, have an exercise price of $2.31 per share, and were ascribed an aggregate fair value of $688,931 using the Black-Scholes model. The fair value of the warrants was recorded as a financing expense for the year 2013. Assumptions used in the Black-Sholes model are: risk free interest rate: 1.22%, expected life: 1 year, expected volatility: 101.42%, expected dividend per share: $nil.

Upon the closing of the loan with Orion, the Bridge Loan was fully repaid to First Access and, in consideration of the short time the Bridge Loan was outstanding, First Access agreed to amend the terms of the Bridge Loan such that the origination fee and all pre-paid interest were refunded to the Company, and interest was only paid on the period from the date of advancement of the Bridge Loan until its repayment in the amount of $ 56,667.

Compensation of key management personnel:

	September 30 2014	September 30 2013
Consulting fees	$ 284,534	$ 722,297
Directors' fees	135,332	205,809
Officer salaries	286,104	228,650
Stock-based compensation	263,458	2,910,100
	$ 969,428	$ 4,066,856

COMMITMENTS AND CONTINGENCIES:

On March 2011, La Negra signed a sales contract with Glencore, whereby Glencore's Mexican subsidiary (Metagri), agreed to purchase 100% of the lead concentrate to be produced at the La Negra mine until the end of 2013. During July 2013, the agreement with Glencore was extended for 2014 and amended to include lead, copper and zinc concentrates.

On April 29, 2014, Aurcana entered into offtake agreements with Orion in respect of copper, zinc and lead concentrate produced at its La Negra mine for the period from January 1, 2017 to December 31, 2020. In order to improve Aurcana's liquidity in the short term, Orion has agreed to waive principal and interest payments on their loan for July 31st, August 31st, and September 30th amounting to approximately $ 3.1 million. This amount will be amortized over the remainder of the loan period commencing October 2014. In return, the Company has extended the "Offtake agreement" by one year to 2021.

Office Lease

Effective May 1, 2010, the Company leases office space which expires on April 30, 2015. The Company is committed under the lease for payments totaling $86,441.

Shafter equipment operating lease

On December 1, 2013 the Company signed an operating lease agreement for mining equipment for Shafter in the amount of $1,227,024 with a term of 30 months and $44,467 equal payments.

La Negra equipment operating lease

The company has an operating lease agreement with Varliease Finance Inc., for La Negra in the amount of $1,954,756 with a term of 36 months and $55,295 equal payments; signed on September 24, 2013.

Class action

A class proceeding has been filed in the Ontario Superior Court of Justice naming the Company and two former officers of the Company as defendants. The plaintiffs in the proceeding assert that certain of the Company's news releases misrepresented the production level at the Shafter Property. The plaintiffs also assert that the Company had reasonable grounds to believe, and therefore ought to have publicly disclosed, that the resource estimates in respect of the Shafter Property published by the Company between June 2012 and October 2013 were incorrect. The plaintiffs seek to certify a class action on behalf of a class that purchased the Company's publicly traded securities between June 11, 2012 to December 19, 2013, and seeks damages on behalf of that class in the sum of $150 million or such other sum as the court finds appropriate. Management has not disclosed the amount of any provision or expected insurance recovery as the net amount of these is not expected to be material and to disclose the amounts could be prejudicial.

Off Balance sheet arrangements

Operating lease commitments as disclosed.

FINANCIAL INSTRUMENTS

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates in currencies other than the functional currency of each entity. A significant change in the currency exchange rates between the local functional currency of each entity and the other currencies it employs could have 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, 2014, the Company's Canadian operations (Canadian dollar functional currency) are exposed to currency risk through the following assets and liabilities denominated in USD dollars:

		September 30, 2014
Cash and cash equivalents	CDN$	555,186
Other receivable		73,368
Accounts payable		(273,798)
	CDN$	354,756
USD$ Equivalent		**316,746**

Based on the above net exposures as at September 30, 2014, 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 $31,675 credit or change, respectively, to the Company's net income for the period.

At September 30, 2014, the Company's Mexican operations (U.S. dollar functional currency) are exposed to currency risk through the following assets and liabilities denominated in Mexican Pesos:

		September 30, 2014
Cash and cash equivalents	MXP$	1,212,708
Other receivable		2,488,458
Accounts payable		(94,888,552)
	MXP$	(91,187,386)
USD$ Equivalent		**(6,777,665)**

Based on the above net exposures as at September 30, 2014, 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 $677,767 change or credit, respectively, to the Company's net income for the period.

Debt host and embedded derivatives

The New Offtake derivative is a written option and is carried at fair value through profit and loss ("FVTPL"). The Amended Orion loan is a hybrid instrument, containing a debt host component and two embedded derivatives – a prepayment and interest floor options that require separation as derivatives. These features were recorded at fair value at origination.

The debt host component is classified as other financial liability and is measured at amortized cost using the effective interest rate method and the embedded derivatives are classified as FVTPL and all changes in fair value are recorded in profit or loss. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the loan. Accretion of $0.5 million has been recognized for the quarter ended September 30, 2014.

(All figures reported in US Dollars, unless otherwise noted)

Loan restructure

The amendment of the Original Loan agreement, termination of the Original Offtake agreement and the New Offtake agreements signed were accounted for as an extinguishment of the Original Loan and related derivative liabilities and the Original Offtake derivative and recognition of the new liabilities. The Original Loan was a hybrid instrument, containing a debt host component and two embedded derivatives – a prepayment and interest floor options that require separation as derivatives and that were recorded at fair value. The Original Offtake agreement contained a written price option derivative that was carried at fair value.

Immediately before the restructure the carrying value of the Original Orion Loan debt host was $35.3 million, fair value of the Original Offtake derivative and the Original Loan prepayment and interest rate floor derivatives was $12.7 million. Fair value of the Amended Loan debt host as at the date of the restructure was $35.5 million and the fair value of the Offtake and Amended Loan derivative liabilities was $3.9 million. The Company also issued shares with a fair value of $10.3 million in consideration for the settlement of the Original Loan and termination of the Original Offtake agreement. As a result the Company recognised a cost of $1.9 million on the extinguishment of the original off-take agreement. The Company has also incurred $0.7 million of legal fees and other costs related to the restructure which were expensed.

In order to improve Aurcana's liquidity in the short term, Orion has agreed to waive principal and interest payments on their loan for July 31st, August 31st, and September 30th amounting to approximately $ 3.1 million. This amount will be amortized over the remainder of the loan period commencing October 2014. In return, the Company has extended the "Offtake agreement" by one year. This amendment has been accounted for as a modification of the Amended Loan with the resulting changes in the value of the expected cash flows applied to the carrying balance of the loan.

The Orion loan and offtake agreement restructure loss and related costs are as follows:

	September 30 2014	December 31 2013
Loan restructuring costs	**$ 1,875,112**	$ -
Change in fair value of derivatives	**2,418,498**	-
Legal fees	**683,780**	-
Balance	**$ 4,977,390**	$ -

Fair value measurements

The Company's financial instruments include cash and cash equivalents, trade and other receivables, short-term investments, amounts receivable, advances, accounts payable and accrued liabilities, borrowings, embedded derivative liability and long-term debt. The carrying values of cash and cash equivalents, trade and other receivables, advances and accounts payable and accrued liabilities, approximate their fair values due to the relatively short-term nature of these amounts.

The Company classifies the fair value of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are: Level 1, which are inputs that are unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, which are inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly or indirectly; and Level 3, which are inputs for the asset or liability that are not based on observable market data.

(All figures reported in US Dollars, unless otherwise noted)

The following tables summarize the fair value hierarchy, as of September 30, 2014:

Recurring measurements	Fair Value Through Profit or Loss	Loans and Receivables	Other Financial Assets and Liabilities	Total	Fair Value Hierarchy
Financial Liabilities					
Derivative liabilities	$ (4,465,146)	$ -	$ -	$ (4,465,146)	Level 3
	$ (4,465,146)	**$ -**	**$ -**	**$ (4,465,146)**	

The following table summarizes the fair value hierarchy, as of December 31, 2013:

Recurring measurements	Fair Value Through Profit or Loss	Loans and Receivables	Other Financial Assets and Liabilities	Total	Fair Value Hierarchy
Financial Liabilities					
Derivative liabilities	$ (10,932,524)	$ -	$ -	$ (10,932,524)	Level 3
	$ (10,932,524)	**$ -**	**$ -**	**$ (10,932,524)**	

The carrying value and fair value of trade and other receivable and accounts payable and accrued liabilities as of September 30, 2014 are approximately the same. The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy.

The floor option derivative was valued upon initial measurement and subsequent periods using the Bloomberg swap valuation template. The prepayment option derivative was valued upon initial measurement and subsequent periods using a methodology, which is based on Monte-Carlo simulation. The default intensities of the Company are generated using a square root diffusion process. Monte Carlo simulation is a technique that relies on random sampling and is often used when there is no analytic or exact solution to the valuation. Key inputs used by the Company in its valuation include: the USD discount curve, the USD 1 month forward curve.

The offtake agreement derivative was decomposed into the sum of cash flows which depends on silver, copper, zinc and lead prices. Future metals prices were estimated using consensus analyst forecasts of top tier financial institutions. Key inputs used by the Company include: the USD risk free rate, historical silver, copper, zinc and lead prices, the Company's standard discount to spot price.

Key unobservable inputs used in the valuation model are the estimated delivery schedule based on the Company's life of mine plan and the credit spread of the Company.

The Company's credit spread as of the inception date of the Original Loan of September 19, 2013 was calibrated by setting the fair value of the credit facility and the silver agreement equal to total proceeds of transaction, resulting in a credit spread of 31.33% as at the inception date ("the calibrated spread") of the Original Orion Loan and Offtake. The spread as at April 30, 2014 and September 30, 2014 is based on the market borrowing interest rate for the Company of 15.4%.

Sensitivity of the derivatives valuation to changes in the assumptions

	5% decrease in credit spread	5% increase in credit spread
Increase/(decrease in fair value at September, 30, 2014	$ 118,941	($114,481)

RISKS AND UNCERTAINTIES

The operations of Aurcana are speculative due to the high risk nature of its business which involves silver, copper, lead and zinc production and the exploration and development of mining properties. The following is a brief discussion of the 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.

Credit risk

The Company's credit risk is primarily attributable to cash and bank balances, short-term deposits and accounts receivable.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with banks of investment grade. As the Company has its operations in developing countries, it is unavoidable that some cash is held with regional banks in areas where the banking system does not operate as efficiently as in major financial centers. In these circumstances, the Company attempts to keep only minimal balances with such banks.

The Company manages its credit risk on short-term deposits by only investing with counterparties that carry investment grade ratings as assessed by external rating agencies and spreading the investments across these counterparties. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of "A-" grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies. Likewise, it is the Company's policy to deal with banking counterparties for derivatives who are rated "A-" grade or above by international credit rating agencies and graduated counterparty limits are applied depending upon the rating.

Exceptions to the policy for dealing with relationship banks with ratings below "A-" are reported to, and approved by, the Audit Committee. As at September 30, 2014 substantially all cash and short-term deposits are with counterparties with ratings "A-" or higher.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. 100% of the Company's product sales and trade accounts receivable are generated from one customers representing 100% of the total sales for the period. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short-term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

Accounts payable and accrued liabilities are due within the current operating period.

Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. In order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transaction to provide it with additional liquidity. As of the date hereof, the Company is actively seeking sources of financing in order to pay the principle and interest due under its current borrowings and other obligations. If it does not do so, or if it fails to secure additional capital or otherwise restructure or refinance its business in order to address its cash requirements through September 30, 2015, then the Company is unlikely to have sufficient capital resources or cash flows from mining operations in order to satisfy its ongoing obligations and future contractual commitments. As a result, the Company may not be able to continue as a going concern.

Litigation risk

A class action has been filed in the Ontario Superior Court of Justice naming the Company and two former officers of the Company as defendants. The plaintiffs assert that certain of the Company's news releases misrepresented the production level at the Shafter Property. The plaintiffs also assert that the Company had reasonable grounds to believe, and therefore ought to have disclosed, that the resource estimates in respect of Shafter published by the Company between June 2012 and October 2013 were incorrect. The plaintiff seeks to certify a class action on behalf of a class that purchased the Company's publicly traded securities between June 11, 2012 to December 19, 2013, and seeks damages on behalf of that class in the sum of $150 million or such other sum as the court finds appropriate. The Company intends to vigorously dispute these allegations. Management has not disclosed the amount of any provision or expected insurance recovery as the net amount of these is not expected to be material and to disclose the amounts could be prejudicial.

Off Balance sheet arrangements – None applicable other than the operating lease commitments disclosed.

Mexican tax legislation changes

On October 31, 2013, the Mexican Senate passed the Mexican Tax Reform Bill enacting a tax deductible 7.5% mining royalty on earnings before the deduction of interest, taxes, depreciation and amortization. Further, precious metals mining companies will pay an additional 7.5% royalty on precious metals revenue and maintain a corporate tax rate of 30%. The proposal has been approved and it is a law now. The tax is reflected in the Company's condensed interim consolidated statements of loss for the three months and year ended September 30, 2014.

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 resources and 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 grade of mineralized material 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, lead 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 a mineralized deposit or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period. Mineral reserves are not revised in response to short-term cyclical price variations in metal markets.

Replacement of mineral resources and reserves

There are a number of uncertainties inherent in any program relating to the location of economic mineral resources and 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 resources and reserves to replace mined reserves and to expand current mineral resources and 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 pre-disturbance 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 sites. 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 mineral development 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 mineral 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, subject to applicable corporate laws, 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 effect 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 mine 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 mine 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.

(All figures reported in US Dollars, unless otherwise noted)

NON-IFRS FINANCIAL MEASURES

The Company has included certain non-IFRS financial measures including "Total cash cost per Silver equivalent ounce sold before change in inventories", "Total cash cost per Silver ounce sold, net of by-products", "Cash cost per milled tonne" and "Total production cash cost per Silver equivalent ounce" to supplement its Condensed Interim Consolidated Financial Statements, which are presented in accordance with IFRS.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with useful information to evaluate the underlying performance of the Company. Non-IFRS financial measures do not have a standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures employed by other companies. The data are intended to provide additional information and should not be considered in isolation or as substitute for measures of performances prepared in accordance with IFRS.

a) Total cash cost of sales per silver equivalent ounce sold before change in inventories at La Negra Mine:

Non-cash adjustments include, as applicable, depreciation, amortization and depletion of mineral properties.

The Company uses this performance measure to monitor its cash costs of sales per silver equivalent oz before change in inventories internally and believes this measure provides investors and analysts with useful information about the Company's underlying cash costs of sales. The Company believes that conventional measures of performance prepared in accordance with IFRS do not fully illustrate the ability of its mining operations to generate cash flows. The Company reports cash costs on a sales basis. This performance measure is commonly utilized in the mining industry.

Total Equivalent Silver net payable oz sold at La Negra Mine (after TCRC):	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenues per financial statement	$ 11,364,478	$ 10,359,644	$ 33,651,414	$ 34,458,481
Price of Silver sold ($/oz.)	19.01	22.30	19.72	23.87
Total equiv Silver net payable oz (after TCRC)	597,967	464,558	1,706,811	1,443,589
Cost of sales per financial statements	$ 10,812,929	$ 7,793,879	$ 30,847,487	$ 24,548,337
Less depreciation and amortization	(934,623)	(706,649)	(2,739,176)	(2,086,318)
Less depletion of mineral properties	(42,225)	(26,257)	(80,880)	(43,508)
Total cash cost of sales	$ 9,836,081	$ 7,060,973	$ 28,027,431	$ 22,418,511
Silver Equivalent sold	597,967	464,558	1,706,811	1,443,589
Cash cost of sales per silver equivalent Oz sold	$ 16.45	$ 15.20	$ 16.42	$ 15.53

(All figures reported in US Dollars, unless otherwise noted)

b) Total cash cost per silver ounce net of by-products at La Negra Mine:

The Company uses cash cost per silver oz. net of by-products to describe its cash cost of sales on an overall basis. Non-cash adjustments include, as applicable, depreciation, amortization and depletion of mineral properties.

The Company uses this performance measure to monitor its cash costs by-product internally and believes this measure provides investors and analysts with useful information about the Company's underlying cash costs by-product. The Company believes that conventional measures of performance prepared in accordance with IFRS do not fully illustrate the ability of its mining operations to generate cash flows. The Company reports cash costs on a sales basis. This performance measure is commonly utilized in the mining industry.

Total cash cost per silver Oz. net of by-products at La Negra Mine:	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Cash cost				
Cost of sales per financial statements	$ 10,812,929	$ 7,793,879	$ 30,847,487	$ 24,548,337
Less depreciation and amortization	(934,623)	(706,649)	(2,739,176)	(2,086,318)
Less depletion of mineral properties	(42,225)	(26,257)	(80,880)	(43,508)
Total cash cost	9,836,081	7,060,973	28,027,431	22,418,511
Plus TCRC	4,060,060	2,420,893	11,445,754	7,495,976
Less credits by Copper, Zinc and Lead sold	(9,021,820)	(7,328,168)	(26,469,460)	(22,149,761)
Total cash cost net of by-products	4,874,321	2,153,698	13,003,725	7,764,726
Silver ounces produced	412,063	312,122	1,102,222	973,886
Total cash cost per silver Oz. net of by-products	$ 11.83	$ 6.90	$ 11.80	$ 7.97

c) Cash cost per milled tonne

The Company uses cash costs per milled ton to describe its cash production costs based on tonnes of mineralization milled. Cash costs incorporate all production costs, which include direct and indirect costs of production. Non-cash adjustments include, as applicable, depreciation, amortization and depletion of mineral properties.

The Company uses this performance measure to monitor its cash costs per milled tonne internally and believes this measure provides investors and analysts with useful information about the Company's underlying cash costs of operations. The Company believes that conventional measures of performance prepared in accordance with IFRS do not fully illustrate the ability of its mining operations to generate cash flows. The Company reports cash costs on a sales basis. This performance measure is commonly utilized in the mining industry.

Total cash cost per milled tonne at La Negra Mine:	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Cash cost				
Cost of sales per financial statements	$ 10,812,929	$ 7,793,879	$ 30,847,487	$ 24,548,337
Less changes in inventories	(1,543,726)	649,594	(2,400,610)	1,245,763
Less freight and delivery	(519,270)	(617,784)	(1,590,526)	(1,512,347)
Less depreciation and amortization	(934,623)	(706,649)	(2,739,176)	(2,086,318)
Less depletion of mineral properties	(42,225)	(26,257)	(80,880)	(43,508)
Total production cash cost	7,773,085	7,092,783	24,036,295	22,151,927
Tonnes milled	235,485	221,118	725,388	626,587
Production cash cost per milled tonne	$ 33.01	$ 32.08	$ 33.14	$ 35.35

(All figures reported in US Dollars, unless otherwise noted)

d) Total production cash cost per Silver equivalent ounce

The Company uses cash cost per Silver equivalent oz to describe its cash production costs on an overall basis. Cash costs incorporate all production costs, which include direct and indirect costs of production. Non-cash adjustments include, as applicable, depreciation, amortization and depletion of mineral properties. TCRC are recorded and deducted from the revenues.

The Company uses this performance measure to monitor its operating cash costs internally and believes this measure provides investors and analysts with useful information about the Company's underlying cash costs of operations. The Company believes that conventional measures of performance prepared in accordance with IFRS do not fully illustrate the ability of its mining operations to generate cash flows. This performance measure is commonly utilized in the mining industry.

Total cash cost per silver equivalent Oz. Produced at La Negra Mine (before TCRC):	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Production cash cost:				
Cost of sales per financial statements	$ 10,812,929	$ 7,793,879	$ 30,847,487	$ 24,548,337
Less changes in inventories	(1,543,726)	649,594	(2,400,610)	1,245,763
Less freight and delivery	(519,270)	(617,784)	(1,590,526)	(1,512,347)
Less depreciation and amortization	(934,623)	(706,649)	(2,739,176)	(2,086,318)
Less depletion of mineral properties	(42,225)	(26,257)	(80,880)	(43,508)
Total production cash cost	7,773,085	7,092,783	24,036,295	22,151,927
Silver equivalent oz. produced	997,530	754,788	2,704,024	2,165,865
Cash cost per silver equivalent oz. produced	$ 7.79	$ 9.40	$ 8.89	$ 10.23

Total cash cost per silver equivalent Oz. Produced at La Negra Mine (before TCRC):	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Production cash cost:				
Cost of sales per financial statements	$ 10,812,929	$ 7,793,879	$ 30,847,487	$ 24,548,337
Plus TCRC	4,060,060	2,420,893	11,445,754	7,495,976
Less changes in inventories	(1,543,726)	649,594	(2,400,610)	1,245,763
Less freight and delivery	(519,270)	(617,784)	(1,590,526)	(1,512,347)
Less depreciation and amortization	(934,623)	(706,649)	(2,739,176)	(2,086,318)
Less depletion of mineral properties	(42,225)	(26,257)	(80,880)	(43,508)
Total production cash cost	11,833,145	9,513,676	35,482,049	29,647,903
Silver equivalent oz. produced	997,530	754,788	2,704,024	2,165,865
Cash cost per silver equivalent oz. produced	$ 11.86	$ 12.60	$ 13.12	$ 13.69

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

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 52-109 – Certification of disclosure in an Issuer's Annual and Interim Filings ("NI 52-109"), 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.

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 NI 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.