Management Discussion and Analysis
For the Period Ended September 30, 2008

This Management Discussion and Analysis ("MD&A") should be read in conjunction with Aurcana Corporation's (the "Company" or "Aurcana") unaudited consolidated financial statements for the three and nine months ended September 30 2008 and 2007 and the related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles. This MD&A should also be read in conjunction with the audited consolidated financial statements and the notes thereto, for the year ended 31 December 2007, and related management discussion and analysis. This information can be found on SEDAR at www.sedar.com and on our Company website www.aurcana.com. The reader should be aware that historical results are not necessarily indicative of future performance. The effective date of this MD&A is **November 27, 2008.** All amounts are expressed in Canadian dollars unless otherwise indicated.

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

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

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. 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.

Basis of Presentation: The accompanying financial statements of Aurcana have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities and commitments in the ordinary course of business. At September 30, 2008, the Company has recurring losses and an accumulated deficit of $26,188,063. Management believes that the going concern assumption is appropriate for these financial statements. If this assumption were not appropriate, adjustments to the carrying amounts of the assets and liabilities, revenues and expenses and the balance sheet classifications used may be necessary.

Nature of Business: Aurcana was incorporated under the laws of Ontario on 12 October 1917 under the name "Cane Silver Mines Limited" and was continued under the Canadian Business Corporations Act on 14 September 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 recently elevated to Tier 1 Status in October 2008.

Highlights:

La Negra

- 81,989 tonnes of ore processed during 3rd quarter September 30, 2008
- 2,614 tonnes of copper concentrate containing 463 tonnes of payable copper, 993 tonnes of zinc concentrate containing 363 tonnes of payable zinc and 124,572 ounces of silver sold for the 3rd quarter
- Revenues, net of adjustments, of $3,848,356 for the third quarter September 30, 2008
- In July 2008 the Company received US$25 million from Silver Wheaton Corp. relating to a silver off-take agreement on the 80% owned, La Negra mine.

Shafter

- In July 2008, the Company completed the acquisition of the Shafter silver mine, from Silver Standard Resources Inc. for C$42.6 million,
- The project has much of the infrastructure in place, such as 5,100 ft of underground development a 900 ft shaft and hoist, electrical substation. The Company is moving forward with engineering studies and permitting.
- In July 2008 the Company Tetra Tech Inc., of Golden Colorado completed a compliant NI 43-101 Report confirming a measured and indicated resource of 24.6 million ounces of silver and an inferred resource of 22.8 million ounces of silver 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.

Rosario

- Completed a 3,817 metre drill program with complete assay results anticipated by mid December 2008.
- In order for Management to focus on the recently acquired Shafter Project operations ceased on October 31, 2008. Discussions on JV opportunities were initiated.

Corporate

- In October 2008, Aurcana moved to Tier 1 Status on the TSX VE.
- In October 2008, Aurcana appointed Chuck Jenkins BA, CGA, as Chief Financial Officer of the Company, effective October 15, 2008. Mr. Jenkins has held senior financial positions with publicly-trading companies including Oremex Resources Inc., White Mountain Titanium Corporation and Gravity West Mining Corp. He has also worked in a corporate finance and regulatory compliance capacity with three leading brokerage firms and served with the British Columbia Securities Commission. Mr. Jenkins obtained his BA in 1977 and has held his CGA designation since 1983.

Highlights (cont'd):
Corporate (cont'd)

- In October, 2008 appointed Mr. Sandy McVey P.Eng., M.Sc., PMP. as Project Manager to oversee all aspects of the Shafter Project including the scoping study and prefeasibility study. Mr. McVey has over 30 years experience working on mining operations and capital construction projects in North America, Africa and Europe, and has held positions of plant superintendent and mine manager for underground operations. Recently, Sandy was with a consulting engineering group based in Vancouver where he was involved in managing feasibility studies for two underground mines and one surface mine.

- During October 2008 Messrs. Brian Flower and Robert Fischer resigned their director positions.

Overall Performance: 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 its 80% joint venture share in Real de Maconi S.A. de C.V. In addition to the Mexico operations, the Company recently acquired the Shafter Silver Mine located in Presidio County, southwest Texas which is held through the Company's 100% owned US subsidiary Silver Assets Inc.

Loss: The Company had a net loss of $3,745,498 or $0.04 loss per share and an operating loss of $166,367 during the quarter ended September 30, 2008 compared to net loss of $144,422 or $0.00 loss per share and an operating profit of $1,194,320 for the three months ended September 30, 2007. For the quarter ended September 30, 2008 the Company recorded interest income of $45,176 compared to $318,766 for the three months ended September 30, 2007.

The Company recorded a net loss for the nine months ended September 30, 2008 of $5,146,160 or $0.05 loss per share and operating income of $1,318,405 compared to a net loss of $3,373,795 or $0.04 loss per share and an operating income of $1,194,320 for the nine months ended September 30, 2007. In addition the Company had interest income of $156,000 for the nine months ended September 30, 2008 compared to $449,667 for the nine months ended September 30, 2007.

Revenue: Revenues from sales of concentrate are generally recognized at the time of shipment and receipt at port in Mexico based on metal prices at that time at 90% provisional value. Final pricing is generally set at 4 months after shipment or alternatively 1 month after receipt at smelter and as a result, quarterly revenues included estimated average prices for sales in the quarter were as follows:

	Month End		
	July	Aug	Sept
Ag	$ 18.03	$14.32	$ 12.61
CU	$ 3.73	$ 3.43	$ 2.81
Zn	$ 0.85	$ 0.81	$ 0.80

Overall Performance (cont'd):

Revenue (cont'd): During the quarter ended September 30, 2008, the Company realized revenues from the sale of 463 tonnes of payable copper, 363 tonnes of payable zinc content and 124,572 ounces of silver for total revenues of $3,848,356. The average price for sales of copper, zinc and silver during the period were Cu - $3.24, Ag - $14.38 and Zn $0.82. An adjustment to the Company's second quarter June 30, 2008 revenue estimates of $438,087 was made during the third quarter September 30, 2008 as a result of lower metal prices. Falling metal prices in the quarter, compared to earlier in the year and 2007, and the timing of the finalization of previous sales resulted in sales adjustments year to date totaling $542,313.

For the three months ended September 30, 2007 being the first quarter of production, revenues recognized were from the sales of 392 tonnes of payable copper, 143 tonnes of payable zinc and 96,065 ounces silver for total revenues of $3,963,456. Average prices for sales of copper, zinc and silver during the three month period ended September 30, 2007 were Cu - $3.40, Ag - $18.53 and Zn - $1.49.

Revenues for the nine months ended September 30, 2008 were from the sale of 1,311 tonnes of payable copper, 749 tonnes of payable zinc and 334,562 ounces of silver for total revenues of $10,401,269. As September 30, 2007 was first quarter of production there are no nine month comparative figures to report.

Sale of Silver: In June 2008, Aurcana agreed to sell to Silver Wheaton (Caymans) Ltd. ("Silver Wheaton") 50% of the silver metal to be produced from ore extracted during the mine-life from Aurcana's 80% share of silver production at La Negra. The sale was made in consideration of a prepayment to Cane Silver Inc., a 100% owned subsidiary of Aurcana, of US$25 million in cash, plus a fee per ounce of payable silver to be delivered to Silver Wheaton of the lesser of US$3.90 (subject to an inflationary adjustment beginning after year three) and the prevailing market price per ounce.

The following table reconciles movements on deferred revenue associated with the Silver Wheaton transaction:

	2008	2007
Unearned revenue - beginning of period	$ —	$ —
Additions	**25,400,894**	—
Revenue recognized	**(570,531)**	—
Unearned revenue- end of period	$ **24,830,363**	$ —

During the three months ended September 30, 2008, Aurcana delivered concentrate containing 60,740 ounces (2007 – Nil) of silver for credit to Silver Wheaton and for the nine months ended September 30, 2008 Aurcana has delivered 79,574 ounces (2007 – Nil).

Overall Performance (cont'd):

Cost of Sales: The cost of sales in the quarter, were adversely affected by a number of factors. At the La Negra mine expenses increased significantly in such areas as labour, power and maintenance. At the end of the third quarter the mine had labour and staffing levels that were 22% higher than those for Q3 of 2007. The Company is working diligently to bring these expenses back into line. In addition there were timing issues between the second and third quarters of 2008 in the recognition of costs of sales with respect to the Silver Wheaton silver sales noted above. The effects on cost of sales for these two areas are summarized as follows:

	La Negra				Silver Sales Financing			
	3 months		9 months		3 months		9 months	
	2008	2007	2008	2007	2008	2007	2008	2007
Sales	$3,642,327	$3,936,456	$10,272,837	$3,936,456	$748,342	-	$892,724	$-
Adjustments	(542,313)		(542,313)		-	-	-	-
Net sales	3,100,014	3,936,456	9,730,524	3,936,456	748,342	-	892,724	-
Cost of Sales	(2,950,374)	(2,742,136)	(8,018,515)	(2,742,136)	(1,064,349)	-	(1,064,349)	-
Gross Margin	$149,640	$1,194,320	$1,712,009	$1,194,320	$(316,007)		$(171,625)	$-

	Consolidated as per financial statements			
	3 months		9 months	
	2008	2007	2008	2007
Sales	$4,390,669	$3,936,456	$11,165,561	$3,936,456
Adjustments	(542,313)	-	(542,313)	-
Net sales	3,848,356	3,936,456	10,623,248	3,936,456
Cost of Sales	(4,014,723)	(2,742,136)	(9,082,864)	(2,742,136)
Gross Margin	$(166,367)	$1,194,320	$1,540,384	$1,194,320

Operationally, the La Negra mine remained profitable in the third quarter, although at a reduced level.

Overall Performance (cont'd):
La Negra Mine (cont'd):

La Negra Mine: With the dramatic fall in commodity prices Aurcana and its partner, Reyna Mining and Engineering, are optimizing the La Negra mine to ensure it can operate profitability on a continuous basis. The operation is under constant review to ensure "survivability" in these metal markets.

The Company and Reyna have been implementing operational and cost cutting measures. Operationally, La Negra has the benefit of multiple zones that have existing development and are primarily copper-silver. As such, a new mine plan has been formulated in order to mine from areas that require minimal development but also have higher grades of silver and copper. In order to ensure that the value of the ore being sent to the mill is maximized the new mine plan will selectively produce from these higher grade sources. All exploration drilling and any mine development not directly associated with immediate production from the higher grade sources have been suspended in order to reduce costs. The mine has been successful in renegotiating some contracts; in particular it's concentrate off-take agreements and is working with suppliers and other third parties to receive more favourable terms in the current markets. La Negra is already purchasing supplies at deeply discounted rates from local mines that have suspended operations.
During the month of January the Company completed an NI 43-101 compliant reserve estimation on the Alacran deposit by independent consultants Wardrop Engineering Inc. The report increased the total of minable reserves to 434,825, a 98% increase from historically reported reserves. The previous historical reported reserve was established in 2000. During the first quarter 2008 the Company received a positive 43-101 compliant resource calculation on the Monica deposit from its independent consultant, GeoSim Services Inc. The report estimates a measured and indicated resource of 587,698 using a $30 NSR cut off grading 127 g/t silver, .81% lead, 1.08% Zinc and .43% copper, a 1,115% increase in tonnage from historically reported reserves. The report also estimates 42,442 tonnes of inferred resources grading 102 g/t silver, .65% lead, 1.89% zinc and .35% copper in addition to the resources which were not historically reported on.

La Negra management recently reduced capital expenditures relating to its tailings facilities by working with outside consultants. Following the recommendation of the consultants the current tailings facility was upgraded at a cost of US$240,000 which has extended the life of the tailings facility for another ten years.

During the month of February La Negra approved capital expenditures to expand the production at the La Negra mine. A jumbo drill and two scoop trams were purchased to expand the Company's ability to exploit multiple ore bodies, resulting in efficiencies in blending and recovering ore.

Labour

During the first quarter of fiscal 2008 the Company experienced a strike at La Negra which negatively impacted work for a period of approximately one week.

To improve the operating margins, La Negra will be implementing a reduction in wages of 20% for all salaried workers, and management is also negotiating to gain concessions from the unionized workforce and has made reductions in the number of employees.

Overall Performance (cont'd):
La Negra Mine (cont'd):

Production at La Negra the last five quarters (Commercial production commenced in Q3 2007)

Quarter Ended	Sept 30 2008	June 30 2008	March 31 2008	Dec 31 2007	Sept 30 2007
Inventory (start of period)					
Ore stockpiles (tonnes)	812	3,662	4,878	6,580	35,843
Zinc concentrate (tonnes)	8	101	111	49	-
Copper/silver concentrate (tonnes)	7	5	20	99	150
Production					
Ore mined (tonnes)	84,042	78,732	70,344	77,162	45,540
Ore milled	81,989	73,768	71,874	78,836	72,742
Average grade					
Zinc	1.04%	0.73%	0.96%	1.28%	0.75%
Copper	0.74%	0.74%	0.91%	0.73%	0.80%
Silver (g/t)	74	67	77	64	68
Zinc concentrate (tonnes)	996	439	670	1,184	536
Containing zinc metal (tonnes)	452	178	301	497	188
Copper concentrate (tonnes)	2,661	2,354	2,443	2,028	2,482
Containing copper metal (tonnes)	504	428	497	435	422
Silver (ounces)	138,931	105,362	125,528	110,725	117,476
Shipped					
Zinc concentrate	896	532	680	1,122	487
Copper concentrate	2,656	2,352	2,458	2,107	2,533
Inventory (end of period)					
Ore stockpiles (tonnes)	835	812	3,662	4,878	6,580
Zinc concentrate (tonnes)	108	8	101	111	49
Copper/silver concentrate (tonnes)	12	7	5	20	99
Sales					
Zinc concentrate (DMT)	993	454	609	1,122	487
Payable zinc metal (tonnes)	363	162	224	347	143
Copper concentrate (DMT)	2,614	2,434	2,314	2,107	2,533
Payable copper metal (tonnes)	463	412	436	375	392
Payable Silver (ounces)	124,572	100,780	109,210	91,549	96,065

Overall Performance (cont'd):

Shafter Project: On July 17, 2008, Aurcana closed the acquisition of a 100% interest in the Shafter silver mine ("Shafter") located in southwest Texas from Silver Standard Resources Inc. ("Silver Standard"). Aurcana paid Silver Standard US $23 million in cash; issued 15 million Aurcana common shares and a $10 million convertible debenture paying a 3% coupon. The debenture has a three year term and is convertible into 6.62 million Aurcana common shares at $1.51 per share.

In July, Tetra Tech completed an independent NI 43-101 Report using an economic cut off of four ounces per ton.

Tetra Tech 43-101 Compliant Resource

Resources	Tons	Silver oz/ton	Contained Silver Ounces
Measured	883,000	8.50	7,500,000
Indicated	2,017,000	8.48	17,100,000
Measured and Indicated	2,900,000	8.48	24,600,000
Inferred	2,167,000	10.52	22,800,000

Assumes a 4.0 opt silver cut-off

Silver was mined in the Shafter region from 1883 until 1942, when the mine was closed, not from lack of ore, but by the War Act. Historically reported total production during that period was 35 million ounces of silver from 2.3 million tons of ore, at an average grade of 15.24 ounces per ton. Aurcana acquired the Shafter silver mine in July, 2008. All necessary infrastructure is in place with a major power line and paved highway crossing the property, an electrical sub-station on site, a 1,050 foot shaft serviced by a 80 ton per hour hoist and 5,100 feet of underground development.

Recently the Company appointed a project manager for Shafter and work is underway on an internal scoping study which is expected to be completed in January 2009. The results of the scoping study and tradeoffs will be used to guide a prefeasibility study which the Company expects to be finished in June 2009. The pre-feasibility study will select the mining method that will be used to optimize production capacity and maximize the project's economic return. The study will investigate the use of a decline to access the deposit, and mechanized room and pillar extraction. The decline will facilitate the efficient movement of supplies and large equipment for production and will allow the existing shaft to be dedicated to hoisting ore for the nearby mill. Initial calculations indicate that daily production could be sustained at a rate of up to 1,500 tons per day. The decline also potentially allows for early production and cash flow, as it will initially target resource blocks in the upper levels of the mine which are located above the water table.

Overall Performance (cont'd):

Rosario: During the quarter ended September 30, 2008 the Company completed 3.817 metres of diamond drilling at Rosario. The drill program commenced on 1 April, with the objective to confirm the extent of mineralization associated with the San Francisco and Yecora vein systems with surface diamond drill holes which occur adjacent to the high grade San Juan vein. The program consisted of drilling holes from 2 drill stations on the San Francisco vein and holes on the Yecora vein and 1 hole at San Juan. In addition 8 holes were drilled at the Plomosas mine, 4 from surface and 4 from underground. Assay results are pending from the drill program and are anticipated by mid December 2008. A summary report on all activities completed at Rosario will be available by early 2009. As the Company turns its focus on to its Shafter Project in Texas, and its La Negra mining operation, management has put its Rosario project on care and maintenance. A small workforce will be kept at Rosario to provide security and to maintain the camp. Aurcana has been approached by several parties regarding a transaction for the Rosario project and as proposals are received they will be reviewed to maximize the value of Rosario in the current market.

Market Trends: Copper prices had seen an overall increase in price since 2003 of US$1.30/lb to US$3.23/lb in 2007 and with recent declines in commodities and overall financial markets, copper was at an average of US$2.91/lb during the third quarter ended September 30, 2008 and had declined to US$1.48/lb. as at the date of this report.

Zinc prices have essentially followed the same trend with prices in 2003 of US$0.47/lb increasing to US$1.68/lb in June 2007 and with the same decline seen with all commodities prices have decreased to the current price of US$0.53/lb.

Silver prices saw a dramatic increase from average prices of US$4.87/ounce in 2003 to US$13.38 in 2007 with a drop in price to $13/ounce at September 30, 2008 and a further decline to the current price of US$8.96/ounce.

As the Company was in the initial production stages on September 30, 2007 management at the time did not enter into any hedging facilities for its copper/zinc/silver concentrates until it could see grade and throughput to be consistent with production expectations and as such is relying on the current market prices for its sales of concentrate which could have a high sensitivity impact on its revenues.

Results of Operations: The Company's operating loss for the quarter ended September 30, 2008 was $166,367 ($0.00 loss per share) compared to an operating profit of $1,194,320 ($0.01 earnings per share) for the three months ended September 30, 2007. The net loss for the quarter ended September 30, 2008 was $3,745,598 ($0.04 loss per share) compared to $144,422 ($0.00 loss per share) for the three months ended September 30, 2007.

Revenues for the quarter ended September 30, 2008 were $3,848,356 offset by cost for sales which included transportation and treatment and an adjustment for estimated revenues from the previous quarter of $438,087 accounting for lower metal prices received in the third quarter 2008 were $4,014,723 compared to revenues of $3,963,456 offset by costs of sales of $2,742,136 for the three months ended September 30, 2007.

Results of Operations (cont'd): For the nine months ended September 30, 2008 the Company's operating profit was $1,318,405 compared to an operating profit of $1,194,320 for the nine months ended September 30, 2007. The net loss for the nine months ended September 30, 2008 was $5,146,160 ($0.05 loss per share) compared to a net loss of $3,373,795 ($0.04 loss per share) for the nine months ended September 30, 2007.

Non cash operating expenses for the quarter ended September 30, 2008 include depletion of mineral properties of $600,144, amortization of $215,843 and accretion of ARO of $11,515 compared to $699,970, $198,594and $Nil respectively for the three months ended September 30, 2007.

For the nine months ended September 30, 2008 the non cash operating expenses include depletion of mineral properties of $1,671,995, amortization of $497,016and accretion of ARO of $34,547 respectively compared to $699,970, $199,942 and $Nil respectively.

Administrative expenses for the quarter ended September 30, 2008 totaled $973,978 compared to $543,000 for the three months ended September 30, 2008 and for the nine months ended September 30, 2008 of $1,626,977 compared to $859,000 for the nine months ended September 30, 2007 as follows:

	Three Months ended September 30		Nine Months ended September 30	
	2008	2007	2008	2007
Management fees	$ 110,978	$ 37,000	$ 332,978	$ 323,000
Rent and overhead	19,719	7,000	57,719	32,000
Travel and accommodation	9,089	17,000	79,089	78,000
Office and stationary	43,710	310,000	100,710	144,000
Insurance	(18,207)	10,000	16,793	22,000
Consulting	193,689	162,000	415,688	256,000
Corporate finance fee	624,000	-	624,000	-
	$ 973,978	$ 543,000	$ 1,626,977	$ 855,000

The predominant increases in administrative expenses for the quarter and nine months ended September 30, 2008 for consulting fees relates to a non cash expense of $624,000 related to the issuance of 1,040,000 shares at a deemed price of $0.60 issued to Canaccord Inc. in relation to a corporate advisory fee with respect to the Silver Wheaton silver purchase transaction. The increase in management fees for the quarter and nine months ended September 30, 2008 relates to fees paid to the President of $51,000 and $151,000 respectively and to Reyna Mining of $54,000 and $211,000 respectively as the operator of the Company's La Negra mine. Office and stationary costs were substantially less in the current reporting periods compared to the three and nine month period ended September 30, 2007 as a result of the recognition of the office costs at La Negra.

Results of Operations (cont'd):

Professional fees: The Company incurred professional fees for the quarter and nine months ended of $195,430 and $291,063 respectively compared to $38,284 and $66,989 for the three months and nine months ended September 30, 2007. The increase in expenditures was the result of significant legal fees being incurred this year compared to the previous year, as well as significant tax and advisory fees as well as generally higher audit fees.

Investor Relations: The Company incurred investor relation expenditures for the quarter and nine months ended of $109,684 and $295,220 respectively compared to $86,023 and $150,686 for the three months and nine months ended September 30, 2007. The increase in expenditures was primarily due to the Company's expanded marketing program, attendance at conferences and an expanded annual report.

Property evaluation: Property evaluation expenditures for the quarter and nine months ended September 30, 2008 of $87,598 and $615,486 respectively are in relation to consulting fees, site visits, maps and misc expenses that were incurred by the Company's head office for the Rosario and La Negra projects in the amount of $40,705 (Nine months - $230,456) and $46,893 (Nine months - $385,030) at La Negra mine on drilling and exploration). For the comparative periods in 2007 the expenses had been capitalized under mineral properties.

Cash Flows: Cash flow from operating activities (before changes in non-cash working capital) for the quarter ended September 30, 2008 was an outflow of $2,502,849 compared to a cash inflow of $745,142 for the three months ended September 30 2007.

For the nine months ended September 30, 2008 cash flows from operating activities (before changes in non-cash working capital) were an outflow of $2,312,074 compared to a inflow of $389,738 for the three months ended September 30, 2007.

Within non-cash working capital for the quarter ended September 30 2008, the most notable changes were:

- Accounts Receivable trade decrease of $24,452,000, mainly for the forward sale of silver to Silver Wheaton (2007 – $NIL).
- Accounts Receivable other decrease of $1,036,000 due to value added tax refund (2007 – $1,537,000.
- An increase in Prepaid amounts of $72,000 (2007 – $nil) for normal operational activities.
- Accounts payable decrease of $621,000(2007 – $1,550,000), providing a net cash outflow of $22,296,000 from changes in non-cash working capital items.

Under financing activities, during the period the Company entered into an agreement with Silver Wheaton covering the forward sale of 50% of the silver produced at the La Negra mine.

At September 30 2008, cash and cash equivalents totaled $2,891,537 (2007- $14,820,238).

Results of Operations (cont'd):

Financial Data for the last Eight Quarters

Quarter Ended	September 30 2008	June 30 2008	March 31 2008	December 31 2007
Total Revenues	$ 3,848,356	$ 3,205,640	$ 3,347,273	$ 2,643,781
Purchase of Equipment	$ (1,203,592)	$ (1,765,395)	$ (216,494)	$ (2,694,527)
Expenditures on Mineral Properties	$ (40,672,225)	$ (1,321,833)	$ (580,220)	$ (1,297,335)
Income (loss) before other items	$ (3,790,677)	$ (1,045,140)	$ (466,474)	$ 236,230
Net Income (loss)	$ (3,745,500)	$ (962,245)	$ (438,417)	$ 236,230
Income (loss) per share	$ (0.04)	$ (0.01)	$ (0.00)	$ (0.00)

	September 30 2007	June 30 2007	March 30 2007	December 31 2006
Total Revenues	$ 3,936,456	$ -	$ -	$ -
Purchase of Equipment	$ (330,771)	$ (358,418)	$ (138,504)	$ (80,339)
Expenditures on Mineral Properties	$ (1,495,895)	$ (845,276)	$ (2,161,753)	$ (3,293,897)
Income (loss) before other items	$ (144,422)	$ (164,761)	$ (3,086,219)	$ (1,395,015)
Net Income (loss)	$ (144,422)	$ 102,261	$ (3,331,634)	$ (1,922,656)
Income (loss) per share	$ (0.00)	$ (0.00)	$ (0.04)	$ (0.03)

Liquidity: At September 30, 2008 the Company had a working capital position of $5,972,255 (December 31, 2007 - $12,151,412) which consisted of $2,891,537 held in cash and short term deposits, account receivables of $2,562,157 (trade) and $2,758,489 (other) prepaid expenses of $283,299 and due from joint venture partner of $1,025,422. These amounts are offset by accounts payable of $1,806,846 and the current portion of the Company's notes payable of $2,545,391 in relation to equipment purchases at the La Negra mine and the final acquisition payment due to IMMSA in relation to the Company's Rosario project. The Company's long term debt of $10,062,500 relates to the convertible debenture with Silver Standard in relation to the Company's Shafter Project and unearned revenues of $24,830,363 in relation to the silver purchase agreement with Silver Wheaton.

During July 2008 the Company completed the silver off-take agreement with Silver Wheaton and received US$25,000,000. The Company used $23,000,000 as partial payment for the purchase of the Shafter project from Silver Standard.

While the Company continues to make improvements at its La Negra mine the operating revenues realized have yet to reach profitability resulting in the Company not realizing any additional cash in put. The Company's source of liquidity has consisted primarily of cash from proceeds of equity issues and there can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to meet its obligations. Should Aurcana be unable to realize a profit on its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

Outstanding Share Capital: As at November 20, 2008 the Company had issued and outstanding common shares of 108,583,933; 8,405,000 share purchase options and Nil warrants for total diluted shares outstanding of 116,988,933. During the quarter of September 30, 2008 10,106,950 warrants expired at prices of $1.50 and $1.85 without exercise.

Off-Balance Sheet Arrangements: The Company had no off-balance sheet arrangements as at September 30 2008 or as at the date hereof.

Transactions with Related Parties: During the nine month period ended September 30, 2008, the Company paid or accrued:

- Management fees of $160,367 (2007 - $112,875) to a company controlled by common directors;
- Administrative management fees of $220,495 (2007 - $211,104) to a company controlled by a director;
- Technical, geological and consulting services of $124,200 (2007 - $58,550) to a company controlled by a director;
- Consulting fees of $71,772 (2007 - $93,310) to officers or a company controlled by an officer.

As at September 30, 2008:

- Prepaid expenses and deposits included an amount of $6,825 (December 31, 2007 - $9,000) for management fees paid to a company controlled by common directors;
- Accounts payable included $3,230 (December 31, 2007 - $1,000) to an officer and to a company controlled by a director.

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

Commitments:

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

Acquisition of Rosario property: The Company has commitments, through its subsidiary Aurcana de Mexico S.A. de C.S.V., on the acquisition Rosario requiring payment of US$1,250,000 on February 7, 2009.

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

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

Changes in Accounting Policies:

Recent Pronouncements: Section 1535 – Capital Disclosures This section requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes of managing capital. These recommendations are effective for the Company's annual reporting period beginning January 1, 2008. This new standard is not expected to have a material effect on the Company's financial statements or on its results of operations.

Sections 3862 and 3863 Financial Instruments – Disclosure and Presentation These sections require disclosure of qualitative and quantitative information in their financial statements that enable users to evaluate, the significance of financial instruments for the entity's financial position and performance and, the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives policies and procedures for managing such risks. These recommendations are effective for the Company's annual reporting period beginning January 1, 2008. Disclosure of the measurement basis used and the criteria used to determine classification for different types of financial instruments are also required.

Section 3031 Inventories – This new section, is effective January 1, 2008 and establishes standards for the measurement and disclosure of inventories. The Company does not expect its financial statements to be significantly impacted by the application of section 3031.

Section 1400 Assessing going concern – The Accounting Standards Board (AcSB) amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern. The adoption of this standard did not have an impact on our financial statements.

Financial Instruments:

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

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

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

Currency risk - The Company is exposed to foreign currency fluctuations to the extent expenditures incurred by the Company are not denominated in Canadian dollars. As at September 30, 2008, the Company had investments in mineral properties that require the Company to make payments in US dollars and Mexican pesos, and US dollar and Mexican pesos work commitments. The Company's ability to make these payments to satisfy its obligations for work commitments will be affected by foreign currency rate fluctuations. The Company does not utilize derivatives or other techniques to manage foreign currency risk.

Accounting Estimates: The information provided in this report including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Controls and Procedures: During the period ended September 30, 2008, there were no changes to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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