AURCANA CORPORATION

Condensed Interim Consolidated Financial Statements

September 30, 2013

(Unaudited)

Expressed in United States dollars unless otherwise stated

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2013 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed interim financial reporting.

The Company’s independent auditor has not audited or performed a review of these financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountant for a review of unaudited condensed consolidated interim financial statements by an entity’s auditor.

(Expressed in United States dollars, unless otherwise stated)

	Notes	September 30 2013	December 31 2012
Assets			
Current assets			
Cash and cash equivalents	19	**$ 41,733,303**	$ 10,027,622
Trade and other receivables	4	**3,371,048**	3,817,901
Inventories	5	**7,350,020**	4,790,008
Short-term investments	6	**-**	715,780
Amounts receivable	7	**-**	599,525
Prepaid expenses and advances	8	**1,415,432**	930,724
		53,869,803	20,881,560
Non Current assets			
Property, plant and equipment	9	**150,108,119**	123,701,038
Mineral Properties	10	**44,890,634**	45,751,535
Deferred tax asset		**510,637**	1,092,186
Long term deposits		**1,209,797**	941,492
		$ 250,588,990	$ 192,367,811
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	**$ 19,809,761**	$ 10,880,576
Income tax payable		**-**	457,397
Current portion of long-term debt	12	**3,197,584**	2,344,771
Current portion of notes payable	13	**23,750,000**	-
		46,757,345	13,682,744
Long-term debt	12	**3,845,181**	4,737,521
Notes payable	13	**37,500,000**	
Provision for environmental rehabilitation	14	**2,801,701**	2,662,433
		90,904,227	**21,082,698**
Equity	15		
Share capital		**168,651,518**	168,524,625
Contributed Surplus		**32,454,489**	28,882,425
Accumulated other comprehensive loss		**(3,132,612)**	(2,655,669)
Deficit		**(38,338,059)**	(23,510,416)
Total equity attributable to equity holders of the parent		**159,635,336**	171,240,965
Non-controlling interest	16	**49,427**	44,148
Total equity		**159,684,763**	171,285,113
		$ 250,588,990	$ 192,367,811

Commitments (Note 18)
Subsequent events and contingencies (Note 28)

See accompanying notes to these condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors:

"Robert J. Tweedy" — ***Director***

"Adrian Aguirre" — ***Director***

(Expressed in United States dollars, unless otherwise stated)

	Notes	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Revenues					
Mining operations	21	$ **10,359,644**	$ 14,950,026	$ **34,458,481**	$ 40,638,068
Costs of sales	22	**7,793,879**	8,542,084	**24,548,337**	23,242,047
Earnings from mine operations		**2,565,765**	6,407,942	**9,910,144**	17,396,021
Other items					
Administrative costs	23	**967,830**	833,816	**3,498,594**	3,435,064
Financing expense and others	24	**1,446,686**	14,588	**1,743,993**	139,806
Stock-based compensation	15	**1,082,323**	627,044	**3,341,771**	4,369,364
Write-down of PP&E	9	**4,527,094**	-	**4,527,094**	-
Write-down of Mineral Properties	10	**1,611,348**	-	**1,611,348**	-
Idled mine cost		**6,813,729**	-	**6,813,729**	-
Loss on sale of short-term Investments	6	**420,968**	-	**420,968**	-
Foreign exchange (gain) loss		**341,796**	101,865	**580,647**	(380,625)
Other expenses		**310,656**	158,598	**342,564**	537,667
		17,522,430	1,735,911	**22,880,708**	8,101,276
Income (loss) before income taxes		**(14,956,665)**	4,672,031	**(12,970,564)**	9,294,745
Current Income tax expense		**514,783**	1,038,802	**1,482,918**	2,169,395
Deferred income tax (recovery) expense		**(2,658)**	37,623	**368,882**	134,490
Net income (loss) for the period		$ **(15,468,790)**	$ 3,595,606	$ **(14,822,364)**	$ 6,990,860
Attributable to:					
Non-controlling interest		431	5,137	**5,279**	13,873
Equity holders of the Company		**(15,469,221)**	3,590,469	**(14,827,643)**	6,976,987
		$ **(15,468,790)**	$ 3,595,606	$ **(14,822,364)**	$ 6,990,860
Weighted average number of shares – basic	25	**58,409,564**	56,692,518	**58,403,079**	55,824,987
Weighted average number of shares – diluted	25	**58,409,564**	61,822,400	**58,403,079**	60,728,301
Net income (loss) per share – basic & diluted					
Basic	25	$ **(0.26)**	$ 0.06	$ **(0.25)**	$ 0.12
Diluted	25	$ **(0.26)**	$ 0.06	$ **(0.25)**	$ 0.11

See accompanying notes to these condensed interim consolidated financial statements.

(Expressed in United States dollars, unless otherwise stated)

	Notes	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Net income (loss) for the period		**$ (15,468,790)**	$ 3,595,606	**$ (14,822,364)**	$ 6,990,860
Items of other comprehensive income that may be reclassified subsequently to net income					
Currency translation adjustment		**(279,057)**	862,950	**(622,413)**	741,140
Reversal of unrealized gain (loss) on sale of Short-term investments	6	**484,581**	-	**145,470**	-
Unrealized gain (loss) on Short-term investments	6	**-**	323,019	**-**	440,471
Comprehensive income (loss) for the period		**$ (15,263,266)**	$ 4,781,575	**$ (15,299,307)**	$ 8,172,471
Attributable to:					
Non-controlling interest		**$ 431**	$ 5,137	**$ 5,279**	$ 13,873
Equity holders of the Company		**(15,263,697)**	4,776,438	**(15,304,586)**	8,158,598
		$ (15,263,266)	$ 4,781,575	**$ (15,299,307)**	$ 8,172,471

See accompanying notes to these condensed interim consolidated financial statements.

(Expressed in United States dollars, unless otherwise stated)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity Attributable to Shareholders of the Company	Non-controlling Interest	Total Equity
Balance, December 31, 2011	146,556,711	28,440,706	(2,262,183)	(34,845,299)	137,889,935	1,427,691	139,317,626
Adjustment of non-controlling interest (note 16)	-	-	-	1,402,706	1,402,706	(1,402,706)	-
Currency translation adjustment	-	-	741,140	-	741,140	-	741,140
Unrealized gain (loss) on available for sale investments	-	-	440,471	-	440,471	-	440,471
Net income for the period	-	-	-	6,976,987	6,976,987	13,873	6,990,860
Shares issued for:							
Private placement	-	-	-	-	-	-	-
Exercise of warrants	12,804,148	(3,458,447)	-	-	9,345,701	-	9,345,701
Exercise of options	2,089,811	(820,814)	-	-	1,268,997	-	1,268,997
Issuance of warrants	(1,137,593)	1,137,593	-	-	-	-	-
Tax benefit of share issue costs recognized	-	-	-	-	-	-	-
Stock-based compensation	-	4,369,364	-	-	4,369,364	-	4,369,364
Balance, September 30, 2012	160,313,077	29,668,402	(1,080,572)	(26,465,606)	162,435,301	38,858	162,474,159
Adjustment of non-controlling interest (note 16)	-	-	-	-	-	-	-
Currency translation adjustment	-	-	(1,466,925)	-	(1,466,925)	-	(1,466,925)
Unrealized gain (loss) on available for sale investments	-	-	(108,172)	-	(108,172)	-	(108,172)
Net income for the period	-	-	-	2,955,190	2,955,190	5,290	2,960,480
Shares issued for:							
Exercise of warrants	5,256,668	(1,942,770)	-	-	3,313,898	-	3,313,898
Exercise of options	1,755,191	(709,806)	-	-	1,045,385	-	1,045,385
Issuance of warrants	(936,271)	936,271	-	-	-	-	-
Tax benefit of share issue costs recognized	2,135,960	-	-	-	2,135,960	-	2,135,960
Stock-based compensation	-	930,328	-	-	930,328	-	930,328
Balance, December 31, 2012	168,524,625	28,882,425	(2,655,669)	(23,510,416)	171,240,965	44,148	171,285,113
Currency translation adjustment	-	-	(622,413)	-	(622,413)	-	(622,413)
Realized gain (loss) on available for sale investments	-	-	145,470	-	145,470	-	145,470
Net (loss) for the period	-	-	-	(14,827,643)	(14,827,643)	5,279	(14,822,364)
Shares issued for:							
Exercise of warrants	126,893	(26,967)	-	-	99,926	-	99,926
Issuance of warrants	-	688,931	-	-	688,931	-	688,931
Stock-based compensation	-	2,910,100	-	-	2,910,100	-	2,910,100
Balance, September 30, 2013	$ 168,651,518	$ 32,454,489	$ (3,132,612)	$ (38,338,059)	$ 159,635,336	$ 49,427	$ 159,684,763

See accompanying notes to these condensed interim consolidated financial statements.

(Expressed in United States dollars, unless otherwise stated)

	Nine months ended September 30, 2013	2012
Cash flows from operating activities		
Net income (loss) for the period	$ **(14,822,364)**	$ 6,990,860
Items not involving cash:		
Depreciation, depletion and amortization	**2,129,826**	3,763,706
Accretion of amounts receivable	**(1,415)**	(55,969)
Financing expense and others	**1,743,993**	139,806
Loss on sale of Short-term investments	**420,968**	-
Write-down of PP&E	**4,527,094**	-
Write-down of mineral properties	**1,611,348**	-
Stock-based compensation	**3,572,064**	4,369,364
Unrealized foreign exchange (gain) loss	**559,116**	40,783
Deferred Income Tax expense	**368,882**	(22,265)
Operating Cash Flow before movements in working capital items	**109,512**	15,226,285
Net change to non-cash working capital balances		
Trade and other receivables	**446,853**	(3,164,274)
Inventories	**(2,560,012)**	(1,955,838)
Amounts Receivable	**600,940**	500,000
Income Taxes Payable	**(457,397)**	205,234
Prepaid expenses and advances	**(484,708)**	(457,330)
Accounts payable and accrued liabilities	**8,609,290**	3,815,763
Cash provided by operating activities	**6,264,478**	14,169,840
Cash flows from investing activities		
Purchase of property, plant and equipment	**(35,102,229)**	(40,845,481)
Expenditures on mineral properties	**1,139,612**	(11,648,601)
Proceeds from sale of short-term investments	**440,282**	-
Long term deposits	**(268,305)**	-
Cash used in investing activities	**(33,790,640)**	(52,494,082)
Cash flows from financing activities		
Share capital issued, net of share issue costs	**126,893**	11,078,845
Financing cost	**(1,695,777)**	(95,493)
Advances of notes payable, net	**61,210,473**	3,606,227
Cash provided by financing activities	**59,641,589**	14,589,579
Increase (decrease) in cash and cash equivalents	**32,115,427**	(23,734,663)
Effect of exchange rate changes on cash	**(409,746)**	700,357
Cash and cash equivalents, beginning of the year	**10,027,622**	36,560,380
Cash and cash equivalents, end of the period	$ **41,733,303**	$ 13,526,074

Supplemental Cash Flow information (Note 19)

See accompanying notes to these condensed interim consolidated financial statements

1. Governing Statutes and Purpose of the Organization

Aurcana Corporation (the "Company") was originally incorporated in Canada under the laws of Ontario in 1917 and on September 14, 1998 was continued under the *Canada Business Corporations Act* ("CBCA"). The Company is currently engaged in the production and sale of copper, silver, lead and zinc concentrates and the exploration, development and operation of natural resource properties. The Company's principal operating unit is the La Negra mine, located in Queretaro State, Mexico and the Company's main development property is the Shafter silver property located in Presidio County, S.W. Texas.

The Company's shares are listed on the TSX Venture Exchange and the head office, principal address, and registered office is located at Suite 1750-1188 West Georgia Street, Vancouver, B.C., V6E 4A2, Canada.

2. Basis of Preparation

The Company is following the same accounting policies and methods of computation in these condensed consolidated interim financial statements as it did in the audited consolidated financial statements for the year ended December 31, 2012, except as described in Note 27.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and therefore these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved for issue by the Board of Directors on November 29, 2013.

3. Liquidity

As of September 30, 2013, the Company had working capital of $7.1 million (Dec 2012 – working capital of $7.1 million).

The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities. 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. The Company indicates that the cash flow generated from the operating activities may not be sufficient to meet the Company's commitments and the Company may explore various alternatives of financing.

On September 19, 2013, the Company executed definitive agreements with MF2 Investment Holding Company (Cayman) Limited, an affiliate of Orion Mine Finance Fund I ("Orion"), for a loan facility in the principal amount of US$50,000,000 (the "Loan") and an off-take agreement (the "Off-take Agreement") for silver and gold (the "Material") produced at the Company's Shafter mine.

(Unaudited expressed in United States dollars, unless otherwise stated)

3. Liquidity (continued)

The term of the Loan is 39 months after closing with no principal payable until four months after closing. Early repayment of the Loan may occur at any time without charge. Interest payable is set at 3 month US$ LIBOR (subject to a 1% minimum) plus 5.5%. The Company has agreed 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 Company also entered into a short-term loan in the amount of $15 million with one of its concentrate purchasers. As of September 30, 2013, the unpaid balance of such loan was $11,250,000.

4. Trade and Other Receivables

	September 30 2013	December 31 2012
Trade receivables	$ 2,264,238	$ 3,207,773
Other receivables	1,106,810	610,128
	$ 3,371,048	$ 3,817,901

5. Inventories

	September 30 2013	December 31 2012
Supplies inventory	$ 3,090,876	$ 2,997,914
Stockpile inventory	1,071,113	1,014,115
Concentrates and in-process	3,188,031	777,979
	$ 7,350,020	$ 4,790,008

6. Short-term investments

As partial consideration for the sale of Rosario (Note 7), Silvermex Resources Inc. (Silvermex) issued 1,000,000 common shares of Silvermex to the Company, which had an original fair value of CDN $400,000. On July 6, 2012, Silvermex was acquired by First Majestic Silver Corp. ("First Majestic"), and 1,000,000 common shares of Silvermex shares were converted to 35,500 common shares of First Majestic.

(Unaudited expressed in United States dollars, unless otherwise stated)

6. Short-term investments (continued)

The 35,500 First Majestic shares were sold in July 2013.

	September 30 2013	December 31 2012
Balance beginning of the year	**$ 715,780**	$ 383,481
Reverse unrealized loss	**145,470**	-
Proceeds from sale	**(440,282)**	-
Loss on sale	**(420,968)**	-
Unrealized gain	**-**	332,299
Balance end of the period / year	**$ -**	$ 715,780

The unrealized gain (loss) on these securities has been recorded in other comprehensive income.

7. Amounts Receivable

On November 30, 2009, the Company sold its Rosario exploration and development project located in Sinaloa State, Mexico ("Rosario") to Silvermex for cash and share consideration (Note 6).

As part of the required cash consideration, the Company received $1 million USD in two payments of $500,000.

A summary of changes in accounts receivable is presented below:

	September 30 2013	December 31 2012
Carrying value, beginning of the year	**$ 599,525**	$ 942,616
Payment Received	**(500,000)**	(500,000)
Receivable from vendors	**(100,940)**	100,940
Accretion for the period	**1,415**	55,969
Carrying value, end of the period /year	**$ -**	$ 599,525

8. Prepaid expenses and advances

	September 30 2013	December 31 2012
Prepaid Expenses	**$ 1,287,991**	$ 817,740
Other	**127,441**	112,984
	$ 1,415,432	$ 930,724

AURCANA CORPORATION
Notes to Consolidated Financial Statements
(Unaudited expressed in United States dollars, unless otherwise stated)

9. Property, Plant and Equipment

	Buildings	Plant and Equipment	Mine Development Cost	Vehicles	Computer Equipment	Other	Assets Under Construction	Total
Cost								
Balance at December 31, 2011	$ 1,475,280	$ 25,862,694	$ 8,600,798	$ 733,858	$ 466,306	$ 156,207	$ 20,979,115	$ 58,274,258
Additions	492,733	12,061,333	8,317,563	145,451	73,719	192,082	13,789,397	35,072,278
Transfer from Mineral Properties (Note 10)	-	-	-	-	-	-	39,788,665	39,788,665
Balance at December 31, 2012	1,968,013	37,924,027	16,918,361	879,309	540,025	348,289	74,557,177	133,135,201
Additions	586,302	1,993,785	5,710,845	-	8,570	18,396	24,724,846	33,042,744
Disposals	-	-	-	(22,251)	-	-	-	(22,251)
Write-down of PP&E	-	-	-	-	-	-	(4,527,094)	(4,527,094)
Balance at September 30, 2013	$ 2,554,315	$ 39,917,812	$ 22,629,206	$ 857,058	$ 548,595	$ 366,685	$ 94,754,929	$ 161,628,600
Accumulated depreciation								
Balance at December 31, 2011	$ 53,070	$ 4,669,967	$ 207,232	$ 274,777	$ 310,466	$ 29,938	$ -	$ 5,545,450
Charge for the year	59,133	3,455,919	224,796	61,814	58,786	28,265	-	3,888,713
Balance at December 31, 2012	112,203	8,125,886	432,028	336,591	369,252	58,203	-	9,434,163
Charge for the period	61,936	1,869,753	22,546	68,283	52,210	27,192	-	2,101,920
Disposals	-	-	-	(15,602)	-	-	-	(15,602)
Balance at September 30, 2013	$ 174,139	$ 9,995,639	$ 454,574	$ 389,272	$ 421,462	$ 85,395	$ -	$ 11,520,481
Net book value								
Balance at December 31, 2011	$ 1,422,210	$ 21,192,727	$ 8,393,566	$ 459,081	$ 155,840	$ 126,269	$ 20,979,115	$ 52,728,808
Balance at December 31, 2012	$ 1,855,810	$ 29,798,141	$ 16,486,333	$ 542,718	$ 170,773	$ 290,086	$ 74,557,177	$ 123,701,038
Balance at September 30, 2013	$ 2,380,176	$ 29,922,173	$ 22,174,632	$ 467,786	$ 127,133	$ 281,290	$ 94,754,929	$ 150,108,119

*Mining and plant equipment and assets under construction, which are not in production, are not subject to amortization.

**Assets under construction for 2013 include net pre-operating expenses for Shafter in the amount of $9.6 million.

***During the period ended September 2013, the Company capitalized interest expenses in the amount of $318,427 (for the year ended December 2012 - $409,434) related to the finance contracts for equipment used in the construction of the Shafter mine.

9. Property, Plant and Equipment (continued)

Impairment of property, plant and equipment assets and mining interests

The Company reviews each asset or cash generating unit at each reporting date to determine whether there are any indicators of impairment. If any such indicators exist, a formal estimate of the recoverable amount of such asset or unit is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell and value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, metal prices, production and grades, operating costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances could alter these projections materially, which could impact the recoverable amount of the assets.

As at September 30, 2013, management of the Company determined that the decline in market capitalization of the Company and the decline in the price of silver metal constituted impairment indicators, and completed an impairment assessment for the Shafter mine on a fair value less costs to sell basis.

The key assumptions incorporated in the impairment model included the following:

- Silver Prices ($/Oz) 2013: $22.00; 2014:$22.26; 2015:$23.03; and 2016 to 2024: $22.81
- Operating costs are estimated based on the Shafter feasibility study dated June 2011.
- Production volume, grades and recoveries from 2016 and beyond are the same as indicated in the Shafter feasibility study dated June 2011.
- Discount rate: 9% after tax rate.

The Company recorded an impairment charge to property, plant and equipment in amount of $4,527,094 (2012 - $nil) and mineral properties in amount of $1,611,348 (2012 - $nil).

(Expressed in United States dollars, unless otherwise stated)

10. Mineral Properties

Cost	La Negra, Mexico, Producing Mine	Shafter, Texas, USA, In Construction	Shafter, Exploration	Total
Balance as at December 31, 2010	$ 12,717,017	$ 41,162,737	$ -	$ 53,879,754
Expenditures	-	6,643,549	-	6,643,549
Capitalized accretion	-	2,285,520	-	2,285,520
Capitalized interest expense	-	399,775	-	399,775
Balance at December 31, 2011	$ 12,717,017	$ 50,491,581	$ -	$ 63,208,598
Expenditures	-	27,261,934	4,136,498	31,398,432
Transfer to Assets Under Construction (Note 9)	-	(39,788,665)	-	(39,788,665)
Balance at December 31, 2012	12,717,017	37,964,850	4,136,498	54,818,365
Expenditures	-	-	786,259	786,259
Write-down of mineral properties	-	(1,611,348)	-	(1,611,348)
Balance at September 30, 2013	$ 12,717,017	$ 36,353,502	$ 4,922,757	$ 53,993,276
Accumulated depletion				
Balance at December 31, 2011	$ 8,091,942	$ -	$ -	$ 8,091,942
Charge for the year	974,888	-	-	974,888
Balance at December 31, 2012	9,066,830	-	-	9,066,830
Charge for the period	35,812	-	-	35,812
Balance at September 30, 2013	$ 9,102,642	$ -	$ -	$ 9,102,642
Net book value				
Balance at December 31, 2011	$ 4,625,075	$ 50,491,581	$ -	$ 55,116,656
Balance at December 31, 2012	$ 3,650,187	$ 37,964,850	$ 4,136,498	$ 45,751,535
Balance at September 30, 2013	$ 3,614,375	$ 36,353,502	$ 4,922,757	$ 44,890,634

Mineral properties which are not in production are not subject to amortization. During the year ended December 31, 2012, the Company transferred all costs related to the development and construction of the Shafter project to property, plant and equipment – assets under construction. The remaining balance of $37,964,850 represents the costs of acquiring the mineral property.

11. Accounts Payable and Accrued Liabilities

	September 30 2013	December 31 2012
Royalties	**$ 1,523,775**	$ 451,555
Property taxes	**1,822,352**	962,352
Salaries, payroll deductions and employee benefits	**2,545,243**	1,381,833
Employees' statutory profit sharing	**721,588**	1,052,643
Mine suppliers - operating	**9,945,142**	3,219,189
Mine suppliers - capital	**3,234,438**	3,704,826
Other	**17,223**	108,178
	$ 19,809,761	$ 10,880,576

(Expressed in United States dollars, unless otherwise stated)

12. Current and Long-term Debt

	September 30 2013	December 31 2012
Sandvik - Capital equipment contracts, repayable in monthly payments totalling US$14,813 plus interest at 7.9% per annum, maturing January 2016	**$ 414,762**	$ 533,266
Republic Bank - Capital equipment contracts, repayable in monthly payments totalling US$34,714 including interest at 8.1% per annum, maturing August 2015	**737,495**	1,031,250
TAB Bank - Capital equipment contracts, repayable in monthly payments totalling US$158,474 including interest at 6.9% per annum, maturing December 2015	**3,954,993**	5,143,926
Macquire Eqipment Finance- Capital equipment contracts, repayable in monthly payments totalling US$16,065 including interest at 3.25% per annum, maturing December 2014	**235,844**	373,850
Atlas Copco - Capital equipment contracts, repayable in monthly payments totalling US$27,115 plus interest at 8.8% per annum, maturing June 2015	**569,415**	-
First National Capital - Capital equipment contracts, repayable in monthly payments totalling US$45,344 including interest at 9.8% per annum, maturing January 2016	**1,130,256**	**-**
Total	**$ 7,042,765**	**$ 7,082,292**

(Expressed in United States dollars, unless otherwise stated)

12. Current and Long-term Debt (continued)

	September 30 2013	December 31 2012
Current portion	**$ 3,197,584**	$ 2,344,771
Long-term debt	**3,845,181**	4,737,521
	$ 7,042,765	$ 7,082,292

In assets under construction, the Company capitalized interest expenses in the amount of $111,691 in the third quarter and $318,427 in the first nine months of 2013, for the leases of Shafter (Note 9).

The schedule of principal repayments is as follows:

2013	**$ 781,215**	$ 2,344,771
2014	**3,246,849**	2,457,287
2015	**2,954,914**	2,280,234
2016	**59,787**	-
	$ 7,042,765	$ 7,082,292

The net book value of the assets financed by the capital equipment contracts is $13,558,697 (Note 9).

13. Notes Payable

The Company, through its subsidiary Minera La Negra, arranged a US$15 million credit facility with its concentrate buyer on production from the La Negra mine. Under this facility US$15 million was received on March 28, 2013, with periodic repayments scheduled through to December 31, 2013. The loan is unsecured, bears interest at the three months US Libor rate plus 4.50% per annum. During July 2013, the Company received an additional $3,000,000 from the concentrate buyer and postponed repayment of the July installment in the amount of $1,750,000.

On September 19, 2013, the Company executed definitive agreements with MF2 Investment Holding Company (Cayman) Limited, an affiliate of Orion, for the Loan in the principal amount of US$50,000,000 and the Off-Take Agreement.

The term of Loan is 39 months after closing with no principal payable until four months after closing. Early repayment of the Loan may occur at any time without charges. Interest payable is set at 3 month US$ LIBOR (subject to a 1% minimum) plus 5.5%. The Company has agreed to sell silver and gold produced from the Shafter mine to Orion under the Off-take Agreement 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.

(Expressed in United States dollars, unless otherwise stated)

13. Note Payable (continued)

As at September 30, 2013, the repayment schedule for the next twelve months was as follows:

Month	**Glencore**	**Orion**	**Total**
October 2013	$ 2,000,000	-	$ 2,000,000
November 2013	2,000,000	-	2,000,000
December 2013	2,500,000	-	2,500,000
January 2014	1,750,000	1,388,889	3,138,889
February 2014	1,500,000	1,388,889	2,888,889
March 2014	1,500,000	1,388,889	2,888,889
April 2014	-	1,388,889	1,388,889
May 2014	-	1,388,889	1,388,889
June 2014	-	1,388,889	1,388,889
July 2014	-	1,388,889	1,388,889
August 2014	-	1,388,889	1,388,889
September 2014	-	1,388,888	1,388,888
	$ 11,250,000	$ 12,500,000	$ 23,750,000

Schedule of principal repayments is as follows:

	September 30 2013	December 31 2012
Less one year	**$ 23,750,000**	-
one to two years	**16,666,668**	-
two to three years	**16,666,668**	-
three to four	**4,166,664**	
	$ 61,250,000	**$ -**

14. Provision for Environmental Rehabilitation

The Company has accrued an estimated liability related to reclamation and closure costs at the La Negra mine based on the anticipated total future remediation cost, discounted to September 30, 2013 using a 5.9% discount rate (December 31, 2012 - 5.21%) and a 3.39% inflation rate (December 31, 2011: 3.57%), in the amount of $1,222,893 (December 31, 2012 - $1,083,625).

The Company has accrued an estimated liability related to reclamation and closure costs at the Shafter mine based on the anticipated total future remediation cost, discounted to September 30, 2013 using a 2.53% discount rate (December 31, 2012 – 2.53%) and a 2.1% inflation rate (December 31, 2012 – 2.1%), in the amount of $1,578,808 (December 31, 2012 - $1,578,808).

The environmental remediation liability is subject to revision based on future mine resource realization, and other factors which affect the costs incurred at future dates such as inflation and discount rates.

(Expressed in United States dollars, unless otherwise stated)

14. Provision for Environmental Rehabilitation (continued)

The provision for environmental rehabilitation for the period ended September 2013 and year 2012 is as follows:

	September 30 2013	December 31 2012
Environmental rehabilitation, beginning of the year	**$ 2,662,433**	$ 2,738,587
Addition (Reduction)	**91,052**	(107,939)
Accretion	**48,216**	31,785
Enviromental rehabilitation, end of the period	**$ 2,801,701**	$ 2,662,433

15. Equity

Authorized - An unlimited number of common shares

Share issuance details:

	Number of Common Shares	Amount
Balance, December 31, 2011	53,845,800	$ 146,556,711
Tax benefit of share issuance costs recognized	-	-
Issuance of warrants	-	(1,137,593) *
Exercised warrants	2,858,717	12,804,148
Exercised options	416,250	2,089,811
Balance, September 30, 2012	57,120,767	160,313,077
Tax benefit of share issuance costs recognized	-	2,135,960
Issuance of warrants	-	(936,271)
Exercised warrants	1,001,449	5,256,668
Exercised options	256,250	1,755,191
Balance, December 31, 2012	58,378,466	168,524,625
Exercised warrants	31,099	126,893
Balance, September 30, 2013	58,409,565	$ 168,651,518

* Upon exercise of 239,375 agent compensation options from the financing which closed on December 7, 2010, the Company issued 239,375 common shares and an additional 119,688 share purchase warrants, which were ascribed a fair valued of $745,589 using the Black-Scholes model.

Effective April 30, 2013, following the approval of the shareholders on March 28, 2013 and after the acceptance of the TSX Venture Exchange, Company's common shares were consolidated on a basis of eight (8) pre-consolidation Common Shares for each one (1) post-consolidation Common Share.

Aurcana's listed warrants to purchase Common Shares continued to trade on the Exchange. The Warrants were consolidated on the basis of eight (8) existing Warrants ("Pre-Consolidation Warrants") for one (1) new Warrant ("a Post-Consolidation Warrant"), with any fractional Post-Consolidation Warrant rounded down to the nearest whole number. Post-Consolidation Warrants have an exercise price of $8.00 and may be exercised at any time up until November 29, 2013.

(Expressed in United States dollars, unless otherwise stated)

15. Equity (continued)

During the year ended December 31, 2012, the Company met the recognition criteria and recorded the benefit of certain tax assets, including those related to historic share issuance costs. As a result, the Company recognized a credit of $2,135,960 against share capital in the year ended December 31, 2012.

Stock options
On May 25, 2012, the Company amended a fixed stock option plan (the "Amended Plan"), pursuant to which the Company may grant up to stock options exercisable to acquire up to 5,608,998 common shares (on a post-consolidation basis) to directors, officers, employees and consultants. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

Stock options	Number of Common Share Purchase Options	Weighted Average Exercise Price per Share ($CDN)
Balance, December 31, 2011	3,483,438	4.96
Granted	915,625	8.15
Exercised	(416,250)	3.05
Expired	(189,063)	7.99
Forfeited	(113,281)	6.91
Balance, September 30, 2012	3,680,469	5.75
Granted	150,000	7.76
Exercised	(256,250)	4.04
Expired	(21,094)	5.98
Forfeited	(38,281)	8.16
Balance, December 31, 2012	3,514,844	5.94
Granted	525,000	6.32
Exercised	-	
Expired	(287,500)	6.74
Forfeited	(180,469)	6.60
Balance, September 30, 2013	3,571,875	5.90

At September 30, 2013, the number of vested options was 3,360,775, with an average exercise price of CDN$5.82 per share.

(Expressed in United States dollars, unless otherwise stated)

15. Equity (continued)

Outstanding	Vested	Exercise Price ($CDN)	Expiry Date	
50,000	50,000	2.48	October 8, 2013	*
225,000	225,000	0.80	August 13, 2014	
65,625	65,625	2.28	December 18, 2014	
9,375	9,375	2.20	February 12, 2015	
43,750	43,750	4.88	January 14, 2016	
865,625	865,625	6.08	February 22, 2016	
9,375	9,375	6.08	May 4, 2016	
987,500	987,500	5.52	May 30, 2016	
31,250	31,250	5.36	September 27, 2016	
37,500	37,500	5.60	December 5, 2016	
665,625	593,066	8.16	June 12, 2017	
18,750	9,375	7.44	August 14, 2017	
112,500	42,188	7.76	December 6, 2017	
425,000	376,563	6.32	February 28, 2018	
25,000	14,583	6.32	February 28, 2015	
3,571,875	3,360,775	5.82		

* Subsequent to September 30, 2013, these options expired, unexercised.

Stock based compensation

For the period ended September 30, 2013 the stock-based compensation expense was $3,599,059 (2012: $4,833,511). The stock-based compensation was allocated to operations in the amount of $3,341,771 (2012: $4,369,364) and to construction in progress in the amount of $257,260 (2012: $464,147). The fair value of stock options granted as above is calculated using the following weighted average assumptions:

	September 30, 2013	December 31, 2012
Risk-free interest rate	1.24%	1.20%
Expected stock price volatility	79.98%	80.16%
Expected dividend yield	n/a	n/a
Expected option life in years	2.9	3.4

(Expressed in United States dollars, unless otherwise stated)

15. Equity (continued)

Common Share Purchase Warrants	Number of Common Share Warrants
Balance, December 31, 2011	12,416,209
Issued (1)	337,418
Exercised	(2,858,717)
Expired	-
Balance, September 30, 2012	9,894,910
Issued (1)	249,498
Exercised	(1,001,631)
Expired	-
Balance, December 31, 2012	9,142,777
Issued	1,000,000
Exercised	(31,099)
Expired	(3,120)
Balance, September 30, 2013	10,108,558

(1) The 586,916 warrants issued were due to the exercise of 674,836 agents compensation units at a price of CDN$3.28.

As of September 30, 2013 details of outstanding warrants are as follows:

Number of Common Share Purchase Warrants	Exercise Price (CDN)	Expiry Date
3,303,310	$8.00	November 28, 2013
5,511,481	$3.28	December 7, 2013
1,000,000	$2.31	September 26, 2014
293,750	$2.49	June 30, 2015
10,108,541		

(Expressed in United States dollars, unless otherwise stated)

16. Non-Controlling Interest

The non-controlling interest is comprised of the following:

Balance, December 31, 2011	$	1,427,691
Adjustment of non-controlling interest		(1,402,706)
Non-controlling interest's share of profit in La Negra Mine		13,873
Balance, September 30, 2012		38,858
Non-controlling interest's share of profit in La Negra Mine		5,290
Balance, December 31, 2012		44,148
Non-controlling interest's share of profit in La Negra Mine		5,279
Balance, September 30, 2013	$	49,427

The capital restructure of Real de Maconi, S.A. de C.V. ("Real de Maconi") was a result of a 2010 tax audit conducted by the Mexican Tax Authority (the "Tax Authority"). The Tax Authority requested that Real de Maconi reclassify an accounting transaction classified as a capitalization in favor of a third party. The transaction was previously classified as interest of the same third party and as that said party failed to submit to the Tax Authority the evidence of any deposit made for that matter, said transaction had to be considered income for Real de Maconi, generating the corresponding tax thereof.

Therefore a reclassification was made through a roll back of the equity accounts, thereby increasing the Company's ownership in Real de Maconi to 99.86% and leaving a non-controlling interest of 0.14% to a third party in compliance with the tax audit conducted by the Tax Authority.

17. Related Party Transactions

Except as noted elsewhere in these condensed interim consolidated financial statements, the Company conducted the following related party transactions:

a) Trading transactions

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

	Note		September 30 2013		September 30 2012
Technical and consulting fees	(i)	$	361,860	$	171,127
General and administrative expenses	(ii)		-		125,788
Management fees	(iii)		360,437		767,022
Related party transactions fees		$	722,297	$	1,063,937

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

17. Related Party Transactions (continued)

During the nine months ended September 30, 2013, transactions with related parties were measured at fair value. In September 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 original terms of the Bridge Loan, as announced in the Company's news release dated September 11, 2013, provided that the Bridge Loan would accrue interest at a rate of 1.25% per month, with the first 90 days of interest being prepaid in advance, and be subject to an origination fee of US$125,000 (the "Origination Fee") and the issuance of 1,000,000 common share purchase warrants (the "Warrants") to First Access. The Warrants expire on September 26, 2014, have an exercise price of $2.31 per share, and were ascribed an aggregate fair value of US$688,931 using the Black-Sholes model.

Upon the closing of the Loan with Orion, the Bridge Loan was 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 payable on the period from the date of advancement of the Bridge Loan until its repayment.

b) Compensation of key management personnel

	September 30 2013	September 30 2012
Related party transactions fees	$ 722,297	$ 1,063,937
Directors' fees	205,809	149,242
Officer salaries	228,650	182,583
Stock-based compensation	2,910,100	4,369,364
	$ 4,066,856	$ 5,765,126

18. Commitments

Supply agreements

On November 14, 2006, La Negra signed a sales contract with Trafigura Beheer B.V. ("Trafigura") whereby Trafigura agreed to purchase 100% at regular intervals, from January to December, of copper and zinc concentrate to be produced at the La Negra mine during the years 2007, 2008, 2009 and extended until the end of 2013. On March 2011, La Negra signed a sales contract with Glencore, whereby Glencore's Mexican subsidiary (Metagri), agreed to purchase 100% of lead concentrate to be produced at the La Negra mine until the end of 2013. Prices set in both agreements are based on the average of the month in which the shipment is made as per the published prices in the Metal Bulletin in London in US dollars. Prices are based on the published prices in the Metal Bulletin in London in US dollars of the following month of shipment is made. During July 2013, the agreement with Glencore was amended to include lead, copper and zinc concentrates.

On September 19, 2013, the Company executed definitive agreements with MF2 Investment Holding Company (Cayman) Limited, affiliate of Orion, for the Loan facility in the principal amount of US$50,000,000 and the Off-take Agreement for the purchase of silver and gold material produced by the

(Expressed in United States dollars, unless otherwise stated)

Company's Shafter mine (Note 13). The Company has agreed to sell silver and gold produced by 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.

Office Lease

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

19. Supplemental Cash Flow Information

Cash and cash equivalents of the Company are comprised of bank balances and short-term investments, which are convertible to cash, with an initial term of 90 days or less as follows:

	September 30 2013	December 31 2012
Cash	**$ 41,689,781**	$ 3,313,406
Short-term investments	**43,522**	6,714,216
Cash and cash equivalents	**$ 41,733,303**	$ 10,027,622

Supplemental disclosures of cash flow information:

	September 30 2013	December 31 2012
Cash interest paid	**$ 1,695,777**	$ 116,925
Income taxes paid	**1,940,315**	2,583,234

The short-term investments were made on an overnight basis and at rates from 0.2% to 1.1% per annum.

Non-cash investing and financing activities are as follows:

	September 30 2013	December 31 2012
Increase (decrease) in accounts payable related to construction in progress and equipment suppliers	**$ (470,388)**	$ 946,890
Interest on debt capitalized to Construction in progress	**318,427**	409,434

(Expressed in United States dollars, unless otherwise stated)

20. Segmented Information

The reportable operating segments have been identified as the La Negra mine, the Shafter mine and Corporate and other segments. The Company manages its business, including the allocation of resources and assessment of performance, on a project by project basis, except where the Company's projects are substantially connected and share resources and administrative functions.

September 30, 2013	La Negra	Shafter	Corporate and other segments	Total
Sales to external customers	$ 34,458,481	$ -	$ -	$ 34,458,481
Mining operating expenses	20,002,460	-	-	20,002,460
Royalties	903,704	-	-	903,704
Freight and delivery	1,512,347	-	-	1,512,347
Depreciation and amortization	2,086,318	-	-	2,086,318
Depletion of mineral properties	43,508	-	-	43,508
Gross income	9,910,144	-	-	9,910,144
General and administrative expenses	1,381,195	13,374,762	8,124,751	22,880,708
Intersegment charges (recovery)	2,741,841	8,479,502	(11,221,343)	-
Income (loss) before income taxes	5,810,393	(8,902,093)	(9,878,864)	(12,970,564)
Income tax expense	1,913,066	-	(61,266)	1,851,800
Net income (loss) for the period	3,897,327	(8,902,093)	(9,817,598)	(14,822,364)
Property, plant and equipment	47,445,001	102,600,862	62,256	150,108,119
Mineral properties	3,614,375	41,276,259	-	44,890,634
Total capital assets	51,059,376	143,877,121	62,256	194,998,753
Total assets	55,184,835	151,413,827	43,990,328	250,588,990
Total liabilities	26,135,791	14,244,649	50,523,787	90,904,227

September 30, 2012	La Negra	Shafter	Corporate and other segments	Total
Sales to external customers	$ 40,638,068	$ -	$ -	$ 40,638,068
Mining operating expenses	17,149,084	-	-	17,149,084
Royalties	1,288,929	-	-	1,288,929
Freight and delivery	1,040,328	-	-	1,040,328
Depreciation and amortization	2,945,379	-	-	2,945,379
Depletion of mineral properties	818,327	-	-	818,327
Gross income	17,396,021	-	-	17,396,021
General and administrative expenses	(2,438,539)	(4,317,960)	14,857,775	8,101,276
Intersegment charges (recovery)	2,469,297	4,484,191	(6,953,488)	-
Income (loss) before income taxes	17,365,263	(166,231)	(7,904,287)	9,294,745
Income tax expense (recovery)	3,736,621	(1,010,422)	(422,314)	2,303,885
Net income for the period	13,628,642	844,191	(7,481,973)	6,990,860
Property, plant and equipment	34,008,747	55,073,736	53,640	89,136,123
Mineral properties	3,806,748	60,366,122	-	64,172,870
Total capital assets	37,815,495	115,439,858	53,640	153,308,993
Total assets	47,971,217	122,189,575	15,218,969	185,379,761
Total liabilities	11,240,301	10,882,344	318,809	22,441,454

21. Revenues

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Revenues from mining operations	**$ 10,359,644**	$ 14,950,026	**$ 34,458,481**	$ 40,638,068
Figures in $million:				
Gross revenues from Mining operations	**$ 12.8**	$ 18.4	**$ 41.9**	$ 50.1
Deductions T.C., refining and smelting charges deducted by the customers	**2.4**	3.4	**7.4**	9.4
Revenues from mining operations	**$ 10.4**	$ 15.0	**$ 34.5**	$ 40.7
Net Revenues by customer:				
Customer "A"	**$ 6.7**	$ 8.3	**$ 20.7**	$ 21.7
Customer "B"	**3.7**	6.7	**13.8**	19.0
Revenues from mining operations	**$ 10.4**	$ 15.0	**$ 34.5**	$ 40.7

22. Cost of Sales

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Mine and Mill supplies	**$ 1,734,612**	$ 2,748,320	**$ 6,848,273**	$ 7,139,752
Power	**696,415**	588,285	**1,943,920**	1,466,951
Salaries and benefits	**3,585,932**	2,853,962	**10,713,061**	7,976,052
Profit Sharing Employees	**130,791**	189,465	**497,206**	566,329
Royalties	**295,439**	455,704	**903,704**	1,288,929
Freight and delivery	**617,784**	381,020	**1,512,347**	1,040,328
Depreciation and amortization	**706,649**	1,077,157	**2,086,318**	2,945,379
Depletion of mineral properties	**26,257**	248,171	**43,508**	818,327
Total Cost of Sales	**$ 7,793,879**	$ 8,542,084	**$ 24,548,337**	$ 23,242,047

Cost of sales includes change in finished goods inventory for the nine months of the year for $ 2,410,052 (2012: $325,685).

(Expressed in United States dollars, unless otherwise stated)

23. Administrative costs

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Administrative costs[1]	**$ 675,146**	$ 682,083	**$ 2,160,334**	$ 2,512,261
Professional fees	**167,316**	25,486	**545,712**	144,538
Investor relations	**46,149**	38,132	**303,689**	279,184
Marketing	**71,567**	84,287	**380,329**	414,151
Listing and filing fees	**7,652**	3,828	**108,530**	84,930
	$ 967,830	$ 833,816	**$ 3,498,594**	$ 3,435,064

[1] Administrative costs break down:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Management fees	**$ 118,017**	$ 120,589	**$ 360,437**	$ 767,022
Rent and overhead	**45,715**	39,476	**137,805**	113,609
Travel and accommodation	**48,492**	62,351	**198,009**	226,807
Office	**60,810**	20,452	**206,067**	174,174
Salaries and Consulting fees	**268,524**	270,269	**806,097**	704,751
Directors Fees	**65,402**	51,715	**205,809**	149,242
Other	**68,186**	117,231	**246,110**	376,656
	$ 675,146	$ 682,083	**$ 2,160,334**	$ 2,512,261

24. Financing expense

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Accretion of provision for environmental rehabilitation	**$ (36,360)**	$ 9,127	**$ 48,216**	$ 44,313
Financing expense and bank charges	**1,483,046**	5,461	**1,695,777**	95,493
	$ 1,446,686	$ 14,588	**$ 1,743,993**	$ 139,806

(Expressed in United States dollars, unless otherwise stated)

25. Earnings per Share

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Net income (loss) for the period attributable to equity holders of the Company	**$ (15,469,221)**	$ 3,590,469	**$ (14,827,643)**	$ 6,976,987
Weighted average number of common shares – basic	**58,409,564**	56,692,518	**58,403,079**	55,824,987
Adjustment for:				
Share options	-	885,298	-	790,671
Warrants	-	4,244,584	-	4,112,643
Weighted average number of common shares – diluted	**58,409,564**	61,822,400	**58,403,079**	60,728,301
Earnings per share:				
Basic	**$ (0.26)**	$ 0.06	**$ (0.25)**	$ 0.12
Diluted	**$ (0.26)**	$ 0.06	**$ (0.25)**	$ 0.11

26. 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 and other 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.

(Expressed in United States dollars, unless otherwise stated)

26 Fair value measurements (continued)

The following table summarizes the fair value hierarchy, as of September 30, 2013:

	Fair Value Through Profit or Loss	Loans and Receivables	Other Financial Assets and Liabilities	Total	Fair Value Hierarchy
Financial Assets					
Cash and cash equivalents	-	$ 41,733,303	-	$ 41,733,303	n/a
Trade and other receivable	-	3,371,048	-	3,371,048	n/a
	$ -	**$ 45,104,351**	**-**	**$ 45,104,351**	
Financial Liabilities					
Accounts payable and accrued liabilities	-	-	(19,809,761)	(19,809,761)	n/a
Note payable	-	-	(61,250,000)	(61,250,000)	n/a
Long Term Debt	-	-	(7,042,765)	(7,042,765)	n/a
	$ -	**$ 45,104,351**	**$ (88,102,526)**	**$ (42,998,175)**	

The following table summarizes the fair value hierarchy, as of December 31, 2012:

	Fair Value Through Profit or Loss	Loans and Receivables	Other Financial Assets and Liabilities	Total	Fair Value Hierarchy
Financial Assets					
Cash and cash equivalents	-	$ 10,027,622	-	$ 10,027,622	n/a
Trade and other receivable	-	3,817,901	-	3,817,901	n/a
Short-term investments	715,780	-	-	715,780	Level 1
Amounts receivable	-	599,525	-	599,525	n/a
	$ 715,780	**$ 14,445,048**	**-**	**$ 15,160,828**	
Financial Liabilities					
Accounts payable and accrued liabilities	-	-	(10,880,576)	(10,880,576)	n/a
Long Term Debt	-	-	(7,082,292)	(7,082,292)	n/a
	$ 715,780	**$ 14,445,048**	**$ (17,962,868)**	**$ (2,802,040)**	

There were no material differences between the carrying value and fair value of long-term assets and liabilities as of September 30, 2013. 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.

27. Adoption of New and Amended IFRS Pronouncements

As of January 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards as listed below.

a) Pronouncement affecting financial statement presentation or disclosures

i) IFRS 12, Disclosure of interests in other entities

The Company adopted IFRS 12 on January 1, 2013. IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for any period that precedes the first annual period for which IFRS 12 is applied. Additional disclosures will be included in the Company's annual consolidated financial statements for the year ended December 31, 2013.

ii) IFRS 13, Fair value measurement

The Company adopted IFRS 13 with prospective application from January 1, 2013. IFRS 13 is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

The adoption of IFRS 13 did not have an effect on the Company's condensed interim consolidated financial statements for the current period. The disclosure requirements of IFRS 13 will be incorporated in the annual consolidated financial statements for the year ended December 31, 2013.

iii) Amendment to IAS 1, Presentation of Financial Statements

The Company adopted the amendments to IAS 1 which required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. The Company has reclassified comprehensive income items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

iv) Amendment to IAS 34, Interim financial reporting

The Company adopted the amendments to IAS 34 effective January 1, 2013. IAS 34 was amended to establish criteria for disclosing total segmented assets and require certain fair value disclosures. The fair value disclosures have been incorporated into these condensed interim consolidated financial statements

v) IFRS 9,Financial instrruments

The IASB has suspended the originally planned effective date of January 1, 2015 for IFRS 9 "Financial Instruments". The IASB issued IFRS 9 as the first step in its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The Company will commence assessing the impact of this new standard upon the announcement of its new effective date. reporting

b) Pronouncements affecting accounting policies only

i) IFRS 10, Consolidated financial statements

The Company adopted IFRS 10 on January 1, 2013 with retrospective application. IFRS 10 requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supercedes IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purpose Entities.

The Company has concluded that IFRS 10 did not have an effect on the consolidated financial statements for the current period or prior periods presented as the adoption did not result in the consolidation status of any of the subsidiaries.

ii) IFRS 11, Joint arrangements

The Company adopted IFRS 11 on January 1, 2013 with retrospective application. IFRS 11 requires a venturer to classify its interest in a joint agreement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation.

The Company has concluded that IFRS 11 did not have an effect on the consolidated financial statements for the current period or prior periods presented as the Company does not have any joint arrangements.

28. Subsequent events and contingencies

a) A class action has been filed in the Ontario Superior Court of Justice naming the Company and certain officers of the Company as defendants. The plaintiff asserts that certain of the Company’s news releases misrepresented the production level at the Shafter mine. The plaintiff seeks to certify a class action on behalf of a class that purchased the Company's publicly traded securities between December 14, 2012 and April 11, 2013 and seeks damages on behalf of that class in the sum of $50 million or such other sum as the court finds appropriate. The Company intends to vigorously dispute these allegations.

b) 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 0.5% royalty on precious metals revenue and maintain a corporate tax rate of 30%. The proposal has been approved and is expected to be published in the Official Gazette at which point it becomes Mexican law. The effective date of the law will be January 1, 2014. The tax is expected to affect future earnings from the Company’s mining operations in Mexico.