AURCANA CORPORATION

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

This Management Discussion and Analysis ("**MD&A**") should be read in conjunction with Aurcana Corporation's (the "**Company**" or "**Aurcana**") interim condensed consolidated financial statements for the period ended June 30, 2014 and 2013, and the related notes thereto, which have been prepared in accordance with International Financing Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A contains "forward-looking statements", including, but not limited to, statements regarding the Company's expectations as to the market price of minerals, strategic plans, production targets and timetables, mine operating costs, capital expenditures, work programs, exploration budgets and mineral reserve and resource estimates. The information in this MD&A is current to August 28, 2014.

Forward-Looking Statements

Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and Aurcana assumes no obligation to update forward-looking information in light of actual events or results, except as required by law.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, risks of delays in construction, capital and operating and cash flow estimates contained in the Company's technical reports and feasibility studies; and the access to financing and appropriate equipment and sufficient labour, and other risks. Actual results may differ materially from those currently anticipated in such statements.

The forward looking information in this MD&A is based on management's current expectations. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "anticipated", "is targeted", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information include, but are not limited to, statements or information with respect to known or unknown risks, uncertainties and other factors which may cause the actual industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Additional information, about the risks and uncertainties of the Company's business is provided in its disclosure materials, including its most recent annual and quarterly filings, filed with the securities regulatory authorities in Canada available at www.sedar.com.

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

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

The Corporation's Financial Statements and Management Discussion and Analyses may be found on SEDAR at www.sedar.com and on the Company's website www.aurcana.com. The reader should be aware that historical results are not necessarily indicative of future performance.

Figures are expressed in United States dollars, unless otherwise stated.

Qualified Person

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

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

Basis of Presentation:

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

Nature of Business and Company Description:

Aurcana was incorporated under the laws of Ontario on October 12, 1917 under the name "Cane Silver Mines Limited" and was continued under the Canadian Business Corporations Act on September 14, 1998 under the name

AURCANA CORPORATION

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

Aurcana Corporation. Aurcana is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX Venture Exchange ("TSX-VE") under the symbol AUN and was elevated to Tier 1 status in October 2008.

Aurcana is engaged in the business of mining, exploration and development of mineral properties. The principal focus is the operation and development of mineral properties, primarily silver operations, located in Mexico and the United States. The Company is currently operating the La Negra silver-copper-zinc-lead mine ("La Negra"), located in the state of Querétaro, through Real de Maconi S.A. de C.V. ("Real de Maconi"). Aurcana acquired an interest in Real de Maconi in 2007 and on February 17, 2012, the Company increased its ownership in Real de Maconi from 92% to 99.86%. In addition to the Mexico operations, the Company also holds the Shafter Silver property ("Shafter"), located in Presidio County, southwest Texas through the Company's 100% owned US subsidiary, Silver Assets Inc.

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

AURCANA CORPORATION

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

Highlights:

	Three months ended June 30, 2014	Three months ended June 30, 2013	Change Year-on-Year	Three months ended March 2014	Change against Q1	Six months ended June 30, 2014	Six months ended June 30, 2013	Change Year-on-Year
Revenues ($ million) [1]	$9.2	$11.3	Down $2.1	$13.0	Down $3.8	$22.3	$24.1	Down $1.8
Earnings from mining operations ($ million)	(1.4)	2.6	Down $4	3.4	Down $4.8	2.0	7.3	Down $5.3
Net (loss) Income ($ million)	(7.4)	0.3	Down $7.7	(4.5)	Down $2.9	(11.9)	0.6	Down $12.5
Operating Cash Flow before movements in working capital items ($ million)	(0.9)	1.9	Down $2.8	$0.9	Down $1.8	$0.0	$5.2	Down $5.2
Silver equivalent ounces produced	786,505	818,060	Down 4%	919,989	Down 15%	1,706,494	1,411,077	Up 21%
Silver equivalent ounces sold [2] [5]	650,745	689,759	Down 6%	798,788	Down 19%	1,449,533	1,193,767	Up 21%
Silver Ounces produced	329,368	351,210	Down 6%	360,791	Down 9%	690,159	661,764	Up 4%
Silver Ounces sold (Payable at 95%) [2] [5]	272,027	315,070	Down 14%	310,554	Down 12%	582,581	582,419	-
Total Cash Cost per silver oz net of by-products [1] [3]	$13.41	$8.17	Up $5.23	$10.35	Up 30%	$11.81	$8.48	Up 39%
Cash cost per silver Equivalent Oz produced [3]	$10.29	$8.90	Up 16%	$8.33	Up 23%	$9.23	$9.98	Down 7%
Production Cash Cost per milled tonne [3] [4]	$34.76	$30.92	Up 12%	$29.82	Up 17%	$32.17	$34.74	Down 7%
Copper, lead and zinc concentrates produced (tonnes)	7,621	8,692	Down 12%	9,812	Down 22%	17,433	14,977	Up 16%
Mineralization mined (tonnes)	208,931	249,036	Down 16%	207,544	Up 1%	416,475	449,530	Down 7%
Mineralization milled (tonnes)	232,763	235,388	Down 1%	257,140	Down 9%	489,903	405,469	Up 21%
Average price per silver oz sold	$20.43	$21.72	Down 6%	$20.71	Down 1%	$20.41	$24.79	Down 18%
Average cash cost of sales per Eq. Silver oz [6]	$20.24	$15.90	Up 27%	$15.30	Up 32%	$17.52	$17.12	Up 2%

[1] Revenues from the sale of concentrates are recorded net of charges for treatment, refining, and smelting (TCRC).
[2] Difference between silver ounces produced vs sold is mainly due to change in concentrates inventory and percentage payable for each metal.
[3] A non IFRS financial measure - See additional information on non-IFRS financial measures page 32.
[4] Depreciation and amortization not included.
[5] after the deduction of treatment and refining charges (TCRC).
[6] Includes treatment and refining charges (TCRC).

Remarks: Revenues, earnings from mine operations and production and selling disclosures relate to the La Negra mine only.

AURCANA
CORPORATION

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

Highlights compared to second quarter 2013 (unless otherwise noted):

- Total revenues in Q2 2014 were $9.2 million, down $2.1 million from $11.3 million in Q2 of 2013, mainly due to a combination of lower metal prices, lower amount of ounces sold and higher TCRC deductions.
- Silver equivalent ounces produced decreased by 4%, with 786,505 ounces produced in Q2, 2014, compared to 818,060 in Q2, 2013 due to lower grades and as a result of 8 days of equivalent mill downtime due to the failure of one of the ball mill motors.
- The average silver grade was 55 grams per tonne ("g/t") in Q2, 2014, compared to 59 g/t in Q2, 2013.
- Cash cost per silver equivalent ounce increased 16% to $10.29 in Q2, 2014, compared to $8.90 in Q2, 2013, due to lower silver ounces produced and increased production costs.
- Mineralization mined from the La Negra mine decrease by 16% for a total of 208,931 tonnes during Q2 2014 (Q2 2013: 249,036 tonnes), due mainly to low availability of mine equipment.
- 232,763 tonnes were milled in Q2 2014 at La Negra mine, down 1% from 235,388 tonnes in Q2 2013.

Highlights compared to first quarter 2014 (unless otherwise noted):

- Total revenues in Q2 2014 were $9.2 million, down $3.8 million from $13.0 million in Q1 of 2014, mainly due to a combination of lower metal prices, lower amount of ounces sold and higher TCRC deductions. Additionally there was a decrease of $0.6 million as a result of a change in off-take providers and changes in settlement pricing.
- Silver equivalent production during Q2 2014 was 786,505 ounces, 15% lower than the 919,989 ounces produced in the first quarter of 2014. Due to lower grades and the negative effect of losing 8 milling days of production as a result of equipment failure in the plant.
- Cash cost per silver equivalent oz. produced in Q2 2014 was $10.29, up 23% from $8.33 in Q1 2014, mainly due to a combination of less silver ounces produced due to lower grades and reduced mill through-put due to mechanical problems in the plant.
- Mineralization mined from the La Negra mine increased by 1% for a total of 208,931 tonnes during Q2 2014 (Q1 2014: 207,544 tonnes).
- 232,763 tonnes were milled in Q2 2014 at La Negra mine, down 9% from 257,140 tonnes in Q1 2014, due to equipment failure in the plant.

Highlights for the six months of the year compared to 2013 (unless otherwise noted):

- Total revenues as of June 2014 were $22.3 million, down $1.8 million from $24.1 million in same period of 2013, mainly due to a combination of lower metal prices, lower amount of ounces sold and higher TCRC deductions.
- Silver equivalent production during the first six months of 2014 was 1,706,494 ounces, 21% higher than the 1,411,077 ounces produced in the first six months of 2013, due to the increase of mineralization milled as a consequence of the expansion ended in March 2013.
- The average silver grade was 55 grams per tonne ("g/t") during the first six months of 2014, compared to 64 g/t in the same period of 2013. The decrease in silver grade during this period was due to increased throughput of lower grade mineralization, a result of higher internal waste at some zones, blending of different mineral –types

in order to meet concentrate specifications and mine development to support higher mine production rates in the future.

- Cash cost per silver equivalent oz. produced in for the first half of 2014 was $9.23, down 7% from $9.98 in the same period of 2013. The increase in cash cost per silver equivalent ounces is due to less silver ounces produced during the comparable period in 2013.
- Mineralization mined from the La Negra mine decreased by 7% for a total of 416,675 tonnes during the first six months of 2014 (as compared to Q2 2013: 449,530 tonnes). Equipment downtime was the primary reason for the decrease in tonnes mined.
- 489,903 tonnes were milled in the first six months of 2014 at La Negra mine, up 21% from 405,469 tonnes in the same period of 2013.

Review of Mine Operating Results - La Negra Mine

Quarter Ended	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Mine Production									
Mine Days	91	90	91	92	89	88	90	90	89
Mill Days	77	85	85	84	77	78	83	86	85
Ore mined (tonnes)	208,931	207,544	212,039	207,458	249,036	200,494	198,373	196,401	143,718
Ore milled (tonnes)	232,763	257,140	198,427	221,118	235,388	170,081	187,255	196,843	176,591
Average tonnes milled per day	3,023	3,025	2,334	2,632	3,057	2,181	2,256	2,289	2,078
Average Grade									
Silver (g/t)	55	55	58	55	59	71	72	80	80
Copper (%)	0.37%	0.39%	0.45%	0.44%	0.40%	0.40%	0.44%	0.48%	0.42%
Zinc (%)	1.01%	1.31%	1.25%	1.21%	1.27%	1.27%	1.27%	1.43%	1.49%
Lead (%)	0.27%	0.26%	0.29%	0.28%	0.31%	0.39%	0.32%	0.36%	0.41%
Recovery									
Silver	81%	80%	79%	81%	81%	81%	81%	82%	83%
Copper	72%	72.3%	71.6%	73.9%	70.2%	68.9%	74.1%	73.3%	71.1%
Zinc	80%	76.5%	71.3%	73.7%	72.6%	70.4%	73.3%	74.6%	74.4%
Lead	72%	73.4%	74.0%	74.8%	79.3%	80.6%	79.9%	80.1%	81.1%
Metal Production (contained in concentrates)									
Silver (oz)	329,368	360,791	281,558	312,122	351,210	310,554	336,956	376,687	373,037
Copper (tonnes)	628	724	642	714	683	514	618	732	541
Zinc (tonnes)	1,894	2,579	1,766	1,965	2,210	1,530	1,611	2,120	1,950
Lead (tonnes)	463	496	426	452	558	518	491	553	575
Silver Equivalent (oz)	786,505	919,989	702,595	754,788	818,060	593,017	624,159	718,063	690,162
Concentrate grades									
Copper (%)	23%	22%	23%	23%	23%	24%	26%	24%	22%
Zinc (%)	46%	46%	46%	46%	46%	46%	47%	46%	46%
Lead (%)	61%	59%	63%	61%	64%	64%	62%	61%	59%

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

AURCANA CORPORATION

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

Review of Mine Operating Results - La Negra Mine

- The La Negra mill upgrade to a nominal 3,000 tpd was partially completed at the end of March 2013, resulting in an increase in mill capacity and the amount of mineralization mined. Additional concentrate filter capacity was installed and commissioned during Q1 of 2014, to complete the expansion to allow for sustainable production at this level.
- Underground diamond drilling and mine development at La Negra continue to delineate additional mineralized zones. Drill crews completed 5,906 metres of diamond drilling during Q2 2014 versus 6,391 meters in the same period of 2013.
- The existing tailings facility currently has approximately three years of capacity at a milling rate of 3,000 tpd. Studies are being undertaken to determine the best option for increasing tailings storage capacity; a new tailings facility, expansion of the existing facility, dry stacked tailings and hydraulic/paste backfill are all being considered.
- Management has initiated a review of all facets of the company including capital expenditures, staffing levels, cost controls, and has commissioned a new resource estimate. At La Negra the immediate focus will be on cost reductions, productivity and efficiency improvements, reducing mining dilution and improving grade estimation practices and control.
- During the month of July a number of changes were implemented including a change in mining method that have resulted in an improvement in the silver grade from an average of 50g/t in June to 68g/t averaged in July, a 36% improvement
- Earnings from mining operations during the second quarter of 2014 were impacted by the following:

  Revenues:
  - Quotational period (QP): the decrease in metal prices between the provisional invoice and final invoice dates resulted in decreased revenues of approximately $574k.
  - An increase in TCRC fees resulted in additional charges of $ 855k of which $243k corresponded to the month of March 2014 and $612k for the current quarter.

  Operating Costs:
  - Due to the transfer of concentrates from Trafigura to Glencore, additional shipping and handling expenses in the amount of $122k were incurred.
  - Failure of one of the ball mill motors resulted in required repairs totalling $130k.
  - One-time haulage charges of $42k due to a revised agreement with the contractor.

Earnings were also impacted by 8 days of equivalent mill downtime due to the failure of one of the ball mill motors.

Contributing to the loss for the second quarter of 2014 was $4.5 million from the restructuring of the loan agreement and cancellation of the previous offtake agreement and $526k in related transaction costs.

AURCANA CORPORATION

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

Shafter Project

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

- During the three months ending June 30, 2014, the Company completed interim reclamation measures including securing and stabilizing the tailings and the evaporation pond. Other activities included preparing for the anticipated de-watering of the historic Goldfields Exploration Shaft which includes discussions with State regulators regarding permits. .
- During the comparable period ending June 30, 2013, the Shafter Project was under active development with the Company focused on increasing production, identifying higher grade zones and making capital improvements to the processing facility in order to improve throughput rate and recoveries.
- During the year ending December 31, 2013, the Company engaged Mine Development Associates ("MDA") to prepare a new resource estimate for the Shafter Project. This was made necessary by the inability of previous resource models to adequately predict grades and tonnages of those mineralized domains targeted for exploitation during ramp development towards the unmined deeper, eastern extension. Concurrently, plans were being developed to rehabilitate the mine shafts, hoisting systems and mine dewatering system in the eastern extension of the mineralized zone thereby allowing early access to this non-mined area delineated by Goldfields in the late 1970's and early 1980's. Following the decision to place the Shafter project on care and maintenance, the Company deferred completing the new resource estimate in order to reduce costs.
- For the six months ending June 30, 2014, the Company recorded expenses related to putting mine in care and maintenance of $1,032,900 ($nil for Q2 2013 and $909,482 for Q1 2014). This amount is mainly attributable to property taxes, maintenance, insurance premiums, rental equipment, supplies, contractor services and general expenses.
- The Company did not conduct any exploration activities during the three months ending June 30, 2014. During the comparable three months ending June 30, 2013, the Company's exploration group undertook a limited field programme of detailed mapping and sampling, laid-out a drill plan. This work located drill set-ups to test for new silver and gold mineralization in close proximity to both the unmined Shafter and historical Presidio deposits.
- Continuing pressure from mining operations caused a transfer of several exploration geologists and technicians into the mining group during the second and third quarters. The exploration group at Shafter was disbanded in late October, 2013.
- During late March through July of 2014, the Company engaged several consultants to complete detailed reviews of the current and historic technical databases for the Project.

AURCANA CORPORATION

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

Aurcana Overall Performance*:*

Operations Review.

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

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

- Management has initiated a review of all facets of the company including capital expenditures, staffing levels, cost controls and resource estimate. At La Negra the immediate focus will be on cost reductions, productivity and efficiency improvements, reducing mining dilution and improving grade estimation practices and control.

- During the month of July a number of changes were implemented including a change in mining method that has resulted in an improvement in the silver grade from an average of 50g/t in June to 68g/t averaged in July, a 36% improvement.

- In addition, Aurcana has commissioned a new resource estimate for its La Negra mining operation at Queretaro, Mexico. Updated details of the Company's operations at La Negra, including the resource estimate, will be contained within a Technical Report issued within 45 days of the Company's initial reporting of the results of the resource estimate.
  The resource estimate will be done in accordance with CIMM Standards for the Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines and supported by a Technical Report conforming to NI 43-101, Standards of Disclosure for Mineral Projects. The Company has engaged AMC Mining Consultants (Canada) Ltd to complete this work during the fourth quarter of 2014.
  The objective in preparing a new resource estimate is to provide shareholders with updated information on the grade, tonnages and metal potential at La Negra and to provide Aurcana's mine management with a reliable and current model for production planning.
  Since the previous resource estimates dated June 30, 2012, mining operations at La Negra have ramped-up to approximately 3,000 tonnes per day, resulting in a larger draw-down of lower grade mineralization. Over the past 26 months there have been significant downward movements in metal prices and while the Company expects commodity prices to improve over time, the changes call into question the underlying assumptions in the resource model. At the La Negra operation the Company has been able to successfully explore and develop new zones of mineralization as well as extend known zones such that approximately 35% of production comes from outside the earlier block models. Aurcana's new management group feel that these factors dictate the need for a revised resource estimate.

- In addition to the above the Board and Management will be exploring alternatives that could result in an improved balance sheet and increased shareholder value.

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

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

Earnings

The Company had earnings (losses) from mining operations at La Negra for the quarter ended June 30, 2014 in the amount of ($1.4) million (2013: $2.6 million), and $2.0 for the first six months of 2014 (2013: $7.3). The decrease in earnings from mining operations at La Negra for the current period against the same period of the previous year was mainly related to the decrease in metal prices, lower silver grade at La Negra mine and lower mill through-put as a result of mill downtime due to mechanical problems in the plant.

Revenue

During the quarter ended June 30, 2014, the Company generated revenues from the sale of 272,027 ounces of silver (Q2, 2013: 315,070 ounces); 2,869 tonnes of copper concentrate (Q2, 2013: 2,548 tonnes); 4,138 tonnes of zinc concentrate (Q2, 2013: 4,881 tonnes); and 731 tonnes of lead concentrate (Q2, 2013: 843 tonnes); for total net revenues of $9.2 million (Q2, 2013: $11.3 million), mainly due to a combination of lower metal prices, lower amount of ounces sold and higher TCRC deductions.

The average price for sales of silver, copper, zinc and lead during the quarter were Ag $20.43 (Q2, 2013: $21.72) per ounce; Cu $3.09 (Q2, 2013: $3.24) per pound; Zn $0.95 (Q2, 2013: $0.84) per pound; and Pb $0.96 (Q2, 2013: $0.95) per pound.

Revenues:	**Three months ended June 30,**		**Six months ended June 30,**	
La Negra mine	**2014**	2013	**2014**	2013
Revenues from mining operations	**$ 9,241,156**	$ 11,337,026	**$ 22,286,936**	$ 24,098,837

Figures in $million:				
Gross revenues from mining operations	**$ 12.8**	**$ 14.1**	**$ 29.2**	**$ 29.1**
Deductions treatment charges, refining and smelting charges deducted by the customers	**3.5**	**2.8**	**6.9**	**5.0**
Revenues from mining operations	**$ 9.3**	**$ 11.3**	**$ 22.3**	$ 24.1

	Three months ended June 30,		**Six months ended June 30,**	
Revenues derived from:	**2014**	2013	**2014**	2013
Silver	38%	44%	41%	49%
Copper	33%	28%	30%	26%
Zinc	23%	20%	22%	17%
Lead	6%	8%	7%	8%
Total	**100%**	**100%**	**100%**	**100%**

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

Revenues are recorded net of charges for treatment, refining and smelting (TCRC). TCRC deducted from revenues for each concentrate is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
TCRC:				
Copper/Silver Concentrate	19%	13%	18%	12%
Zinc Concentrate	39%	29%	38%	28%
Lead/Silver Concentrate	21%	19%	21%	17%

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

	Three months ended June 30,		Six months ended June 30,	
Price of metals sold:	**2014**	2013	**2014**	2013
Silver ($/oz)	$20.43	$21.72	$20.41	$24.79
Copper ($/lb)	$3.09	$3.24	$3.07	$3.36
Zinc ($/lb)	$0.95	$0.84	$0.94	$0.86
Lead ($/lb)	$0.96	$0.95	$0.95	$0.98

Cost of Sales

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Mine and Mill supplies	$ 4,119,710	$ 2,908,969	$ 7,291,608	$ 5,113,661
Power	812,252	612,267	1,665,151	1,247,505
Salaries and benefits	3,949,797	3,676,494	7,659,008	7,127,129
Profit Sharing Employees	(5,717)	28,031	166,253	366,415
Royalties	262,473	290,426	612,581	608,265
Freight and delivery	563,427	594,020	1,071,256	894,563
Depreciation and amortization	912,119	658,468	1,804,553	1,379,669
Depletion of mineral properties	9,924	8,626	38,655	17,251
Total Cost of Sales	$ 10,623,985	$ 8,777,300	$ 20,309,065	$ 16,754,458

As part of the Cost of Sales, during the quarter ended June 30, 2014, La Negra mine recorded in this period non-recurrent expenses in the amount of $300k thousand due to for the repairs of the motor of one of the three ball mills. Additional costs were incurred in the second quarter 2014 for handling and transportation to move copper and zinc concentrates from former buyer to the new one.

The production cash cost per milled tonne for the quarter ended June 30, 2014 was $34.76 (2013: $30.92). The production cash cost per milled tonne for the six months ended June 30, 2014 was $32.17 (2013: $34.74). (*For discussion of this non-IFRS financial measure see page 32 and following*).

AURCANA CORPORATION

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

Market trend for metal prices is as follows:

Market Average Price	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Silver ($/oz)	$ 19.62	$ 20.48	$ 20.82	$ 22.56	$ 23.16	$ 30.08	$ 32.66	$ 29.80
Copper ($/lb)	$ 3.08	$ 3.19	$ 3.24	$ 3.25	$ 3.23	$ 3.60	$ 3.59	$ 3.50
Zinc ($/lb)	$ 0.94	$ 0.92	$ 0.86	$ 0.84	$ 0.84	$ 0.92	$ 0.88	$ 0.86
Lead ($/lb)	$ 0.95	$ 0.96	$ 0.96	$ 0.95	$ 0.93	$ 1.04	$ 1.00	$ 0.90

* Source: London Metal Exchange

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

Administrative Costs

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Administrative costs[1]	$ 516,788	$ 741,868	$ 1,056,134	$ 1,485,188
Professional fees	120,296	215,661	227,798	378,396
Investor relations	45,912	126,865	84,909	257,540
Marketing	14,408	150,966	60,801	308,762
Listing and filing fees	84,853	32,694	95,862	100,878
	$ 782,257	$ 1,268,054	$ 1,525,504	$ 2,530,764

[1] Administrative costs break down:

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Management fees	$ 110,111	$ 120,245	$ 210,553	$ 242,420
Rent and overhead	37,759	46,063	75,355	92,090
Travel and accommodation	16,156	45,682	43,354	149,517
Office	20,705	57,559	47,810	145,257
Salaries and Consulting fees	163,366	286,558	405,134	537,573
Directors Fees	50,369	67,490	86,433	140,407
Other	118,322	118,271	187,495	177,924
	$ 516,788	$ 741,868	$ 1,056,134	$ 1,485,188

AURCANA CORPORATION

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

The Company's financial quarterly information is as follows:

Quarter Ended	June 30 2014	March 31 2014	December 31 2013	September 30 2013
Total Revenues	$ 9,241,156	$ 13,045,780	$ 10,513,695	$ 10,359,644
Earnings from mine operations	$ (1,382,829)	$ 3,360,700	$ 1,569,125	$ 2,565,765
Net Income (loss)	$ (7,439,537)	$ (4,496,612)	$ (120,020,146)	$ (15,468,790)
(loss) per share	$ (0.11)	$ (0.08)	$ (2.05)	$ (0.26)

Quarter Ended	June 30 2013	March 31 2013	December 31 2012	September 30 2012
Total Revenues	$ 11,337,026	$ 12,761,811	$ 16,290,724	$ 14,950,026
Earnings from mine operations	$ 2,551,101	$ 4,793,279	$ 7,615,012	$ 6,407,942
Net Income	$ 254,689	$ 391,738	$ 2,960,480	$ 3,595,607
Income per share	$ -	$ -	$ 0.01	$ 0.01

- In the quarter ended June 30, 2014, earnings from mine operations decreased $4,743,529 or 141% compared to the quarter ended March 31, 2014, primarily attributed to the decrease of the milled mineralization, reduction of the metal prices and increase of the TCRC. Net loss for the period was $ $7,439,537; mainly due to the loss in mining operations $1,382,829, loss on restructure of Orion loan and off-take agreement cancellation of $ 5,592,399; and the accretion of borrowings of $824,940.

- In the quarter ended March 31, 2014, earnings from mine operations increased $1,791,575 or 114% compared to the quarter ended December 31, 2013, primarily attributed to the increase of the milled mineralization and reduction of the inventories. Net loss for the period was $4,496,612; mainly due to the increased unrealized foreign exchange expense of $2,290,591, the accretion of borrowings of $1,784,122, loss on change of the fair value of derivatives of $919,678, and expenses related to Shafter care and maintenance of $909,482.

- In the quarter ended December 31, 2013, earnings from mine operations decreased $996,640 or 39% compared to the quarter ended September 30, 2013, primarily attributed to the decrease of the metal prices and the decrease in mineralization milled. Net loss for the period was $120,020,146, mainly due to the results of the appraisal of Shafter, which are the following: the impairment of PP&E and mining interest $107,988,917; production delay and other costs $5,498,098; restructuring costs $3,594,990, and also due to increased financing expenses of $858,558.

- In the quarter ended September 30, 2013, earnings from mine operations increased $14,664 or 1% compared to the quarter ended June 30, 2013, primarily attributed to the rise of the silver price partially offset by a 6% decrease in mineralization milled. Net loss for the period was $15,468,790, mainly due to the impairment of PP&E of $4,527,094 and mineral properties of $1,611,348 in Shafter, as a result of lower metal prices, and temporary suspension of mining and milling activities, idled mine cost of $6,813,729, and increased financing expenses of $1,446,686 relating to the debt financing which closed in September, 2013, stock-based compensation of $1,082,323 and a loss on sale of short-term investments of $420,968.

- In the quarter ended June 30, 2013, earnings from mine operations decreased $2,242,177 or 47% compared to the quarter ended March 31, 2013, primarily attributed to a reduction in metal prices, lower silver grade and higher copper concentrates held in inventory, partially offset by more mineralization milled and less depletion, depreciation and amortization expense of mineral properties and property, plant and equipment. Depletion, depreciation and amortization decreased on assets as a result of an increase in mineral resources. Net income for the period decreased by $137,048 or 35% compared to the preceding quarter, due mainly to the reduction of the earnings from mine operations that more than off-set a general reduction in expenses.

- In the quarter ended March 31, 2013, earnings from mine operations decreased by $2,821,734 or 37% compared to the quarter ended December 31, 2012, primarily attributed to the reduction in metal prices and a 9% decrease in mineralization milled, partially offset by a lower depletion, depreciation and amortization expense of mineral properties and property, plant and equipment. Depletion, depreciation and amortization decreased on assets as a result of an increase in mineral resources. Net income for the period decreased by $2,568,743 or 87% compared to the preceding quarter, due mainly to the increase in the stock-based compensation and foreign exchange costs, partially offset by lower income taxes.

- In the quarter ended December 31, 2012, earnings from mine operations increased by $1,207,070 or 19% compared to the quarter ended September 30, 2012, primarily attributed to rise of the metal prices, partially offset by 5% decrease of the mineralization milled and less depletion of mineral properties, depreciation and amortization expense. Net income for the period decreased by $451,264 or 13% compared to preceding quarter, due mainly to the increase in the administrative costs and income tax, partially offset with lower stock-based compensation for the previous quarter.

- In the quarter ended September 30, 2012, earnings from mine operations increased $927,303 or 17% compared to the quarter ended June 30, 2012, primarily attributed to a higher silver price and 11% increase of the mineralization milled. Net income for the period increased by $1,824,755 or 115% compared to the preceding quarter, due mainly to the decrease in administrative costs and the stock-based compensation, partially offset with increased income tax.

Liquidity

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

As at June 30, 2014, the Company had consolidated cash and cash equivalents of $3.4 million, and a consolidated working capital deficiency of $8.3 million. The consolidated working capital deficiency is largely a result of the current portion of amounts due under the Company's borrowings.

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

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

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

On June 20, 2014 the Company issued an aggregate of 9,200,000 units (each unit a "Unit") of the Company at a purchase price of Cdn$0.55 per Unit (the "Purchase Price") for gross proceeds to the Company of Cdn$5,060,000. Each

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

The Company also entered into a short-term loan in the amount of $18 million with one of its concentrate purchasers. As of March 31, 2014, the remaining $4,750,000 balance of this loan was fully paid.

The Company believes that based on its current cash position, the amendment to the Orion loan, the termination of the Shafter offtake agreement, cash generated from Shafter' surplus mining of equipment and cash generated from the operation of the La Negra mine, it will have sufficient funds to meet its minimum obligations, including general corporate activities, for the next 12 months. Liquidity beyond the twelve month period is dependent on the results of the La Negra mine operations and ongoing prices for silver.

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

The Company's expected sources of cash flow in the upcoming year will be through its operations from La Negra and possibly equity or debt financing, loans, lease financing and entering into joint venture agreements, or a combination thereof.

See also subsequent events on page 23.

Capital Resources

At June 30, 2014, the Company had $3.6 million in cash and cash equivalents and a working capital deficiency of $8.3 million.

a) The Company has commitments for capital expenditures as of June 30, 2014 related to capital equipment contracts for the amount of $1,164,663 due as follows:

AURCANA CORPORATION

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

Schedule of principal repayments is as follows:

	June 30 2014	December 31 2013
2014	**$ 539,905**	$ 2,782,667
2015	**609,944**	2,442,923
2016	**14,814**	14,814
	$ 1,164,663	$ 5,240,404

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

b) The Company has commitments for operating expenditures as of June 30, 2014 related to leased equipment contracts for the amount of $2,459,256, due as follows:

Operating Leasing	June 30 2014	December 31 2013
2014	**$ 598,572**	$ 1,197,144
2015	**1,197,144**	1,197,144
2016	**930,342**	663,540
	$ 2,726,058	$ 3,057,828

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

Outstanding Share Capital:

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

As at August 27, 2014, the Company had 84,644,973 common shares issued and outstanding.

As at August 27, 2014, the Company had 3,328,125 common share purchase options outstanding at various exercise prices and maturing at various future dates.

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

As at August 27, 2014, the Company had 16,538,139 common share purchase warrants outstanding as follows:

Number of Common Share Purchase Warrants	Exercise Price (CDN)	Expiry Date
1,000,000	$2.31	September 26, 2014
5,511,481	$2.04	December 7, 2014
293,750	$2.49	June 30, 2015
6,805,231		

The 1,000,000 warrants oustanding with expiry date of September 26, 2014 were issued in connection with a bridge loan received by the Company in September 2013. Refer to the Related Parties section below for more details.

Related Parties

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

	Note	June 30 2014	June 30 2013
Technical and consulting fees	(i)	$ 25,620	$ 237,672
Management fees	(ii)	210,553	242,420
Consulting fees		$ 236,173	$ 480,092

i) To companies controlled by officers or directors.
ii) To a company controlled by the former President & CEO for management services performed (On July 9, 2014 Kevin Drover has been appointed as the new President & CEO of the Company).

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

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

Compensation of key management personnel:

	June 30 2014	June 30 2013
Consulting fees	$ 236,173	$ 480,092
Directors' fees	86,433	140,407
Officer salaries	153,477	153,574
Stock-based compensation	220,011	2,504,902
	$ 696,094	$ 3,278,975

Orion payments:

On April 29, 2014, Aurcana entered into an agreement to amend the terms of its US$50,000,000 outstanding unsecured loan (the “Loan”) owing to MF2 Investment Holding Company (Cayman) Limited (the “Original Lender”), an affiliate of Orion Mine Finance Group, as originally announced on September 19, 2013. The Original Lender assigned all of its rights and obligations under the original Loan Agreement and related transaction documents to Orion Mine Finance (Master) Fund I LP (the “Lender”), an affiliate of Orion Mine Finance Group. Pursuant to an amended and restated credit facility agreement (the “Amended Credit Facility Agreement”) between the Company and the Lender dated April 29, 2014, the principal amount under the Loan has been reduced to US$40,000,000. In consideration for an aggregate debt settlement of US$10,333,333, Aurcana issued 16,499,501 common shares of the Company (the “Settlement Shares”) to the Lender at a deemed issue price of US$0.62 or Cdn$0.69, in consideration for reducing the principal amount outstanding under the Loan (US$5,833,333) and terminating the Offtake Agreement in respect of the Shafter Mine (US$4,500,000).

	June 30 2014	June 30 2013
Repayment of loan principal	$ 5,833,333	$ -
Payment of interest	1,218,750	-
Loss on offtake agreement cancelation	4,500,000	-
	$ 11,552,083	$ -

Commitments and contingencies:

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

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

Office Lease

Effective May 1, 2010, the Company leases office space which expires on April 30, 2015. The minimum annual payments are $93,340.

Shafter equipment operating lease

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

La Negra equipment operating lease.

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

Class action

A class action has been filed in the Ontario Superior Court of Justice naming the Company and two former officers of the Company as defendants. The plaintiffs assert that certain of the Company's news releases misrepresented the production level at the Shafter Property. The plaintiffs also assert that the Company had reasonable grounds to believe, and therefore ought to have disclosed, that the resource estimates in respect of Shafter published by the

Company between June 2012 and October 2013 were incorrect. The plaintiff seeks to certify a class action on behalf of a class that purchased the Company's publicly traded securities between June 11, 2012 to December 19, 2013, and seeks damages on behalf of that class in the sum of $150 million or such other sum as the court finds appropriate. The Company intends to vigorously dispute these allegations. Management has not disclosed the amount of any provision or expected insurance recovery as the net amount of these is not expected to be material and to disclose the amounts could be prejudicial."

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

Subsequent events:

Management has initiated a review of all facets of the company including capital expenditures, staffing levels, cost controls, and has commissioned a new resource estimate. At La Negra the immediate focus will be on cost reductions, productivity and efficiency improvements, reducing mining dilution and improving grade estimation practices and control.

In order to improve Aurcana's liquidity in the short term, Orion has agreed to waive principal and interest payments on their loan for July 31st, August 31st, and September 30th amounting to approximately $ 3.1 million. This amount will be amortized over the remainder of the loan period commencing October 2014. In return, the Company has extended the "Offtake agreement" by one year.

Subsequent to June 30, 2014 the Company announced a change in senior management. Lenic Rodriguez left his position effective July 19, 2014 and Mr. Kevin Drover was appointed President and CEO at that time.

On July 17, 2014 Mr. Jose Manuel Borquez has been appointed as a Director of Aurcana Corporation.

On August 12, 2014, Donna Moroney was appointed Corporate Secretary of the Company.

On August 25, 2014 the TSX Venture Exchange approved an amendment to the Company's Stock Option Plan (the "Plan"), which is a fixed plan, to increase the number of shares reserved for issuance under the Plan to 8,379,852 The number reserved for issuance remains less than 10% of the total issued and outstanding shares of the Company.

Financial Instruments:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates in currencies other than the functional currency of each entity. A significant change in the currency exchange rates between the local functional currency of each entity and the other currencies it employs could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2014, the Company's Canadian operations (Canadian dollar functional currency) are exposed to currency risk through the following assets and liabilities denominated in USD dollars:

		June 30, 2014
Cash and cash equivalents	CDN$	1,924,326
Other receivable		-
Accounts payable		(319,783)
	CDN$	1,604,543
USD$ Equivalent		**1,503,789**

Based on the above net exposures as at June 30, 2014, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US Dollar against the CDN Dollar would result in a $150,379 change to the Company's net income for the period.

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

		June 30, 2014
Cash and cash equivalents	MXP$	853,202
Other receivable		2,969,647
Accounts payable		(102,898,901)
	MXP$	(99,076,052)
USD$ Equivalent		**(7,602,346)**

Based on the above net exposures as at June 30, 2014, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the USD Dollar against the Mexican Peso would result in a $760,235 change to the Company's net income for the period.

Debt host and embedded derivatives

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

The debt host component is classified as other financial liability and is measured at amortized cost using the effective interest rate method and the embedded derivatives are classified as FVTPL and all changes in fair value are recorded in profit or loss. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the loan. Accretion of $0.8 million has been recognized for the quarter ended June 30, 2014.

Loan restructure

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

Immediately before the restructure the carrying value of the Original Orion Loan debt host was $35.3 million, fair value of the Original Offtake derivative and the Original Loan prepayment and interest rate floor derivatives was $10.1 million. Fair value of the Amended Loan debt host as at the date of the restructure was $36.8 million and the fair value of the Offtake and Amended Loan derivative liabilities was $3.1 million. The Company also issued shares with a fair value of $10.3 million in consideration for the settlement of the Original Loan and termination of the Original Offtake agreement. As a result the Company recognised a cost of $4.5 million on the extinguishment of the original off-take agreement. The Company has also incurred $0.5 million of legal fees and other costs related to the restructure which were expensed.

Credit risk:

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

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

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

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

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

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

Fair value measurements

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

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

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

Recurring measurements	Fair Value Through Profit or Loss	Loans and Receivables	Other Financial Assets and Liabilities	Total	Fair Value Hierarchy
Financial Liabilities					
Derivative liabilities	$ (3,147,272)	$ -	$ -	$ (3,147,272)	Level 3
Borrowings	-	-	(35,410,745)	(35,410,745)	n/a
Capital lease	-	-	(1,164,663)	(1,164,663)	n/a
	$ (3,147,272)	**$ -**	**$ (36,575,408)**	**$(39,722,680)**	

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

Recurring measurements	Fair Value Through Profit or Loss	Loans and Receivables	Other Financial Assets and Liabilities	Total	Fair Value Hierarchy
Financial Liabilities					
Derivative liabilities	$ (10,932,524)	$ -	$ -	$(10,932,524)	Level 3
Borrowings	-	-	(41,816,660)	(41,816,660)	n/a
Capital lease	-	-	(5,240,404)	(5,240,404)	n/a
	$ (10,932,524)	**$ -**	**$ (47,057,064)**	**$(57,989,588)**	

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

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

The offtake agreement derivative was decomposed into the sum of cash flows which depends on silver, copper, zinc and lead prices. A Monte Carlo simulation is used to value the offtake written option; this technique relies on random sampling and is often used when there is no analytic or exact solution to the valuation. Future metals prices were generated using a correlated geometric Brownian motion process. Key inputs used by the Company in the Monte Carlo simulation include: the USD risk free rate, the silver, copper, zinc and lead convenience yield calculated from the metals' future prices, historical silver, copper, zinc and lead prices, the silver, copper, zinc and lead implied volatility and historical return correlations.

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

The Company's credit spread as of the inception date of the Original Loan of September 19, 2013 was calibrated by setting the fair value of the credit facility and the silver agreement equal to total proceeds of transaction, resulting in a credit spread of 31.33% as at the inception date ("the calibrated spread") of the Original Orion Loan and Offtake. The spread as at April 30, 2014 and June 30, 2014 is based on the market borrowing interest rate for the Company of 11%.

Sensitivity of the derivatives valuation to changes in the assumptions

	5% decrease in credit spread	5% increase in credit spread
Increase/(decrease in fair value at June, 30, 2014	$ 177,715	($ 131,133)

Management of Capital:

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

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

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

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

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

See also Liquidity discussion on page 16.

Risks and Uncertainties*:*

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

Liquidity risk:

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

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

The Company's expected source of cash flow in the upcoming year will be through its operations from the La Negra mine; equity financing; loans, leasing financing and entering into joint venture agreements, or a combination thereof.

Litigation Risk

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

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

Mexican tax legislation changes

On October 31, 2013, the Mexican Senate passed the Mexican Tax Reform Bill enacting a tax deductible 7.5% mining royalty on earnings before the deduction of interest, taxes, depreciation and amortization. Further, precious metals mining companies will pay an additional 7.5% royalty on precious metals revenue and maintain a corporate tax rate of 30%. The proposal has been approved and it is a law now. The tax is expected to adversely affect future earnings from the Company's mining operations in Mexico.

Mining Risks and Insurance

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

Uncertainty of Mineral Resources and Reserves

Mineral reserves and mineral resources are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of payable metals will be realized. The grade of mineralized material actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. Prolonged declines in the market price of silver, copper, lead or zinc may render mineral reserves containing relatively lower grades of mineralization uneconomic to exploit and could materially reduce the Company's reserves. Should such reductions occur, the Company could be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to mineral reserves, such as the need for orderly development of a mineralized deposit or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period. Mineral reserves are not revised in response to short-term cyclical price variations in metal markets.

Replacement of Mineral Resources and Reserves

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

AURCANA CORPORATION

Reclamation Obligations

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

Exploration Risks

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

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

Conflicting Interests

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

AURCANA CORPORATION

Permitting and Title

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

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

Management Services

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

Market Influences

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

Non-IFRS Financial Measures

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

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

AURCANA CORPORATION

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

a) Total production cash cost per Silver equivalent oz

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

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

Total cash cost per silver equivalent Oz. Produced at La Negra Mine:	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Cash cost				
Cost of sales per financial statements	$ 10,623,985	$ 8,777,300	$ 20,309,065	$16,754,458
Less royalties, profit sharing employees and changes in inventories	(1,047,736)	(237,329)	(1,635,718)	(378,511)
Less freight and delivery	(563,427)	(594,020)	(1,071,256)	(894,563)
Less depreciation and amortization	(912,119)	(658,468)	(1,804,553)	(1,379,669)
Less depletion of mineral properties	(9,924)	(8,626)	(38,655)	(17,251)
Total production cash cost	8,090,779	7,278,858	15,758,883	14,084,464
Silver Equivalent Oz. Produced	786,505	818,060	1,706,494	1,411,077
Cash cost per silver Equivalent Oz produced	$ 10.29	$ 8.90	$ 9.23	$ 9.98

b) Cash cost per milled tonne

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

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

Total cash cost per milled tonne at La Negra Mine:	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Cash cost				
Cost of sales per financial statements	$ 10,623,985	$ 8,777,300	$ 20,309,065	$16,754,458
Less royalties, profit sharing employees and changes in inventories	(1,047,736)	(237,329)	(1,635,718)	(378,511)
Less freight and delivery	(563,427)	(594,020)	(1,071,256)	(894,563)
Less depreciation and amortization	(912,119)	(658,468)	(1,804,553)	(1,379,669)
Less depletion of mineral properties	(9,924)	(8,626)	(38,655)	(17,251)
Total production cash cost	8,090,779	7,278,858	15,758,883	14,084,464
Tonnes milled	232,763	235,388	489,903	405,469
Production Cash Cost per milled tonne	$ 34.76	$ 30.92	$ 32.17	$ 34.74

c) Total cash cost per silver Oz. net of by-products at La Negra Mine:

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

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

Total cash cost per silver Oz. net of by-products at La Negra Mine:	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Cash cost				
Cost of sales per financial statements	$ 10,623,985	$ 8,777,300	$ 20,309,065	$16,754,458
Less depreciation and amortization	(912,119)	(658,468)	(1,804,553)	(1,379,669)
Less depletion of mineral properties	(9,924)	(8,626)	(38,655)	(17,251)
Total cash cost	9,701,942	8,110,207	18,465,857	15,357,538
Plus TCRC	3,471,479	2,854,183	6,928,734	5,075,083
Less credits by Copper, Zinc and Lead sold	(8,757,859)	(8,093,904)	(17,244,846)	(14,821,593)
Total cash cost net of by-products	4,415,562	2,870,486	8,149,745	5,611,028
Silver ounces produced	329,368	351,210	690,159	661,764
Total cash cost per silver Oz. net of by-products	$ 13.41	$ 8.17	$ 11.81	$ 8.48

Controls and Procedures:

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

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

Disclosure Controls and Procedures

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

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

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

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