Management Discussion and Analysis for the year ended December 31, 2014

This Management Discussion and Analysis ("**MD&A**") should be read in conjunction with Aurcana Corporation's (the "**Company**" or "**Aurcana**") consolidated financial statements for the years ended December 31, 2014 and 2013(the "Consolidated Financial Statements"), 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 April 13, 2015.

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.

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

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 the Company's 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".

TABLE OF CONTENTS

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 – *Standards of Disclosure for Mineral Projects*. He has reviewed and approved the technical information contained herein.

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

NATURE OF BUSINESS AND COMPANY DESCRIPTION

Aurcana was incorporated under the laws of Ontario on October 12, 1917 under the name “Cane Silver Mines Limited” and was continued under the Canadian Business Corporations Act on September 14, 1998 under the name Aurcana Corporation. Aurcana is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol AUN and was elevated to Tier 1 status in October 2008.

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

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

Basis of presentation and going concern

The 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 until at least December 31, 2015. Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. The Company had cash and cash equivalents of $1.6 million, a working capital deficit of $11.5 million, a deficit of $179 million and losses of $21.0 million as at and for the year ended December 31, 2014.

The Company anticipates that silver and base metal prices will remain under pressure through the beginning of 2015, which will continue to impact the Company’s margins and liquidity. To improve cash flows, the Company’s principal lender permitted management to make interest only payments and defer payments on the principal amounts owed from January to March 2015 under the current debt facility agreement. The Company is engaged in negotiations with its principal lender to restructure its current debt in order to address ongoing liquidity concerns, while continuing to be focused on minimizing uncommitted capital expenditures and preserving the Company’s growth options. If it does not do so, or if it fails to secure additional capital or otherwise restructure or refinance its business in order to address its cash requirements through December 31, 2015, then the Company is unlikely to have sufficient capital resources or cash flows from mining operations to be able to satisfy its ongoing obligations and future contractual commitments. As a result, the Company may not be able to continue as a going concern.

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

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

OVERVIEW

	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues ($ million) [1]	$ 9.1	$ 10.5	$ 42.7	$ 45.0
Earnings from mining operations ($ million)	($0.3)	$ 1.6	$ 2.5	$ 11.5
Net (loss) Income ($ million)	($5.5)	($120.0)	($21.0)	($134.8)
Operating cash flow before movements in working capital items ($ million)	($0.9)	($8.3)	($0.4)	($5.0)
Average price per silver oz sold	$ 16.12	$ 22.92	$ 18.70	$ 22.92
Cash cost of sales per silver equivalent oz sold [2] [3]	$ 14.89	$ 17.67	$ 15.93	$ 15.56
All-in sustaining cost per silver equivalent oz sold [2]	$ 16.43	$ 21.33	$ 18.08	$ 20.70
Silver equivalent ounces produced [4]	1,000,213	702,595	3,704,237	2,868,460
Total equivalent silver oz sold (after TCRC) [4]	564,164	458,713	2,285,868	1,962,137
Cash cost per silver eq. oz produced (before TCRC) [2] [3]	$ 7.38	$ 11.42	$ 8.48	$ 10.52
All-in sustaining cost per silver equivalent oz produced [2]	$ 9.25	$ 14.59	$ 10.37	$ 13.10
Mineralization mined (tonnes)	213,299	212,039	846,785	869,027
Mineralization milled (tonnes)	236,452	198,427	961,840	825,014
Cash cost per milled tonne [2] [3]	$ 31.21	$ 40.44	$ 32.66	$ 36.58
Silver ounces produced	374,507	281,558	1,476,729	1,255,444
Copper, lead and zinc concentrates produced (tonnes)	8,335	7,325	34,461	30,420

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

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

HIGHLIGHTS

- Net loss for the year decreased to ($21.0) million or ($0.28) per share, compared with a net loss of ($134.8) million or ($2.31) per share in 2013. Other key financial metrics include:
    - Earnings from mining operations of $2.5 million (2013 – $11.5 million).
    - Operating cash flow before changes in working capital of ($0.4) million (2013 – ($5.0) million).

- Working capital deficiency of $11.5 million at December 31, 2014, compared to a deficiency of $3.7 million at December 31, 2013.

- Key production metrics include:
    - Silver ounces produced increased 18% to 1,476,729 ounces in 2014 compared to 1,255,444 ounces of silver in 2013.
    - Silver equivalent production increased by 29% to 3,704,237 ounces in 2014, compared to 2,868,460 ounces in 2013.
    - Cash cost per silver equivalent ounce produced (before Treatment, Refining and Smelting Charges, "TCRC") decreased to $8.48 compared to $10.52 in 2013.
    - All-in sustaining cost per silver equivalent ounce produced decreased to $10.37 from $13.10 in 2013.
    - All-in sustaining cost per silver equivalent ounce sold decreased to $18.08 from $20.70 in 2013.

CORPORATE DEVELOPMENTS

During the year ended December 31, 2014:

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

- To improve the Company's short term liquidity, Orion agreed to waive principal and interest payments for July 31, 2014, August 31, 2014 and September 30, 2014. This amount is being amortized over the remaining 43 months of the loan commencing October 31, 2014. In return, Aurcana agreed to extend the concentrates off-take agreements with Orion for one additional year to 2021.

- In July, 2014, Kevin Drover was appointed President and Chief Executive Officer of Aurcana. Kevin has more than 40 years' experience in mining operations including as VP of Operations at Kinross Gold Corporation. Also in July of 2014, Mr. Jose Manuel Borquez was appointed as a director of the Company and Donna Moroney was appointed Corporate Secretary of the Company.

- In August, 2014 the TSX Venture Exchange approved an amendment to the Company's stock option plan (the "Plan"), which is a fixed plan, to increase the maximum 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.

- During the year, the Company settled several finance and operating lease commitments while also completing the sale of a significant amount of mobile equipment located at the Shafter property in Texas, USA, for $4.7 million. This resulted in the Company recognizing a loss of $ 0.4 million on the transactions. The remaining balance of $0.5 million is allocated in the Company's statement of financial position as assets held for sale.

- In December 2014, the Company completed the sale of a number of pieces of operating equipment at the La Negra mine. The equipment was sold for $6.4 million and resulted in a gain of $0.2 million.

- On December 3, 2014 the Company provided an updated mineral resource estimate for the La Negra mining operation. The objective in preparing a new resource estimate was 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.

Subsequent to the year ended December 31, 2014:

- In February 2015, the Company entered into an agreement (the "Settlement Agreement") to settle the class action litigation commenced by Nunzio Cardillo and John Witiluk in the Ontario Superior Court of Justice (the "Action") against the Company and two former executives of the Company (the "Settlement"). The Settlement provides for the full and final settlement, release and dismissal of all claims brought under the Action. The Settlement is subject to a number of customary conditions, including the receipt of court approval of the Settlement, which approval was received on April 10, 2015.

  Under the terms of the Settlement, the Company will pay an aggregate of $4,000,000 (the "Settlement Amount"), which amount, net of legal fees and other costs, will be divided among members of the plaintiff class on a pro rata basis. It is anticipated that the Settlement Amount will be fully funded by insurance maintained by the Company, and the Company does not anticipate that the payment of the Settlement Amount will have any effect on the Company's cash position or operations.

  The Company elected to enter into the Settlement in order to avoid the expense, burden and inconvenience associated with the continuance of the Action. The Settlement does not constitute an admission by the Company of any violation of law or other wrongdoing.

- In March 2015, the Company entered into a lease agreement for office space. The terms of the lease are for monthly payments over a three year term commencing May 1, 2015, with a total commitment value of $321,612.

REVIEW OF FINANCIAL RESULTS

Revenue

During the year ended December 31, 2014, the Company generated revenues from the sale of 1,212,868 ounces of silver (2013: 1,073,072 ounces); 13,797 tonnes of copper concentrate (2013: 10,082 tonnes); 18,429 tonnes of zinc concentrate (2013: 15,887 tonnes); and 3,297 tonnes of lead concentrate (2013: 3,006 tonnes); for total net revenues of $42.7 million (2013: $45.0 million). The decline in revenue primarily resulted from the significant decrease in the price of silver and copper during the year compared to prior periods, partially offset by a 23% increase in concentrates sold.

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

Revenues:	**Year ended December 31,**	
La Negra mine	**2014**	2013
Gross revenues from mining operations	**$ 57,333,808**	$ 54,949,297
Deductions treatment charges, refining and smelting charges deducted by the customers	**14,588,077**	9,977,121
Revenues from mining operations	**$ 42,745,731**	$ 44,972,176
Net Revenues by customer:		
Customer "A"	**$ -**	$ 28,232,301
Customer "B"	**42,745,731**	16,739,875
Revenues from mining operations	**$ 42,745,731**	$ 44,972,176

Treatment, refining and smelting charges (“TCRC”) totalled 27% of gross revenues for the three months ended December 31, 2014 (Q4, 2013 – 19%) and 25% of gross revenues for the year ended December 31, 2014 (2013 – 18%).

	Year ended December 31,	
Revenues derived from:	**2014**	2013
Silver	40%	46%
Copper	30%	29%
Zinc	24%	18%
Lead	6%	7%
Total	**100%**	**100%**

Revenues are recorded net of TCRC.

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

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

	Year ended December 31,	
	2014	2013
TCRC:		
Copper/Silver Concentrate	20%	13%
Zinc Concentrate	40%	28%
Lead/Silver Concentrate	22%	19%

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

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

	Year ended December 31,	
Price of metals sold:	**2014**	2013
Silver ($/oz)	$ 18.70	$ 22.92
Copper ($/lb)	$ 3.06	$ 3.29
Zinc ($/lb)	$ 0.99	$ 0.86
Lead ($/lb)	$ 0.94	$ 0.97

Cost of Sales

	Year ended December 31,	
	2014	**2013**
Mine and mill supplies	$ 13,719,144	$ 11,627,244
Power	2,958,294	2,758,124
Wages, salaries and benefits	13,551,095	14,292,199
Profit sharing employees	40,056	295,873
Royalties	1,147,963	1,202,242
Freight and delivery	2,062,116	1,919,734
Change in inventories	2,946,543	(1,573,598)
Depreciation and amortization	3,644,963	2,863,747
Depletion of mineral properties	221,365	107,342
Total cost of sales	$ 40,291,539	$ 33,492,907

The increase in cost of sales primarily resulted from changes in inventory as the Company increased milling production resulting in decreases to stockpile inventory compared to 2013. The increase in mine and mill supplies costs in 2014 resulted from an increase in milled production and increased usage of mining supplies. These increases were offset by a reduction in wages, salaries and benefits.

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

The production cash cost per milled tonne for the year ended December 31, 2014 was $32.66 (2013: $36.58). (*For a discussion of this non-IFRS financial measure, please see the related section below*).

Administrative Costs

	Year ended December 31, 2014	2013
Administrative costs[1]	$ 2,287,362	$ 3,050,252
Professional fees	627,512	959,946
Investor relations	121,983	367,011
Marketing	74,799	487,046
Listing and filing fees	107,551	109,265
	$ 3,219,207	$ 4,973,520

[1] Administrative costs break down:

	2014	2013
Management, salaries and consulting fees	$ 1,382,531	$ 1,734,597
Rent and overhead	149,948	181,215
Travel and accommodation	140,045	248,605
Office	113,094	261,255
Directors Fees	178,055	257,142
Other	323,689	367,438
	$ 2,287,362	$ 3,050,252

Market trend for metal prices

Market Average Price	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**
Silver ($/oz)	16.27	19.76	19.62	20.48	20.82	22.56	23.16	30.08
Copper ($/lb)	3.00	3.17	3.08	3.19	3.24	3.25	3.23	3.60
Zinc ($/lb)	1.01	1.05	0.94	0.92	0.86	0.84	0.84	0.92
Lead ($/lb)	0.91	0.99	0.95	0.96	0.96	0.95	0.93	1.04

* Source: London Metal Exchange

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

Selected Quarterly Financial Information

Quarter Ended	December 31 2014	September 30 2014	June 30 2014	March 31 2014
	$	$	$	$
Total Revenues	9,094,317	11,364,478	9,241,156	13,045,780
Earnings from mine operations	(349,735)	551,549	(1,108,322)	3,360,700
Net (loss) after tax	(5,537,288)	(3,650,343)	(7,165,030)	(4,496,612)
(Loss) per share	(0.07)	(0.04)	(0.10)	(0.08)

Quarter Ended	December 31 2013	September 30 2013	June 30 2013	March 31 2013
	$	$	$	$
Total Revenues	10,513,695	10,359,644	11,337,026	12,761,811
Earnings from mine operations	1,569,125	2,565,765	2,551,101	4,793,279
Net Income (loss) after tax	(120,020,146)	(15,468,790)	254,689	391,738
(Loss) per share	(2.05)	(0.26)	-	-

- In the quarter ended December 31, 2014, earnings from mine operations decreased $901,283 or 163% compared to the quarter ended September 30, 2014, primarily due to weaker metal prices and lower grades of mineralization in mined material. Net income for the fourth quarter was ($5,537,288) compared to ($3,650,343) in the previous quarter, resulting from impairment charges to the carrying value of the Shafter project offset by changes in the fair value of the Company's derivative liability and unrealized gains on foreign exchange.

- Earnings from mining operations were $551,549 in the third quarter of 2014, compared to a loss of $1,108,322 in the second quarter. The increase in earnings resulted from significantly improved metal grades. Net loss decreased $3.5 million from the second to third quarter of 2014. In addition to mining earnings, this resulted from changes in the fair value of the Company's derivative liability and the loss on the loan restructuring that occurred in the quarter ended June 30, 2014.

- In the quarter ended June 30, 2014, earnings from mine operations decreased $4,469,022 or 133% compared to the quarter ended March 31, 2014, primarily due to decreased metal prices and decreased tons milled due to mill down-time. Net loss for the second quarter was ($7,165,030) compared to ($4,496,612) in the previous quarter, mainly due to foreign exchange, changes in the fair value of the Company's derivative liability and mining earnings.

- Earnings from mining operations were $3,360,700 in the first quarter of 2014 compared to $1,569,125 in the fourth quarter of 2013. The gain resulted from significant increases in tonnes milled. Net loss decreased from ($126,833,875) to ($4,496,612) primarily due to the impairment of the Shafter assets recognized in the quarter ended December 31, 2013.

Selected Annual Information

Fiscal Year Ended	December 2014	December 2013	December 2012
	$	$	$
Total revenues	42,745,731	44,972,176	56,928,792
Cost of sales	40,291,539	33,492,907	31,917,759
Administrative expenses	3,219,207	4,973,520	4,613,765
Depletion, depreciation and amortization	3,866,328	2,971,089	4,880,544
Stock - based compensation	95,721	2,682,612	4,807,807
Earnings from mining operations	2,454,192	11,479,269	25,011,033
Net income	(21,022,925)	(134,842,510)	9,951,340
Operating cash flow after taxes before movements in working capital ($ million)	(0.4)	(5.0)	21.5
Basic (loss)/gain per share	(0.28)	(2.31)	0.02
Fully diluted (loss)/gain per share	(0.28)	(2.31)	0.02
Total assets	97,589,494	124,067,687	192,367,811
Current assets	14,794,332	29,190,963	20,881,560
Property, Plant & Equipment	62,087,730	69,965,516	123,701,038
Mineral properties	17,329,176	19,050,541	45,751,535
Current liabilities	26,342,353	32,932,944	13,682,744
Total liabilities	61,322,351	82,664,601	21,082,698
Cash dividends declared	Nil	Nil	Nil

NON-IFRS FINANCIAL MEASURES

The Company has included certain non-IFRS financial measures including "Cash cost of sales per silver equivalent ounce sold", "All-in sustaining cost per silver equivalent ounce sold", "Cash cost per silver equivalent ounce produced (before TCRC)", "All-in sustaining cost per silver equivalent ounce produced and "Cash cost per milled tonne" to supplement its 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.

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

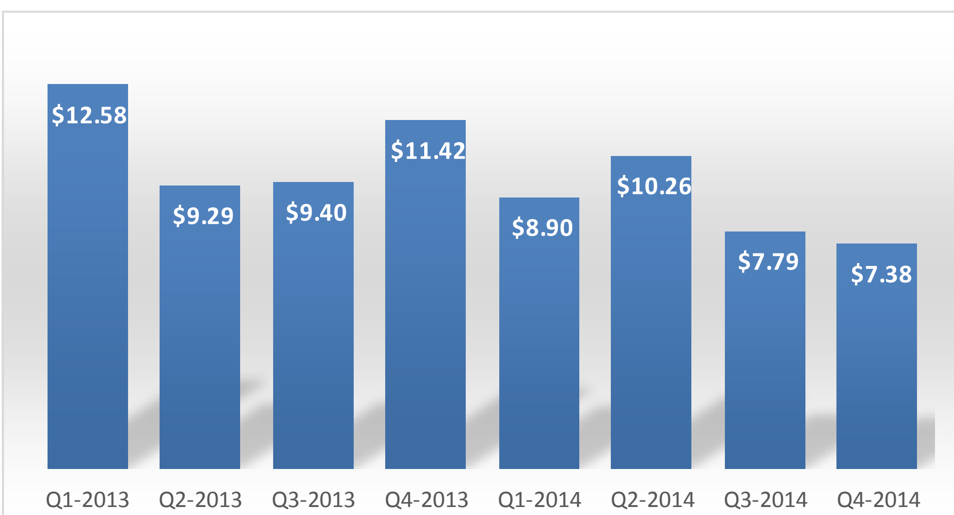
a) Cash cost per silver equivalent ounce produced (before TCRC)

The Company uses cash cost per silver equivalent ounce 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.

Cash cost per silver equivalent ounce produced at La Negra Mine (before TCRC):	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Production cash cost:				
Cost of sales per financial statements	$ 9,444,052	$ 8,944,570	$ 40,291,539	$ 33,492,907
Less changes in inventories	(545,933)	327,835	(2,946,543)	1,573,598
Less freight and delivery	(471,590)	(407,387)	(2,062,116)	(1,919,734)
Less depreciation and amortization	(905,787)	(777,429)	(3,644,963)	(2,863,747)
Less depletion of mineral properties	(140,485)	(63,834)	(221,365)	(107,342)
Total production cash cost	7,380,257	8,023,755	31,416,552	30,175,682
Silver equivalent oz. produced	1,000,213	702,595	3,704,237	2,868,460
Cash cost per silver equivalent oz. produced	$ 7.38	$ 11.42	$ 8.48	$ 10.52

During the year, management initiated a review of all facets of the Company including capital expenditures, staffing levels, cost controls and resource estimate. The immediate focus has been on cost reductions, productivity and efficiency improvements, reducing mining dilution and improving grade estimation practices and control. These efforts have resulted in improvement to cash cost per silver equivalent ounce produced as demonstrated below:



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

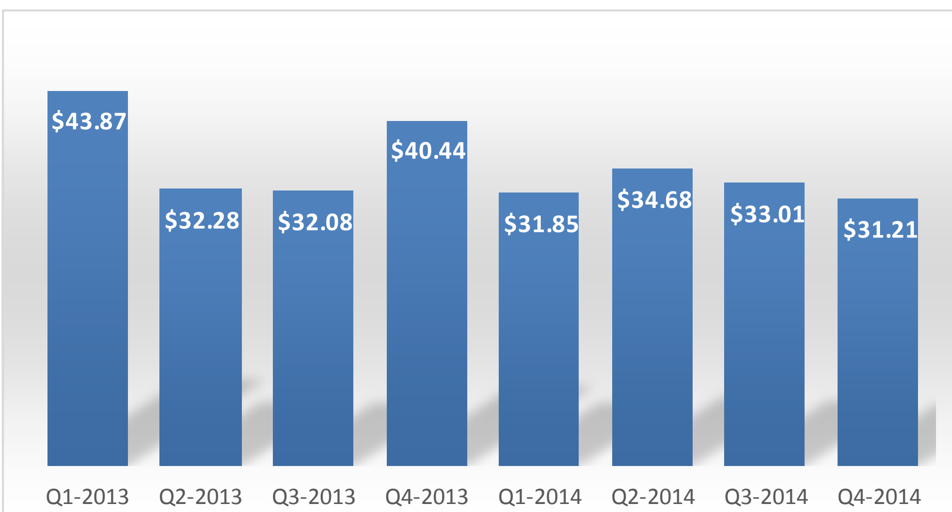
b) Cash cost per milled tonne

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. This performance measure is commonly utilized in the mining industry.

Total cash cost per milled tonne at La Negra Mine:	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Cash cost				
Cost of sales per financial statements	$ 9,444,052	$ 8,944,570	$ 40,291,539	$ 33,492,907
Less changes in inventories	(545,933)	327,835	(2,946,543)	1,573,598
Less freight and delivery	(471,590)	(407,387)	(2,062,116)	(1,919,734)
Less depreciation and amortization	(905,787)	(777,429)	(3,644,963)	(2,863,747)
Less depletion of mineral properties	(140,485)	(63,834)	(221,365)	(107,342)
Total production cash cost	7,380,257	8,023,755	31,416,552	30,175,682
Tonnes milled	236,452	198,427	961,840	825,014
Production cash cost per milled tonne	$ 31.21	$ 40.44	$ 32.66	$ 36.58

A summary of quarterly changes in the cash cost per milled ton are as follows:



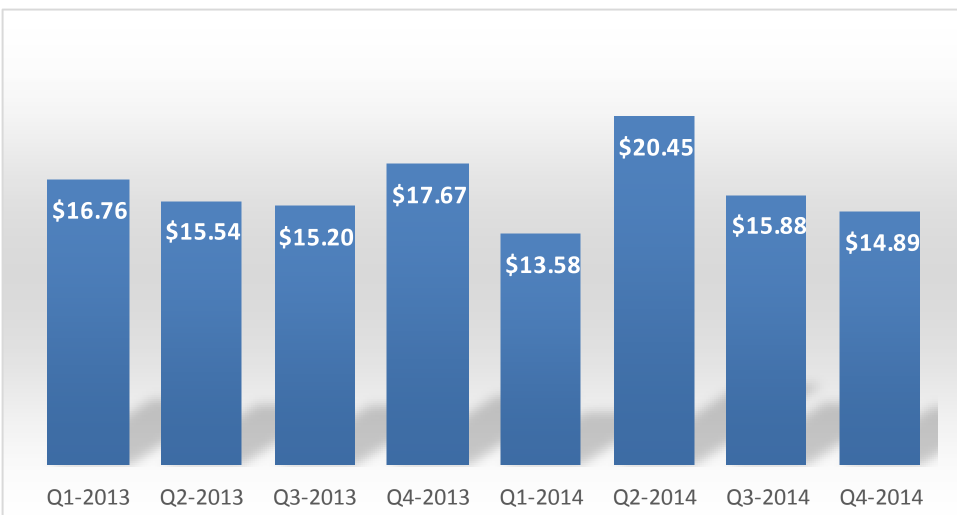
(All figures reported in US Dollars, unless otherwise noted)

c) Cash cost of sales per silver equivalent ounce sold:

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

Cash cost of sales per silver equivalent ounce sold at La Negra Mine:	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Revenues per financial statement	$ 9,094,317	$ 10,513,695	$ 42,745,731	$ 44,972,176
Price of silver sold ($/oz.)	16.12	22.92	18.70	22.92
Total equivalent silver net payable ounces (after TCRC)	564,164	458,713	2,285,868	1,962,137
Cost of sales per financial statements	9,444,052	8,944,570	40,291,539	33,492,907
Less depreciation and amortization	(905,787)	(777,429)	(3,644,963)	(2,863,747)
Less depletion of mineral properties	(140,485)	(63,834)	(221,365)	(107,342)
Total cash cost of sales	8,397,780	8,103,307	36,425,211	30,521,818
Total equivalent silver oz sold (after TCRC)	564,164	458,713	2,285,868	1,962,137
Cash cost of sales per silver equivalent ounce sold	$ 14.89	$ 17.67	$ 15.93	$ 15.56

A summary of quarterly changes in cash cost of sales per silver equivalent ounce sold are as follows:



d) All-in sustaining costs:

All-In Sustaining Cost ("AISC") is a non-IFRS measure and is intended to provide additional information only and does not have a standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining versus development capital expenditures.

The Company believes that AISC will better meet the needs of analysts, investors, and other stakeholders of the Company in understanding the costs associated with producing silver, the economics of silver mining, the Company's operating performance, and the Company's ability to generate free cash flow from current operations and on an overall company basis.

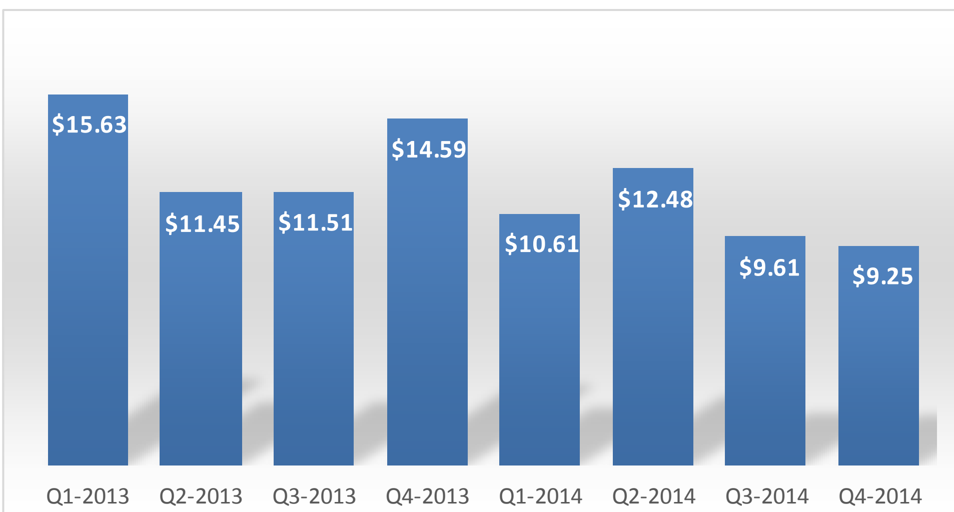
AISC includes total production cash costs incurred at the Company's La Negra mine, which forms the basis of the Company's co-product cash costs. Additionally, the Company includes sustaining capital expenditures (equal to depreciation, depletion and amortization at the La Negra mine), corporate selling, general and administrative expenses, share-based payments and reclamation cost accretion. The Company believes that this measure represents the total sustainable costs of producing silver, copper, lead and zinc, and provides the Company and other stakeholders of the Company with additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver production from current operations, new project capital and expansionary capital are not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included.

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

The following table provides a reconciliation of these measures to our cost of sales, as reported in the Consolidated Financial Statements:

AISC per silver equivalent ounce produced at La Negra Mine	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Production cash cost:				
Cost of sales per financial statements	$ 9,444,052	$ 8,944,570	$ 40,291,539	$ 33,492,907
Less changes in inventories	(545,933)	327,835	(2,946,543)	1,573,598
Less freight and delivery	(471,590)	(407,387)	(2,062,116)	(1,919,734)
Less depreciation and amortization	(905,787)	(777,429)	(3,644,963)	(2,863,747)
Less depletion of mineral properties	(140,485)	(63,834)	(221,365)	(107,342)
Total production cash cost	7,380,257	8,023,755	31,416,552	30,175,682
Corporate expenses	829,419	1,382,978	3,136,963	4,437,199
Sustaining capital	1,046,272	841,263	3,866,328	2,971,089
All-in sustaining costs of production	9,255,948	10,247,996	38,419,843	37,583,970
Silver equivalent oz. produced	1,000,213	702,595	3,704,237	2,868,460
All-in sustaining cost per silver eq. oz. produced	$ 9.25	$ 14.59	$ 10.37	$ 13.10

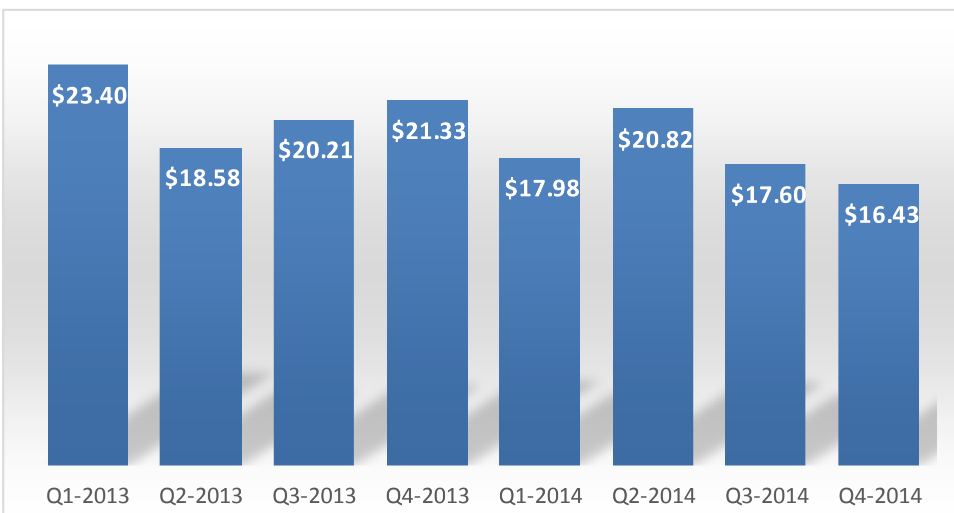
A summary of quarterly changes in AISC per silver equivalent ounce produced is as follows:



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

AISC per silver equivalent ounce sold at La Negra Mine	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Cash cost of sales:				
Cost of sales per financial statements	$ 9,444,052	$ 8,944,570	$ 40,291,539	$ 33,492,907
Less depreciation and amortization	(905,787)	(777,429)	(3,644,963)	(2,863,747)
Less depletion of mineral properties	(140,485)	(63,834)	(221,365)	(107,342)
Total cash cost	8,397,780	8,103,307	36,425,211	30,521,818
Plus TCRC	3,344,930	2,481,145	14,588,077	9,977,121
Total cash cost	11,742,710	10,584,452	51,013,288	40,498,939
Less change in inventories	(545,933)	327,835	(2,946,543)	1,573,598
Corporate expenses	829,419	1,382,978	3,136,963	4,437,199
Sustaining capital	1,046,272	841,263	3,866,328	2,971,089
All-in sustaining costs of sales	$ 13,072,468	$ 13,136,528	$ 55,070,036	$ 49,480,825
Silver equivalent ounces payable after TCRC	795,874	615,875	3,045,886	2,389,892
All-in sustaining cost per silver eq. ounce sold	$ 16.43	$ 21.33	$ 18.08	$ 20.70

A summary of quarterly changes in AISC per silver equivalent ounce sold is as follows:



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

RESULTS OF OPERATIONS – LA NEGRA MINE

Quarter Ended	Annual 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Annual 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Mine Production										
Mine Days	365	92	92	91	90	360	91	92	89	88
Mill Days	332	85	85	77	85	324	85	84	77	78
Mineralization mined (tonnes)	846,785	213,299	217,011	208,931	207,544	869,027	212,039	207,458	249,036	200,494
Mineralization milled (tonnes)	961,840	236,452	235,485	232,763	257,140	825,014	198,427	221,118	235,388	170,081
Average tonnes milled per day	2,897	2,782	2,770	3,023	3,025	2,546	2,334	2,632	3,057	2,181
Average Grade										
Silver (g/t)	58	59	65	55	55	60	58	55	59	71
Copper (%)	0.41%	0.48%	0.41%	0.37%	0.39%	0.42%	0.45%	0.44%	0.40%	0.40%
Zinc (%)	1.10%	0.93%	1.14%	1.01%	1.31%	1.25%	1.25%	1.21%	1.27%	1.27%
Lead (%)	0.28%	0.25%	0.34%	0.27%	0.26%	0.31%	0.29%	0.28%	0.31%	0.39%
Recovery										
Silver	82%	83%	84%	81%	80%	81%	79%	81%	81%	81%
Copper	74.2%	77.6%	75.2%	71.9%	72.3%	71.2%	71.6%	73.9%	70.2%	68.9%
Zinc	77.4%	73.1%	80.3%	79.9%	76.5%	72.0%	71.3%	73.7%	72.6%	70.4%
Lead	74.3%	74.2%	77.7%	71.8%	73.4%	77.2%	74.0%	74.8%	79.3%	80.6%
Metal Production (contained in concentrates)										
Silver (oz)	1,476,729	374,507	412,063	329,368	360,791	1,255,444	281,558	312,122	351,210	310,554
Copper (tonnes)	2,881	865	710	582	724	2,553	642	714	683	514
Zinc (tonnes)	8,058	1,602	2,118	1,759	2,579	7,471	1,766	1,965	2,210	1,530
Lead (tonnes)	1,956	432	607	421	496	1,954	426	452	558	518
Silver Equivalent (oz)	3,704,237	1,000,213	997,530	786,505	919,989	2,868,460	702,595	754,788	818,060	593,017
Concentrate grades										
Copper (%)	22%	21%	23%	22%	22%	23%	23%	23%	23%	24%
Zinc (%)	45%	45%	46%	42%	46%	46%	46%	46%	46%	46%
Lead (%)	60%	63%	63%	55%	60%	63%	63%	61%	64%	64%

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

Production

Silver, zinc and lead production decreased in the fourth quarter of 2014 compared to the third quarter of 2014 due to lower average grades for silver (decreased 6g/t), zinc (decreased 0.21%) and lead (decreased 0.09%). Copper production increased due to grade improvements of 0.07%. Average tonnes milled per day remained consistent at 2,782 compared with 2,770 in the prior quarter. Silver and copper metal recoveries remained substantially the same from the prior quarter, with zinc and lead experiencing decreased recovery levels of 4.9% and 3.8% respectively. Reduced silver grades resulted in 37,556 fewer ounces (a decrease of 9%) produced during the fourth quarter of 2014. The increase in silver equivalent ounces over the previous quarter primarily results from lower silver prices in the fourth quarter.

Year to date December 31, 2014 silver production increased by 221,285oz, or 18%, over the comparable 2013 period, with an increase of 835,777oz, or 29%, in silver equivalent production in the same period. An increase in mineralized material milled of 136,826 tonnes, or 17%, contributed to the higher production of silver and silver equivalents. The average silver grade was 59g/t during 2014, compared to 61g/t in 2013. The decrease in silver grade during this period was due to increased throughput of lower grade mineralization, a result of higher internal waste at some zones and blending of different mineral-types in order to meet concentrate specifications, in addition to increased mine development to support higher mine production rates in the future.

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

Operations Overview at La Negra

During 2014, management initiated a review of all facets of the Company including capital expenditures, staffing levels, cost controls and resource estimate. At La Negra the immediate focus has been on cost reductions, productivity and efficiency improvements, reducing mining dilution and improving grade estimation practices and control. During the year the Company implemented changes in staff levels at La Negra resulting in severance payments of $0.6 million.

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

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

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

In December, the Company released results from a new resource estimate for the La Negra mining operation at Queretaro, Mexico. The objective in preparing a new resource estimate was 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.

AMC Mining Consultants (Canada) Limited ("AMC"), an independent mining consulting firm, prepared the new mineral resource estimate (the "Estimate") for the Company's La Negra mine. The Estimate is based on 14,578 assays comprised of 4,074 drillhole samples, 8,674 channel samples, and 1,829 longhole samples obtained by the Company during the period from 2006 through to 2014, and by Industriales Peñoles S.A. de C.V. from 1967 to 2000. A summary of the Estimate is tabulated below:

MEASURED AND INDICATED RESOURCES FOR ALL DEPOSITS AND ALL BLOCKS WITH A MINIMUM | RECOVERED VALUE OF US$30 AS OF SEPTEMBER 30, 2014

Classification	**Tonnes**	**Silver (g/t)**	**Copper (%)**	**Lead (%)**	**Zinc (%)**	**Silver Eq. (g/t)**
Measured	1,977,000	107	0.61	0.50	2.23	203
Indicated	2,748,000	54	0.45	0.22	1.04	110
Measured & Indicated	4,724,000	76	0.52	0.34	1.54	149

Classification	***In Situ* Metal Quantities**				
	Silver (oz.)	**Copper (lb.)**	**Lead (lb.)**	**Zinc (lb.)**	**Silver Eq. (oz.)**
Measured	6,821,600	26,777,200	21,869,800	97,347,600	12,907,200
Indicated	4,758,400	27,439,800	13,119,000	63,111,100	9,700,400
Measured & Indicated	11,577,700	54,205,800	34,982,000	160,427,200	22,607,600

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

Ounces and pounds of in situ metal are calculated using only resource blocks with a recovered value of $30 or greater, which corresponds generally with the $32/tonne operating cost provided by Aurcana for the La Negra Mine from January to October 2014. Metal prices and recoveries used for value and silver equivalent estimates are: Silver - $21.50/83%; Copper - $3.10/75%; Lead - $0.95/78%; Zinc - $1.00/80%.

Silver equivalence is calculated using the following formula:

Silver equivalent=[((grade silver g/t)x((US$price silver /Troy Ounce)/31.10348)x(recovery of silver))+((grade copper %)x(US$price of copper/poundx22.046)x(recovery of copper))+((grade lead %)x(US$price of lead/poundx22.046)x(recovery of lead))+ ((grade zinc %)x(US$price of zincpoundx22.046)x(recovery of zinc))] divided by the price of silver/ounce to calculate silver equivalent in ounces, or by the price of silver in grams to calculate gram equivalency

INFERRED RESOURCES FOR ALL DEPOSITS AND ALL BLOCKS WITH A MINIMUM RECOVERED VALUE OF US$30 PER TONNE

Classification	Tonnes	Silver (g/t)	Copper (%)	Lead (%)	Zinc (%)	Silver Eq. (g/t)	Silver Eq. (oz.)
Inferred	642,000	55	0.55	0.18	1.54	130	2,676,800

Outlook

In 2015, Aurcana is focused on continuing its successful efforts in cost reductions and production efficiencies to establish itself as one of the lowest cost producers in the Silver space. Given the current economic pressures on metal prices, management believes this strategy will enable it to remain viable and be well positioned to take advantage of any potential future relief on metal prices.

Other Projects – Shafter Project

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

- During the year ended December 31, 2014, the Company completed road upgrades, maintained and serviced equipment, and 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.

- During the comparable year ending December 31, 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 consultants 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 year ended December 31, 2014, the Company recorded expenses related to putting the mine into care and maintenance of $1.3 million ($6.8 million in idled mine costs for 2013). This amount is mainly attributable to property taxes, maintenance, insurance premiums, rental equipment, supplies, contractor services and general expenses.

- The Company did not conduct any exploration activities at the Shafter project. During 2013, the Company's exploration group undertook a limited field programme of detailed mapping, sampling and laid-out a drill plan. Continuing pressure from mining operations caused a transfer of several exploration geologists and technicians into the mining group during the second and third quarters of 2013. The exploration group at Shafter was disbanded in late October, 2013.

- During late March through November of 2014, the Company engaged several consultants to complete detailed reviews of the current and historic technical databases for the Project. As a result the Company has identified additional historic information to include in any re-development plans and has recognized a number of areas where in-fill drilling might provide a higher degree of certainty to any new resource estimate.

LIQUIDITY AND FINANCIAL POSITION

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

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

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

Several adverse conditions and material uncertainties, including lower metal prices, cast significant doubt upon the assumption that the Company will continue as a going concern. To improve cash flows, the Company's principal lender permitted management to make interest only payments and defer payments on the principal amounts owed from January to March 2015 under the current debt facility agreement. The Company is engaged in negotiations with its principal lender to restructure its current debt in order to address ongoing liquidity concerns, while continuing to be focused on minimizing uncommitted capital expenditures and preserving the Company's growth options. If it does not do so, or if it fails to secure additional capital or otherwise restructure or refinance its business in order to address its cash requirements through December 31, 2015, then the Company is unlikely to have sufficient capital resources or cash flows from mining operations to be able to satisfy its ongoing obligations and future contractual commitments. As a result, the Company may not be able to continue as a going concern (for future information, refer to Note 1 of the Consolidated Financial Statements for the year ended December 31, 2014).

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

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

Working capital

As at December 31, 2014, the Company had a working capital deficiency of $11.5 million compared with a deficiency of $3.7 million as at December 31, 2013. The major components of working capital at December 31, 2014 included $1.6 million of cash and equivalents, $6.4 million of trade and other receivables and prepaids, $2.3 million of inventories, and $0.5 million of assets held for sale, offset by $26.3 million of current liabilities (including $12.9 million in accounts payable $9.1 million for the current portion of borrowings). An amount of $4.0 million is also included in current assets and current liabilities to account for the Class Action settlement amount owing that is to be paid by the Company's insurance provider resulting in no significant cash impact (see commitments section below).

Current assets

Current assets decreased $14.4 million to $14.8 million at December 31, 2014, compared with $29.2 million at December 31, 2013. Contributing to the change was an $18.7 million decrease in cash and equivalents and a decrease in inventories of $3.8 million partially offset by an increase in trade and other receivables of $2.6 million, insurance proceeds receivable of $4.0 million, income taxes prepaid of $1.2 million and assets held for sale of $0.5 million following the Company's decision to sell some of its mobile equipment at the Shafter site. The decrease in cash and equivalents resulted from cash losses from operating activities of $1.1 million, property, plant and equipment expenditures of $8.9 million, financing and interest costs of $3.5 million and payments against long-term debt and borrowings of $18.2 million. These were offset by cash inflows from the sale of equipment totalling $8.4 million and the net proceeds of a private placement of $4.6 million (discussed above).

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

PP&E, net of accumulated amortization, decreased to $62.1 million at December 31, 2014 from $70.0 million at December 31, 2013. This decrease of $7.9 million is comprised of the following:

- Additions of $8.9 million
    - Development of mineral properties - $4.1 million
    - Plant and equipment - $4.3 million
    - Assets under construction - $0.5 million
- Depletion and amortization - $3.7 million
- Disposals - $6.8 million
- Reclassification of equipment to assets held for sale - $5.2 million
- Write-down of PP&E - $1.1 million

Assets held for sale

Following management's decision to transition the Shafter Project to care and maintenance, it was determined that a significant amount of mobile equipment located at the site would not be necessary for future operations at Shafter. This resulted in a reclassification of $5.2 million from PP&E to assets held for sale.

During the year, the Company completed the sale of a significant number of pieces of mobile equipment located on the Shafter property in Texas, USA, for $4.7 million. This resulted in the Company recognizing a loss of $ 0.4 million on the transactions. The remaining balance of $0.5 million is allocated in the Company's Balance Sheet as Assets held for sale.

Current liabilities

Current liabilities decreased to $26.3 million at December 31, 2014 compared with $32.9 million at December 31, 2013. Contributing to the decrease was a reduction in accounts payable and accrued liabilities of $2.5 million, equipment lease obligations of $2.4 million, and a reduction in the current portion of borrowings by $5.7 million due to the amended loan agreement as discussed in the next section. This was offset by the recognition of the Class Action settlement amount of $4.0 million as discussed herein.

Borrowings

On April 29, 2014, Aurcana entered into an agreement to amend the terms of its original $50,000,000 loan (the "Original Loan") pursuant to an amended and restated credit facility agreement (the "Amended Loan") between the Company and Orion. The principal amount under the Loan was reduced to $40,000,000. In consideration for an aggregate debt settlement of $10,333,333, Aurcana issued 16,499,501 common shares of the Company to Orion at an issue price of $0.62 or C$0.69 per share, in consideration for reducing the principal amount outstanding under the Original Loan and terminating the Original Offtake agreement in respect of the Shafter Mine entered into connection with the Original Loan. The Amended Loan is to be repaid in 48 equal monthly installments commencing May 31, 2014. Early prepayment may occur at any time without charges. Interest on the Amended Loan continues to accrue at a rate equal to LIBOR (subject to a minimum of 1%) plus 5.5% per annum. The Amended Loan continues to be guaranteed by Aurcana's subsidiaries and is also secured against the Company and its subsidiaries' assets. In connection with the Amended Loan, Aurcana entered into offtake agreements with Orion in respect of copper, zinc and lead concentrate produced at its La Negra mine for the period from January 1, 2017 to December 31, 2020 (the "New Offtakes").

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

Subsequent to the year end, Orion permitted management to make interest only payments and defer payments on the principal amounts owed from January to March 2015 under the current debt facility agreement. The Company is engaged in negotiations with Orion to restructure its debt in order to address ongoing liquidity concerns.

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

Long-term debt

a) The Company has commitments as of December 31, 2014 related to capital equipment contracts for the amount of $355,258 due as follows:

Schedule of principal repayments is as follows:		**December 31 2014**	December 31 2013
	2014	**$ -**	$ 2,782,667
	2015	**340,445**	2,442,923
	2016	**14,813**	14,814
		$ 355,258	$ 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 December 31, 2014 related to leased equipment contracts for the amount of $3,305,826, due as follows:

Operating Leasing	**December 31 2014**	December 31 2013
2014	**$ -**	$ 1,197,144
2015	**1,368,744**	1,197,144
2016	**1,101,942**	663,540
2017	**835,140**	-
	$ 3,305,826	$ 3,057,828

OUTSTANDING SHARE CAPITAL

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

As at April 13, 2015, the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	Shares and Potential Shares
Common shares outstanding	84,644,973
Warrants (Exercise price C$0.84)	10,026,658
Stock options (average exercise price C$6.21)	1,384,375
Total common shares and potential common shares	**96,056,006**

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

TRANSACTIONS WITH RELATED PARTIES

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

	Note	December 31 2014	December 31 2013
Technical and consulting fees	(i)	$ 110,102	$ 519,448
Management fees	(ii)	920,502	513,162
Consulting fees		$ 1,030,604	$ 1,032,610

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

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 expired on September 26, 2014. They had an exercise price of $2.31 per share, and were ascribed an aggregate fair value of $688,931 using the Black-Scholes model. The fair value of the warrants was recorded as a financing expense for the year 2013. Assumptions used in the Black-Sholes model are: risk free interest rate: 1.22%, expected life: 1 year, expected volatility: 101.42%, expected dividend per share: $nil.

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

Compensation of key management personnel:

	December 31 2014	December 31 2013
Consulting fees	$ 1,030,604	$ 1,032,610
Directors' fees	178,055	257,142
Officer salaries	407,387	302,971
Stock-based compensation	95,721	2,785,191
	$ 1,711,767	$ 4,377,914

Consulting fees include $0.7 million in severance fees for the former CEO of the Company.

As a result of the Orion loan amendment, the Company issued shares to Orion (Note 14) resulting in it becoming a significant shareholder and related party to the Company. Transactions with Orion:

	December 31 2014	December 31 2013
Repayment of loan principal	$ 4,384,780	$ -
Payment of interest	1,047,191	-
	$ 5,431,971	$ -

COMMITMENTS AND CONTINGENCIES:

Supply Agreements

In March 2011, the Company signed a contract with Metagri S.A. de C.V. (a subsidiary of Glencore) whereby Metagri agreed to purchase 100% of the lead concentrate to be produced at the La Negra mine until the end of 2013. During 2013, the agreement with Metagri was extended to 2016 and amended to include all lead, copper and zinc concentrates.

Prices paid are based on the average of the month in which the shipment is made, determined by prices (US dollars) published in the Metal Bulletin in London Metals Exchange or the London Bullion Market.

On April 29, 2014, Aurcana entered into the New Offtake Agreements with Orion in respect of copper, zinc and lead concentrate produced at its La Negra mine for the period from January 1, 2017 to December 31, 2020. In order to improve Aurcana's liquidity in the short term, Orion has agreed to waive principal and interest payments on the Amended 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 New Offtakes by one year to 2021.

In January 2015, the Company signed a contract with Mercuria S.A. de C.V. whereby Mercuria agreed to purchase 100% of the copper concentrate to be produced at the La Negra mine during 2015. The Company was granted permission by Metragri to sell the copper concentrate to Mercuria during 2015.

Office Lease

Effective May 1, 2010, the Company leased office space which lease expires on April 30, 2015. The Company is committed under the lease for payments totaling $54,944. In March 2015, the Company entered into a new lease agreement for office space. The terms of the lease are for monthly payments over a three year term commencing May 1, 2015, with a total commitment value of $321,612.

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. As at December 31, 2014, the outstanding balance owing was $755,939.

La Negra equipment operating lease.

In December, 2014, the Company entered into an operating lease agreement with a third party for equipment to be used at La Negra Mine with a total value of $2.5 million. The lease terms call for equal monthly payments over a 36 month term.

Class action

A class action had been filed in the Ontario Superior Court of Justice naming the Company and two former officers of the Company as defendants. The plaintiffs asserted that certain of the Company's news releases misrepresented the production level at the Shafter Property. The plaintiffs also asserted 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 sought 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 sought damages on behalf of that class in the sum of $150 million or such other sum as the court finds appropriate.

Subsequent to the year ended December 31, 2014, the parties reached a settlement of the action, without admission of liability. The settlement is a compromise of disputed claims. The defendants have denied and continue to deny all allegations of wrongdoing, fault, liability or damage in respect of the claims alleged in the class action. See Note 28 of the Consolidated Financial Statements for the year ended December 31, 2014 for additional details.

Claims by the Company

The Company has commenced a claim against a third party with regards to royalty payments made between 2007 and 2012. The Company believes these payments were made in error and is seeking full recovery. The Company did not make any payments for 2013 and 2014 but has recognized an amount payable of $3.2 million in accounts payable and accrued liabilities to reflect the amount owing should the Company not be successful in its claim.

Off Balance sheet arrangements

None applicable other than the operating lease commitments disclosed herein.

FINANCIAL INSTRUMENTS

The Company and its subsidiaries are 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 December 31, 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:

		December 31, 2014
Cash and cash equivalents	USD$	1,048,543
Intercompany amounts due		23,933,224
Accounts payable		(110,889)
Loan payable		(32,638,556)
	USD$	(7,767,678)
CAD$ Equivalent		**(9,011,283)**

Based on the above net exposures as at December 31, 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 $901,128 credit or charge, respectively, to the Company's net income for the period.

At December 31, 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:

		December 31, 2014
Cash and cash equivalents	MXP$	6,549,403
Other receivable		1,148,780
Accounts payable		(53,459,229)
	MXP$	(45,761,046)
USD$ Equivalent		**(3,109,189)**

Based on the above net exposures as at December 31, 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 $310,918 credit or charge, respectively, to the Company's net income for the period.

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 December 31, 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	$ (2,690,031)	$ -	$ -	$ (2,690,031)	Level 3
	$ (2,690,031)	**$ -**	**$ -**	**$ (2,690,031)**	

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

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

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

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

The floor option derivative was valued upon initial measurement and subsequent periods using the Bloomberg swap valuation template. The prepayment option derivative was valued upon initial measurement and subsequent periods using a methodology, which is based on Monte-Carlo simulation. The default intensities of the Company are generated using a square root diffusion process. Monte Carlo simulation is a technique that relies on random sampling and is often used when there is no analytic or exact solution to the valuation. Key inputs used by the Company in its valuation include: the USD discount curve and 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 Loan and the related offtake agreement. The spread as at April 30, 2014 and December 31, 2014 is based on the market borrowing interest rate for the Company of 15.4%.

Sensitivity of the derivatives valuation to changes in the assumptions

	5% decrease in credit spread	5% increase in credit spread
Increase/(decrease in fair value at December, 31, 2014	$50,287	($48,859)

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. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial may also impair the Company's operations. The order in which the following risk factors appear does not necessarily reflect management's opinion of their order or priority.

Credit risk

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

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

Exceptions to the policy for dealing with relationship banks with ratings below "A-" are reported to, and approved by, the Audit Committee. As at December 31, 2014, substantially all cash and short-term deposits are with counterparties with ratings "A-" or higher.

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short-term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements. Several adverse conditions and material uncertainties, including low metal prices, cast significant doubt upon the assumption that the Company will continue as a going concern. The Company is engaged in negotiations with its principal lender to restructure its current debt In order to address ongoing liquidity concerns, while continuing to be focused on minimizing uncommitted capital expenditures and preserving the Company's growth options (see Note 1 of the Consolidated Financial Statements - Nature of operations and going concern).

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

Price risk

Aurcana Corporation
Price Risk Sensitivity
Calculated on the actual revenues in $ USD

				10% variance on:				Sensitivity effect on	
Metal content	**2014 Average sales price**	**Price as at December 31, 2014**	**Unit**	**Average sales price**	**Price as at December 31, 2014**	**Volume on Sales of 2014**	**Unit**	**Average sales price**	**Price as at December 31, 2014**
Silver	$ 18.70	$ 16.24	oz	$ 1.87	$ 1.62	1,212,868	oz	$ 2,268,063	$ 1,969,698
Copper	3.06	2.91	lb	0.31	0.29	2,605	tn	1,757,371	1,671,225
Zinc	0.99	0.99	lb	0.10	0.10	6,178	tn	1,348,396	1,348,396
Lead	0.94	0.88	lb	0.09	0.09	1,711	tn	354,578	331,946
								5,728,408	5,321,265
				T.C. refining and smelting charges				1,453,835	1,350,504
				Revenues before royalties				4,274,573	3,970,761
				Royalties on Revenues				114,796	106,637
				Net revenues				$ 4,159,777	$ 3,864,124

The impact of a 10% variance on 2014 average price represents an increase or decrease of $4.2 million in revenues from mining operations.

The impact of a 10% variance on price at December 31, 2014, represents an increase or decrease of $3.9 million in revenues from mining operations

The Company is subject to revenue price risk from fluctuations in the market prices of copper, silver, lead and zinc. The Company is also exposed to commodity price risk on diesel fuel through its mining operations. The Company's risk management policy does not currently provide for the management of these exposures through the use of derivative financial instruments. Commodity price risk is also the risk that metal prices will move adversely during the time period between shipment of the concentrate and final payment for the concentrate. The Company's commodity price risk related to financial instruments primarily relates to changes in fair value of embedded derivatives in accounts receivable reflecting commodity sales provisionally priced based on the forward price curve at the end of each quarter.

Mexican tax legislation changes

On October 31, 2013, the Mexican Senate and Congress 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 now enacted as a law now. The tax is reflected in the Company's consolidated statements of loss for the year ended December 31, 2014.

Mining risks and insurance

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

Uncertainty of mineral resources and reserves

Mineral reserves and mineral resources are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of payable metals will be realized. The grade of mineralized material actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. Prolonged declines in the market price of silver, copper, lead or zinc may render mineral resources 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 resources 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 resources, 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 resources are not revised in response to short-term cyclical price variations in metal markets.

Mineral production at La Negra is currently based on measured and indicated resources in the Estimate. Production is not based upon a reserve estimate and no study of mineral reserves demonstrating economic and technical viability has been undertaken.

Replacement of mineral resources

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 resources and to expand current mineral resources and reserves.

Reclamation obligations

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

Exploration risks

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

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

Conflicting interests

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

Permitting and title

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

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

Management services

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

Market influences

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

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Controls and procedures

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

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

Disclosure controls and procedures

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

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

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

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