

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

*Aurcana Corporaion  
(the "Company")  
#1750 – 1188 West Georgia Street  
Vancouver, BC V6E 4A2*

**Item 2. Date of Material Change**

*December 1, 2014*

**Item 3. News Release**

*A news release was disseminated on December 1, 2014 through Marketwired and filed on SEDAR.*

**Item 4. Summary of Material Change**

*The Company reportedom its 3<sup>rd</sup> quarter financial results for the quarter ended September 30, 2014.*

**Item 5.1 Full Description of Material Change**

*See News Release dated December 1, 2014 attached hereto as Schedule "A".*

**Item 5.2 Disclosure for Restructuring Transactions**

*Not applicable.*

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

*This Report is not being filed on a confidential basis.*

**Item 7. Omitted Information**

*None.*

**Item 8. Executive Officer**

*Kevin Drover  
President and Chief Executive Officer  
604.331.9333*

**Item 9. Date of Report**

*December 4, 2014*

*Schedule "A"*  
**NEWS RELEASE**

**Aurcana Reports 3<sup>rd</sup> Quarter Financial Results**

Vancouver, BC, December 1, 2014 - Aurcana Corporation ("Aurcana" or the "Company") (TSXV: AUN, OTCQX: AUNFF) is pleased to report its unaudited financial results for the third quarter ended September 30, 2014. The summary of the selected financial information should be read in conjunction with the Condensed Interim Consolidated Financial Statements (Unaudited) and the related Management Discussion and Analysis for the quarter ended September 30, 2014 dated November 28, 2014 together referred to as the "Financial Statements", which have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and are also available on the Company's website ([www.aurcana.com](http://www.aurcana.com)). All figures are in US dollars unless otherwise noted.

*Significant highlights for the 3<sup>rd</sup> quarter ending September 30, 2014 are:*

- Revenues increased 10% to \$11.4 million in Q3, 2014 from \$10.4 million in Q3, 2013, and 23% from \$9.2 million in Q2, 2014. The higher revenues resulted from significant increases in silver, zinc, lead and copper production, despite lower metals prices.
- Silver equivalent ounces produced increased 32%, marking record production of 997,530 ounces in Q3, 2014, compared to 754,788 ounces produced in Q3, 2013. This is a 27% increase over the 786,505 equivalent ounces produced in Q2, 2014.
- At the La Negra operations the cash cost per silver equivalent ounce produced decreased 17% to \$7.79 in Q3, 2014 as compared to \$9.40 in Q3, 2013. Cash cost per silver equivalent ounce produced including treatment and refining charges in Q3, 2014 was \$11.86 as compared to Q3, 2013 of \$12.60.
- Earnings from mining operations were \$0.6 million in Q3, 2014, down from \$2.6 million in Q3, 2013, due to the lower market prices of metals (down 17%) and changes in inventory of \$2.2 million. Earnings from mining operations improved from a loss of \$1.1 million in Q2, 2014.
- Comprehensive loss decreased to \$2.2 million in Q3, 2014, compared to loss of \$15.3 million in Q3, 2013, with operating cash flow before changes in working capital of \$0.6 million in Q3, 2014, compared to negative cash flows of (\$5.1) million in Q3, 2013.

***Revenue***

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

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

***Earnings***

The Company had earnings from mining operations of \$0.6 million for the quarter ended September 30, 2014 (Q3, 2013: \$2.6 million); loss before taxes of (\$4.1) million (Q3, 2013: (\$15.0) million); comprehensive loss of (\$2.2) million (Q3, 2013: (\$15.3) million).

The decrease in earnings from operations was related to market prices of the silver sold, which averaged a decrease of 17% as compared with the same period last year.

### *Operations Highlights*

- During Q3, 2014, significant progress was made on four primary initiatives implemented by Aurcana's executive team, 1) safety, 2) cost reduction, 3) La Negra management reviews, 4) productivity and efficiency improvements.
  - Increased emphasis on safety training/programs and working standards resulted in a significant drop in lost time accidents during Q3 versus previous quarters.
  - Cost reduction measures implemented during Q3 such as workforce reduction, controls on spending, etc. resulted in annualized cost savings of approximately \$4.0 million dollars. Other initiatives currently in various stages of implementation and completion are expected to result in an additional estimated \$2.0 million cost savings over the next year.
  - A reorganization of senior management at the mine is nearly complete. The current commodity price and operating environment required re-assigning some supervisors. While some of the management team were promoted to new positions, others were replaced with new hires. The emphasis remains on safety, planning, problem solving/troubleshooting and achieving both short term and long term goals.
  - Considerable progress has been made in the productivity and efficiency of drilling and blasting, along with much improved planning, engineering and geologic controls in the mine.
- Aurcana continued to increase the head grade of silver mined at the La Negra Mine during the third quarter.
- At La Negra the company has successfully extended, outlined and developed new zones of mineralization such that approximately 35% of production has come from outside the published resource estimate. Therefore a revised resource estimate has been initiated. Current low silver and base metal prices are also a factor in developing the new resource estimate.
- The Company has engaged AMC Mining Consultants (Canada) Ltd. to complete this new resource estimate. The resource estimate will be done in accordance with CIM 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 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 more reliable and current model for production planning.
- To improve the Company's short term liquidity Orion Mine Finance (Master) Fund I LP ("Orion"), an affiliate of Orion Mine Finance Group, agreed to defer principal and interest payments during Q3, 2014, which would otherwise be due under Aurcana's senior secured

credit facility with Orion. These amounts were added as a principal and amortized over the remaining 43 months of the term of the credit facility, with payments by the Company re-commencing on October 31, 2014. In return, Aurcana agreed to extend the copper, zinc and lead off-take agreements with Orion by one additional year, to 2021.

- In October, 2014 subsequent to the end of the 3<sup>rd</sup> quarter, \$6.1 million was generated from the sale of surplus equipment located at both La Negra and Shafter. These transactions are not included in Q3 numbers.

Mr Kevin Drover, President & CEO stated "La Negra continues to improve and is on target to achieve its 2014 guidance of 3.5 to 4 million ounces of silver equivalent. We will continue to focus on improving our safety performance and reducing costs, as well as improving productivity and efficiency in the coming months".

To read the complete Condensed Interim Consolidated Financial Statements click on this link: [http://www.aurcana.com/resources/financials/2014\\_Q3\\_FS.pdf](http://www.aurcana.com/resources/financials/2014_Q3_FS.pdf)

To read the complete Management Discussion and Analysis click on this link: [http://www.aurcana.com/resources/financials/2014\\_Q3\\_MDA.pdf](http://www.aurcana.com/resources/financials/2014_Q3_MDA.pdf)

## Corporate

The Company's shares are also traded in the United States on OTCQX under the symbol "AUNFF". Investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on [www.otcqx.com](http://www.otcqx.com) and [www.otcmarkets.com](http://www.otcmarkets.com).

## About Aurcana Corporation

Aurcana Corporation is a primary silver producing company with two properties: the La Negra Mine in Mexico and the Shafter Silver Project in Texas, US. The latter was put on care and maintenance in December 2013, in part due to depressed silver prices. The Company is developing new mining plans for both properties as it continues to work to improve margins and shareholder value.

*The technical information in this release has been reviewed by Jerry Blackwell (PGeo.), a Director and technical advisor to the Company and a Qualified Person as defined by National Instrument 43-101.*

ON BEHALF OF THE BOARD OF DIRECTORS OF  
AURCANA CORPORATION

"Kevin Drover", President & CEO

For further information, visit the website at [www.aurcana.com](http://www.aurcana.com) or contact:

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**NR-16-14**

*This news release contains certain forward-looking statements, including statements regarding forecast silver production, silver grades, recoveries, potential mineralization, exploration result, future plans and objectives of the Company and the business*

*and anticipated financial performance of the Company. These statements are forward-looking statements that involve various risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to mining and processing of mined ore, achieving projected recovery rates, anticipated production rates and mine life, operating efficiencies, costs and expenditures, changes in mineral resources and reserves, and other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or does not expect”, “is expected”, “anticipates” or “does not anticipate” “plans”, “estimates” or “intends” or stating that certain actions, events or results “ may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking statements.*

*Actual results may differ materially from results contemplated by the forward-looking statements. Important factors that could differ materially from the Company’s expectations include, among others, risks related to international operations, unsuccessful exploration results, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as changes in metal prices, changes in the availability of funding for mineral exploration and development, unanticipated changes in key management personnel and general economic conditions. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Company does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf, except as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking statements.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*