

Aurcana Reports Q2, 2014 Financial Results

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 29, 2014) - [Aurcana Corp.](#) ("**Aurcana**" or the "**Company**") (TSX VENTURE:AUN)(OTCQX:AUNFF") is pleased to report its unaudited financial results for the second quarter ended June 30, 2014 ("Q2"). 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 June 30, 2014, together referred to as the "Financial Statements", which have been filed on SEDAR (www.sedar.com) and the Company's website (<http://www.aurcana.com>). All figures are in US dollars unless otherwise noted.

The most significant highlights for the 2nd quarter ending June 30, 2014 were:

- Silver equivalent ounces produced decreased by 4%, with 786,505 ounces produced in Q2, 2014, compared to 818,060 in Q2, 2013.
- Silver production was down 6% to 329,368 ounces in Q2, 2014, compared to 351,210 ounces in Q2, 2013.
- Revenues decreased \$2.1 million to \$9.2 million in Q2, 2014 from \$11.3 million in Q2, 2013, mainly due to a combination of lower metal prices, lower amount of ounces sold and higher TCRC deductions.
- Mineralization milled was down 1% to 232,763 tonnes in Q2, 2014, compared to 235,388 tonnes in Q2, 2013.
- The average silver grade was 55 grams per tonne (g/t) in Q2, 2014 compared to 59 g/t in Q2, 2013, due to increased throughput of lower grade mineralization
- Cash cost per silver equivalent ounce increased 16% to \$10.29 in Q2, 2014, compared to \$8.90 in Q2, 2013, due to lower silver ounces produced and increased production costs.

Revenue

During the quarter ended June 30, 2014, the Company generated revenues from the sale of 272,027 ounces of silver (Q2, 2013: 315,070 ounces); 2,869 tonnes of copper concentrate (Q2, 2013: 2,548 tonnes); 4,138 tonnes of zinc concentrate (Q2, 2013: 4,881 tonnes); and 731 tonnes of lead concentrate (Q2, 2013: 843 tonnes); for total net revenues of \$9.2 million (Q2, 2013: \$11.3 million).

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

Earnings

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

Operations Review

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

- In July, 2014, Kevin Drover was appointed President and Chief Executive Officer of Aurcana. Kevin has more than 40 years' of experience in mining operations including as VP of Operations at [Kinross Gold Corp.](#)
- Management has initiated a review of all facets of the Company including capital expenditures, staffing levels, cost controls and resource estimates. At La Negra the immediate focus will be on cost reductions, productivity and efficiency improvements, reducing mining dilution and improving grade estimation practices and control.
- During the month of July a number of changes were implemented at the La Negra mine including a change in mining method that has resulted in an improvement in the silver grade from an average of 50g/t in June to an average of 68g/t in July, a 36% improvement.
- In addition, Aurcana has commissioned a new resource estimate for its La Negra mine. Updated details of the Company's operations at La Negra, including an updated resource estimate, will be contained within a Technical Report issued within 45 days of the Company's initial reporting of the results of the resource estimate.

The resource estimate will be done in accordance with 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 Company has engaged AMC Mining Consultants (Canada) Ltd. to complete this work, with an anticipated completion date in the fourth quarter of 2014.

The objective in preparing a new resource estimate is to provide shareholders with updated information on the grade, tonnages and metal potential at La Negra and to provide Aurcana's mine management with a more reliable and current model for production planning.

Since the previous resource estimates dated June 30, 2012, mining operations at La Negra have ramped-up to approximately 3,000 tonnes per day, resulting in a larger draw-down of lower grade mineralization. Over the past 26 months there have been significant downward movements in metal prices and while the Company expects commodity prices to improve over time, the changes call into question the current applicability of some of the underlying assumptions in the existing resource model, including metal prices. At the La Negra operation, the Company has been able to successfully explore and develop new zones of mineralization as well as extend known zones such that approximately 35% of current production comes from areas outside the earlier block models. Aurcana's new management group feel that these factors dictate the need for a revised resource estimate.

- The technical information in this Release has been reviewed and approved by Jerry Blackwell, P. Geol. A Director of the Company and Qualified Person for purposes of National Instrument 43-101.
- In addition to the above, the Board and Management will be exploring alternatives that could result in an improved balance sheet and increased shareholder value.

To improve the Company's short term liquidity, Orion Mine Finance (Master) Fund I LP ("Orion"), an affiliate of Orion Mine Finance Group, has agreed to defer principal and interest payments during July, August and September, 2014, which would otherwise be due under Aurcana's senior secured credit facility with Orion. These amounts will be added as a principal and amortized ratably 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 has agreed to extend the copper, zinc and lead off-take agreements with Orion by one additional year, to 2021. For more information on the credit facility and the offtake agreements, see the Company's news releases dated April 29 and 30, 2014.

The company also announces the appointment of Donna Moroney as Corporate Secretary of the company.

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

To read the complete Condensed Interim Consolidated Financial Statements click on this link: <http://www.aurcana.com/i/pdf/2014-Q2-FS.pdf> or go to Company's profile at www.sedar.com

To read the complete Management Discussion and Analysis click on this link:

<http://www.aurcana.com/i/pdf/2014-Q2-FS.pdf> or go to Company's profile at www.sedar.com

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 and www.otcmarts.com.

The Company also announces the appointment of Donna Moroney as Corporate Secretary of the Company and that the TSX Venture Exchange has approved an amendment to the Company's Stock Option Plan (the "Plan"), which is a fixed plan, to increase the number of shares reserved for issuance under the Plan to 8,379,852 which remains less than 10% of the total issued and outstanding shares of the Company.

About Aurcana Corporation

[Aurcana Corp.](http://www.aurcana.com) 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.

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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.

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