



AURA SILVER RESOURCES INC.
1128 Clapp Lane, P. O. Box 279, Manotick, Ontario K4M 1A3

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders (the "Meeting") of Aura Silver Resources Inc. (the "Corporation") will be held at the offices of Fasken Martineau DuMoulin LLP, 66 Wellington Street West, Suite 4200, Toronto Dominion Bank Tower, Toronto, Ontario on Tuesday, June 29, 2010 commencing at 10:30 a.m. (EDT) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2009 together with the report of the auditors thereon;
2. to elect directors;
3. to appoint PricewaterhouseCoopers LLP as auditors of the Corporation and to authorize the directors to fix the auditors' remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice are the circular containing details of the matters to be dealt with at the Meeting, the audited consolidated financial statements of the Corporation for the year ended December 31, 2009 together with management's discussion and analysis thereon, and a form of proxy.

Shareholders who are unable to attend the Meeting in person are requested to complete and sign the accompanying form of proxy and return it by mail in the enclosed return envelope or by facsimile or by Internet. To be effective, proxies must be received by the Corporation's transfer agent, Equity Transfer & Trust Company, Suite 400, 200 University Avenue, Toronto Ontario M5H 4H1, Attention: Proxy Department, or by facsimile at 1-416-595-9593 or by Internet prior to 5:00 p.m. (EDT) on Monday, June 28, 2010 or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to when any adjournment thereof is to be held, or may be deposited with the Chair of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof.

DATED at Ottawa, Ontario, this 7th day of May, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "John McNeice"
Corporate Secretary

AURA SILVER RESOURCES INC.**MANAGEMENT PROXY CIRCULAR****SOLICITATION OF PROXIES**

This management proxy circular (the “Circular”) is furnished in connection with the solicitation by the management of Aura Silver Resources Inc. (the “Corporation”) of proxies for use at the Meeting to be held at the offices of Fasken Martineau DuMoulin LLP, 66 Wellington Street West, Suite 4200, Toronto Dominion Bank Tower, Toronto, Ontario on Tuesday, June 29, 2010 commencing at 10:30 a.m. (EDT), and at any adjournment thereof, for the purposes set forth in the notice of meeting (the “Notice”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers, employees or representatives of the Corporation. All costs of solicitation will be borne by the Corporation. The information contained herein is given as at May 7, 2010, unless otherwise indicated.

All dollar amounts in this Circular are in Canadian dollars, except where otherwise indicated. References to “\$” are to Canadian dollars and references to “US\$” are to United States dollars. On May 7, 2010, the noon exchange rate of Canadian currency in exchange for United States currency, as reported by the Bank of Canada, was \$1.00 = US\$0.9587.

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are officers of the Corporation. ***Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof.*** Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.

VOTING INSTRUCTIONS**Registered Shareholders**

There are two methods by which registered shareholders (“Registered Shareholders”), whose names are shown on the books or records of the Corporation as owning common shares (“Common Shares”), can vote their Common Shares at the Meeting: in person at the Meeting, or by proxy. Should a Registered Shareholder wish to vote in person at the Meeting, the form of proxy included with the Circular should not be completed or returned; rather, the Registered Shareholder should attend the Meeting where his or her vote will be taken and counted. Should the Registered Shareholder not wish to attend the Meeting or not wish to vote in person, his or her vote may be voted by proxy through one of the methods described below and the Common Shares represented by the proxy will be voted or withheld from voting, in accordance with the instructions as indicated in the form of proxy, on any ballot that may be called for, and if a choice was specified with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

A Registered Shareholder may vote by proxy by using one of the following methods: (i) the paper form of proxy to be returned by mail or delivery; (ii) facsimile, or (iii) the Internet. The methods of using each of these procedures as follows:

Voting by Mail. A Registered Shareholder may vote by mail or delivery by completing, dating and signing the enclosed form of proxy and depositing it with Equity Transfer & Trust Company (the “Transfer Agent”) using the envelope provided or by mailing it to Equity Transfer & Trust Company, Suite 400, 200 University

Avenue, Toronto Ontario M5H 4H1, Attention: Proxy Department, or to the Corporate Secretary of the Corporation, by no later than the close of business on June 28, 2010, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Voting by Facsimile. A Registered Shareholder may vote by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to the Transfer Agent at 1-416-595-9593. The form of proxy must be received by no later than the close of business on June 28, 2010, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Voting by Internet. Registered Shareholders may vote by internet by accessing the following website: www.voteproxyonline.com. When you logon to the site you will be required to input a control number as instructed on the logon page. Please see the additional information enclosed with the Circular. Registered Shareholders may vote by internet up to 5:00 p.m. (EDT) on June 28, 2010, (or 5:00 p.m. (EDT) on the day preceding any adjournment of the Meeting date).

A proxy must be in writing and must be executed by the Registered Shareholder or by an attorney authorized in writing or, if the Registered Shareholder is a corporation or other legal entity, by an authorized officer or attorney. Voting by mail is the only method by which a Registered Shareholder may choose an appointee other than the management appointees named on the proxy.

Non-Registered Shareholders

In the Circular and the enclosed form of proxy and Notice, all references to shareholders are to Registered Shareholders of Common Shares. Only Registered Shareholders of Common Shares, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Shareholder" or "Beneficial Owner") are registered either:

- (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Beneficial Owners, those who object to their name being made known to the Corporation, referred to as objecting beneficial owners ("OBOs") and those who do not object to being known by the Corporation, referred to as non-objecting beneficial owners ("NOBOs"). In accordance with the requirements of *National Instrument 54-101—Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has opted this year to distribute copies of the Notice, Circular, the enclosed form of proxy and the Corporation management's discussion and analysis of financial condition and results of operations and consolidated financial statements for the fiscal year ended December 31, 2009 (collectively, the "Meeting Materials") to NOBOs directly. Whereas, the Meeting Materials will continue to be distributed to OBOs through clearing houses and Intermediaries, who often use a service company (such as Broadridge Financial Solutions, Inc. ("Broadridge")) to forward Meeting Materials to Non-Registered Shareholders.

The Meeting Materials are being sent to both Registered and Non-Registered Shareholders of the Common Shares. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these Meeting Materials directly to you, your name, address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Objecting Beneficial Owners

Intermediaries are required to forward Meeting Materials to OBOs unless an OBO has waived the right to receive them. Generally, OBOs who have not waived the right to receive Meeting Materials will usually receive a voting instruction form (“VIF”) from Broadridge in lieu of the form of proxy from the Corporation. The VIF will name the same person as the proxy to represent the shareholder at the Meeting. A shareholder as the right to appoint a person (who need not be a shareholder of the Corporation) other than persons designated in the VIF, to represent the shareholder at the Meeting. To exercise this right, the shareholder should insert the name of the desired representative in the blank space provided in the VIF. You are asked to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, you can call Broadridge’s toll free telephone number or access Broadridge’s Internet website to vote your Common Shares. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it cannot be used as a proxy to vote Common Shares directly at the Meeting as the VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such Common Shares.**

Non-Objecting Beneficial Owners

NOBOs can expect to receive the Meeting Materials with a VIF from the Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided or by following the instructions contained on the VIF for facsimile, telephone or Internet voting. The Transfer Agent will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. **If you receive a VIF from the Transfer Agent, it cannot be used as a proxy to vote Common Shares directly at the Meeting as the VIF must be returned to Transfer Agent well in advance of the Meeting in order to have the Common Shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such Common Shares.**

The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares they beneficially own. Should a Non-Registered Shareholder who receives either a proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions on the form.

In any event, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and Broadridge or other service company or the Transfer Agent, as the case may be.

REVOCATION OF PROXIES

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so by delivering another properly executed proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; or by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder's attorney authorized in writing, by one of the following methods: (A) at the registered office of the Corporation (1128 Clapp Lane, P. O. Box 279, Manotick, Ontario K4M 1A3) at

any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, (B) with the Chair of the Meeting, prior to its commencement, on the day of the Meeting or at any adjournment thereof; (C) by attending the Meeting in person and so requesting; or (D) in any other manner permitted by law.

A Non-Registered Shareholder may revoke a VIF or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a VIF or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

VOTING AND DISCRETION OF PROXIES

On any ballot that may be called for, the Common Shares represented by proxies in favour of the persons named by management of the Corporation will be voted for or against, or voted for or withheld from voting on, the matters identified in the proxy, in each case in accordance with the instructions of the shareholder. **In the absence of any instructions on the proxy, it is the intention of the persons named by management in the accompanying form of proxy to vote (a) FOR the election of management's nominees as directors, and (b) FOR the appointment of management's nominee as auditor and the authorization of the directors to fix the remuneration of the auditor.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice or any other matters that may properly come before the Meeting. As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

As at May 7, 2010, the authorized capital of the Corporation consisted of an unlimited number of Common Shares, of which 53,896,902 Common Shares were issued and outstanding.

A holder of record of Common Shares as at the close of business on May 11, 2010 (the "Record Date") is entitled to one vote for each Common Share held by him or her. The affirmative vote of a majority of the votes cast at the Meeting is required for approval of each matter set forth in this Circular.

In accordance with the *Canada Business Corporations Act*, the Corporation will prepare a list of holders of Common Shares on the Record Date. Each holder of Common Shares named in the list at the close of business on the Record Date will be entitled to vote the Common Shares shown opposite his or her name on the list at the Meeting.

As of May 7, 2010, to the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Common Shares.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The articles of the Corporation provide that the board of directors of the Corporation (the “Board of Directors”) shall consist of a minimum of three and a maximum of eleven directors, the number of which may be fixed from time to time by a resolution of the Board of Directors. The Corporation currently has four directors. The number of directors proposed to be elected at the Meeting is four.

The following table lists certain information concerning the nominees for election as directors of the Corporation. The information as to principal occupations and the number of Common Shares beneficially owned or over which control or direction is exercised by each nominee has been furnished by the respective nominees individually.

Name and Municipality of Residence	Position with Corporation and Principal Occupation Within the Past Five Years	Period(s) of Service as a Director ⁽³⁾	Common Shares Beneficially Owned or Subject to Control or Direction
Robert Boaz ⁽⁴⁾ Mississauga, Ontario	President, Chief Executive Officer and Director Investment Professional	September 2006 – present	1,367,000
W. William Boberg ⁽¹⁾ Morrison, Colorado	Director and consultant to the Corporation President and Chief Executive Officer of Ur-Energy Inc.	June 2008 – Present	Nil
Eric Craigie ⁽¹⁾⁽²⁾⁽³⁾ North Vancouver, British Columbia	Vice-President, Exploration and Director and consultant to the Corporation Consulting Geologist	December 2005 – present	600,000
James M. Franklin ⁽¹⁾⁽²⁾⁽³⁾ Ottawa, Ontario	Director and consultant to the Corporation Consulting Geologist / Adjunct Professor of Geology Queen’s University, Laurentian University and University of Ottawa	December 2005 – present	847,500

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) The Corporation completed its reverse takeover of Marcus Energy Holdings Inc. (the “RTO”) in December 2005. Prior to the RTO, each of James Franklin and Eric Craigie became directors of the Corporation in October 2003.

(4) Mr. Boaz became President and Chief Executive Officer of the Corporation on April 1, 2008.

Robert Boaz, *M. Economics, Hon. BA*

President, Chief Executive Officer & Director

Mr. Boaz has 18 years in the investment banking business after a career in the power and natural gas industry, working in management positions for Ontario Hydro, Saskatchewan Power and Consumers Gas. He has held senior management positions in a number of firms in the investment industry with direct responsibilities related to research, portfolio management, institutional sales and investment banking. From 2004 to March 2006, Mr. Boaz was Managing Director Investment Banking with Raymond James Ltd. in Toronto. From 2000 to 2004 Mr. Boaz was Vice President and Head of Research and in-house portfolio strategist for Dundee

Securities Corporation. Mr. Boaz is a director of AuEx Ventures Inc. and chair of the board of directors and audit committee of Solex Resources Corp. Mr. Boaz was formerly a director of Ur-Energy Inc. from March 2006 to May 2010.

W. William Boberg, M.Sc, P. Geo

Director

Mr. Boberg has over 40 years experience as a geologist, investigating, assessing and developing a wide variety of mineral resources in a broad variety of geologic environments in Western North America, South America and Africa. Mr. Boberg has over 18 years experience exploring for uranium in the continental United States. He has worked for Continental Oil Corporation, Wold Nuclear, Kennecott Exploration Inc., Western Mining Corporation, Canyon Resources Corporation and Patrician Gold. He has his Masters degree in Geology from the University of Colorado. He is a registered Wyoming Professional Geologist. Mr. Boberg is the President, Chief Executive Officer and a director of Ur-Energy Inc.

Eric Craigie, B. Sc. Hon. Geo

Vice-President, Exploration & Director

Mr. Craigie has 40 years experience as a mineral exploration geologist. His career began in 1970, working on uranium projects in central and northern Canada. From 1978 until 1984, he managed the eastern Canadian exploration office of BP Minerals and from 1984 until 1992 he was in charge of diamond exploration for the Selection Trust Division of BP Resources. Since 1992, he has been a consulting geologist working extensively for diamond, gold, base metal and uranium explorers in Canada, USA, Africa and Asia. Mr. Craigie was formerly President and a director of Diamond International Exploration Inc. and is currently Vice President of Exploration of Diamond International Exploration Inc. Mr. Craigie was Senior Vice President Exploration and a director of Ur-Energy Inc. from March 2004 to June 2007.

James M. Franklin, Ph. D., FRSC, P. Geo

Director

Dr. Franklin has over 40 years experience as a geologist. He is a Fellow of the Royal Society of Canada. Since January 1998, he has been an Adjunct Professor at Queen's University, since 2001, at Laurentian University and since 2006 at the University of Ottawa. He is a past President of the Geological Association of Canada and of the Society of Economic Geologists. He retired as Chief Geoscientist, Earth Sciences Sector, the Geological Survey of Canada in 1998. Since that time, he has been a consulting geologist and is currently a director of Ur-Energy Inc. (since March 2004) and Spider Resources Ltd. (since July 2006).

Corporate Cease Trade Orders or Bankruptcies

None of the directors or officers of the Corporation is, or has been within the ten years before the date of this Circular, a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days or was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that company.

Penalties or Sanctions

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

None of the directors or officers of the Corporation has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director or officer.

Appointment of Auditors

At the Meeting, it is proposed to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders with their remuneration to be fixed by the Board of Directors. PricewaterhouseCoopers LLP and its affiliates have been the auditors of the Corporation since December 2005.

The aggregate fees billed by PricewaterhouseCoopers LLP for audit and audit-related services in relation to the Corporation during the financial year ended December 31, 2009 were \$19,500. No fees were billed with respect to non-audit services during 2009.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The Corporation completed an RTO in December 2005 which resulted in the operations of Au Martinique Inc. being assumed by Marcus Energy Holdings Inc. Marcus Energy Holdings Inc. was renamed Au Martinique Silver Inc. and then renamed Aura Silver Resources Inc. in August 2006.

The following table sets forth the summary information concerning compensation paid or earned by the Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (collectively, the "Named Executive Officers") during the three most recently completed financial years. No other executive officers of the Corporation earned over \$150,000 in salary and bonus during the year ended December 31, 2009.

Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Robert Boaz ⁽⁴⁾⁽⁵⁾ President and Chief Executive Officer	2009	-	-	-	-	-	-	\$96,000	\$96,000
	2008	-	-	\$38,500	-	-	-	\$72,000	\$110,500
	2007	-	-	\$8,250	-	-	-	-	\$8,250
John McNeice ⁽⁶⁾⁽⁷⁾ Chief Financial Officer	2009	-	-	-	-	-	-	\$113,062	\$113,062
	2008	-	-	\$15,400	-	-	-	\$80,719	\$96,119
	2007	-	\$5,000	\$12,375	-	-	-	\$58,375	\$75,750

(1) All of the officers of the Corporation are currently independent contractors and are therefore not salaried employees. The table above includes Named Executive Officers and does not include other executive officers of the Corporation, none of which earned total annual compensation in excess of \$150,000.

- (2) Includes Common Shares issued pursuant to agreements (“Contractor Shares”) earned upon successful completion of the RTO and during 2007.
- (3) Grant date fair values of stock option awards were determined in accordance with the Canadian Institute of Chartered Accountants’ Handbook Section 3870 utilizing the Black-Scholes option pricing model. Assumptions utilized are disclosed in the notes to the Corporation’s consolidated financial statements.
- (4) On April 1, 2008, Mr. Robert Boaz was appointed President and CEO of the Corporation.
- (5) After becoming President and CEO of the Corporation in April 2008, Mr. Boaz was granted stock options for 500,000 Common Shares on April 28, 2008 with an exercise price of \$0.17 expiring April 1, 2013. In 2007, Mr. Boaz, as director of the Corporation, was granted stock options for 50,000 Common Shares on February 13, 2008 with an exercise price of \$0.30 expiring February 1, 2012. In 2006, Mr. Boaz, as a director of the Corporation, was granted stock options for 250,000 Common Shares on September 11, 2006 with an exercise price of \$0.18 expiring September 1, 2011.
- (6) Mr. McNeice became CFO of Au Martinique Inc. on September 1, 2004. Mr. McNeice became the CFO of the Corporation in December 2005 and was appointed Corporate Secretary in March 2006. Effective January 1, 2008, Mr. McNeice’s services to the Corporation are provided by 6905498 Canada Inc., an external management company, of which Mr. McNeice is a principal.
- (7) In 2008, Mr. McNeice was granted stock options for 200,000 Common Shares on April 28, 2008 with an exercise price of \$0.17 expiring April 1, 2013. In 2007, Mr. McNeice was granted stock options for 75,000 Common Shares on February 13, 2007 with an exercise price of \$0.30 expiring February 1, 2012. In 2006, Mr. McNeice was granted stock options for 225,000 Common Shares on January 13, 2006 with an exercise price of \$0.15 expiring January 1, 2011 and was granted stock options for 75,000 Common Shares on April 13, 2006 with an exercise price of \$0.25 expiring April 1, 2011.

COMPENSATION DISCUSSION AND ANALYSIS

The following provides a background to and description of all significant elements of compensation paid to or earned by the Named Executive Officers for the most recently completed financial year.

The Corporation relies on a limited number of individuals all of whom are independent contractors to the Corporation. All of the Named Executive Officers also provide services to other junior resource companies and dedicate only a portion of their time to the affairs of the Corporation. Compensation provided to the Named Executive Officers is comprised of cash payments for regular recurring service and periodic stock option grants.

The Corporation’s process for determining executive compensation is straightforward. The Corporation relies solely on the Corporation’s Compensation Committee and Board of Directors’ discussions without any formal objectives or criteria. The Compensation Committee and Board of Directors’ assess hourly, per diem or monthly cash compensation paid to the Named Executive Officers based on their judgement of prevailing market rates for similar services and based upon the proportion of the total time that each individual will dedicate to the affairs of the Corporation. The objectives of the Named Executive Officers are closely aligned with management and the Board of Directors’ objectives in respect of the Corporation’s current and potential exploration projects.

Consulting Contracts

Mr. Robert Boaz entered into a consulting agreement with the Corporation on April 1, 2008 to be President and CEO of the Corporation. Mr. Boaz receives \$8,000 per month and works a minimum of 80 hours per month. As provided for in the agreement, the Board of Directors granted Mr. Boaz stock options for 500,000 Common Shares on April 28, 2008 at an exercise price of \$0.17. These stock options were fully exercised during 2009. Either party can terminate the agreement on 90 days written notice.

Au Martinique Inc. entered into a consulting agreement with Mr. John McNeice on September 1, 2004, as amended January 1, 2005 and January 1, 2007. Effective January 1, 2008, Mr. McNeice’s services to the Corporation are provided by 6905498 Canada Inc., an external management company, of which Mr. McNeice is a principal. 6905498 Canada Inc. charges \$125 per hour for his services to the Corporation. Mr. McNeice is entitled to receive options for Common Shares under the terms and conditions of the Plan and as determined by the Board of Directors.

Stock Options

The Corporation adopted the Aura Silver Resources Inc. Stock Option Plan (the “Plan”) in order to advance the interests of the Corporation by providing directors, officers, employees and consultants with a financial incentive tied to the long-term financial performance of the Corporation and continued service or employment with the Corporation.

At the time of approval in May 2007, a total of 19.98% of the Corporation’s issued and outstanding Common Shares were reserved for issuance pursuant to the Plan or 5,700,000 Common Shares. As of May 7, 2010, 1,574,500 Common Shares (representing 2.92% of the currently outstanding Common Shares) are issuable upon the exercise of currently outstanding options and 4,125,500 Common Shares (representing 7.65% of the currently outstanding Common Shares) are available for future option grants. The number of shares reserved is subject to adjustment if the Common Shares are subdivided, consolidated, converted or reclassified or the number of Common Shares varies as a result of a stock dividend or an increase or a reduction in the share capital of the Corporation.

Under the Plan, options may be granted to all directors, officers, employees and consultants of the Corporation. The maximum number of Common Shares that may be reserved for issuance to any one person under the Plan is 5% of the number of Common Shares outstanding at the time of reservation. The exercise price for Common Shares subject to an option is determined by the Board of Directors at the time of grant and may not be less than the Discounted Market Price, as that term is defined by the TSX Venture Exchange, of the Common Shares at the time the option is granted. Options are exercisable as to 10% immediately on the date of grant; with an additional 15% becoming exercisable each quarter thereafter, for a period of six quarters, with all options being fully vested at eighteen months from the date of grant, subject to the right of the Board of Directors to determine at the time of a particular grant that such options will become exercisable on different dates. Options under the Plan are subject to early termination under certain circumstances including death, resignation and dismissal. An option may be for a term of up to five years and may not be assigned.

The Plan and the terms of any outstanding option may be amended at any time by the Board of Directors subject to any required regulatory or shareholder approvals, provided that where such an amendment would prejudice the rights of an option holder under any outstanding option, the consent of the option holder is required to be obtained.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all option-based and share-based awards granted to each of the Named Executive Officers that were granted before, and remain outstanding as of the end of, the most recently completed financial year ended December 31, 2009.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robert Boaz ⁽¹⁾	Nil	n/a	n/a	n/a	n/a	n/a
John McNeice ⁽²⁾	30,000 75,000	\$0.17 \$0.30	April 1, 2013 February 1, 2012	\$900	Nil	Nil

(1) During 2009, Mr. Boaz exercised all stock options previously granted to him. In total, 800,000 stock options were exercised at prices ranging from \$0.17 to \$0.30 per share.

(2) During 2009, Mr. McNeice exercised a total of 470,000 stock options previously granted to him at prices ranging from \$0.15 to \$0.25 per share.

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2009

The following table sets forth information concerning the value vested or earned in respect of incentive plan awards during the financial year ended December 31, 2009, by each of the Named Executive Officers.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Boaz	\$6,000	Nil	Nil
John McNeice	\$2,400	Nil	Nil

(1) Based on the difference between the exercise price of the stock options and the closing trading price on the TSX Venture Exchange as of the vesting date.

Indebtedness of Directors, Executive Officers and Others

At no time since the beginning of the Corporation's last financial year was any director, executive officer, proposed nominee for election as a director, or any of their respective associates indebted to the Corporation or any of its subsidiaries, nor was the indebtedness of any such person to another entity the subject of any guarantee, support agreement, letter of credit or similar arrangement provided by the Corporation or any of its subsidiaries.

Compensation of Directors

Directors who are non-executive officers of the Corporation are eligible to receive options for Common Shares. All directors are reimbursed for payments on account of travelling and other out-of-pocket expenses incurred in attending Board of Directors' meetings.

Non-Management Director Compensation for the Financial Year Ended December 31, 2009

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
James Franklin	Nil	Nil	Nil	Nil	Nil	\$51,000 ⁽¹⁾	\$51,000
W. William Boberg	Nil	Nil	Nil	Nil	Nil	Nil ⁽²⁾	Nil
Jeffrey Klenda ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Dr. Franklin is a principal of Franklin Geosciences Ltd. which has a consulting arrangement with the Corporation under which it invoices the Corporation on a per diem basis for geological consulting services performed by Dr. Franklin.
- (2) W. William Boberg has a consulting arrangement with the Corporation under which Mr. Boberg invoices the Corporation on a per diem basis for geological consulting services.
- (3) Mr. Klenda resigned as a director of the Corporation effective November 11, 2009.

Directors' and Officers' Liability Insurance

The Corporation has entered into a directors' and officers' liability insurance policy for the benefit of the directors and officers of the Corporation and its subsidiary. The annual limit for all claims under the policy is \$5 million, subject to a per claim deductible of \$25,000. The annual premium payable by the Corporation under the policy is \$15,000. The Corporation's current coverage under the policy continues until August 29, 2010.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain summary information concerning the Corporation's equity compensation plans as at December 31, 2009. The Corporation has instituted the Aura Silver Resources Inc. Stock Option Plan and directors, officers, employees and contractors are eligible to participate in the Plan.

	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options (CS)	Number of Common Shares Remaining for Future Issuance (Excluding Common Shares to be Issued Upon Exercise of Outstanding Options)
Equity compensation plans approved by securityholders (Stock Option Plan)	2,424,500	\$0.22	3,275,500
Total	2,424,500		3,275,500

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Circular, no insider of the Corporation or proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or will materially affect the Corporation or its subsidiary.

Certain of the Corporation's officers and directors also serve as directors and officers of one or more public companies as identified in the biographies of each of the directors under "Election of Directors" in this Circular. Such directors and officers are also in many cases shareholders of one or more of the foregoing companies. While there is a potential for conflicts of interest to arise in such situations, that potential is minimized because of the nature of each company.

To date, no situations of potential conflict have arisen as a result of the cross directorships and cross shareholdings. Except as otherwise disclosed in this Circular, no person who has been a director or senior officer of the Corporation since the commencement of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Introduction

The Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Board of Directors has reviewed the corporate governance best practices identified in National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (collectively, the "CSA Guidelines"). The Board of Directors is committed to ensuring that the Corporation follows best practices. The Corporation's specific disclosure relative to these guidelines is set out below.

Board of Directors

The responsibility of the Board of Directors is to supervise the management of the business and affairs of the Corporation in accordance with the best interests of the Corporation and all of its shareholders. In discharging its responsibility, the Board of Directors reviews the performance of the President and CEO and oversees and reviews the development and implementation of the following significant corporate plans and initiatives:

- the Corporation's strategic planning and budgeting process;
- succession planning, including appointing, training and monitoring senior management; and
- the Corporation's public communications policies and continuous disclosure record.

The Board of Directors meets at least four times a year and more frequently if required. In 2009, the Board of Directors met twelve times. In addition, the Board of Directors took four actions by written resolution.

Board Composition

The Board of Directors is composed of four directors. All directors are elected annually.

The Corporation's four directors include Eric Craigie, James Franklin, Robert Boaz and W. William Boberg. Mr. Jeffrey Klenda resigned as a director effective November 11, 2009. Mr. Boberg and Mr. Franklin are independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director's judgment). Mr. Boaz became President and CEO on April 1, 2008 and, therefore, is not an independent director. Mr. Craigie is Vice President, Exploration for the Corporation and is not an independent director. In determining whether a director is independent, the Board of Directors considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Corporation.

Several members of the Board of Directors are directors of other reporting issuers as identified in the biographies of each of the directors under "Election of Directors" in this Circular.

Board Committees

There are two permanent Board committees: (i) the audit committee ("Audit Committee") and (ii) the compensation committee ("Compensation Committee"). The Board of Directors may also appoint other temporary or permanent committees from time to time for particular purposes.

Currently, the Board of Directors does not have a corporate governance committee or nominating committee. The Board of Directors as a whole evaluates corporate governance requirements, the conduct of the Board of Directors and the respective roles of the committees; and identifies and recommends for nomination candidates for election as directors. The Board of Directors looks at the education and experience of potential nominees to the Board of Directors.

The following sets out the report of the Audit Committee as well as a summary of the responsibilities and activities of the Compensation Committee.

Audit Committee Report

Messrs. Boberg, Franklin and Craigie are current members of the Audit Committee. During November 2009, Mr. Klenda ceased to be Chair of the Audit Committee upon his resignation. Mr. Boberg was appointed Chair of the Audit Committee and Mr. Craigie joined the Audit Committee during November 2009.

Each of the members of the Audit Committee is financially literate as defined in National Instrument 52-110. The education and experience of each member of the Audit Committee is set forth under the heading "Election of Directors" in this Circular. During the year ended December 31, 2009, the Audit Committee met four times. In addition, the Audit Committee took one action by written resolution. The Corporation as a venture issuer has relied on the exemptions in Section 6.1 of National Instrument 52-110 ("NI 52-110") exempting the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

The Audit Committee charter was adopted in July 2005 as part of the annual meeting of shareholders which approved the RTO and a copy is available electronically at www.sedar.com. The Audit Committee assists the Board of Directors in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Audit Committee, as set out in the Audit Committee charter, include the following:

- reviewing for recommendation to the Board of Directors for its approval the principal documents comprising the Corporation's continuous disclosure record, including interim and annual financial statements and management's discussion and analysis;

- recommending to the Board of Directors a firm of independent auditors for appointment by the shareholders and reporting to the Board of Directors on the fees and expenses of such auditors. The Audit Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Audit Committee has the authority to approve all audit engagement fees and terms and the Audit Committee, or a member of the Audit Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation's independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the CFO;
- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management's response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Audit Committee maintains direct communication during the year with the Corporation's independent auditor and the Corporation's senior officers responsible for accounting and financial matters.

The Audit Committee has reviewed and discussed with management and the independent auditors the consolidated financial statements of the Corporation as at December 31, 2009 and management's discussion and analysis. Based on that review and on the report of the independent auditor of the Corporation, the Audit Committee recommended to the Board of Directors that the Corporation's consolidated financial statements and management's discussion and analysis be approved and filed with Canadian regulatory authorities.

The Audit Committee has recommended to the Board of Directors that the shareholders of the Corporation be requested to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as the independent auditor for 2010.

For the years ended December 31, 2009 and 2008, the fees paid by the Corporation for audit work and other services performed by PricewaterhouseCoopers LLP were as follows:

	2009	2008
Audit Services	\$19,500	\$16,000
Audit-Related Services	–	–
Tax Services	–	–
Other Services	–	–
Total	\$19,500	\$16,000

Audit Service Fees

Audit service fees were paid for professional services rendered by the auditors for (i) audit of the consolidated financial statements including the services provided in connection with statutory and regulatory filings, and (ii) consultations related to capital transactions, including comfort letters, consents and assistance with and review of documents filed with securities regulatory authorities.

Audit-Related Services Fees

No audit-related service fees were paid.

Tax Service Fees

No tax service fees were paid.

Other Service Fees

No other service fees were paid.

Pursuant to the Audit Committee charter, the Audit Committee approved in advance all auditing services of the external auditors and related fees and terms and all non-audit service mandates including related fees and terms, to the extent permitted by applicable laws, regulations and policies. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve non-audit services to be provided by the external auditors provided that any such approvals made by the designated individuals will be reported to the full Audit Committee at its next scheduled meeting.

Compensation Committee

The Compensation Committee assists the Board of Directors in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. The Board adopted terms of reference for the Compensation Committee in June 2008 and its mandate includes reviewing compensation for executive officers and directors and making recommendations to the Board of Directors on compensation including under equity incentive programs and succession planning.

The Compensation Committee met one time during 2009. In 2009, the Board of Directors as a whole also participated in decisions related to personnel matters, compensation and succession. The current members of the Compensation Committee are Mr. Craigie (Chair) and Mr. Franklin. Mr. Klenda ceased to be a member of the Compensation Committee in 2009.

Summary of Committee Memberships and Record of Attendance for 2009

During the year ended December 31, 2009, the Board of Directors of the Corporation and its committees held the following numbers of meetings:

Board of Directors.....	12 ⁽¹⁾
Audit Committee (“AC”).....	4 ⁽²⁾
Compensation Committee (“CC”).....	1
Total number of meetings held.....	17

(1) In addition to the meetings held by the Board of Directors, four actions were taken by resolution in writing.

(2) In addition to the meetings held by the Audit Committee, one action was taken by resolution in writing.

Director	Committee Memberships	Board Meetings Attended	Committee Meetings Attended
Jeffrey Klenda ⁽¹⁾	AC	10	AC-3; CC-0
Eric Craigie ⁽²⁾	AC, CC	11	AC-1; CC-1
James M. Franklin	AC, CC	11	AC-3; CC-1
Robert Boaz	None	12	n/a
W. William Boberg	AC	12	AC- 4

(1) Mr. Klenda ceased to be a member of the Compensation Committee during March 2009. Mr. Klenda resigned from the Board of Directors and Audit Committee effective November 11, 2009.

(2) Mr. Craigie joined the Audit Committee on November 25, 2009.

Ethical Conduct

The Board of Directors adopted a Code of Ethics (the “Code”) in June 2008. All directors, officers, employees and consultants of the Corporation are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. The Board of Directors is responsible for the application of the Code to the affairs of the Corporation and the periodic review of the Code.

Shareholder Feedback

The Board of Directors believes that management should speak for the Corporation in its communications with shareholders and others in the investment community and that the Board of Directors should be satisfied that appropriate investor relations programs and procedures are in place. Management meets regularly with shareholders and others in the investment community to receive and respond to shareholder feedback.

The Board of Directors regularly reviews the Corporation’s major communications with shareholders and the public, including management information circulars.

Expectations of Management

The Board of Directors believes that it is appropriate for management to be responsible for the development of long-term strategies for the Corporation. Meetings of the Board of Directors are held, as required, to specifically review and deal with long-term strategies of the Corporation as presented by senior members of management.

SHAREHOLDER PROPOSALS

All proposals of the Corporation’s shareholders intended to be presented at the Corporation's annual meeting of shareholders in 2011, must be received by the Corporation no later than March 1, 2011 for inclusion in the information proxy circular related to that meeting. The Corporation's next annual meeting of shareholders is planned for June 2011.

ADDITIONAL INFORMATION

Additional financial information with respect to the Corporation is available in the Corporation’s audited consolidated financial statements for the year ended December 31, 2009 and related management’s discussion and analysis for the year ended December 31, 2009, which have been filed with Canadian securities regulators and are available under the Corporation’s profile at www.sedar.com.

Upon request made to the Secretary of the Corporation at 1128 Clapp Lane, P. O. Box 279, Manotick, Ontario, K4M 1A3, the Corporation will provide a shareholder of the Corporation with a copy of its audited consolidated financial statements for the year ended December 31, 2009 and related management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2009.

APPROVAL BY BOARD OF DIRECTORS

The contents and the sending of this Circular have been approved by the board of directors of the Corporation.

DATED at Toronto, Ontario, this 7th day of May, 2010.

By Order of the Board of Directors

/s/ Robert Boaz

Chief Executive Officer

