

## Aura Silver Focuses on Iron Formation Hosted Gold Targets at Greyhound Project in Nunavut – Stakes New Jackpot Prospect

The second phase of the 2011 drilling program is underway on Aura Silver's (TSX.V: AUU) wholly-owned Greyhound property in Nunavut, Canada. This 2,200 meter program will test a new area of bedrock gold and silver targets located in the northeastern part of the property, 20 kilometers distant from Aura Lake. Several target areas have been defined by broad extensive soil anomalies up to 2.0 g/t Au, bedrock grab samples up to 6.49 g/t Au and surface gossans associated with sulphide-rich zones in magnetite iron formation.

Iron formation hosted gold deposits are common throughout the Canadian Shield and can be economically very important. The former Lupin Mine at Contwoyto Lake, NU, for instance, produced 3.37 million ounces of gold between 1982 and 2005. In Ontario, the Pickle Crow mine has historic production plus current resources of 2.70 million ounces at an average grade of 6.09 g/t Au. Closer to Aura Silver's project are the Meadowbank gold deposits, which comprise four separate zones, with an aggregate open-pittable resource of 3.64 million ounces of gold.

These deposits lie in the same stratigraphic unit (Woodburn Group) and all but one are sulphide zones in magnetite iron formation. The iron formation deposits at Meadowbank are economically the most important and are expressed as conductors. The main zone was found as a surface showing but was outlined by HLEM (horizontal loop) geophysical surveys. Aura Silver's consultants believe that the company has discovered mineralization of the same character as the Meadowbank deposits adjacent

to MaxMin conductors (HLEM) which were carried out on the Greyhound property in May, 2011. As a result of this work plus prospecting, four target areas in the Greyhound northeast area are currently being tested by diamond drilling as follows:

- At **North Gossan**, anomalous gold values in spectacular iron-rich gossan have been traced along a one kilometer zone overlying banded iron formation and a coincident MaxMin conductor. Geochemical values on soils across the conductive zones range up to 3.9 g/t Au and 5.1 g/t Ag.
- The **JohnPaul** prospect is located two kilometers south of the North Gossan zone in an area where a pair of one kilometer long MaxMin conductors coincides with magnetite

iron formation. The prospect is subdivided into 4 areas. The first target has an exposure of sulphide-bearing iron formation with a grab sample that assays 3.85 g/t Au. In addition, there are gold anomalies in soils up to a remarkable 2,000 ppb Au (2 g/t Au) along a line running east from the mineralized subcrop for at least 300 meters. This target will be tested by a fence of holes aggregating up to 400 meters of core. The second and third portions of JohnPaul is a target 200 meters south and is defined by one line of an HLEM anomaly which continues south through the lake and onto the south shore. Highly geochemically anomalous soil values have been traced southerly from this point for 800 meters. The fourth



Aura Silver drills under sulphide-enriched banded iron formation in search for gold at Greyhound Project in Nunavut, Canada

area of the JohnPaul prospect is the northern extension of the main zone in which a grab sample of iron formation assayed 6.49 g/t Au.

- The **Bandit Prospect**, 1,500 meters southwest of **JohnPaul**, has subcropping sulphide-bearing iron formation that yielded an assay of 4.09 g/t Au just north of a 400 meter long HLEM conductor that coincides very closely with the mineralized zone.

- The **Silver Prospect** lies 1,500 meters south of JohnPaul. Two exposed massive pyrite and massive pyrrhotite outcrops are exposed on surface with rock samples assaying up to 39.6 g/t silver and soils across the area which assay up to 12.4 g/t silver. Additional samples of all the northeast prospects are pending and further prospecting is anticipated, particularly to the south of JohnPaul where a tight isoclinal fold structure may exist.

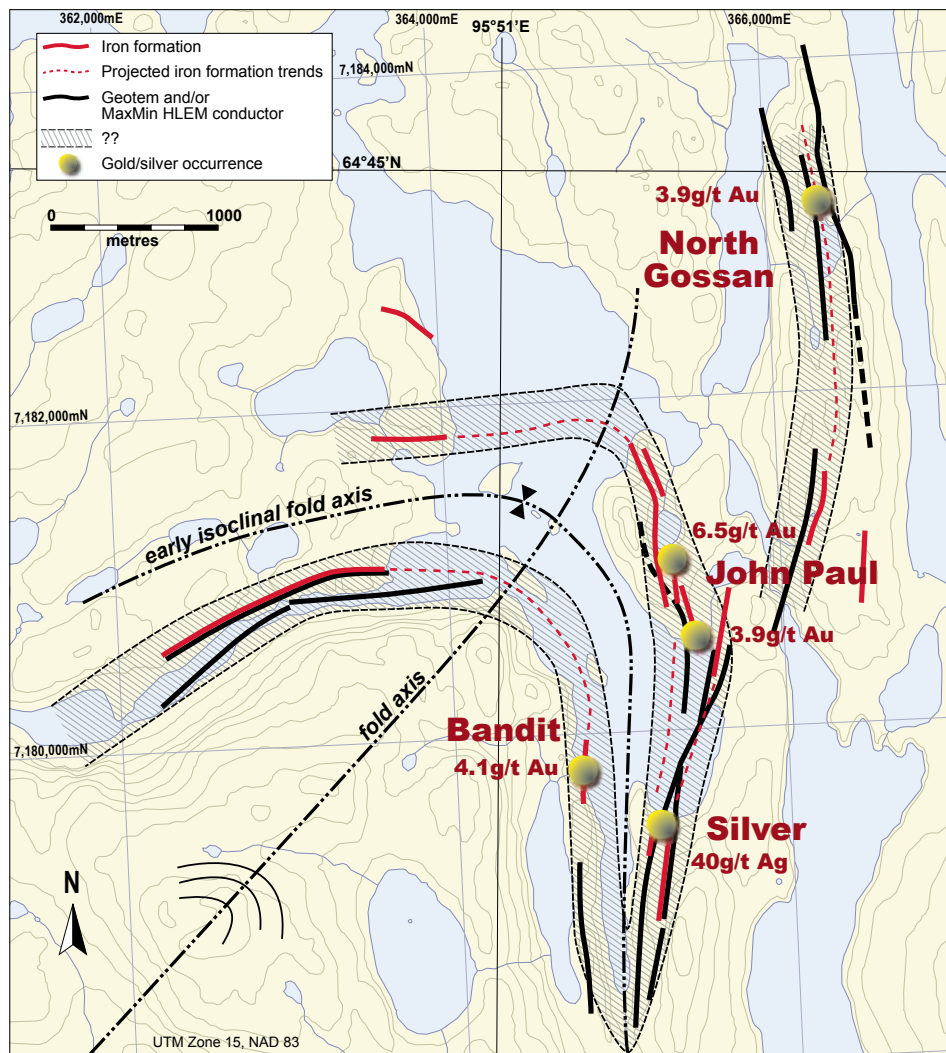
Aura Silver recently staked six additional claims aggregating 5,300 hectares at the northern extent of the northeast Greyhound property to protect the extension of the North Gossan gold zone.

### Aura Silver Stakes 20,848 Hectares On Jackpot Prospect South Of Greyhound Project in Nunavut, Canada

Aura Silver has uncovered additional bedrock gold and silver targets east of Whitehills Lake and south of its wholly-owned Greyhound claim group. Limited prospecting of the area in 2011 has located extensive gossan and massive sulphides containing highly anomalous gold and silver values. The company recently staked 20 claims comprising 20,848 hectares (51,495 acres) to cover this new target area. The addition of these new claims brings the company's total Nunavut claim holdings to over 55,000 hectares.

The newly staked **Jackpot Prospect**, has now been traced over 20 kilometers in strike length by following surface gossanous zones and outcropping of massive sulphides. Results to date of surface sampling include up to 1,650 ppb Au (1.65 g/t Au) and 12.6 g/t Ag in one sulfide-rotted gossan. Recent samples of sulfide-rich rocks including massive pyrite have been submitted for assay.

Since the initial Jackpot discovery, a second extensive gossanous area has been located which has been added to



Compilation Map of Aura Silver's Greyhound Property

Jackpot. This target area is comprised of a sulphidic gossanous unit that has been traced for 15 kilometers. The unit is very similar to gold bearing banded iron formations in the northeast part of the Greyhound property where Aura Silver is currently drilling. Samples of massive pyrrhotite have been selectively taken and assay results are pending.

Robert Boaz CEO and President of Aura Silver states that, "the potential of the Jackpot Project is increasing as we prospect further. Persistent prospecting and the breaking of rocks is leading the company to new discoveries. Aura Silver is very proud to have an exceptional prospecting team in the field".

### Field Work Continues At Taviche, Mexico

Aura Silver continues its field work on its West and East Taviche properties. The company has also

engaged a number of communities and ejidos in discussions in order to gain approval for further work south and north of Fortuna's San Jose Mine on West Taviche. The West Taviche concession of Aura Silver's property adjoins and surrounds Fortuna's property, land locking the San Jose mine now under pre-production development.

Aura Silver is focusing recent exploration in the Portillo area where quartz-sulfide vein breccias, sheeted veins and stock work were previously discovered. Drill hole assays ranged to 23.6 g/t gold over 0.85 meters less than 100 meters below the surface. Previous surface sampling in old mine dumps at Portillo returned grades of between 5.2 to 18.2 g/t gold. A 2008 drill program at Portillo also returned values of 2.12 g/t gold over 22.05 meters but was not followed up by additional drilling as its partner (previous operator) gave priority to

testing of other targets.

Aura Silver is preparing a 43-101 compliant resource estimate for its Taviche project which will entail all projects across the concessions. By this time it is anticipated that Aura Silver's ownership position of the Taviche properties will approximate 50%, with Pan American Silver owning 30% and Intrepid Mines, 20%.

### Investment Considerations

Aura Silver is operating in one of the strongest precious metals markets in decades. While gold has been at record levels for the past year, silver's even faster price acceleration is increasingly gaining attention. Silver prices jumped 75% on the spot market in 2010 as supplies declined. This trend is continuing in 2011. The demand for silver is expected to continue to rise over the next five years, according to a report by the Silver Institute. The reason is silver's unique properties that make it vital for an incredibly broad range of uses, not only in jewelry, but in electronics, photovoltaic solar cells and as an antibacterial agent, just to name a few.

This can only bode well for investors seeking less expensive safe havens than gold. Aura Silver, which is focused on exploring for both silver and gold, offers the best of both worlds at a significant discount to the actual prices of the precious metals.

Judging by the quality of Aura Silver's properties in Mexico and Canada, the company's prospects for discovering a significant resource base are considerable. The Mexico properties are located in a district that hosts over 60 historical epithermal, quartz-vein silver, gold and base metals mines. The Greyhound property is located in a mineralized corridor in Canada where boulder samples assay up to 28.2 g/t gold and 5,380 g/t silver.

"With our strong geological team and proven high-grade gold and silver projects amid a continuing strong momentum in the gold and silver markets," says Boaz, "Aura Silver is well positioned for success and potential share price appreciation."

## TAVICHE SILVER-GOLD PROJECT IN OAXACA STATE, MEXICO



Aura Silver's 2011 drill campaign at its Taviche Project in Mexico is focusing on large targets at its Higo Blanco and West Taviche properties in the San Jose District.



Aura Silver works closely with communities near its Taviche concession in Oaxaca, Mexico, including helping San Pedro restore a wall of a 500-year-old church.

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## **AN INVESTMENT OPPORTUNITY IN SILVER AND GOLD IN OAXACA, MEXICO & NUNAVUT, CANADA**



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Shares Outstanding: 87.85 million

52 Week Trading Range:  
Hi: C\$0.59 Low: C\$0.12



## **Quick FACTS**

### ■ **Taviche Project / Oaxaca, Mexico / Joint Venture**

Aura Silver is exploring the Taviche Silver-Gold Project as a Joint Venture with Pan American Silver Corp. Aura has been acting as operator since early 2010. This project is located in Mexico's San Jose Mining District where Fortuna Silver Mines is developing a mine and where Aura Silver's West Taviche Property surrounds this mine property. Aura believes the silver-gold bearing veins at San Jose Mines strike onto our concession.

### ■ **Greyhound Project / Nunavut / 100% owned**

Aura Silver's high grade gold, silver project at Greyhound Lake in Canada's Nunavut Territory lies within a virtually unexplored Archean greenstone belt. Work is on-going in testing of numerous precious metal rich targets.

Aura Silver Resources Inc. is focused on two projects situated on some of the most prospective silver ground in North America and in jurisdictions that provide safe legal and political environments for mining companies.

Aura Silver has two significant precious metals projects – the Taviche Project, in the State of Oaxaca, Mexico within the San Jose Mining District, reportedly one of the first historic silver-mining areas in the country, and the Greyhound Project located in a highly prospective gold and silver property that lies within an unexplored Archean Greenstone Belt in Nunavut, Canada.

Aura Silver has identified an extensively mineralized jasperoid zone on surface at its flagship Taviche silver property. Drill results include numerous high grade silver intervals ranging as high as 3,932 g/t silver equivalent with gold content ranging in excess of 0.5 g/t. Work continues to evaluate the potential of historical vein structures as well as new zones discovered by Aura.

Aura Silver is also aggressively exploring its Greyhound Project, and is currently drill testing numerous sulphide enriched banded iron formations in one portion of the claims and searching for the source of high grade samples collected in 2010 which assayed up to 28.8 g/t Au and 5,380 g/t Ag.