

November 8, 2012

Ms. Tracey McCaie
Land Administrator Specialist
Aboriginal Affairs and Northern Development Canada
Land Administration
PO Box 100
Iqaluit, NU X0A 0H0

Dear Tracey McCaie:

RE: REQUEST FOR EXTENSION OF LAND USE PERMIT #N2010C0008

We are writing to request a one year extension of the Land Use Permit #N2010C0008 for exploration at the Aura Lake Area, Kivalliq, NU, NTS 66A. The current LUP expires May 6, 2013 at the start of the 2013 field season.

The following brief description outlines the rationale for this request which is based upon the Company's desire to continue its' work on the Greyhound Project; principally by diamond drilling of identified exploration targets.

The Greyhound Project is located just north of the Hamlet of Baker Lake which has been used as a base of operations for prior work. The staked property is owned 100% by the Company. Since 2006, Aura Silver has operated the exploration project as a fly-in/out operation; that is, through the use of helicopter transport, crews were flown to the site on a daily basis. Rental facilities in Baker Lake accommodated workers providing office and living quarters. Virtually all supplies for food, equipment, vehicle rental, etc., where and when possible, were purchased or rented locally. When feasible, local help was employed to carry out tasks such for such duties as field assistants, core moving and cutting, soil sampling and other field related tasks.

Since initiation in 2006 a total of approximately CDN \$6.6 million has been expended on exploration for the Greyhound Project. The major portion of these costs has been for diamond drilling (\$4.5 million) for which the above LUP is required. The Company acquired the precious and base metals prospect in the central Churchill region of Nunavut based on historical assays from earlier prospecting with samples assaying 1,480 and 3,080 g/t silver. Since then the Company has discovered numerous boulders with extremely high grades of precious metals. Samples in 2007 for instance contained up to 2.4% zinc 1.02% copper, 8.1% lead, 10g/t gold and 51 g/t silver highlighting the potential for discovery of volcanogenic massive sulphide ores and in 2010 seven samples contained an average grade of 14.8 g/t Au (range from 0.3 to 28.8 g/t) and boulders grading an average grade of 1,472 g/t Ag (range from 21 to 5,380 g/t) indicative of grades from a gold/silver deposit.

Unfortunately, during the 2012 field season only minimal exploration work was able to be completed at the Greyhound Project due to a lack of available funding for our exploration programs. The significant deterioration in capital markets and general economic uncertainty has made financing of junior mining projects more challenging than ever. However, we remain optimistic that the financial markets will

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improve and that we will be in a position to proceed with our planned exploration programs at the Greyhound Project in the spring of 2013.

For the reasons noted above, Aura Silver Resources Inc. requests a one year extension of the LUP in order to resume drilling identified targets at the Greyhound Project throughout 2013.

Thank you for your consideration of extending the LUP and for the opportunity to continue to explore for gold and silver deposits in Nunavut.

Should any additional information be required, please contact either of the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Paul Pitman", written over a horizontal line.

Paul Pitman, B.Sc., P.Geo.
Project Manager, Greyhound

A handwritten signature in black ink, appearing to read "John McNeice", written over a horizontal line.

John McNeice
Chief Financial Officer

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