



Our reference
File #9545-2-2BE.GREA
CIDMS #397921

April 16, 2010

Your reference
2BE-GRE

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, Nunavut
X0E 1J0

Sent Via Email

Dear Phyllis,

**Subject Water License #2BE-GRE, Aura Silver Resources Inc.,
Greyhound Project, Kivalliq Region, New License Application**

Please be advised that on behalf of Indian and Northern Affairs Canada, I have completed a review of the above referenced Aura Silver Resources Inc. submission to the Nunavut Water Board.

A Technical Review Memorandum (attached) is provided to the Board for consideration.

Should you have any questions regarding this submission, feel free to contact me at 867 975-4555 or david.abernethy@inac-ainc.gc.ca.

Regards,

David W. Abernethy
Water Resources Regional Coordinator
Operations Directorate, Nunavut Regional Office
Indian and Northern Affairs Canada
Iqaluit, Nunavut
X0A 0H0

Attached.

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager
 Peter Kusugak, Manager of Field Operations

TECHNICAL REVIEW MEMORANDUM

Date: Apr. 16/10

To: Phyllis Beaulieu, Nunavut Water Board

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2BE-GRE, Aura Silver Resources Inc.,
Greyhound Project, Kivalliq Region, New License Application**

A. PROJECT DESCRIPTION

On Mar. 17/10 the Nunavut Water Board (NWB or Board) distributed the Aura Silver Resources Inc. Mar. 11/10 new water license application for the use of water and disposal of waste during exploration activities associated with their Greyhound Project. The NWB requested representations from interested parties by Apr. 17/10.

Aura Silver Resources Inc. will conduct diamond drilling on both land and lake ice in search of base and precious metals mineralization. Project logistics, including accommodations, meals, and supplies, will be based from the Hamlet of Baker Lake located 50 km southwest of the project area.

B. RESULTS OF REVIEW

On behalf of Indian and Northern Affairs Canada (INAC), I am providing the following comments / recommendations for the Board's consideration,

1. General

- Standard license conditions for mineral exploration operations should be applied.

2. Drilling Operations

- All drill holes should have their casings removed or cut off and be sealed at ground level immediately upon completion of drilling.

3. Waste Management

- Aura Silver Resources Inc. should provide the NWB documented authorization from the Hamlet of Baker Lake and any other communities in the Nunavut Settlement Area receiving wastes from their Greyhound Project prior to any backhauling of wastes to those communities.

- Aura Silver Resources Inc. must remove and dispose of all hazardous wastes, waste oil, and non-combustible waste generated through the course of the operation, at a licensed waste disposal site.

Prepared by David Abernethy

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager
Peter Kusugak, Manager of Field Operations