

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

---

**Item 1 - ANNUAL MD&A for the period from incorporation on March 22, 2004, to December 31, 2004 (the "Fiscal Period") and beyond.**

**1. Date of this Report**

This report is dated on **April 25, 2005**, is integral to and should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2004.

**2. Description of business.**

Aurea Mining Inc., formerly Olly Industries Inc. and Petra Resource Corp., (the "Company") is a reporting issuer in the provinces of British Columbia and Alberta, Canada. Its securities are not presently listed for trading on any stock exchange or through any organized securities market.

On May 14, 2004, the Company acquired substantially all of the issued and outstanding common shares of Minera Aurea, S.A. de C.V. (formerly Minera Ottawa, S.A. de C.V.), a mineral exploration company incorporated in Mexico on March 22, 2004 ("Minera") in exchange for 20,000,000 common shares of the Company (the "Acquisition"). The Acquisition resulted in the shareholders of Minera acquiring control of the Company. This type of share exchange is referred to as a "reverse take-over" and though the Company is the legal parent of Minera, Minera is deemed to have acquired the Company for accounting purposes. Accordingly, the net assets of Minera and the Company are included in the consolidated balance sheet at historical book values. The Company has, as a result of the Acquisition, become an exploration stage company in the business of acquiring, exploring, evaluating and developing mineral property concessions in Mexico.

Minera's principal assets comprised two 100% owned mineral concessions located in the state of Guerrero, in southern Mexico.

The Company has engaged an independent "Qualified Person" to prepare a technical report on its two principal properties in accordance with the requirements set out in National Policy 43-101 (the "Technical Report"). This report has been finalized and includes recommended exploration programs, which will impact the Company's financial requirements over the next twelve months. This report will be filed on [www.SEDAR.com](http://www.SEDAR.com) in final form in due course.

All of the Company's properties are situated within the "Guerrero Gold Belt" in Guerrero State of southern Mexico. Known mineralization in the Guerrero Gold Belt consists primarily of gold, silver and base metal bearing magnetite and hematite-rich skarn and replacement bodies developed at the contacts between platform carbonate rocks (Morelos and Mezcala Formations) and granitic to granodioritic stocks. This style of deposit will be the principal focus of the Company's exploration activities.

Central Guerrero State has a reasonably well developed infrastructure which includes hydroelectric power, a network of paved and all-season unpaved roads, communication facilities, and regional airports at most major centers.

The climate in the region is warm and humid, with an average temperature of 28°C (range of 17°C to 45°C) and average precipitation of 835 mm per year. Vegetation is dominated by thorny plants and cacti at low elevations and patchy oak and pine forests at higher elevations.

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

---

Set out below is a brief description of the Company's two principal properties.

***El Coyote***

The El Coyote Property is a single exploration claim covering 13,536 hectares. The exploration title is valid to June 14, 2010 and can be changed at the expiration date into an exploitation title with a 50-year term.

The El Coyote Property lies in central Guerrero State, approximately 33 kilometres south of the City of Teloloapan and 60 kilometres southwest of the City of Iguala. It is contiguous to the north border of Reserva Morelos Norte claim, controlled by Teck Cominco and Wheaton River Minerals Ltd.

Aurea's geological fieldwork started in August 2004. A camp was established in Nuevo Balsas town. As the east portion of El Coyote claim display the same geological environment that prevails in the Bermejil, Los Filos, Nukay and El Limon gold deposits, this zone was selected as the first target for exploration. Initially a regional geologic recognise was accomplished, mapping 5,925 ha. From this work, in the vicinity of the San Luis Village, a silicified zone with abundant oxidation rise up and detail geological mapping of 88 ha was completed.

During the last quarter of 2004, the exploration of the San Luis silicified zone continued. Based on the preliminary 100 m grid systematic sampling that covers 88 ha, a gold anomalous rectangular zone of 300 m N-S by 140 m E-W (4.2 ha) was detail sampled in a grid of 25 m N-S by 10 m E-W. The area covers the contact zone between the Morelos limestone and an andesitic-dioritic intrusive. Controlled by a NW 20° -10°NE high angle structure, iron-rich jasperoid breccia outcrops. The jasperoid zone coincides with a gold anomalous zone that covers 150 m N-S and 40 m E-W, with gold values up to 1.74 gr/ton. This jasperoid breccia is also highly anomalous in mercury (up to 110 ppm); arsenic ( up to 6,580 ppm) and antimony (up to 1,910 ppm).

With all the geological data collected in the field, and with the geochemical interpretation, 18 geological cross-sections, orientated E-W, separated 50 m apart, were constructed and drilling program was prepared.

In November 2004, 1,250 m SW of the San Luis prospect, another iron-rich jasperoid breccia outcrop was discovered. It is located in the contact between the Morelos limestone and the andesitic-dioritic intrusive. The prospect was named Rey David. Even though, the gold values are low (up to .112gr/ton), the mercury (up to 110 ppm), arsenic (up to 3,130 ppm) and antimony (up to 5,850 ppm) are highly anomalous. This geochemical signature suggests that the Rey David prospect is at a very high level in a magmatic-hydrothermal system and that the principal target lies at depth.

Seven geological cross-sections orientated E-W and located 50 m apart were constructed. This material will be used to design a preliminary drilling program.

***Ottawa***

The Ottawa Property is a single exploration claim covering 3,452 hectares. The exploration title is valid to March 25, 2010 and can be changed at the expiration date into an exploitation title with a 50 year term.

The Ottawa Property lies in the central Guerrero State, approximately 65 kilometres south of the City of Teloloapan and 80 kilometres southwest of the City of Iguala. It lies south of the E-W flowing Balsas River, approximately 28 kilometres south of El Coyote Property.

During the last quarter of 2004, 3,100 ha of geological mapping was accomplished (89.9% of the total surface claim) and 120 samples were collected. The presence of two intrusives highlighted by the airborne geophysical survey (Acapulco and Ottawa intrusives) was confirmed. The limit between both stocks and the Morelos and Mezcala formations was delineated. Intrusive rocks appears to be granodiorites of same

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

general composition at those at Nukay and Bermejil districts, but with less overall quartz. Within the extensive carbonate exposure, there is persistent recrystallization and locally modest to strong marble development. This represents true thermal metamorphism, similar to that seen around the stocks at Nukay gold district.

The preliminary sampling returned gold contents up to 0.8 gr/ton.

***Other properties***

During the last quarter of 2004, Minera Aurea consolidated its land position in the Guerrero Gold Belt (GGB) by the acquisition of 4 new claims, adding 11,096.59 ha to its previous property position. The 4 claims are located in Aurea Norte Zone, and cover the NW portion of the GGB.

LOT NAME	CLAIM APPLICATION DATE	HECTARES	TITLE GRANTING DATE	TITLE NUMBER	EXPIRATION DATE
El Coyote	Nov 28, 03	13,535.84	June 15, 04	222224	June 14, 10
Ottawa	Dec.08, 03	3,452.00	March 26, 04	221781	March 25, 10
El Consorcio	April 06, 03	2,367	July 06, 04	222399	July 05, 10
Coyopancho	August 25, 04	5,351.62	February 3, 05	223694	February 02, 10
Cosmos	May 19, 04	9,450.15	Pending	Pending	Pending
Don Richard	May 27, 04	1,722.06	Pending	Pending	Pending
El Durazno	June 15, 04	13,306.60	Pending	Pending	Pending
Cuetzala	June 15, 04	18,522.25	Pending	Pending	Pending
La Morenita	Oct. 13, 04	200.00	Pending	Pending	Pending
Don Jesus	Nov. 01, 04	1,560.00	Pending	Pending	Pending
Estefania	Nov. 01, 04	9,236.59	Pending	Pending	Pending
Estefania Fracc. 1	Nov. 01, 04	100.00	Pending	Pending	Pending
TOTAL:		78,804.11			

**3. Overall Performance**

**Financings**

During the Fiscal Period, the Company undertook the following financing activities:

- a) Concurrent with the Acquisition, the Company settled a promissory note in the amount of \$615,615 in exchange for 2,500,000 shares at a settled price of \$0.20 per share in settlement of \$500,000 of the loan. The remaining \$115,615 is due on April 30, 2005
- b) On May 14, 2004, and on June 1, 2004, the Company closed private placements consisting of 4,599,998 units and 750,000 units, respectively, all at a price of \$0.10 per unit (see section 15 for details), raising an aggregate of \$535,000. Of this amount, \$513,000 was received prior to the Acquisition and the remaining \$22,000 subsequent to the Acquisition. This last amount, together with the \$6,020 related to the issuance of shares upon incorporation of Minera, integrate the \$28,020 shown in the cash flows statement as cash from financing activities for the Fiscal Period.
- c) The Company received \$147,517 (US \$120,000) as a convertible and non-interest bearing loan. Part of the amount is due to related parties (see Section 10(a, b, c) below). Some of the creditors gave notice before the end of the Fiscal Period of exercise of their right of conversion to common shares of the Company at \$0.10 per share for an amount of \$4,425. 44,255 shares were issued subsequent to the end of the Fiscal Period.

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

---

Subsequent to the end of the Fiscal Period, the following financing activities have taken place:

- d) The company raised \$1,271,587 (net of issuance costs) through a non-brokered private placement of 4,977,718 units at \$0.26 per unit, described in Section 15.

**Working Capital**

The Company had working capital deficit of \$333,918 at December 31, 2004. However, financing activities that have taken place subsequent to the end of the Fiscal Period have eliminated this deficit, and the Company has now adequate cash and working capital to fund planned operations.

Accounts receivable at December 31, 2004 totalled \$44,265, including:

- a) Canadian Goods and Services Tax (GST) refund receivable for \$2,653,  
b) Mexican Value Added Tax (VAT) refund receivable for \$41,548.

Liabilities as at December 31, 2004 totalled \$432,920. This includes the following major items:

- a) A promissory note payable of \$115,615 described in note #6 to the Company's audited financial statements for the Fiscal Period and due on April 30, 2005,  
b) an amount of \$147,517 (US \$120,000) on a non-interest bearing convertible loan described in note #7 to the Company's audited financial statements for the Fiscal Period and Section 3(c) above. Subsequent to the Fiscal Period, \$4,425 was repaid through the issuance of 44,255 common shares on March 23, 2005 as some creditors had exercised their right to convert; the remaining outstanding balance is \$143,092.  
c) \$18,897 due to a geological consultant for the preparation of a National Instrument 43-101-compliant report on the principal mineral properties of the Company  
d) \$40,545 (US \$33,545) due to a related party to pay, at cost, for the acquisition of some mineral claims.  
e) \$39,109 in current trade payables in Canada  
f) \$14,000 of accrued liabilities in Canada that include a provision for the 2004 audit.  
g) \$61,662 of trade payables in Mexico

**Deferred Exploration Costs**

The balance sheet of the Company for the fiscal Fiscal Period shows deferred expenditures of \$437,342 in mineral properties and \$16,440 of equipment (both figures net of depreciation or amortization), as follows:

**Equipment:**

	Cost	Accumulated Amortization	Net Book Value
Vehicle	\$ 9,936	\$ 1,450	\$ 8,486
Computer equipment	8,822	1,251	7,571
Furniture and fixtures	<u>396</u>	<u>13</u>	<u>383</u>
	\$ 19,154	\$ 2,714	\$ 16,440

---

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

**Mineral properties:**

It is the Company's policy to defer all acquisition and direct exploration costs including field office expenses until the properties to which they relate are placed into production, sold, abandoned or management has determined that there has been an impairment in value. A description and breakdown of these expenditures is as follows:

	El Coyote Property	Ottawa Property	Properties Under Application	Total
<b>Acquisition costs:</b>				
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Additions	<u>13,088</u>	<u>6,980</u>	<u>62,466</u>	<u>82,534</u>
Balance, end of period	<u>13,088</u>	<u>6,980</u>	<u>62,466</u>	<u>82,534</u>
<b>Exploration costs:</b>				
Balance, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project development and administration	4,572	4,572	76,533	85,677
Field Surveys	141,152	83,223	8,613	232,988
Surveying works	1,197	1,197	16,503	18,897
Other	<u>13,967</u>	<u>3,179</u>	<u>-</u>	<u>17,146</u>
Balance, end of period	<u>160,888</u>	<u>92,171</u>	<u>101,649</u>	<u>354,708</u>
<b>Total costs</b>	<b>\$ 173,976</b>	<b>\$ 99,151</b>	<b>\$ 164,115</b>	<b>\$ 437,242</b>

**Contracts and commitments:**

The Company has the following contractual obligations that will impact its future financings and capital requirements:

- a) Administrative Services Agreement (June 1, 2004)  
This agreement establishes the terms by which Industrias Miral, S.A. de C.V. ("Miral" a company controlled by Mr. Enrique R. Miranda-Paz, president and CEO of the Company), provides administrative support services to Minera. Under the terms of the agreement, Minera will pay Miral \$1,526 per month.
- b) Employment contract of Vice President of Exploration (June 1, 2004).  
This contract establishes the terms of employment by Minera of Mr. Alfonso Martinez-Vera, the Company's Vice President of Exploration and Minera's Chief Geologist. Under the terms of the agreement, Minera will pay Mr. Martinez a salary of US \$4,600 per month for a guaranteed term of two years, plus required benefits under Mexican labour law.
- c) Geological Services Agreement (July 22, 2004)  
This agreement establishes the terms under which Sociedad Exploradora Minera, S.A. de C.V. (a geological and mining services contractor) will provide its services to Minera. Under the terms of this agreement Minera will pay this contractor for work and expenses incurred in exploration work. For the Fiscal Period Sociedad Exploradora Minera, S.A. de C.V. received \$202,303 under this contract for carrying out mapping and sampling exploration work and analysis on the Company's principal mineral properties.

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

---

- d) Debt Restructuring Agreement (convertible note payable) (December 24, 2004)  
This agreement outlines the repayment term of a convertible non-interest bearing loan of \$147,517 (US \$120,000) advanced by several parties to the Company. Under the terms of the agreement the loan provides the creditors the right to convert their respective amounts into common shares of the Company at a deemed price of \$0.10 per share until December 31, 2008. At the date of publication of this MD&A, three of the creditors have exercised their right to convert, and the loan has been reduced by \$4,425 through the issuance of 44,255 common shares.
- e) Promissory note payable and Debt Assignment and Settlement Agreement (April 30, 2004).  
As indicated by note #6 to the Company's audited financial statements for the Fiscal Period, the Company settled a promissory note in the amount of \$615,615 by issuing 2,500,000 common shares at a value of \$0.20 per share and a new promissory note in the amount of \$115,615. The new promissory note payable of \$115,615, is unsecured, non-interest bearing and matures on the earlier of April 30, 2005 and five days after the date on which the common shares of the Company are listed and called for trading on the TSX-V.

**4. Selected Annual Information**

On May 14, 2004 the Company completed the Acquisition. As set out above, Canadian generally accepted accounting principles require that comparative statements of operations and cash flows include the accounts of Minera but not the Company. Minera was incorporated on March 22, 2004, so prior period information is limited.

	<b>Fiscal Period *</b>
	<b>To Dec 31 2004 \$</b>
a) Revenue:	-
b) Loss before extraordinary items:	<b>(202,440)</b>
➤ Per share - basic & diluted:	<b>(0.01)</b>
c) Loss for the period:	<b>(202,440)</b>
➤ Per share - basic * diluted:	<b>(0.01)</b>
d) Total assets:	<b>552,684</b>
e) Long term liabilities:	<b>Nil</b>
f) Cash dividends per share:	<b>Nil</b>

\* From March 22, 2004 to December 31, 2004. No previous comparative information is available.

**5. Results of Operations**

The Company incurred a loss for the Fiscal Period of \$202,440. The Company did not generate any revenues, and the breakdown of expenses is as follows:

- a) Investor relations activities of \$30,280 include mainly the development of the Company's corporate image (logos, etc.) and the Company's website.
- b) Office and administration expenses of \$47,840 include:
- i. \$2,556 in Canadian administration and other expenses

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

- ii. \$24,682 related to the administration of Minera
- iii. \$1,874 in other office expenses including bank charges, printing, postage, interest, website hosting, etc.
- iv. \$18,718 in travel expenses.
- c) Professional fees of \$91,998 include:
  - i. accounting and audit \$20,160,
  - ii. exploration expenses for \$867,
  - iii. legal fees of \$68,971, and
  - iv. office management fees of \$2,000.
- d) Regulatory and transfer agent fees of \$10,167 include \$7,214 paid to the Company's transfer agent, and \$2,953 of other corporate or filing fees.

**6. Summary of quarterly results**

As indicated on section 4, above, the Company completed the acquisition of Minera on May 14, 2004. Minera was incorporated in March 2004, and therefore comparative period information is limited.

The following is a summary of quarterly results for each of the two most recently completed quarters and the period since incorporation of Minera:

	Quarter ended		
	Dec 31 2004 \$	Sep 30 2004 \$	Period from March 22 to Jun 30 2004 \$
a) Interest revenue:	-	-	-
b) Loss before extraordinary items:	(42,121)	(114,934)	(45,385)
➤ Per share - basic & diluted:	(0.00)	(0.01)	(0.00)
c) Loss for the quarter:	(42,121)	(114,934)	(45,385)
➤ Per share - basic & diluted:	(0.00)	(0.01)	(0.00)
d) Total assets:	552,684	361,461	427,426
e) Long term liabilities:	Nil	Nil	Nil
f) Cash dividends per share:	Nil	Nil	Nil

The results of operations, as reported in the Company's quarterly and year end financial statements, substantially reflect the costs incurred to make regulatory filings and carry out the Company's reorganization plan. They do not provide meaningful information for the purpose of assessing future operations.

**7. Liquidity**

At the end of the fiscal year the Company had \$53,816 in cash; however, with financings subsequent to the end of the Fiscal Period indicated in Section 3 above, as at the date of this MD&A the Company had approximately \$880,000 in cash, which is estimated to be sufficient to carry on planned operations.

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

---

The Company is an exploration stage company now engaged in the exploration of mineral properties not presently in production. As a consequence, the Company does not presently generate cash flow from operations and it is unlikely that it will generate cash flow from operations in the near future. Continuing operations are therefore dependent upon the Company's ability to secure additional capital as required, which is not assured.

The Technical Report sets out a recommended exploration program on the Company's principal properties, which program will meet the requirements for listing on the TSX-V. The Company is currently implementing phase one of the recommended exploration program, and the Company has raised the necessary capital to carry out this program.

Subsequent phases will depend, both in cost and duration, on results from previous phases, and is therefore extremely difficult to predict with accuracy. However, the Company has sufficient funds to initiate the first phase of its planned exploration program at the date of this MD&A.

The Company has no long-term obligations outstanding and therefore there are no factors of this type affecting liquidity or future cash flows.

**8. Capital Resources**

The Company's ability to raise additional funds from the equity markets will largely depend upon general market conditions, the Company's ability to achieve certain exploration milestones, and its ability to acquire new properties.

**9. Off-Balance Sheet arrangements**

The Company does not have any off-balance sheet arrangements and does not contemplate to have them in the foreseeable future.

**10. Transactions with related parties**

The Company has entered into the following transactions with related parties:

- (a) US \$83,600 was lent to the Company by Nukay, C.V., a company controlled by Mr. Enrique R. Miranda-Paz, President & CEO of the Company, through a convertible loan described on note #7 to the Company's audited financial statements for the Fiscal Period.
- (b) US \$11,500 was lent to the Company by David Euresti-Reyna, an Officer of the Company, through a convertible loan described on note #7 to the Company's audited financial statements for the Fiscal Period.
- (c) US \$11,500 was lent to the Company by Alfonso Martinez-Vera, an Officer of the Company, through a convertible loan described on note #7 to the Company's audited financial statements for the Fiscal Period.
- (d) C\$10,682 (C\$1,526 per month from June to December 2004) was paid to Miral, S.A. de C.V., a company controlled by Mr. Enrique R. Miranda -Paz, President and CEO of the Company, for administrative support services provided to Minera.
- (e) Included in Accounts Payable & Accrued Liabilities is \$55,492 due to a company controlled by a director of the Company.

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

---

**11. Fourth quarter 2004**

Section 2 above indicates which exploration activities took place during the last quarter of 2004. All other major transactions and events that took place in the last quarter of 2004 are indicated elsewhere in this MD&A.

**12. Proposed transactions**

As at the date of this MD&A there are no proposed transactions involving the Company.

**13. Changes in accounting policies including initial adoption**

There were no changes to accounting policies during the fiscal year. For more information please refer to note # 2 ("Significant Accounting Policies") to the Company's audited financial statements for the Fiscal Period.

**14. Financial instruments**

The Company only invests its cash in bank term deposits and/or banker's acceptances, instruments that are deemed to be very low risk.

In order to reduce foreign exchange exposure, the Company transfers to its Mexican subsidiary funds required in the short term to meet its obligations.

**15. Other MD&A requirements**

- a) Copies of all previously published financial statements, management discussions, meeting materials, etc., are available on the SEDAR website at [www.sedar.com](http://www.sedar.com), and at the Company's website at [www.aureamining.com](http://www.aureamining.com)
- b) Information pursuant to sections of National Instrument 51-102:
  - i) Section 5.3: The Company's continued operations are dependent upon the discovery of economically recoverable reserves, its ability to complete necessary financing to complete the development of properties, and upon future profitable production or from the proceeds from disposition of its mineral properties.
  - ii) Section 5.4: Outstanding share data: The following tables contain data as at the date of publication of this document:

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

<b>Common shares issued and outstanding</b>	<b>Number</b>	<b>Amount \$</b>
Balance, December 31, 2003	15,834,015	
Share consolidation 25 to 1	(15,200,655)	
Balance, May 14, 2004 and initial capitalization	633,360	-
Initial capitalization of Minera	-	\$6,020
Acquisition of properties in Mexico; See note #3 to the audited financial statements for the Fiscal Period.	20,000,000	-
Shares issued in settlement of debt on May 14, 2004, at a deemed price of \$0.20 per share. See Note #6 to the audited financial statements for the Fiscal Period.	2,500,000	\$500,000
Non-brokered private placement of up to 4,599,998 units at a price of \$0.10 per unit, each unit consisting of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one common shares at an exercise price of \$0.35 per share, expiring on the earlier of May 6, 2006 or one year after the shares start trading on the TSX Venture Exchange.	4,599,998	\$460,000
Non-brokered private placement of up to 750,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one common shares at an exercise price of \$0.35 per share, expiring on the earlier of June 1, 2006 or one year after the shares start trading on the TSX Venture Exchange.	750,000	\$75,000
Balance, December 31, 2004	28,483,358	\$1,041,020
First part of non-brokered private placement of up to 5,000,000 units at a price of \$0.26 per unit, each unit consisting of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one common shares at an exercise price of \$0.40 per share, expiring 18 months after the shares start trading on the TSX Venture Exchange.	3,600,418	\$918,559
Shares issued as part of the right to convert at a deemed price of \$0.10 per share.	44,255	\$4,425
Second part of non-brokered private placement of up to 5,000,000 units at a price of \$0.26 per unit, each unit consisting of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one common shares at an exercise price of \$0.40 per share, expiring 18 months after the shares start trading on the TSX Venture Exchange.	1,377,300	353,028
<b>Balance as at the date of this publication (\$1)</b>	<b>33,505,331</b>	<b>\$2,317,032</b>

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

Share purchase Warrants	Number	Exercise Price	Expiry Date
Balance, May 14, 2004	-		
In connection to private placement of up to 4,600,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one half share purchase warrant:	2,299,999	\$0.35	Earlier of: May 6, 2006 or one year after beginning of trading on TSX Venture Exchange
In connection to private placement of up to 750,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one half share purchase warrant:	375,000	\$0.35	Earlier of: June 1, 2006 or one year after beginning of trading on TSX Venture Exchange
Balance, December 31, 2004	2,674,999	\$0.35 *	
In connection to the private placement of up to 5,000,000 units at a price of \$0.26 per unit, each unit consisting of one common share and one half share purchase warrant:	2,488,859	\$0.40	18 months after beginning of trading on TSX Venture Exchange
<b>Balance as at the date of this publication (\$1)</b>	<b>5,163,858</b>	<b>\$0.37 *</b>	

\* Weighted average exercise price

Stock Options	Number	Exercise Price	Expiry Date
Balance, May 14, 2004	Nil	-	
Granted during period:	Nil	-	-
Expired during period:	Nil	-	-
Balance, December 31, 2004	Nil	-	
Granted subsequent to end of period:	2,200,000	0.26	January 21, 2010 and March 31, 2010
<b>Balance as at the date of this publication (\$1)</b>	<b>2,200,000</b>	<b>0.26 *</b>	

\* Weighted average exercise price

The following table details the stock options granted to the date of publication of this MD&A:

Name	Relationship	No. Options
Enrique R. Miranda Paz	Director & Officer	550,000
Joseph Fodor	Director	300,000
Ken Thorsen	Director	300,000
Klaus Zeitler	Director	300,000
David Euresti-Reyna	Officer	250,000
Alfonso Martinez-Vera	Officer	250,000
Salvador Miranda	Officer	250,000
		<u>2,200,000</u>

**Form 51-102F1**  
**Management's Discussion & Analysis (MD&A)**

**AUREA MINING INC.**

---

The Company, as explained in Section 3(c) above, also has a convertible note outstanding. If every remaining creditor exercised his/her right to convert the debt to shares, a total of up to **1,430,916** could be issued, at a deemed price of \$0.10 per share.

The **fully diluted** capital of the Company as at the date of this publication is **42,300,105** common shares

**Directors and Officers**

Directors

Enrique R. Miranda-Paz  
Joseph Fodor  
Ken Thorsen  
Klaus Zeitler

Officers

Enrique R. Miranda-Paz: President & Chief Executive Officer  
David Euresti-Reyna: Vice President of Corporate Affairs  
Alfonso Martinez-Vera: Vice President of Exploration  
Salvador Miranda: Chief Financial Officer and Vice President of Finance

**Contact information:**

<u>Corporate and strategic:</u>	<u>Exploration and technical:</u>	<u>Administration and finance:</u>
Mr. Enrique R. Miranda-Paz President & CEO Telephone (604) 484-8386 Email: emiranda@aureamining.com	Mr. Alfonso Martinez-Vera VP Exploration Telephone (604) 484-8386 Email: amartinez@aureamining.com	Salvador Miranda CFO Telephone (604) 925-2839 Email: smiranda@aureamining.com

\* \* \* \* \*