

## **AUREA MINING INC.**

2000 - 1066 West Hastings Street  
Vancouver, British Columbia V6E 3X2

Telephone: (604) 806-6110

Facsimile: (604) 806-6112

### **INFORMATION CIRCULAR**

as at May 11, 2006 (unless otherwise indicated)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of AUREA MINING INC. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on June 21, 2006 at the time and place and for the purposes set forth in the accompanying Notice of Meeting.**

### **SOLICITATION OF PROXIES**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. All costs of this solicitation will be borne by the Company. These officers and employees will receive no compensation other than their regular salaries but will be reimbursed for their reasonable expenses, which it is expected will not exceed \$1,000 in the aggregate.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are Richard Whittall, the President, Chief Executive Officer and a director of the Company and Salvador Miranda, Chief Financial Officer of the Company. **A shareholder eligible to vote at the Meeting has the right to appoint a person, who need not be a shareholder, to attend and act for the shareholder and on the shareholder’s behalf at the Meeting other than either of the persons designated in the accompanying form of proxy, and may do so either by inserting the name of that other person in the blank space provided in the accompanying form of proxy or by completing another suitable form of proxy.**

Shareholders are requested to date, sign and return the accompanying form of proxy for use at the Meeting if they are not able to attend the Meeting personally. To be effective, forms of proxy must be received by the Company’s registrar and transfer agent, Pacific Corporate Trust Company, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting (namely, by 2:00 p.m., Vancouver time, on June 19, 2006) or any adjournment thereof at which the proxy is to be used. Proxies delivered by regular mail should be addressed to Pacific Corporate Trust Company, 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9. Proxies delivered by facsimile should be sent to Pacific Corporate Trust Company at (604) 689-8144.

A shareholder who has given a proxy may revoke it by an instrument in writing duly executed and delivered either to Pacific Corporate Trust Company or to the registered office of the Company at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or of any reconvening thereof, or in any other manner provided by law. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

## NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the common shares of the Company (the “Common Shares”) they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. More particularly, a person is not a registered shareholder in respect of Common Shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and directors 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 (“CDS”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, Information Circular and form of proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with Pacific Corporate Trust Company** as provided above; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “proxy authorization form”)

which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxy nominees named in the form and insert the Non-Registered Holder's name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

### **EXERCISE OF DISCRETION**

On a poll the nominees named in the accompanying form of proxy will vote or withhold from voting the Common Shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. The proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified; and
- (b) any other matter, including amendments to any of the foregoing, as may properly come before the Meeting or any adjournment thereof.

**In respect of a matter for which a choice is not specified in the proxy, or unless otherwise provided for in the proxy, the nominees named in the accompanying form of proxy will vote Common Shares represented by the proxy for the approval of such matter.**

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting each nominee intends to vote thereon in accordance with the nominee's best judgment.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Company consists of an unlimited number of Common Shares. As of May 11, 2006, the Company had outstanding 43,459,896 Common Shares, each carrying the right to one vote.

Only shareholders of record at the close of business on May 12, 2006, who either attend the Meeting personally or complete and deliver a form of proxy in the manner and subject to the provisions described above, will be entitled to vote or to have their Common Shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of May 11, 2006, no person or entity beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares except for the following:

<u>Shareholder Name and Municipality of Residence</u>	<u>Number of Common Shares Held</u>	<u>Percentage of Outstanding Common Shares</u>
Nukay C.V. <sup>(1)</sup> Amstelveen The Netherlands 1183 AT	7,774,104	17.9%
Jade C.V. <sup>(2)</sup> Prof. J.H. Bavincklaan 7 Amstelveen The Netherlands 1183 AT	9,956,400	22.9%

<sup>(1)</sup> Nukay C.V. is a private company owned by an irrevocable trust, the settler of which was Enrique R. Miranda-Paz, the Chairman of the Company.

<sup>(2)</sup> Jade C.V. is a private company controlled by David E. Euresti Reyna, the Vice President of Corporate Affairs of the Company, as to 35.75%, Alfonso Martinez-Vera, the Vice President of Exploration and General Manager of Minera, as to 35.75% and Jesus Herrera Ortega as to 28.49%.

## ELECTION OF DIRECTORS

The size of the board of directors is currently determined at seven. At the Meeting shareholders will be asked to elect seven directors to succeed the present directors whose term of office will expire at the conclusion of the Meeting. Each director elected will hold office until the conclusion of the next annual general meeting of the Company at which a director is elected, unless the director's office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

The following table sets out the names and municipality of residence of management's nominees for election as directors, all offices in the Company each nominee now holds, the date of initial appointment of each nominee as a director of the Company, the number of Common Shares beneficially owned by each nominee, directly or indirectly, or over which control or direction is exercised by such nominee, as at May 11, 2006, and each nominee's principal occupation, business or employment.

<b><u>Name, Municipality of Residence and Office Held</u></b>	<b><u>Year of Appointment as Director</u></b>	<b><u>Number of Common Shares</u></b> <sup>(2)</sup>	<b><u>Principal Occupation or Employment</u></b>
Enrique R. Miranda-Paz Mexico City, Mexico Chairman of the Board and Director	May 6, 2004	352,600 <sup>(4)</sup>	Chairman, Industrias Miral, S.A. de C.V. (Holding Company)
Joseph W. Fodor <sup>(3)</sup> West Vancouver, British Columbia Director	December 6, 2004	290,000 <sup>(5)(6)</sup>	Independent Consultant
Kenneth R. Thorsen <sup>(3)</sup> Port Coquitlam, British Columbia Director	July 27, 2004	Nil	Independent Consultant
Klaus M. Zeitler <sup>(3)</sup> West Vancouver, British Columbia Director	March 31, 2005	100,000 <sup>(7)</sup>	President and Director. Amerigo Resources Limited, (Mining Company)
David Euresti-Reyna Mexico City, Mexico Vice President of Corporate Affairs and Director	June 15, 2005	10,199,070 <sup>(8)(9)</sup>	Independent Consultant
Mauricio Miranda-Alvarez Regensburg, Germany Director	June 15, 2005	120,000 <sup>(10)</sup>	Investor and Financial Consultant
Richard Whittall <sup>(11)</sup> Delta, British Columbia President and Chief Executive Officer and Director	June 15, 2005 <sup>(12)</sup>	3,050,000 <sup>(13)</sup>	Principal, Watershed Capital Partners Inc. (Strategic investment banking company)

(1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees.

(2) Does not include options to purchase common shares held by directors and officers.

(3) Denotes a member of the Audit Committee of the Company.

(4) 252,600 common shares are held by Industrias Miral, S.A. de C.V., a private company controlled by Enrique R. Miranda-Paz. 100,000 common shares are held by Marta Patricia Alvarez-Figueroa, spouse to Mr. Miranda-Paz. Marta Patricia Alvarez-Figueroa, spouse of Mr. Miranda-Paz also holds warrants to acquire 50,000 common shares at a price of \$0.35 per share at any time until the earlier of June 1, 2006 and the date which is one year from the Listing Date.

(5) 200,000 common shares are held by Sandhurst Investments Inc., a company controlled by Joseph W. Fodor. Sandhurst Investments Inc. also holds warrants to acquire 200,000 common shares at a price of \$0.35 per share at any time until the earlier of: (i) one year from the date of issuance, and (ii) 30 days following the receipt by the holder of a Conversion Notice. The Company may issue a Conversion Notice if the closing price of the Common Shares on the TSX Venture Exchange is at least \$0.60 for ten consecutive Trading Days.

(6) Mr. Fodor holds directly 90,000 common shares.

(7) 100,000 common shares are held by Zeitler Holdings Corp., a company controlled by Klaus Zeitler. Zeitler Holdings Corp. also holds warrants to acquire 50,000 common shares at a price of \$0.40 per share any time until the earlier of September 23, 2006 and the date which is one year from the Listing Date.

(8) 9,956,400 common shares are held by Jade C.V., a private company controlled by David E. Euresti Reyna as to 35.75%, Alfonso Martinez-Vera as to 35.75% and Jesus Herrera Ortega as to 28.49%.

(9) Mr. Euresti-Reyna holds directly 242,670 common shares. Mr. Euresti-Reyna holds warrants to acquire 50,000 common shares at a price of \$0.35 per share at any time until the earlier of June 1, 2006 and the date which is one year from the Listing Date.

(10) Mr. Miranda-Alvarez holds directly 120,000 common shares and holds warrants to acquire 60,000 common shares at a price of \$0.35 per share at any time until the earlier of June 1, 2006 and the date which is one year from the Listing Date.

(11) Mr. Whittall was appointed President of the Company on September 15, 2005 and was appointed Chief Executive Officer of the Company on November 15, 2005.

(12) Mr. Whittall was a director of the Company from May 6, 2004 to December 1, 2004.

(13) 2,520,000 common shares are held by Watershed Capital Partners Inc., a private company controlled by Richard Whittall and 30,000 common shares are held by Watershed Capital Holdings Inc., a private company controlled by Richard Whittall. Mr. Whittall holds directly 500,000 common shares and also holds warrants to acquire 150,000 common shares at a price of \$0.40 per share and warrants to acquire 200,000 common shares at a price of \$0.35 per share.

## **APPOINTMENT AND REMUNERATION OF AUDITORS**

Davidson & Company, Chartered Accountants, of Suite 1200, 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, will be nominated at the Meeting for reappointment as auditors of the Company at a remuneration to be fixed by the directors. Davidson & Company have been appointed auditors of the Company for over five years.

## **RE-APPROVAL OF STOCK OPTION PLAN**

The shareholders approved a stock option plan (the “Stock Option Plan”) at the annual and extraordinary general meeting of the Company held on June 16, 2004. Pursuant to the policies of the Exchange, shareholders are required to approve on a yearly basis stock option plans which have a “rolling plan” ceiling. The Stock Option Plan complies with the requirements of the Exchange’s Policy 4.4 as it relates to Tier 2 issuers. Under the Stock Option Plan, the Company may grant stock options pursuant to which Shares may be purchased by directors, officers, employees and consultants of the Company up to a maximum of 10% of the issued and outstanding capital of the Company. As of May 11, 2006, the Company had 3,493,000 stock options outstanding.

The purpose of the Stock Option Plan is to advance the interests of the Company and its shareholders and subsidiaries by furnishing certain directors, officers, employees and consultants of the Company and its subsidiaries with greater incentive to further develop and promote the business and financial success of the Company, to assist the Company in attracting, retaining and motivating its directors, officers, employees and consultants and to encourage and enable such persons to acquire and retain an interest in the Company through share ownership. A copy of the Stock Option Plan may be requested from the Company.

### **Stock Option Plan**

The following is a summary of the principal terms of the Stock Option Plan.

The Stock Option Plan provides that stock options may be granted to directors, officers, employees and consultants of the Company, as such terms are defined in the Exchange’s Policy 4.4.

The Stock Option Plan will be administered by the Company’s board of directors.

The Stock Option Plan provides for the issuance of stock options to acquire up to that number of the Company’s Shares (the “Plan Ceiling”) equal to 10% of the Company’s issued and outstanding share capital as at the date of grant, subject to standard anti-dilution adjustments. This is a “rolling” Plan Ceiling as the number of Shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases.

The Stock Option Plan may be amended or terminated by the board of directors at any time, but such amendment or termination will not alter the terms or conditions of any option awarded prior to the date of such amendment or termination. Any stock option outstanding when the Stock Option Plan is amended or terminated will remain in effect until it is exercised or expires or is otherwise terminated in accordance with the provisions of the Stock Option Plan.

The Stock Option Plan provides that other terms and conditions, including vesting provisions, may be attached to a particular stock option, at the discretion of the Company's board of directors. All stock option grants are to be evidenced by the execution of an option agreement, substantially in the form attached a schedule to the Stock Option Plan.

The Stock Option Plan provides that it is solely within the discretion of the board of directors to determine to whom stock options should be granted and in what amounts. The board of directors may issue a majority of the options to insiders of the Company. However, the number of Shares issuable to any one optionee under the Stock Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 5% of the total number of issued and outstanding Shares on a non-diluted basis. The number of Shares which may be reserved for issuance pursuant to stock options granted to insiders of the Company under the Stock Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, in aggregate may not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis. Further, the number of Shares which may be issuable under the Stock Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- (a) to insiders of the Company in aggregate, may not exceed 10% of the outstanding Shares;
- (b) to any one optionee who is an insider of the Company, (and any associates of such insider), may not exceed 5% of the outstanding Shares;
- (c) to any one consultant to the Company, may not exceed 2% of the outstanding Shares; and
- (d) to any one employee of the Company providing investor relations activities (as defined by the policies of the Exchange) may not exceed 2% of the outstanding Shares.

Options granted under the Stock Option Plan will be for a term not to exceed five years from the date of their grant. In the event an option holder ceases to be a consultant or employee of the Company (other than by reason of death), the stock option will expire on the earlier of the expiry date stated in the option agreement executed in respect of such grant ("Fixed Expiry Date") and 90 days following the date of termination, unless the holder holds the stock option as an employee or consultant of the Company performing investor relations activities, in which case the stock option will expire on the earlier of the Fixed Expiry Date and the 30 days following the date of termination. In the event an option holder ceases to be a director or senior officer of the Company (other than by reason of death), the stock option will expire on the earlier of the Fixed Expiry Date or 90 days following the date the director or senior officer ceases to be

a director or senior officer of the Company. Notwithstanding the foregoing, a stock option will expire immediately in the event a director or senior officer ceases to be director or senior officer of the Company as a result of becoming disqualified by law or an order is made by a regulatory authority. A stock option will also expire immediately in the event an employee ceases to be an employee as a result of termination for just cause or an employee or consultant ceases to be an employee or consultant as a result of an order made by a regulatory authority. In the event of death of an option holder, the stock option will expire on the first anniversary after the date of death or on the Fixed Expiry Date, whichever is earlier.

The price at which an option holder may purchase a Share upon the exercise of a stock option will be as set forth in the option agreement executed in respect of such option and in any event will not be less than the market price of the Company's Shares as of the date of the grant of the stock option (the "Grant Date"). The market price of the Company's Shares for a particular Grant Date would typically be the closing trading price of the Company's Shares on the last trading day immediately preceding the Grant Date, or otherwise in accordance with the terms of the Stock Option Plan.

A stock option will be non-assignable except that it will be exercisable by the personal representatives of the option holder in the event of the option holder's death or incapacity.

Shares will not be issued pursuant to stock options granted under the Stock Option Plan until they have been fully paid for. The Company will not provide financial assistance to option holders to assist them in exercising their stock options.

Management of the Company will ask the Shareholders to approve the following resolution at the Meeting:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION that subject to regulatory approval:

- (a) the Company's stock option plan (the "Stock Option Plan") be and is hereby adopted and approved;
- (b) the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan, entitling the option holders to purchase up to that number of Shares that is equal to 10% of the issued and outstanding Shares of the Company as at the time of the grant; and
- (c) the directors and officers of the Company be authorized and directed to perform all such acts and deeds and things and execute, under the seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions."

## **CORPORATE GOVERNANCE**

Effective June 20, 2005, the Canadian Securities Administrators adopted National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Instrument 58-201 *Corporate Governance Guidelines* (“NI 58-201”). NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NI 58-201 provides guidance on corporate governance practices. In addition, the Company is subject to Multilateral Instrument 52-110 *Audit Committees* (“MI 52-110”), which has been adopted in various Canadian provinces and territories and which prescribes certain requirements in relation to audit committees. A full description of each of the corporate governance practices of the Company with respect to NI 58-101 is set out in Schedule A to this Information Circular.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

MI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditors, which is set forth below.

#### **The Audit Committee’s Charter**

The Company’s audit committee is governed by an audit committee charter, the text of which is set out in Schedule B of this Information Circular.

#### **Composition of the Audit Committee**

The Company’s audit committee is comprised of three directors, Kenneth Thorsen, Joseph W. Fodor, and Klaus M. Zeitler. All three member are considered independent members of the Audit Committee pursuant to the meaning of “independent” provided in MI 52-110. All three member are considered financially literate as provided for in MI 52-110.

#### **Relevant Education and Experience**

This section described the education and experience of the Company’s Audit Committee members that is relevant to the performance of their responsibilities in that role.

##### *Joseph W. Fodor*

Joseph W. Fodor is a director of the Company. Mr. Fodor is currently a self-employed business consultant. Mr. Fodor was previously a partner of Norfolk Capital Partners from 2000 to 2002 and was a Director with CIT/Newcourt from 1998 to 2000. Mr. Fodor holds an M.B.A. from the University of Toronto and an LL.B from Queen’s University and is also a member of the Law Society of Upper Canada.

### *Kenneth R. Thorsen*

Kenneth R. Thorsen is a director of the Company. Mr. Thorsen is currently an independent consultant to the mining industry. Mr. Thorsen is a director of the following public mining companies listed on the TSX-V: Boulder Mining Corporation since February 2002, Donner Minerals Ltd. since May, 2004, Capstone Gold Corp. since July, 2004, Pacifica Resources Ltd. since October, 2004 and Rodinia Minerals Inc. since November, 2004. Mr. Thorsen is also Director and VP Exploration of Fury Explorations Ltd., and is a former director of Abacus Mining & Exploration Corp., Bell Coast Capital Corp., Mirabel Resources Inc. and Miranda Mining Corporation, public companies listed on the TSX-V. Mr. Thorsen has also held several senior positions in Teck Corporation from June 1994 to December, 2001. From December 1999 to December, 2001, Mr. Thorsen was the Exploration General Manager of Teck Cominco Ltd. in charge of exploration on major projects and around mines and development projects. Mr. Thorsen is a Professional Engineer and holds a BSc, Geological Engineering from South Dakota School of Mines and Technology.

### *Klaus M. Zeitler*

Klaus M. Zeitler is a director of the Company. Dr. Zeitler is currently the president and a director of Amerigo Resources Limited, a mining company listed on the Toronto Stock Exchange (the "TSX"). Previously, he was the Senior Vice President of Teck Cominco Limited. from 1997 to 2002, and served on the board of directors of Teck Corp. from 1981 to 1997 and Cominco Limited from 1986 to 1996. From 1986 to 1996 Dr. Zeitler was the chief executive officer of Metall Mining Corporation (now Inmet Mining Corporation). He is also a director of Western Silver Corporation, which is listed on the TSX. Dr. Zeitler holds a Ph.D. in Business Administration and Economics from the University of Karlsruhe, Germany.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year ended December 31, 2005, the Company's board of directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year ended December 31, 2005, the Company has not relied on the exemptions contained in sections 2.4 "*De Minimis Non-Audit Services*" or 8 "*Exemptions*" of MI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulator authority for an exemption from the requirements of MI 52-110, in whole or in part.

## **Pre-Approval Policies and Procedures**

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of MI 52-110, the engagement of non-audit services is considered by the Company's board of directors, and where applicable the audit committee, on a case-by-case basis.

## **External Auditor Service Fees**

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows.

### *Audit Fees*

In 2005, the Company's external auditor (the "External Auditor") billed the Company \$25,000 for audit services. In 2004, the External Auditor billed the Company \$25,160 for audit services.

### *Audit Related Fees*

In 2005, the External Auditor did not bill the Company for assurance and related services in connection with the performance of the audit or the review of the Company's financial statements ("Audit Related Services"). In 2004, the External Auditor billed the Company \$240 for Audit Related Services.

### *Tax Fees*

In 2005, the External Auditor billed the Company \$1,000 for advice related to tax compliance, tax advise and tax planning ("Tax Services"). The Tax Services provided by the External Auditor in 2005 consisted of preparation of tax returns. In 2004, the External Auditor billed the Company \$1,000 for Tax Services. The Tax Services provided by the External Auditor in 2004 consisted of preparation of tax returns.

### *All Other Fees*

In 2005, the External Auditor did not bill the Company for any other fees. In 2004, the External Auditor did not bill the Company for any other fees.

## **Exemptions**

The Company is relying on the exemption provided by section 6.1 of MI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of MI 52-110.

## EXECUTIVE COMPENSATION

The following table sets forth information concerning compensation paid and accrued for services in all capacities to the Company for the last three completed financial years to the individuals who were (or who acted in a similar capacity as), as at December 31, 2005 or at any time during the financial year, the Chief Executive Officer and the Chief Financial Officer and the other three most highly compensated executive officers of the Company whose individual total salary and bonus during such period exceeded \$150,000 (collectively, the “Named Executive Officers”).

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	Payouts		
					Securities Under Options/SARs Granted (#)	Shares or Units Subject to Resale Restrictions (#)	LTIP Payouts (\$)	All Other Compensation (\$)
Richard Whittall, President, Chief Executive Officer and Director <sup>(1)</sup>	2005	7,500	Nil	Nil	300,000	Nil	Nil	Nil
	2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Salvador Miranda, Chief Financial Officer <sup>(2)</sup>	2005	37,350	Nil	Nil	250,000	Nil	Nil	Nil
	2004	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2003	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Enrique Miranda-Paz, Former President, Former Chief Executive Officer and Director <sup>(3)</sup>	2005	Nil	Nil	Nil	550,000	Nil	Nil	Nil
	2004	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hermhash Ricky Gill, Former Chief Financial Officer and Secretary <sup>(4)</sup>	2005	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2004	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2003	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Whittall was appointed President of the Company on September 15, 2005 and was appointed Chief Executive Officer of the Company on November 15, 2005.

(2) Mr. Miranda was appointed Chief Financial Officer of the Company on February 10, 2005. Mr. Miranda is compensated through a company pursuant to a consulting agreement.

(3) Mr. Miranda-Paz was appointed President and Chief Executive Officer of the Company on May 6, 2004 and resigned on September 15, 2005.

(4) Mr. Gill resigned on January 21, 2005.

### Long-Term Incentive Plan Awards

A long term incentive plan (“LTIP”) is “a plan providing compensation intended to motivate performance over a period greater than one financial year” and does not include option or stock appreciation rights (“SARs”) plans or plans for compensation through shares or units that are subject to restrictions on resale. The Company did not award any LTIPs to any Named Executive Officer during the most recently completed financial year ended December 31, 2005.

## Stock Appreciation Rights

A stock appreciation right (“SAR”) is a right to receive a payment of cash or an issue or transfer of shares based wholly or in part on changes in the trading price of the Company’s Common Shares. No SARs were granted to, or exercised by, any Named Executive Officer or any directors during the most recently completed financial year December 31, 2005. 6

## Options

The stock options granted to the Named Executive Officers during the most recently completed financial year ended December 31, 2005 were as follows:

### Option Grants During the Most Recently Completed Financial Year

<b>NAMED EXECUTIVE OFFICERS Name</b>	<b>Securities Under Options Granted (#)</b>	<b>% of Total Options Granted to Employees in Financial Year</b>	<b>Exercise or Base (\$/Security)</b>	<b>Market Value of Securities Underlying Options on the Date of Grant (\$/Security)</b>	<b>Expiration Date</b>
Richard Whittall, President, Chief Executive Officer and Director	300,000	9.0%	\$0.26	\$0.26 <sup>(1)</sup>	June 15, 2010
Salvador Miranda, Chief Financial Officer	250,000	7.5%	\$0.26	\$0.26 <sup>(1)</sup>	January 21, 2010
Enrique Miranda-Paz, Former President, Former Chief Executive Officer and Director	550,000	16.4%	\$0.26	\$0.26 <sup>(1)</sup>	January 21, 2010

<sup>(1)</sup> As the Company was not yet listed to trade securities, the grant of options exercise price was based on the Company’s previous private placement.

## Termination of Employment, Changes in Responsibility and Employment Contracts

The Company and its subsidiaries are not parties to any contracts, and have not entered into any plans or arrangements which require compensation to be paid to any of their directors, officers or employees in the event of:

- (a) resignation, retirement or any other termination of employment with the Company or one of its subsidiaries;
- (b) a change of control of the Company or one of its subsidiaries; or
- (c) a change in the director, officer or employee’s responsibilities following a change of control.

## Compensation of Directors

The only arrangements the Company has, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, are by the issuance of stock options.

The following directors received options under the Stock Option Plan in their capacity as a director during the most recently completed financial year ended December 31, 2005:

### Option Grants During the Most Recently Completed Financial Year

<u>Name of Director</u>	<u>Securities Under Options Granted</u> (#)	<u>Exercise or Base</u> (\$/Security)	<u>Market Value of Securities Underlying Options on the Date of Grant</u> (\$/Security)	<u>Expiration Date</u>
Enrique Miranda-Paz	550,000	\$0.26	\$0.26 <sup>(1)</sup>	January 21, 2010
Joseph W. Fodor	300,000	\$0.26	\$0.26 <sup>(1)</sup>	January 21, 2010
Kenneth R. Thorsen	300,000	\$0.26	\$0.26 <sup>(1)</sup>	January 21, 2010
Klaus M. Zeitler	300,000	\$0.26	\$0.26 <sup>(1)</sup>	March 31, 2010
David Euresti-Reyna	250,000	\$0.26	\$0.26 <sup>(1)</sup>	January 21, 2010
	300,000	\$0.26	\$0.26 <sup>(1)</sup>	June 15, 2010
Mauricio Miranda-Alvarez	300,000	\$0.26	\$0.26 <sup>(1)</sup>	June 15, 2010
Richard Whittall	300,000	\$0.26	\$0.26 <sup>(1)</sup>	June 15, 2010

<sup>(1)</sup> As the Company was not yet listed to trade securities, the grant of options exercise price was based on the Company's previous private placement.

**SECURITIES AUTHORIZED FOR ISSUANCE  
UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details of all equity compensation plans of the Company as of December 31, 2005.

**Table of Equity Compensation Plan Information as of December 31, 2005**

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</u>	<u>Number of Securities Remaining Available for Future Issuance Under the Equity Compensation Plans</u>
Equity Compensation Plans Approved by Securityholders	3,350,000	\$0.26	143,625 Common Shares
Equity Compensation Plans Not Approved By Securityholders	N/A	N/A	N/A
<b>Total</b>	<b>3,350,000</b>	<b>\$0.26</b>	<b>143,625 Common Shares</b>

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors, executive officers and employees and former directors, executive officers, and employees is, as of May 11, 2006, indebted to either the Company or any of its subsidiaries nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has at any time since the beginning of the Company's last completed financial year been indebted to the Company or any of its subsidiaries nor have any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of management of the Company, except as described herein, no director or executive officer of the Company, no person who beneficially owns, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Company (each of the foregoing being an "Informed Person"), no director or executive officer of an entity that is itself an Informed Person or a subsidiary of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed financial year or in any proposed transaction which, in either case, has materially affected or would materially affect the Company or any of its subsidiaries.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

To the knowledge of management of the Company, other than as described herein, no director or executive officer of the Company at any time since the beginning of the last completed financial year of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## **MANAGEMENT CONTRACTS**

The management functions of the Company and its subsidiaries are not performed to any substantial degree by any person or company other than the directors and executive officers of the Company or its subsidiaries.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information regarding the Company is provided in the Company's consolidated financial statements for the financial year ended December 31, 2005 and the auditors' report thereon together with the corresponding management discussion and analysis. Copies of the consolidated financial statements, as well as additional copies of this Information Circular, may be obtained upon request from the Company at 2000 - 1066 West Hastings Street, Vancouver, British Columbia V6E 3X2.

## **APPROVAL OF DIRECTORS**

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the board of directors of the Company.

DATED at Vancouver, British Columbia, this 23<sup>rd</sup> day of May, 2006.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed)*

**ENRIQUE R. MIRANDA-PAZ**  
**Chairman of the Board**

## SCHEDULE A

### **AUREA MINING INC. CORPORATE GOVERNANCE COMPLIANCE TABLE**

The following table sets out the corporate governance practices of the Company with respect to NI 58-101. The Company constantly monitors evolving best practices for corporate governance.

	GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101	COMMENTS
1.	<p><b>Board of Directors</b></p> <p>(a) Disclose the identity of the directors who are independent.</p>	<p>The Board is comprised of seven directors, three of the directors are independent and four are not independent. The Board considers that Kenneth R. Thorsen, Joseph W. Fodor and Klaus M. Zeitler are independent directors.</p>
	<p>(b) Disclose the identity of the directors who are not independent, and describe the basis for that determination.</p>	<p>The Board considers that Enrique R. Miranda-Paz, David Euresti-Reyna, Richard Whittall and Mauricio Miranda-Alarez are not independent directors. Enrique R. Miranda-Paz is not an independent director because of his position as Chairman of the Board of the Company. David Euresti-Reyna is not an independent director because of his position as Vice President of Corporation Affairs of the Company. Richard Whittall is not an independent director because of his position as President and Chief Executive Officer of the Company. Mauricio Miranda-Alarez is not an independent director as he is the son of Enrique R. Miranda-Paz who is the Chairman of the Board of the Company. The Board is responsible for determining whether or not each director is an independent director. To do this, the Board analyzes all the relationships of the directors with the Company and its subsidiaries. Those directors who do not meet the meaning of independence as provided in NI 58-101 were deemed to not be independent directors. More information about each director can be found on pages 4 and 5 of this Information Circular.</p>
2.	<p><b>Directorship</b></p> <p>If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>The following directors currently serve on the Board of the reporting issuer(s) (or equivalent) listed below:</p> <p>Kenneth R. Thorsen:                      Boulder Mining Corporation  Donner Minerals Ltd.  Capstone Gold Corp.  Pacifica Resources Ltd.  Rodinia Minerals Inc.  Fury Explorations Ltd.</p> <p>Klaus M. Zeitler:                          Amerigo Resources Limited  Western Silver Corporation</p> <p>Richard Whittall:                         Canadian General Investments Ltd.  Canadian World Fund Ltd.  GVIC Publications Ltd.  Maximizer Software Inc.  Burcon NutraScience Corp.  Nutramed Capital Corp.  Skin Biology Inc.</p>

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
3.	<p><b>Orientation and Continuing Education</b></p> <p>Describe what steps, if any, the Board takes to orient new board members and describe what measures, if any, the Board takes to provide continuing education for directors.</p>	<p>Currently, the Corporate Governance Committee is responsible for providing an orientation and education program for new members of the Board.</p> <p>All of the current directors have extensive experience in the mining industry and the majority have been exposed to the mining industry in both Canada and Mexico.</p>
4.	<p><b>Ethical Business Conduct</b></p> <p>Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board has not yet adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct; but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding and minimizing conflicts of interest.</p>
5.	<p><b>Nomination of Directors</b></p> <p>Describe what steps, if any, are taken to identify new candidates for Board nomination, including:</p> <p>(a) who identifies new candidates, and</p> <p>(b) the process of identifying new candidates.</p>	<p>The Corporate Governance Committee is responsible for reviewing on a periodic basis the size and composition of the Board and assessing the effectiveness of the Board on a whole. The Corporate Governance Committee nominates and is responsible for recruiting new directors, proposing new nominees to the Board taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.</p> <p>The Board does not have a nominating committee, and these functions are currently performed by the Corporate Governance Committee as a whole.</p>
6.	<p><b>Compensation</b></p> <p>Describe what steps, if any are taken to determine compensation for the directors and CEO, including:</p> <p>(a) who determines compensation; and</p> <p>(b) the process of determining compensation.</p>	<p>The Compensation Committee is required to review the compensation for directors and executives. The Compensation Committee reviews the adequacy and form of, and recommends to the Board the compensation for directors and executives, which may include annual retainers, meeting fees, option grants and other benefits received by directors to ensure that the compensation received accurately reflects the risks and responsibilities involved in being an effective director or executive. For more information regarding compensation paid to directors and executives, see pages 12, 13 and 14 of this Information Circular.</p>

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
7.	<p><b>Other Board Committees</b></p> <p>If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has a Compensation Committee, Corporate Governance Committee and an Audit Committee.</p> <p>The current members of the Compensation Committee are Kenneth R. Thorsen, Joseph W. Fodor and Klaus M. Zeitler.</p> <p>The current members of the Corporate Governance Committee are Enrique R. Miranda-Paz, Joseph W. Fodor, Richard Whittall and Klaus M. Zeitler.</p> <p>The current members of the Audit Committee are Kenneth R. Thorsen, Joseph W. Fodor and Klaus M. Zeitler.</p>
8.	<p><b>Assessments</b></p> <p>Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>Currently, the Corporate Governance Committee takes responsibility for monitoring and assessing the effectiveness of the Board and the performance of individual directors, its committees, including reviewing the Board's decision-making processes and quality and adequacy of information provided by management.</p>

## **SCHEDULE B**

### **AUREA MINING INC. AUDIT COMMITTEE CHARTER**

#### **A. OVERVIEW AND PURPOSE**

The Audit Committee of Aurea Mining Inc. (“Aurea”) has been formed to enable the Board of Directors of Aurea to perform its obligations with respect to compliance with applicable securities laws and the rules of the TSX Venture Exchange.

The Audit Committee is responsible to the Board of Directors of Aurea. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to:

- (a) disclosure of financial and related information;
- (b) the relationship with and expectations of the external auditors of Aurea, including the establishment of the independence of the external auditors;
- (c) the oversight of Aurea’s internal controls; and
- (d) any other matters that the Audit Committee feels are important to its mandate or that the Board of Directors of Aurea chooses to delegate to it.

The Audit Committee will approve, monitor, evaluate, advise or make recommendations in accordance with this Charter, with respect to the matters set out above.

#### **B. ORGANIZATION**

##### **1. Size and Membership Criteria**

The Audit Committee will consist of three or more Directors of Aurea.

A majority of the members of the Audit Committee must be independent of management and free from any interest, business or other relationship, other than interests and relationships arising from holding common shares of Aurea or other securities which are exchangeable into common shares of Aurea, which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of Aurea.

All members of the Audit Committee should be financially literate and be able to read and understand basic financial statements. At least one member of the Audit Committee must have accounting or related financial expertise and should be able to analyze and interpret a full set of financial statements, including notes, in accordance with generally accepted accounting principles.

## **2. Appointment and Vacancies**

The members of the Audit Committee are appointed or reappointed by the Board of Directors following each annual meeting of the shareholders of Aurea. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board of Directors of Aurea or ceases to be a Director of Aurea. Where a vacancy occurs at any time in the membership of the Audit Committee the Board of Directors of Aurea may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three Directors as a result of any such vacancy.

## **C. MEETINGS**

### **1. Frequency**

The Audit Committee will meet at least four times per year on a quarterly basis, or more frequently as circumstances require. In addition, the Audit Committee will also meet at least once per year with management and the external auditors of Aurea in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

### **2. Chair**

The Board of Directors of Aurea or, in the event of its failure to do so, the members of the Audit Committee, will appoint a Chair from amongst their number. If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the Chair of the meeting will be chosen by the Audit Committee from among the members present.

The Audit Committee will also appoint a secretary who need not be a Director of Aurea.

### **3. Time and Place of Meetings**

The time and place of meetings of the Audit Committee and the procedure at such meeting will be determined from time to time by the members of the Audit Committee, provided that:

- (a) a quorum for meetings of the Audit Committee will be two members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, and
- (b) notice of the time and place of every meeting will be given in writing or facsimile to each member of the Audit Committee, the internal auditors, the external auditors and the corporate secretary of Aurea at least 24 hours prior to the time fixed for such meeting.

Any person entitled to notice of a meeting of the Audit Committee may waive such notice (an attendance at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called).

A meeting of the Audit Committee may be called by the corporate secretary of Aurea on the direction of the Chief Executive Officer of Aurea, by any member of the Audit Committee or the external auditors. Notwithstanding the foregoing, the Audit Committee will at all times have the right to determine who will and will not be present at any part of the meeting of the Audit Committee.

#### **4. Agenda**

The Chairman will ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as each of the external auditors and corporate secretary of Aurea in advance of the meeting of the Audit Committee not later than three business days prior to each meeting.

#### **5. Resources**

The Audit Committee will have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee. The Audit Committee may request any officer or employee of Aurea or its subsidiaries or the legal counsel to Aurea or the external auditors of Aurea to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

### **D. DUTIES AND RESPONSIBILITIES**

The Board of Directors of Aurea has delegated the following duties and responsibilities to the Audit Committee, and the Audit Committee shall have the sole authority and responsibility to carry out these duties and responsibilities.

#### **1. Review and Reporting Procedures**

The Audit Committee will make regular reports to the Board of Directors of Aurea. The Audit Committee will review and re-assess the Audit Committee Charter on an annual basis and make recommendations for changes to this Charter. The Audit Committee will also periodically perform a self-assessment of its performance against its mandate.

#### **2. Financial Reporting**

The Audit Committee will review and discuss with management, the internal auditors (as applicable) and the external auditors of Aurea the following financial statements and related information prior to filing or public dissemination:

- (a) annual audited financial statements of Aurea, including notes;
- (b) interim financial statements of Aurea;

- (c) management discussion and analysis (“MD&A”) relating to each of the annual audited financial statements and the interim financial statements of Aurea;
- (d) news releases and material change reports announcing annual or interim financial results or otherwise disclosing the financial performance of Aurea, including the use of non-GAAP earnings measures;
- (e) the annual report of Aurea;
- (f) all financial-related disclosure to be included in management proxy circulars of Aurea in connection with meetings of shareholders; and
- (g) all financial-related disclosure to be included in or incorporated by reference into any prospectus or other offering documents that may be prepared by Aurea.

As part of this review process, the Audit Committee will meet with the external auditors without management present to receive input from the external auditors with respect to the acceptability and quality of the relevant financial information.

The Audit Committee will also review the following items in relation to the above listed documents:

- (a) significant accounting and reporting issues or plans to change accounting practices or policies and the financial impact thereof;
- (b) any significant or unusual transactions;
- (c) significant management estimates and judgments; and
- (d) monthly financial statements.

Following the review by the Audit Committee of the documents set out above, the Audit Committee will recommend to the Board of Directors that such documents be approved by the Board of Directors and filed with all applicable securities regulatory bodies and/or be sent to shareholders.

### **3. External Auditors**

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the external auditors of Aurea (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing its audit report or related work. As a result, the Audit Committee will review and recommend the appointment of the external auditors and the remuneration of the external auditors.

The Audit Committee will review on an annual basis the performance of the external auditors of Aurea. The Audit Committee will discuss with the external auditors any disclosed relationships or non-audit services that the external auditors propose to provide to Aurea or any of its subsidiaries that may impact the objectivity and independence of the external auditors in order to satisfy itself of the independence of the external auditors.

In addition, the Audit Committee will review on an annual basis the scope and plan of the work to be done by the external auditors of Aurea for the coming financial year.

Prior to the release of the annual financial statements of Aurea, the Audit Committee will discuss certain matters required to be communicated to the Audit Committee by the external auditors in accordance with the standards established by the Canadian Institute of Chartered Accountants. The Committee will also consider the external auditors' judgment about the quality and appropriateness of Aurea's accounting principles as applied in the Aurea's financial reporting.

#### **4. Legal and Compliance**

The Audit Committee is responsible for reviewing with management of Aurea the following:

- (a) any off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of Aurea and its subsidiaries which would have a material current or future effect on the financial condition of Aurea;
- (b) major risk exposures facing Aurea and the steps that management has taken to monitor, control and manage such exposures, including Aurea's risk assessment and risk management guidelines and policies;
- (c) any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of Aurea and its subsidiaries and the manner in which these matters have been disclosed in the financial statements; and
- (d) the quarterly and annual certificates of the Chief Executive Officer and the Chief Financial Officer of Aurea certifying Aurea's quarterly and annual financial filings in compliance with Multilateral Instrument 52-109 of the Canadian Securities Administrators.

#### **5. Internal Controls**

The Audit Committee is responsible for reviewing the adequacy of Aurea's internal control structures and procedures designed to ensure compliance with applicable laws and regulations.

The Audit Committee will review the letters from the external auditors of Aurea outlining the material weaknesses in internal controls noted from their audit, including relevant drafts of such letters.