



Aura Minerals Inc.

AURA MINERALS INC.

ANNUAL INFORMATION FORM
For the year ended December 31, 2008

Dated as of March 23, 2009

TABLE OF CONTENTS

INTRODUCTORY NOTES.....	3
CORPORATE STRUCTURE.....	4
GENERAL DEVELOPMENT OF THE BUSINESS.....	5
THREE YEAR HISTORY.....	5
SIGNIFICANT ACQUISITIONS.....	8
NARRATIVE DESCRIPTION OF THE BUSINESS.....	9
DESCRIPTION OF THE BUSINESS.....	9
ENVIRONMENTAL RISK MANAGEMENT.....	11
RISK FACTORS.....	12
MATERIAL MINERAL PROJECTS.....	20
<i>The Arapiraca Project</i>	20
<i>The Aranzazu Project</i>	30
OTHER MINERAL PROJECTS – THE PARA PROPERTIES.....	41
DIVIDENDS.....	42
DESCRIPTION OF CAPITAL STRUCTURE.....	43
MARKET FOR SECURITIES.....	43
ESCROWED SECURITIES.....	44
DIRECTORS AND OFFICERS.....	44
NAME, OCCUPATION AND SECURITY HOLDING.....	44
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS... ..	47
CONFLICTS OF INTEREST.....	48
PROMOTERS.....	48
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	48
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	49
TRANSFER AGENTS AND REGISTRARS.....	50
MATERIAL CONTRACTS.....	50
INTERESTS OF EXPERTS.....	50
AUDIT COMMITTEE.....	51
ADDITIONAL INFORMATION.....	54
SCHEDULE “A” – CHARTER OF THE AUDIT COMMITTEE.....	55

ITEM 1 INTRODUCTORY NOTES

Date of Information

In this Annual Information Form (“AIF”), Aura Minerals Inc., together with its subsidiaries, as the context requires, is referred to as “Aura Minerals” or the “Company”. All information contained herein is as at December 31, 2008, unless otherwise stated.

Cautionary Statement Regarding Forward-Looking Statements

All statements made in this AIF, other than statements of historical fact, are forward-looking statements. The Company’s actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this AIF or to reflect the occurrence of unanticipated events.

Forward-looking statements include, but are not limited to, statements with respect to the future price of copper, gold, silver, nickel and iron ore, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of copper, gold, silver, nickel and iron ore; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in this AIF under the heading “*Item 4.3 - Risk Factors*”. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Currency Presentation

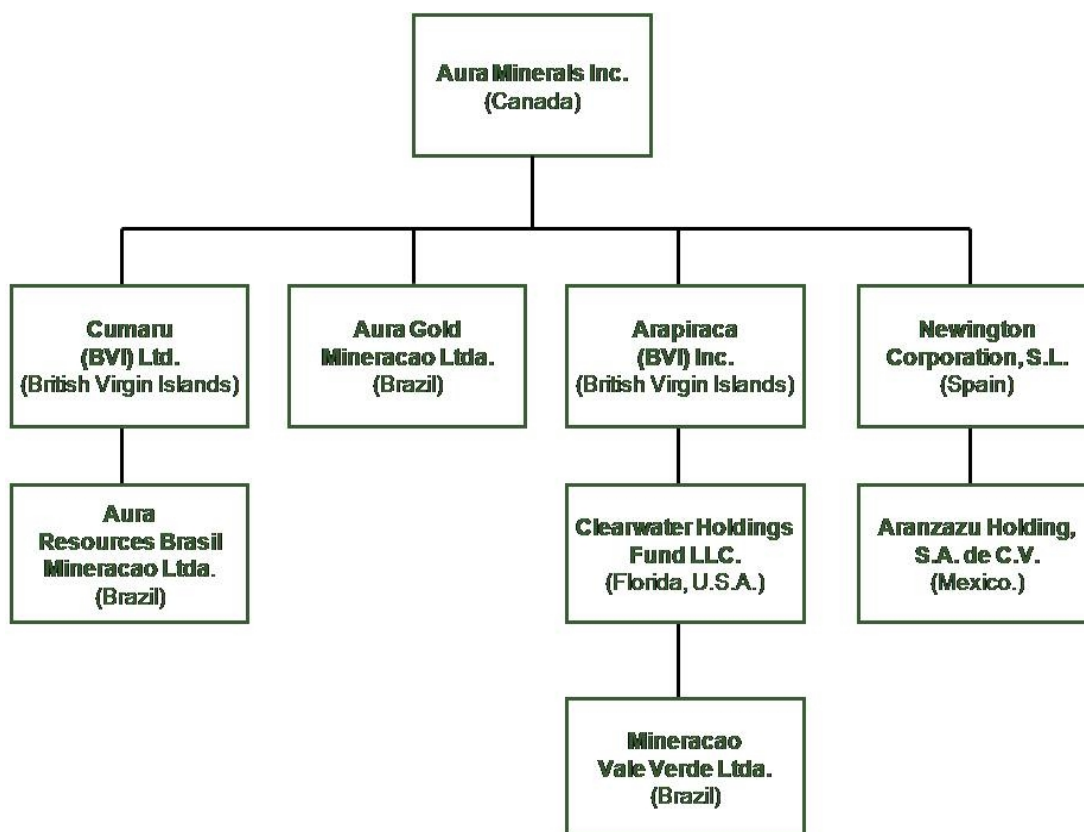
All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars and referred to as “Canadian dollars” or “Cdn\$”.

**ITEM 2
CORPORATE STRUCTURE**

Aura Minerals has its head office and registered office located at P.O. Box 10434, Pacific Centre, Suite 1950 – 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K4.

The Company was originally incorporated under the name, “Baldwin Consolidated Mines Limited” by Letters Patent dated July 12, 1946. By Articles of Amendment dated July 11, 1989, the Company changed its name to “Canadian Baldwin Holdings Limited” and consolidated its common shares (“Common Shares”) on a 5:1 basis. By Articles of Amendment dated July 27, 2005, the Company changed its name to “Canadian Baldwin Resources Limited” and further consolidated its Common Shares on a 1.75:1 basis. By Articles of Amendment dated March 22, 2006, the Company changed its name to “Aura Gold Inc.” and by Articles of Continuance dated April 20, 2006, the Company was continued from the *Business Corporations Act* (Ontario) to the *Canada Business Corporations Act*. By Articles of Amendment dated July 20, 2007, the Company changed its name to “Aura Minerals Inc”.

The following chart illustrates the Company’s significant wholly-owned direct and indirect subsidiaries (collectively, the “Subsidiaries”), together with the jurisdiction of incorporation of each company.



ITEM 3
GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

Fiscal 2006

The Company's Common Shares began trading on the Toronto Stock Exchange ("TSX") under the symbol "ORA" on July 25, 2006.

During the year ended December 31, 2006, the Company completed the following private placement financings:

- (a) on January 5, 2006, the Company closed a private placement that consisted of the sale of 9,000,000 Common Shares at \$0.03 per share to a founding investor group, resulting in aggregate gross proceeds to the Company of \$270,000;
- (b) on January 5, 2006, the Company closed a private placement that consisted of the sale of 7,000,000 units at \$0.10 cash per unit to Santa Elina Mines Corporation (now known as Cyprus River Holdings Ltd. ("Cyprus Holdings")) resulting in aggregate gross proceeds to the Company of \$700,000. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant ("Warrant"). Each whole Warrant entitled the holder to acquire one Common Share for \$0.20 until December 22, 2007.

Prior to this private placement, Mineracao Santa Elina Ind. e Com. SA ("Mineracao Santa Elina"), a company related to Cyprus Holdings, assigned certain mineral property interests comprising a portion of the Cumaru Project ("Cumaru Project"), Inaja Greenstone Belt ("Inaja Project") and North Carajas Belt ("North Carajas Project") to Aura Gold Mineracao Ltda. ("AGM") in consideration for a 2% net smelter royalty ("NSR") from any future production on the assigned properties, pursuant to an assignment agreement between Mineracao Santa Elina and AGM dated January 1, 2006;

- (c) on January 5, February 21, March 31, and April 12, 2006 the Company closed four tranches of a private placement that consisted of the sale of an aggregate of 16,000,000 Common Shares at \$0.20 per share to a group of private and institutional investors, resulting in aggregate gross proceeds to the Company of \$3,200,000. A finder's fee consisting of 1,500,000 Warrants was paid to a finder. Each Warrant entitled the holder to acquire one Common Share of the Company for \$0.20 until December 22, 2007; and
- (d) on May 10, and May 26, 2006, three tranches of a private placement consisting of the sale of an aggregate of 17,000,000 units was completed at a price of \$0.40 per unit for aggregate gross proceeds of \$6,800,000. Each unit consists of one Common Share and one-half of one Warrant, with each whole Warrant entitling the holder to acquire one Common Share for \$0.50 until November 30, 2007. In conjunction with the financing, finders were paid a cash finder's fee of 7.0% of the gross proceeds of the financing (\$476,000), a cash structuring fee (\$76,122) and finders were issued 1,700,000 broker Warrants. Each broker Warrant entitled the holder to acquire one unit for \$0.40 until November 30, 2007.

The Company, through its subsidiary, AGM, entered into an option agreement with Brascon Cons. Imp. Exp. Ltda. ("Brascon") dated January 1, 2006, wherein Brascon has granted AGM the option to acquire a 100% interest in certain mineral properties comprising the Inaja Project, subject to a 1.5% NSR to be

retained by Brascon, in consideration for the payment of US\$300,000 over a 30 month period, commencing on the date of the agreement. In January 2009, the option was earned in full, and AGM acquired a 100% interest in the properties under the agreement.

The Company, AGM, and Yamana Resources do Brasil Limitada (“Yamana Brasil” or the “optionor”) entered into an agreement dated April 3, 2006, wherein AGM was granted the option to acquire an undivided 70% beneficial interest in certain mineral property interests comprising the Cumaru Project (the “Cumaru-Yamana Property”). Pursuant to the option agreement, AGM agreed to incur an aggregate of US\$3,000,000 in exploration expenditures on the Cumaru-Yamana Property within three years of entering into the agreement and the Company agreed to issue 1,000,000 Common Shares to the optionor upon execution of the agreement. Included in the above US\$3,000,000 of exploration expenditures, is the requirement to incur US\$1,000,000 in exploration expenditures to satisfy a condition of the underlying agreement between the optionor and the previous landowner, dated July 4, 2005. Pursuant to the underlying agreement, the previous landowner has also retained a 1.5% NSR on the Cumaru-Yamana Property that may be purchased by Aura Minerals for US\$1,250,000.

Fiscal 2007

Pursuant to a share purchase agreement among the Company, Yamana Brasil (now Aura Resources Brasil Mineracao Ltda.) and Yamana Resources Brazil (BVI) Ltd. (“Yamana (BVI)”), dated January 10, 2007 as amended February 28, 2007 and March 15, 2007, the Company amended the transaction in order to purchase a 100% interest in the Cumaru-Yamana Property, subject to the underlying 1.5% NSR, as discussed above.

On April 5, 2007, the Company closed the acquisition of Cumaru (BVI) Ltd. (“Cumaru (BVI)”) which, through its subsidiary, Yamana Brasil (now Aura Resources Brasil Mineracao Ltda.), holds the rights to the Cumaru-Yamana Property (the “Cumaru (BVI) Acquisition”). As consideration, a total of 6,000,000 Common Shares of the Company were issued to Yamana (BVI) in exchange for 749,216 common shares of Cumaru (BVI).

On May 1, 2007, Aura Minerals closed an underwritten private placement offering (the “2007 Offering”) of 126,000,000 subscription receipts (the “2007 Subscription Receipts”) led by Canaccord Capital Corporation and a syndicate of underwriters including GMP Securities L.P., National Bank Financial Inc., Orion Securities Inc., Wellington West Capital Markets Inc. and Westwind Partners Inc. (collectively, the “2007 Underwriters”). The 2007 Subscription Receipts were issued at a price of \$0.80 per 2007 Subscription Receipt resulting in aggregate gross proceeds to the Company of \$100,800,000. Upon closing, \$10,424,244, being 11% of the gross proceeds, less the fees and expenses of the 2007 Underwriters on such amount, were delivered to the Company, while the remaining 89% of the gross proceeds were deposited into escrow. The escrowed funds, in the net amount of \$85,246,400 (after deducting the applicable 2007 Underwriters’ commission), were released to the Company on July 18, 2007 following the July 17, 2007 closing of the Arapiraca Acquisition (as described below). Each 2007 Subscription Receipt was deemed exchanged without payment of any additional consideration for one Common Share on escrow release.

On July 1, 2007, the Company relocated its head office to Vancouver, British Columbia. Effective July 6, 2007, the Company appointed PricewaterhouseCoopers LLP as its new auditors.

On July 17, 2007, Aura Minerals closed the acquisition of Clearwater Holdings Fund, LLC (“Clearwater”) which, through its subsidiary, Mineracao Vale Verde Ltda. (“Vale Verde”), holds the rights to the Arapiraca copper/gold/iron project (the “Arapiraca Project”), from Zoneplan Limited (“Zoneplan”) and Repalla (Holdings) Inc. (“Repalla”) (the “Arapiraca Acquisition”). The Company

issued an aggregate of 320,000,000 Common Shares as consideration for the Arapiraca Acquisition to Zoneplan and Repalla, and placed an aggregate of 70,000,000 Common Shares (the “Arapiraca Escrowed Shares”) in escrow, of which 63,000,000 were placed in escrow by Zoneplan and 7,000,000 by Repalla. On November 10, 2008, the Arapiraca Escrowed Shares were released to Zoneplan and Repalla upon satisfaction of an escrow release condition, being the acquisition of the Aranzazu Project (defined below). Pursuant to an underlying royalty agreement between Vale Verde and the previous landowner, the Arapiraca Project is subject to NSR’s of 1.0% on gold, 0.75% on copper and 4.0% on all other mineral production.

On closing of the Arapiraca Acquisition, the vendors of Clearwater held in the aggregate approximately 63% of the issued and outstanding common shares of Aura Minerals. Consequently, the Company accounted for the transaction as a reverse takeover (“RTO”) with the acquiring entity being Clearwater and the acquired entity being Aura Minerals. For legal purposes, Clearwater is a wholly-owned subsidiary of Aura Minerals.

On August 15, 2007, the Company announced that it had received all necessary regulatory approvals to change its name from Aura Gold Inc. to Aura Minerals Inc., so as to more accurately reflect the business focus of the Company as a result of the acquisition of the Arapiraca Project. The name change became effective on August 16, 2007.

A new management team was appointed during fiscal 2007 to focus the Company’s activities from gold and other precious metal exploration to base metals and iron, with particular emphasis on the Arapiraca Project.

Fiscal 2008

On May 29, 2008, Aura Minerals closed a private placement offering (the “2008 Offering”) of 44,445,000 subscription receipts (the “2008 Subscription Receipts”) at a price of \$1.35 per 2008 Subscription Receipt for aggregate gross proceeds to the Company of \$60,000,750. Upon closing, 100% of the gross proceeds were deposited into escrow to be released to the Company, net of expenses (including, applicable agents’ commission), immediately prior to the closing of the Aranzazu Acquisition (defined below).

The net proceeds of approximately \$57,000,000 were released to the Company on June 9, 2008. In accordance with the subscription receipt indenture dated May 29, 2008, each 2008 Subscription Receipt was deemed exchanged without payment of any additional consideration for one Common Share of the Company.

On June 5, 2008, the Company acquired a 100% interest in all of the mining concessions, plant, surface and water rights and other assets relating to the Aranzazu Project (formerly known as the El Cobre Project) in Zacatecas, Mexico (the “Aranzazu Acquisition”). Details of the Aranzazu Acquisition are set out in this AIF under the heading “*Item 3.2 – Significant Acquisitions – Aranzazu Acquisition*”.

The Aranzazu Project consists of approximately 12,960 hectares of land centred on the Arroyos Azules underground mine, an 1,800 to 2,000 tonne-per-day mill and all equipment. The operation produces a copper-gold-silver concentrate via flotation.

From the date of acquisition to September 20, 2008, the Company processed low-grade stockpiled ore as it awaited formal approval of the required explosives permit. The permit was received on September 17, 2008, at which point the Company recommenced mine operations and began ramp development to access the known high-grade zones.

To preserve cash resources in light of the current economic environment and weak metal prices, all mining activities at the Aranzazu Project were temporarily suspended on December 10, 2008 and all capital projects, including underground development work, were deferred. The Company is currently reviewing development plans, costs, mine plans and capital expenditures for the Aranzazu Project. The Company will then monitor metal prices and determine when ramp development should re-commence to access high-grade zones.

During 2008, the Company made significant progress at the Arapiraca Project. Drilling advanced at the Serrote da Laje deposit (the “Serrote Deposit”) and the Caboclo target to better define the zones and regional exploration continued to identify and define new copper, iron and gold targets. A power line and water supply route were selected and process plant facilities and layouts are substantially complete. The Company’s Brazilian subsidiary, Vale Verde submitted its Installation License (“LI”) application to the Alagoas State Environmental Agency for the Serrote Deposit. The LI is the final license required to allow the Serrote Deposit to proceed to construction. The local state authorities have been kept fully apprised of all work leading up to the LI submittal and it is expected that the formal review process will take approximately 90 days.

Subsequent to 2008, AGM, the Company’s subsidiary holding a 100% interest in the Inaja Project, and Companhia Vale do Rio Doce (“Vale”) entered into an option agreement dated March 13, 2009 (the “Inaja Option Agreement”), wherein AGM granted Vale the option to earn a 51% interest in the Inaja Project by making a cash payment of US\$3,000,000 within fifteen days from the execution of the Inaja Option Agreement and then expending US\$6,000,000 in exploration work within four year from the execution of the Inaja Option Agreement. Vale may then earn an additional 19% interest by funding and delivering a bankable feasibility study within 36 months of electing to earn such additional interest. Once a joint venture is formed, should either party’s interest in the Inaja Project be diluted below 10%, its interest will be converted into a 2% NSR.

3.2 Significant Acquisitions

The Company completed the following significant acquisitions during its most recently completed financial year:

Aranzazu Acquisition

On June 9, 2008, the Company announced that it had acquired the Aranzazu Project.

Pursuant to a definitive acquisition agreement dated June 3, 2008 among the Company, Clapham Luxembourg Holding S.a.r.L and its wholly-owned subsidiary, Newington Corporation, S.L. (“Newington”), which through its subsidiary, Aranzazu Holding, S.A. de C.V. (“Aranzazu Holding”), holds a 100% interest in the Aranzazu Project, the Company acquired all of the issued and outstanding shares of Newington for a purchase price of US\$57,500,000 in cash and US\$12,500,000 by the issuance of 9,295,117 Common Shares. As part of the Aranzazu Acquisition, the Company paid \$5,000,000 by the issuance of 3,688,984 Common Shares to Zacoro Metals Corp. (“Zacoro Metals”) as a finder’s fee. In addition, the Company paid US\$3,000,000 in cash to Zacoro Metals as consideration for data and equipment provided to the Aranzazu Project by Zacoro Metals.

Copper production from the Aranzazu Project is subject to an underlying 1% NSR when during any calendar month the monthly average copper price as quoted by the London Metal Exchange equals or exceeds US\$2.00 per pound.

The Company filed a Form 51-102F4 (“Business Acquisition Report” or “BAR”) dated August 19, 2008, in respect of the Aranzazu Acquisition, a copy of which may be found on SEDAR at www.sedar.com.

ITEM 4 NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Description of the Business

General

Aura Minerals is a widely-held Canadian mining and mineral exploration company listed on the TSX (trading symbol ORA) and is focused on the acquisition, exploration and development of mining properties in the Americas. The Company’s strategy is to become a mid-tier producer.

All of the Company’s assets are located in Canada except for its resource properties and certain equipment located in Brazil and its resource properties, underground mine, mill and certain equipment located in Mexico. Aura Minerals holds its resource properties through its foreign subsidiaries listed in this AIF under the heading “*Item 2 – Corporate Structure*”. The Company’s material properties are the Arapiraca Project, which encompasses approximately 253,300 hectares in the State of Alagoas, Brazil and the Aranzazu Project, which encompasses approximately 12,960 hectares in Zacatecas, Mexico. Details of these material properties are disclosed in this AIF under the heading “*Item 4.4 - Material Mineral Projects*”.

The Company’s other properties include the Cumaru Project, the Inaja Project and the North Carajas Project, which together total approximately 200,400 hectares in the State of Para (collectively, the “Para Properties”). Based on the change of focus of the Company from exploration to mine development and production and in light of the early exploration stage of the Para Properties, the Company decided to reconsider its options to realize value from the Para Properties. Such options may include joint venture agreements or outright sale. To conserve cash resources, minimal exploration was conducted on the Para Properties during the latter half of 2008 and none is planned for 2009. While the Company is considering its options on these properties, areas of low potential may be dropped by the Company to reduce holding costs. Exploration activities conducted on the Para Properties during fiscal 2008 are detailed in this AIF under the heading “*Item 4.5 – Other Mineral Properties – The Para Properties*”.

As at December 31, 2008, except for interest income from its cash and cash equivalents, the Company’s sole source of revenue was the sale of copper concentrate from the Aranzazu Project, which produces a copper-gold-silver concentrate via flotation. Copper concentrate shipments from June 5, 2008 to December 31, 2008 totalled 3,178 dry metric tonnes (including 1,745,178 pounds (“lbs”) payable of copper, 373 ounces (“oz”) of gold and 19,996 oz of silver). As a result of declining copper prices in the latter part of 2008, the Company realized an average price of US\$3,896 per tonne of copper (or US\$1.77 per lb). Average price realized for silver and gold were US\$11.65/oz and US\$821.21/oz, respectively. As at December 31, 2008, net revenues related to the foregoing shipments totalled US\$2,889,000 and year-end inventory comprised approximately 41 tonnes of copper concentrate.

In light of the decline in the price of copper during the second half of 2008 and the current economic environment, all mining activities at the Aranzazu Project were temporarily suspended, effective December 10, 2008.

There is a global market into which Aura Minerals can sell its copper concentrate. All copper concentrate exported by the Company in 2008 was trucked to the port facility in Manzanillo, Mexico, and sold to a single customer.

Special Skill and Knowledge

Various aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, engineering, geology, drilling, metallurgy, logistical planning and implementation of exploration programs as well as legal compliance, finance and accounting. The recent decline in the global economy and activity in the resource mining industry has made it less difficult to locate competent employees and consultants in such fields.

Business Cycles

The mining business is subject to global economic cycles which affect the marketability of products derived from mining.

Employees

As at December 31, 2008, the Company had 15 employees in Canada, approximately 105 employees in Brazil and approximately 120 employees in Mexico. However, as at date of this AIF, approximately 40% of the employees in Brazil and 50% of the employees in Mexico have been retrenched. As operations require, the Company retains geologists, engineers and other consultants on a fee for service basis.

Social or Environmental Policies

The board of directors of the Company (the "Board") has appointed an Environmental, Health, Safety and Social Responsibility Committee, to ensure that the Company conducts its activities in such a manner as to promote sustainable development, the protection of human life, preservation of the environment and improvement of the communities in which it operates. The steps that the committee takes to meet these objectives include:

1. identifying, assessing and managing risks to employees, consultants, the environment and the host communities;
2. reviewing and monitoring the health, safety, environmental and social responsibility policies and procedures of the Company and reporting to the Board with any recommendations;
3. promoting and supporting improvements to the Company's health, safety and environmental record. Reviewing material incidents relating to health, safety and environmental issues and reporting to the Board with any recommendations;
4. as it may deem necessary, arranging, implementing and overseeing environmental and safety audits, with respect to any operations within the Company;
5. ensuring that employees and consultants are provided with the training and resources necessary to meet the Company's objectives under the health, safety, environmental and social responsibility policies;
6. ensuring that the Company continually consults stakeholders in matters that affect them and develop partnerships that foster the sustainable development of the host communities and enhance economic benefits from the Company's operations;
7. ensuring that social, economic and cultural rights of the local people are respected; and

8. ensuring that the Company upholds ethical business practices and meeting or, where possible, exceeding applicable legal and other regulatory requirements.

As at the date of this AIF, the members of the Environmental, Health, Safety and Social Responsibility Committee have conducted a thorough site visit of both the Arapiraca and Aranzazu Project in furtherance of the committee's mandate. Furthermore, the Company has retained an environmental manager, health and safety technicians and environmental consultants to develop and implement environmental education programs for the Company's employees and host communities. Several community meetings have been held to discuss and answer questions regarding the Company's operations. The Company is also in the practice of purchasing supplies and hiring personnel from the host communities and encourages its consultants and suppliers to do the same.

Reorganizations

On closing of the Arapiraca Acquisition, the particulars of which are set out in this AIF under the heading "*Item 3.1 – Three Year History - Fiscal 2007*" the vendors of Clearwater held, in the aggregate, approximately 63% of the issued and outstanding Common Shares of the Company. Consequently, the Arapiraca Acquisition was accounted for as a RTO with the acquiring entity being Clearwater and the acquired entity being the Company.

4.2 Environmental Risk Management

With the acquisition of the Aranzazu Project on June 5, 2008, the Company has transitioned from an exploration and development company to an operating company.

The risk factors involved in an operating company are generally greater than those of an exploration company. Aura Minerals is currently undertaking a detailed assessment of all the potential environmental risks associated with the Aranzazu Project on a "going forward" basis. This assessment involves the Company's technical staff and external international and Mexican consulting groups who are fully conversant in Mexican environmental regulations and requirements.

The operation will require certain upgrades to transition from the previous Mexican environmental rules and regulations to the current system. A review and detailed documentation has been completed for the Company by its external consultants, which outline all work costs associated with the upgrades and the time frame to complete such work. This review has found no major risks, nor any major capital or operating costs associated with the on-going environmental upgrades.

Aura Minerals has also developed corporate policies and systems to measure and manage the risks and requirements associated with safety, health and the environment. These policies and systems ensure that the Company operates in accordance with local and international laws also incorporate aspects associated with local community relations and social responsibility.

The policies have been reviewed and approved by the Company's Environmental, Health, Safety and Social Responsibility Committee prior to Board approval and adoption by the Company.

As the Company's Arapiraca Project and Para Properties are currently in the exploration phase, environmental controls and management relate to drilling and, in some cases, surface trenching. These activities are monitored on a continual basis by the Company's environmental manager in Brazil. The Company has a comprehensive hazardous materials management and spill control plan in place to cover such items as diesel fuel, oil and drilling additives.

All exploration activities are executed under the rules of the Brazilian environmental agencies, which regulate drilling, surface exploration and the permitting related thereto. Regular inspections are conducted by the environmental agencies and to-date, the Company has met or exceeded all requirements.

In the event the Company determines that an exploration property or area does not warrant further expenditure, a detailed environmental and abandonment report must be completed, reviewed and accepted by the environmental agencies prior to them providing the Company with a release on such property or area.

4.3 Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business which is the acquisition, exploration, development and operation of mining properties. The following risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company:

Economic Uncertainty

Since the second half of 2008, there has been a negative trend with regard to the market for metal commodities and related products as a result of global economic uncertainty, reduced confidence in financial markets, bank failures and credit availability concerns. These macroeconomic events have negatively affected the mining and minerals sectors in general. The Company's market capitalization has been significantly reduced. Although these circumstances will likely improve over the longer term, the short term impact upon the Company's liquidity and its ability to raise the capital required to execute its business plan going forward will be negative. As a result, the Company will consider its plans and options carefully in 2009.

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. Aura Minerals' operations are subject to all the hazards and risks normally encountered in the exploration, development and production of copper, gold, silver, iron and nickel, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failure and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk are being taken, milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Aura Minerals will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted,

but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by Aura Minerals towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. Additionally, the majority of the Company's sales of metal concentrates are sold under pricing arrangements where the final prices are determined by quoted market prices in a period subsequent to the date of sale, and revenues on those sales are recorded based on forward metal prices for the expected date of final settlement. Accordingly, the profitability of the Company's operations is highly correlated to the market prices of these metals, as is the ability of the Company to develop its other properties. If metal prices were to decline for a prolonged period below the Company's cost of production, it may not be feasible to continue production or to continue the development of new mine properties. This is the case for production and development at the Aranzazu Project, which the Company temporarily suspended, effective December 10, 2008.

The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors, which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

Funding Needs

Future exploration, development, mining, and processing of minerals from the Company's properties could require substantial additional financing. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. To date, the only source of funds available to the Company has been through the sale of equity capital and copper concentrate. However, with the temporary suspension of mining activity at the Aranzazu Project, the Company is currently not producing or selling copper concentrate. Metal prices, environmental rehabilitation and restitution, revenues, taxes, transportation and other operating costs, capital expenditures and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may involve certain restrictions on operating activities or other financings. In light of the current international economic environment, there is no assurance that such equity or debt financing will be available to the Company or that they would be obtained on terms favourable to the Company, which may adversely affect the Company's business and financial position. Failure to obtain

sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interests.

The Company's Shares May Experience Price Volatility

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The Company's share price, financial condition and results of operations have been and are also likely to continue to be significantly affected by short-term changes in the base metals and metals market. There can be no assurance that continual fluctuations in metal prices will not occur. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Aura Minerals maintains insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Aura Minerals might also become subject to liability for pollution or other hazards that may not be insured against or that the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Aura Minerals to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of Aura Minerals. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. Aura Minerals intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards, as discussed further under the headings,

“Item 4.1 – Description of the Business – Social and Environmental Policies” and “Item 4.2 – Environmental Risk Management”. There is a risk that environmental laws and regulations may become more onerous, making it more costly for the Company to remain in compliance with such laws and regulations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Permitting

Aura Minerals has or is in the process of obtaining all necessary permits for its current phase of activities. Its operations are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, Aura Minerals must receive permits from appropriate governmental authorities. There can be no assurance that the Company will continue to hold all permits necessary to develop or continue operating at any particular property.

Uncertainty in the Estimation of Mineral Resources

To extend the lives of its mines and projects, ensure the continued operation of the business and realize its growth strategy, it is essential that the Company convert resources into reserves, continue to develop its resource base through the realization of identified mineralized potential, and/or undertake successful exploration or acquire new resources.

The figures for mineral resources contained in the Company's continuous disclosure documents filed on SEDAR (www.sedar.com) are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that the mineral resources could be mined or processed profitably. Actual reserves, if any, may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the mineral resources, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may result in revision of its resource estimates from time to time or may render Aura Minerals' resources uneconomic to exploit. Resource data are not indicative of future results of operations. If Aura Minerals' actual mineral resources are less than current estimates or if Aura Minerals fails to develop its resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected.

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Mineral Titles

Although Aura Minerals has obtained title opinions for the principal properties that it owns, controls or has the right to acquire by option, there is no guarantee that title to such mineral property interests will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. There may be valid challenges to the title of the mineral property interests which, if successful, could impair development and/or operations. The Company's ability to maintain its interest in its mineral properties will also be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in a delay or postponement of further exploration and the partial or total loss of Aura Minerals' interest in its mineral properties.

Increase in Production Costs

Changes in the Company's production costs could have a major impact on its profitability. Its main production expenses are contractor costs, materials, personnel costs and energy. Changes in costs of the Company's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, increased costs (including oil, steel and diesel) and scarcity of labour, and could result in changes in profitability or reserve estimates. Many of these factors may be beyond the Company's control.

The Company relies on third party suppliers for a number of raw materials. Any material increase in the cost of raw materials, or the inability by the Company to source third party suppliers for the supply of its raw materials, could have a material adverse effect on the Company's results of operations or financial condition.

Project Development, Expansion Targets, and Operational Delays

There can be no assurance that the Company will be able to manage effectively the expansion of its operations or that the Company's current personnel, systems, procedures and controls will be adequate to support the Company's operations. Any failure of management to effectively manage the Company's growth and development could have a material effect on the Company's business, financial condition and results of operations.

The Company's operational targets are subject to completion of planned operational goals on time and according to budget, and are dependent on the effective support of the Company's personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of operational targets with a resulting material adverse impact on the business, operations and financial performance of the Company. Additionally, unscheduled interruptions in the Company's operations due to mechanical or other failures or industrial relations related issues or problems that arise with the supply of goods or services could have a serious impact on the financial performance of those operations.

Currency Fluctuations

Fluctuations in currency exchange rates may significantly impact the Company's earnings and cash flows. The appreciation of the Brazilian reais and Mexican peso against the Canadian dollar or the US dollar would increase the cost of exploration, development and operation of the Company's mineral properties located in Brazil and Mexico which could have a material adverse effect on the financial condition, results of operations or cash flow results of the Company. Further, the appreciation of the US dollar against the Canadian dollar could significantly affect revenues. To date, the Company has not taken steps to help mitigate foreign currency fluctuations, and there is no assurance that if it did, these activities or products would be effective. The inability of the Company to obtain or to put in place effective hedges could materially increase exposure to fluctuations in the currencies, which could affect the Company's financial position and operating results.

Government Regulations

Exploration and development activities and mining operations are subject to laws and regulations governing health and work safety, employment standards, environmental matters, mine development, prospecting, mineral production, exports, taxes, labour standards, reclamation obligations and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits and agreements applicable to the Company or its properties which could have a material adverse impact on the Company's operations and exploration program and future development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

Foreign Operations Risks

Political and related legal and economic uncertainty may exist in countries where the Company operates, or may operate in the future. The Company's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry.

Other risks of foreign operations include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries, foreign taxation, price controls, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. These risks may limit or disrupt the Company's projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

Presently, all of the Company's mineral properties are located in Brazil and Mexico. While the Company believes that Brazil and Mexico provide a favourable environment for mining companies to operate in, there can be no assurance that changes in the government or laws of Brazil or Mexico or changes in the regulatory environment for mining companies or for non-domiciled companies in Brazil or Mexico will

not be made that would adversely affect the Company. It is also possible that future social unrest in Brazil or Mexico may adversely affect the Company's operations.

Acquisitions and Integration

From time to time Aura Minerals examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of its business and operations, and may expose it to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of Aura Minerals. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Company has committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt Aura Minerals' ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. If Aura Minerals chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, Aura Minerals may choose to finance any such acquisition with its existing resources. There can be no assurance that Aura Minerals would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. Substantially all of the Common Shares not held by affiliates of the Company can be resold without material restriction in Canada.

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than it. Competition in the metals mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

Limited Operating History

The Company has one producing mine, which is temporarily shut-down in light of the current economic conditions and metal prices and its ultimate success will depend on its ability to continue to generate cash flow from this and other properties in the future. In order to fund costs associated with development of the Company's properties and to meet future obligations, the Company will be required to obtain

additional financing. There is no assurance that the Company would be able to raise the required funds to continue these activities.

Dependence on Major Customer

For its one producing mine, the Company recorded revenues from the sale of metal concentrates to one major customer. The Company expects that future revenues from metal concentrates will be to this one customer or to a relatively small number of customers worldwide. A loss of or a significant reduction in purchases by the Company's customer(s), could have a material adverse impact on the financial performance of the Company.

Prior to the suspension of operations at the Aranzazu Project, all of the Company's metal concentrates were exported to the port facility by truck for which there may be limited alternatives. Additionally, all of the Company's export sales were loaded through one port facility, for which there may be limited cost-effective alternatives. The cost of securing additional facilities and services of this nature could significantly increase transportation and other costs. An interruption of trucking or port services could significantly limit the Company's ability to operate and to the extent that alternate sources of transportation services are available, it could increase such costs significantly. Further, the vagaries of the shipping industry could affect the Company's revenues as a result of delays of ocean vessels and could affect the Company's cost and relative competitiveness against suppliers of metal concentrates from other markets.

Key Management Personnel

The success of Aura Minerals depends to a large extent upon its ability to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance Aura Minerals can maintain the services of its directors, officers or other qualified personnel required to operate its business. The Company competes with numerous other companies for the recruitment and retention of qualified employees and contractors.

Independent Contractors

Aura Minerals' success also depends to a significant extent on the performance and continued service of independent contractors. The Company contracts the services of professional drillers and others for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on Aura Minerals, its business and results of operations and could result in failure to meet business objectives.

Litigation

Legal proceedings may arise from time to time in the course of the Company's business. There have been a number of cases where the rights of mining and exploration companies have been the subject of litigation. The Company cannot guarantee that such litigation will not be brought against the Company in the future or that it may be subject to any other form of litigation.

Health and Safety

The Company's activities are and will continue to be subject to health and safety standards and regulations in the jurisdictions in which the Company operations. Failure to comply with such requirements may result in fines and/or penalties being assessed against the Company.

Possible Conflicts of Interest of Directors and Officers of the Company

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest with or which is governed by the procedures set forth in the *Canada Business Corporations Act* or any other applicable law.

4.4 Material Mineral Projects

The Company's material properties are the Arapiraca Project, which encompasses approximately 253,300 hectares in the State of Alagoas, Brazil, and the Aranzazu Project, which encompasses approximately 12,960 hectares in Zacatecas, Mexico. Further details of each material property are set out below.

4.4.1 The Arapiraca Project

The Arapiraca Project has one advanced stage deposit, being the Serrote Deposit. Exploration continues to identify and define new copper, iron and gold targets at the Arapiraca Project, including the Caboclo target, located some 15 kilometres north of the Serrote Deposit.

The following description of the Arapiraca Project has, in part, been summarized from a August 7, 2008 Technical Report conforming to *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("NI 43-101"), entitled "Mineral Resource Update Serrote Da Laje Copper-Gold Deposit" (the "Serrote Deposit Technical Report") and prepared by Ronald G. Simpson, P.Geo. of GeoSim Services Inc., ("GeoSim"). A copy of the Serrote Deposit Technical Report along with the Company's other filings may be found on SEDAR at www.sedar.com and should be consulted for details beyond those incorporated herein.

Current information, procedures and data in regards to the Arapiraca Project contained in this Item 4.4.1 and not found in the Serrote Deposit Technical Report has also been reviewed and approved by Mr. Simpson, P.Geo., who is the Company's Qualified Person as defined by NI 43-101. Mr. Simpson, P.Geo. has supervised the preparation of this Item 4.4.1.

Property Description and Location

The Arapiraca Project is held by the Company's indirect wholly-owned subsidiary, Vale Verde. The property is located in the central-southern part of the State of Alagoas approximately 15 kilometres northwest of the city of Arapiraca and currently consists of 138 exploration licences totalling 252,879.86 hectares, 1 application for an exploration licence of 7.50 hectares and one application for a mining concession of 392.41 hectares.

Details of the nature and extent of the Company's interest in the Arapiraca Project and the terms of the agreements and encumbrances to which the Arapiraca Project is subject to are set out in this AIF under the headings "*Item 3 – General Development of the Business*" and "*Item 14 – Material Contracts*".

Pursuant to an underlying royalty agreement between Vale Verde and Mineracao Barra Bonita Ltda. (“MBB”), the Arapiraca Project is subject to a 1.0% NSR on gold, 0.75% NSR on copper and a 4.0% NSR on all other mineral production.

The exploration claims can be renewed by the payment of further rental fees and the submission of an exploration report. Surface rights for mining purposes are not included in the claims, but can be acquired by payment of a purchase fee based on the appraised value of the land. Subject to negotiation, some land use compensation fees may also be due to the local farmers if their agricultural land is disturbed by exploration work. The exploration claims allow the right to carry out all the exploration presently contemplated and no additional permitting is required.

A special environmental permit is not required to conduct an exploration program in Brazil, however, exploration works are carried out in accordance with general Brazilian environmental laws covering the protection of the environment and water and compensation for environmental damages.

There are no known or recognized environmental problems that might preclude or inhibit a mining operation in this area. Vale completed a general environmental assessment in the 1980’s and 1990’s and no environmental issues were identified.

Current environmental and socio-economic work in the Serrote area is being carried out under an environmental license called Licenca Previa issued by the Instituto do Meio Ambiente de Alagoas, the State of Alagoas environmental agency, received by Vale Verde at the end of January 2008.

The Company finalized all work on the environmental baseline studies for the Serrote Deposit and no environmental issues were identified. In January 2009, the Company submitted the LI application to the Alagoas State Environmental Agency. The LI is the final licence required to allow the Serrote Deposit to proceed to construction. The local state authorities have been kept fully appraised of all work leading up to the LI submittal and it is expected that the formal review process will take approximately 90 days from the date of filing the LI application.

A mining licence is required if any major mining operation is commenced. The granting of a mining licence in Brazil is a multi-step process involving several different titles as work advances. While tenure is secure as long as the title holder meets clearly laid out obligations over time, the process can be lengthy. Future major land purchases will be required for mine infrastructure purposes (processing plant, waste disposal and offices, amongst others).

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Arapiraca Project is readily accessed from Maceio, the capital city of the State of Alagoas, via highways AL101S, BR101 and AL220, a distance of approximately 160 kilometres or from the airport, Zumbi dos Palmares, about 140 kilometres to the centre of the Serrote Deposit. All highways are paved and in good condition. Maceio is served by several daily flights from several major Brazilian cities by commercial airlines.

Arapiraca, with approximately 200,000 inhabitants, is the second largest city in the State of Alagoas, and is the social, political and economic centre of the region, with good infrastructure, hotels, hospitals, banks and commercial centres, schools and an available workforce. A one metre gauge railroad (5 kilometre distance from the Arapiraca Project) passes through the city of Arapiraca and connects with the Atlantic ports of Suape, Aracaju and Salvador. The Arapiraca Project is some 586 kilometres by rail to Camacari in the State of Bahia, the site of Brazil's only copper smelter (Caraiba Metais). The Xingo high tension power line (500 kilovolts) passes 15 kilometres north of the Arapiraca Project and the region is serviced

by two water pipelines from the Sao Francisco River, one 600 millimetre diameter and the other 450 millimetre diameter with a total capacity of 1,200 cubic metres per hour. Additional water lines and a new 230 kilovolt power line are in the planning stages for the Arapiraca region, which will further benefit the project development.

The original area was a dry forest area known as Caatinga (white forest) with 6 to 10 metre high spiny trees (deciduous and semideciduous), small deciduous shrubs, cacti and bromeliads. The area is now characterized by numerous small farms of tobacco, corn, manioc and cacti (for cattle feed). Due to the lack of precipitation, farming is seasonal and generally conducted during the three to four month rainy period (June to September).

The Arapiraca Project, including the Serrote Deposit is developed on a Tertiary peneplain, the surface slightly undulating and gently south dipping that contains a small, but prominent, 10 to 30 metre high outcrop of massive magnetite (Serrote da Laje) rising above the peneplain.

The climate is semi-arid with a low irregular rainfall that averages 300-800 millimetres per annum. The average annual air temperature is 27°C to 29°C.

History

In 1982, DOCEGEO (former exploration group of Vale) initiated a regional study and evaluation of several exploration reports (geochemical and geophysical) that had been prepared by different government organizations in various areas of north-eastern Brazil. Areas northeast of the State of Alagoas and along the high grade metamorphic folded belt of rocks of Sergipane-Sul Alagoana were selected as possible areas for gold or base metal deposits.

A visit was made to the high priority areas described in the Mineral Exploration Group of Brazilian Department of Mines, Companhia de Pesquisa de Recursos Minerais ("CPRM") report where anomalous copper ("Cu") and nickel ("Ni") values were associated with mafic complexes. The area was that of the Serrote da Laje, a magnetite outcrop that contained reported anomalous values of 0.3% Cu, 0.5% zinc ("Zn"), 0.2% vanadium ("V") and >0.5% chromium ("Cr"). Confirming the anomalous values reported by CPRM, DOCEGO began a detailed exploration campaign. The exploration campaign, because of the limited rock outcrops, was guided principally by geochemical and geophysical surveys. The resulting geochemical anomaly maps for Cu and Ni showed very good agreement with the ground magnetic and gravity anomaly maps. These anomalous geochemical and geophysical maps directed the drilling programs.

At the end of the 1982-1986 exploration campaign, a historic (non-compliant NI 43-101) mineral resource was estimated based on 37 drill holes. Vale put the Arapiraca Project on hold with the discoveries in the 1990s of the copper deposits in the Carajas Mineral Province (Alemao, Cristanlino, Sossego and Solobo). In 1998, a re-assessment by Vale of the area was undertaken to re-examine the deposit in more detail and to try to increase the mineral resources. In 1998, a second exploration campaign (1998-2002) began. The main exploration activities carried out in the two campaigns are listed below.

Exploration activities 1992-2002

Item	1992-1986	1998-2002	Total
Topography (km)	95	200	295
Soil (samples)	2,493	-	2,493
Gravity (measurements)	93	-	93
Group Magnetics (linear km)	185	177	362

Item	1992-1986	1998-2002	Total
Gama-spectrometry (linear km)	-	46	46
Induced Polarization (linear km)	-	81	81
Transient Electromagnetic (loop)	-	48	48
Diamond drilling: No. of holes	37	52	89
Diamond drilling: Metres	8,505	8,394	16,899
Core samples	12,822	3,821	16,643
Chemical analysis	15,315	3,530	18,845
Geological mapping (km)	65	75	140

At the end of the second campaign, an updated mineral resource was estimated and Vale concluded that the results did not meet its internal criteria. In 2006, Vale negotiated the transfer of the mineral rights to MBB.

MBB gathered and compiled all the information available in Vale's databank and documentation centres. This compilation indicated the need to review the previous mineral resource estimation procedures that had been applied to the Serrote Deposit.

In April 2007, a revised mineral resource estimate was prepared for MBB by geologist, Ruben Horbach, who had been involved in the initial Vale campaign and was very familiar with the Arapiraca Project. The estimate was prepared using Vale data and was the mineral resource estimate audited by Watts, Griffis and McOuat Limited (“WGM”). The mineral resource was classified as an Inferred Mineral Resource of 111.3 million tonnes at 0.55% Cu and 0.16 grams per tonne (“g/t”) gold (“Au”) (using a 0.20% Cu cut-off grade).

Mr. Horbach also conducted a conceptual mining study based on a theoretical 10 year open pit mine plan assuming that all the present known inferred mineral resources at the Serrote Deposit were upgraded to mineable reserves and using estimated mining and milling costs and projected metal prices for copper and gold only. This conceptual study indicated that the Arapiraca Project warranted further exploration.

Geological Setting

The regional geological setting of the Arapiraca Project is located where the northern part of the Archaean Sao Francisco craton intersects an assembly of Early to Late Proterozoic mobile belts, among them the Sergipe or Sergipano Fold Belt, related to the Brasiliano Event (1.1 to 0.65 billion years). The Sergipe, or Sergipano Fold Belt, is a geotectonic unit composed of late Proterozoic metasedimentary to meta-volcanic sedimentary rocks which onlap in the south on the Sao Francisco craton, and become progressively more deformed and metamorphosed northwards, reaching low to medium grade amphibolite facies in the most northerly parts.

The Arapiraca Project is underlain by folded, high grade metamorphic rocks made up of monotonous suites of poorly differentiated gneisses/granites and to a lesser degree, schists. The main lithologies that host the mafic-ultramafic complexes are pink coloured quartzose-feldspathic gneisses/granites. The mafic-ultramafic bodies occur as lenticular bodies striking north-south or northeast within the gneisses.

Exploration

All historical exploration on the Arapiraca Project is discussed under the heading “History”.

The current exploration program commenced during the second quarter of 2007 on the advanced Serrote Deposit and limited exploration on the secondary Caboclo target and regional targets, with the objective of confirming currently known mineralization and defining additional mineralization. Further particulars are discussed below.

The Serrote Deposit

At the time of the Arapiraca Acquisition, a technical due diligence study on the Serrote Deposit and a NI 43-101 compliant report was prepared by WGM, consultants to the Company. Velasquez Spring, P.Eng. Senior Geologist and Dorota el-Rassi, P.Eng. Geological Engineer of WGM were the Qualified Persons for this report dated June 6, 2007 and entitled, “Technical Due Diligence on the Arapiraca Copper-Gold Property, State of Alagoas, Brazil for Aura Gold Inc.” (the “2007 Arapiraca Technical Report”). This report confirmed that the mineral resource was classified as an Inferred mineral resource containing 111.3 million tonnes at 0.55% Cu and 0.16 g/t Au, using a 0.2% Cu cutoff grade.

Since then, the Company completed 17,572 metres of in-fill and step-out drilling at the Serrote Deposit during 2007 and 37,584 metres during 2008.

On June 23, 2008, the Company announced the completion of an updated resource estimate (the “2008 Resource”) at the Serrote Deposit, which demonstrated a significant increase from the resource (the “2007 Resource”) reported in the 2007 Arapiraca Technical Report. Highlights of the 2008 Resource at a 0.20% Cu cut-off include a new Measured and Indicated category of 130 million tonnes grading 0.57% Cu, 15.11% iron (“Fe”), 0.09 g/t Au and 0.07% Ni, and an additional Inferred category of 22 million tonnes grading 0.48% Cu, 19.58% Fe, 0.13 g/t Au and 0.09% Ni.

The 2008 Resource was included in the Serrote Deposit Technical Report prepared by Ronald G. Simpson, P.Geo. of GeoSim, which was filed on SEDAR on August 7, 2008.

On February 26, 2009, the Company announced the completion of a further updated resource estimate (the “2009 Resource”) at the Serrote Deposit, which demonstrated a significant increase from the 2008 Resource reported in the Serrote Deposit Technical Report. Highlights of the 2009 Resource at a 0.20% Cu cut-off include a Measured and Indicated category of 195 million tonnes grading 0.50% Cu, 15.59% Fe and 0.09 g/t Au, and an additional Inferred category of 32 million tonnes grading 0.50% Cu, 14.21% Fe and 0.09 g/t Au.

The 2009 Resource will be included in a NI 43-101 compliant technical report to be issued in April 2009.

The recently completed drill program and surface trenching program have confirmed the geological interpretation and continuity of both the north and south zones of the Serrote Deposit. The deposit remains open to the east and south and follow-up drilling is planned in these areas. Furthermore, drilling is required beneath the shallow portion of the northern zone to determine whether the recent high-grade zone discovered in the centre of the deposit extends beneath the shallow northern zone. This would add significantly more high-grade tonnage to the 2009 Resource.

The Company also recently completed a ground magnetic survey program in the vicinity of the Serrote Deposit and the data was sent to Quantec Geophysics in Vancouver, Canada, for three-dimensional interpretation purposes. This program has revealed a large target only 300 metres to the east of the

current Serrote Deposit. This target coincides with strong copper and nickel soil geochemistry anomalies. The Company is currently mobilizing a diamond drill rig to the Arapiraca Project to test this large target.

The Caboclo Target

On September 22, 2008 the Company released the first set of 21 drill results from the Caboclo target, located some 15 kilometres north of the Serrote Deposit.

The Caboclo target was drilled in the 1990's by Vale, which identified a number of shallow copper, gold and iron ore targets, based on 18 drill holes. Follow-up drilling by the Company was designed to better define these targets and test additional "blind" targets in the Caboclo area. The area itself is much larger than the Serrote Deposit, covering some 12 square kilometres, with little or no surface exposure. This drilling campaign was very successful with over 80% of the drill holes intercepting mineralization. Drilling not only confirmed the extension of the targets drilled by Vale, but also defined a new target some 1,000 metres from any previous drilling.

Further step-out drilling in 2008 appears to have extended this near-surface zone. The Company plans an initial resource estimate for Caboclo in the first half of 2009 and it appears that there will be sufficient tonnage to augment planned process plant feed from the Serrote Deposit.

Arapiraca Regional Exploration

Regional exploration continues to identify and define new copper, iron and gold targets. This work will continue on a limited basis, but to conserve cash resources during the current uncertain economic climate, no drilling is planned.

Mineralization

The copper mineralization of the Serrote Deposit is similar to the Caraiba mine in Bahia State approximately 500 kilometres to the southwest. The macroscopic minerals are mainly chalcopyrite and lesser bornite, as disseminations and fracture infillings. Visible pyrite and pyrrhotite occur locally and are more common in the gabbroic rocks.

Examination of polished sections has revealed that gold occurs as grains, 0.1 millimetres or less in size, or enclosed in fracture fillings in chalcocite and bornite associated with chalcopyrite. Other elements associated with the mineralization such as nickel, gallium, vanadium and zinc occur in trace amounts or at the limits of detection.

According to Horbach (1986), the most common paragenesis of the oxide-sulphide mineralization of the deposit is in the following order: magnetite, ilmenite, green spinels, bornite, chalcopyrite and gold. The most common order as determined from polished section examination (Marimon, 1986), was:

- chalcopyrite, pyrrhotite, pyrite, pentlandite
- bornite, chalcopyrite, pentlandite
- chalcopyrite, pyrrhotite, pentlandite, sphalerite

The latter two paragenesis were associated with fracture fillings.

Drilling

Historical Drilling

Diamond drilling on the Arapiraca Project was carried out in two campaigns. The initial campaign was performed between 1982 and 1986, with a total of 37 drill holes completed totalling 8,505 metres and 12,822 core samples collected. The second drilling campaign was performed from 1998 to 2002, with 52 diamond drill holes totalling 8,394 metres completed, from which 3,821 core samples were collected.

The initial drilling began on section 800N with a series of exploratory holes designated FSL with the numbers in chronological order of drilling e.g. FSL-01 the initial hole through to FSL-11. The results of these initial holes were encouraging and a drilling campaign on a 200 x 200 metre grid or to 100 x 100 metre grid continued. Most of the holes were drilled in the northern part of the target with the holes numbered according to their location on a cross-line e.g. drill hole 40E/40N is located along the 400 mN (40N) cross-line at a distance of 400 metres to the east of the north-south baseline.

The drill holes of the second phase were designated FD holes numbered consecutively in order of being drilled. All holes were drilled and cored from surface at NW size (54.7 millimetre diameter) and then commonly reduced to BW size (42 millimetre diameter). Most of the holes were drilled vertically and were not surveyed down the hole. The core was boxed, labelled, logged and the core recovery noted. Samples were generally collected at one metre intervals, or at geological contacts. The core was cut in half by diamond saws, longitudinally and at right angles to the planar features of the core. Sample intervals were clearly marked on the boxes and the core samples put in bags and labelled for shipment to the analytical laboratory.

Core recovery was generally excellent (+95%). Rock quality designation measurements were not taken, nor was photographing of the drill core carried out.

Current Drilling

Between May 2007 and December 2008, the Company completed 266 core holes totalling 55,165 metres and 66 reverse circulation condemnation holes totalling 9,105 metres at the Serrote Deposit. Most holes (289) were drilled vertically with depths ranging from 58 to just short of 500 metres. Seventy-seven of these holes were drilled at angles ranging from -55° to -70°.

The Company has also completed drilling 53 holes totaling 7,598 metres in the Caboclo target.

All drilling at the Arapiraca Project has been conducted by Geosol Geologia e Sondagens Ltda. (“Geosol”), based in Belo Horizonte, Brazil. Geosol completed a high percentage of the previous drilling for Vale and was familiar with the rock types at the Arapiraca Project. Geosol uses adapted JKS Boyes 1500 drill rigs mounted on skids and moved by trucks with Munk lifts.

Up to five rigs were used simultaneously, supported by a Cat D6 bulldozer and three water trucks. Vale used both BW and NW diameter core drilling, while the Company have used only HQ (63.5 millimeter) and NQ (47.6 millimeter) diameter core.

Drill holes deeper than 200 metres were surveyed with the use of a gyroscopic instrument, which makes readings at every 30 meters downhole. All inclined holes have been surveyed with the use of a Maxibor instrument, which provides azimuth and dip measurements every 3 meters. Results from 5 holes with Maxibor tests indicated that angle holes tend to increase in azimuth, averaging about 3.5 degrees per 100 metres. Dips are fairly constant and rarely vary more than a few degrees over the length of the hole.

Three holes flattened by up to 5 degrees over 300 metres. One angle hole steepened by 5 degrees over 450 metres.

Core recovery has been excellent with the 2007/08 drilling, averaging 97% (median=100%).

Sampling and Analysis

Historic Sampling and Analysis

Samples of the half sawn core were collected within the mafic/ultramafic complex, at one metre intervals, with the sample intervals broken at geological contacts. No blanks, standards or blind duplicates were introduced into the sample/analytical stream prior to sending them to the laboratory.

Samples collected during the initial drilling campaign were sent for analysis to the proprietary DOCEGEO (Vale) laboratory in Araci, State of Bahia.

During the second drilling campaign, the samples were sent for analysis to Vale's laboratories in Santa Luzia, State of Minas Gerais.

Historic samples at the Araci, State of Bahia laboratory were crushed, ground and subsamples digested by hot aqua regia and the copper determined by Atomic Absorption Spectrophotometer ("AAS") using internal standards. Gold for the early samples of the FSL numbered holes were analyzed by AAS after concentration of gold in methyl isobutyl ketone (MIBK) from the aqua regia digested samples. Later during the initial campaign the samples were re-analyzed for gold by fire assay.

Samples analyzed for gold at the Vale laboratory in Santa Luzia were by fire assay, after strong digestion by AAS for base metals (commonly only for copper).

It is believed that currently accepted quality assurance and quality control ("QA/QC") principles of inserting blanks and standards (other than the periodic repeating of a sample) in the sample stream was not carried out. According to R. Horbach, the only analytical checks performed were those samples from drillhole 40E/40N tested in the Lakefield-Geosol labs in Belo Horizonte, Brazil and partially, in the chemical laboratories of the Geological Survey in Helsinki, Finland.

Current Sampling and Analysis

All sampling activity carried out on the Arapiraca Project is conducted according to documented protocols. Written procedures have been prepared for every aspect of the process, from drilling, through core handling, to sampling and sample processing. Since mid-October 2007 an on-site sample preparation laboratory (the "On-site Lab"), operated by SGS-Geosol Laboratorios Ltda. ("SGS"), has been in continuous operation.

Boxes of drill core are delivered to the core handling/sampling preparation facility on a daily basis. The core is measured, logged, photographed and then split in half using a rock saw. The left half of the core is retained on-site in a secure storage facility and the right half is sampled and secured in sealed and labelled bags. At the designated locations, a blank or pulp standard is inserted into the sample stream in accordance with accepted QA/QC principles. The final batch assembly is supervised by a geologist. The project insertion protocol calls for the insertion of one standard for every 20 samples and one blank for every 30 samples. The project has been using four standards commercially available from OREAS, Australia, and three project standards prepared and certified by SGS using mineralized samples from the Serrote Deposit.

In the On-site Lab, samples are either crushed to >95% passing 2 millimetre specification in one of two jaw crushers or split in a Jones-type vane splitter and approximately 1 kilogram is pulverized in one of two ring and puck type pulverizers to >95% passing 150 mesh specification.

The On-site Lab carries out particle size analysis (“PSA”) of coarse crush and pulp reject materials to monitor crushing and pulverizing efficiency. One in 20 samples of coarse crush rejects are sieved through a 2 millimetre screen (10 mesh) and the oversize mass is weighed. A 150 mesh screen is used for the pulps. If less than 95% of the test sample does not pass through the sieve, that sample and nearest numbered samples in the batch are re-crushed or re-pulverized as the case may be and a new PSA test is performed.

The On-site Lab also carries out tests to monitor loss of material during crushing.

After crushing and pulverizing 150 gram pulps are shipped to the SGS laboratory in Belo Horizonte, Brazil, for analysis. Samples are subject to several analytical procedures. Samples are submitted to a 4-acid digestion and undergo a multi-element analysis by inductively coupled plasma emission spectrography (“ICP”). A total of 35 elements are reported by the laboratory including copper, iron and nickel. Samples are also analysed for copper by AAS; initially, only samples above 0.20% were re-analyzed for copper by AAS, but since late October 2007 all samples are being re-analysed utilizing this method, including samples from the earlier holes in the drilling campaign. Samples with over 40% Fe are also submitted to a lithium tetraborate fusion and analysis by X-ray fluorescence (“XRF”). It is estimated that approximately one-third of the samples are subjected to this procedure. In February 2008 this cutoff for XRF analysis was lowered to >20% Fe. Finally, gold, palladium and platinum are determined by 50 gram fire assay (“FD50”) using an ICP finish. Originally only gold was determined (“FA50”) and an AAS finish was used, but this method, which cannot provide determinations for either palladium or platinum, was changed in mid-August 2007.

In addition, approximately one duplicate sample in 40 is submitted to the ALS Chemex laboratory in Belo Horizonte, Brazil and subjected to the same analytical procedures and pulverizing steps. Samples are weighed before and after crushing and pulverizing and the difference in mass is converted to percentage recovery. The rate of testing is 5% and the tolerance is 95% for each step. Any sample with a recovery below 95% in either step is considered a failure. Follow up actions include verification of equipment calibration, cleanup and full documentation of results.

Chain of custody of drill samples is maintained throughout the process with the use of numbered seal tags closing sample bags and third party professional transportation of samples to off-site laboratories. Each stage of sample handling is recorded in log sheets and receipts obtained from each party involved.

Mineral Resources and Mineral Reserve Estimates

The 2008 Resource has been documented in the Serrote Deposit Technical Report, prepared by Ronald G. Simpson P. Geo of Geosim and have been stated as follows, utilizing a copper cut-off of 0.20% Cu:

Resource Category	Tonnes (000)	Cu %	Au g/t	Fe %	Ni %
Measured	35,239	0.54	0.09	15.85	0.07
Indicated	94,771	0.58	0.09	14.83	0.07
Measured and Indicated	130,010	0.57	0.09	15.11	0.07

Resource Category	Tonnes (000)	Cu %	Au g/t	Fe %	Ni %
Inferred	22,125	0.48	0.13	19.58	0.09

The mineral resources were estimated by ordinary kriging constrained by three dimensional solid models based on a 0.1% Cu grade shell within the gabbro/norite complex. Block dimensions were 20 metres by 20 metres horizontal and 10 metres vertical. Grade estimation was based on analyses of core samples from 189 drill holes and channel samples from 6 surface trenches within the mineral zone constraints.

On February 26, 2009, the Company announced the 2009 Resource at the Serrote Deposit, which demonstrated a significant increase from the 2008 Resource reported in the Serrote Deposit Technical Report. The 2009 Resource will be included in a NI 43-101 compliant technical report to be issued in April 2009.

The table below presents the updated resource estimate for the Serrote Deposit at the same 0.20% Cu cut-used in the 2009 Resource.

Resource Category	Tonnes (000)	Cu %	Au g/t	Fe %
Measured	78,760	0.50	0.10	16.87
Indicated	116,738	0.50	0.09	14.72
Measured and Indicated	195,498	0.50	0.09	15.59
Inferred	32,081	0.50	0.09	14.21

The Measured and Indicated resources have increased by more than 50% or an increase of 65,498,000 tonnes since the 2008 Resource. An additional 9,956,000 tonnes have also been added to the Inferred category. Furthermore, the Company has yet to include the resources from the nearby Caboclo target. To date, 53 holes have been completed in this near surface zone and the Company plans the first resource calculation in the first half of 2009.

There are currently no reserves defined within the Arapiraca area.

Exploration and Development

As the Serrote Deposit remains open to the east and south, a follow-up drilling program is planned to determine the extent of the mineralization. In addition, drilling is required beneath the shallow portion of the northern zone to determine whether the recent high-grade zone discovered in the centre of the deposit extends beneath the shallow northern zone.

The Company is currently mobilizing a diamond drill rig to the Arapiraca Project to test the large target only 300 metres to the east of the current Serrote Deposit.

Regarding regional exploration, work will continue on a limited basis, but no drilling is planned.

Engineering is well advanced on the feasibility study. However, the Company will complete an interim preliminary economic assessment (“PEA”) based on all work completed to date and defer the final detailed feasibility study and subsequent engineering work until there is greater certainty in the capital and commodity markets.

The PEA will review mine development options, infrastructure, site layout, metallurgy, development timelines, as well as capital and operating costs. The PEA will only incorporate the Serrote Deposit. The results of this work are anticipated to be available in the second quarter of 2009.

Site geotechnical work, including diamond drilling and rock strength analysis has been completed for the pit walls, waste dump stability, and all major equipment foundation locations. Rock bearing strength is considered to be excellent.

The Company has also completed significant metallurgical testwork to determine copper, gold and magnetite recovery. To date, these results have shown that good recovery can be expected for all three products in two separate saleable concentrates.

4.4.2 The Aranzazu Project

The Aranzazu Project consists of approximately 12,960 hectares of land centred on the Arroyos Azules underground mine, an 1,800 to 2,000 tonne-per-day mill and all equipment. The operation produces a copper-gold-silver concentrate via flotation.

To preserve cash resources in light of the current economic environment and weak metal prices, all mining activities at the Aranzazu Project were temporarily suspended and all capital projects, including underground development work, were deferred. The Company is currently reviewing development plans, costs, mine plans and capital expenditures for the Aranzazu Project. The Company will then monitor metal prices and determine when ramp development should re-commence to access known high-grade zones.

The following description of the Aranzazu Project has, in part, been summarized from a July 15, 2008 Technical Report conforming to NI 43-101, entitled “NI 43-101 Technical Report and Audit of the Preliminary Resource Estimate on the Aranzazu Project, Zacatecas State, Mexico” (the “2008 Aranzazu Technical Report”) and prepared by William J. Lewis, B.Sc., P.Geo. of Micon International Limited (“Micon”). A copy of the 2008 Aranzazu Technical Report along with the Company’s other filings may be found on SEDAR at www.sedar.com and should be consulted for details beyond those incorporated herein.

Current information, procedures and data in regards to the Aranzazu Project contained in this Item 4.4.2 and not found in the 2008 Aranzazu Technical Report has been reviewed and approved by Mr. Anthony P. George, B.Sc. (Hons), P.Eng., who is the Company's Qualified Person as defined by NI 43-101. Mr. George has supervised the preparation of this Item 4.4.2.

Background

The previous operator, Zacoro Metals, acquired the right to explore and develop the Aranzazu Project by signing an option agreement with the former property owner on December 15, 2006. This agreement expired on March 31, 2008 with no interest having been earned by Zacoro Metals.

On June 5, 2008, the Company acquired the Aranzazu Project, including a 100% interest in all of the mining concessions, plant, surface and water rights and other assets relating to the Aranzazu Project.

Property Description and Location

The Aranzazu Project is held by the Company’s indirect wholly-owned subsidiary, Aranzazu Holding. The property is located at the western limits of the town of Concepción del Oro in the State of Zacatecas,

Mexico, near its northern border with the State of Coahuila, and currently encompasses approximately 12,960 hectares centred on the Arroyos Azules underground mine.

Details of the nature and extent of the Company's interest in the Aranzazu Project and the terms of the agreements and encumbrances to which the Aranzazu Project is subject to are set out in this AIF under the headings "*Item 3 – General Development of the Business*" and "*Item 14 – Material Contracts*".

Copper production from the Aranzazu Project is subject to an underlying 1% NSR when during any calendar month the monthly average copper price as quoted by the London Metal Exchange equals or exceeds US\$2.00 per pound.

Prior to December 21, 2005, exploration concessions were granted for a period of 6 years in Mexico and could be converted to exploitation concessions thereafter. However, as of December 21, 2005 (by means of an amendment made on April 28, 2005 to the Mexican mining law) there is only one type of mining concession. Therefore, as of that date, there is no distinction between exploration and exploitation concessions on all new titles granted. All mineral concessions are now granted for a 50-year period provided the concessions are kept in good standing. For the concessions to remain in good standing, a bi-annual fee must be paid to the Mexican government and a report must be filed in May of each year which covers the work accomplished on the property between January and December of the preceding year.

Since the Aranzazu Project is composed of a number of exploitation concessions upon which mining has previously been conducted, all of the exploration work will continue to be covered by the permits already in place.

There are no known or recognized environmental problems that might preclude or inhibit a mining operation in this area. Aura Minerals is currently undertaking a detailed assessment of all the potential environmental risks associated with the Aranzazu Project on a "going forward" basis. This assessment involves the Company's technical staff and external international and Mexican consulting groups who are fully conversant in Mexican environmental regulations and requirements.

The operation will require certain upgrades to transition from the previous Mexican environmental rules and regulations to the current system. A review and detailed documentation has been completed for the Company by its external consultants, which outline all work costs associated with the upgrades and the time frame to complete such work. This review has found no major risks, nor any major capital or operating costs associated with the on-going environmental upgrades.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Aranzazu Project is readily accessed via paved highway from the city of Zacatecas located 250 kilometres to the southwest or from the city of Saltillo located 112 kilometres to the northeast. Both Zacatecas and Saltillo have modern airports with daily flights to and from Mexico City and portions of the United States.

The property lies 5 kilometres from the paved highway. The local road which connects the highway to the mine area is also paved and provides the primary access to Concepción del Oro, including access to the Frisco-Tayahua Salaverna and San Marcos mines, approximately 6 kilometres further west.

The town of Concepcion del Oro has approximately 6,500 inhabitants and has modest services, including several small hotels, gas stations, restaurants, and stores.

The mine area is located in rugged mountains, the tallest of which is at an elevation of about 3,300 metres. The mine facilities are at an elevation of about 2,150 metres.

The area is semi arid and moderately vegetated with acacia shrubs, scrub trees and bushes, Joshua trees and various cacti. The area is high desert. The average high temperature in the summer is about 22°C and the average winter high is about 15°C. The average summer low temperature is about 15°C and the average low winter temperature is about 5°C.

The area receives approximately 25 to 50 centimetres of rain annually. The majority of the rain falls during the monsoon season from June through September. Occasional snow does occur in the area but quickly melts on all but the most protected northern slopes.

The climate is mild year round and poses no limitations to the length of the operating season.

Power is available to the site and a substation is in operation at the mill, sufficient to operate the entire mill, crusher facilities, and the mine equipment and facilities. Excess water for operations is pumped from water sumps within the underground mine workings. The area is a historic mining district with an ample and skilled workforce sufficient for all operations.

The existing tailings and waste areas are sufficient for several years of production. Property is available at the mine site for future tailing disposal and waste areas as well as any planned mill expansion.

History

Historical Ownership

Mining activities began in the Concepcion del Oro mining district in the 1540s soon after the arrival of the Spanish and continued sporadically through the 16th, 17th and 18th centuries.

In 1889, the Mazapil Copper Company Ltd. (“Mazapil Copper”), from Manchester, England, acquired the old mines and expanded production to include copper and zinc. A large mill facility and smelter were constructed in the community of Concepción del Oro to process ore from the district.

Mazapil Copper began operations in 1891 with production from the mines continuing until 1962 when the operations were sold to the American Smelting & Refining Company (“ASARCO”). From 1962, ASARCO operated the mines until nationalization of mining interests took place in 1982.

In 1982, the Comision de Fomento Minero (Federal Mining Commission) (“Fomento Minero”) took control of the property and operated the mine until 1989. During this period, Fomento Minero constructed a new mill facility and developed the Arroyos Azules open pit. The smelting operations within the community of Concepción del Oro were closed prior to Fomento Minero taking over the operations in 1982.

In 1989, Fomento Minero sold the operations and property to Minera Caopas and the new owner Senor Armando Guadiana Tijerina formed Macocozac S.A. de C.V. (“Macocozac”). Macocozac operated the mine from 1989 until 1998, with the operations becoming erratic from 1992 through 1998 due to fluctuating metal prices. Mining and mill operations at the Aranzazu Project ceased in 1999 due to a combination of low metal prices, high taxes and labour disputes. The mining operations were restarted on a limited scale in 2007 at approximately 600 tonnes per day (“tpd”) with an average head grade of 0.80% Cu, 0.28 g/t Au and 12 g/t Ag. From July, 2007 through May, 2008, 5,650 tonnes of copper concentrate were reported shipped to the Trafigura Beheer B.V. facility in Manzanillo, Mexico. The copper

concentrate averaged 24.3% Cu, 4.2 g/t Au and 258 g/t Ag. Associated recoveries averaged 84% Cu, 40% Au and 61% Ag.

Kennecott Teck and Phelps Dodge reviewed the district between 1989 and 1998 and surrounded the core property with mineral concessions; however, they were unable to complete successful negotiations with Macocozac.

Sand River Resources (“Sand River”) completed a letter of intent to form a joint venture agreement in 1997 and completed the joint venture agreement in 1998 with Macocozac. Sand River completed a due diligence data review and a small drilling program but was unable to raise sufficient capital to continue and had to default on the agreement.

Coeur d’Alene Mines (“Coeur”) completed a letter of intent to enter a joint venture with Macocozac in 2004 and completed a due diligence data review and limited drill program. Coeur did not complete the resource model and withdrew from the Aranzazu Project due to other company obligations.

The previous operator, Zacoro Metals, acquired the right to explore and develop the Aranzazu Project by signing an option agreement with Macocozac on December 15, 2006. Zacoro Metals conducted an exploration drilling program, however, it was unable to complete its option, and as a result, the option agreement expired on March 31, 2008 with no interest having been earned by Zacoro Metals.

On June 5, 2008, the Company acquired the Aranzazu Project, including a 100% interest in all of the mining concessions, plant, surface and water rights and other assets relating to the Aranzazu Project.

Historical Exploration

Historical exploration on the property is unknown, although, more recently (1970s to present) extensive exploration and definition drilling has been completed in the mineral concession area along with both underground and open pit mine development.

Several hundred drill holes have been completed on the property over the years, but the quality and availability of the information for the drill holes is quite variable. The data has been recovered from the Macocozac files, confirmed by the Company and entered into an ACCESS digital database.

The current drilling database in the Arroyos Azules-Cabrestante area includes 686 drill holes totaling 91,014 metres. Most of the drilling was from the Level 5 and Level 6 workings. The majority of drill holes were completed using diamond drilling with approximately 6 conventional rotary holes and 35 reverse circulation drill holes. Most of the drilling took place in the 1970s and 1980s. Assays were primarily completed on site with assays completed for copper on most drill holes but not all intervals within the hole. Gold, silver and zinc assays were not completed on a regular basis. Only a small amount of core has been preserved on site.

Zacoro Metals conducted an exploration program on the Aranzazu Project from January, 2007 to February, 2008. This exploration program consisted of 161 diamond drill holes totalling 42,797 metres and is discussed further under the heading “Exploration”.

Below is a summary of the historical drilling programs for the Aranzazu Project.

Year	Number of Drill Holes	Metres Drilled	Average Drill Hole Length	Mine Operator
1969	1	43.0	43.0	ASARCO
1970	5	442.3	88.5	ASARCO
1971	11	1,226.6	111.5	ASARCO
1972	22	1,708.2	77.6	ASARCO
1973	1	147.2	147.2	ASARCO
1978	14	1,055.6	75.4	ASARCO
1979	28	2,003.3	71.5	ASARCO
1980	17	1,632.9	96.1	ASARCO
1981	48	3,682.8	76.7	ASARCO
1982	65	4,810.4	74.0	Fomento Minero
1983	56	2,893.3	51.7	Fomento Minero
1984	89	4,344.2	48.8	Fomento Minero
1985	32	2,477.5	77.4	Fomento Minero
1986	1	47.6	47.6	Fomento Minero
1989	1	82.9	82.9	Fomento Minero
1990	29	4,760.9	164.2	Macocozac
1991	16	2,766.7	172.9	Macocozac
1992	5	445.7	89.1	Macocozac
1998	2	775.0	387.5	Sand River
2004	4	1,053.2	263.3	Coeur d'Alene
2007-2008	161	42,797	265	Zacoro Metals

Historical Mining

The mines at the Aranzazu Project have been developed primarily by using open stope/shrinkage underground mining methods and in one case by open pit mining methods. The most important mine developments on the property are in the historical Aranzazu area, which hosts at least 13 underground levels developed; the Catarroyo area, which hosts 23 levels and was mined as recently as the 1980's; and, the Cabrestante, Arroyos Azules and Mexicana areas, which have been the focus of recent mining. Eight levels and additional sublevels have been developed and a small open pit (at least 2.385 million tonnes ("Mt") of 0.6% copper and 2.687 Mt of waste) was developed in the Arroyos Azules area.

Historical Production

The estimation of historical production from the Aranzazu area is not easy either as a volume estimate or the equivalent metal amount due to the mining interruptions which have taken place over the last two centuries and the lack of good records. However, concentrate production records, for copper along with gold, silver and some zinc production figures, are available for the Aranzazu Project (Arroyos Azules mine) from 1962 to 1992. Average annual production during this period included 11,746.55 concentrate dry tonnes, grading at 21.96% Cu; 10.83 g/t Au; 370.45 g/t Ag; 2.88% Zn.

Geological Setting

Regional Geology

The Concepcion del Oro area contains Jurassic to Cretaceous limestone, siltstone and shale intruded by Tertiary intrusive rocks. A thick sequence of limestone is represented by several formations in the area.

The oldest of these limestone formations is the Upper Jurassic Zuloaga limestone, a massive clean, white limestone. The Upper Jurassic La Caja Formation conformably overlies the Zuloaga limestone and consists of four units. The basal Unit A is a shale and black limestone. La Caja Unit B is a clayey

limestone with distinctive ammonite and pelecypod fossils. Unit C is a cherty phosphorite, and Unit D is a calcareous siltstone with chert beds and nodules.

The Cretaceous sedimentary rocks are shales and limestones and include the Taraises limestone/shale, the Cupido limestone, the La Pena dirty limestone and the Cuesta del Cura limestone in the Concepción del Oro area. The Cuesta del Cura limestone is the youngest member of the Lower Cretaceous rocks. Upper Cretaceous limestone and shale of the Indidura Formation and shale of the Caracol and Parras Formations overlie the Cuesta del Cura limestone on the north. Stratigraphic units are poorly defined in previous mapping and further stratigraphic work is needed. All limestone units are favourable skarn hosts. The clarification of stratigraphic units may identify favourable host rocks hidden beneath shale units at reasonable depths and may identify the most favourable host rock for skarn formation.

The Tertiary intrusive complex is well differentiated and zones from a hornblende rich diorite to a biotite rich granodiorite. Differentiation vectors identifying the most primitive igneous rocks occur on the southern boundary of the concession area near the Sol y Luna iron skarn. The main magmatic body was intruded into a large northwest trending fault zone with northeast cross faults.

The fault system allowed the development of staged hydrothermal cells with evolving mineralization, from earliest iron rich skarns to main stage copper-gold skarns to later stage zinc-silver skarns possibly associated with molybdenum. A distal and latest stage gold halo is present in the main northwest trending structure zone and presents a very interesting gold target.

The biotite bearing phase of the quartz monzonite to granodiorite appears to be the most important host for porphyry style copper mineralization and copper-gold skarns. This phase of intrusive rock is well developed in the Aranzazu and Arroyos Azules areas. The mineralized skarns occur adjacent to portions of the intrusive complex with intense stockwork veining of quartz and sericite in the Tajo Arroyos Azules area. Skarn mineralization in the Aranzazu area, 2.5 kilometres northwest of Tajo, occurs on the margin of a large, clay altered and iron-stained zone within intrusive rocks. Several other areas of iron staining, mineralized skarn, or mineralized veins and chimneys occur throughout the area and have not received systematic exploration.

Property Geology

A Tertiary intrusive complex ranging from diorite to granodiorite intrudes the Jurassic and Cretaceous limestones. Skarns, mantos and chimney deposits occur around the main intrusive complex. The mineralized skarns occur adjacent to portions of the intrusive complex with intense stockwork veining of quartz and sericite in the Tajo Arroyos Azules area. Skarn mineralization in the Aranzazu area, 2.5 kilometres northwest of Tajo Azules, occurs on the margin of a large, sericite altered and iron-stained zone. Several other areas of strong iron-staining, mineralized skarn, or mineralized veins and chimneys, occur throughout the area and have not received systematic exploration.

Alteration in the intrusive includes secondary biotite which has a long C-axis dimension, indicative of “wet” porphyry systems. The dominant alteration is quartz, sericite and pyrite (“QSP”), occurring as veins and flooding. The QSP veins on the margin of the pit are numerous, with up to 30 veins per metre. Pyrite, minor chalcopyrite, and chalcocite are common in the stock. Mineralized and unmineralized dikes cut the main intrusive complex and the altered porphyry stock. The mafic minerals in the intrusive rocks are dominantly biotite and hornblende. Skarn alteration is dominated by garnet and the opaque assemblage includes abundant magnetite, pyrite, chalcopyrite and chalcocite. The skarn contains high volumes of sulphide minerals. Surface oxidation and weathering have resulted in the partial destruction of garnet, in skarn, and feldspar, in intrusive rocks, to a quartz-clay-iron oxide assemblage. Retrograde skarn alteration is minimal and consists of epidote and quartz after garnet. Copper grades are as high as 16.4% over 17.1

metres in a 2004 drill hole in the skarn, with 2% to 2.5% copper common. Metal zoning is well developed with a copper-gold zone proximal to the intrusive, a medial zinc-copper-silver-gold zone and a distal silver-lead-gold zone. The more distal zones tend to form chimney like replacements focused around structures. Precious metal concentrations are erratic, but values up to 13 g/t gold and 800 g/t silver are reported in drill core. Some skarn and intrusive zones contain high concentrations of molybdenum. Often garnet skarn contains several percent of coarse grained molybdenum and it is also common in veins which cut skarn and intrusive. Very few intervals have been analyzed for molybdenum and it has not been considered in any economic evaluations. Molybdenum appears to occur in early garnet skarn, late garnet skarn and late phases of the intrusive. The skarns on the property contain significant concentrations of arsenic, bismuth and tellurium and have low silver:gold ratios, a feature important to the distinction between copper skarns and polymetallic gold skarns (Myers, 2002).

Exploration

All historical exploration on the Aranzazu Project is discussed under the heading “History”.

The Company’s current exploration program commenced immediately following the acquisition of the Aranzazu Project on June 5, 2008, with the objective of upgrading resources in the Arroyos Azules zone for ongoing mine planning purposes and defining reserves in the Mexicana zone and on a new high-grade splay off the Mexicana zone. Further particulars are discussed below.

On May 7, 2008 and August 4, 2008, the Company released the first and second batch of drill hole results from the 161 drill holes (42,797 metre drill program) completed during 2007 and 2008 by Zacoro Metals (the “2007/08 Program”). These batches of drill holes focused from surface to a depth of approximately 350 metres. The results confirmed the continuity of the mineralized system at the Aranzazu Project, the presence of high-grade continuous chutes within these mineralized systems and the down-dip continuity of these high grade chutes. The results also suggested that the deposit is open to depth and along strike to the east and west of the current mine area.

On September 18, 2008, the Company released the third and fourth batch of drill hole results. The third batch is along the eastern strike of the main skarn mineralization which has a strike length of at least two kilometres. The results included the only deep holes (below 350 metres) drilled to date on the Aranzazu Project and show excellent continuity down dip with several intervals of high-grade copper, gold and silver.

Results from the fourth batch included two new zones on either end of the known extent of the current resource. Of particular interest is the discovery of a new zone termed the “BW Extension” which is proximal to the high-grade BW zone (less than 100 metres). The BW Extension zone was drilled from an underground drill station located in the BW development adit. Results have also been received from drilling on the eastern extensions of the ore body, referred to as the Cabrestante and Catarroyo zones, and indicate the presence of similar high-grade chutes to the above-mentioned results on the western part of the skarn mineralization. These new chutes also show excellent down dip continuity. Of interest is the discovery of a new zone to the west of the Catarroyo zone.

On March 3, 2009, the Company released additional drill hole results, which included the last set of holes drilled as part of the 2007/08 Program and drill holes completed by Aura Minerals in late 2008, which include holes drilled as part of a follow-up program to the 2007/08 Program.

This most recent drilling by Aura Minerals targeted the high-grade ore chutes which will become part of the new mine plan for re-start of operations. This drilling intercepted a new splay chute, the “Calcocita

Zone”, off the main skarn mineralization (Hole UAZ-009 returned 21.00 metres of 7.57 % Cu, 1.47 g/t Au and 38.70 g/t Ag).

The Calcocita Zone is approximately 15 metres true width and appears to host potential for significant high-grade mineralization just 50 metres from the existing adit. This would therefore reduce the required mine development and capital costs for the potential 2010 re-start of operations. The Company plans to follow-up with more drilling to test the continuity of the Calcocita Zone as this would add significant high-grade tonnes to the resource.

Mineralization

The 2008 Aranzazu Technical Report, quoted the following description of mineralization from the Myers, 2006 report.

“Mineralization at the Arroyo [Arroyos] Azules mine occurs in an area 1.5 km long by 300 m wide and is only partially drill tested. Mineralization is strongly associated with the granodiorite phase of intrusive rocks while the earlier diorite intrusion is weakly mineralized at best in spite of strong garnet skarn alteration. The sediment package in the mine area consists of massive limestone and interbedded limestone/siltstone. The calcareous siltstone was probably altered to massive garnet prior to the main influx of mineralizing fluids. This makes interpretation of the mineralized horizons more difficult and seemingly irregular. Careful logging and mapping will allow the "skarnoid" beds to be identified, delineating the favourable limestone horizons with siltstone caps. These limestone bed targets are host to the high grade skarn. Bedding is very steep in the mine area and is oblique to the intrusive contact. Several mineralized skarn zones distal to the intrusive contact are following these limestone beds between siltstone beds. Copper mineralization demonstrates fair continuity between drill holes, a positive feature in skarn systems. Copper-gold mineralization has better continuity in the proximal zone adjacent to the granodiorite contact with skarn. Mineralized zones distal to the intrusive contact are more discontinuous and form lensoid bodies of variable dimensions.”

Drilling

All historical drilling on the Aranzazu Project is discussed under the heading “History”.

Prior to the suspension of operations on December 10, 2008, the Company completed 62 drill holes totalling 11,234 metres. Most holes were drilled from surface (47) and were both core and reverse circulation. Depths of these holes ranged from 73 to 366 meters. All the holes were drilled at an angle with the angle ranging from -43° to -71°. Underground drilling was all core drilling carried out from one drill station at the 2047 level. Hole lengths ranged from 76 to 179.7 metres with hole angles ranging from +25° to -60°.

All recent drilling at the Aranzazu Project has been conducted by Layne de Mexico, S.A. de C.V. (“Layne”), based in Hermosillo, Sonora, Mexico.

Prior to the December 10, 2008 shut-down of operations, there were two drill rigs operating at the project, a reverse circulation (RC) rig on the surface and an underground diamond drill rig.

Core recovery has been excellent with the 2008 drilling, averaging greater than 96%.

Sampling and Analysis

Sampling and Analysis Conducted by Zacoro Metals

The 2008 Aranzazu Technical Report quoted the following description of sampling and analysis from the 2007 Technical Report (defined below).

“A set of standards are being collected and will provide a range of copper grades from the mineralized rocks on site. The standards will be useful for base metal analyses but probably will not be appropriate for gold and silver, due to the coarse grained nature of gold. The standards will be prepared by BSI Laboratories (BSI) of Reno, Nevada. The standards will be pulverized to -200 mesh, homogenized, and subjected to a rigorous round robin analytical procedure to determine the statistical distribution of the analyses. The samples will be individually bagged in 100 gram lots for insertion in drilling and exploration sample groups. A blank will be prepared from barren material, such as calcsilicate hornfels, on site and will be ground to -3/8 inch, similar to drill cuttings. The purpose of the blank is to test for contamination in the fine crushing and grinding stage at the sample preparation laboratories. The blank will also be submitted for round robin geochemical analyses to determine the acceptable range of values.”

“Drill core will be sampled at approximately 2 m intervals. Samples will not be less than 1 m and samples will not cross lithologic or alteration changes if possible. The core will be cut or split in half along a plane chosen by the geologist in order to produce representative samples. One split will be bagged and sent to the BSI preparation facilities in Durango, Mexico and the pulps will be sent to the BSI analytical facility in Reno, Nevada.”

“Drill sample logging will include complete protolith, alteration, mineralization and geotechnical features. The majority of drilling will be core samples, with reverse circulation drilling used in condemnation areas or as in-fill within groupings of core drill holes.”

“Insert standard samples every 10-25 samples. Insert the first sample within the first 10 samples of mineralized interval. Select a standard with a copper grade and gangue mineralogy similar to the rock in the sample interval.”

“Zacoro will not conduct any sample preparation or analysis. All sample preparation and analysis was completed at Certified Laboratories such as BSI. Zacoro will implement a Quality Assurance/Quality Control (QA/QC) program maintaining a system of standards, blanks and duplicates as described in Section 12. Zacoro has a logging facility off the minesite in Concepción del Oro. The building is secure and will limit access to unauthorized persons. Drill core and exploration samples will be logged, cut and bagged within the logging facility. The laboratories will pick up samples at the Zacoro facility and transport them by truck to Durango. Zacoro’s logging facility will also serve as sample storage.”

“Drill and exploration samples will be analyzed for gold, silver, copper, lead, zinc, molybdenum, and a trace element suite including arsenic, bismuth, and antimony using ICP or AA procedures. Gold and silver will be analyzed by fire assay with an AA finish. Base metal overlimits will be assayed. The samples will be prepared with a four acid complete digestion.”

Sampling and Analysis Conducted by the Company

Prior to the suspension of exploration on December 10, 2008, the Company's core and reverse circulation drilling program was conducted by Layne de Mexico. The reverse circulation drill used a bit sized from 5.5 inches to 4.75 inches. The core program utilized HQ-sized core and then stepping down to NQ-sized core as required. Samples were collected on a 1.5 metre sample interval.

The reverse circulation drill cuttings are split at the drill rig. The samples collected consist of an approximate 25% split of the total material recovered from the interval sampled. This material is shipped directly to the Inspectorate America Corp. ("Inspectorate") facility in Durango, Mexico and processed utilizing the same sample preparation protocol as used for the core samples discussed below. Assays were completed at the Inspectorate laboratory in Reno, Nevada.

Diamond drilling core is logged, photographed and then split in half using a diamond core saw. Half the core is retained off-site in a secure storage facility and the other half is sampled, secured in sealed, labelled bags and then transported to the Inspectorate facility in Durango, Mexico and processed utilizing the same preparation protocol discussed below. Assays were completed at the Inspectorate laboratory in Reno, Nevada.

The entire half-core and reverse circulation drill cuttings are crushed to 95% passing 2 millimetres, split and pulverized to 95% passing 150 mesh, split again, and a 150 gram sample sent for assay. Gold assays are determined by fire assay with an atomic absorption finish, over limit assays are determined by fire assay with a gravimetric finish. Silver assays are determined by three acid digestion with an atomic absorption finish, over limits are determined by fire assay with a gravimetric finish. All samples are analyzed by ICP for multi-element analysis and by atomic absorption for copper.

The Company systematically inserts certified standard samples, sample duplicates in a non-sequential order and blank samples in all batches of samples sent to Inspectorate as a means of quality control. Additionally, Inspectorate has its own stringent internal QA/QC protocols. Check samples are systematically sent to the ALS Chemex lab in Vancouver, Canada.

Chain of custody of drill samples is maintained throughout the process with the use of numbered seal tags closing sample bags and third party professional transportation of samples to the laboratories. Each stage of sample handling is recorded in log sheets and receipts obtained from each party involved.

Mineral Resource and Mineral Reserve Estimates

In the 2008 Aranzazu Technical Report, Micon recommended that Aura Minerals use the NI 43-101 compliant 2007 preliminary resource estimate for the Aranzazu Project, which was conducted by Zacoro Metals and audited by Micon, as the stated preliminary resource estimate for the Aranzazu Project, as this estimate recognizes the use of a 0.50% copper cut-off as the grade at which the mineralization would meet the economic parameters as defined by CIM standards and definition for resources.

The 2007 preliminary resource estimate for the Aranzazu Project is set out in the March 30, 2007 Technical Report entitled "NI 43-101 Technical Report and Audit of the Preliminary Resource Estimate on the El Cobre Property, Zacatecas State, Mexico", and prepared by William J. Lewis, B.Sc., P.Geo. (the "2007 Technical Report"), a copy of which can be found on SEDAR at www.sedar.com under Vistor Capital Limited.

The Aranzazu Project hosts significant copper resources with undefined concentrations of gold, silver, zinc, molybdenum, and possibly other metals such as iron, bismuth, and sulphur in pyrite which may be

recoverable. The 2007 preliminary resource estimate only estimated the copper mineralization due to the erratic distribution and incomplete database for the other metals.

The 2007 preliminary copper resource estimate does not include material mined in the open pit and underground workings. The open pit material was removed by eliminating blocks above the present topography in the volumetric calculations in the GEMS software. The underground workings were digitized and a solid was extruded to approximate the shape and volume of the mined bodies and access tunnels. The average grade and volume of these stopes was compared to the available production records. Aura Minerals believes that approximately 3 million tonnes averaging 0.80% copper for approximately 53 million pounds of copper is a reasonable estimate of previous production based on reported pounds of copper produced from concentrate and company records of estimated head grades and estimated production. The estimated volume of the stopes was removed from the final 2007 preliminary resource estimate, which is summarized in the table below (0.50% cut-off grade) for the in-situ mineralization.

Resource Category	Tonnes	Grade (% copper)	Contained Copper (tonnes)	Contained Copper (lbs)
Indicated	25,683,000	1.02	268,568	591,924,000
Indicated Total	25,683,000	1.02	268,568	591,924,000
Inferred	8,787,000	0.81	70,912	156,248,000
Inferred Total	8,787,000	0.81	70,912	156,248,000

Micon believes that no environmental, permitting, legal, title, taxation, socio-economic, marketing or political issues exist which would adversely affect the mineral resources estimated above. However, mineral resources that are not mineral reserves do not have demonstrated economic viability. There are currently no mineral reserves on the Aranzazu Project.

Mining Operations

In light of the decline in the price of copper during the second half of 2008 and the current economic environment, all mining activities at the Aranzazu Project were temporarily suspended, effective December 10, 2008.

The underground operations at the Aranzazu Project produce a copper-gold-silver concentrate via flotation. Access to the mine is through the open pit where openings have been developed every 15 vertical metres into the orebody. Mining was carried out utilizing scoops and rear dump trucks, supported by four drills. Mining methods utilized include a modified room and pillar and shrinkage stoping. Ore is hauled from the stopes and deposited at the primary crusher located above the mill. Processing is carried out utilizing three stage crushing followed by single stage grinding and flotation to recover the copper. Gold and silver report to the copper concentrate. Flotation concentrate is then thickened and filtered to remove excess moisture. Copper concentrate is stored outside the mill in a covered shed, where it is loaded into trucks and hauled to the Trafigura Beheer B.V. facility in Manzanillo, Mexico.

Tailings from the mill after floatation are pumped to a contained storage facility with excess water drained and pumped back to the mill for reuse in the process plant.

There is a global market into which Aura Minerals can sell its copper concentrate. All copper concentrate exported by the Company in 2008 was sold to Trafigura Beheer B.V., pursuant to a purchase contract.

Exploration and Development

The Company is currently reviewing exploration and development plans, costs, all mine plans and capital expenditures for the Aranzazu Project. Once complete, the Company will then monitor metal prices and determine when exploration and development programs should recommence.

4.5 Other Mineral Projects – The Para Properties

4.5.1 Cumaru Project

The Cumaru-Gradaus Project, which consists, in part, of the Cumaru and Gradaus properties, is located in the Carajas Metallogenic province, 320 kilometres south-southwest of the city of Maraba and 750 kilometres south-southwest of Belem, the capital city of the State of Para in northern Brazil. The project currently encompasses approximately 64,400 hectares.

In late 2007, a drilling campaign was completed on the project and comprised 27 diamond drill holes for a total of 4,388 metres of core. This campaign focused on the northern edge of the Cumaru granodiorite stock to test the source area for the large alluvial deposits mined by *garimpeiros* (artisanal miners) in the 1980's.

Holes CMD 1 to 19 tested the Gradaus, Mineiro, Daniel, Carmelo and Torneiro targets, which had been defined from previous artisanal workings and the Company's soil geochemistry and trenching programs. One significant intersection was obtained from hole CMD 02 in the Gradaus target, which assayed 5.34 g/t Au over 13 metres. Mineralization in this hole is associated with up to 3% disseminated pyrite and veinlets of massive chalcopyrite and magnetite up to 1 centimetres in width. Gold appears to correlate closely with magnetite and chalcopyrite, and mineralization is encased in a broad zone of strongly pervasive phyllic and propylitic alteration. Five follow-up holes were drilled in the proximity of hole CMD 02 and intersected several narrow bands of mineralization over an area 100 metres x 200 metres. Subsequent magnetometry and induced polarization surveys over the granodiorite/greenstone contact confirmed that this mineralization produces magnetic and chargeability anomalies. These surveys also indicated the presence of a second anomaly in the Daniel target, which was tested by holes CMD 20 to 26. The results from this drilling campaign confirmed the presence of weak gold mineralization in sulphide-bearing veinlets in altered granodiorite.

The Company ceased exploration activities at the Cumaru Project and is currently seeking joint venture partners.

4.5.2 Inaja Project

The Inaja Project located about 400 kilometres south of the city of Maraba and 830 kilometres south-southwest of Belem, the capital city of Para State in northern Brazil, currently encompasses approximately 110,200 hectares.

The project covers the 100 kilometre long Inaja Greenstone Belt, a readily accessible but virtually unexplored Archean greenstone belt. The Company controls approximately 70 percent of the Inaja belt and has completed geological, geochemical and geophysical reconnaissance programs. This work defined a gold target at the eastern part of the belt and a nickel target at the western end of the belt.

The main gold target identified is a 12 kilometre-long northwest-trending structural lineament that is coincident with numerous artisanal gold workings. This lineament coincides closely with the regional contact between the greenstone sequence and a large intrusive body in the eastern part of the belt.

Extensive artisanal workings, such as the famous Carrapato garimpo, occur near the contact zone. Significant quantities of gold were extracted by *garimpeiros* at Carrapato from the overlying alluvium and from quartz veining in bedrock along the trend. Initial field work suggested the possibility that stockwork systems along the trend may remain intact and prompted the design of a diamond drilling campaign, the first ever in the region. A total of 14 holes have now been completed along the Carrapato trend and an initial two holes in the Forquilha *garimpo*, for a total of 2,688 metres of drilling. The Carrapato drill holes intercepted a series of narrow and discontinuous mineralized quartz veins along the trend. At the western part of the Inaja Greenstone Belt, exploration revealed a layered ultramafic sequence composed mainly of dunites overlain by soil with various nickel anomalies from soil and rock sampling over a strike extent of 5 kilometres and values of up to 9,000 parts per million. Pits are being dug on this anomaly to test the depth extension of the nickel mineralization in the lateritic profile.

On August 6, 2008, the Company announced that it has launched a comprehensive program to test and evaluate a major iron occurrence that had been identified during a reconnaissance program undertaken at the Inaja Project.

The initial phase of geological mapping and sampling defined the presence of extensive units of banded iron formation, commonly known as “itabirites”, which are formed by alternate bands of hematitic and silicious material. These itabirite units form ridges up to 300 metres above the local elevation. The ridges can be readily mapped and sampled. Continuous chip sampling of these itabirite units have returned assays ranging from 20% to greater than 40% of iron. Follow-up exploration program encountered several massive hematite units along the southern foot of the Inaja Range. Aura Minerals’ exploration team sampled and mapped these massive hematitic units for 10 kilometres at the western end of the range. Continuous chip samples from these hematitic units returned assays ranging from 40% to greater than 60% iron. These units are open along strike within the 60 kilometre belt. Because of its lower silica content, the massive hematite units have a recessive topographic expression and thus do not outcrop as frequently as the banded iron formation.

On March 13, 2009, the Company’s subsidiary, AGM and Vale entered into the Inaja Option Agreement, the details of which are set out in this AIF under the heading “*Item 3.1 – Three Year History – Fiscal 2008*”.

4.5.3 North Carajas Project

The North Carajas Project located in Para State, north-eastern Brazil, currently encompasses approximately 25,800 hectares.

In 2006, Aura Minerals completed geological, geophysical and geochemical data compilation that prioritized areas of interest. An initial regional reconnaissance exploration program commenced in 2007 and is continuing. Where the program has indicated areas of low potential, such areas have been dropped by the Company to reduce holding costs. All areas of interest continue to be held by the Company and Aura Minerals plans to seek joint venture partners for these areas.

ITEM 5 DIVIDENDS

No dividends have been paid, or distributions made, by Aura Minerals on its Common Shares or other securities within the three most recently completed financial years. The Company anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends or distributions will be at the discretion of

the Board after taking into account many factors, including the Company's financial condition and current and anticipated cash needs.

ITEM 6 DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares. As of March 23, 2009, 593,417,506¹ Common Shares were issued and outstanding.

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities. The Common Shares do not carry any pre-emptive or conversion rights.

On July 13, 2007 Aura Minerals adopted a rolling stock option and share compensation plan (the "Plan"). Under the Plan, options to purchase Common Shares have been granted to directors, employees, and consultants at exercise prices at least equal to the volume weighted average trading price for the five trading days immediately preceding the respective grant date and may be exercised within 5 years from that date, subject to any vesting provisions determined by the Board. Under the Plan, the Board may grant options for the purchase of up to a total of 10% of total number of issued and outstanding Common Shares of the Company on the grant date. As at March 23, 2009, a total of 54,664,068 stock options are outstanding (1,000,000 stock options expire in 2009; 897,100 stock options expire in 2010; 1,950,000 stock options expire in 2011; 17,252,800 stock options expire in 2012; 33,164,168 stock options expire in 2013; and 400,000 stock options expire in 2014).

As at March 23, 2009, a total of 2,222,250 Warrants are outstanding and expire on November 29, 2009.

ITEM 7 MARKET FOR SECURITIES

The Common Share are listed and posted for trading on the TSX under the symbol "ORA". The following table sets out information relating to the monthly trading of the Common Shares on the TSX for the calendar year ended December 31, 2008.

<u>Period</u>	<u>High</u> (Cdn\$)	<u>Low</u> (Cdn\$)	<u>Volume</u>
January 2008	1.15	0.74	32,627,756
February 2008	1.48	0.98	13,333,747
March 2008	1.45	1.20	15,621,997
April 2008	1.41	1.23	15,135,242
May 2008	2.00	1.31	11,771,054
June 2008	1.95	1.50	10,345,771

¹ The issued and outstanding Common Shares include 2,565,364 Common Shares currently held in escrow (as more particularly described under the heading "Item 8 – Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer") which, in accordance with applicable accounting standards, are being accounted for as contingently returnable shares and are not considered outstanding in the Company's financial statements until such time as they are released from escrow (see the Company's annual consolidated financial statements for the year ended December 31, 2008).

<u>Period</u>	<u>High</u> (Cdn\$)	<u>Low</u> (Cdn\$)	<u>Volume</u>
July 2008	1.73	1.07	15,373,151
August 2008	1.40	0.97	10,531,264
September 2008	1.38	0.50	24,125,865
October 2008	0.72	0.18	21,978,616
November 2008	0.25	0.065	24,637,911
December 2008	0.20	0.10	28,207,307

ITEM 8 ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the knowledge of the Company, as at the date hereof, other than as set out below, none of the Company's securities are held in escrow or subject to contractual restrictions on transfer:

Description of Class	Number of Securities Held in Escrow	Percentage of Class ⁽¹⁾ (%)
Common Shares	2,565,364 ⁽²⁾	0.43

Note:

⁽¹⁾ Based on 593,417,506 Common Shares issued and outstanding as at the date of this AIF.

⁽²⁾ The President and Chief Executive Officer ("CEO") of the Company was granted the 3,500,000 Common Shares (the "Signing Shares") as an employment inducement pursuant to the employment agreement with the Company dated April 3, 2007, as amended January 28, 2008. Pursuant to the employment agreement, the Signing Shares are held in escrow with Computershare Investor Services Inc. and will be released from escrow as follows:

- (a) in the event that at any time a technical report prepared in accordance with NI 43-101 establishes that the aggregate mineral resources under any classification system permitted under NI 43-101 (including measured, indicated and inferred mineral resources under CIM Standards) for the Arapiraca Project, to the extent applicable utilizing substantially the same methodology and parameters as to historical resource calculated by Vale, are greater than 135,000,000 tonnes: (i) up to 3,000,000 Signing Shares shall be released from escrow on a pro rata basis for mineral resources exceeding 135,000,000 tonnes up to 190,000,000 tonnes; and (ii) up to 500,000 Signing Shares shall be released from escrow on a pro rata basis for mineral resources exceeding 190,000,000 tonnes up to 210,000,000 tonnes;
- (b) on the occurrence of a take-over bid, business combination, amalgamation, merger, sale of the Arapiraca Project or similar transaction involving the Company;
- (c) on death or disability;
- (d) on the date which is five years from the closing of the Arapiraca Acquisition.

Based on the 152 million tonne mineral resource (130 million tonnes (measured and indicated) and 22 million tonnes (inferred)) reported in the Serrote Deposit Technical Report dated August 7, 2008, 934,636 of the 3,500,000 Signing Shares became eligible for release from escrow, and were officially released in January, 2009.

ITEM 9 DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

Name, Province/State and Country of Residence	Position with the Company and Period(s) Served	Principal Occupation
Patrick Downey ⁽⁴⁾ British Columbia, Canada	President, CEO & Director since April 2007	President and CEO of the Company
Peter Marrone ⁽²⁾⁽³⁾ Ontario, Canada	Director since January 2006	Chairman and CEO of Yamana Gold Inc.
Patrick Mars. ⁽¹⁾⁽²⁾ Ontario, Canada	Chairman of the Board since March 2008 and Director since January 2006	President of P.J. Mars Investments Limited

Name, Province/State and Country of Residence	Position with the Company and Period(s) Served	Principal Occupation
Elizabeth Martin ⁽¹⁾⁽²⁾ Ontario, Canada	Director since March 2008	Professional Accountant
Philip Martin ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Director since January 2006	Mining Consultant
William Murray ⁽¹⁾⁽³⁾⁽⁴⁾ British Columbia, Canada	Director since July 2007	Executive Chairman of PolyMet Mining Corp.
Anthony George British Columbia, Canada	Chief Operating Officer (“COO”) since June 2007	COO of the Company
Fausto Taddei British Columbia, Canada	Chief Financial Officer (“CFO”) since April 2008	CFO of the Company
Michele Jones British Columbia, Canada	Vice-President, Corporate Affairs since July 2007	Vice-President, Corporate Affairs of the Company
Meghan Lewis Ontario, Canada	Vice-President, Corporate Development since January 2008	Vice-President, Corporate Development of the Company
Alan Hitchborn British Columbia, Canada	Vice-President, Exploration since April 2008	Vice President, Exploration of the Company
Deepk Hundal British Columbia, Canada	In-House Counsel since June 2007 and Corporate Secretary since May 2008	In-House Counsel and Corporate Secretary of the Company

Note:

- (1) Member of the Audit Committee – Philip Martin is the Chairman of the committee.
- (2) Member of the Nominating & Corporate Governance Committee – Philip Martin is the Chairman of the committee.
- (3) Member of the Compensation Committee – Peter Marrone is the Chairman of the committee.
- (4) Member of the Environmental, Health, Safety & Social Responsibility Committee – William Murray is the Chairman of the committee.

The principal occupation, business or employment of each of the Company’s directors and executive officers within the last five years is disclosed in the brief biographies set out below.

Patrick Downey, President, Chief Executive Officer and Director. Mr. Downey was appointed President and CEO of Aura Minerals on April 4, 2007 bringing with him over 25 years of international experience in the resource industry. Mr. Downey was President, CEO and Director of Viceroy Exploration Ltd. prior to its acquisition by Yamana Gold Inc. in 2006 for approximately \$600 million. Prior to that, he was President of Consolidated Trillion Resources Ltd. and Oliver Gold Corporation, where he negotiated the successful merger to form Canico Resource Corp., which was purchased in 2006 by Vale for over \$800 million. He has held senior engineering positions at several large-scale gold mining operations and operating positions at several mining projects for Anglo American Corporation in South Africa. Mr. Downey is also a director of a number of other resource companies.

Peter Marrone, Director. Mr. Marrone founded Yamana Gold Inc. as President and Chief Executive Officer of Yamana in July 2003. Mr. Marrone was appointed Chairman of Yamana in May 2007. Mr. Marrone has more than 20 years of business and capital markets experience and has been on the boards of a number of public companies and advised companies with a strong South American presence. Mr. Marrone holds a Bachelor of Laws degree. Mr. Marrone also sits on the board of the York University Foundation.

Patrick Mars, Chairman of the Board and Director. Mr. Mars was appointed the non-executive Chairman of the Board in March 2008. He is an independent consultant specializing in mining finance and analysis and serves as a director of several resource companies, including Yamana Gold Inc., Endeavour Financial Corp., SAGE Gold Inc., Carpathian Gold Inc., Central Sun Mining Inc. and Selwyn Resources Ltd. During the period of January 1999 to May 2001, Mr. Mars was Chairman and director of

First Marathon Securities (UK) Ltd. prior to its acquisition by National Bank of Canada, after which time Mr. Mars was a director of NBC Financial (UK).

Elizabeth Martin, Director. Ms. Martin is a professional accountant with a strong background in international exploration and mining projects. She has held senior management roles in base metal and precious metal companies such as Northgate Mines Inc., Western Mining Corporation, IAMGOLD Corporation and High River Gold Mines Ltd. Ms. Martin is currently on the boards of Manicouagan Minerals Ltd. and Marengo Mining Limited and is also on the board of directors of Sunnybrook Health Sciences Centre in Toronto. In the past five years, in addition to serving as a financial consultant in the mining sector (2001 to 2006), she was on the board of Goldbelt Resources Ltd. (2005 to 2008), and was the chair of the board of St. John's Rehabilitation Hospital in Toronto (2005 to 2008).

Philip Martin, Director. Mr. Martin is an independent consultant and a director of Bear Lake Gold Ltd., Advanced Primary Minerals Corporation, Nevoro Inc., Nico Mining Limited, and Rubicon Minerals Corporation. He holds a Bachelor of Science degree in mining engineering and a Masters of Business Administration degree and has a broad range of experience in the mining industry as well as in mining finance and research. From 1986 to 1998, he worked with Gordon Capital Corporation in Toronto, Ontario, in research and investment banking specializing in the mining sector. Since 1998 he has acted as a mining finance consultant for clients in Canada and internationally.

William Murray, Director. Mr. Murray is a Professional Engineer with over 30 years of international mining experience in operations, engineering and construction. During the period of March 2003 and February 2008, Mr. Murray was President and CEO of PolyMet Mining Corp. where he has been instrumental in developing and advancing the large-scale poly-metallic NorthMet project located in the Minnesota Iron Range. He is currently Executive Chairman and a director of PolyMet Mining Corp. and a director of South American Silver Corp. Mr. Murray previously worked in senior management positions at Denison Mines, Anglo American Corporation and Fluor Daniel. Most notably, in the mid-1980s Mr. Murray was part of a consortium that bought Placer's Craigmont Copper Mine, located in British Columbia, principally for its by-product iron in the form of magnetite. Mr. Murray was directly responsible for the successful design, construction and operation of the magnetite recovery plant which is still in operation.

Anthony George, Chief Operating Officer. Mr. George is a mining engineer with over 25 years in the industry. He worked for De Beers in South Africa and Namibia in various production and technical positions over a 10-year period before moving to Canada in 1993. Mr. George has worked for the Iron Ore Company of Canada in northern Labrador as the Superintendent of Technical Services and subsequently spent 7 years as a consulting mining engineer working on more than 40 projects in over 15 countries. Prior to joining Aura Minerals in June 2007, Mr. George spent over 4 years as the Mine Manager of the De Beers Canada Inc., Victor Project guiding the project through the feasibility, permitting and construction phases where his primary responsibility was the development of operational capability for the Victor Mine.

Fausto Taddei, Chief Financial Officer. Mr. Taddei is a Chartered Accountant, and for the past 22 years, has held senior accounting and finance roles in public companies primarily in the natural resource sector. Prior to joining the Company, Mr. Taddei was Chief Financial Officer of Western Canadian Coal Corp. since 2004, where he was instrumental in the completion of various equity, convertible debenture, project debt and equipment lease financings aggregating more than \$400 million.

Meghan Lewis, Vice-President, Corporate Development. Ms. Lewis has over 12 years of experience in the mining sector, including six years with Dundee group of companies, first as a mining analyst with Dundee Securities Corporation, then as Senior Mining Analyst for Dundee Resources Limited where she

was responsible for financial modeling, commodity evaluation, project evaluation and transaction structuring. Prior to that, Ms. Lewis worked as an exploration geologist on several projects in North and South America.

Michele Jones, Vice-President, Corporate Affairs. Ms. Jones has worked in the corporate and administrative areas of the mining industry for over 25 years and most recently held the position of Corporate Secretary with Viceroy Exploration Ltd., prior to its acquisition by Yamana Gold Inc. Prior to joining Viceroy Exploration Ltd., Ms. Jones held the position of Corporate Secretary with Cross Lake Minerals Ltd. Ms. Jones also held the position of Corporate Secretary of the Company between July 2007 and May 2008.

Alan Hitchborn, Vice-President, Exploration. Mr. Hitchborn has a B.Sc. Degree in Geology and has over 25 years of experience in both operations and exploration. He spent over 10 years with Placer Dome Inc. as Chief Geologist at one of its U.S. operations and as Senior Geologist in its Resource Estimation Group, where he worked on several international projects. For the past 10 years, Mr. Hitchborn has worked in the junior exploration sector where he was instrumental in the acquisition and development of a large gold/silver deposit in Mexico.

Deepk Hundal, In-House Counsel and Corporate Secretary. Mr. Hundal was called to the Ontario Bar in 2004 and to the British Columbia Bar in 2007. Prior to joining the Company, he worked with Fraser Milner Casgrain LLP, a large national Canadian law firm, in the areas of corporate, commercial, securities and mining law. Prior thereto, Mr. Hundal worked for Borden Ladner Gervais LLP, a large national Canadian law firm in the area of corporate and commercial law.

Each director of the Company holds office until the close of the next annual meeting of shareholders or until a successor is duly elected or appointed.

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 35,920,030 Common Shares, representing approximately 6.1% of the total number of Common Shares outstanding.

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, CEO or CFO of any company (including the Company), that:

- (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO, or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

No director or executive officer of your company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9.3 Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Company (or a Subsidiary of the Company) and any director or officer of the Company (or a Subsidiary of the Company), except that certain of the directors and officers serve as directors, officers or members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company relies upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts have been disclosed by such directors and officers in accordance with the *Canada Business Corporations Act* and they have governed themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

ITEM 10 PROMOTERS

No person or company has been within the two most recently completed financial years, or is during the current financial year, a promoter of the Company or its Subsidiaries within the meaning of securities legislation of the Province of British Columbia.

ITEM 11 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company was not during the financial year ended December 31, 2008 and is not currently a party to, nor was/is any of its property the subject of, any legal proceedings or any pending legal proceedings, nor, to the Company's knowledge, is the Company to be a party to any contemplated legal proceedings, the outcome of which could have a material adverse affect on the Company.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2008, or any other time that would likely be considered important to a reasonable investor making an investment decision in the Company, and the Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2008.

ITEM 12

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below or as disclosed elsewhere herein, no director or executive officer of the Company or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of the outstanding Common Shares, or any of their respective associates or affiliates, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its Subsidiaries.

On May 29, 2008, Aura Minerals closed a private placement offering of 44,445,000 subscription receipts at a price of \$1.35 per subscription receipt for aggregate gross proceeds to the Company of \$60,000,750. Peter Marrone and Patrick Downey, directors of the Company, purchased 2,030,000 and 370,630 subscription receipts, respectively. Cyprus Holdings, a majority shareholder in the Company, purchased 16,292,000 subscription receipts indirectly through Zoneplan. Each subscription receipt was deemed exchanged without payment of any additional consideration for one Common Share of the Company following the Aranzazu Acquisition, the closing of which was announced by the Company on June 9, 2008.

On July 17, 2007, the Company closed the Arapiraca Acquisition. Repalla, a company controlled by Peter Marrone, a director of the Company, was the beneficial owner of 10% of the vendor's interests in Clearwater. The Company issued an aggregate of 32,000,000 Common Shares as consideration for the Arapiraca Acquisition to Repalla, with an aggregate value of \$5,356,827.

The former Chairman of the Company, Victor Bradley, and two current directors of the Company, Peter Marrone and Patrick Mars, were directors of Yamana Gold Inc., which is the parent company of Yamana (BVI), during the Cumaru (BVI) Acquisition. Pursuant to the Cumaru (BVI) Acquisition, the Company acquired Cumaru (BVI) which, through its subsidiary, Yamana Brasil (now Aura Resources), holds the rights to the Yamana-Cumaru Property, from Yamana (BVI). Details of the Cumaru (BVI) Acquisition are set out in this AIF under the heading "*Item 3.1 – Three Year History – Fiscal 2007*".

Between February 20, 2007 and December 31, 2007, the Company paid an aggregate of \$274,463 in consulting fees to the following officers and directors of the Company: (i) Victory Bradley, former Chairman of the Company (\$156,500); (ii) G. Ross McDonald, former CFO of the Company (\$22,563); (iii) MJ Corporate Consulting Ltd., a company controlled by Michele Jones, prior to her appointment as Vice-President, Corporate Affairs and Corporate Secretary (\$30,400); (iv) P.J. Mars Investments Limited, a company controlled by Patrick Mars, Chairman of the Board and a director (\$35,000) and (v) Philip Martin, a director (\$30,000); and

Effective July 1, 2007, the Company assigned the lease on the Company's Toronto office to Nevoro Inc., a company that has directors and officers in common (Victor Bradley and Philip Martin).

During fiscal 2007, an individual related to the former President of the Company, Victor Bradley,

provided design services relating to the Company website, corporate graphics and investor relations material, costing a total of \$43,747 (\$56,804 in fiscal 2006).

Mineracao Santa Elina, a company related to Cyprus Holdings, entered into an assignment agreement with the Company's subsidiary, AGM dated January 1, 2006, wherein Mineracao Santa Elina agreed to assign certain mineral property interests comprising the Cumaru Project, Inaja Project and North Carajas Project to AGM in consideration for a 2% NSR from any future production on the assigned properties. Subsequently to the acquisition, Cyprus Holdings became a related party.

The above transactions took place in the normal course of operations and on terms customary for arm's length transactions of this sort. All such transactions requiring Board approval were approved by a majority of the non-interested directors with the interested directors abstaining.

ITEM 13 TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar for its Common Shares is Equity Transfer & Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1.

ITEM 14 MATERIAL CONTRACTS

The only contracts entered into by the Company, other than a contract entered into in the ordinary course of business, that are material to the Company and that were entered into within the most recently completed financial year, or since January 1, 2002 but are still in effect, are as follows:

- (a) Definitive acquisition agreement dated June 3, 2008 among the Company, Clapham Luxembourg Holding S.a.r.L and its wholly-owned subsidiary, Newington, herein referred to under the heading "*Item 3.2 – Significant Acquisitions – Aranzazu Acquisition*". Pursuant to the agreement copper production from the Aranzazu Project is subject to an underlying 1% NSR when during any calendar month the monthly average copper price as quoted by the London Metal Exchange equals or exceeds US\$2.00 per pound.
- (b) The member's interest purchase agreement between the Company, Zoneplan and Repalla dated June 15, 2007, herein referred to under the heading "*Item 3.1 – Three Year History – Fiscal 2007*". Pursuant to an underlying agreement between Vale Verde and Mineracao Barra Bonita Ltda. dated March 27, 2007, the Arapiraca Project is subject to NSR's of 1.0% on Au, 0.75% on Cu and 4% on all other mineral production.

ITEM 15 INTERESTS OF EXPERTS

The following persons and companies have prepared or certified a statement, report, valuation or opinion on behalf of the Company as follows during the twelve months ended December 31, 2008, and to the date of this AIF:

- (a) PricewaterhouseCoopers LLP ("PwC") prepared an audit report as auditors of the Company for the financial year ended December 31, 2008;
- (b) Ronald G. Simpson, P.Geo. of Geosim Services Inc., consultant to the Company, prepared the Serrote Deposit Technical Report; and

- (c) William J. Lewis, B.Sc., P.Geo. of Micon International Limited, consultants to the Company, prepared the 2008 Aranzazu Technical Report.

PwC has advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

As at the date of this AIF, Mr. Simpson does hold an interest (registered or beneficial, direct or indirect) in the Common Shares, representing less than one percent of the outstanding Common Shares.

As at the date of this AIF, Mr. Lewis does not hold a registered or beneficial interest, direct or indirect, in the Common Shares.

ITEM 16 AUDIT COMMITTEE

Overview

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal controls, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the Board.

The Audit Committee's Charter

The Board has adopted a charter for the Audit Committee which sets out the committee's mandate, organization, powers and responsibilities. A copy of the charter is attached as Schedule "A" to this AIF.

Composition of the Audit Committee

From January 1, 2008 to March 19, 2008, the committee members were Patrick Mars, Philip Martin and William Murray. From March 20, 2008 to December 31, 2008, the committee members were Mr. Mars, Mr. Martin, Mr. Murray and Elizabeth Martin. Mr. Mars resigned as Chairman of the Audit Committee, effective March 17, 2008 due to his appointment as Chairman of the Board and Mr. Martin was appointed as Chairman of the Audit Committee, effective March 17, 2008.

During the year ended December 31, 2008 and as at the date of this AIF, each member of the Audit Committee has been "independent" and "financially literate", in accordance with Multilateral Instrument 52-110, "Audit Committees".

The members of the committee as at March 23, 2009 are set out in this AIF under the heading, "*Item 9 – Directors and Officers*".

There were 7 meetings of the Audit Committee during the calendar year ended December 31, 2008. Member attendance was as follows:

Directors	Number of Meetings Held During Term ⁽¹⁾	Meetings Attended
Patrick Mars	7	7
Elizabeth Martin	6	5
Philip Martin	7	7
William Murray	7	6

Note:

⁽¹⁾ Indicates the number of meetings held during each member's term in 2008.

Relevant Education and Experience

Set out below is a description of the education and experience of each of the Company's four current Audit Committee members, which is relevant to the performance of his responsibilities as an Audit Committee member.

Patrick Mars, B.Comm., M.B.A., C.F.A., Chairman of the Board and Director. Mr. Mars is currently the President of P.J. Mars Investments Limited, a private investment company, and works as an independent consultant specializing in mine finance and analysis. Mr. Mars has extensive experience in the finance industry. Between 1999 and 2001, Mr. Mars served as the Chairman and a director of First Marathon Securities (UK) Ltd., prior to the company's acquisition by National Bank of Canada, and subsequently served as a director of NBC Financial (UK) Ltd., following the acquisition. From 1965 to 1994, Mr. Mars worked as a financial analyst and from 1981 through 1994 was President of Alfred Bunting/Bunting Warburg. He sits on the board of various resource companies and serves on several audit committees.

Elizabeth Martin, C.M.A., Director. Ms. Martin is a professional accountant with a strong background in international exploration and mining projects. She has held senior management roles in base metal and precious metal companies such as Northgate Mines Inc., Western Mining Corporation, IAMGOLD Corporation and High River Gold Mines Ltd. Ms. Martin is currently on the boards of Manicouagan Minerals Ltd. and Marengo Mining Limited and sits on the audit committee of both of those organizations. She is also on the board of directors of Sunnybrook Health Sciences Centre in Toronto and serves as chair of its audit committee. In the past five years, in addition to serving as a financial consultant in the mining sector (2001 to 2006), she was on the board of Goldbelt Resources Ltd. (2005 to 2008), and was the chair of the board of St. John's Rehabilitation Hospital in Toronto (2005 to 2008).

Philip Martin, B.Sc. (Eng.), M.B.A., P.Eng., Chairman of the Audit Committee and Director. Mr. Martin is an independent consultant. He is a director of Bear Lake Gold Ltd. and Advanced Primary Materials Inc., and a director and audit committee member of Nevero Inc., Nico Mining Limited and Rubicon Minerals Corporation. Mr. Martin holds a Bachelor of Science degree in mining engineering and a Masters of Business Administration degree and has a broad range of experience in the mining industry as well as in mining finance and research. From 1986 to 1998, he worked with Gordon Capital Corporation in Toronto, Ontario in research and investment banking specializing in the mining sector. Since 1998 he has acted as a mining finance consultant for clients in Canada and internationally.

William Murray, B.Sc., P.Eng., Director. Mr. Murray is a Professional Engineer with over 30 years of international mining experience in operations, engineering and construction. During the period of March 2003 and February 2008, Mr. Murray was President and CEO of PolyMet Mining Corp. where he has been instrumental in developing and advancing the large-scale poly-metallic NorthMet project located in the Minnesota Iron Range. He is currently Executive Chairman and a director of PolyMet Mining Corp. and a director of South American Silver Corp. Mr. Murray previously worked in senior management

positions at Denison Mines, Anglo American Corporation and Fluor Daniel. Most notably, in the mid-1980s Mr. Murray was part of a consortium that bought Placer's Craigmont Copper Mine, located in British Columbia, principally for its by-product iron in the form of magnetite. Mr. Murray was directly responsible for the successful design, construction and operation of the magnetite recovery plant which is still in operation.

Pre-Approval Policies and Procedures

Pursuant to its charter, the Audit Committee has the sole authority to pre-approve all non-audit services (including fees, terms and conditions for the performance of such services) to be performed by the external auditors.

External Auditor Service Fees (By Category)

The following table discloses the fees (exclusive of GST and disbursements) billed to the Company by its external auditor in each of the last two financial years:

Financial Year End	Audit Fees ⁽¹⁾	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2008	Est. \$154,000	\$56,000 ⁽²⁾	\$47,704 ⁽³⁾	\$170,391 ⁽⁴⁾
December 31, 2007	\$83,306	\$ 26,500 ⁽⁵⁾	\$6,980 ⁽⁶⁾	\$19,500 ⁽⁷⁾

Note:

- (1) The aggregate fees billed for audit services, including the preparation of an audit plan, audit of consolidated financial statements and review of the MD&A, preparation of report to Audit Committee, preparation of independent letter and internal control letter.
- (2) The aggregate fees billed for professional services rendered by the external auditor in connection with an internal review of the unaudited financial statements (for the (i) period ended March 31, 2008; (ii) periods ended June 30, 2008; and (iii) periods ended September 30, 2008), attendance at audit committee meetings with respect to the March 31, 2008, June 30, 2008 and September 30, 2008 interim financial statements, and all discussions and correspondence during the period with directors and officers of the Company in connection with various assurances and financial matters.
- (3) The aggregate fees billed for professional services rendered by the external auditor in connection with annual corporate tax filing and tax advice and planning provided in respect of matters relating to the Aranzazu Acquisition and operational Subsidiaries.
- (4) The aggregate fees billed for professional services rendered by the external auditor in connection with the review of the pro-forma financial statements contained in the Aranzazu Acquisition BAR and property impairment analysis in connection with annual consolidated financial statements for the period February 20, 2007 to December 31, 2007.
- (5) The aggregate fees billed for professional services rendered by the external auditor in connection with an internal review of the unaudited financial statements (for the (i) period ended March 31, 2007; (ii) periods ended June 30, 2007; and (iii) periods ended September 30, 2007), attendance at audit committee meetings with respect to the March 31, 2007, June 30, 2007 and September 30, 2007 interim financial statements, and all discussions and correspondence during the period with directors and officers of the Company in connection with various assurances and financial matters.
- (6) The aggregate fees billed for professional services rendered by the external auditor in connection with tax advice and planning provided in respect of matters relating to the Arapiraca Acquisition.
- (7) The aggregate fees billed for professional services rendered by the external auditor in connection with the review of the pro-forma financial statements contained in the Cumaru (BVI) Acquisition BAR dated June 18, 2007 and the Arapiraca Acquisition BAR dated October 9, 2007 (filed on SEDAR at www.sedar.com).

ITEM 17
ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com or on the Company's website at www.auraminerals.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular dated March 23, 2009, which may be found on SEDAR at www.sedar.com.

Financial information is provided in the Company's annual audited consolidated financial statements for the year ended December 31, 2008 and the MD&A relating thereto and may be found on SEDAR at www.sedar.com or be obtained by contacting the Company at:

Aura Minerals Inc.
P.O. Box 10434, Pacific Centre
Suite 1950 – 777 Dunsmuir Street
Vancouver, B.C. V7Y 1K4
Tel: (604) 669-4777
Fax: (604) 696-0212
Email: info@auraminerals.com

SCHEDULE "A"

AURA MINERALS INC. AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee (in this charter, the "Committee") shall assist the Board in its oversight of the financial reporting process, the independent auditors, risk management and compliance with applicable laws, rules and regulations.

2. STRUCTURE AND OPERATIONS

The Committee shall be composed of not less than three directors, all of whom shall be independent and financially literate as defined in Multilateral Instrument 52-110, Audit Committees.

Members of the Committee shall be appointed or reappointed at the meeting of the Board, immediately following the AGM, and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board may fill a vacancy that occurs in the Committee at any time.

The Board or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the meeting of the Board immediately following the AGM, a chairman among their number. The chairman shall not be a former officer of the Company and shall serve as a liaison between the Committee and Management.

Meetings of the Committee shall be held at least quarterly, provided that due notice is given and a quorum of the majority of the members is present. Where a meeting is not possible, resolutions in writing which are signed by all members of the Committee are as valid as if they had been passed at a duly held meeting. The frequency and nature of the meeting agendas are dependent upon business matters and affairs which the Company faces from time to time.

The Committee shall report to the Board on its activities after each of its meetings. In addition, it shall review and assess the adequacy of this charter annually and, where necessary, recommend changes to the Board for approval. The Committee shall undertake and review with the Board an annual performance evaluation of the Committee.

3. SPECIFIC DUTIES

Oversight of the Independent Auditor

1. Recommend to the Board the independent auditor to be nominated and the compensation to be paid for preparing and issuing an auditor's report or performing related work.
2. Direct responsibility for overseeing the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

3. Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
4. Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Company, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
5. Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company.
6. Review and discuss with Management and the independent auditor, prior to the annual audit, the scope, planning and staffing of the annual audit.
7. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
8. Review, as necessary, policies for the Company's hiring of partners and employees or former partners and employees of the independent auditor.

Financial Reporting

1. Review and discuss with Management and the independent auditor the annual audited financial statements and quarterly financial statements prior to publication.
2. Review and discuss with Management the Company's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Company's Annual Report, as required by applicable legislation.
3. Review and discuss with Management and the independent auditor management's report on its assessment of internal controls over financial reporting and the independent auditor's report on management's assessment.
4. Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
5. Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such

alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

6. Discuss with the independent auditor at least annually any "Management" or "internal control" letters issued or proposed to be issued by the independent auditor to the Company.
7. Review and discuss with Management and the independent auditor at least annually any significant changes to the Company's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.
8. When applicable, discuss with Management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
9. Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
10. Review and discuss with the President and CEO and the Chief Financial Officer ("CFO") the procedures undertaken in connection with the CEO and CFO certifications for the annual filings with applicable securities regulatory authorities.
11. Review disclosures made by the Company's President and CEO and CFO during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Company's internal controls.
12. Discuss with the Company's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Company or any of its subsidiaries from regulators or governmental agencies.

Oversight of Risk Management

1. Review and approve periodically the Company's risk philosophy and risk management policies.
2. Review with Management at least annually reports demonstrating compliance with risk management policies.
3. Review with Management the quality and competence of Management appointed to administer risk management policies.
4. Review reports from the independent auditor at least annually relating to the adequacy of the Company's risk management practices together with Management's responses.
5. Discuss with Management at least annually the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

Oversight of Regulatory Compliance

1. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
2. Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting.
3. Meet with the Company's regulators, according to applicable law.
4. Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

Retention and Funding of Independent Advisors

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and performing related work. The Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefore shall also be funded by the Company.

Approved by the Board on March 20, 2008.