



Aura Minerals Inc.

Interim Consolidated Financial Statements

For the three months ended March 31, 2010

(Unaudited)

Aura Minerals Inc.

Interim Consolidated Balance Sheets

As at March 31, 2010 and December 31, 2009

Expressed in thousands of United States dollars

(Unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents (note 6)	\$ 102,221	\$ 36,978
Restricted cash (note 19(a))	56,866	-
Accounts receivable (note 7)	4,937	3,525
Inventory (note 8)	13,158	12,468
Prepaid expenses and other current assets	4,265	3,696
	181,447	56,667
Other assets and deposits	2,534	2,479
Deferred transaction costs (note 4(a))	-	1,000
Restricted cash (note 19(a))	-	56,866
Property, plant and equipment (note 9)	187,095	182,627
Resource properties (note 10)	15,108	14,427
Future income tax assets	1,674	1,672
	\$ 387,858	\$ 315,738
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 11)	\$ 18,198	\$ 16,141
Current portion of promissory notes payable (note 5)	10,000	-
	28,198	16,141
Promissory notes payable (note 5)	15,800	25,800
Future income tax liabilities	35,497	34,793
Asset retirement obligations (note 12)	4,657	4,578
Other long-term liabilities	3,202	3,264
	87,354	84,576
SHAREHOLDERS' EQUITY		
Capital stock (note 13)	409,753	339,693
Contributed surplus	36,332	35,780
Accumulated other comprehensive loss	(21,535)	(21,535)
Deficit	(124,046)	(122,776)
	300,504	231,162
	\$ 387,858	\$ 315,738

Commitments (notes 5, 10, 18 and 19(a))

Subsequent events (note 19)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors:

"Elizabeth Martin"

"Patrick Downey"

Elizabeth Martin, Director

Patrick Downey, Director

Aura Minerals Inc.

Interim Consolidated Statements of Operations and Comprehensive Loss

For the three months ended March 31, 2010 and 2009

Expressed in thousands of United States dollars, except per share data
(Unaudited)

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
		As restated (note 2)
Sales (note 17)	\$ 19,791	\$ 35
Cost of goods sold		
Cost of production	9,369	23
Depletion, amortization and accretion	1,588	–
Net smelter return royalties	101	–
	11,058	23
Mine operating profit	8,733	12
Other expenses		
Stock-based compensation (note 13(g))	1,921	866
Cost of operations in care and maintenance	–	624
Exploration expenses (note 14)	5,092	2,288
General and administrative	2,840	1,069
Transaction costs	1,297	–
Amortization	211	83
Impairment charge - resource properties (note 10(b))	–	8,167
Operating loss	2,628	13,085
Interest expense	221	–
Interest and other income	(104)	(72)
Foreign exchange gain	(3,481)	(1,541)
(Profit) loss before income taxes	(736)	11,472
Current income tax expense	2,386	–
Future income tax recovery	(380)	(2,775)
Net loss for the period	\$ 1,270	\$ 8,697
Other comprehensive loss		
Net loss on change in reporting currency (note 2)	–	5,466
Comprehensive loss for the period	\$ 1,270	\$ 14,163
Per share information:		
Weighted average number of common shares outstanding	184,465,737	118,118,512
Basic and diluted net loss per share	\$ 0.01	\$ 0.07

The accompanying notes form an integral part of these consolidated financial statements.

Aura Minerals Inc.

Interim Consolidated Statements of Shareholders' Equity

For the three months ended March 31, 2010 and the year ended December 31, 2009

Expressed in thousands of United States dollars, except share amounts

(Unaudited)

	Capital Stock		Contributed Surplus	Accumulated other comprehensive	Deficit	Total
	Shares	Amount				
At December 31, 2008	117,903,186	\$ 211,173	\$ 29,704	\$ (33,095)	\$ (91,439)	\$ 116,343
Private placement (note 13(c))	45,499,997	115,238	-	-	-	115,238
Shares issued as consideration for San Andres Acquisition (note 5)	8,084,728	19,583	-	-	-	19,583
Exercise of options for cash	1,064,083	1,153	-	-	-	1,153
Exercise of options - fair value	-	590	(590)	-	-	-
Exercise of brokers warrants for cash	1,500	4	-	-	-	4
Exercise of brokers warrants - fair value	-	3	(3)	-	-	-
Issuance of shares on property option payment	80,000	64	-	-	-	64
Stock based compensation - options vested	-	-	3,605	-	-	3,605
Warrants issued as financing fee (note 13(c))	-	-	4,227	-	-	4,227
Contingently returnable shares related to executive incentive	-	-	981	-	-	981
Release of contingently returnable shares from escrow (note 13(d))	700,000	2,144	(2,144)	-	-	-
Share issue costs	-	(10,259)	-	-	-	(10,259)
Gain on change in reporting currency (note 2)	-	-	-	11,560	-	11,560
Net loss for the year	-	-	-	-	(31,337)	(31,337)
At December 31, 2009	173,333,494	\$ 339,693	\$ 35,780	\$ (21,535)	\$ (122,776)	\$ 231,162
Public offering (note 13(b))	18,000,000	70,476	-	-	-	70,476
Exercise of options for cash	151,070	387	-	-	-	387
Exercise of options - fair value	-	105	(105)	-	-	-
Exercise of brokers warrants for cash	76,190	199	-	-	-	199
Exercise of brokers warrants - fair value	-	142	(142)	-	-	-
Shares allotted on exercise of warrants (note 13(e)), issued subsequent to March 31, 2010 for cash	604,078	1,635	-	-	-	1,635
Shares allotted on exercise of warrants (note 13(e)), issued subsequent to March 31, 2010 - fair value	-	1,122	(1,122)	-	-	-
Stock based compensation - options vested	-	-	1,921	-	-	1,921
Share issue costs	-	(4,006)	-	-	-	(4,006)
Net loss for the period	-	-	-	-	(1,270)	(1,270)
At March 31, 2010	192,164,832	\$ 409,753	\$ 36,332	\$ (21,535)	\$ (124,046)	\$ 300,504

The accompanying notes form an integral part of these consolidated financial statements.

Aura Minerals Inc.

Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2010 and 2009

Expressed in thousands of United States dollars

(Unaudited)

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
		As restated (note 2)
Operating activities		
Net loss for the period	\$ (1,270)	\$ (8,697)
Items not affecting cash (note 15(a))	7,740	6,488
Changes in non-cash working capital (note 15(b))	(2,855)	(1,802)
	3,615	(4,011)
Investing activities		
Resource property acquisition	(681)	-
Other assets	(54)	-
Proceeds from property option payment (note 10(b))	-	3,000
Reclamation expenditures (note 12)	(79)	-
Purchase of property, plant and equipment	(6,250)	(130)
	(7,064)	2,870
Financing activities		
Proceeds received from public offering (note 13(b)), net of share issue costs	66,470	-
Proceeds on exercise of options	387	-
Proceeds on exercise of warrants	1,835	-
	68,692	-
Increase (decrease) in cash and cash equivalents	65,243	(1,141)
Effect of exchange rate changes on cash and cash equivalents	-	(2,074)
Cash and cash equivalents, beginning of the period	36,978	32,698
Cash and cash equivalents, end of the period	\$ 102,221	\$ 29,483

Supplementary cash flow information (note 15(c))

The accompanying notes form an integral part of these consolidated financial statements.

Aura Minerals Inc.

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2010

Expressed in United States dollars, except where otherwise noted. Tables are expressed in thousands of United States dollar, except where otherwise noted. (Unaudited)

1 NATURE OF OPERATIONS

Aura Minerals Inc. ("Aura Minerals" or the "Company") is a Canadian mining company focused on the acquisition, exploration, development and operation of mining properties in the Americas.

On August 25, 2009, the Company completed the acquisition of the shares of San Andres (Belize) Limited ("SAB") and RNC (Honduras) Limited ("RNC") (collectively, the "San Andres Acquisition") (note 5). RNC and SAB together own 100% of the shares of Minerales de Occidente S.A. de C.V. ("Minosa"), which owns and operates the San Andres gold mine in Honduras (the "San Andres Mine"). The Company consolidated the results of operations of the San Andres Mine commencing on August 26, 2009, the day following the acquisition.

In June 2008, the Company completed the acquisition of a 100% interest in all of the mining concessions, plant, surface and water rights and other assets relating to the Aranzazu Project in Zacatecas, Mexico (the "Aranzazu Project"). The underground operations produce copper-gold-silver concentrates via flotation. The Aranzazu Project was placed in care and maintenance in the fourth quarter of 2008, and on February 15, 2010 the Company announced that it plans to re-start operations later in the year.

In July 2007, the Company closed the acquisition of the feasibility-stage Arapiraca copper, gold and iron ore project (the "Arapiraca Project").

On April 30, 2010, the Company completed the acquisition of the assets and liabilities of the Sao Vicente and Sao Francisco mines in Brazil (collectively, the "Brazilian Mines") (the "Brazilian Mines Acquisition"), which is further described in note 19(a).

On July 23, 2009, the Company effected the consolidation of all of its issued and outstanding common shares on the basis of one new common share for five previously issued and outstanding common shares (the "Consolidation"). All share and per share amounts in these interim consolidated financial statements have been adjusted retroactively to reflect this change.

The Company is in the business of exploring for and mining minerals which by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to obtain financing or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. All of the Company's mineral and resource properties are located outside of Canada and are subject to the risks normally associated with foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

Aura Minerals Inc.

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2010

Expressed in United States dollars, except where otherwise noted. Tables are expressed in thousands of United States dollar, except where otherwise noted. (Unaudited)

2 CHANGE IN MEASUREMENT AND REPORTING CURRENCY

Effective October 1, 2009, the Company changed its measurement and reporting currency from the Canadian dollar to the United States dollar. The change in measurement currency occurred as a result of a change in the nature of the Company's operations following the acquisition of the San Andres Mine. As a result of the change in measurement currency, effective October 1, 2009 and applied prospectively, the Company's integrated foreign currency operations were translated to United States dollars using the temporal method.

The change in reporting currency was made in order to better reflect the Company's operating activities and to improve the financial statement users' ability to compare the Company's financial results with other companies in the mining industry. In making the change in reporting currency, the Company followed the guidance in Emerging Issues Committee ("EIC") 130, "Translation Method when the Reporting Currency Differs from the Measurement Currency or There is a Change in the Reporting Currency".

In accordance with EIC-130, all assets and liabilities are translated into the reporting currency using the current rate method. Under this method, all assets and liabilities were translated using the exchange rate prevailing on September 30, 2009, and all items in the 2009 statement of operations and cash flow statement were translated using the average exchange rate prevailing during each period. Shareholders' equity transactions have been translated at the exchange rates on the dates in which the transactions occurred. All resulting exchange differences arising from the translation have been included as a separate component of other comprehensive loss.

For the period from January 1, 2009 to March 31, 2009 a loss on the translation from the change in reporting currency of \$5,466,000 was recorded in other comprehensive loss and included in the balance sheet in accumulated other comprehensive loss.

3 BASIS OF PRESENTATION AND USE OF ESTIMATES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial information and they follow the same accounting policies and methods of application as the audited annual consolidated financial statements of the Company for the year ended December 31, 2009, except as described in note 4(a). These unaudited interim consolidated financial statements do not include all the information and note disclosure required by Canadian GAAP for annual financial statements and therefore should be read in conjunction with the most recent audited annual consolidated financial statements.

These unaudited interim consolidated financial statements include the accounts of the Company and its direct and indirect wholly-owned subsidiaries. Significant intercompany balances and transactions have been eliminated on consolidation. In the opinion of management, all adjustments necessary to present fairly the financial position at March 31, 2010 and the results of operations and cash flows for all periods presented have been made. The interim results are not necessarily indicative of results for a full year.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. Significant areas requiring the use of estimates in the preparation of these interim consolidated financial statements include, among other things, the determination of impairment of long-lived assets, the valuation of inventories, the recording of asset retirement obligations, the determination of useful lives of property, plant and equipment, the allocation of purchase consideration for acquired assets to the fair values of the identifiable assets and liabilities, the determination of the fair value of stock-based compensation and other equity transactions, and the determination of the valuation allowance with respect to future income tax assets. Actual results could differ from these estimates.

Aura Minerals Inc.

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For the three months ended March 31, 2010

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4 CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

a) Changes in accounting policies

Business combinations

Effective January 1, 2010, the Company has elected to adopt CICA Section 1582, "Business Combinations", which establishes updated principles on the recognition, measurement, and presentation for acquisitions. The new standard will be applied prospectively to all business combinations with a closing date on or after January 1, 2010. As a result of the application of this new standard, the Company recorded an expense of \$1,000,000 related to deferred transaction costs which were reported on the Company's balance sheet as of December 31, 2009. During the three months ended March 31, 2010, the Company incurred an additional \$297,000 in transaction costs which were also expensed during the period. All of the transaction costs related to the Brazilian Mines Acquisition.

As a result of adopting Section 1582, the Company was also required to adopt Section 1602, "Non-Controlling Interests", and Section 1601, "Consolidated Financial Statements", which establish updated principles on the recognition, measurement and presentation for non-controlling interests and consolidated financial statements. The adoption of these standards did not have a significant impact on the Company's consolidated financial statements.

b) Recent accounting pronouncements

Multiple deliverable revenue arrangements

During 2009, the CICA issued EIC-175, "Multiple Deliverable Revenue Arrangements", which addresses some aspects of accounting for arrangements which include multiple revenue-generating activities. The EIC is effective January 1, 2011, with early adoption permitted. The Company does not anticipate a significant change in its consolidated financial statements as a result of the application of this standard.

International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, the Company will be required to prepare its consolidated financial statements in accordance with IFRS. The Company will issue its first consolidated financial statements under IFRS for the quarter ended March 31, 2011, and comparative data on an IFRS basis will be included as required.

Aura Minerals Inc.

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For the three months ended March 31, 2010

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5 ACQUISITION OF THE SAN ANDRES MINE

On August 25, 2009, the Company purchased all the outstanding common shares of RNC and SAB, which, through Minosa hold a 100% interest in the San Andres Mine. Consideration for the San Andres Acquisition consisted of:

- (i) Cash of \$35,884,000, including \$2,750,000 in respect of a working capital adjustment at closing;
- (ii) \$19,583,000 (C\$21,263,000) by the issuance of 8,084,728 common shares of Aura Minerals, valued at the five day average of the Company's closing share price on June 10, 2009, being the first business day following the announcement of the San Andres Acquisition, and the two days before and after June 10, 2009; and
- (iii) \$25,800,000 in the form of two promissory notes which bear interest at six-month LIBOR plus 3%, with interest due and payable monthly. Repayment terms include \$10,000,000 payable on February 25, 2011, with the balance due and payable on August 25, 2012. The promissory notes can be repaid at any time without penalty and security is provided by a pledge of the shares of Aura Minerals' subsidiaries which own the shares of Minosa and by a guarantee of Aura Minerals.

In addition, the consideration includes deferred purchase price consideration payable of \$14,750,000. The deferred consideration is payable as to 50% of all net free cash flow from the San Andres Mine from and after August 25, 2009 that exceeds the cumulative net free cash flow of \$79,000,000. Subject to completion and closing of the acquisition of the Brazilian Mines (note 19(a)), to the extent that the net free cash flow threshold for the San Andres Mine has been reached before the cumulative net free cash flow threshold for the Brazilian Mines, 50% of all net free cash flow from the San Andres Mine shall continue to be payable, up to and until the deferred purchase price consideration related to the Brazilian Mines has been paid in full. No amount has been recorded in the purchase price for the contingent consideration related to the San Andres Acquisition.

The transaction has been accounted for as a business combination, with Aura Minerals as the acquirer of RNC and SAB. As the closing date of the acquisition occurred before January 1, 2010, the Company has applied CICA Handbook section 1581 to this transaction. The purchase price is summarized as follows:

Total cash consideration paid	\$ 35,884
Promissory notes	25,800
Value of common shares issued	19,583
Consulting, legal and due diligence costs	730
	<u>\$ 81,997</u>

Aura Minerals Inc.

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2010

Expressed in United States dollars, except where otherwise noted. Tables are expressed in thousands of United States dollar, except where otherwise noted.
(Unaudited)

5 ACQUISITION OF THE SAN ANDRES MINE (continued)

The allocation of the purchase consideration to the fair values of the identifiable assets and liabilities is preliminary and may be revised by the Company as additional information becomes available. Changes to the allocation could be material. The preliminary allocation of the purchase price is as follows:

Assets acquired

Cash and cash equivalents	\$ 1,324
Accounts receivable, prepaid expenses and other assets	4,924
Inventory	16,334
Other non-current assets	934
Property, plant and equipment, net	33,392
Mineral property	55,979
	112,887

Liabilities assumed

Accounts payable and accrued liabilities	\$ (13,354)
Other long term liabilities	(3,102)
Asset retirement obligation	(3,445)
Future income tax liability	(10,989)
	(30,890)
Net assets acquired	\$ 81,997

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

	March 31, 2010	December 31, 2009
Cash and interest-bearing deposits	\$ 102,020	\$ 36,932
Other short-term investments	201	46
	\$ 102,221	\$ 36,978

Aura Minerals Inc.

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2010

Expressed in United States dollars, except where otherwise noted. Tables are expressed in thousands of United States dollar, except where otherwise noted.
(Unaudited)

7 ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	March 31, 2010	December 31, 2009
Trade accounts receivable	\$ 1,816	\$ 1,529
Value added taxes receivable	3,062	1,885
Other receivables	59	111
	\$ 4,937	\$ 3,525

8 INVENTORY

Inventory consists of:

	March 31, 2010	December 31, 2009
Product inventory	\$ 5,402	\$ 4,551
Leach pad inventory	695	519
Metal in circuit and gold in process	479	523
Parts and supplies	6,582	6,875
	\$ 13,158	\$ 12,468

9 PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2010, property, plant and equipment was comprised of the following:

	Cost	Accumulated Amortization	Net book value
Land	\$ 1,228	\$ (30)	\$ 1,198
Vehicles	754	(218)	536
Machinery and equipment	11,670	(1,420)	10,250
Mobile mining equipment	5,083	(554)	4,529
Furniture and fixtures	921	(166)	755
Computer equipment and software	1,457	(467)	990
Leasehold improvements	467	(194)	273
Buildings	4,782	(727)	4,055
Plant	6,131	(237)	5,894
Projects in process	34,157	-	34,157
Mineral property	128,062	(3,604)	124,458
	\$ 194,712	\$ (7,617)	\$ 187,095

Aura Minerals Inc.

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2010

Expressed in United States dollars, except where otherwise noted. Tables are expressed in thousands of United States dollar, except where otherwise noted. (Unaudited)

9 PROPERTY, PLANT AND EQUIPMENT (continued)

As at December 31, 2009, property, plant and equipment was comprised of the following:

	Cost	Accumulated Amortization	Net book value
Land	\$ 1,228	\$ -	\$ 1,228
Vehicles	732	(174)	558
Machinery and equipment	11,497	(878)	10,619
Mobile mining equipment	5,083	(463)	4,620
Furniture and fixtures	895	(117)	778
Computer equipment and software	1,137	(390)	747
Leasehold improvements	468	(162)	306
Buildings	4,643	(406)	4,237
Plant	6,082	(237)	5,845
Projects in process	28,283	-	28,283
Mineral property	127,589	(2,183)	125,406
	\$ 187,637	\$ (5,010)	\$ 182,627

Total depletion and amortization expense recorded in the statement of operations and comprehensive loss for the three months ended March 31, 2010 was \$1,632,000 (2009: \$145,000), of which \$nil (2009: \$62,000) was included in the cost of operations in care and maintenance.

10 RESOURCE PROPERTIES

A continuity of acquisition costs during the year ended December 31, 2009 and to March 31, 2010 is as follows:

	Arapiraca Project	Non-core Projects	Total
Acquisition Costs			
Balance, December 31, 2008, as restated (note 2)	\$ 4,346	\$ 17,518	\$ 21,864
Additions during the year ended December 31, 2009:			
Proceeds from property option payment (note 10(b))	-	(3,000)	(3,000)
Impairment charge - mineral properties (note 10(b))	-	(8,167)	(8,167)
Effect of foreign exchange on resource properties (note 2)	1,321	2,409	3,730
Balance, December 31, 2009	\$ 5,667	\$ 8,760	\$ 14,427
Additions during the three months ended March 31, 2010:			
Acquisition costs - land	681	-	681
Balance, March 31, 2010	\$ 6,348	\$ 8,760	\$ 15,108

Aura Minerals Inc.

Notes to the Interim Consolidated Financial Statements

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10 RESOURCE PROPERTIES (continued)

a) Arapiraca Project, Brazil

Certain of the Arapiraca properties are subject to Net Smelter Return Royalty ("NSR") payments on future production to the original owner of 0.75% on copper, 1.0% on gold and 4.0% on all other mineral production.

b) Non-core Projects

Cumaru (Gradaus) Project, Brazil

During the first quarter of 2009, the Company elected to terminate its option agreement on the Cumaru (Gradaus) Project in the State of Para, Brazil. In connection with the termination of the option agreement, the Company recognized an impairment charge of \$8,167,000.

Cumaru Project, Brazil

In prior years, the Company acquired, a 100% interest in the Cumaru Project in the state of Para, Brazil. A previous land owner has retained a 1.5% NSR on the property that may be purchased by Aura Minerals for \$1,250,000.

Inaja Project, Brazil

In prior years, the Company acquired, through various option payments, a 100% interest in certain mineral claims known as the AGS, JN, EM, and the Forquilha and Carapato pits located in the State of Para, Brazil (the "Inaja Project"). On the AGS Property, the optionors have retained a 2.0% to 3.0% sliding scale NSR, based on the price of gold, which royalty may be purchased for \$1,000,000 for each 1%, payable as calculated on the commencement of production. On the Forquilha Pit, the optionors have retained a 1.5% NSR, which may each be purchased for \$1,500,000. As of December 31, 2008, the Company allowed the Carapato claim to lapse, and abandoned the Fonseca property.

On March 13, 2009, the Company entered into an option agreement with Vale S.A. ("Vale"), (the "Option Agreement"), wherein Vale has been granted an option to earn a 51% interest in the Inaja Project by making a cash payment of \$3,000,000 and then expending \$6,000,000 in exploration work within four years from the execution of the Option Agreement. Vale may then earn an additional 19% 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. The payment of \$3,000,000 was received in the first quarter of 2009, and was applied as a reduction of the carrying value of the Inaja Project.

North Carajas and other projects, Brazil

Pursuant to an agreement dated January 1, 2006, the Company was assigned a 100% interest in certain mineral claims in the State of Para, Brazil, in consideration for a 2% NSR from any future production on these properties.

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11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	March 31, 2010	December 31, 2009
Trade accounts payable	\$ 4,271	\$ 3,535
Income taxes payable	11,453	9,039
Accrued liabilities	790	1,958
Other payables	1,684	1,609
	\$ 18,198	\$ 16,141

12 ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations relate to the restoration and closure of the Company's mining operations and projects under development. The asset retirement obligations have been recorded as liabilities at fair value, assuming credit adjusted risk-free discount rates of between 6.8% and 8.0%, and inflation factors of between 3.0% and 9.0%. The amount of the liabilities is reassessed during each reporting period. The total undiscounted amounts of the estimated obligations are approximately \$8,607,000 and are expected to be incurred through 2023. All of the assumptions used are subject to change.

The following table summarizes the movements in the asset retirement obligation activities:

	March 31, 2010	December 31, 2009
Balance, beginning of the period	\$ 4,578	\$ 1,154
Asset retirement obligations recorded on acquisition (note 5)	-	3,445
Add: Accretion of liability component of asset retirement obligations	158	239
Less: Expenses incurred	(78)	(281)
Effect of foreign exchange on asset retirement obligations	-	21
Balance, end of the period	\$ 4,657	\$ 4,578

13 CAPITAL STOCK

a) Authorized – Unlimited number of common shares

b) February 2010 Public Offering

On February 4, 2010, the Company and its major shareholder, Zoneplan Limited (the "Selling Shareholder"), closed a bought deal public offering of 18,000,000 common shares from the treasury of the Company (the "Treasury Common Shares") and 6,000,000 previously issued common shares of the Company from the holdings of the Selling Shareholder, in each case at a price of C\$4.20 per common share, and for aggregate gross proceeds of C\$100,800,000, of which C\$75,600,000 (\$70,476,000) was attributable to the Company. Aggregate net proceeds received by the Company were \$66,470,000 net of underwriters' fees and share issue costs of \$4,006,000.

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13 CAPITAL STOCK (continued)

c) July 2009 Private placement

On July 15, 2009, the Company closed the private placement offering (the "July Offering") of 227,500,000 subscription receipts (the "Subscription Receipts"), at a price of C\$0.55 per Subscription Receipt for aggregate gross proceeds to the Company of C\$125,125,000 (\$115,238,000). The gross proceeds from the sale of the Subscription Receipts were placed in escrow on closing of the July Offering. Upon the Company having satisfied certain escrow release conditions, the net proceeds of C\$118,507,000 (\$109,206,000) were released to the Company immediately prior to the closing of the San Andres Acquisition. Upon satisfaction of the escrow release conditions, and as a result of the Consolidation which was effected on July 23, 2009, each Subscription Receipt automatically converted into 0.20 of one common share of the Company, resulting in a total issuance of 45,499,997 common shares. In connection with the July Offering, the Company incurred share issuance costs of \$6,032,000 and issued to the underwriters 2,274,996 brokers' warrants, with each warrant entitling the holder to purchase one common share at an exercise price of C\$2.75 per share until January 15, 2011. The value of \$4,227,000 has been attributed to the 2,274,996 brokers' warrants pursuant to the Black-Scholes pricing model and has been included in share issue costs. The value of the brokers' warrants was calculated using the following assumptions: no dividends are to be paid; volatility of 154%, a risk-free interest rate of 1.33%, and an expected life of 1.3 years.

d) Shares held in escrow

Pursuant to an employment agreement dated April 3, 2007 and amended January 28, 2008, the Company agreed to issue 700,000 common shares (the "Signing Shares") to the President and CEO subsequent to the acquisition of the Arapiraca Project. The Signing Shares were issued on January 28, 2008 and were held in escrow. During the first and second quarters of 2009, all 700,000 shares were released from escrow as a result of one of the escrow release conditions having been met, being the issuance of technical reports prepared in accordance with NI 43-101 which established that the Arapiraca Project had mineral resources (in all categories) in excess of 210 million tonnes. At the time of the release, the fair value of these shares in the amount of \$2,144,000 was recorded to capital stock.

In accordance with applicable accounting standards, the Signing Shares were being accounted for as contingently returnable shares as of December 31, 2008, which were not considered outstanding and not included in the computation of basic loss per share until they were released from escrow. The fair value of the Signing Shares of \$2,144,000 was determined to be based on the market value of the Company's common shares at the time of the initial employment agreement. The expense associated with the escrowed shares was recognized on a straight line basis over a five year period as part of stock based compensation; however, upon release from escrow the unamortized balance was recognized in the period of such release. For the three months ended March 31, 2009 the expense recognized for the Signing Shares was \$65,000.

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13 CAPITAL STOCK (continued)

e) Warrants

The following table summarizes activity related to the Company's issued brokers' warrants during the year ended December 31, 2009 and to March 31, 2010:

	Number of warrants	Weighted average exercise price C\$
Balance, December 31, 2008	444,450	\$ 7.43
Brokers' warrants issued (note 13(c))	2,274,996	2.75
Expired	(444,450)	7.43
Exercised	(1,500)	2.75
Balance, December 31, 2009	2,273,496	\$ 2.75
Exercised	(680,268)	2.75
Balance, March 31, 2010	1,593,228	\$ 2.75

As at March 31, 2010, the following brokers' warrants are outstanding:

Expiry date	Grant date fair value	Number outstanding	Exercise price in C\$
January 15, 2011	\$ 2,963	1,593,228	\$ 2.75

On March 31, 2010, 604,078 brokers' warrants were exercised, however the shares were not issued until April 1, 2010. The cash value associated with the exercise of these warrants of \$1,635,000, which was received by the Company on March 31, 2010, and the fair value of \$1,122,000 have been included in capital stock as of March 31, 2010.

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13 CAPITAL STOCK (continued)

f) Stock options

On July 13, 2007, Aura Minerals adopted the 2007 Stock Option and Share Compensation Plan (the "Plan"). Under this rolling plan, options to purchase common shares have been granted to directors, employees, and consultants at exercise prices not less than the volume weighted average trading price for the five trading days immediately preceding the respective grant date and may be exercised within five years from that date, subject to any vesting provisions determined by the board of directors. Under the Plan, the board of directors may grant options for the purchase of up to an aggregate of 10% of the total number of issued and outstanding common shares of the Company as of the grant date.

A continuity of issued and outstanding stock options is as follows:

	Number of options	Weighted Average exercise price C\$
Balance, December 31, 2008	10,942,811	\$ 3.80
Granted	2,105,000	3.15
Exercised	(1,064,083)	1.15
Forfeited	(428,100)	5.91
Balance, December 31, 2009	11,555,628	\$ 3.83
Granted	965,000	4.10
Exercised	(151,070)	2.67
Forfeited	(81,410)	5.45
Balance, March 31, 2010	12,288,148	\$ 3.85

As at March 31, 2010, the following stock options were outstanding and exercisable:

	Options outstanding			Options exercisable
	Exercise price C\$	Number outstanding	Remaining contractual life (years)	Number exercisable
	\$0.78 to \$1.15	3,144,998	3.3	3,017,498
	\$1.45	50,000	0.5	50,000
	\$2.50 to \$3.75	3,445,750	2.6	2,262,125
	\$3.84 to \$5.45	2,839,500	3.2	1,898,750
	\$5.80 to \$8.40	2,807,900	2.1	2,807,900
Average/Total	\$ 3.85	12,288,148	3.1	10,036,273

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13 CAPITAL STOCK (continued)

g) Stock-based compensation

Stock-based compensation expense is measured at fair value and recognized over the vesting period from the date of grant. Stock-based compensation recognized during the three months ended March 31, 2010 totalled \$1,921,000 (2009 - \$866,000). Of this amount, \$nil (2009 - \$65,000), relates to the amortization of the fair value of the Signing Shares for the three months ended March 31, 2010 and 2009, respectively, as described in note 13(d). The fair value of stock options granted during the period was estimated using the Black-Scholes option pricing model with the following assumptions:

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
Expected volatility	113 - 116%	125%
Risk-free interest rate	2.21 - 2.48%	1.61%
Expected life (years)	5	5
Expected dividend yield	0%	0%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

14 EXPLORATION EXPENSES

For the three months ended March 31, 2010, exploration expenses were comprised of the following:

	Arapiraca Project	Aranzazu Project	Brazilian Mines	Non-core Projects	Total
Consulting	\$ 706	\$ 89	\$ 88	\$ 32	\$ 915
Drilling	1,120	880	214	–	2,214
Field Administration	–	–	–	61	61
Field supplies	67	9	9	1	86
Geological & assays	95	149	75	–	319
Other	604	67	28	26	725
Salaries, wages & benefits	615	50	12	3	680
Travel	27	20	42	3	92
Exploration expenses for the three months ended March 31, 2010	\$ 3,234	\$ 1,264	\$ 468	\$ 126	\$ 5,092

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14 EXPLORATION EXPENSES (continued)

For the three months ended March 31, 2009, exploration expenses were comprised of the following, as restated (note 2):

	Arapiraca Project	Aranzazu Project	Non-core Projects	Total
Property option payments	\$ -	\$ -	348	\$ 348
Consulting	373	73	130	576
Field Administration	-	-	78	78
Supplies	22	-	17	39
Geological & assays	107	264	1	372
Land maintenance	113	-	75	188
Other	186	9	33	228
Salaries, wages & benefits	328	-	68	396
Travel	48	1	14	63
Exploration expenses for the three months ended March 31, 2009	\$ 1,177	\$ 347	\$ 764	\$ 2,288

15 CASH FLOW INFORMATION

a) Items not affecting cash:

	For the three months ended March 31, 2010	For the three months ended March 31, 2009 As restated (note 2)
Depletion, amortization and accretion	\$ 1,799	\$ 166
Income tax expense, net of future income tax recovery	2,006	(2,775)
Deferred transaction costs expensed due to change in accounting policy (note 4(a))	1,000	-
Impairment charge - resource properties	-	8,167
Unrealized foreign exchange losses	1,075	-
Change in other long-term liabilities	(61)	-
Issuance of shares for property option payments	-	64
Stock-based compensation	1,921	866
	\$ 7,740	\$ 6,488

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15 CASH FLOW INFORMATION (continued)

b) Changes in non-cash working capital:

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
		As restated (note 2)
Accounts receivable	\$ (1,412)	\$ 60
Inventory	222	51
Prepaid expenses and other current assets	(570)	(13)
Accounts payable and accrued liabilities	(1,095)	(1,900)
	\$ (2,855)	\$ (1,802)

c) Supplemental cash flow information:

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
		As restated (note 2)
Non-cash activities consist of:		
Fair value of signing shares released from escrow	\$ -	\$ 503
Change on accounts payable as a result of investing activities	761	-
Amortization included in inventory	912	-
Fair value of exercise of brokers' warrants	1,264	-
Fair value of exercise of stock options	105	-
Interest paid	\$ 221	\$ -
Taxes paid	\$ -	\$ -

16 RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2010 and 2009, the Company had no related party transactions. However, as disclosed in note 19(a), effective April 30, 2010 the Company completed the acquisition of the Brazilian Mines, which were purchased from Yamana Gold Inc. ("Yamana"). Yamana and the Company currently have one director in common, but as of the date the transaction was approved had two directors in common, both of whom recused themselves from participating in the decisions and voting matters with respect to the transaction.

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17 SEGMENTED INFORMATION

The Company's reportable segments consist of geographical segments, being Canada (which is comprised of corporate administration activities), Honduras, Mexico, and Brazil. The Company's total revenues for the three months ended March 31, 2010 were \$19,791,000, of which all was generated in Honduras. The Company's total cost of goods sold for the three months ended March 31, 2010 was \$11,058,000, of which all was generated in Honduras. For the three months ended March 31, 2009, all of the Company's revenues and cost of goods sold were generated in Mexico. Net loss for the period was \$1,270,000, of which \$1,315,000 relates to Canada, \$2,363,000 relates to Mexico, \$4,168,000 relates to Brazil, and income of \$6,576,000 relates to Honduras.

The following is a summary of assets and liabilities by geographic location as at March 31, 2010 and December 31, 2009:

As at March 31, 2010	Canada	Honduras	Mexico	Brazil	Total
Cash and cash equivalents	\$ 93,230	\$ 7,781	\$ 336	\$ 874	\$ 102,221
Receivables and prepaid expenses	502	6,851	1,786	63	9,202
Inventory	-	11,742	1,416	-	13,158
Other assets	2,533	-	-	-	2,533
Deferred transaction costs	-	-	-	-	-
Restricted cash	56,866	-	-	-	56,866
Property, plant and equipment	873	95,182	89,862	1,178	187,095
Future income tax assets	-	1,674	-	-	1,674
Resource properties	-	-	-	15,109	15,109
	154,004	123,230	93,400	17,224	387,858
Accounts payable and accrued liabilities	(984)	(15,206)	(1,414)	(594)	(18,198)
Promissory notes payable	(25,800)	-	-	-	(25,800)
Future income tax liabilities	-	(11,054)	(23,113)	(1,330)	(35,497)
Asset retirement obligations	-	(3,489)	(1,168)	-	(4,657)
Other long-term liabilities	-	(3,202)	-	-	(3,202)
	\$ 127,220	\$ 90,279	\$ 67,705	\$ 15,300	\$ 300,504

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17 SEGMENTED INFORMATION (continued)

As at December 31, 2009	Canada	Honduras	Mexico	Brazil	Total
Cash and cash equivalents	\$ 32,377	\$ 2,134	\$ 149	\$ 2,318	\$ 36,978
Receivables and prepaid expenses	516	5,969	648	88	7,221
Inventory	-	11,160	1,308	-	12,468
Other assets	2,479	-	-	-	2,479
Deferred transaction costs	1,000	-	-	-	1,000
Restricted cash	56,866	-	-	-	56,866
Property, plant and equipment	593	93,270	87,611	1,153	182,627
Future income tax assets	-	1,672	-	-	1,672
Resource properties	-	-	-	14,427	14,427
	93,831	114,205	89,716	17,986	315,738
Accounts payable and accrued liabilities	(2,284)	(12,572)	(747)	(538)	(16,141)
Promissory notes payable	(25,800)	-	-	-	(25,800)
Future income tax liabilities	-	(11,054)	(22,052)	(1,687)	(34,793)
Asset retirement obligations	-	(3,423)	(1,155)	-	(4,578)
Other long-term liabilities	-	(3,264)	-	-	(3,264)
	\$ 65,747	\$ 83,892	\$ 65,762	\$ 15,761	\$ 231,162

18 COMMITMENTS

a) Operating commitments

The Company has the following commitments for future minimum payments under operating leases:

2010	\$ 349
2011	367
2012	316
2013	25
	<u>\$ 1,057</u>

As of March 31, 2010, the Company had committed to purchases for equipment and capital projects in process, as well as contractual commitments related to the projects in process of \$4,977,000 at the Aranzazu Project and \$4,356,000 at the San Andres Mine.

b) Royalties

- (i) 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 Metals Exchange equals or exceeds \$2.00 per pound.
- (ii) Gold sales from the San Andres Mine are subject to an NSR of 0.5% to a maximum of \$1,500,000. As of March 31, 2010, \$1,382,000 of this royalty has been incurred.

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19 SUBSEQUENT EVENTS

a) Acquisition of the Sao Francisco and Sao Vicente Mines

On July 17, 2009, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") to acquire the assets and liabilities of the Brazilian Mines. Closing of the acquisition occurred on April 30, 2010, following receipt of the necessary consents from the Brazilian regulatory agencies. Consideration to the vendors pursuant to the Asset Purchase Agreement includes:

- (i) cash of \$50,858,000, inclusive of a net free cash flow adjustment of \$6,008,000, as described below;
- (ii) \$53,760,000 by the issuance of 13,859,533 common shares of Aura Minerals, which have been valued at the Company's share price on the day prior to closing; and
- (iii) \$39,531,000, inclusive of a net free cash flow adjustment of \$4,669,000 as described below, in the form of a promissory note which bears interest at six-month LIBOR plus 3%. Repayment terms include \$13,415,000 payable on October 31, 2011, with the balance due and payable on April 30, 2013. The promissory note can be repaid at any time without penalty and security will be provided by a pledge of the shares of Aura Minerals' Brazilian subsidiary acquiring the Brazilian Mines and by a guarantee of Aura Minerals.

In addition, the Brazilian Mines Acquisition includes deferred purchase price consideration payable to the vendors of \$25,927,000, inclusive of a \$677,000 adjustment, as described below. The deferred purchase price consideration is payable as to 50% of all net free cash flow from the Brazilian Mines from and after the date of the Asset Purchase Agreement that exceeds the cumulative net free cash flow of \$135,000,000. An amount of \$18,757,000 has been included in the purchase price, representing the estimated fair value of the deferred purchase price consideration.

The parties have agreed that during the period from the date of the Asset Purchase Agreement to April 30, 2010, the cumulative net free cash flow generated from the Brazilian Mines will be attributable back to the vendors. However, the cash consideration payable and the principal amount of the promissory note shall be subject to a reduction, on a *pro rata* basis, at the closing of the Brazilian Mines Acquisition in an amount equal to the net free cash flow generated from the operation of the Brazilian Mines during this interim period (the "Net Free Cash Flow Adjustment"). If the Net Free Cash Flow Adjustment exceeds \$10,000,000, such excess shall be added to the amount of the deferred purchase price consideration related to the Brazilian Mines. As of March 31, 2010, the net free cash flow generated from the Brazilian Mines totalled \$10,677,000, resulting in a reduction of the cash consideration payable of \$6,008,000, a reduction of the promissory note payable of \$4,669,000, and an increase in the deferred purchase consideration of \$677,000. The cash consideration, promissory note and deferred purchase price consideration will be further adjusted by any additional net free cash flow for the month of April 2010.

Further, to the extent that the net free cash flow threshold for the Brazilian Mines has been reached before the net free cash flow threshold for the San Andres Mine, 50% of all net free cash flow from the Brazilian Mines shall continue to be payable, up to and until the deferred purchase price consideration related to the San Andres Mine has been paid in full (see note 5).

Pursuant to the Asset Purchase Agreement, the Company placed \$56,866,000 in escrow to cover the cash component of the purchase consideration before the impact of the Net Free Cash Flow Adjustment. These funds were released from escrow immediately prior to the closing of the Brazilian Mines Acquisition.

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(Unaudited)

19 SUBSEQUENT EVENTS (continued)

a) Acquisition of the Sao Francisco and Sao Vicente Mines (continued)

The transaction will be accounted for as a business combination, with Aura Minerals as the acquirer of the Brazilian Mines, and the Company will include the results of the Brazilian Mines in its consolidated financial statements commencing on May 1, 2010. As described in note 4(a), effective January 1, 2010 the Company has adopted Section 1582 of the CICA Handbook regarding business combinations and as such has applied Section 1582 to the preliminary purchase consideration and preliminary purchase price allocations below.

Total purchase consideration, which is subject to change, is as follows:

Cash consideration paid	\$	50,858
Promissory note		39,531
Net present value of deferred purchase price consideration		18,757
Value of 13,859,533 common shares issued as consideration		53,760
Total cost of purchase	\$	162,906

The preliminary purchase price allocation, which is subject to change, is summarized as follows:

Assets acquired

Accounts receivable, prepaid expenses and other assets	\$	3,575
Inventory		27,891
Other long term assets		1,174
Property, plant and equipment		73,821
Mineral property		90,044
		196,505

Liabilities assumed

Accounts payable and other current liabilities	\$	(14,243)
Asset retirement obligation		(19,356)
		(33,599)

Net assets acquired	\$	162,906
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b) Subsequent changes in stock options and brokers' warrants

For the period from April 1, 2010 to May 11, 2010, 2,500,000 stock options were granted to new employees, 339,150 stock options were forfeited, and 281,021 brokers' warrants were exercised.

c) Hedging activities

Subsequent to March 31, 2010, the Company entered into forward contracts to hedge against the risk of an increase in the value of the Brazilian Real versus the United States Dollar. Currency contracts totalling 44.5 million Reais at an average rate of 2.0232 Real to the United States Dollar have been designated against forecast Reais denominated expenditures as a hedge against the variability of the United States Dollar amount of those expenditures caused by changes in the currency exchange rates for August 2010 through to May 2012. Of these, 9.5 million Reais are hedged for 2010, 24.2 million Reais are hedged for 2011 and 10.8 million Reais for 2012.