Aura Minerals Inc.

AURA MINERALS INC.

Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2008

(Unaudited)

Aura Minerals Inc.

Interim Consolidated Balance Sheets

Expressed in Canadian dollars, except where otherwise noted
(unaudited)

		September 30, 2008		December 31, 2007
ASSETS				
Current				
Cash and cash equivalents (note 7)	$	56,768,260	$	51,751,440
Short-term investments (note 7)		–		44,655,304
Accounts receivable (note 8)		2,279,389		322,000
Prepaid expenses and other current assets		342,601		149,468
Inventory (note 9)		1,398,278		–
		60,788,528		96,878,212
Property, plant and equipment (note 10)		105,721,241		710,553
Resource properties (note 11)		62,406,465		34,755,312
	$	228,916,234	$	132,344,077
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	2,487,815	$	831,323
Future income tax liabilities		27,324,755		6,522,920
Asset retirement obligations (note 12)		2,394,389		–
		32,206,959		7,354,243
SHAREHOLDERS' EQUITY				
Capital stock (note 13(b))		216,933,327		141,692,148
Contributed surplus (note 13(b))		28,621,413		14,909,766
Deficit		(48,845,465)		(31,612,080)
	$	196,709,275	$	124,989,834
	$	228,916,234	$	132,344,077

Nature of operations (note 1)

Commitments (notes 11 and 16)

Subsequent event (note 17)

Approved on behalf of the Board of Directors:

"Philip Martin" *"Patrick Downey"*

Philip Martin, Director **Patrick Downey, Director**

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

Aura Minerals Inc.

Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit

Expressed in Canadian dollars, except where otherwise noted
(unaudited)

	For the three months ended September 30, 2008	For the three months ended September 30, 2007	For the nine months ended September 30, 2008	For the period from February 20, 2007 to September 30, 2007
Sales	**$ 1,640,548**	$ –	**$ 2,098,202**	$ –
Cost of goods sold				
Cost of product sold	1,932,664	–	2,345,087	–
Depletion, amortization and accretion	580,404	–	758,849	–
Net smelter return royalty	9,016	–	13,593	–
	2,522,084	–	**3,117,529**	–
Operating loss	**(881,536)**	–	**(1,019,327)**	–
Other expenses (income)				
Stock-based compensation (note 13(g))	**2,506,783**	**7,531,362**	**12,221,835**	**7,531,362**
Salaries and benefits	**726,075**	**305,992**	**3,519,006**	**305,992**
General and administrative	**480,396**	**510,812**	**1,890,127**	**510,812**
Professional fees	**153,757**	**161,192**	**577,131**	**161,192**
Amortization	**36,535**	**3,800**	**70,205**	**3,800**
Interest income	**(412,691)**	**(877,302)**	**(1,788,083)**	**(877,302)**
Foreign exchange loss	**591,556**	**27,400**	**(63,685)**	**27,400**
	4,082,411	**7,663,256**	**16,426,536**	**7,663,256**
Loss before income taxes	**4,963,947**	**7,663,256**	**17,445,863**	**7,663,256**
Future income tax recovery	**(145,320)**	–	**(212,478)**	–
Net loss and comprehensive loss	**4,818,627**	**7,663,256**	**17,233,385**	**7,663,256**
Deficit, beginning of the period	**44,026,838**	–	**31,612,080**	–
Deficit, end of the period	**$ 48,845,465**	**$ 7,663,256**	**$ 48,845,465**	**$ 7,663,256**
Per share information:				
Weighted average number of common shares outstanding	**589,377,071**	**436,812,377**	**555,068,377**	**213,164,476**
Basic and fully diluted net loss per share	**$ 0.01**	**$ 0.02**	**$ 0.03**	**$ 0.04**

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

Aura Minerals Inc.

Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars, except where otherwise noted
(unaudited)

	For the three months ended September 30, 2008	For the three months ended September 30, 2007	For the nine months ended September 30, 2008	For the period from February 20, 2007 to September 30, 2007
Operating activities				
Net loss	$ (4,818,627)	$ (7,663,256)	$ (17,233,385)	$ (7,663,256)
Add (deduct) items not affecting cash:				
Depletion, amortization and accretion	616,939	3,800	829,054	3,800
Future income tax recovery	(145,320)	–	(212,478)	–
Stock-based compensation	2,506,783	7,531,362	12,221,835	7,531,362
	(1,840,225)	(128,094)	(4,394,974)	(128,094)
Changes in non-cash working capital:				
Accounts receivable	(827,599)	188,897	(1,957,389)	188,897
Prepaid expenses and other current assets	70,928	–	(193,133)	–
Inventory	(575,983)	–	(613,902)	–
Accounts payable and accrued liabilities	(315,232)	(4,260,262)	1,606,992	(4,260,262)
	(3,488,111)	(4,199,459)	(5,552,406)	(4,199,459)
Investing activities				
Resource property acquisition and exploration expenditures	(14,464,382)	(2,892,047)	(25,560,443)	(2,892,047)
Sale of short-term investments	–	–	44,655,304	–
Purchase of equipment	(5,296,732)	(266,011)	(6,754,513)	(266,011)
Acquisition of the Aranzazu Project (note 6)	(1,351,348)	–	(59,751,808)	–
Reverse takeover of Aura Minerals Inc., net of cash	–	15,599,749	–	15,599,749
	(21,112,462)	12,441,691	(47,411,460)	12,441,691
Financing activities				
Proceeds received from private placement	(103,086)	84,370,205	56,818,560	84,370,204
Proceeds on exercise of options	20,000	3,035,029	311,700	3,035,029
Proceeds on exercise of warrants	114,750	1,123,940	850,425	1,123,940
	31,664	88,529,174	57,980,685	88,529,173
(Decrease) increase in cash and cash equivalents	(24,568,909)	96,771,406	5,016,820	96,771,406
Cash and cash equivalents, beginning of period	81,337,169	–	51,751,440	–
Cash and cash equivalents, end of period	$ 56,768,260	$ 96,771,406	$ 56,768,260	$ 96,771,406
Supplementary information:				
Non-cash activities consist of:				
Amortization included in exploration expenditures	$ 103,434	$ 22,513	$ 294,805	$ 22,513
Stock-based compensation included in exploration expenditures	$ 195,546	$ –	$ 720,995	$ –
Issuance of shares for property option payments	$ –	$ –	$ 295,000	$ –
Fair value of exercise of broker warrants	$ 128,059	$ –	$ 949,058	$ –
Fair value of broker warrants issued	$ –	$ 5,976,072	$ 1,717,875	$ 5,976,072
Future income tax expense included in exploration expenditures	$ 212,814	$ –	$ 779,910	$ –
Shares issued as consideration for Aranzazu Project	$ –	$ –	$ 17,734,310	$ –
Change in accounts payable as a result of investing activities	$ 49,500	$ –	$ 49,500	$ –

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

1 NATURE OF OPERATIONS

Aura Minerals Inc. ("Aura Minerals" or the "Company") is a Canadian resource company focused on the acquisition, exploration, development and operation of mining properties in the Americas. On July 17, 2007, the Company closed the acquisition (the "Arapiraca Acquisition") of Clearwater Holdings Fund, LLC ("Clearwater") which, through its subsidiary, Mineração Vale Verde Ltda. ("MVV"), holds the rights to the Arapiraca copper, gold and iron ore project (the "Arapiraca Project") (note 5).

As a result of the transaction, 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. As described in note 5**,** Aura Minerals did not qualify as a business for accounting purposes and, accordingly, the transaction was accounted for as an issuance of shares and options by Clearwater for the net assets of Aura Minerals.

In accordance with the accounting rules for RTO transactions, these unaudited interim consolidated financial statements are issued under the name of the legal parent, Aura Minerals, but are deemed to be a continuation of the legal subsidiary, Clearwater. Accordingly, the comparative interim consolidated financial statements reflect the consolidated results of operations of the Company from the date of Clearwater's formation on February 20, 2007 to September 30, 2007.

On June 5, 2008, the Company completed the acquisition of the shares in Newington Corporation, S.L. ("Newington"), which through its subsidiary, Aranzazu Holding S.A. de C.V. ("Aranzazu Holding"), holds 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") (note 6). The underground operations currently produce copper-gold-silver concentrates via flotation. These interim consolidated financial statements reflect the consolidated results of operations of the Aranzazu Project as of the date of acquistion on June 5, 2008.

The Company is in the business of exploring for and mining minerals which by its nature involves a high degree of risk and 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, or 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 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.

The recent events in the global financial markets have had a profound impact on the global economy. Virtually all industries, including mining for precious and base metals, are impacted by these market conditions, which have included: a sharp contraction in the credit markets resulting in a widening of credit risk spreads and higher costs of funding; a deterioration in the credit ratings of numerous large financial institutions, devaluations and high volatility in global equity, commodity, foreign exchange and precious metals markets and a corresponding lack of market liquidity; and a slowdown in economic activity that is affecting major global economies. These events could have a significant impact on the Company. The related financial instrument risks to the Company are outlined in note 4 to these consolidated interim financial statements.

2 BASIS OF PRESENTATION

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and they follow the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the period ended December 31, 2007, except as discussed in note 3. These interim unaudited consolidated financial statements do not include all the information and note disclosure required by the generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual audited consolidated financial statements.

These consolidated financial statements include the accounts of the Company and its direct and indirect wholly-owned subsidiaries Cumaru (BVI) Ltd., Arapiraca (BVI) Inc., Clearwater, MVV, Aura Gold Mineracao Ltda., Aura Resources Brasil Mineracao Ltda., Newington, Aranzazu Holding, Servicios Mineros AM S.A. de C.V., Tecicos Mineros AM S.A. de C.V., Sequridad Privada AM S.A. de C.V., Administracion Minera AM S.A. de C.V., and Aura Minerals (Ontario) Inc. Significant intercompany balances and transactions have been eliminated on consolidation.

In the opinion of management, all adjustments (including normal recurring adjustments) necessary to present fairly the financial position at September 30, 2008 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 generally accepted accounting principles 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 consolidated financial statements include, among other things, the determination of impairment of mineral properties, the valuation of inventories, the recording of asset retirement obligations, the recording of revenues, the determination of amortization, depletion and accretion, and 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.

Certain balances in the comparative consolidated financial statements have been reclassified to conform with the current period's presentation.

3 ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS

The Company has adopted the following accounting standards and accounting policies:

a) Inventory

With the acquisition of its first operating mine, including inventory, on June 5, 2008, the Company adopted CICA Handbook section 3031, "Inventories". Concentrate inventory, work in process inventory and ore stockpiles are valued at the lower of the average production cost and net realizable value. Production costs include mining costs, direct labour, operating materials and supplies, applicable haulage and an applicable portion of operating overhead, including depreciation and amortization. Net realizable value is the expected difference between the selling price for the finished product less the costs to get the product into saleable form and to the selling location.

Supplies inventory consists of consumable parts and supplies and is valued a the lower of average cost and replacement value. Cost represents the delivered price of the item.

3 ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS *(continued)*

b) Revenue recognition

Revenue from the sale of metal in concentrate is recognized in the financial statements when title to the concentrate transfers and the rights and obligations of ownership pass to the customer. Revenue is recorded in the statement of income net of treatment and refining costs paid to counterparties under terms of the off take arrangements. The majority of the Company's sales of 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. As a result, the estimated revenue is recorded based on forward metal prices for the expected date of final settlement, resulting in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value recorded as adjustments to revenue as they occur. These adjustments also reflect changes in quantities arising from final weight and assay calculations.

c) Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves or resources are developed, capitalized costs of the related property are reclassified as mining properties and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated fair value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves and resources, the ability of the Company to obtain the necessary financing and permitting to complete the development of the properties, and future profitable production from the disposition of the metals produced from the properties.

d) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of the fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability, and the carrying amount of the asset is then amortized over the asset's useful life using the units of production method.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the asset retirement obligation and the related long-lived asset.

3 ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS *(continued)*

e) Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its estimated fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group, at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

f) Capital disclosures and financial instruments – disclosures and presentation

Effective January 1, 2008 the Company adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1535, Capital Disclosures ("Section 1535"), Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863") (see note 4). Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any externally imposed capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

g) Going concern

Effective January 1, 2008, the Company adopted CICA Handbook Section 1400, General Standards of Financial Statement Presentation in relation to going concern. The section requires management to assess the entity's ability to continue as a going concern and disclose uncertainties in relation to events that may cast doubt on the entity's ability to continue as a going concern. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

h) Goodwill and intangible assets

On January 1, 2009, the Company will be required to adopt CICA Section 3064, Goodwill and Intangible Assets. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and other intangible assets. The Company is currently assessing the impact, if any, this standard will have on the Company's consolidated financial statements.

4 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company examines the various financial instrument risks to which it is exposed and regularly assesses the impact and likelihood of those risks and when appropriate, takes steps to mitigate such risks. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other price risks.

a) Capital risk management

The Company's objective in managing capital is to ensure that it will be able to continue as a going concern in order to continue to provide returns for shareholders and benefits to other stakeholders. The capital structure of the Company includes the components of shareholders' equity as well as cash and cash equivalents. The Company manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may be required to issue new shares or debt, acquire or dispose of assets, or adjust amounts of certain investments. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's overall strategy remains unchanged from 2007.

The Company has no externally imposed debt requirement or debt covenants as of the balance sheet date.

b) Credit risk

The Company's credit risk is limited to trade receivables in the ordinary course of business, the recovery of value added taxes, and the quality of its financial investments. As of the balance sheet date, the Company's financial investments include bankers' acceptances issued by several Canadian chartered banks, interest-bearing cash deposit accounts held with a Canadian chartered bank and treasury bills issued by the Government of Canada. As at September 30, 2008, the Company believes that it is not exposed to significant credit risk on financial instruments issued by the Canadian chartered banks. Further, the Company considers the exposure on its investments in highly-rated government financial investments not to be significant. The Company views its credit risk, with respect to these financial instruments, as not having changed significantly from the prior year.

With the completion of the Aranzazu Acquisition, the Company is subject to concentrations of credit risk related to trade accounts receivable. As at September 30, 2008, 24% of the Company's total accounts receivable was due from a single customer, leading to a concentration of credit risk. The Company's risk is mitigated by the fact that the Company receives provisional payments for its shipments and that the Company believes it could find a new buyer for its concentrates if required. Prior to the Aranzazu Acquisition, the Company was not exposed to any such credit risk on trade receivables. The remaining balance in accounts receivable is related to value added taxes due from government agencies.

4 FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

c) Liquidity risk

The Company has implemented a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support the Company's current operations and expansion and development plans. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. The Company has no credit facilities at this time.

Future exploration, development, mining, and processing of minerals from the Company's properties could require substantial additional financing. In light of the recent decline in precious and base metals prices and the current global economic crisis, the Company's ability to source its expected financial needs for capital projects could be significantly impacted, particularly if this situation persists for an extended period of time. More specifically: should the Company seek debt financing, the increased cost of financing due to rising credit spreads could have a negative impact on overall project economics. In addition, the availability of credit on acceptable terms could make it difficult for the Company to raise the required capital to build some or all of its projects on anticipated timelines, or at all, and the sale of additional equity capital may not be available, or if available, may result in substantial dilution to existing shareholders. The Company will manage its liquidity risk by reviewing the risk characteristics of its underlying assets, by curtailing any non essential expenditures in order to conserve cash resources, by focusing on cash producing properties and/or, if necessary, by considering the sale of certain non-core assets. Failure to obtain sufficient financing may result in a delay to, or indefinite postponement of, exploration, development, or production on any or all of the Company's properties, or even a loss of property interests.

d) Currency risk

The Company's operations are in Mexico, Brazil and Canada; therefore foreign exchange risk exposures arise from transactions denominated in foreign currencies. Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: cash and cash equivalents, accounts receivable and accounts payable denominated in US Dollars, Brazilian Reais or Mexican Pesos. Cash balances were held in Canadian dollars except for $440,000 held in United States Dollars, $2,900,000 denominated in Brazilian Reais, and $820,000 denominated in Mexican Pesos.

The Company's cash flows from its Mexican operations are exposed to foreign exchange risk as commodity sales, treatment charges and royalties are substantially denominated in US dollars, whereas the majority of all other operating expenses are in Mexican Pesos. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

The recent economic turmoil has resulted in significant volatility in foreign exchange rates, including those in which the Company conducts its operations. The sensitivity of the Company's net loss due to changes in the exchange rate between its operating currencies and the Canadian dollar is summarized in the table below:

	5% decrease in the Canadian dollar	5% Increase in the Canadian dollar
Decrease (increase) in net loss and comprehensive loss for the nine months ended September 30, 2008	$ 288,456	$ (260,984)

4 FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

e) Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents and short-term investments, but is not exposed to any interest rate risk on outstanding borrowings as there are none as at September 30, 2008. The impact of rising credit spreads, as a result of the credit crisis, on the Company's ability to obtain debt financing in the future is discussed above under "Liquidity risk". The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. For the three and nine months ended September 30, 2008, a fluctuation in interest rates of 100 basis points (1 percent) would have impacted net loss and comprehensive loss for the periods by approximately $172,000 and $574,000, respectively.

f) Commodity price risk

The Company is subject to price risk from fluctuations in market prices of copper and other metals. Copper and other metal prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control. As a result of the increased probability of a global recession, copper prices declined in the quarter ended September 30, 2008, from a high of US$4.06 early in the quarter to close at US$2.91/lb. Subsequent to quarter end, copper prices declined further closing at US$1.81/lb on October 31, 2008. 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. As at September 30, 2008, the Company had not hedged its exposure to these commodities price risks, but subsequent to quarter-end, the Company fixed the price of copper on certain of the shipments made during the quarter (note 17(i)). If metal prices were to decline for a prolonged period below the cost of production of the Company's mine, it may not be feasible to continue production.

g) Fair value estimation

The Company classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the statement of loss. The Company has classified its cash equivalents and short-term investments as held for trading. Accounts receivable and accounts payable and accrued liabilities are classified as loans and receivables and the carrying values (less impairment provision for accounts receivable, if necessary) approximate their fair value due to their short-term nature.

5 REVERSE TAKEOVER TRANSACTION

On April 3, 2007, the Company entered into a definitive agreement to acquire Clearwater from Zoneplan Limited ("Zoneplan") and Repalla (Holdings) Inc. ("Repalla"). Repalla, which is an entity controlled by one of the directors of the Company, held a 10% interest in Clearwater, the parent of MVV which holds the rights to the Arapiraca Project. The acquisition, closed on July 17, 2007 (the "Arapiraca Closing Date"). On closing of this transaction, the vendors of Clearwater held in the aggregate approximately 63% of the issued and outstanding common shares of Aura Minerals.

Pursuant to the member's interest purchase agreement between the Company, Zoneplan and Repalla dated June 15, 2007, the Company issued an aggregate of 320,000,000 Common Shares as consideration for the Arapiraca Acquisition to Zoneplan and Repalla, which placed an aggregate of 70,000,000 Common Shares (the "Arapiraca Escrowed Shares") in escrow, of which 63,000,000 were placed in escrow on account of Zoneplan and 7,000,000 were placed in escrow on account of Repalla. As of September 30, 2008, the Arapiraca Escrowed Shares are held in escrow by the escrow agent. In addition, pursuant to the acquisition agreement, 1,500,000 shares were issued to employees of Clearwater and its affiliates.

On November 10**,** 2008, the Arapiraca Escrowed Shares were released from escrow upon the satisfaction of an escrow release condition, being the Aranzazu Acquisition.

Clearwater indirectly holds, through MVV, the rights to the Arapiraca Project which is located in the central-southern part of the State of Alagoas, Brazil. These rights were acquired on March 27, 2007 from unrelated third parties in exchange for consideration of net smelter return royalties ("NSR's") as described under note 11(a).

6 ACQUISITION OF THE ARANZAZU PROJECT

Pursuant to the definitive acquisition agreement dated June 3, 2008 among the Company, Clapham Luxembourg Holding S.à.r.L. ("Clapham") and its wholly-owned subsidiary, Newington, the Company acquired, effective June 5, 2008, 100% of the 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 of the Company. Prior to the Aranzazu Acquisition, Newington's subsidiary company, Aranzazu Holding, had acquired all the operating assets, excluding concentrate receivables, but assumed no liabilities relating to the Aranzazu Project.

As part of the Aranzazu Acquisition, and pursuant to an agreement dated May 7, 2008, as amended July 29, 2008, the Company paid $5,000,000 by the issuance of 3,688,984 common shares of the Company to Zacoro Metals Corp. ("Zacoro Metals") as a finder's fee for introducing Aura Minerals to Clapham. 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.

Pursuant to an assignment agreement between Zacoro Metals, the Company and a supplier dated June 3, 2008, the Company was assigned Zacoro Metals' rights, interests and obligations under an agreement whereby the supplier agreed to design, construct and deliver a mineral testing analytical laboratory. In consideration for said assignment, the Company agreed to pay to Zacoro Metals the sum of $629,427 on the closing date of the Aranzazu Acquisition.

Pursuant to a letter agreement with Zacoro Metals, the Company purchased several vehicles and other mine and office equipment intended for use at the Aranzazu Project, for total consideration of $204,960 (US$201,112).

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 US$2.00 per pound.

Expressed in Canadian dollars, except where otherwise noted

6 ACQUISITION OF THE ARANZAZU PROJECT *(continued)*

The acquisition of the Aranzazu Project has been accounted for as a business combination with the results of the Aranzazu Project operations consolidated in these financial statements effective from June 5, 2008. The total purchase price of $77,486,118 as of June 5, 2008 has been determined as follows:

Cash consideration paid	$	57,523,100
Value of shares issued to Clapham		12,734,310
Value of shares issued to Zacoro for finder's fee		5,000,000
Consulting and legal costs		1,397,218
Due diligence and closing costs		831,490
	$	**77,486,118**

The allocation of the purchase consideration to the fair values of the identifiable assets and liabilities is as follows:

Assets acquired		
Inventory	$	784,375
Plant and equipment[1]		11,512,000
Mineral property[1]		87,763,191
	$	100,059,566
Liabilities assumed		
Asset retirement obligation (note 12)	$	(2,339,046)
Future income tax liability[1]		(20,234,402)
		(22,573,448)
Net assets acquired	**$**	**77,486,118**

(1) The amounts allocated to mineral properties, equipment and future income taxes assume tax bases of $5,222,903 exist in respect of the mineral properties, plant and equipment being acquired.

The purchase price allocation above differs from the allocation presented in the Company's interim financial statements for the three and six months ended June 30, 2008. The total purchase price and the future income tax liability have increased by $198,828 and $55,661 respectively due to additional legal, consulting and closing costs incurred. Additionally, the amount allocated to plant and equipment has decreased by $11,923,347 based on a preliminary fair value report prepared by an independent third party valuator. As a result of these changes, the amount allocated to mineral property has increased by $12,177,836. As and if additional information becomes available, and based on the independent third party valuator's final fair value report, the allocation of the purchase price may be revised for the Company's financial statements for the year ended December 31, 2008.

Expressed in Canadian dollars, except where otherwise noted

7 CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS

Cash and cash equivalents consists of:

		September 30, 2008		December 31, 2007
Cash on deposit	$	10,100,589	$	11,177,344
Guaranteed investment certificates		–		10,000,000
Treasury bills		25,503,327		–
Bankers acceptances		21,164,344		30,574,096
	$	**56,768,260**	**$**	**51,751,440**

Short term investments of $44,655,304 as at December 31, 2007 reflect bankers' acceptances with maturities over 91 days at the date of acquisition. These were subsequently converted to treasury bills with maturities under 90 days and are reflected as cash and cash equivalents in subsequent periods.

8 ACCOUNTS RECEIVABLE

Accounts receivable consists of:

		September 30, 2008		December 31, 2007
Trade accounts receivable	$	539,973	$	–
Value added taxes receivable		1,725,680		275,053
Other receivables		13,736		46,947
	$	**2,279,389**	**$**	**322,000**

9 INVENTORY

Inventory consists of:

		September 30, 2008		December 31, 2007
Production inventory	$	259,674	$	–
Parts and supplies		1,138,604		–
	$	**1,398,278**	**$**	**–**

Expressed in Canadian dollars, except where otherwise noted

10 PROPERTY, PLANT AND EQUIPMENT

As at September 30, 2008, property, plant and equipment was comprised of the following:

	Cost	Accumulated Amortization	Net book value
Vehicles	$ 680,895	$ (123,281)	$ 557,614
Machinery and equipment	2,661,083	(130,350)	2,530,733
Mobile mining equipment	3,511,122	(180,827)	3,330,295
Furniture and fixtures	263,144	(42,545)	220,599
Computer equipment and software	783,974	(162,245)	621,729
Leasehold improvements	441,840	(119,874)	321,966
Buildings	3,571,191	(44,877)	3,526,314
Plant	6,301,884	(176,247)	6,125,637
Deferred development costs	54,060	(518)	53,542
Mining property	88,669,849	(237,037)	88,432,812
	$ 106,939,042	**$ (1,217,801)**	**$ 105,721,241**

As at December 31, 2007, property, plant and equipment was comprised of the following:

	Cost	Accumulated Amortization	Net book value
Vehicles	$ 215,758	$ (29,911)	$ 185,847
Machinery and equipment	142,220	(12,594)	129,626
Furniture and fixtures	127,518	(9,212)	118,306
Computer equipment and software	204,054	(27,439)	176,615
Leasehold improvements	124,433	(24,274)	100,159
	$ 813,983	**$ (103,430)**	**$ 710,553**

Expressed in Canadian dollars, except where otherwise noted

11 RESOURCE PROPERTIES

A continuity of acquisition costs and exploration expenditures during the period from February 20, 2007 to December 31, 2007 and to September 30, 2008 is as follows:

	Arapiraca Project							
	Arapiraca Caboclo	Arapiraca Serrote	Arapiraca Regional	Cumaru (Gradaus) Project	Cumaru Project	Inaja Project	North Carajas Project	Total
Balance, February 20,2007	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Additions during the period:								
Amortization	780	837	–	–	–	–	–	1,617
Consulting	13,021	13,399	6,260	–	–	–	–	32,680
Drilling	–	296,041	–	–	–	–	–	296,041
Field Administration	13,838	15,777	–	–	–	–	–	29,615
Field supplies	16,239	20,055	–	–	–	–	–	36,294
Geological & assays	24,522	31,147	–	–	–	–	–	55,669
Land maintenance	13	391	–	–	–	–	–	404
Salaries, wages & benefits	8,384	14,579	–	–	–	–	–	22,963
Travel	22,411	33,601	787	–	–	–	–	56,799
Balance, July 16, 2007	99,208	425,827	7,047	-	-	-	-	532,082
Purchase price adjustments related to reverse takeover transaction (note 5)	-	-	–	18,960,368	15,080,616	22,248,293	416,471	56,705,747
Additions during the period July 17, 2007 to December 31, 2007:								
Acquisition costs	–	–	–	54,618	–	236,638	–	291,256
Amortization	17,646	41,656	1,214	3,130	16,807	18,574	653	99,680
Consulting	63,029	145,491	18,379	21,593	21,835	30,191	–	300,518
Drilling	625,649	2,158,912	–	64,160	137,281	442,808	–	3,428,810
Field Administration	58,506	156,464	8,599	114,363	126,942	248,513	29,999	743,386
Field supplies	62,660	111,411	3,497	14,131	15,910	67,105	60	274,773
Geological & assays	285,359	290,622	50,650	80,975	102,697	185,032	7,247	1,002,581
Land maintenance	32,733	32,588	37,580	(2,448)	28,289	42,000	54,826	225,568
Other	132,458	160,251	21,243	53,222	65,878	161,258	628	594,938
Project management	16,782	39,837	2,059	8,759	–	11,239	5,619	84,295
Salaries, wages & benefits	126,359	131,778	28,012	64,184	63,773	186,158	–	600,264
Stock-based compensation	184,916	414,798	23,338	60,164	73,078	193,568	12,543	962,405
Travel	45,646	56,421	13,895	556	271	23,945	461	141,195
Total costs July 17, 2007 to December 31, 2007	1,651,741	3,740,229	208,467	537,407	652,762	1,847,029	112,037	8,749,670
Balance before the following:	1,750,949	4,166,056	215,514	19,497,775	15,733,378	24,095,322	528,507	65,987,499
Future income taxes	637,746	1,504,427	78,793	30,994	37,646	99,717	6,462	2,395,785
Impairment charge - mineral properties	–	–	-	(10,784,480)	(8,776,498)	(13,741,683)	(325,311)	(33,627,972)
Balance, December 31, 2007	$ 2,388,696	$ 5,670,483	$ 294,307	$ 8,744,288	$ 6,994,526	$ 10,453,356	$ 209,657	$ 34,755,312

Expressed in Canadian dollars, except where otherwise noted

11 RESOURCE PROPERTIES *(continued)*

	Arapiraca Project							
	Arapiraca Caboclo	Arapiraca Serrote	Arapiraca Regional	Cumaru (Gradaus) Project	Cumaru Project	Inaja Project	North Carajas Project	Total
Balance, December 31, 2007	$ 2,388,696	$ 5,670,483	$ 294,307	$ 8,744,288	$ 6,994,526	$ 10,453,356	$ 209,657	$ 34,755,312
Additions during the nine months ended September 30, 2008:								
Acquisition costs	-	5,470,371	-	344,780	-	819,759	-	6,634,910
Amortization	71,086	119,020	38,558	-	19,018	47,123	-	294,805
Consulting	244,498	3,088,550	274,188	64,503	139,315	270,690	1,261	4,083,005
Drilling	241,015	7,200,392	22,168	-	-	-	-	7,463,575
Exploration support	-	740	16,341	-	-	-	-	17,081
Field Administration	-	-	-	149,211	196,428	338,065	38,923	722,626
Field supplies	75,884	220,150	75,746	16,420	30,363	66,423	24	485,010
Geological & assays	117,957	1,124,982	201,432	8,665	108,133	184,147	-	1,745,316
Land maintenance	32,946	147,477	32,862	2,615	15,491	116,982	52,848	401,221
Other	193,207	922,689	163,938	54,790	106,029	351,704	5,446	1,797,803
Salaries, wages & benefits	245,105	882,481	243,524	69,946	129,079	276,888	2,875	1,849,897
Stock-based compensation	214,117	480,161	26,717	-	-	-	-	720,995
Travel	92,063	389,788	88,939	13,647	31,301	39,147	113	654,999
Costs before undernoted	1,527,878	20,046,801	1,184,413	724,577	775,157	2,510,927	101,490	26,871,243
Future income taxes	124,651	446,261	36,530	75,169	-	93,199	4,099	779,910
	1,652,529	20,493,062	1,220,943	799,745	775,157	2,604,127	105,589	27,651,153
Balance, September 30, 2008	$ 4,041,224	$ 26,163,545	$ 1,515,249	$ 9,544,033	$ 7,769,684	$ 13,057,482	$ 315,246	$ 62,406,465

Property Summary

a) Arapiraca Project, Brazil

The Arapiraca properties are subject to NSR's 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) Cumaru (Gradaús) Project, Brazil

The Company entered into an option agreement on December 1, 2005, to acquire a 100% interest in a mining license and two mineral exploration licences located in the State of Pará, Brazil. Pursuant to the terms of the option agreement, Aura Minerals has:

11 RESOURCE PROPERTIES *(continued)*

i) Paid US$25,000 to the optionor on execution of the agreement;

ii) Issued a total of 500,000 common shares to the optionor between January 1, 2006 and January 1, 2008 (valued at $358,000);

iii) Paid US$360,000 to the optionor between July 1, 2006 and September 30, 2008, with a further US$150,000 due to be paid on January 1, 2009; and

iv) Incurred a minimum of US$1,500,000 in exploration expenditures on the property within three years from the option agreement date.

Pursuant to the option agreement, the Company must pay US$1.00 per ounce of proven and probably reserve as determined by a positive feasibility study on the property prepared in accordance with NI 43-101. The optionor has also retained a 2% NSR on the property that may be purchased by Aura Minerals for US$4,000,000.

c) Cumaru Project, Brazil

On April 3, 2006, the Company entered into an option agreement (subsequently amended January 10, 2007, February 28, 2007 and March 15, 2007), with Yamana Gold Inc., a company which has an officer-director and two directors in common, to acquire a 100% interest in four mineral exploration licences, located in the State of Pará, and a 100% interest in three garimpeiro permits. Pursuant to the terms of the option agreement the Company:

i) Issued 1,000,000 common shares of Aura Minerals to the optionor on the date of the agreement (valued at $200,000);

ii) Incurred US$1,000,000 in exploration expenditures to satisfy a condition of the underlying agreement between the optionor and a previous land owner; and

iii) Issued on April 5, 2007 6,000,000 common shares valued at $5,880,000 to the optionor of the Cumaru project.

The previous land owner has retained a 1.5% NSR on the property that may be purchased by Aura Minerals for US$1,250,000.

d) Inajá Project, Brazil

The Company entered into six separate option agreements between December 2005 and January 2006, to acquire a 100% interest in 23 mineral claims, known as the AGS, JN, EM and Rio Negro (allowed to lapse in the fourth quarter of 2007) properties, and the Forquilha and Carapato pits located in the State of Pará, Brazil. Aura Minerals also acquired the Fonseco Property, consisting of 10 claims for a single payment of US$10,000.

Pursuant to the terms of the agreements, the Company:

i) Issued 250,000 common shares to the optionors of the AGS property upon execution of the agreement (valued at $50,000);

ii) Issued 500,000 common shares to the optionor of the JN property upon execution of the agreement (valued at $100,000);

Expressed in Canadian dollars, except where otherwise noted

11 RESOURCE PROPERTIES *(continued)*

iii) Issued 500,000 common shares (valued at $478,500) to September 30, 2008, with a requirement to issue 100,000 common shares on each of June 1 and December 1 until 2010 for an aggregate of 1,000,000 common shares;

iv) Made cash payments totaling US$135,000 to the optionors upon execution of the agreements; and

v) Made cash payments totaling US$1,330,000 to the optionors, with requirements to make the following payments by the dates shown:

		US $Amount Owing
Payable on or before December 1, 2008	$	55,000
Payable on or before December 31, 2008		300,000
Payable on or before June 1, 2009		85,000
Payable on or before December 1, 2009		25,000
Payable on or before June 1, 2010		25,000
Payable on or before December 1, 2010		25,000
	$	**515,000**

In January 2006, the Company also paid US$40,000 and issued 400,000 Common shares valued at $80,000 as finder's fees in respect of the Inaja option agreements.

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 US$1,000,000 for each 1%, payable as calculated on the commencement of production. On each of the Forquilha and Carapato Pits, the optionors have retained a 1.5% NSR, which may each be purchased for US$1,500,000.

e) North Carajás, Brazil

Pursuant to an agreement dated January 1, 2006 with Mineracao Santa Elina Ind. E Com. SA (“Mineracao Santa Elina”), a company related to Santa Elina Mines Corporation (“Santa Elina”), the Company was assigned a 100% interest in 54 mineral claims in the State of Pará, Brazil, in consideration for a 2% NSR from any future production on these properties. Subsequent to the date of the agreement, Santa Elina became a related party pursuant to a private placement.

Expressed in Canadian dollars, except where otherwise noted

11 RESOURCE PROPERTIES *(continued)*

f) Other Properties/Projects

Pursuant to the same agreement with Mineracao Santa Elina (note 11(e)), Aura Minerals was assigned a 100% interest in 20 mineral claims covering an area of 187,000 hectares in the State of Pará, Brazil, in consideration for a 2% NSR from any future production on these properties.

12 ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations relate to the restoration and closure of the Aranzazu Project mine property. The asset retirement obligations have been recorded as a liability at fair value, assuming a credit adjusted risk-free discount rate of 6.8% and an inflation factor of 3.5%. The amount of the liability is subject to re-measurement during each reporting period. The total undiscounted amounts of the estimated obligations are approximately $6,699,662 and are expected to be incurred over a 15 year period.

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

		September 30, 2008
Balance, beginning of period	$	–
Fair value of asset retirement obligations recorded during the period		2,339,046
Add: Accretion of liability component of asset retirement obligations		55,343
Balance, end of period	$	2,394,389
Less: Current portion		–
	$	**2,394,389**

Expressed in Canadian dollars, except where otherwise noted

13 CAPITAL STOCK

a) Authorized – Unlimited number of Common shares

b) Issued and outstanding number of Common shares

	Number of common shares	Capital stock	Contributed surplus
Balance, Clearwater Holdings LLC at February 20, 2007	–	–	541
Adjustments related to acquisition of Aura Minerals Inc.	387,670,718	53,568,272	-
Private placement	126,000,000	89,712,000	–
Issuance of shares on property option payment	100,000	118,000	–
Exercise of warrants for cash	7,947,500	2,880,000	–
Exercise of brokers warrants for cash	3,913,250	2,213,951	–
Exercise of brokers warrants - fair value	–	1,429,514	–
Exercise of options for cash	4,441,665	3,088,279	–
Stock based compensation - options vested	–	–	10,030,305
Warrants issued as a financing fee	–	–	5,976,072
Fair value of warrants exercised	–	–	(1,429,514)
Contingently returnable shares related to executive incentive	–	–	332,362
Share issue costs	–	(11,317,868)	–
Balance, December 31, 2007	**530,073,133**	**$ 141,692,148**	**$ 14,909,766**
Private placement (note 13(c))	44,445,000	60,000,750	
Shares isued as consideration for acquisition (note 6)	9,295,117	12,734,310	
Shares issued as finders fee (note 6)	3,688,984	5,000,000	
Exercise of options for cash	714,772	311,700	
Issuance of shares on property option payment	200,000	295,000	
Exercise of brokers warrants for cash	1,000,500	850,425	
Exercise of brokers warrants - fair value		949,058	(949,058)
Contingently returnable shares related to executive incentive			781,060
Stock based compensation - options vested			12,161,770
Warrants issued as a financing fee (note 13(c))			1,717,875
Share issue costs (note 13(c))		(4,900,064)	
Balance, September 30, 2008	**589,417,506**	**$ 216,933,327**	**$ 28,621,413**

13 CAPITAL STOCK *(continued)*

c) Private Placement

On May 29, 2008, the Company closed the private placement offering of 44,445,000 subscription receipts (the "Subscription Receipts"), at a price of $1.35 per Subscription Receipt for aggregate gross proceeds to the Company of $60,000,750. Upon the Company having satisfied the conditions of the release from escrow, the Company received the net proceeds of $56,818,560 from the offering on June 9, 2008 and each Subscription Receipt automatically converted into one common share of the Company. In connection with the offering, the Company incurred share issuance costs of $3,182,190 and issued to the agents 2,222,250 agents' warrants, with each warrant entitling the holder to purchase one common share at an exercise price of $1.485 per share until November 29, 2009. The value of $1,717,875 has been attributed to the 2,222,250 agents' warrants pursuant to the Black-Scholes pricing model and has been included in share issue costs.

d) Shares held in escrow

I. In connection with the consideration for the Arapiraca Acquisition, a total of 70,000,000 Common Shares were held in escrow as at September 30, 2008, but were subsequently released from escrow upon the determination that one of the release conditions had been met (note 5).

II. Pursuant to an employment agreement dated April 3, 2007 and amended January 28, 2008, the Company agreed to issue 3,500,000 Common shares (the "Signing Shares") and pay an amount of $1,613,718 to the President and CEO subsequent to completion of the Arapiraca acquisition. The Signing Shares were issued on January 28, 2008 and are held in escrow. They 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;
   b. 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;
   c. 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;
   d. following the occurrence of a take-over bid, business combination, amalgamation, merger, sale of the Arapiraca Project or similar transaction involving the Company;
   e. on death or disability;
   f. following the date which is five years from the Arapiraca Closing Date.

During the quarter ended September 30, 2008, 934,636 shares became eligible for release from escrow as a result of a report prepared in accordance with NI 43-101 which established that the Arapiraca Project had mineral resources under any classification of 152,135,000 tonnes.

Expressed in Canadian dollars, except where otherwise noted

13 CAPITAL STOCK *(continued)*

In accordance with applicable accounting standards, the Signing Shares are being accounted for as contingently returnable shares which are not considered outstanding and not included in the computation of basic earnings (loss) per share until such time as they are released from escrow. The fair value of the Signing Shares of $2,345,000 was determined to be based on the market value of the Company's Common shares at the time of the initial employment agreement. During the quarter ended September 30, 2008, an additional expense of $478,283 was recognized in relation to the shares which became eligible for release. The expense associated with the remaining escrowed shares is recognized on a straight line basis over a five year period as part of stock based compensation (note 13(g)), unless they are released from escrow sooner, in which case the unamortized balance will be recognized in the period of such release. For the quarter ended September 30, 2008, the expense recognized on the remaining escrowed shares was $81,203.

e) Warrants

The following table summarizes activity related to the Company's issued share purchase warrants during the period from February 20, 2007 to December 31, 2007 and to September 30, 2008:

	Number of warrants		Weighted average exercise price
Balance, February 20, 2007	**–**	**$**	**-**
Warrants of Aura Minerals outstanding on July 16, 2007	9,592,500		0.36
Broker warrants issued	6,300,000		0.85
Underlying broker warrants issued	850,000		0.50
Exercised	(11,068,250)		0.43
Expired	(31,250)		0.50
Underlying broker warrants exercised	(850,000)		0.50
Balance, December 31, 2007	**4,793,000**	**$**	**0.85**
Broker warrants issued	2,222,250		1.49
Exercised	(1,000,500)		0.85
Balance, September 30, 2008	**6,014,750**	**$**	**1.08**

As at September 30, 2008, the following warrants are outstanding:

Expiry date		Grant date fair value	Number outstanding		Exercise price
November 1, 2008	**$**	**4,977,982**	**3,792,500**	**$**	**0.85**
November 29, 2009	**$**	**1,717,875**	**2,222,250**	**$**	**1.49**
	$	**6,695,857**	**6,014,750**	**$**	**1.08**

Expressed in Canadian dollars, except where otherwise noted

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 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 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 outstanding and exercisable stock options is as follows:

	Number of options		Weighted Average exercise price
Balance, February 20, 2007	-	$	-
Options of Aura Minerals outstanding at July 16, 2007	21,455,000		0.83
Granted	5,800,000		1.46
Exercised	(5,275,000)		0.69
Cancelled	(50,000)		0.75
Balance, December 31, 2007	**21,930,000**	**$**	**1.03**
Granted	14,335,000		1.24
Exercised	(802,900)		0.54
Balance, September 30, 2008	**35,462,100**	**$**	**1.13**

Expressed in Canadian dollars, except where otherwise noted

13 CAPITAL STOCK *(continued)*

As at September 30, 2008, the following stock options were issued and outstanding:

	Options outstanding			Options exercisable
Expiry Date	**Exercise price**	**Number outstanding**	**Remaining contractual life (years)**	**Number exercisable**
30-Mar-10	$ 0.50	297,100	2.9	297,100
25-Jul-11	0.50	1,950,000	2.9	1,950,000
30-Mar-10	0.63	150,000	1.7	150,000
30-Mar-10	0.75	450,000	3.6	450,000
30-Mar-12	0.75	5,930,000	3.6	4,440,000
30-Mar-12	0.77	1,800,000	3.8	1,800,000
28-Jan-13	0.99	4,700,000	4.6	3,325,000
29-Jan-13	0.99	1,550,000	4.6	1,550,000
8-Feb-13	1.06	700,000	4.6	262,500
6-Dec-12	1.16	460,000	4.4	223,600
17-May-12	1.18	2,000,000	3.9	2,000,000
23-Aug-12	1.18	150,000	3.9	100,000
13-May-09	1.24	1,000,000	4.2	750,000
25-Sep-12	1.32	150,000	4.2	100,000
13-Jul-12	1.38	250,000	4.0	200,000
26-Jun-12	1.42	2,500,000	4.0	2,200,000
13-May-13	1.50	4,600,000	4.8	2,200,000
19-Jul-12	1.57	4,040,000	4.1	4,030,000
30-Jun-13	1.68	1,500,000	5.0	187,500
14-Aug-13	1.07	935,000	4.9	–
19-Aug-13	1.09	150,000	4.9	–
2-Sep-13	1.30	200,000	4.9	–
Average/Total	**$ 1.13**	**35,462,100**	**3.9**	**26,215,700**

Expressed in Canadian dollars, except where otherwise noted

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 and nine months ended September 30, 2008 was $2,702,329 and $12,942,830, respectively. Of these amounts, $2,506,783 and $12,221,835 were expensed in the three and nine months ended September 30, 2008, respectively, and $195,546 and $720,995 were capitalized to resource properties. Of the $2,506,783 and $12,221,835 expensed in the three and nine months ended September 30, 2008 for stock-based compensation, respectively, $559,486 and $781,060 relates to the amortization of the fair value of the Signing Shares as described in note 13(d)(ii).

The fair value of stock options granted during the period was estimated using the Black-Scholes option pricing model with the following assumptions:

Expected volatility	**82-103%**
Risk-free interest rate	**3.33-4.11%**
Expected life (years)	**5**
Expected dividend yield	**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 RELATED PARTY TRANSACTIONS

During the nine month period ended September 30, 2008, the Company closed a private placement of 44,445,000 Subscription Receipts (note 13(c)), in which two directors of the Company purchased 2,030,000 and 370,630 Subscription Receipts. Additionally, a majority shareholder in the Company purchased 16,292,000 Subscription Receipts indirectly through Zoneplan.

Expressed in Canadian dollars, except where otherwise noted

15 SEGMENTED INFORMATION

The Company has one operating segment, which is the mining, exploration and development of resource properties. The Company's assets are located in Canada, Mexico and Brazil. All of the Company's revenues and costs of sales are generated in Mexico.

The following is a summary of assets and liabilities by geographic location as at December 31, 2007 and September 30, 2008:

As at September 30, 2008	Canada	Mexico	Brazil	Total
Cash and cash equivalents	$ 52,616,985	$ 1,254,543	$ 2,896,732	$ 56,768,260
Receivables and prepaid expenses	116,802	2,445,956	59,232	2,621,990
Inventory	-	1,398,278	-	1,398,278
Property and equipment	371,206	104,291,380	1,058,655	105,721,241
Resource properties	-	-	62,406,465	62,406,465
	53,104,993	109,390,157	66,421,084	228,916,234
Current liabilities	(580,155)	(983,589)	(924,071)	(2,487,815)
Asset retirement obligations	-	(2,394,389)	-	(2,394,389)
Future income tax liabilities	(4,481,753)	(20,234,402)	(2,608,600)	(27,324,755)
	$ 48,043,085	**$ 85,777,777**	**$ 62,888,413**	**$ 196,709,275**

As at December 31, 2007	Canada	Mexico	Brazil	Total
Cash and cash equivalents	$ 51,206,439	$ -	$ 545,001	$ 51,751,440
Short term investments	44,655,304	-	-	44,655,304
Receivables and prepaid expenses	433,822	-	37,646	471,468
Property and equipment	125,657	-	584,896	710,553
Resource properties	-	-	34,755,312	34,755,312
	96,421,222	-	35,922,855	132,344,077
Current liabilities	(268,809)	-	(562,514)	(831,323)
Future income tax liabilities	(4,127,136)	-	(2,395,784)	(6,522,920)
	$ 92,025,277	**$ -**	**$ 32,964,557**	**$ 124,989,834**

Expressed in Canadian dollars, except where otherwise noted

16 COMMITMENTS

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

2008	$	97,932
2009		285,589
2010		200,372
2011		208,912
2012		209,832
2013		17,486
	$	**1,020,123**

As at September 30, 2008, the Company had committed to new equipment purchases for the Aranzazu Project of US$306,000 (C$ 324,300).

17 SUBSEQUENT EVENT

(i) Subsequent to September 30, 2008, the Company fixed the price of copper for certain of its shipments made to September 30, 2008. The prices were fixed at amounts lower than those used in estimating the final revenues as of September 30, 2008 due to the decline in the market price of copper subsequent to the period end. As a result, the Company estimates it will record a negative price adjustment during the fourth quarter of $305,700 (US $296,200) related to these shipments. Additionally, another shipment made during the quarter in the amount of $760,813 (US $737,079) is still subject to a further price adjustment.

(ii) Subsequent to September 30, 2008, upon the determination that one of the release conditions had been met, the Arapiraca Escrowed Shares were released from escrow (note 5).

(iii) On November 1, 2008, 3,792,500 warrants with an exercise price of $0.85 expired.

(iv) Subsequent to September 30, 2008, 500,000 options were granted at an exercise price of $0.29, 300,000 options were granted with an exercise price of $0.16, 700,000 options with an exercise price of $1.68 were cancelled, and 200,000 options with an exercise price of $1.30 were cancelled.