



Aura Minerals Inc.

AURA MINERALS INC.
(formerly Aura Gold Inc.)
(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS - RESTATED

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007
AND THE PERIOD FEBRUARY 20, 2007 TO SEPTEMBER 30, 2007**

Aura Minerals Inc. (formerly Aura Gold Inc.)

(an exploration stage company)

Restated Interim Consolidated Financial Statements

For The Three Months Ended September 30, 2007

and the Period February 20, 2007 to September 30, 2007

(expressed in Canadian dollars)

RESTATEMENT

During the preparation of the audited consolidated financial statements for the period February 20, 2007 to December 31, 2007, Aura Minerals Inc. (“Aura Minerals” or the “Company”, formerly Aura Gold Inc.) re-examined the assumptions used in determining the purchase price consideration for the Arapiraca Acquisition (defined below), which occurred on July 17, 2007 (See Note 3 to the unaudited interim consolidated financial statements). The Company has determined that the stock options and share purchase warrants granted between March 27, 2007, being the transaction announcement date, and July 17, 2007, being the acquisition date, should not have been included as part of the fair value determination.

This resulted in a decrease in the purchase price consideration from \$76,519,713 to \$53,568,274. The Company has restated its September 30, 2007 unaudited interim consolidated financial statements to give effect to the correction of the purchase price at the acquisition date. There was no impact on the results of operations for the three and nine months ended September 30, 2007. The impact of the change on the amounts previously reported is as follows:

	<u>Previously Reported (\$)</u>	<u>Adjustment (\$)</u>	<u>Restatement (\$)</u>
Minerals properties	95,297,740	(34,682,146)	60,615,594
Future income tax	27,291,293	(11,730,647)	15,560,646
Capital stock	131,686,889	4,434,484	136,121,373
Contributed surplus	40,647,637	(27,139,662)	13,507,975

The following management discussion and analysis (the “MD&A”) of the Company has been prepared as of November 9, 2007 and restated as at March 24, 2008, as discussed below. This MD&A is intended to supplement and complement the accompanying restated, unaudited interim consolidated financial statements of the Company for the three months ended September 30, 2007, and the period February 20, 2007 to September 30, 2007.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

On closing of the Arapiraca Acquisition, the vendors of Clearwater held in the aggregate approximately 63% of the issued and outstanding common shares of Aura Minerals. Consequently, the Company has accounted for the transaction as a reverse takeover with the acquiring entity being Clearwater and the acquired entity being Aura Minerals.

In accordance with the accounting rules for reverse takeover transactions, these consolidated financial statements have been issued under the name of the legal parent, Aura Minerals, but are deemed to be a continuation of the legal subsidiary, Clearwater. These statements reflect the consolidated results of operations of the Company and

Clearwater from the date of Clearwater's formation on February 20, 2007 to September 30, 2007, and the fact that there was no significant activity in Clearwater prior to July 2007.

As a result of the foregoing, the following MD&A, prepared as of November 9, 2007, provides information that management believes is relevant to an assessment and understanding of the interim consolidated financial condition of the Company and Clearwater as at November 9, 2007 and the results of their operations and cash flows for the three month period ended September 30, 2007 and the period from February 20, 2007 to September 30, 2007.

All financial reporting of the Company is presented in Canadian dollars. Amounts in this MD&A not using Canadian dollars are indicated as US\$ (US dollars) or BRL (Brazilian Reais).

The Audit Committee of the Board of Directors of the Company, consisting of three independent directors, has reviewed this document pursuant to its charter.

This information may contain forward-looking statements that involve inherent risks and uncertainties. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated events. General risk factors inherent to the Company are described herein.

DESCRIPTION OF THE BUSINESS AND SUMMARY OF RECENT ACTIVITIES

Aura Minerals is a widely-held Canadian exploration company listed on the Toronto Stock Exchange (trading symbol ORA) and is focused on the acquisition and development of mineral deposits in Brazil. The Company's strategy is to become a mid-tier producer.

With this focus, on July 17, 2007 the Company closed the acquisition of the vendor's interests in Clearwater which, through its subsidiary, holds the rights to the Arapiraca Project, located in the State of Alagoas in north-eastern Brazil, further details of which are provided within this MD&A under the heading "Arapiraca Acquisition".

The Company now holds the rights to the Arapiraca Project and has commenced drilling and other necessary work to advance the project towards feasibility and development, as more fully described under the heading "Arapiraca Project".

At the special shareholders' meeting held on July 13, 2007, the Company received approval for the following:

- (a) completion of the Arapiraca Acquisition;
- (b) change in the name of the Company from "Aura Gold Inc." to "Aura Minerals Inc.;"
- (c) implementation of the 2007 Stock Option and Share Compensation Plan (the "Plan") pursuant to which the number of options and bonus shares that may be authorized, granted and available under the Plan will be 10% of the Company's issued and outstanding common shares as at the date of grant. The Plan replaces the previous plan;
- (d) if and when the Company deems appropriate, the consolidation of the Company's authorized capital on the basis of one new common share for every five existing common shares, subject to adjustment, and the amendment of the Company's articles accordingly; and

- (e) issuance of 112,140,000 subscription receipts in connection with the financing, as described below under the heading “May 2007 Financing”.

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

As at September 30, 2007, the Company’s other exploration projects include the Cumaru Project (“Cumaru”), the Inaja Greenstone Belt (“Inaja”) and the North Carajás Belt (“North Carajás”) claims, which total approximately 300,000 hectares in the Carajás Metallogenic Province of north-central Brazil.

Arapiraca Project

The Arapiraca Project, located in the central-southern part of the Brazilian State of Alagoas, near the town of Arapiraca, currently consists of 101 exploration licences totalling approximately 190,000 hectares, one application for an exploration licence of 2,000 hectares and one application for a mining concession of 390 hectares.

The Arapiraca Project is located in an area of excellent infrastructure which will benefit its future development and its ability to deliver the potential copper, nickel and iron products to market. The project is readily accessible via paved highway from the main cities in the region (Recife, Aracajú, Salvador) and from Maceió by daily national flights to and from other Brazilian cities. A nearby rail line (within 8 kilometres of the project) links Arapiraca to several Atlantic deep sea port cities and to Brazil’s primary copper smelter at Camaçari, a distance of approximately 586 kilometres to the south. Furthermore, the Arapiraca Project is located near two high tension power lines and two water supply pipelines.

The mineralization is polymetallic, with the copper, gold and nickel mineralization hosted within a mafic-ultramafic complex, often associated with a massive magnetite grading up to 50% iron. Moreover, drilling has shown that significant copper-gold grades occur outside of the magnetite-rich rocks and within gabbros. Most of the historic drilling done by Companhia Vale do Rio Doce S.A. (“CVRD”) was completed on the Serrote de Laje (“Serrote”) deposit. This work was the subject of a June 2007 National Instrument 43-101 (“NI 43-101”) compliant review by Watts, Griffis and McOuat Limited (“WGM”). This report confirmed that the mineral resource is classified as an Inferred Mineral Resource containing 111.3 million tonnes at 0.55% Cu and 0.16 g Au/t, using a 0.2% Cu cutoff grade. Also noted by WGM was that the deposit contained nickel and significant iron, in the form of magnetite. The Serrote deposit is covered by a thin layer of soil (1-5 m) and appears to be shallow dipping and tabular in nature, which should make it very amenable to relatively inexpensive open-pit mining methods. CVRD also completed several phases of metallurgical testwork which, although preliminary in nature, showed that a clean high-grade copper-gold concentrate could be produced and that a +60% iron concentrate could be recovered by simple magnetic separation from the tailings.

An exploration program commenced during the second quarter on the two main areas on the Arapiraca Project, namely the Serrote and Caboclo targets, with the objective of confirming currently known mineralization, defining additional mineralization, and preparing an updated NI 43-101 resource calculation in the first quarter of 2008 to be followed by a Preliminary Economic Assessment. This new resource will include iron and nickel, as well as copper and gold.

Two rigs were mobilized to the property in late May with a third rig mobilized in July and a fourth in September. Three rigs are currently operating at the Serrote deposit and one at the Caboclo target. The Company plans at least 15,000 metres of in-fill and step-out drilling at Serrote in 2007, with over 13,000 metres of diamond drilling completed to date in 70 holes averaging 180 metres in depth. On September 4, 2007, the Company announced

that drill results to date have shown excellent continuity of mineralization and provide strong evidence that there is a significant zone of remobilization of copper and nickel where the average grades are above the previous CVRD average of 0.55% Cu. Highlights of the drill results include:

- Hole AR-SLJE-0093 which returned 61.52 metres of 0.60% Cu, 0.09% Ni and 0.14 g/t Au;
- Hole AR-SLJE-0095 which returned 56.41 metres of 0.69% Cu, 0.07% Ni and 0.11 g/t Au;
- Hole AR-SLJE-0097 which returned 96.91 metres of 0.56% Cu, 0.07% Ni and 0.12 g/t Au;
- Hole AR-SLJE-0099 which returned 66.00 metres of 0.77% Cu, 0.08% Ni and 0.14 g/t Au;
- Hole AR-SLJE-0102 which returned 47.00 metres of 0.85% Cu, 0.07% Ni and 0.11 g/t Au; and
- Hole AR-SLJE-0103 which returned 70.00 metres of 0.45% Cu, 0.08% Ni and 0.11 g/t Au and a further 54.00 metres of 0.53% Cu, 0.03% Ni and 0.03 g/t Au; including 19.00 metres at 1.00% Cu.

CVRD also completed a limited drill program on the Caboclo target located some 15 kilometres north of the Serrote deposit. Several drill holes returned ore grade intercepts over a wide spacing. As a follow-up to this work, the Company completed a detailed 250-line kilometre ground magnetic survey on the Caboclo target. The survey provided very encouraging results and a first phase drill program commenced in September. To date, 14 shallow holes have been completed with initial results expected in late November.

Of significance at the Caboclo zone, is the recent discovery of a significant new magnetite outcrop to the north of the main target. Follow-up sampling, mapping and drilling is now planned at this outcrop.

The Company is also in the planning stage to commence exploration on the over 30 other targets identified on the project by CVRD. This work will include surface geochemistry and geophysics. The targets will then be prioritized and the Company expects to commence drilling on several of the high priority targets later this year or early next year.

Construction of a sample preparation facility has been completed under the supervision of SGS Geosol Laboratories. This facility will allow on-site third party sample preparation, which will reduce the turn-around time for assaying. Quality assurance tests have recently been completed and the facility is now fully operational.

The Company has hired two senior geologists to supervise and plan the work at the Arapiraca Project and continues to build up the required technical and administrative staff at the project. In addition, an environmental manager has recently been hired to coordinate all permitting and community relations programs for the Arapiraca Project. A new office has been opened in the local town of Arapiraca and the necessary staff has been hired.

The Company has appointed GRDMinproc Brazil to commence metallurgical test work programmes to follow-up on the historic test work completed by CVRD and has retained Brandt Meio Ambiente as its environmental consultants. Environmental baseline work also commenced in the third quarter and will proceed through 2007 and 2008.

Cumaru, Inaja and North Carajás Projects

Aura Minerals completed the initial regional reconnaissance program on the Inaja project in late 2006. Results from this early stage program have outlined significant gold targets, as well as iron and nickel targets. Detailed follow-up programs are now underway. A diamond drilling campaign commenced during the third quarter at the Carrapato and Forquilha gold targets on the eastern edge of the belt.

During the second quarter, Aura Minerals completed the acquisition of the Cumaru project in Pará State, north-central Brazil from Yamana Gold Inc. The Company now holds a 100% interest in the Cumaru project, subject to a 1.5% net smelter return royalty (“NSR”). The Initial reconnaissance drill results from the first three holes at this project showed significant intercepts including 5.34 g/t gold over 13 metres returned from hole CMD 02, which incorporated a high-grade intercept of 44.17 g/t gold over 1 metre. Magnetometry and IP surveys are planned for the third quarter as the best intersections on the target coincided with magnetite and sulphides

May 2007 Financing

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

The Company had \$93,429,544 in cash and cash equivalents as at November 9, 2007, substantially all of which is available to advance the Arapiraca Project and the Company’s other exploration programs, and are held with major Canadian financial institutions as short-term deposits and banker's acceptance notes, both with the highest possible investment ratings.

Arapiraca Acquisition

On July 17, 2007, the Company closed the Arapiraca Acquisition. 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 in escrow, of which 63,000,000 were placed in escrow by Zoneplan and 7,000,000 were placed in escrow by Repalla.

As a result of the foregoing, the vendors of Clearwater held on the Closing Date, in the aggregate, approximately 63% of the issued and outstanding common shares of the Company. Consequently, the Arapiraca Acquisition has been accounted for as a reverse takeover with the acquiring entity being Clearwater and the acquired entity being the Company.

In accordance with reverse takeover accounting, the purchase consideration of \$53,568,272 has been estimated by management, based on the market capitalization of Aura Minerals at the time the transaction was announced, to be the approximate fair value of the net assets of Aura Minerals on the Closing Date. The purchase consideration of \$53,568,272 was comprised of the following:

	<u>Amount (\$)</u>
321,500,000 common shares as consideration for the reverse takeover	43,830,173
Fair value of stock options	3,534,700
Fair value of stock purchase warrants	<u>6,203,399</u>
Total	53,568,272

The purchase consideration has been allocated to the fair value of the net assets of Aura Minerals acquired as follows:

	<u>Amount (\$)</u>
Cash and cash equivalents	15,599,749
Accounts receivable	630,994
Prepays and other	85,713
Resource properties	56,705,747
Equipment	347,835
Future income tax liabilities	(15,560,645)
Accounts payable and accrued liabilities	<u>(4,241,121)</u>
Net identifiable assets and liabilities acquired	53,568,272

Other Developments

In addition to the foregoing, during the period from February 20, 2007 to September 30, 2007 and as at November 9, 2007, the Company:

- (a) appointed Patrick Downey as President and Chief Executive Officer, Christina Cepeliauskas as Chief Financial Officer, Anthony George as Chief Operating Officer, and Michele Jones as Vice-President, Corporate Affairs & Corporate Secretary;
- (b) appointed Patrick Downey and William Murray to the Board of Directors of the Company and accepted the resignation of John Burzynski;
- (c) relocated its head office to Vancouver, British Columbia, effective July 1, 2007;
- (d) appointed PricewaterhouseCoopers LLP as its new auditors, effective July 6, 2007.

RESULTS OF OPERATIONS

The financial statements reflect the consolidated results of operations of the Company and Clearwater for the three month period ended September 30, 2007 and for the period from the date of Clearwater's formation on February 20, 2007 to September 30, 2007. There was no significant activity in Clearwater prior to July 2007 which is reflected in the results of the financial statements.

For the three month period ended September 30, 2007 and the period from February 20, 2007 to September 30, 2007 (the "Periods"):

Loss For the Periods:

Being in the exploration stage, the Company does not have revenues from operations and, except for interest income from its cash and cash equivalents, relies on equity funding by investors for its continuing financial liquidity. The focus of the Company is the exploration of its projects in Brazil. In support of this activity, for the Periods, the Company had a net loss of \$7,663,256. A significant component of operating expense in the Periods is \$7,531,362 of stock-based compensation recorded pursuant to the Company's accounting policy for stock options vesting during the Periods. Interest income generated primarily from the proceeds invested from financings amounted to \$877,302.

Expenses of \$992,929 (net of stock-based compensation) in the Periods reflect the high levels of activity and staffing resulting from the head office relocation and the Arapiraca Acquisition.

Capitalized Exploration Expenditures:

In the Periods, \$3,377,765 was spent in exploration expenses, of which \$2,300,058 was on the Arapiraca Project. The largest single item was for drilling on the Arapiraca Project which amounted to \$1,406,656. Exploration expenditures on the Company's other projects amounted to \$1,077,707, of which \$562,359 was on Inaja.

Cash Flows:

Cash used in operating activities in the Periods was \$4,199,466, inclusive of \$877,302 in interest income.

Cash used in investing activities in the Periods amounted to \$3,158,058, substantially all for capitalized exploration expenditures on the Company's Brazilian projects. Cash provided by investing activities of \$15,599,749 was cash acquired pursuant to the reverse takeover transaction.

Cash from financing activities of \$88,529,173 is primarily from the brokered private placement of 126,000,000 subscription receipts which were issued at a price of \$0.80 each, resulting in aggregate gross proceeds to the Company of \$100,800,000. Upon closing on May 1, 2007, 11% of the gross proceeds (less the fees and expenses of the Underwriters on such amount) for net proceeds of \$10,424,244 were delivered to the Company, while the remaining 89% of the gross proceeds were deposited into escrow and released to the Company on July 18, 2007 following the July 17, 2007 closing of the Arapiraca Acquisition. This netted the Company \$84,370,204 after deducting the applicable Underwriters' commission and other costs of the financing. An additional \$4,158,969 was received from the exercise of warrants and stock options.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected consolidated information for the Company for each of the three recently completed quarters (incorporation February 20, 2007).

	Quarter Ended		
	Sept 30, 2007 \$ (unaudited)	Jun 30, 2007 \$ (unaudited)	Mar 31, 2007 \$ (unaudited)
Revenue	Nil	Nil	Nil
Working Capital	96,323,621	Nil	Nil
Expenses	8,524,291 ⁽¹⁾	Nil	Nil
Mineral Properties	60,615,594	Nil	Nil
Net Loss ⁽²⁾	7,663,256	Nil	Nil
Net Loss per Share (basic and fully diluted)	\$0.02	Nil	Nil

⁽¹⁾ Includes \$7,531,362 of stock-based compensation, which is a non-cash expense.

⁽²⁾ Net of interest income and general exploration costs written-off. (Note: Net loss per share on a fully diluted basis is the same as net loss per share on an undiluted basis, as all factors, which were considered in the calculation, are anti-dilutive.)

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2007:

As at September 30, 2007, the Company had cash and cash equivalents of \$96,771,406. This is primarily a result of the May 2007 financing. In addition, this amount of cash and cash equivalents includes \$4,158,969 received from the exercise of warrants and stock options during the Periods. Working capital at September 30, 2007 is \$96,323,621, substantially all of which is available to advance the Company's Brazil and general and administrative costs.

The Company has no exposure to any asset-backed commercial paper (ABCP) investments. Its cash and cash equivalents are held with major Canadian financial institutions as short-term deposits and banker's acceptance notes, both with the highest possible investment ratings.

As of the November 9, 2007 date of this discussion and analysis, the quoted price of the Company's common shares on the TSX exceeded the exercise prices of all of the Company's outstanding warrants and stock options granted at September 30, 2007, except for the following:

Number	Exercise Price	Date of Expiry
2,500,000	\$1.42	June 26, 2012
250,000	\$1.38	July 16, 2012
4,040,000	\$1.57	July 19, 2012
150,000	\$1.32	September 25, 2012

If all warrants and options outstanding at November 9, 2007 were exercised, a total 34,931,725 common shares would be issued for cash proceeds of \$29,933,548. The outstanding warrants exercisable into 13,411,725 shares expire between November 30, 2007 and November 1, 2008. If all warrants outstanding as at November 9, 2007 were exercised, the Company would realize cash proceeds of \$7,857,498. The outstanding stock options exercisable into 21,520,000 shares would realize cash proceeds of \$22,076,050.

The Company considers its existing funds to be sufficient in order to carry out planned activities on the Company's properties in Brazil, in particular the Arapiraca Project, which are described elsewhere in this document as well as for property maintenance requirements and administrative overhead for at least the next 24 months. Development of the Arapiraca Project beyond feasibility will require additional equity or possible debt financing.

The functional currency of the Company is the Canadian dollar and to date funding has been raised in Canadian dollars. Included in cash and cash equivalents at September 30, 2007 is \$213,862 and \$1,328,971 denominated in US dollars and Brazilian Reals, respectively, which are subject to foreign currency rate fluctuations. In conducting its business, the Company makes payments as appropriate from time to time in each of these three currencies. Accordingly, as planned increased spending on the Brazilian properties materializes, the Company will be subject to foreign currency rate fluctuations in future between the Canadian dollar and these currencies.

CONTRACTUAL OBLIGATIONS

During the period from February 20, 2007 to September 30, 2007 and as of November 9, 2007, the Company has not entered into any contractual obligations that are outside of the ordinary course of business. The Company has contractual purchase obligations in the ordinary course of its business in the continued exploration and development of the Arapiraca, Cumaru, Inajá and Carajás projects in Brazil.

As at September 30, 2007, the Vancouver office lease obligations of the Company included the following:

<u>Year</u>	<u>Amount per annum</u>
2007	\$ 25,164
2008	178,393
2009	187,748
2010	197,872
2011	208,916
2012	209,836
2013	<u>17,486</u>
	\$ 1,025,415

Certain senior officers and employees of the Company have change of control provisions in their consulting and employment agreements which provide for payments ranging from one to three years of their then current salary upon the occurrence of such event and subject to certain conditions.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the period from February 20, 2007 to September 30, 2007, the Company was a party to the following transactions with related parties:

- (a) A director and officer of the Company and two directors of the Company are also directors of the optionor of the Cumaru Project, described in Note 6(c).
- (b) An individual related to the Chairman of the Company, was paid \$41,532 for design services relating to the Company's website, corporate graphics and investor relations material.
- (c) A director of the Company owns 100% of Repalla (one of the vendors in the Arapiraca Agreement as described in Note 6(a)).
- (d) The Company paid consulting fees of \$119,500 to officers and directors of the Company.
- (e) Effective July 1, 2007, the Company assigned the lease on the Company's Toronto office to a company that has directors and officers in common.

The above-mentioned transactions took place in the ordinary course of business and on arm's length terms. Transactions requiring board approval were approved by a majority of the non-interested directors with the interested directors abstaining.

CRITICAL ACCOUNTING ESTIMATES

Exploration property costs – The Company records its interest in exploration properties at cost. The cost of acquiring mineral properties and related exploration and development expenditures are deferred and would be amortized against future production following commencement of commercial production or are written off if the properties are sold, allowed to lapse or abandoned. Management regularly reviews the net carrying value of each mineral property and where management believes that the carrying value cannot be recovered, the carrying value is written down to fair value.

Stock-based compensation – Management is required to make significant estimates about future volatility and the period in which stock options will be exercised. The selection of the volatility factor, and the estimate of the period in which an option will be exercised will have a significant impact on the cost recognized for stock-based compensation. The estimates concerning volatility are made with reference to historical volatility, which is not necessarily an accurate indicator of volatility, which will be experienced in the future. Management assumes that stock options will remain unexercised until immediately prior to their expiry date, which may not be the case.

DISCLOSURE CONTROLS

The Company's Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures ("the Procedures") which provide reasonable assurance that information required to be disclosed by the Company under securities legislation ("the Required Filings") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Certifying Officers evaluated the effectiveness of the Procedures during the Period and have concluded that the Procedures in place as of the end of the period covered by the Required Filings are effective in providing reasonable assurance that material information relating to the Company is accumulated and communicated to management and reported within the time periods specified.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has reviewed its internal controls over financial reporting for the period ended September 30, 2007 and as of the date of this MD&A. The Certifying Officers believe that the Company's system of internal controls over financial reporting as defined under Multilateral Instrument 52-109 is sufficiently designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles. During the Period and as a result of the Arapiraca Acquisition and the relocation of the Company's head office, certain personnel changes occurred; the Certifying Officers do not believe that these changes have had a material impact on the Company's internal controls over financial reporting for the Period. However, certain weaknesses arise primarily from the limited number of personnel employed in the accounting and financial reporting area, a situation that is common in smaller companies. As a consequence of this situation: (i) it is not feasible to achieve the complete segregation of duties; and (ii) the Company does not have full "in house" expertise in complex areas of financial accounting, such as taxation.

The Company's management, including the Certifying Officers, does not expect that its internal controls and procedures will prevent all error and all fraud. The Company believes that the weaknesses identified in its systems of internal control are mitigated by the thorough review of the Company's financial statements by senior management, the Audit Committee of the Board and by consulting with external experts. In addition, senior management is active in the Company's day-to-day operations and in monitoring the Company's financial reporting. Regardless, these mitigating factors cannot completely eliminate the possibility that a material misstatement will occur as a result of the weaknesses identified in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

ACCOUNTING POLICIES

Principles of consolidation and basis of accounting – These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Cash and cash equivalents – Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest bearing investments with maturities of 90 days or less. The Company places its cash and cash investments with institutions of high credit worthiness.

Resource Property Costs – The Company capitalizes acquisition and exploration expenditures related to resource properties on an individual prospect basis until such time as an economic ore body is defined or a prospect is abandoned. Amortization of assets used in connection with capitalized resource property costs is also capitalized. Capitalization of related expenditures continues until the property is moved into production, sold, impaired or abandoned. Unrecoverable costs for projects determined not to be commercially feasible are expensed in the period in which the determination is made.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired it is written down to its estimated fair value.

The acquisition of title to mineral properties is a complicated and uncertain process. The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

Equipment – Equipment is recorded at cost. Depreciation of vehicles, furniture, computers, software, machinery and equipment is provided on a declining-balance over their estimated useful lives at annual rates between 20% and 100%.

Stock-based compensation – The Company has a stock option plan, which is described in Note 8d. Stock options are recorded at their fair value over their vesting period as compensation expense, and agents' warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. On the exercise of stock options and agents' warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation.

Translation of foreign currencies – The Canadian dollar is the functional currency of the Company. The Company's subsidiaries are considered integrated foreign operations and are translated using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary

items are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rates in effect at the balance sheet date; and revenue and expense items are translated at the average rates of exchange during the year.

Asset retirement obligations – The Company accounts for asset retirement obligations (“ARO”) by recognizing the fair value of a liability for an ARO in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The company determined that it has no material ARO’s at September 30, 2007.

Leases – Leases are classified as either capital or operating. A lease which transfers substantially all of the benefits and risks incidental to the ownership of property is accounted for as if it were an acquisition of an asset and the incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are charged to operations as incurred.

Income taxes – The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income taxes are determined based on the difference between the financial reporting and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the substantially enacted tax rates in which the income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

Loss per Share – Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Use of estimates – The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made by the Company include factors affecting the recoverability of mineral interests, valuation of stock-based compensation and warrants and future tax assets and liabilities.

Financial Instruments – Recognition and Measurement – 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 on the statement of loss.

The Company has classified its short-term investments as held for trading and therefore carries its investments at fair market value, with the unrealized gain or loss recorded in interest income.

Comprehensive Income – Comprehensive income is the requirement of the Company to temporarily present certain gains and losses for changes in fair value outside net income. The components of comprehensive income include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. For the period ended September 30, 2007, the Company did not have other

comprehensive income or loss, therefore the comprehensive loss for the period was equal to the net loss for the period.

Hedges – The Company accounts for hedges as required under CICA Handbook Section 3865 which specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company has not designated any hedging relationships.

RISK FACTORS

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

Development Stage Company & Exploration Risks

The Company is engaged in the business of exploring precious and base metals deposits in Brazil and other parts of South America. The properties of the Company have no established reserves. There is no assurance that any of the properties can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon exploring, developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. Exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs and development and production plans of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Substantial expenditures would be required to establish reserves sufficient to commercially mine mineral deposits on the Company's properties and to construct, complete and install mining and processing facilities on those properties that would be actually mined and developed.

No History of Profitability

The Company is an exploration stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

Foreign Operations

All of the Company's property interests are located in Brazil, and are subject to the laws and regulations of that country. The Company believes the present attitude to foreign investment and mining in Brazil to be favourable but investors should assess the political risks of investing in a foreign country. Variations from the current regulatory, economic and political climates could have an adverse effect on the affairs of the Company.

Government Regulations

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. For the Company to carry out mining activities, licences must be obtained and kept current. Land holdings through licences are subject to fluctuation depending on government and the Company's findings. There is no guarantee that the Company's licenses would be extended or that new licences would be granted. In addition, such licenses could be changed and there can be no assurances that any application to renew any existing licences will be approved. The status of land holdings in Brazil can be one of three: *pedido de pesquisa* status (filed, pending issue of title by the government); *alvará de pesquisa* status (title issued for exploration); and actual mining licences. The status of the Company's licenses and the amount of land under each license changes from time to time with findings and with government decisions. The information regarding the Company's land holdings and licences in this MD&A is a snapshot as at the date of the MD&A. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain, and comply with, permits and licences which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors, which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

Mining Risks and Insurance

The Company is subject to the risks normally encountered in the mining industry, such as unusual or unexpected geological formations or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse affect on the financial position of the Company.

Environmental Protection

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous

waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

Capital Investment

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing hereafter. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in the exploration and development of gold and precious metal or other natural resources and, consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on any matters in which such directors may have a conflict of interest.

DISCLOSURE OF SHARE DATA AS AT NOVEMBER 9, 2007

- (a) shares authorized:
an unlimited number of common shares without par value
- (b) shares issued and outstanding:
521,335,658 common shares
 - i. stock options outstanding as at November 9, 2007:

	Number	Exercise Price	Date of Expiry
	2,825,000	\$0.50	July 25, 2011
	325,000	\$0.63	January 11, 2012
	6,480,000	\$0.75	March 30, 2012
	1,800,000	\$0.77	March 30, 2012
	2,000,000	\$1.18	May 17, 2012
	2,500,000	\$1.42	June 26, 2012
	250,000	\$1.38	July 16, 2012
	4,040,000	\$1.57	July 19, 2012
	150,000	\$1.18	August 23, 2012
	1,000,000	\$1.24	September 17, 2012
	150,000	\$1.32	September 25, 2012
Total	21,520,000		

ii. warrants outstanding as at November 9, 2007:

<u>Type of Warrants</u>	<u>Number</u>	<u>Exercise Price</u>	<u>Date of Expiry</u>	<u>To Purchase</u>
Series 1	3,500,000	\$0.20	December 22, 2007	1 common share
Series 2	3,061,250	\$0.50	November 30, 2007	1 common share
Broker 2	33,650	\$0.40	November 30, 2007	1 unit*
Underlying Broker Warrant	516,825	\$0.50	November 30, 2007	1 common share
Broker 3	<u>6,300,000</u>	\$0.85	November 1, 2008	1 common share
Total Outstanding Warrants	13,411,725			

* each consisting of 1 common share and ½ of 1 common share purchase warrant (“Underlying Broker Warrant”) (exercisable at \$0.50, expiring November 30)

OTHER INFORMATION

(a) SEDAR

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and the Company’s website at www.auraminerals.com.

C O R P O R A T E D A T A

DIRECTORS

Victor Bradley
Patrick Downey
Peter Marrone
Patrick Mars
Philip Martin
William Murray

OFFICERS

Victor Bradley
Chairman of the Board

Patrick Downey
*President &
Chief Executive Officer*

Christina Cepeliauskas
Chief Financial Officer

Anthony George
Chief Operating Officer

Michele Jones
*Vice-President, Corporate
Affairs & Corporate Secretary*

SHARES LISTED

TSX - ORA

CAPITALIZATION

Issued: 521,335,658
Common Shares
(at November 9, 2007)

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Forward-Looking Statements

This report contains forward-looking statements including, but not limited to, comments regarding predictions and projections. One can identify these forward-looking statements by use of words such as "expects", "plans", "anticipates", "intends" and other words of similar meaning. One can also identify them by the fact that they do not relate strictly to historical or current facts. Forward-looking statements address future events and conditions and therefore involve inherent risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Aura Minerals to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; risks related to joint venture operations; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold, silver and copper; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry as well as delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although Aura Minerals has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.