



Aura Minerals Inc.

AURA MINERALS INC.

Interim Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited)



Aura Minerals Inc.

Interim Consolidated Balance Sheets

As at June 30, 2009 and December 31, 2008

Expressed in thousands of Canadian dollars

(Unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
Current		
Cash and cash equivalents (note 5)	\$ 35,342	\$ 39,831
Accounts receivable (note 6)	895	3,249
Inventory (note 7)	1,307	1,326
Deferred transaction costs (note 17)	824	–
Prepaid expenses and other current assets	386	314
	38,754	44,720
Property, plant and equipment (note 8)	115,534	115,767
Resource properties (note 9)	14,408	26,927
	\$ 168,696	\$ 187,414
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 2,323	\$ 4,100
Future income tax liabilities	25,227	28,300
Asset retirement obligations (note 10)	1,581	1,533
	29,131	33,933
SHAREHOLDERS' EQUITY		
Capital stock (note 11(b))	218,702	216,947
Contributed surplus (note 11(b))	31,980	30,843
Deficit	(111,117)	(94,309)
	139,565	153,481
	\$ 168,696	\$ 187,414

Nature of operations (note 1)

Commitments (notes 9 and 16)

Subsequent events (notes 1 and 17)

Approved on behalf of the Board of Directors:

“Elizabeth Martin”

“Patrick Downey”

Elizabeth Martin, Director

Patrick Downey, Director

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



Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2009 and 2008

Expressed in thousands of Canadian dollars, except per share data

(Unaudited)

	For the three months ended June 30, 2009		For the three months ended June 30, 2008	
			As restated (note 3)	As restated (note 3)
Sales	\$	–	\$ 458	\$ 41
Expenses				
Costs of mining operation		320	412	1,011
Depletion, amortization and accretion		101	178	199
Net smelter return royalty		–	5	–
		421	595	1,210
		(421)	(137)	(1,169)
Other expenses (income)				
Stock-based compensation (note 11(g))		1,754	4,782	2,832
Salaries and benefits		663	736	1,384
Exploration expense (note 12)		2,125	7,191	4,998
General and administrative		479	744	1,016
Professional fees		107	83	140
Amortization		109	112	214
Interest income		(41)	(441)	(132)
Foreign exchange gain		(175)	(640)	(484)
Impairment charge - resource properties (note 9(b))		–	–	8,744
		5,021	12,567	18,712
Loss before income taxes		5,442	12,704	19,881
Future income tax recovery		(226)	(67)	(3,073)
Net loss and comprehensive loss	\$	5,216	\$ 12,637	\$ 16,808
Per share information:				
Weighted average number of common shares outstanding (note 1)		118,525,318	109,031,981	118,322,883
Basic and fully diluted net loss per share	\$	0.04	\$ 0.12	\$ 0.14

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



Aura Minerals Inc.

Interim Consolidated Statements of Deficit

For the three and six months ended June 30, 2009 and 2008

Expressed in thousands of Canadian dollars

(Unaudited)

	For the three months ended June 30, 2009	For the three months ended June 30, 2008 As restated (note 3)	For the six months ended June 30, 2009	For the six months ended June 30, 2008 As restated (note 3)
Deficit, beginning of the period, as previously reported	\$ 105,901	\$ 38,886	\$ 94,309	\$ 31,612
Adjustment resulting from change in accounting policy (note 3)	–	11,700	–	7,088
Deficit, beginning of the period, as restated	105,901	50,586	94,309	38,700
Loss for the period	5,216	12,637	16,808	24,523
Deficit, end of period	\$ 111,117	\$ 63,223	\$ 111,117	\$ 63,223

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



Interim Consolidated Statements of Cash Flows
 For the three and six months ended June 30, 2009 and 2008
 Expressed in thousands of Canadian dollars
 (Unaudited)

	For the three months ended June 30, 2009	For the three months ended June 30, 2008	For the six months ended June 30, 2009	For the six months ended June 30, 2008
		As restated (note 3)		As restated (note 3)
Operating activities				
Net loss	\$ (5,216)	\$ (12,637)	\$ (16,808)	\$ (24,523)
Add (deduct) items not affecting cash:				
Depletion, amortization and accretion	210	290	413	403
Future income tax recovery	(226)	(67)	(3,073)	(67)
Impairment charge - resource properties	-	-	8,744	-
Issuance of shares for property option payments	-	295	80	295
Stock-based compensation	1,754	4,782	2,832	10,241
	(3,478)	(7,337)	(7,812)	(13,651)
Changes in non-cash working capital:				
Accounts receivable	2,287	(853)	2,354	(1,130)
Prepaid expenses and other current assets	(66)	(308)	(72)	(264)
Inventory	(41)	(38)	19	(38)
Accounts payable and accrued liabilities	(785)	1,655	(2,599)	1,922
	(2,083)	(6,881)	(8,110)	(13,161)
Investing activities				
Proceeds from property option payments	-	-	3,775	-
Sale of short-term investments	-	-	-	44,655
Purchase of property, plant and equipment	(3)	(1,038)	(154)	(1,458)
Acquisition of the Aranzazu Project (note 4)	-	(58,400)	-	(58,400)
	(3)	(59,438)	3,621	(15,203)
Financing activities				
Proceeds received from private placement (note 11(c))	-	56,922	-	56,922
Proceeds on exercise of options	-	169	-	292
Proceeds on exercise of warrants	-	56	-	736
	-	57,147	-	57,950
(Decrease) increase in cash and cash equivalents	(2,086)	(9,172)	(4,489)	29,586
Cash and cash equivalents, beginning of period	37,428	90,509	39,831	51,751
Cash and cash equivalents, end of period	\$ 35,342	\$ 81,337	\$ 35,342	\$ 81,337

Supplementary information (note 13)

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



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

*Expressed in Canadian dollars, except where otherwise noted. Tables are expressed in thousands of Canadian dollars.
(Unaudited)*

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

In mid-2007, the Company completed 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”). In mid-2008, the Company completed the acquisition of 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 in Zacatecas, Mexico (the “Aranzazu Acquisition”) (note 4). The underground operations, which produce copper-gold-silver concentrates via flotation, were suspended due to the decline in metal prices in the fourth quarter of 2008. The Company consolidated the results of operations of the Aranzazu Project commencing on the date of acquisition, 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. 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, are impacted by these market conditions, which have included: a sharp contraction in the credit markets resulting in higher costs of funding; a deterioration in the credit ratings of numerous large financial institutions; high volatility in global equity, commodity and foreign exchange markets; and a slowdown in economic activity that is affecting major global economies. Although there have been indications of economic recovery, if these increased levels of volatility and market turmoil were to continue, they could have a significant impact on the Company.

2 BASIS OF PRESENTATION AND USE OF ESTIMATES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) for interim financial information and they follow the same accounting policies and methods of application as the audited annual consolidated financial statements of the Company for the year ended December 31, 2008, except as described in note 3. These unaudited interim consolidated financial statements do not include all the information and note disclosure required by Canadian GAAP for annual financial statements and therefore should be read in conjunction with the most recent audited annual consolidated financial statements.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

*Expressed in Canadian dollars, except where otherwise noted. Tables are expressed in thousands of Canadian dollars.
(Unaudited)*

2 BASIS OF PRESENTATION AND USE OF ESTIMATES (continued)

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

In the opinion of management, all adjustments necessary to present fairly the financial position at June 30, 2009 and the results of operations and cash flows for all periods presented have been made. The interim results are not necessarily indicative of results for a full year.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. Significant areas requiring the use of estimates in the preparation of these interim consolidated financial statements include, among other things, the determination of impairment of long-lived assets, the valuation of inventories, the recording of asset retirement obligations, the recording of revenues, the determination of amortization, depletion and accretion, 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.

3 CHANGES IN ACCOUNTING POLICY AND ADOPTION OF NEW ACCOUNTING STANDARDS

Exploration and development expenditures

During the fourth quarter of 2008, the Company changed its accounting policy for exploration costs, choosing to expense exploration costs as they are incurred. This policy was adopted effective January 1, 2008 and was applied retroactively.

As a result of this change in accounting policy, the Company has restated its results for the three and six months ended June 30, 2008 from those previously reported. For the three months ended June 30, 2008 the Company has increased stock-based compensation expense by \$215,000, amortization expense by \$91,000, and exploration expenses by \$7,191,000. As a result of these changes, net loss increased by \$7,497,000 and loss per share increased by \$0.07. Cash flows used in operating activities increased by \$7,065,000 and cash flows used in investing activities decreased by the same amount. For the six months ended June 30, 2008 the Company has increased stock-based compensation expense by \$526,000, amortization expense by \$191,000, and exploration expenses by \$11,391,000. As a result of these changes, net loss increased by \$12,108,000 and loss per share increased by \$0.11. Cash flows used in operating activities increased by \$11,096,000 and cash flows used in investing activities decreased by the same amount.

In addition, opening deficit for the three and six month periods was increased by \$11,700,000 and \$7,088,000, respectively, as a result of the retroactive application of the change in accounting policy.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

3 CHANGES IN ACCOUNTING POLICY AND ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Goodwill and intangible assets

On January 1, 2009, the Company was 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 adoption of this standard did not have any impact on the Company's unaudited interim consolidated financial statements.

Credit risk and fair value of financial assets and liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This standard is effective for the Company's fiscal year beginning January 1, 2009 with retroactive application. The application of this EIC did not have a significant effect on the Company's unaudited interim consolidated financial statements.

4 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 1,859,024 common shares of the Company.

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 737,797 common shares of the Company to Zacoro Metals Corp. ("Zacoro Metals") as a finder's fee for introducing Aura Minerals to Clapham.

The acquisition of the Aranzazu Project has been accounted for as a business combination with the results of the Aranzazu Project operations consolidated in the Company's financial statements effective from June 5, 2008. As reported at June 30, 2008, the total purchase price for the Aranzazu Project was \$77,287,000 and included the cash consideration and transaction costs of \$59,553,000 and 12,498,101 common shares issued with a value of \$17,734,000. As \$1,153,000 of the transaction costs were included in accounts payable and accrued liabilities as at June 30, 2008, only \$58,400,000 of the total purchase price is reflected in the consolidated statements of cash flows for the three and six months ended June 30, 2008. The \$59,553,000 was increased to \$59,752,000 in subsequent periods to account for additional transaction costs related to the Aranzazu Project. The final purchase price of \$77,486,000 has been determined as follows:

Cash consideration paid	\$	57,523
Value of shares issued to Clapham		12,734
Value of shares issued to Zacoro Metals for finder's fee		5,000
Consulting and legal costs		1,397
Due diligence and closing costs		832
	\$	77,486



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

4 ACQUISITION OF THE ARANZAZU PROJECT (continued)

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

Assets acquired

Inventory	\$	784
Plant and equipment ¹		13,064
Mineral property ¹		93,024
	\$	106,872

Liabilities assumed

Asset retirement obligation (note 10)	\$	(1,283)
Future income tax liability ¹		(28,103)
		(29,386)

Net assets acquired	\$	77,486
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⁽¹⁾ Future income taxes relate primarily to the amounts allocated to mineral properties and equipment, which have a tax basis of \$5,223,000.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

	June 30, 2009	December 31, 2008
Cash and interest-bearing deposits	\$ 28,342	\$ 27,726
Bankers' acceptances	7,000	6,998
Other short-term investments	–	5,107
	\$ 35,342	\$ 39,831

6 ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	June 30, 2009	December 31, 2008
Trade accounts receivable	\$ –	\$ 230
Value added taxes receivable	751	2,985
Other receivables	144	34
	\$ 895	\$ 3,249



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

7 INVENTORY

Inventory consists of:

	June 30, 2009	December 31, 2008
Production inventory	\$ -	\$ 27
Parts and supplies	1,307	1,299
	\$ 1,307	\$ 1,326

8 PROPERTY, PLANT AND EQUIPMENT

As at June 30, 2009, property, plant and equipment was comprised of the following:

	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 676	\$ (123)	\$ 553
Machinery and equipment	2,454	(168)	2,286
Mobile mining equipment	5,105	(444)	4,661
Furniture and fixtures	317	(54)	263
Computer equipment and software	1,024	(291)	733
Leasehold improvements	415	(111)	304
Buildings	2,246	(114)	2,132
Plant	8,051	(313)	7,738
Projects in process	3,680	-	3,680
Mineral property	93,779	(595)	93,184
	\$ 117,747	\$ (2,213)	\$ 115,534



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

*Expressed in Canadian dollars, except where otherwise noted. Tables are expressed in thousands of Canadian dollars.
(Unaudited)***8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

As at December 31, 2008, property, plant and equipment was comprised of the following:

	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 745	\$ (144)	\$ 601
Machinery and equipment	2,460	(163)	2,297
Mobile mining equipment	5,105	(444)	4,661
Furniture and fixtures	311	(36)	275
Computer equipment and software	1,036	(196)	840
Leasehold improvements	435	(60)	375
Buildings	2,246	(61)	2,185
Plant	8,051	(313)	7,738
Projects in process	3,552	–	3,552
Mineral property	93,762	(519)	93,243
	\$ 117,703	\$ (1,936)	\$ 115,767



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

9 RESOURCE PROPERTIES

A continuity of acquisition costs and exploration expenditures during the year ended December 31, 2008 and to June 30, 2009 is as follows:

	Arapiraca Project			Para Properties				Total
	Arapiraca Caboclo	Arapiraca Serrote	Arapiraca Regional	Cumaru (Gradaus) Project	Cumaru Project	Inaja Project	North Carajas Project	
Acquisition Costs								
Balance, December 31, 2007	\$ -	\$ -	\$ -	\$ 8,744	\$ 6,995	\$ 10,453	\$ 210	\$ 26,402
Additions during the year ended December 31, 2008:								
Acquisition costs - land	-	5,590	-	-	-	-	-	5,590
Impairment charge - mineral properties	-	-	-	-	-	(5,065)	-	(5,065)
Balance, December 31, 2008	\$ -	\$ 5,590	\$ -	\$ 8,744	\$ 6,995	\$ 5,388	\$ 210	\$ 26,927
Additions during the six months ended June 30, 2009:								
Proceeds from property option payment (note 9(d))	-	-	-	-	-	(3,775)	-	(3,775)
Impairment charge - mineral properties (note 9(b))	-	-	-	(8,744)	-	-	-	(8,744)
Balance, June 30, 2009	\$ -	\$ 5,590	\$ -	\$ -	\$ 6,995	\$ 1,613	\$ 210	\$ 14,408
Accumulated Exploration Costs								
Balance, December 31, 2007	\$ 1,548	\$ 3,708	\$ 191	\$ 474	\$ 563	\$ 1,635	\$ 99	\$ 8,218
Exploration costs during the year ended December 31, 2008	2,128	17,747	1,492	1,035	489	3,010	88	25,989
Balance, December 31, 2008	3,676	21,455	1,683	1,509	1,052	4,645	187	34,207
Exploration costs during the six months ended June 30, 2009 (note 12)	26	1,888	941	183	58	746	30	3,872
Balance, June 30, 2009	3,702	23,343	2,624	1,692	1,110	5,391	217	38,079
Total Project Expenditures to June 30, 2009	\$ 3,702	\$ 28,933	\$ 2,624	\$ 1,692	\$ 8,105	\$ 7,004	\$ 427	\$ 52,487



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

*Expressed in Canadian dollars, except where otherwise noted. Tables are expressed in thousands of Canadian dollars.
(Unaudited)*

9 RESOURCE PROPERTIES *(continued)*

Property Summary

a) Arapiraca Project, Brazil

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

b) Cumaru (Gradaús) Project, Brazil

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

- i) Paid US\$25,000 to the optionor on execution of the agreement;
- ii) Issued a total of 100,000 common shares to the optionor between January 1, 2006 and January 1, 2008 (valued at \$358,000);
- iii) Paid US\$410,000 to the optionor between July 1, 2006 and January 1, 2009. A further US\$100,000 was due to be paid by March 31, 2009, however the Company elected not to make the payment and allowed the option agreement to terminate as of that date. Notwithstanding, the optionor has granted the Company a right of first refusal on the property for a period of six months from the date of the agreement’s termination.

In connection with the termination of the option agreement, the Company recognized an impairment charge of \$8,744,000 during the first quarter of 2009.

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. (“Yamana”), a company which has an officer-director and one director 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 200,000 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 1,200,000 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.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

*Expressed in Canadian dollars, except where otherwise noted. Tables are expressed in thousands of Canadian dollars.
(Unaudited)*

9 RESOURCE PROPERTIES *(continued)*

d) Inajá Project, Brazil

The Company entered into six separate option agreements between December 2005 and January 2006, to acquire a 100% interest in certain 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 Fonseca property, consisting of 10 claims for a single payment of US\$10,000.

Pursuant to the terms of the agreements, the Company:

- i) Issued 50,000 common shares to the optionors of the AGS property upon execution of the agreement (valued at \$50,000);
- ii) Issued 100,000 common shares to the optionor of the JN property upon execution of the agreement (valued at \$100,000);
- iii) Issued 200,000 common shares (valued at \$572,500) in 2009 in full satisfaction of its share issuance obligation related to the AGS claims.
- iv) Made cash payments totaling US\$135,000 to the optionors upon execution of the agreements; and
- v) Made cash payments totaling US\$1,465,000 to the optionors in full satisfaction of the amounts due in respect of the AGS and EM claims.

In January 2006, the Company also paid US\$40,000 and issued 80,000 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 the Forquilha Pit, the optionors have retained a 1.5% NSR, which may each be purchased for US\$1,500,000.

On March 13, 2009, the Company entered into an option agreement with Companhia Vale do Rio Doce ("Vale"), (the "Option Agreement"), wherein Vale has been granted an option to earn a 51% interest in the Inaja Project by making a cash payment of US\$3,000,000 and then expending US\$6,000,000 in exploration work within four years from the execution of the Option Agreement. Vale may then earn an additional 19% by funding and delivering a bankable feasibility study within 36 months of electing to earn such additional interest. Once a joint venture is formed, should either party's interest in the Inaja Project be diluted below 10%, its interest will be converted into a 2% NSR. The payment of US\$3,000,000 (\$3,775,000) was received on March 25, 2009, and has been applied as a reduction of the carrying value of the Inajá Project.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

9 RESOURCE PROPERTIES (continued)

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 Cyprus River Holdings Ltd. (“Cyprus”), formerly Santa Elina Mines Corporation, the Company was assigned a 100% interest in certain 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, Cyprus became a related party pursuant to a private placement.

f) Other Properties/Projects

Pursuant to the same agreement with Cyprus (note 9(e)), Aura Minerals was assigned a 100% interest in certain mineral claims in the State of Pará, Brazil, in consideration for a 2% NSR from any future production on these properties.

10 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 \$3,226,000 and are expected to be incurred over a 14 year period. All of the assumptions used are subject to change.

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

	June 30, 2009	December 31, 2008
Balance, beginning of period	\$ 1,533	\$ –
Asset retirement obligation recorded on Aranzazu Acquisition	–	1,283
Add: Accretion of liability component of asset retirement obligations	48	54
Add: Increase in liability due to change in estimate	–	196
Balance, end of period	\$ 1,581	\$ 1,533



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

11 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, December 31, 2007	106,014,311	141,692	14,910
Private placement (note 11(c))	8,889,000	60,001	–
Shares issued as consideration for acquisition (note 4)	1,859,024	12,734	–
Shares issued as finders fee (note 4)	737,797	5,000	–
Exercise of options for cash	142,954	312	–
Issuance of shares on property option payment	60,000	309	–
Exercise of brokers warrants for cash	200,100	850	–
Exercise of brokers warrants - fair value	–	949	(949)
Contingently returnable shares related to executive incentive (note 11(d))	–	–	862
Stock based compensation - options vested	–	–	14,303
Warrants issued as a financing fee	–	–	1,717
Share issue costs	–	(4,900)	–
Balance, December 31, 2008	117,903,186	\$ 216,947	\$ 30,843
Issuance of shares on property option payment	80,000	80	–
Stock based compensation - options vested	–	–	1,682
Contingently returnable shares related to executive incentive (note 11(d))	–	–	1,150
Release of contingently returnable shares from escrow (note 11(d))	700,000	1,695	(1,695)
Share issue costs	–	(20)	–
Balance, June 30, 2009	118,683,186	\$ 218,702	\$ 31,980

The number of common shares has been adjusted to reflect the Consolidation, as described in note 1.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

*Expressed in Canadian dollars, except where otherwise noted. Tables are expressed in thousands of Canadian dollars.
(Unaudited)*

11 CAPITAL STOCK *(continued)*

c) Private placement

On May 29, 2008, the Company closed the private placement offering of subscription receipts, which were converted to 8,889,000 common shares of the Company when the conditions of the release from escrow were satisfied for aggregate gross proceeds to the Company of \$60,000,750. The Company received the net proceeds of \$56,922,000 from the offering on June 9, 2008. In connection with the offering, the Company incurred share issuance costs of \$3,079,000 and issued to the agents 444,450 agents' warrants, with each warrant entitling the holder to purchase one common share at an exercise price of \$7.425 per share until November 29, 2009. The value of \$1,718,000 has been attributed to the 444,450 agents' warrants pursuant to the Black-Scholes pricing model and has been included in share issue costs.

d) Shares held in escrow

Pursuant to an employment agreement dated April 3, 2007 and amended January 28, 2008, the Company agreed to issue 700,000 common shares (the "Signing Shares") and pay an amount of \$1,614,000 to the President and CEO subsequent to completion of the Arapiraca acquisition. The Signing Shares were issued on January 28, 2008 and were held in escrow. During the three and six months ended June 30, 2009, a total of 513,072 and 700,000 shares, respectively, were released from escrow as a result of one of the escrow release conditions having been met, being the issuance of technical reports prepared in accordance with NI 43-101 which established that the Arapiraca Project had mineral resources in excess of 210 million tonnes. At the time of the release, the fair value of these shares in the amount of \$1,069,000 and \$626,000 for the three and six months ended June 30, 2009, respectively, were recorded to capital stock.

In accordance with applicable accounting standards, the Signing Shares were being accounted for as contingently returnable shares which were not considered outstanding and not included in the computation of basic loss per share until they were released from escrow. The fair value of the Signing Shares of \$2,345,000 was determined to be based on the market value of the Company's common shares at the time of the initial employment agreement. The expense associated with the escrowed shares was recognized on a straight line basis over a five year period as part of stock based compensation until they were released from escrow sooner, at which time the unamortized balance was recognized in the period of such release. For the three and six months ended June 30, 2009, the expense recognized for the Signing Shares was \$1,069,000 and \$1,150,000, respectively. For the three and six months ended June 30, 2008, the expense recognized for the Signing Shares was \$111,000 and \$222,000, respectively.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

11 CAPITAL STOCK (continued)

e) Warrants

The following table summarizes activity related to the Company's issued warrants during the year ended December 31, 2008 and to June 30, 2009:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2007	958,600	\$ 4.25
Broker warrants issued	444,450	7.43
Exercised	(200,100)	4.25
Expired	(758,500)	4.25
Balance, December 31, 2008 and June 30, 2009	444,450	\$ 7.43

As at June 30, 2009, the following warrants are outstanding:

Expiry date	Grant date fair value	Number outstanding	Exercise price
November 29, 2009	\$ 1,717	444,450	\$ 7.43
	\$ 1,717	444,450	\$ 7.43

f) Stock options

On July 13, 2007 Aura Minerals adopted the 2007 Stock Option and Share Compensation Plan (the "Plan"). Under this rolling plan, options to purchase Common shares have been granted to directors, employees, and consultants at exercise prices not less than the volume weighted average trading price for the five trading days immediately preceding the respective grant date and may be exercised within 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 issued and outstanding stock options is as follows:

	Number of options	Weighted Average exercise price
Balance, December 31, 2007	4,386,000	\$ 5.15
Granted	6,950,331	3.00
Exercised	(160,580)	2.70
Forfeited	(232,940)	7.65
Balance, December 31, 2008	10,942,811	\$ 3.80
Granted	80,000	1.15
Forfeited	(296,000)	8.40
Balance, June 30, 2009	10,726,811	\$ 3.70



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

11 CAPITAL STOCK (CONTINUED)

f) Stock options (continued)

As at June 30, 2009, the following stock options were outstanding and exercisable:

	Options outstanding			Options exercisable
	Exercise price	Number outstanding	Remaining contractual life (years)	Number exercisable
	\$0.78 to \$1.15	4,063,331	4.4	2,744,999
	\$1.45	100,000	4.3	25,000
	\$2.50 to \$3.75	1,749,420	2.4	1,449,420
	\$3.85 to \$5.45	1,937,000	3.5	1,785,125
	\$5.80 to \$8.40	2,877,060	3.3	2,703,560
Average/Total	\$ 3.70	10,726,811	3.5	8,708,104

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 six months ended June 30, 2009 was \$1,754,000 and \$2,832,000 respectively. Of this amount, \$1,069,000 and \$1,150,000 relates to the amortization of the fair value of the Signing Shares for the three and six months ended June 30, 2009, respectively, as described in note 11(d). 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	82-125%
Risk-free interest rate	1.61-4.54%
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.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

12 EXPLORATION EXPENSES

For the six months ended June 30, 2009, exploration expenses were comprised of the following:

	Arapiraca Project			Para Properties				Total
	Arapiraca	Arapiraca	Arapiraca	Cumaru	Cumaru		North	
	Caboclo	Serrote	Regional	(Gradaus) Project	Project	Inaja Project	Carajas Project	
Exploration expenses incurred in the six months ended June 30, 2009								
Property option payments	\$ -	\$ -	\$ -	\$ 63	\$ -	\$ 294	\$ -	\$ 357
Consulting	(2)	700	144	44	17	241	-	1,144
Drilling	-	207	-	-	-	-	-	207
Field Administration	-	-	-	21	4	99	3	127
Field supplies	-	30	26	2	2	23	-	83
Geological & assays	3	120	55	-	-	2	-	180
Land maintenance	-	71	71	15	10	59	20	246
Other	1	298	162	7	11	59	-	538
Salaries, wages & benefits	24	368	444	29	13	60	7	945
Travel	-	94	39	2	1	19	-	155
Less amounts recoverable	-	-	-	-	-	(110)	-	(110)
Subtotal	\$ 26	\$ 1,888	\$ 941	\$ 183	\$ 58	\$ 746	\$ 30	\$ 3,872
Exploration expenses incurred in the period on Aranzazu mineral property								1,126
Total exploration expenses to June 30, 2009								\$ 4,998



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

12 EXPLORATION EXPENSES (continued)

For the six months ended June 30, 2008, exploration expenses were comprised of the following:

	Arapiraca Project			Para Properties				Total
	Arapiraca Caboclo	Arapiraca Serrote	Arapiraca Regional	Cumaru		North Carajas Project	North Carajas Project	
				(Gradaus) Project	Cumaru Project			
Exploration expenses incurred in the six months ended June, 2008								
Property option payments	\$ -	\$ -	\$ -	\$ 297	\$ -	\$ 820	\$ -	\$ 1,117
Consulting	169	1,493	171	23	97	158	1	2,112
Drilling	-	4,046	22	-	-	-	-	4,068
Exploration support	-	-	16	-	-	-	-	16
Field Administration	-	-	-	97	136	204	27	464
Field supplies	37	89	37	8	22	37	-	230
Geological & assays	106	554	99	8	108	85	-	960
Land maintenance	-	72	-	-	13	51	53	189
Other	111	381	88	29	74	241	5	929
Salaries, wages & benefits	123	423	114	30	90	175	1	956
Travel	58	183	53	7	24	25	-	350
Subtotal	\$ 604	\$ 7,241	\$ 600	\$ 499	\$ 564	\$ 1,796	\$ 87	\$ 11,391
Exploration expenses incurred in the period on Aranzazu mineral property								-
Total exploration expenses to June 30, 2008								\$ 11,391

13 SUPPLEMENTARY CASH FLOW INFORMATION

The Company had the following non-cash transactions:

	For the three months ended June 30, 2009	For the three months ended June 30, 2008	For the six months ended June 30, 2009	For the six months ended June 30, 2008
Non-cash activities consist of:				
Fair value of signing shares released from escrow	1,069	-	80	-
Change on accounts payable as a result of investing activities	824	4,417	824	4,417
Amortization included in inventory	-	88	-	88
Fair value of broker warrants issued as a finance fee	-	1,717	-	1,717
Fair value of exercise of broker warrants	-	62	-	821
Taxes paid	3	62	3	62



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

14 RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2009 and 2008, the Company had no related party transactions, except as disclosed in note 17.

15 SEGMENTED INFORMATION

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

The following is a summary of assets and liabilities by geographic location as at June 30, 2009 and December 31, 2008:

As at June 30, 2009	Canada	Mexico	Brazil	Total
Cash and cash equivalents	\$ 29,040	\$ 2,198	\$ 4,104	\$ 35,342
Receivables and prepaid expenses	212	868	201	1,281
Inventory	-	1,307	-	1,307
Other assets	824	-	-	824
Property, plant and equipment	306	114,185	1,043	115,534
Resource properties	-	-	14,408	14,408
	30,382	118,558	19,756	168,696
Current liabilities	(1,206)	(564)	(553)	(2,323)
Asset retirement obligations	-	(1,581)	-	(1,581)
Future income tax liabilities	-	(24,775)	(452)	(25,227)
	\$ 29,176	\$ 91,638	\$ 18,751	\$ 139,565

As at December 31, 2008	Canada	Mexico	Brazil	Total
Cash and cash equivalents	\$ 39,213	\$ 63	\$ 555	\$ 39,831
Receivables and prepaid expenses	184	3,317	62	3,563
Inventory	-	1,326	-	1,326
Property, plant and equipment	362	114,247	1,158	115,767
Resource properties	-	-	26,927	26,927
	39,759	118,953	28,702	187,414
Current liabilities	(1,149)	(2,159)	(792)	(4,100)
Asset retirement obligations	-	(1,533)	-	(1,533)
Future income tax liabilities	-	(24,923)	(3,377)	(28,300)
	\$ 38,610	\$ 90,338	\$ 24,533	\$ 153,481



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

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

16 COMMITMENTS

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

2009	\$	115
2010		200
2011		209
2012		210
2013		18
	\$	752

b) 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.

17 SUBSEQUENT EVENTS

a) Private Placement

On July 15, 2009, the Company closed the private placement offering of 227,500,000 subscription receipts (the "Subscription Receipts"), at a price of \$0.55 per Subscription Receipt for aggregate gross proceeds to the Company of \$125,125,000. The gross proceeds from the sale of the Subscription Receipts are being held by an escrow agent and the proceeds of \$118,869,000, net of the 5% underwriters fee, will be released to the Company immediately prior to the closing of the San Andrés Group acquisition, upon the Company having satisfied certain escrow release conditions. Upon satisfaction of the escrow release conditions, and as a result of the Consolidation, each Subscription Receipt will automatically convert into 0.20 common shares of the Company, resulting in a total issuance of 45,500,000 common shares. In connection with the offering, the Company will issue to the underwriters 2,275,000 brokers' warrants, with each warrant entitling the holder to purchase one post-Consolidation common share at an exercise price of \$2.75 per share until January 15, 2011.

b) Acquisition of the San Andrés Mine

On July 17, 2009, the Company entered into a Share Purchase Agreement to acquire, from Yamana, all the outstanding common shares of the San Andrés gold mine in Honduras (the "San Andrés Mine"). Closing of the San Andrés Mine acquisition is expected to occur in August 2009 following clearance by Honduran authorities.

Consideration to be paid to Yamana pursuant to the Share Purchase Agreement includes cash of US\$33,134,000 (C\$38,534,000), \$19,242,000 by the issuance of 8,084,728 common shares of Aura Minerals, US\$25,800,000 (C\$30,005,000) in the form of promissory notes, and an additional cash payment of US\$2,750,000 (C\$3,198,000) in respect of a working capital adjustment at the closing of the transaction. The promissory notes bear interest at six-month LIBOR plus 3%, and repayment terms include US\$10,000,000 payable eighteen months after the closing date of the San Andrés Mine acquisition, with the balance due and payable on the third anniversary of the closing date of the San Andrés Mine acquisition.

In addition, the San Andrés Mine acquisition includes deferred purchase price consideration payable to Yamana to a maximum amount of US\$14,750,000 (C\$17,154,000). The deferred consideration is payable as to 50% of all net free cash flow from the San Andrés gold mine from and after the closing date of the San Andrés Group acquisition that exceeds the threshold level of a cumulative net free cash flow amounting to US\$79,000,000.



Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2009

*Expressed in Canadian dollars, except where otherwise noted. Tables are expressed in thousands of Canadian dollars.
(Unaudited)*

17 SUBSEQUENT EVENTS *(continued)*

c) Acquisition of the São Francisco and São Vicente Mines

On July 17, 2009, the Company entered into an Asset Purchase Agreement to acquire, from Yamana and its subsidiary, all the assets and liabilities of the São Francisco and São Vicente gold mines located in Brazil (the “São Francisco and São Vicente Mines”). Closing of the acquisition is expected in approximately six to nine months, following receipt of certain consents from Brazilian regulatory agencies.

Consideration to be paid to Yamana pursuant to the Asset Purchase Agreement includes cash of US\$56,866,000 (C\$66,135,000), \$32,986,000 by the issuance of 13,859,533 common shares of Aura Minerals, and US\$44,200,000 (C\$51,405,000) in the form of a promissory note. The promissory note bears interest at six-month LIBOR plus 3%, and repayment terms include US\$15,000,000 payable eighteen months after the closing date of the São Francisco and São Vicente Mines acquisition, with the balance due and payable on the third anniversary of the closing date of the São Francisco and São Vicente Mines acquisition.

In addition, the São Francisco and São Vicente Mines acquisition includes deferred purchase price consideration payable to Yamana to a maximum amount of US\$25,250,000 (C\$29,366,000). The deferred purchase price consideration is payable as to 50% of all net free cash flow from the São Francisco and São Vicente Mines from and after the closing date of the San Andrés Mine acquisition that exceeds the threshold level of a cumulative net free cash flow amounting to US\$135,000,000, subject to adjustment in the period from the date of the Asset Purchase Agreement to the closing of the acquisition.

d) Exercise of options

On July 24, 2009, 200,000 stock options with a strike-price of \$0.78 were exercised.